



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)





TSL's feature campaign in 2005 has brought about a brilliant assortment of new images to enrich our stores across China and Hong Kong. We aim to revitalize and strengthen TSL's image of quality, craftsmanship and beauty through this new campaign.

(Cover) "My Love" campaign, featured wedding couple driving in the desert.

(Inside Cover) To capture these beautiful photographs, TSL traveled to a desert in the United States. We wanted a very natural setting to reflect how a diamond in itself is natural; a piece of nature, rare, unique and beautiful. TSL is striving to complement these attributes through its jewellery designs and refreshing approach in the marketplace.

在2005年，TSL | 謝瑞麟於中港等地的形象推廣，展示了一系列耳目一新的風格，旨在強化及為品牌重新定位，並帶出追求卓越、精湛工藝及尋求美學的方向。

(封面) 封面上的形象照片是以一對新婚夫婦駕駛著花車橫越於沙漠中，以My Love為主題，展開了TSL 2005年的全新宣傳攻勢。

(封面內頁) TSL的全新形象照片在美國沙漠取景，以一片極富大自然氣息為背景去表達鑽石的天然特質，一顆天然、彌足珍貴、獨特及漂亮的美鑽；也同時顯示TSL如何在其珠寶設計及市場營銷手法上相互配合。





Contents

目錄

Corporate Profile	公司簡介	2
Financial Highlights	財務概要	5
Letter to the Shareholders	致股東的函件	9
Management's Discussion and Analysis	管理層之討論及分析	18
Directors and Senior Management Profile	董事及高級管理人員簡介	29
Report of the Directors	董事會報告書	38
Report of the Auditors	核數師報告書	52
Consolidated Profit and Loss Account	綜合損益表	55
Consolidated Balance Sheet	綜合資產負債表	56
Balance Sheet	資產負債表	58
Consolidated Statement of Changes in Equity	綜合權益變動表	59
Consolidated Cash Flow Statement	綜合現金流量表	60
Notes on the Financial Statements	財務報表附註	62
Five Years Financial Summary	五年財務摘要	129
Summary of Properties	物業摘要	131

Executive Directors

Tse Tat Fung, Tommy (*Chairman*)
Peter Gerardus Van Weerdenburg (*Deputy Chairman*)
Alex Chan

Non-executive Director

Hong Po Kui, Martin

Independent Non-executive Directors

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

Company Secretary

Lai Tsz Mo, Lawrence

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
Hong Po Kui, Martin
Lui Pui Kee, Francis (as alternate to Gerald Clive Dobby)

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

執行董事

謝達峰 (*主席*)
溫彼得 (*副主席*)
陳偉康

非執行董事

康寶駒

獨立非執行董事

崔志仁
Gerald Clive Dobby
呂培基

公司秘書

黎子武

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
康寶駒
呂培基 (為Gerald Clive Dobby的替代成員)

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
告羅士打大廈23樓

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

Auditors

KPMG
Certified Public Accountants
8/F., Prince's Building
Central, Hong Kong

Financial Adviser

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

Principal Bankers

Standard Chartered Bank, Hong Kong
3/F., Standard Chartered Bank Building
4-4A Des Voeux Road Central
Hong Kong

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

Bank of China (Hong Kong) Limited
6/F., Bank of China Tower
1 Garden Road
Central, Hong Kong

Principal Share Registrars

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

Hong Kong Branch Share Registrars

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

核數師

畢馬威會計師事務所
執業會計師
香港中環
太子大廈8樓

財務顧問

英高財務顧問有限公司
香港中環
康樂廣場8號
交易廣場第2期40樓

主要往來銀行

渣打銀行·香港
香港中環
德輔道中4-4A號
渣打銀行大廈3樓

荷蘭銀行
香港中環
皇后大道中2號
長江集團中心38樓

中國銀行(香港)有限公司
香港中環
花園道1號
中銀大廈6樓

股份過戶登記總處

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
香港灣仔
告士打道56號
東亞銀行港灣中心地下

Registered Office

Clarendon House
Church Street
Hamilton HM 11
Bermuda

Principal Office

Ground Floor, Block B, Summit Building
30 Man Yue Street
Hungom, Kowloon, Hong Kong

註冊辦事處

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

		2005	2004	2003	2002	2001
Consolidated Profit and Loss Account (HK\$'million)	綜合損益表 (百萬港元)					
Turnover	營業額	1,276	956	954	984	1,178
Net interest expenses	淨利息支出	5	7	12	19	31
Profit/(loss) for the year	本年盈利/(虧損)	38	7	(49)	(36)	(68)
Profit/(loss) attributable to ordinary shareholders	普通股股東應佔盈利/(虧損)	38	7	(55)	(48)	(80)
Consolidated Cash Flow (HK\$'million)	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	75	(8)	79	86	101
Net cash inflow/(outflow) before financing	融資前現金流入/(流出)淨額	43	(12)	72	126	39
Per Ordinary Share (HK\$)	以每普通股計 (港元)					
Earnings/(loss)	盈利/(虧損)	0.51	0.19*	(1.4)*	(1.2)*	(2.0)*
Market price	市價	2.35	4.2*	0.6*	1.1*	2.1*
Consolidated Balance Sheet (HK\$'million)	綜合資產負債表 (百萬港元)					
No. of shares ('M shares)	股份股數 (百萬股)	207	39*	39*	39*	39*
Shareholders' funds	股東資金	242	41	33	63	113
Borrowings	貸款	94	247	254	282	353
Market capitalization	市值	487	165	25	43	83
Gearing percentage	債務權益百分率	5%	512%	601%	365%	270%

* 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。





田 my love.



TSL | 謝瑞麟

hong kong | www.tslj.com



Tse Tat Fung, Tommy – Chairman
謝達峰 – 主席

Letter to the Shareholders

致股東的函件

Review and Outlook

I am very pleased to report that the financial year ended 28 February 2005 has proved to be a major turnaround year for the Group as a result of (i) the completion of its capital reorganisation in November 2004 (ii) the raising of new funds by it via an open offer in December 2004 (iii) the major reduction and terming out of its remaining borrowings and (iv) the strong sales growth it experienced throughout the year mainly aided by significant increase in the number of tourists from Mainland China and also from generally improved economic conditions in Hong Kong during the year.

As a result of the above, the Group was able to (i) achieve a HK\$320.4 million (33.5%) increase in its turnover and a HK\$30.5 million (407.4%) increase in profit for the year when compared to the previous financial year and (ii) substantially strengthen its financial position with shareholder funds increasing by HK\$201.9 million to HK\$242.5 million and its gearing ratio (ratio of interest bearing borrowings less cash and bank balances to net assets value) reducing from 511.6% to 5.2%. Overall, we are entering the current year in a much healthier, stronger and rejuvenated position than that of previous years. I would like to thank all shareholders for their supports in achieving this outcome.

回顧及展望

本人欣然彙報，截至2005年2月28日止之財政年度對本集團而言實為邁向更好的一年。其主要原因有以下幾點：(i)於2004年11月完成資本重組；(ii)於2004年12月透過公開發售新股集資；(iii)大幅減少債項及替餘下之債項重訂新的條款；及(iv)受惠於內地訪港遊客人數激增及香港經濟狀況的整體改善而帶來全年強勁銷售增長。

綜合上述原因，對比往年度，本集團(i)錄得了港幣320,400,000元(33.5%)營業額的增長和港幣30,500,000元(407.4%)利潤的增加，集團之財務狀況亦得以大幅改善及鞏固；及(ii)股東資金增加了港幣201,900,000元至港幣242,500,000元的水平，及負債比率由511.6%減至5.2%。整體來說，我們今年起步於一個比過往年度更健康、更穩固及更好的狀況。我在此感謝全體股東的大力支持，使我們能達到此成績。



my love.

TSL | 謝瑞麟

hong kong | www.tslj.com



Due to the substantially improved position and performance of the Group and the retail market during the year, the Group was able to continue with its program of reinvestment and infrastructure rebuilding that started last year in order to continue to rebuild and expand its business to ensure that it is well positioned to meet the competition and to grow in a consistent and steady manner going forward.

I would like to report the progress of these initiatives which have been undertaken and the other achievements of the Group since the last annual report:

- The Group has set up a new factory in Sha Tau Kok which opened in December 2004 and has leased a new factory in Panyu which will open in July 2005. Both factories are in addition to our existing three factories and will serve the Group's requirements for general and specialized jewellery products in the greater China region as well as our growing export business going forward.
- Approximately 70% of the Group's outlets in the Mainland China and 66% of the Group's outlets in Hong

在本年度內，因本集團的財務狀況及業績的大幅改善和整體零售市場轉佳，本集團可繼續進行自去年開始之再投資及重建業務基礎的計劃，從而令本集團能重建及拓展業務，以迎合挑戰，使本集團今後更茁壯成長。

我謹在此向各位彙報自上一份年報至今所採取的方案進度及其成果：

- 本集團在深圳沙頭角的新廠房已於2004年12月開業；在番禺租賃的新廠房亦將於2005年7月開業。這兩間新增的廠房將可支援香港及中國大陸及出口業務的增長和滿足其業務對一般及專業珠寶的需求；
- 為配合本集團新的定位，大約70%的內地銷售點和66%的香港銷售點現已換

my love.



TSL | 謝瑞麟

hong kong | www.tslj.com



The images of TSL's new ad campaign enhance and give new energy to the store's interior. Above: TSL's Central flagship store.
 全新形象廣告及形象照片為顧客帶來煥然一新的感覺。
 上圖：TSL | 謝瑞麟中環旗艦店。

Kong have now been changed to the new image with the new corporate identity. More outlets will be renovated with the new image to provide our customers with a more pleasant and comfortable shopping environment. It is planned that 100% of the Group's outlets will bear the new image by the end of next financial year.

- The Group developed a new and substantially upgraded set of promotional material and image advertisements during the year to suit its new store image and merchandise selection. The new in-store graphics and external image campaign were launched in April 2005 in both Hong Kong and the Mainland China and have been well received. This re-branding exercise will be progressed further throughout the forthcoming financial year.
- The Group has embarked upon a store expansion program both in Hong Kong and the Mainland China with 2 new stores opened in Hong Kong. The new stores in Causeway Bay and Yau Ma Tei have been well received by our customers. Another new store was

上新形象。我們計劃本集團所有的銷售點將會於下一個財政年度內完成有關改裝，以新形象為客戶提供一個更舒適愉快的購物環境。

- 本年度本集團已開發及提昇了宣傳品和形象廣告，以配合店鋪的新形象及新的精選貨品。新店內的圖像陳列及戶外的形象廣告已在2005年4月在香港和內地同步推出，並深受歡迎。該等品牌重塑的工作將在這往後的財政年度內繼續深入地進行。
- 本集團正在香港及內地擴大銷售點的分佈。在香港銅鑼灣及油麻地開業的新舖均備受顧客歡迎。另一新舖已在2005年4月中旬在旺角開業，還有兩間將會在2005年7月在旺角和尖沙咀相繼成立，

opened in Mongkok in mid April 2005 and two further stores will be opened in Mongkok and Tsim Sha Tsui respectively in July 2005 to serve the increasing number of tourists and the reviving local market. Number of outlets in Mainland China has increased from 86 of last year to 103 by the end of February 2005.

- As part of our continuing expansion in the Mainland China, the new concept store created last year under the brand name, 謝瑞麟|Saxx, was further expanded with the opening of 5 new stores by May 2005. This brand is an extension of the Group's quality products and services to the young and trendy consumer segment in the Mainland China. During the year, the interior design of the 謝瑞麟|Saxx shop won the award of "Design for Life Awards 2005 – Category : Retail" by the American Society of Interior Designers. 謝瑞麟|Saxx will form a new entry point for the Group to this young and trendy market segment and also to secondary cities in the Mainland China.
- In May 2004, we had the honour of, once again, being awarded the "Superbrands Hong Kong" status by Superbrands Ltd. During the year, our Hong Kong retail operation has the privilege to win a number of awards from Hong Kong Retail Management Association ("HKRMA"), including the "Services and Courtesy Award Programme 2004", "Mystery Shoppers Programme – Service Industry Leader". Our Mr. Ben Sin also won the "On the Job Performance Award" from HKRMA. Besides, we are one of the winners of the "Total Quality Service Regime" of the MTR Property Agency. On the product front, the "Constellate" by our designer, Ms. Simmy Chow, won the 6th Hong Kong Jewellery Design Competition – Merit Award. All these awards signify the recognition by the market and the industry of our commitment to provide quality services and products to our customers.
- The implementation of our new information technology platform is continuing and which we expect to be completed within next 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.

以迎接不斷增加之遊客及本地市場的復甦。在內地的銷售點則從去年的86間增加至截至2005年2月28日止的103間。

- 為配合本集團在內地的擴充計劃，繼首間以“謝瑞麟|Saxx”品牌的新概念店在去年開業後，至今年5月止已再有多5間新店開業。此品牌乃本集團優質產品的延續，以迎合內地年輕及追求時尚的消費者的需求。謝瑞麟|Saxx在本年度贏得了美國室內設計師協會頒發的「2005年時尚生活設計大獎－零售店舖組別」的榮譽。謝瑞麟|Saxx將成為本集團進入這批年輕及追求時尚的消費層及國內周邊城市的新媒介。
- 於2004年5月，我們又再次獲得了“香港超級品牌”的美譽。本集團的香港零售業務亦屢獲香港零售管理協會的獎項，當中包括「傑出服務大獎」和「神秘顧客計劃」的「行業服務領袖獎」。我們的同事冼雲仲先生亦奪得由香港零售管理協會頒發的「最佳現場服務獎」。此外，我們也是香港地下鐵路物業公司「優質服務」的得獎者之一。產品方面，我們設計師鄒碧華女士設計的薈萃，獲得了第六屆香港珠寶設計比賽的優異獎。這些獎項均突顯出市場及業界對我們為顧客提供優質服務及產品的堅持之肯定。
- 新的資訊科技系統現正在實施階段，並預期在下一財政年度內完成。新的資訊科技系統將可簡化運作流程，並使本集團掌握更適時及準確的資訊，為顧客提供更高效率及更優質的服務。



TSL's sub-brand jewelry boutique, 謝瑞麟 | Saxx is targeted towards the young and trendy lady of China. It's store design was awarded by the American Society of Interior Designers in February 2005. 謝瑞麟 | Saxx是TSL謝瑞麟於中國旗下的副品牌，針對國內年輕及衣著入時的女士為主要顧客對象。其店舖設計更於2005年2月，於美國榮獲美國室內設計師學會頒發大獎。

In the short term, it is likely that some of the above initiatives and/or expenditures may have an impact on the Group's profitability. 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 the Group will be able to continue to grow its business.

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. We shall, with the support of shareholders, steadfastly and painstakingly work to continue with the above initiatives in order to achieve our mission.

The Group has also been active during the year supporting charitable and community causes. I am very pleased that we made a contribution to the fund raising exercises conducted by Unicef Nation Children's Fund. The Group will continue to make contributions to such worthy causes as and when the opportunity or need arises.

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 supports in past year and in the future.

短期而言，以上所述的工作及支出可能會影響本集團的盈利情況。但是，我們深信這些都是符合股東的長遠利益，為確保本集團有更堅實的基礎，以繼續拓展業務。

我們深信上述工作是帶領本集團繼續發展，達到我們的目標以成為亞洲具有領導地位，最有創意、效率及盈利的珠寶零售商的重要步伐。我們籍著股東的支持，必將堅定不移和努力地繼續實行上述工作，以達至我們的目標。

本集團去年也積極支持慈善及公益事務。本人很高興我們去年參與了聯合國兒童基金會的籌款活動。在有需要時，本集團日後亦會繼續支持該等有意義的活動。

本人謹代表董事會籍此機會，向我們的銀行、業務夥伴、顧問、股東和員工，為他們一直的不懈努力及無間斷的支持，致以衷心的感謝。







The first flagship store in Guangzhou, China (located on XiaJiu Road) opened in April 2005.
2005年4月·中國首間旗艦店於廣州下九路開業。

Management's Discussion and Analysis

管理層之 討論及分析

Turnover for the year was HK\$1,276 million (2004: HK\$956 million), a 33.5% increase on that achieved last year. The profit for the year was HK\$38 million (2004: HK\$7.5 million), an improvement of HK\$30.5 million on that achieved last year. Earnings per share was HK50.6 cents as compared to HK19.1 cents (after adjusting for capital reorganisation in 2004/05) in last financial year.

本年度的營業額為港幣1,276,000,000元(2004年:港幣956,000,000元),較去年增長33.5%。本年度盈利為港幣38,000,000元(2004年:港幣7,500,000元),較去年增加了港幣30,500,000元。每股盈利由去年每股19.1港仙(已就於2004/05年度進行的資本重組調整)增至今年每股50.6港仙。



Business Segment

The Group is engaged in jewellery manufacturing, wholesaling and retailing in Hong Kong, Mainland China and Malaysia. It also manufactures and exports jewellery products to the United States of America and Europe.

During this year the retail market in Hong Kong and Mainland China showed great improvement over that of the last financial year. This, when combined with new store openings in Hong Kong and Mainland China, allowed the Group to record a much improved turnover and profit for the year.

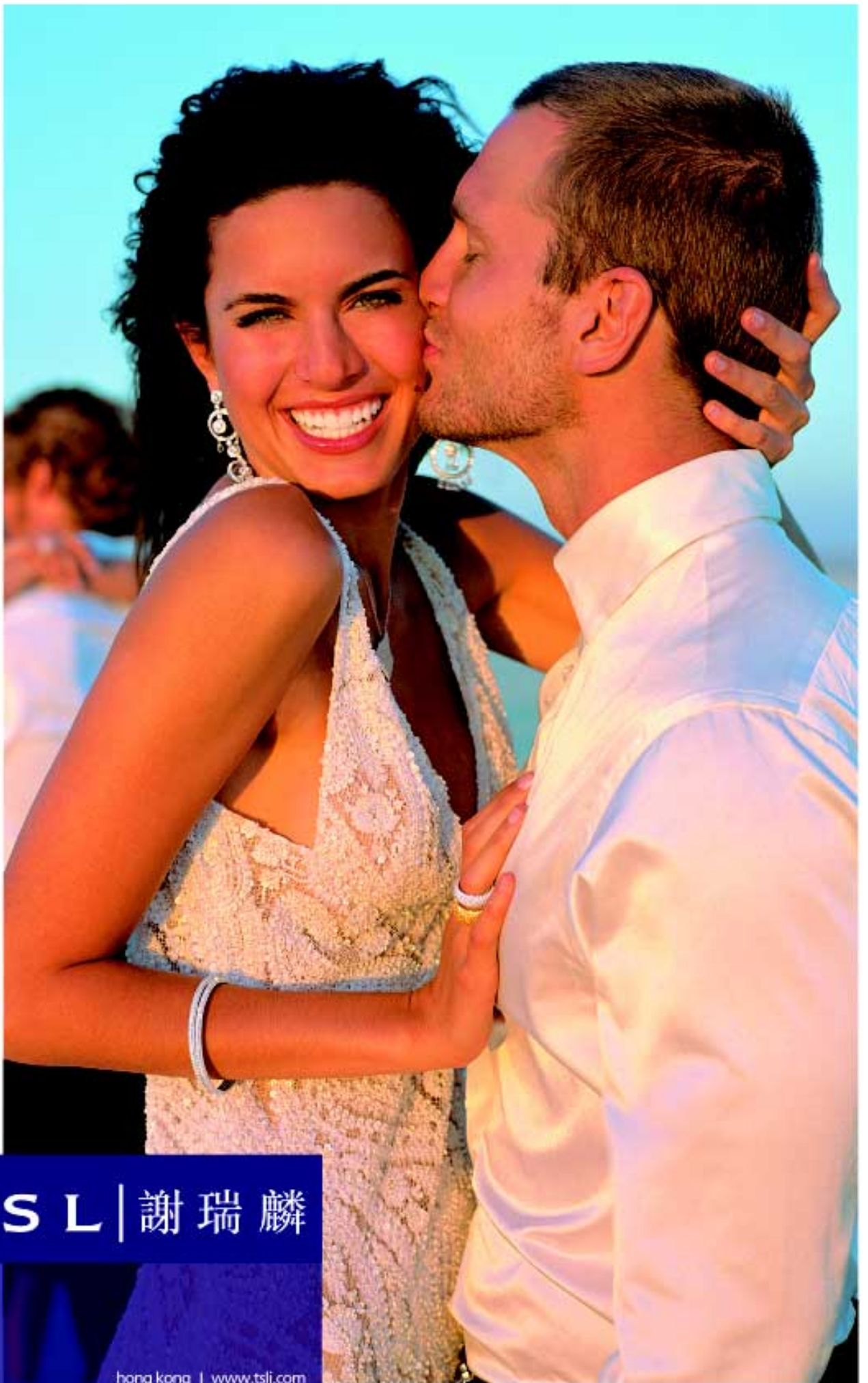
Both our retail and showroom operations in Hong Kong improved as a result of the continuing relaxation of restrictions on Individual Visitor Scheme from Mainland China and the overall rebound of the economy of Hong Kong. With the opening of Disneyland in September 2005, we are cautiously optimistic about the outlook of the tourist industry in Hong Kong and the local economy for the current year and beyond.

業務分部

本集團分別於香港、內地及馬來西亞從事珠寶製造、批發和零售業務。並同時製造以及出口珠寶產品到美國及歐洲。

本年度的香港及內地零售市場均較上一個財政年度有著明顯的改善。隨著本集團在香港及內地的新店舖陸續開業，本集團在營業額及利潤均錄得顯著的改善。

賴於香港整體經濟復甦以及內地個人自遊行計劃的逐步放寬，我們香港的零售及門市業務得以繼續增長。在迪士尼樂園即將於2005年9月開幕的形勢帶動下，我們對於香港的旅遊業及本地經濟在今年及往後的一段日子持審慎樂觀的態度。



TSL | 謝瑞麟

hong kong | www.tslj.com



Turnover and profitability of the business in the Mainland China grew satisfactorily. The increasing affluent population of the Mainland China creates a large demand for quality jewellery products. Number of outlets in the Mainland China has increased from 86 of last year to 103 by the end of February, 2005 to tap the growth potential of the market. The Group has also introduced the new brand 謝瑞麟|Saxx to the Mainland China market to better serve the different segments of the market. The increasing number of outlets helps to increase turnover and profitability and to capture the gains from the economies of scale.

The Malaysian operation remains stable in the year under review.

The Group resumed its export business a few years ago and has attained encouraging growth both in turnover and profitability during the year. We believe export business will continue to grow steadily over the years and become one of the major sources of growth of the Group.

內地業務的營業額及利潤皆有令人滿意的增長。內地富裕人口的不斷增加，造就了大量對品質珠寶的需求。為了把握此市場的增長空間，我們在內地的零售點數目，已由去年的86間增加至截至2005年2月28日止的103間。今年本集團亦於內地推出新品牌謝瑞麟|Saxx，以迎合不同消費層的需要。此零售點數目上的增長可提高我們的營業額及利潤。

馬來西亞業務於過往一年保持平穩。

近年本集團恢復出口業務，在過往一年營業額及盈利均有令人鼓舞的增長。我們相信出口業務在未來數年將會持續穩定增長，並成為本集團其中一項重要的增長來源。



TSL always strives for quality service. In 2005, TSL's sales team was awarded the "Services and Courtesy Award Programme" as well as the "Mystery Shoppers Program - Services Industry Leader" by the Hong Kong Retail Management Association. The award winning story made headlines in the magazines in Hong Kong, including (top) Recruit, East Week and Next magazines.

(上圖) TSL 一向以客為先, 致力提供優質服務。2005年, TSL | 謝瑞麟的零售隊伍於香港零售管理協會之傑出服務大獎, 榮獲「神秘顧客計劃 - 行業服務領袖」大獎。是次得獎獲得多間媒體報導, 包括 (由上至下) Recruit、東周刊及壹週刊等。



Mr. Ben Sin who is one of our experienced frontline salesman, was awarded the "On the Job Performance Award" by HKRMA in 2004. 擁有豐富經驗的冼雲仲更獲得「最佳現場服務獎」。

Employees

At the end of the financial year, the Group had approximately 1,860 employees. 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 an employee share option scheme. No options were granted pursuant to the scheme during the year.

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

Plans for Investments

The improved retail environment in Hong Kong and the growth opportunities in Mainland China has meant that our competitors are expanding more rapidly and new competition is entering the industry. To embrace the business opportunities and to stand against the current and new competition, the Group has budgeted but not committed

僱員

在本財政年度末本集團約有1,860名員工。員工會根據表現並參考市場價格獲得回報，其他員工福利包括醫療及與工作有關的持續進修津貼。本集團亦有實行員工購股權計劃。本年度並沒有按此計劃授與購股權。

本集團聘請專業培訓人員為前線員工提供正式在職培訓。高層員工亦會舉辦講座分享工作經驗及小組討論，以增強部門與部門之間的溝通。

投資計劃

香港零售業之改善及內地之增長機會吸引了競爭者的急速擴張及為此行業帶來新的競爭。為了迎合此商機及抵禦現有及未來的激烈競爭；在2005/06財政年度，本集團預算而未落實的資本開支（落實數目視乎資金情況）約為70,000,000港元，主要用作裝修及搬遷店舖，

capital expenditure (committed amount subject to funding availability) for the financial year 2005/06 amounts to approximately HK\$70 million, where a major portion goes to renovation or relocation of outlets, expansion of outlets in Hong Kong and Mainland China, building new production plants, and investment in new information technology infrastructure. It is planned that such capital expenditure will be financed by internal resources and new bank financing.

Liquidity, Capital Structure and Gearing

All the Group's borrowings are denominated in local Hong Kong dollars. Interest is determined on the basis of inter-bank market rates.

As at 28 February 2005, the Group had total borrowings from banks and financial creditors of HK\$94.5 million. Of this, HK\$72.4 million was due to Partner Logistics Limited, a company controlled by Mr. Tse Tat Fung, Tommy, the substantial shareholder and a director of the Group and HK\$20.7 million was due to three banks, which together are secured by all the assets and undertakings of the Group (collectively "the Lenders"). A new loan agreement was entered into with the Lenders on 27 September 2004 pursuant to which the repayment of this debt was rescheduled out over two to three years. There was also a balance of HK\$1.4 million of obligations under finance leases.

The capital reorganisation, the open offer and the profit for the year increased the shareholders fund from HK\$40.5 million to HK\$242.5 million. The gearing (ratio of interest bearing borrowings less cash and bank balances to net asset value) was reduced from 5.1 times to 0.05 times.

The Group had cash balance of HK\$81.8 million which is sufficient for the present working capital requirements.

Charges on Group Assets

(a) At 28 February 2005, 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. Rental revenue of the Group is also charged in favour of the Group's bankers.

擴張香港及內地的銷售點，興建新廠房及投資新資訊科技系統。此等資本開支計劃由內部資源及新的銀行融資支付。

資產流動性、資本結構及負債比率

本集團之全部貸款均以本地港元定值，利息則按銀行同業借貸之市場息率釐定。

於2005年2月28日，本集團的貸款總額為94,500,000港元，在此貸款額中，欠Partner Logistics Limited的有72,400,000港元，該公司是由本集團的主要股東及董事謝達峰先生所控制；另結欠三間銀行20,700,000港元（統稱「借款人」）。該等貸款均以本集團的所有資產及業務作抵押。於2004年9月27日，本集團與借款人簽訂新協議，據此，該等債務的還款期重新安排為二至三年。此外，於結算日，負債中有1,400,000港元為融資租賃承擔。

本年度之股本重組、公開發行新股及盈利貢獻令股東資金由40,500,000港元上升至242,500,000港元。負債比率（附息貸款減現金及銀行結餘與淨資產值之比率）由5.1倍減至0.05倍。

本集團現持有現金81,800,000港元，足以應付現時營運資金之需求。

本集團資產抵押

(a) 於2005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銀行及財務債權人作為抵押，以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。

- (b) At 28 February 2005, 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 2005, the Group pledged all rights, titles and interests 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.
- (b) 於2005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2005年2月28日，本集團把其於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。

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.

Contingent Liabilities

- (a) At 28 February 2005, 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\$95,346,000 (2004: HK\$248,427,000).
- (b) As at 28 February 2005, tax treatments adopted by the Group relating to certain offshore income and agents commission payments and promoter fees arising in prior years are being challenged by the IRD. In the event that the Group is not successful in defending these challenges, the Group may be subject to significant additional tax liabilities and possibly penalties.

Save as mentioned above, as at 28 February 2005 the Group did not have any other material contingent liabilities.

匯率

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

或有負債

- (a) 於2005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95,346,000港元(2004年：248,427,000港元)的擔保。
- (b) 於2005年2月28日，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的稅務處理方法受到稅務局質疑。如果本集團為這些項目提出的抗辯不獲接納，本集團或須額外承擔大額稅務負債和罰款。

除上述外，截至2005年2月28日止，本集團並無其他重大或有負債。







☒ my radiance.

TSL | 謝瑞麟

hong kong | www.tslj.com



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 37, 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 Senior Information Technology and Business Analysis Manager. 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.

董事資料

執行董事

謝達峰，現年37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高級資訊科技及業務分析經理邱安儀女士之丈夫。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。

☒ my radiance.

TSL | 謝瑞麟

hong kong | www.tslj.com



Peter Gerardus Van Weerdenburg, aged 46, 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.

Alex Chan, aged 37, 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.

溫彼得，現年46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。

陳偉康，現年37歲，本集團香港零售董事，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場管理經驗。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場管理要職。

Non-executive Director

Hong Po Kui, Martin, aged 55, had been an Independent Non-executive Director of the Company since 1 July 1991 and has been a Non-executive Director of the Company since 21 January 2005. Mr. Hong has since 1977 practiced as a legal practitioner in Hong Kong and is currently the Chairman of Hong Kong Football Association and the Commissioner of Hong Kong Road Safety Patrol. Mr. Hong is also an independent non-executive director of Sau San Tong Holdings Limited (Stock Code: 8200), which is a company listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited, and Simsen International Corporation Limited (Stock Code: 993), which is a company listed on The Stock Exchange of Hong Kong Limited.

Independent Non-executive Directors

Chui Chi Yun, Robert, aged 48, 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 Capital Prosper Limited (Stock Code: 1003), which is a company listed on The Stock Exchange of Hong Kong Limited.

Gerald Clive Dobby, aged 65, has been an Independent Non-executive Director of the Company since 31 August 2000. Mr. Dobby previously held senior positions within the HSBC Group, is currently a director of several companies in Hong Kong and Jersey.

Lui Pui Kee, Francis, aged 54, 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 currently Group Managing Director of Tai Chong Cheang Steamship Co. (H.K.) Ltd. and 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).

非執行董事

康寶駒，現年55歲，自1991年7月1日起為本公司獨立非執行董事及自2005年1月21日起為本公司非執行董事。康先生自1977年起在香港執業為律師，並現為香港足球總會主席及香港交通安全隊總監。康先生亦為修身堂控股有限公司（股份代號：8200），而該公司於香港聯合交易所有限公司創業板上市；及天行國際（控股）有限公司（股份代號：993）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。

獨立非執行董事

崔志仁，現年48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。崔先生亦為興旺行有限公司（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，現年65歲，自2000年8月31日起為本公司獨立非執行董事。Dobby先生曾於香港上海匯豐銀行集團歷任多項要職。彼現為多家香港及澤西註冊成立公司的董事。

呂培基，現年54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，現為泰昌祥輪船（香港）有限公司之集團董事總經理及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。



Senior Management Profile

Cheng Hung Piu, aged 47, is the Product Planning and Trading Director of the Group. He joined the Group in March 1977 and has extensive experience in retail operation, product development and merchandise planning. He is responsible for the product procurement and merchandising of the Group. He is also responsible for the merchandising management of the trading business in China.

Chow Kwok Ying, Rachel, aged 41, 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.

高級管理人員簡介

鄭鴻標，現年47歲，本集團產品策劃及貿易董事。彼於1977年3月加入本集團並在零售業務、產品發展及商品策劃方面，具有廣泛經驗。彼現負責本集團商品策劃及採購。彼亦負責管理中國貿易業務。

周國瑛，現年41歲，本集團人力資源董事，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。



 my radiance.

TSL | 謝瑞麟

hong kong | www.tslj.com

Lai Tsz Mo, Lawrence, aged 39, 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 January 2001, he had over 10 years of experience in a listed company in Hong Kong and an international accounting firm.

Lee Yiu Pong, Eric, aged 41, 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.

黎子武，現年39歲，本集團財務董事，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1月加入本集團以前，彼具有於香港上市公司及國際會計師行超過十年的經驗。

李耀邦，現年41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。

Au Yit Hoo, Abel, aged 42, is the Financial Controller (China Retail Division). He joined the Group in March 2003. Mr. Au has more than 10 years experiences in managing accounting and finance of PRC business with listed company in Hong Kong and multinational companies. He holds a Bachelor's degree in Mathematics (major in Accounting) and a Master's degree in Accounting and is a member of the Australian Society of Certified Practising Accountants.

Lo Kam Kwong, Kenny, aged 42, is the Manufacturing Controller of the Group. Mr. Lo joined the Group in June 2001. He graduated from Macquarie University in Australia with a Bachelor's degree in Economics and is a Certified Practising Accountant in Australia. He is also a member of the Hong Kong Institute of Certified Public Accountants and a member of The Institute of Internal Auditors.

歐逸豪，現年42歲，財務總監（中國零售科）。彼於2003年3月加入本集團。歐先生擁有超過十年管理香港上市公司及跨國公司的中國業務的會計及財務經驗。彼持有數學學士學位（主修會計學）及會計學碩士學位，並為澳洲會計師公會之會員。

盧錦光，現年42歲，本集團生產總監。盧先生於2001年6月加入本集團。彼畢業於澳洲雪梨 Macquarie University，獲得經濟學學士學位，為澳洲會計師，並為香港會計師公會及內部審計師公會之會員。

Huang Erwin Steve, aged 39, is 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 Systems from Boston University.

Cheung Tse Kin, Michael, age 38, is the Export Operations Controller, and is responsible for the overall strategy and development of the Export Division of the Group. He holds a Master's degree in Business Administration (General Management) 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 has previously held senior positions at several multinational corporations, and has over 14 years of experiences in marketing management and business development.

Yip Kwok Fai, Keith, aged 38, is the Group Merchandising and Sourcing Controller. Mr. Yip graduated from 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 eyewear and watches industries. Prior to joining the Group in May 2005, he worked for some multinational companies like Citizen Watch Group and Bausch & Lomb Ltd.

Chan Fung Ying, Susanna, aged 51, is the Senior Stone Purchasing Manager. Ms. Chan joined the Group in June 1972. She graduated from Gemological Institute of America in 1995 and holds a Diploma in Management Studies. She also holds a Master's degree in Management and a Master's degree in Business Administration from Macquarie University in Sydney, Australia.

黃岳永，現年39歲，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。他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。

張子健，現年38歲，出口營運總監，負責本集團整體出口業務的發展及策劃。他持有由英國Henley Management College頒發的工商管理學碩士學位。他並為英國特許市務師及英國特許市務學會會員。於2005年3月加入本集團之前，他曾於多間跨國企業出任要職，有超過14年的市場管理及業務發展經驗。

葉國輝，現年38歲，本集團貨品供應總監。葉先生畢業於英國University of Warwick，獲得製造工程學學士學位。他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，他曾於星辰表有限公司及博士倫有限公司等跨國企業工作。

陳鳳英，現年51歲，為高級石料採購經理，於1972年6月加入本集團。她於1995年畢業於美國寶石學會珠寶鑑定科並持有管理學文憑，以及澳洲雪梨Macquarie University管理學碩士學位及工商管理碩士學位。

Yau On Yee, Annie, aged 35, is the Senior Information Technology and Business Analysis Manager. She 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). She joined the Group in August 2002. She has over 13 years of IT experience in the United States and Hong Kong. Prior to joining the Group, she worked for large companies like Motorola Semiconductors and IBM Global Services. She is a director of Partner Logistics Limited which has discloseable interests in the Company under provisions of the Securities and Futures Ordinance.

邱安儀，現年35歲，高級資訊科技及業務分析經理，是本集團主席謝達峰先生之妻子。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2002年8月加入本集團。彼在美國及香港之資訊科技工業上擁有超過13年經驗。在加入本集團之前，彼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。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。

Tang Man Ying, Eva, aged 29, was appointed as Internal Audit Manager with effect from February 2005. Prior to joining the Group in December 2003, Ms. Tang had gained more than 5 years extensive auditing experience in the consumer and industrial products division of an international accounting firm. She holds a Bachelor's degree in Business Administration (Professional Accountancy) from The Chinese University of Hong Kong. She is a member of the Hong Kong Institute of Certified Public Accountants and a member of The Association of Chartered Certified Accountants in the United Kingdom.

鄧敏瑩，現年29歲，自2005年2月起出任內部審核經理。於2003年12月加入本集團前，彼於國際會計師事務所擁有超過五年消費及工業產品審核經驗。彼持有香港中文大學工商管理（專業會計）學士學位，並為香港會計師公會及英國特許公認會計師公會會員。

The directors have pleasure in submitting their annual report together with the audited financial statements for the year ended 28 February 2005.

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 2005, 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 43% and 16% 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 profit of the Group for the year ended 28 February 2005 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 55 to 128.

董事會欣然提呈截至2005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2005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43%及16%。

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2005年2月28日止年度的盈利和本公司及本集團於該日的財政狀況載於第55至128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 2005 (2004: HK\$Nil).

Charitable Donations

Charitable donations made by the Group during the year amounted to HK\$337,000 (2004: HK\$55,000).

Fixed Assets

Details of the movements in fixed assets of the Group and of the Company during the year are set out in note 11 on the financial statements.

Share Capital

Details of the movements in share capital of the Company during the year are set out in note 24 on the financial statements.

Reserves

Details of the movements in reserves of the Group and of the Company during the year are set out in note 25 on the financial statements.

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*
Alex Chan (appointed on 23 June 2004)
Leung Yit Kuen, Raymond (resigned on 25 April 2005)

Non-executive Director

Hong Po Kui, Martin (re-designated on 21 January 2005)

財務報表 (續)

董事會不建議就截至2005年2月28日止年度派發任何股息 (2004年: 港幣零元)。

慈善捐款

本集團於年內的慈善捐款額為337,000港元 (2004年: 55,000港元)。

固定資產

本集團及本公司於本年度內固定資產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24。

儲備

本集團及本公司於本年度內儲備變動的詳情載於財務報表附註25。

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)
陳偉康 (於2004年6月23日委任)
梁悅權 (於2005年4月25日離任)

非執行董事

康寶駒 (於2005年1月21日調任)

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, Mr. Hong Po Kui, Martin and Mr. Chui Chi Yun, Robert will retire as directors by rotation at the forthcoming annual general meeting. Mr. Chui Chi Yun, Robert, being eligible, will offer himself for re-election as an independent non-executive director for a term of three years and Mr. Hong Po Kui, Martin will not offer himself for re-election. 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 Stock Exchange and 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，康寶駒先生及崔志仁先生需於即將舉行之股東週年大會上告退。崔志仁先生有資格並已表示願意膺選連任為獨立非執行董事，任期為三年及康寶駒先生將不會膺選連任。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聯交所及本公司提交確認書。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

As at 28 February 2005, the interests and short positions of the directors and chief executive 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之股份、相關股份及債權證的權益及淡倉

於2005年2月28日，本公司董事及最高行政人員擁有須根據《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

Name of director		Ordinary shares of HK\$0.25 each 每股0.25港元的普通股					% of total issued shares 佔已發行股份總數百分比
		Personal interest	Family interest	Corporate interest	Short position	Other interest	
董事姓名		個人權益	家族權益	公司權益	淡倉	其他權益	
Tse Tat Fung, Tommy	謝達峰	-	-	152,960,914 (note) (附註)	-	-	73.87%
Peter Gerardus Van Weerdenburg	溫彼得	2,252,000	-	-	-	-	1.09%

Note: 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 SFO, Mr. Tse Tat Fung, Tommy is deemed to be interested in all the shares held by Partner Logistics Limited.

附註：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。

Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures (Continued)

(ii) Interests in underlying shares

As at 28 February 2005, none of the directors and employees of the Company had interests in any option to subscribe for shares of the Company.

Apart from the foregoing and other than certain nominee shares in subsidiaries held by directors in trust for the Company or its subsidiaries, none of the directors and chief executive of the Company or any of their spouses or children under 18 years of age has interests or short positions in the shares, underlying shares or debentures of the Company, its subsidiaries or other associated corporations, as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Share Option Scheme

The purpose of the 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").

The Company has a share option scheme which was adopted on 26 November 2003 whereby the directors of the Company are authorised, at their discretion, to invite any person belonging to any of the following classes of participants to take up options 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;

董事及最高行政人員之股份、相關股份及債權證的權益及淡倉 (續)

(ii) 於相關股份之權益

於2005年2月28日，本公司董事及僱員均沒有可認購本公司股份的任何認股權權益。

除以上所述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，根據《證券及期貨條例》第352條須編存的登記冊中的記錄或根據標準守則知會本公司及聯交所的規定，本公司董事及最高行政人員或其任何配偶或十八歲以下的子女概無擁有本公司、其附屬公司或其他聯繫公司股份、相關股份或債權證的權益或淡倉。

購股權計劃

購股權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，以及為本集團及本集團持有股權的實體（「被投資實體」）吸納寶貴人才。

本公司設有一個購股權計劃，該計劃於2003年11月26日採納。根據該計劃，本公司董事獲授權可酌情邀請屬於下列任何參與者類別的人士接納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）；

Share Option Scheme (Continued)

- 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 grant and the average closing price of the shares on the Stock Exchange for the five business days immediately preceding the date of grant. 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.

Securities available for issue under the share option scheme as at 28 February 2005 were 20,706,322 shares which represented 10% of the issued share capital of the Company at 28 February 2005. In respect of the maximum entitlement of each participant under the share option scheme, the number of securities issued and to be issued upon exercise of the options granted to each participant in any 12-month period is limited to 1% of the Company's ordinary shares in issue.

購股權計劃 (續)

- 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。

購股權的行使價為下列最高者：股份面值；股份於授出日期在聯交所的收市價或股份在緊接授出日期前五個營業日在聯交所的平均收市價。購股權的有效年期由授出購股權當日起計不得超逾十年。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。

於2005年2月28日，在購股權計劃下可供發行的證券數目為20,706,322股股份，佔本公司於2005年2月28日已發行股本之10%。就購股權計劃下每名參與者可獲授權益上限而言，各參與者在任何12個月內獲授的購股權予以行使時所發行及將予發行的證券總數不得超逾本公司已發行普通股之1%。

Share Option Scheme *(Continued)*

Offer of an option shall be deemed to have been accepted when the letter comprising acceptance of the option duly signed by the grantee together with a remittance of HK\$1 is received within 28 days from the date of offer. The share option scheme will expire on 25 November 2013.

During the year, no option was granted, exercised, lapsed or cancelled under the share option scheme. There is no option outstanding at 28 February 2005 and 29 February 2004.

At no time during the year was the Company, any of its holding company or subsidiaries a party to any arrangement to enable the directors or chief executive of the Company or any of their spouses or children under 18 years of age to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

購股權計劃 *(續)*

當本公司於要約日期起計28日內接獲經承授人正式簽署的購股權接納函件連同1港元相關代價後，有關購股權要約即被視作已獲接納論。購股權計劃將於2013年11月25日屆滿。

於本年度內，並無任何購股權獲授出、行使、失效或根據購股權計劃予以註銷。於2005年2月28日及2004年2月29日，並無任何尚未行使的購股權。

於本年度內任何時間，本公司、其任何控股公司或附屬公司概無訂立任何安排，致使本公司董事或主要行政人員或彼等的配偶或十八歲以下的子女可藉購入本公司或任何其他法人團體的股份或債券而獲益。

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

The Company has been notified that, 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在股份及相關股份中擁有的權益與淡倉

就本公司所知，於2005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0.25港元的普通股						
Name 姓名	Capacity 身份		% of total issued 佔已發行股本 總數百分比		% of total issued 佔已發行股本 總數百分比		% of total issued 佔已發行股本 總數百分比	
			Direct interest 直接權益	Short position 淡倉	Other interest 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 (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 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 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.

Directors' Interest in Contracts

On 2 April 2004, Partner Logistics Limited, a company controlled by Mr. Tse Tat Fung, Tommy, a director of the Company, purchased from a bank lender of the Group bank borrowing to the amount of HK\$14 million.

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.

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。

董事在合約的利益

於2004年4月2日，Partner Logistics Limited（由本公司董事謝達峰先生控制的公司）向本集團一名銀行債權人購入銀行貸款14,000,000港元。

於2004年12月16日，Partner Logistics Limited把本集團所欠的137,365,000港元貸款轉換為本公司股本中每股面值0.25港元之普通股。

Directors' Interest in Contracts (Continued)

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\$4,189,000 (2004: HK\$210,000).

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 on 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 on 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)

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4,189,000港元(2004年:210,000港元)。

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

The Company had no outstanding convertible securities, options or similar rights as at 28 February 2005.

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 2005 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 129 to 130 of the annual report.

Properties

Particulars of the major properties of the Group are shown on pages 131 and 132 of the annual report.

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

本公司於2005年2月28日概無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2005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129至130頁。

物業

本集團主要物業的詳情載於本年報第131至132頁。

Retirement Schemes

As from 1 December 2000, 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.

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 profit and loss account during the year ended 28 February 2005 amounted to HK\$4,518,000 representing contribution 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 April 2005, the latest practicable date to ascertain such information prior to the issue of this annual report.

退休計劃

由2000年12月1日起，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20,000港元。

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2005年2月28日止年度，本集團向此等計劃所作之總供款額為4,518,000港元，並已在損益表中扣除。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2005年4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%。

Compliance with the Code of Best Practice

The Company has complied throughout the year with the Code of Best Practice as set out by the Stock Exchange in Appendix 14 to the Listing Rules which was in force prior to 1 January 2005 except that Mr. Hong Po Kui, Martin, non-executive director and Mr. Chui Chi Yun, Robert, independent non-executive director of the Company, are not appointed for a specific term but they are subject to retirement in accordance with the Company's Bye-laws.

Audit Committee

The Company has an audit committee comprising independent non-executive directors, Mr. Chui Chi Yun, Robert, Mr. Gerald Clive Dobby and Mr. Lui Pui Kee, Francis (as alternate to Mr. Gerald Clive Dobby); and non-executive director, Mr. Hong Po Kui, Martin. The audit committee reviews the interim and annual reports of the Group and meets to review and discuss the internal controls and other relevant matters of the Group from time to time as required.

Model Code

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules. The Company has made specific enquiry of all directors regarding any non-compliance with the Model Code during the year ended 28 February 2005, and they all confirmed that they have fully complied with the required standard set out in the Model Code.

遵守《最佳應用守則》

本公司之非執行董事康寶駒先生及獨立非執行董事崔志仁先生之委任並無指定時限，惟依照本公司的公司細則告退。除上述外，本公司在整個年度內均遵守於2005年1月1日前生效之聯交所上市規則附錄14所列的《最佳應用守則》。

審核委員會

本公司成立了一個審核委員會，成員包括獨立非執行董事崔志仁先生、Gerald Clive Dobby先生及呂培基先生（為Gerald Clive Dobby先生的替代成員）；及非執行董事康寶駒先生。審核委員會審閱本集團的中期報告及年報及會面以審閱及討論本集團的內部監控。

標準守則

本公司已採納上市規則附錄10之標準守則。本公司已向所有董事作出特定查詢有關2005年2月28日止年度內是否有任何違反遵守標準守則的事項，及現確認所有董事已全面地遵守標準守則之標準需求。

Auditors

KPMG retire and, being eligible, offer themselves for reappointment. A resolution for the reappointment of KPMG 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, 14 July 2005

核數師

畢馬威會計師事務所即將告退，惟願膺選連任。由畢馬威會計師事務所連任本公司核數師的決議案，將於即將召開的股東週年大會上提出。

承董事會命

謝達峰
主席

香港，2005年7月14日



**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 55 to 128 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, that judgements and estimates are made which are prudent and reasonable and that the reasons for any significant departure from applicable accounting standards are stated.

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.

Basis of opinion

We conducted our audit in accordance with Statements of Auditing Standards issued by the Hong Kong Institute of Certified Public Accountants, except that the scope of work was limited as explained below.

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 judgements 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.

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

本核數師(以下簡稱「我們」)已審核刊於第55至第128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，作出審慎及合理的判斷和估計，並說明任何重大背離適用會計準則的原因。

我們的責任是根據我們審核工作的結果，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，我們的報告書不可用作其他用途。我們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。

意見的基礎

除了我們的工作範圍如下文所述受到限制外，我們是按照香港會計師公會頒布的《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。

Basis of opinion (Continued)

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. However, the evidence available to us was limited because as explained in note 5(a)(ii) on the financial statements, during the years ended 28 February 2005 and 29 February 2004, certain subsidiaries of the Group received from the Inland Revenue Department (“IRD”) additional assessments relating to certain offshore income and agents commission payments and promoter fees arising in prior years in respect of which the IRD have challenged the tax treatments adopted by the subsidiaries. Furthermore, subsequent to the balance sheet date, in April 2005, certain existing and previous employees of the Group were investigated by the Independent Commission Against Corruption (“ICAC”) as described in note 31 on the financial statements. The directors have consulted with the Company’s legal advisers as to what legal implications the investigation undertaken by the ICAC and its allegations will have for the Group as a whole. In addition the directors have considered what impact this investigation may have on the abovementioned challenge raised by the IRD. The directors conclude that it is too early for them to make any assessment of legal or tax implications in light of the ICAC’s investigation. However, in the event that the subsidiaries are not successful in defending the tax treatments adopted, the Group may be subject to significant additional tax liabilities and penalties as described in note 5(a)(ii) on the financial statements. The Group has made a provision for income tax amounting to HK\$26 million and HK\$13 million for the years ended 28 February 2005 and 29 February 2004 respectively. We were unable to carry out auditing procedures necessary to obtain adequate assurance regarding the level of this income tax provision. There were no satisfactory audit procedures that we could adopt to obtain sufficient evidence regarding this income tax provision. Any adjustment to the figure may have a consequential significant effect on net assets as at 28 February 2005 and 29 February 2004 and the profits for the years then ended.

意見的基礎 (續)

我們在策劃和進行審核工作時，是以取得一切我們認為必須的資料及解釋為目標，使我們能獲得充分的憑證，就財務報表是否存在重大的錯誤陳述，作合理的確定。然而，我們所獲提供的憑證有限，因為正如財務報表附註5(a)(ii)所述，在截至2005年2月28日及2004年2月29日止的兩個年度內，貴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的補加評稅通知書，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。此外，如本財務報表附註31所述，於結算日後，貴集團若干現任及前任僱員於2005年4月被廉政公署調查。貴公司董事已徵詢貴公司法律顧問就廉政公署作出的調查及其供述在法律上對貴集團整體造成的影響。另外，貴公司董事已考慮該項調查對稅務局上述的質疑可能造成的影響。貴公司董事的結論是現階段評估廉政公署該項調查於法律或稅務上造成的影響時間尚早。然而，如果這些附屬公司就所採用的稅務處理方法提出的抗辯不獲接納，貴集團或須額外承擔本財務報表附註5(a)(ii)所述的大額稅務負債和罰款。在截至2005年2月28日及2004年2月29日的兩個年度內，貴集團已就所得稅分別提撥港幣26,000,000元及港幣13,000,000元的準備。我們無法實施必須的審核程序，以便充分確定上述所得稅準備是否足夠，亦無法採用其他令人滿意的審核程序，以便就上述所得稅準備獲取充分的憑證。如果有關數額有所調整，則最終可能會嚴重影響於2005年2月28日及2004年2月29日的資產淨值和截至以上日期止的兩個年度的盈利。

Basis of opinion *(Continued)*

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.

Qualified opinion arising from limitation of audit scope

Except for any adjustments that might have been found to be necessary had we been able to obtain sufficient evidence concerning the matter referred to above, 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 2005 and of the Group's profit 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.

In respect alone of the limitation on our work relating to the matter referred to above, we have not obtained all the information and explanations that we considered necessary for the purpose of our audit.

KPMG

Certified Public Accountants

Hong Kong, 14 July 2005

意見的基礎 *(續)*

在提出意見時，我們亦已衡量財務報表所載資料在整體上是否足夠。我們相信，我們的審核工作已為下列意見建立合理的基礎。

因審核範圍受到限制而提出的保留意見

除我們如能就上述事項獲得充分的憑證而已可能發現須作出的任何調整外，我們認為，上述的財務報表均真實和公允地反映 貴公司及 貴集團於2005年2月28日的財政狀況和 貴集團截至該日止年度的盈利及現金流量，並已按照香港《公司條例》的披露規定適當地編製。

只就上文所述我們在工作上受到的限制而言，我們並未獲得我們認為審核工作所必須的一切資料及解釋。

畢馬威會計師事務所

執業會計師

香港，2005年7月14日

Consolidated Profit and Loss Account

綜合損益表

For the year ended 28 February 2005
(Expressed in Hong Kong dollars)

截至2005年2月28日止年度
(以港元列示)

		Note	2005	2004
		附註	\$'000	\$'000
			千元	千元
Turnover	營業額	2 & 10	1,275,996	955,625
Cost of sales	銷售成本		(693,496)	(589,608)
			582,500	366,017
Other revenue	其他收入	3 & 10	9,035	12,912
Selling expenses	銷售費用		(424,816)	(275,758)
Administrative expenses	行政費用		(85,963)	(64,235)
Other operating expenses	其他經營費用		(345)	(1,149)
Profit from operations	經營盈利		80,411	37,787
Finance costs	財務費用	4(a)	(5,037)	(7,335)
Cost of financial restructuring	財務重組費用		(1,142)	(6,472)
Gain on disposal and revaluation of properties	出售及重估物業收益		2,160	1,988
Gain on disposal of subsidiary	出售附屬公司收益		–	9,406
Recovery of debts written off in prior years	收回以前年度已撇除壞賬		4,537	–
Write back of provision for other receivables	撥回其他應收款撥備		–	755
Profit from ordinary activities before taxation	除稅前正常業務盈利	4	80,929	36,129
Income tax	所得稅	5(a)	(35,528)	(17,012)
Profit from ordinary activities after taxation	除稅後正常業務盈利		45,401	19,117
Minority interests	少數股東權益		(7,382)	(11,624)
Profit attributable to shareholders	股東應佔盈利	8 & 25	38,019	7,493
Earnings per share	每股盈利			
Basic	基本	9	50.6 cents 仙	19.1 cents 仙

The notes on pages 62 to 128 form part of these financial statements.

第62至第128頁的附註屬本財務報表的一部分。

Consolidated Balance Sheet

綜合資產 負債表

At 28 February 2005
(Expressed in Hong Kong dollars)

於2005年2月28日
(以港元列示)

	Note 附註	2005		2004	
		\$'000 千元	\$'000 千元	\$'000 千元	\$'000 千元
Non-current assets					
Fixed assets					
– Investment properties			1,420		530
– Other property, plant and equipment			98,121		62,515
	11(a)		99,541		63,045
Other financial asset	13		500		500
Club debenture			100		97
Deferred tax assets	23(b)		17,684		3,143
			117,825		66,785
Current assets					
Properties held for sale	14	–		21,738	
Investments in securities		38		77	
Inventories	15	494,557		409,996	
Trade and other receivables	16	97,194		79,142	
Tax recoverable	23(a)	652		144	
Pledged bank deposit		–		792	
Cash at bank and in hand		81,825		39,277	
		674,266		551,166	
Current liabilities					
Trade and other payables	17	(367,902)		(285,868)	
Secured bank loans	18	(18,656)		(51,677)	
Secured other loans	19	–		(195,731)	
Obligations under finance leases	20(a)	(508)		–	
Current taxation	23(a)	(58,646)		(20,177)	
		(445,712)		(553,453)	
Net current assets/(liabilities)			228,554		(2,287)
Total assets less current liabilities carried forward			346,379		64,498

		Note 附註	2005		2004	
			\$'000	\$'000	\$'000	\$'000
			千元	千元	千元	千元
Total assets less current liabilities brought forward	承前總資產減流動負債總值		346,379		64,498	
Non-current liabilities	非流動負債					
Secured bank loans	有抵押銀行貸款	18	(2,066)		–	
Secured other loans	有抵押其他貸款	19	(72,367)		–	
Obligations under finance leases	融資租賃承擔	20(a)	(876)		–	
Employee benefit obligations	僱員福利義務	21(a)	(10,190)		(9,570)	
Amount due to a minority shareholder	應付少數股東款項	22	–		(1,497)	
Deferred tax liabilities	遞延稅項負債	23(b)	(781)		(300)	
			(86,280)		(11,367)	
Minority interests	少數股東權益		(17,648)		(12,601)	
NET ASSETS	資產淨值		242,451		40,530	
CAPITAL AND RESERVES	資本及儲備					
Share capital	股本	24	51,766		97,972	
Reserves	儲備	25(a)	190,685		(57,442)	
			242,451		40,530	

Approved and authorised for issue by the board of directors on 14 July 2005

董事會於2005年7月14日核准並許可發出

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

The notes on pages 62 to 128 form part of these financial statements.

第62至第128頁的附註屬本財務報表的一部分。

Balance Sheet

資產負債表

At 28 February 2005
(Expressed in Hong Kong dollars)

於2005年2月28日
(以港元列示)

		Note	2005		2004	
		附註	\$'000	\$'000	\$'000	\$'000
			千元	千元	千元	千元
Non-current assets	非流動資產					
Fixed assets	固定資產	11(b)		-		-
Interest in subsidiaries	附屬公司權益	12		243,842		32,628
				243,842		32,628
Current assets	流動資產					
Other receivables, deposits and prepayments	其他應收款、按金 及預付款			5,635		122
Cash in hand	現金			172		1
				5,807		123
Current liabilities	流動負債					
Other payables and accruals	其他應付款及應計費用			(6,378)		(8,184)
Obligations under finance leases	融資租賃承擔	20(b)		(305)		-
				(6,683)		(8,184)
Net current liabilities	流動負債淨值			(876)		(8,061)
Total assets less current liabilities	總資產減流動負債			242,966		24,567
Non-current liability	非流動負債					
Obligations under finance leases	融資租賃承擔	20(b)		(515)		-
NET ASSETS	資產淨值			242,451		24,567
CAPITAL AND RESERVES	資本及儲備					
Share capital	股本	24		51,766		97,972
Reserves	儲備	25(b)		190,685		(73,405)
				242,451		24,567

Approved and authorised for issue by the board of
directors on 14 July 2005

董事會於2005年7月14日核准並許可發出

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

The notes on pages 62 to 128 form part of these financial
statements.

第62至第128頁的附註屬本財務報表的一部分。

Consolidated Statement of Changes in Equity

綜合權益變動表

For the year ended 28 February 2005
(Expressed in Hong Kong dollars)

於2005年2月28日
(以港元列示)

		Note	2005	2004
		附註	\$'000	\$'000
			千元	千元
Shareholders' equity at beginning of the year	股東權益年初餘額		40,530	33,222
Revaluation surplus, net of deferred tax	重估盈餘 (已扣除遞延稅項)	25(a)	4,011	416
Exchange differences on translation of the financial statements of subsidiaries	換算附屬公司財務報表之匯兌差額	25(a)	2,491	325
Share of exchange reserve by minority shareholders	少數股東應佔匯兌儲備	25(a)	(1,203)	–
Capital reserve realised on liquidation of subsidiaries	附屬公司清盤而變現之資本儲備	25(a)	–	(149)
Exchange reserve realised on disposal of a subsidiary	出售附屬公司而變現之匯兌儲備	25(a)	–	(777)
Net gains/(losses) not recognised in the profit and loss account	未在損益表確認的淨收益/(虧損)		5,299	(185)
Net profit for the year	本年度淨盈利	25(a)	38,019	7,493
Movement in shareholders' equity arising from capital transactions:	進行資本交易所產生的股東權益變動:			
Shares issued under loan conversion and open offer	貸款轉換及公開售股所發行的股份	24 & 25(a)	158,603	–
Shareholders' equity at end of the year	股東權益年末餘額		242,451	40,530

The notes on pages 62 to 128 form part of these financial statements.

第62至第128頁的附註屬本財務報表的一部分。

Consolidated Cash Flow Statement

綜合現金 流量表

For the year ended 28 February 2005
(Expressed in Hong Kong dollars)

截至2005年2月28日止年度
(以港元列示)

		2005 \$'000 千元	2004 \$'000 千元
Operating activities	經營活動		
Profit from ordinary activities before taxation	除稅前正常業務盈利	80,929	36,129
Adjustments for:	調整項目:		
– Finance costs	– 財務費用	5,037	7,335
– Cost of financial restructuring	– 財務重組費用	1,142	6,472
– Gain on disposal and revaluation of properties	– 出售及重估物業收益	(2,160)	(1,988)
– Gain on disposal of subsidiary	– 出售附屬公司收益	–	(9,406)
– Write back of provision for properties held for sale	– 撥回待售物業減值撥備	(848)	(872)
– Loss/(gain) on disposal of fixed assets	– 出售固定資產虧損/(收益)	197	(42)
– Depreciation	– 折舊	15,030	11,222
– Interest income	– 利息收入	(132)	(130)
– Foreign exchange loss/(gain)	– 匯兌虧損/(收益)	2,300	(248)
Operating profit before changes in working capital	營運資金變動前 經營盈利	101,495	48,472
Increase in inventories	存貨增加	(84,561)	(132,450)
Increase in trade and other receivables	應收賬款及其他應收款增加	(18,052)	(5,098)
Increase in trade and other payables	應付賬款及其他應付款增加	75,665	82,287
Increase/(decrease) in employee benefit obligations	僱員福利義務增加/ (減少)	620	(1,622)
Cash generated from/(used in) operations	經營業務產生/(所用)的現金	75,167	(8,411)
Tax paid	已付稅項		
– Hong Kong Profits Tax paid	– 已付香港利得稅	(6,715)	(2,367)
– Overseas tax paid	– 已付海外稅項	(5,261)	(825)
Net cash generated from/(used in) operating activities	經營活動產生/(所用)的 現金淨額	63,191	(11,603)
Investing activities	投資活動		
Payment for purchase of fixed assets	支付購入固定資產的付款	(22,139)	(6,237)
Proceeds from sale of fixed assets	出售固定資產所得款項	163	84
Net proceeds from sale of properties held for sale	出售待售物業所得淨 款項	1,276	911
Net cash inflow in respect of sale of subsidiary	出售附屬公司的現金 流入淨額	–	4,478
Decrease in pledged bank deposit	有抵押銀行存款減少	792	–
Interest received	已收利息	132	130
Net cash used in investing activities	投資活動所用的現金淨額	(19,776)	(634)

		2005 \$'000 千元	2004 \$'000 千元
Financing activities	融資活動		
Capital element of finance lease rentals paid	已付融資租賃租金的資本部分	(475)	-
(Repayment to)/advances from minority interests	(償還) / 來自少數股東墊款	(1,497)	17,306
Repayment of bank loans	償還銀行貸款	(16,955)	(2,070)
Proceeds from shares issued under open offer	公開售股所得款項	35,546	-
Capital reorganisation and share issue expenses paid	已付資本重組及發行股份開支	(5,391)	-
Interest element of finance lease rentals paid	已付融資租賃租金的利息部分	(47)	-
Other borrowing costs paid	已付其他借貸成本	(5,020)	(7,695)
Payment of cost of financial restructuring	支付財務重組費用的付款	(3,660)	(5,023)
Dividend paid to a minority shareholder	已付少數股東股息	(3,538)	-
Net cash (used in)/generated from financing activities	融資活動(所用)/產生的現金淨額	(1,037)	2,518
Net increase/(decrease) in cash and cash equivalents	現金及現金等價物增加/(減少)淨額	42,378	(9,719)
Cash and cash equivalents at 1 March	於3月1日的現金及現金等價物	39,277	48,940
Effect of foreign exchange rates changes	外幣匯率變動的影響	170	56
Cash and cash equivalents at 28 February/29 February	於2月28日/2月29日的現金及現金等價物	81,825	39,277

Non-cash transactions

- (i) During the year, secured bank loans of \$14,000,000 were assigned to Partner Logistics Limited ("Partner Logistics"). Details of the assignment are set out in note 18(a) on the financial statements.
- (ii) During the year, Partner Logistics converted \$137,365,000 of the secured other loans into shares of the Company.

非現金交易

- (i) 在本年度內，為數14,000,000元的有抵押銀行貸款已轉讓予Partner Logistics Limited (「Partner Logistics」)。貸款轉讓詳情載於財務報表附註18(a)。
- (ii) 在本年度內，Partner Logistics把137,365,000元的有抵押其他貸款轉換為本公司的股份。

The notes on pages 62 to 128 form part of these financial statements.

第62至第128頁的附註屬本財務報表的一部分。

1. Significant accounting policies

(a) Statement of compliance

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

(b) Basis of preparation of the financial statements

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

(c) Subsidiaries

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

1. 主要會計政策

(a) 遵例聲明

本財務報表是按照香港會計師公會頒布的所有適用的《香港財務報告準則》(包括所有適用的《會計實務準則》及解釋)、香港公認會計原則及香港《公司條例》的披露規定編製。本財務報表同時符合適用的《香港聯合交易所有限公司證券上市規則》(「上市規則」)披露規定。以下是本集團採用的主要會計政策概要。

(b) 財務報表的編製基準

除投資物業和土地及建築物按重估值,以及部分證券投資按市值入賬(見下文所載的會計政策)外,本財務報表是以歷史成本作為編製基準。

(c) 附屬公司

附屬公司是指被本公司控制的企業。當本公司有權直接或間接監管該公司的財務及經營政策,並藉此從其業務獲得利益,控制權即存在。

1. Significant accounting policies (Continued)

(c) Subsidiaries (Continued)

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

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 separately from liabilities and the shareholders' equity. Minority interests in the results of the Group for the year are also separately presented in the profit and loss account.

Where losses attributable to the minority exceed the minority interest in the net assets of a subsidiary, the excess, and any further losses attributable 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. All subsequent profits of the subsidiary are allocated to the Group until the minority's share of losses previously absorbed by the Group has been recovered.

In the Company's balance sheet, an investment in a subsidiary is stated at cost less any impairment losses (see note 1(i)).

1. 主要會計政策 (續)

(c) 附屬公司 (續)

集團於附屬公司的投資均在綜合財務報表中綜合計算。集團內部往來的餘額和集團內部交易及其產生的未變現盈利，均在編製綜合財務報表時全數抵銷。集團內部交易所產生的未變現虧損的抵銷方法與未變現盈利相同，但抵銷額只限於沒有證據顯示已轉讓資產已出現減值。

於結算日的少數股東權益是指並非由本公司直接或透過附屬公司間接擁有的股權所佔附屬公司資產淨值的部分；這些權益在綜合資產負債表內是與負債及股東權益分開列示。少數股東所佔本集團本年度業績的權益在損益表內亦會分開列示。

如果少數股東應佔的虧損超過其所佔附屬公司資產淨值的權益，超額部分和任何歸屬於少數股東的進一步虧損便會沖減本集團所佔權益；但如少數股東須承擔具有約束力的義務並有能力彌補虧損則除外。附屬公司的所有其後盈利均會分配予本集團，直至本集團收回以往承擔的少數股東應佔虧損為止。

本公司資產負債表所示於附屬公司的投資，是按成本減去任何減值虧損（參閱附註1(i)）後入賬。

1. Significant accounting policies (Continued)

(d) Goodwill

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

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

Negative goodwill arising on acquisitions of subsidiaries represents the excess of the Group's share of the fair value of the identifiable assets and liabilities acquired over the cost of the acquisition. Negative goodwill is accounted for as follows:

- for acquisitions before 1 March 2001, negative goodwill is credited to a capital reserve; and

1. 主要會計政策 (續)

(d) 商譽

編製綜合財務報表時產生的正商譽是指投資成本超過本集團佔所收購可分資產與負債公允價值的數額。就附屬公司而言：

- 對於在2001年3月1日之前作出的收購，正商譽與儲備抵銷，並且減去已在損益表確認的減值虧損（參閱附註1(i)）之數；及
- 對於在2001年3月1日或之後作出的收購，正商譽是按其預計可用年限，以直線法在綜合損益表內攤銷。正商譽是以成本減去任何累計攤銷及任何減值虧損（參閱附註1(i)）後，記入綜合資產負債表。

收購附屬公司所產生的負商譽是指本集團佔所收購可分資產與負債公允價值超過投資成本的數額。負商譽的入賬方法如下：

- 對於在2001年3月1日之前作出的收購，負商譽計入資本儲備；及

1. Significant accounting policies (Continued)

(d) Goodwill (Continued)

- for acquisitions on or after 1 March 2001, to the extent that negative goodwill relates to an expectation of future losses and expenses that are identified in the plan of acquisition and can be measured reliably, but which have not yet been recognised, it is recognised in the consolidated profit and loss account when the future losses and expenses are recognised. Any remaining negative goodwill, but not exceeding the fair values of the non-monetary assets acquired, is recognised in the consolidated profit and loss account over the weighted average useful life of those non-monetary assets that are depreciable/amortisable. Negative goodwill in excess of the fair values of the non-monetary assets acquired is recognised immediately in the consolidated profit and loss account.

In respect of any negative goodwill not yet recognised in the consolidated profit and loss account, such negative goodwill is shown in the consolidated balance sheet as a deduction from assets in the same balance sheet classification as positive goodwill.

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

1. 主要會計政策 (續)

(d) 商譽 (續)

- 對於在2001年3月1日或之後作出的收購，假如負商譽關乎已在收購計劃中確定及可以可靠地計算，但尚未確認的預計未來虧損和支出，便會在未來虧損和支出確認時，在綜合損益表內確認。任何尚餘的負商譽（但以所收購非貨幣資產公允價值為限）則按應計折舊／攤銷的非貨幣資產的加權平均可用年限，在綜合損益表內確認。然而，如尚餘的負商譽數額高於所收購非貨幣資產公允價值，這部分負商譽便會立即在綜合損益表內確認。

至於尚未在綜合損益表內確認的任何負商譽，有關的負商譽會在綜合資產負債表內列示為資產的減項，與正商譽屬於同一個資產負債表類別。

如於年內出售附屬公司，以往未在綜合損益表攤銷或以往作為集團儲備變動處理的應佔購入商譽的數額，均在計算出售的盈利或虧損時包括在內。

1. Significant accounting policies (Continued)

(e) Investments in securities

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

- (i) Investments held on a continuing basis for an identified long-term purpose are classified as investment securities. Investment securities are stated in the balance sheet at cost less any provisions for diminution in value. Provisions are made when the fair values have declined below the carrying amounts, unless there is evidence that the decline is temporary, and are recognised as an expense in the profit and loss account, such provisions being determined for each investment individually.
- (ii) Trading securities are stated in the balance sheet at fair value. Changes in fair value are recognised in the profit and loss account as they arise. Securities are presented as trading securities when they were acquired principally for the purpose of generating a profit from short-term fluctuations in price or dealer's margin.
- (iii) Profits or losses on disposal of investments in securities are determined as the difference between the estimated net disposal proceeds and the carrying amount of the investments and are accounted for in the profit and loss account as they arise.

1. 主要會計政策 (續)

(e) 證券投資

本集團及本公司有關證券投資(於附屬公司的投資除外)的政策如下:

- (i) 持續持有作既定的長期用途的投資,歸類為投資證券。這類證券是以成本減去任何減值撥備後記入資產負債表。除非有證據證明減值屬於暫時性質,否則,當公允價值下跌至低於賬面金額時,便會提撥減值撥備,並在損益表內確認為支出。這些撥備是就各項投資個別釐定。
- (ii) 買賣證券均以公允價值記入資產負債表。公允價值的變動在產生時在損益表內確認。如果主要是為了從短期的價格波動或證券商的利潤賺取盈利而購入證券,則這些證券會作為買賣證券列賬。
- (iii) 出售證券投資的盈利或虧損是按估計出售收入淨額與投資賬面金額之間的差額釐定,並在產生時記入損益表。

1. Significant accounting policies (Continued)

(f) Fixed assets

(i) Fixed assets are stated in the balance sheets on the following bases:

- investment properties with an unexpired lease term of more than 20 years are stated in the balance sheet at their open market value which is assessed annually by external qualified valuers;
- land and buildings held for own use are stated in the balance sheet at their revalued amount, being their open market value at the date of revaluation less any subsequent accumulated depreciation (see note 1(h)). Revaluations are performed by qualified valuers with sufficient regularity to ensure that the carrying amount of these assets does not differ materially from that which would be determined using fair values at the balance sheet date; and
- plant, machinery and other fixed assets are stated in the balance sheet at cost less accumulated depreciation (see note 1(h)) and impairment losses (see note 1(i)).

(ii) Changes arising on the revaluation of investment properties and land and buildings held for own use are generally dealt with in reserves. The only exceptions are as follows:

- when a deficit arises on revaluation, it will be charged to the profit and loss account, if and to the extent that it exceeds the amount held in the reserve in respect of that same asset, or, solely in the case of investment properties, the portfolio of investment properties, immediately prior to the revaluation; and

1. 主要會計政策 (續)

(f) 固定資產

(i) 固定資產是按下列基準記入資產負債表：

- 尚餘租賃期超過20年的投資物業按每年經由外聘的合資格估值師所評估的公開市值記入資產負債表；
- 持作自用的土地及建築物以其重估值（即根據它們在重估日的公開市值，減去任何其後的累計折舊（參閱附註1(h)）後得出的數額）記入資產負債表。重估工作由合資格的估值師定期進行，以確保這些資產的賬面金額與採用結算日的公允價值釐定的數額之間不會出現重大差異；及
- 廠房、機器及其他固定資產以成本減去累計折舊（參閱附註1(h)）及減值虧損（參閱附註1(i)）後記入資產負債表。

(ii) 重估投資物業和持作自用的土地及建築物所產生的變動一般會撥入儲備處理，但下列情況例外：

- 如果出現重估虧損，而且有關的虧損額超過就該項資產或只限於投資物業的投資物業組合在截至重估前計入儲備的數額，便會在損益表列支；及

1. Significant accounting policies (Continued)

(f) Fixed assets (Continued)

- when a surplus arises on revaluation, it will be credited to the profit and loss account, if and to the extent that a deficit on revaluation in respect of that same asset, or, solely in the case of investment properties, the portfolio of investment properties, had previously been charged to the profit and loss account.
- (iii) Subsequent expenditure relating to a fixed asset that has already been recognised is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the enterprise. All other subsequent expenditure is recognised as an expense in the period in which it is incurred.
- (iv) Gains or losses arising from the retirement or disposal of a fixed asset are determined as the difference between the estimated net disposal proceeds and the carrying amount of the asset and are recognised in the profit and loss account on the date of retirement or disposal. On disposal of an investment property, the related portion of surpluses or deficits previously taken to the investment properties revaluation reserve is also transferred to the profit and loss account for the year. For all other fixed assets, any related revaluation surplus is transferred from the revaluation reserve to retained profits.

1. 主要會計政策 (續)

(f) 固定資產 (續)

- 如果以往曾將同一項資產或只限於投資物業的投資物業組合的重估虧損在損益表列支，則在出現重估盈餘時，便會撥入損益表計算。
- (iii) 在超過現有資產原先評估的表現水平的未來經濟效益很可能流入企業時，與固定資產有關而且已獲確認的其後支出便會加入資產的賬面金額。所有其他其後支出則在產生的期間確認為支出。
- (iv) 報廢或出售固定資產所產生的損益以估計出售所得淨額與資產的賬面金額之間的差額釐定，並於報廢或出售當日在損益表確認。出售投資物業時，早前記入投資物業重估儲備的有關盈餘或虧損部分亦會轉入該年度的損益表內。就所有其他固定資產而言，任何相關的重估盈餘會由重估儲備轉入保留盈利。

1. Significant accounting policies (Continued)

(g) Leased assets

Leases of assets under which the lessee assumes substantially all risks and benefits of ownership are classified as finance leases. Leases of assets under which the lessor has not transferred all the risks and benefits of ownership are classified as operating leases.

(i) 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 asset, or, if lower, the present value of the minimum lease payments, of such assets are included in fixed assets 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 of the assets in equal annual amounts over the term of the relevant lease or, where it is likely the Company or Group will obtain ownership of the asset, the life of the asset, as set out in note 1(h). Impairment losses are accounted for in accordance with the accounting policy as set out in note 1(i). Finance charges implicit in the lease payments are charged to the profit and loss account 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 are written off as an expense of the accounting period in which they are incurred.

1. 主要會計政策 (續)

(g) 租賃資產

由承租人承擔所有權的絕大部分相關風險及回報的資產租賃歸類為融資租賃。出租人並未轉讓所有權的全部相關風險及報酬的資產租賃，歸類為經營租賃。

(i) 以融資租賃購入的資產

如果本集團是以融資租賃獲得資產的使用權，便會將相當於租賃資產公允價值或最低租賃付款額的現值（如為較低的數額）記入固定資產，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，以每年等額沖銷其成本的比率計提；有關的可用年限載列於附註1(h)。減值虧損按照附註1(i)所列的會計政策入賬。租賃付款內含的融資費用會計入租賃期內的損益表，使每個會計期間的融資費用佔承擔餘額的比率大致相同。或有租金在其產生的會計期間作為開支撇銷。

1. Significant accounting policies (Continued)

(g) Leased assets (Continued)

(ii) Operating lease charges

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

(h) Depreciation

(i) No depreciation is provided on investment properties with an unexpired lease term of over 20 years or on freehold land.

(ii) *Depreciation is calculated to write off the cost or valuation of other fixed assets over their estimated useful lives as follows:*

- leasehold land is depreciated on a straight-line basis over the remaining term of the lease;
- buildings are depreciated on a straight-line basis over the shorter of their estimated useful lives, being 40 years from the date of completion, and the unexpired terms of the leases; and

1. 主要會計政策 (續)

(g) 租賃資產 (續)

(ii) 經營租賃費用

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

(h) 折舊

(i) 尚餘租賃期超過20年的投資物業或永久業權土地不計提任何折舊。

(ii) 其他固定資產的折舊是按其預計可用年限沖銷其成本或估值，計算方法如下：

- 租賃土地按尚餘租賃期以直線法計算折舊；
- 建築物按預計可用年限（即落成日期起計40年）或尚餘租賃期兩者中的較短期間，以直線法計算折舊；及

1. Significant accounting policies (Continued)

(h) Depreciation (Continued)

- other fixed assets are depreciated on a straight-line basis over their estimated useful lives as follows:

Furniture, fixtures and equipment	1 to 10 years
Plant and machinery	3 to 7 years
Motor vehicles	4 to 10 years

(i) Impairment of assets

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

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

If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised in the profit and loss account whenever the carrying amount of such an asset (including positive goodwill taken directly to reserves) exceeds its recoverable amount.

1. 主要會計政策 (續)

(h) 折舊 (續)

- 其他固定資產按下列預計可用年限以直線法計算折舊：

傢俬、裝置及設備	1至10年
廠房及機器	3至7年
汽車	4至10年

(i) 資產減值

本集團在每個結算日審閱內部和外來的信息，以確定下列資產有否出現減值跡象，或是以往確認的減值虧損不復存在或已經減少：

- 固定資產（按重估數額列賬的物業除外）；
- 於附屬公司的投資；及
- 正商譽（不論是在產生時與儲備抵銷或確認為資產）。

如果發現有減值跡象，便會估計該資產的可收回數額。當資產的賬面金額（包括直接記入儲備的正商譽）高於可收回數額時，便會在損益表內確認減值虧損。

1. Significant accounting policies (Continued)

(i) Impairment of assets (Continued)

(i) Calculation of recoverable amount

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

(ii) Reversals of impairment losses

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

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

1. 主要會計政策 (續)

(i) 資產減值 (續)

(i) 計算可收回數額

資產的可收回數額以其銷售淨價和使用價值兩者中的較高數額為準。在評估使用價值時，會使用除稅前折讓率將估計未來現金流量折讓至現值。該折讓率應是反映市場當時所評估的貨幣時間價值和該資產的獨有風險。如果資產所產生的現金流入基本上不獨立於其他資產所產生的現金流入，則以能獨立產生現金流入的最小資產類別（即現金產生單位）來釐定可收回數額。

(ii) 轉回減值虧損

倘若用以釐定可收回數額的估計數字出現有利的變化，便會將資產減值虧損轉回；但商譽除外。至於商譽的減值虧損，倘若虧損是由性質獨特及預計不會再出現的特殊外界因素所造成，而且可收回數額的增加明顯是與該特殊因素轉回有關，才會將減值虧損轉回。

所轉回的減值虧損以假設沒有在往年確認減值虧損而應已釐定的資產賬面金額為限。所轉回的減值虧損在確認轉回的年度內計入損益表。

1. Significant accounting policies (Continued)

(j) Inventories

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

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

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

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

(k) Properties held for sale

Properties held for sale are stated at the lower of cost and net realisable value. Cost comprises all direct costs incurred in connection with bringing the properties held for sale to their current condition. Net realisable value represents the estimated selling price in the ordinary course of business less all costs to be incurred to make the sale.

1. 主要會計政策 (續)

(j) 存貨

存貨以成本及可變現淨值兩者中的較低數額入賬。

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變成現狀的成本。

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的估計成本後所得之數。

所出售存貨的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。因可變現淨值增加引致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。

(k) 待售物業

待售物業乃按成本及可變現淨值兩者中的較低者列賬，成本包括所有將待售物業置於現況的直接成本。可變現淨值乃按日常業務範圍內的估計出售價格扣除銷售所必須的成本計算。

1. Significant accounting policies (Continued)

(l) Cash equivalents

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

(m) 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 profit and loss account as incurred, except to the extent that they are included in the cost of inventories not yet recognised as an expense.

1. 主要會計政策 (續)

(l) 現金等價物

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的投資項目。這些項目可以容易地換算為已知的現金數額，所須承受的價值變動風險甚小，並在購入後三個月內到期。就編製現金流量表而言，現金及現金等價物也包括須於接獲通知時償還，並構成本集團現金管理一部分的銀行透支。

(m) 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令本集團產生的成本，均在本集團僱員提供相關服務的年度內累計。如延遲付款或結算會構成重大的貨幣時間價值，則上述數額須按現值列賬。

(ii) 根據香港《強制性公積金計劃條例》的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，均於產生時在損益表列支；但已計入尚未確認為開支的存貨成本的數額除外。

1. Significant accounting policies (Continued)

(m) Employee benefits (Continued)

(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.

(n) 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 profit and loss account 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.

1. 主要會計政策 (續)

(m) 僱員福利 (續)

(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。計算現值所採用的折讓率是根據外匯基金債權證於結算日的收益率釐定，這些債務的到期日與本集團就該福利須履行供款責任的年期相若。

(n) 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損益表內確認，但與直接確認為股東權益項目相關的，則確認為股東權益。

(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。

1. Significant accounting policies (Continued)

(n) Income tax (Continued)

(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.

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)

(n) 所得稅 (續)

(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利用可抵扣虧損和未利用稅款抵減產生。

除了某些有限的例外情況外，所有遞延稅項負債和遞延稅項資產（只限於很可能獲得能利用該遞延稅項資產來抵扣的未來應稅盈利）都會確認。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期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利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利用可抵扣虧損和稅款抵減撥回的同一期間內轉回。

1. Significant accounting policies (Continued)

(n) 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)

(n) 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：不可在稅務方面獲得扣減的商譽；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，根據已執行或在結算日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，該遞延稅項資產的賬面金額便會調低；但是如果日後又可能獲得足夠的應稅盈利，有關減額便會轉回。

1. Significant accounting policies (Continued)

(n) 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:
 - the same taxable entity; or
 - 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)

(n) 所得稅 (續)

(iv) 本期和遞延稅項結餘及其變動額會分開列示，並且不予抵銷。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，才可以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：
 - 同一應稅實體；或
 - 不同的應稅實體。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，按淨額基準實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)

(o) Provisions and contingent liabilities

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

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

(p) 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 profit and loss account 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.

1. 主要會計政策 (續)

(o) 撥備及或有負債

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含有經濟效益的資源外流，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計列撥備。

倘若含有經濟效益的資源外流的可能性較低，或是無法對有關數額作出可靠的估計，便會將該義務披露為或有負債；但假如這類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；但假如這類資源外流的可能性極低則除外。

(p) 收入確認

收入是在經濟效益可能會流入本集團，以及能夠可靠地計算收入和成本（如適用）時，收入便會根據下列基準在損益表內確認：

(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，並已扣除任何營業折扣及退貨。

1. Significant accounting policies (Continued)

(p) Revenue recognition (Continued)

(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 profit and loss account 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 profit and loss account 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.

(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.

1. 主要會計政策 (續)

(p) 收入確認 (續)

(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之會計期間內，以等額在損益表確認；但如有其他基準能更清楚地反映租賃資產所產生的收益模式則除外。經營租賃協議所涉及的激勵措施均在損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。

(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為基準，按尚餘本金及適用利率計算。

1. Significant accounting policies (Continued)

(q) Translation of foreign currencies

Foreign currency transactions during the year are translated into Hong Kong dollars at the exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated into Hong Kong dollars at the exchange rates ruling at the balance sheet date. Exchange gains and losses are dealt with in the profit and loss account.

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

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

(r) Borrowing costs

Borrowing costs are expensed in the profit and loss account in the period in which they are incurred.

(s) Related parties

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

1. 主要會計政策 (續)

(q) 外幣換算

年度內的外幣交易按交易日的匯率換算為港元。以外幣為單位的貨幣資產及負債則按結算日的匯率換算為港元。匯兌盈虧均撥入損益表處理。

海外企業的業績按年內的平均匯率換算為港元；資產負債表項目則按結算日的匯率換算為港元。所產生的匯兌差額作為儲備變動處理。

在出售海外企業時，與該海外企業有關的累計匯兌差額會在計算出售的盈利或虧損時包括在內。

(r) 借貸成本

借貸成本在產生的期間內在損益表列支。

(s) 關聯人士

就本財務報表而言，如果本集團能夠直接或間接控制另一方人士或可以對另一方人士的財務及經營決策發揮重大的影響力，或另一方人士能夠直接或間接控制本集團或對本集團的財務及經營決策發揮重大的影響力，或本集團與另一方人士均受制於共同的控制或共同的重大影響下，有關人士即被視為本集團的關聯人士。關聯人士可以是個別人士或其他實體。

1. Significant accounting policies (Continued)

(t) 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.

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

1. 主要會計政策 (續)

(t) 分部報告

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），或在一個特定的經濟環境中提供產品或服務（地區分部），並承擔著不同於其他分部的風險和回報。

按照本集團的內部財務報告系統，本集團選擇以地區分部為報告分部信息的主要形式。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類別分析。

分部收入、支出、經營成果、資產及負債包含直接歸屬某一分部，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。

分部資本開支是指在年內購入預計可於超過一年使用的分部資產所產生的成本總額。

未能分配至分部的項目主要包括財務及企業資產、帶息借款、借款、企業和融資支出及少數股東權益。

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:

Sales of jewellery products	珠寶產品銷售
Commission income	佣金收入

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：

2005 \$'000 千元	2004 \$'000 千元
1,253,603	939,161
22,393	16,464
1,275,996	955,625

3. Other revenue

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

3. 其他收入

2005 \$'000 千元	2004 \$'000 千元
161	1,665
132	130
2,755	3,245
256	1,258
5,731	6,614
9,035	12,912

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)：

		2005 \$'000 千元	2004 \$'000 千元
(a) Finance costs	(a) 財務費用		
Interest on bank loans	銀行貸款的利息	739	7,048
Interest on other loans	其他貸款的利息	4,189	210
Interest on amount due to a minority shareholder	應付少數股東款項的利息	62	77
Finance charges on obligations under finance leases	融資租賃承擔的財務費用	47	-
		5,037	7,335
(b) Staff costs	(b) 員工成本		
Contribution to defined contribution retirement plan	界定供款退休計劃供款	4,518	3,462
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))	844	522
Retirement costs	退休計劃成本	5,362	3,984
Salaries, wages and other benefits	薪金、工資及其他福利	144,742	112,770
		150,104	116,754

4. Profit from ordinary activities before taxation (Continued)

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

(c) Other items

Cost of inventories
Auditors' remuneration
Depreciation
Operating leases charges
– land and buildings situated in Hong Kong
– land and buildings situated other than in Hong Kong
Loss/(gain) on disposal of fixed assets
Write back of provision for properties held for sale
(Reversal of provision)/provision for inventories
Rentals receivable from properties less direct outgoings of \$48,000 (2004: \$167,000)

(c) 其他項目

存貨成本
核數師酬金
折舊
經營租賃費用
– 香港之土地及建築物
– 香港以外之土地及建築物
出售固定資產
虧損/(收益)
撥回待售物業
減值撥備
存貨(撥回)/撥備
應收物業租金減直接支出48,000元
(2004年:167,000元)

4. 除稅前正常業務盈利 (續)

除稅前正常業務盈利已扣除/(計入):
(續)

	2005 \$'000 千元	2004 \$'000 千元
	693,496	589,608
	4,332	2,867
	15,030	11,222
	48,662	41,706
	4,476	3,611
	197	(42)
	(848)	(872)
	(350)	5,205
	(113)	(1,498)

Cost of inventories includes \$26,324,000 (2004: \$26,486,000) relating to staff costs, depreciation expenses, operating lease charges and 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.

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有關的26,324,000元(2004年:26,486,000元)。有關數額亦已記入以上附註4(b)及附註4(c)所列的各類相關開支中。

5. Income tax in the consolidated profit and loss account *(Continued)*

(a) Income tax in the consolidated profit and loss account represents: *(Continued)*

(ii) During the years ended 28 February 2005 and 29 February 2004, certain subsidiaries of the Group received from the Inland Revenue Department (“IRD”) additional assessments amounting to \$12 million and \$13 million respectively relating to certain offshore income and agents commission payments and promoter fees arising in prior years in respect of which the IRD have challenged 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 believe that the information being gathered will provide sufficient grounds to support the tax treatments adopted. Furthermore, as set out in note 31, the Independent Commission Against Corruption (“ICAC”) is alleging that certain existing and previous employees of the Group were involved in a scheme to offer illegal commissions to employees of a number of travel agencies and to help them to evade tax. The ICAC’s allegations and ongoing investigation may or may not have impact on the IRD’s above challenges on the tax treatments adopted by the Group relating to agents commission payments and promoter fees arising in prior years.

The directors consider it prudent to establish a provision of \$39 million in respect of the above of which \$26 million and \$13 million have been charged to the consolidated profit and loss account for the years ended 28 February 2005 and 29 February 2004 respectively.

5. 綜合損益表所示的所得稅 (續)

(a) 綜合損益表所示的所得稅為：(續)

(ii) 在截至2005年2月28日及2004年2月29日止的兩個年度內，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分別為數12,000,000元及13,000,000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。董事相信，正在搜集的資料將提供足夠的理據支持採用的稅務處理方法。此外，正如附註31所載，廉政公署正供述本集團若干現任及前任僱員涉嫌向多間旅行社的僱員提供非法回佣，並協助他們逃稅。廉政公署的供述及持續進行的調查可能影響或不影響以上稅務局對本集團以往年度採用的代理佣金支出及推廣費用的稅務處理方法的質疑。

董事認為以上項目提撥39,000,000元撥備是審慎的做法。於截至2005年2月28日及2004年2月29日止的兩個年度內，本集團已分別把以上撥備中的26,000,000元及13,000,000元記入綜合損益表內。

5. Income tax in the consolidated profit and loss account *(Continued)*

(a) Income tax in the consolidated profit and loss account represents: *(Continued)*

(ii) *(Continued)*

The outcome of the above challenges by the IRD is undetermined as at 28 February 2005. In the event that the subsidiaries are not successful in defending the tax treatments adopted, the Group may be subject to significant additional tax liabilities and possibly penalties over and above the additional provision of \$39 million noted above. The directors' estimate of potential additional tax liabilities which could arise should the offshore income claims fail is \$30 million. 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 agents commission payments and promoter fees is successful. Furthermore, under the provisions of the current tax legislation, the above mentioned penalties may be up to three times any tax under-reported as assessed by the IRD.

5. 綜合損益表所示的所得稅 (續)

(a) 綜合損益表所示的所得稅為：(續)

(ii) (續)

於2005年2月28日，稅務局對以上質疑的結果還是未知之數。如果這些附屬公司就所採用的稅務處理方法提出的抗辯不獲接納，本集團或須額外承擔超出上述39,000,000元額外撥備的大額稅務負債和罰款。董事估計如果聲稱可扣稅的離岸收入不能免稅而可能出現的額外稅務負債為30,000,000元。董事認為實際上不能估計如果稅務局對代理佣金支出及推廣費用的質疑得直而產生額外稅務負債的可能金額。此外，按照目前的稅法條文，以上提到的罰款可能達稅務局評估的任何少報稅項的三倍。

5. Income tax in the consolidated profit and loss account *(Continued)*

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

Profit before tax	除稅前盈利
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
Tax effect of profits entitled to tax exemption	可享有免稅優惠的盈利的稅項影響
Tax effect of non-deductible expenses	不可扣減支出的稅項影響
Tax effect of non-taxable revenue	毋須計稅收入的稅項影響
Tax effect of prior year's tax losses utilised this year	已於本年度動用的以往年度稅損的稅項影響
Tax effect of temporary differences not recognised	未確認的暫時差異的稅項影響
Tax effect of prior year's temporary difference recognised this year	已於本年度確認的以往年度暫時差異的稅項影響
Tax effect of unused tax losses not recognised	未使用而且未確認的可抵扣虧損的稅項影響
Underprovision in respect of prior years	以往年度撥備不足
Actual tax expense	實際稅項支出

5. 綜合損益表所示的所得稅 *(續)*

(b) 所得稅支出和會計盈利按適用稅率計算的對賬：

2005	2004
\$'000	\$'000
千元	千元
80,929	36,129
20,934	13,311
(700)	(7,574)
4,219	1,720
(1,989)	(2,007)
(360)	(7,297)
587	3,677
(15,373)	—
2,205	1,921
26,005	13,261
35,528	17,012

6. Directors' remuneration

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

Fees	袍金
Salaries and other emoluments	薪金及其他酬金
Discretionary bonuses	酌定花紅
Retirement scheme contributions	退休計劃供款

Included in the directors' remuneration were fees of \$1,440,000 (2004: \$1,440,000) paid to the non-executive directors during the year.

The remuneration of the directors is within the following bands:

\$0 to \$1,000,000	0元至1,000,000元
\$1,000,001 to \$1,500,000	1,000,001元至1,500,000元
\$1,500,001 to \$2,000,000	1,500,001元至2,000,000元
\$2,000,001 to \$2,500,000	2,000,001元至2,500,000元
\$2,500,001 to \$3,000,000	2,500,001元至3,000,000元
\$4,000,001 to \$4,500,000	4,000,001元至4,500,000元

6. 董事酬金

根據香港《公司條例》第161條列報的董事酬金如下：

2005	2004
\$'000	\$'000
千元	千元
1,440	1,593
6,622	5,388
2,210	350
36	26
10,308	7,357

董事酬金包括年內支付予非執行董事的袍金1,440,000元(2004年:1,440,000元)。

酬金在以下範圍內的董事人數如下：

2005	2004
Number of directors	Number of directors
董事人數	董事人數
5	5
1	1
–	1
1	–
–	1
1	–

7. Individuals with highest emoluments

Of the five individuals with the highest emoluments, three (2004: three) are directors whose emoluments are disclosed in note 6. The aggregate of the emoluments in respect of the other two (2004: two) individuals are as follows:

Salaries and other emoluments	薪金及其他酬金
Discretionary bonuses	酌定花紅
Retirement scheme contributions	退休計劃供款

The emoluments of the two (2004: two) individuals with the highest emoluments are within the following bands:

\$1,000,001 to \$1,500,000	1,000,001元至1,500,000元
\$2,000,001 to \$2,500,000	2,000,001元至2,500,000元
\$4,000,001 to \$4,500,000	4,000,001元至4,500,000元

8. Profit attributable to shareholders

The consolidated profit attributable to shareholders includes a profit of \$59,281,000 (2004: loss of \$8,655,000) which has been dealt with in the financial statements of the Company.

7. 最高酬金人士

在五位酬金最高的人士中，三位（2004年：三位）為董事，有關的酬金詳情載於附註6。其餘兩位（2004年：兩位）人士的酬金總額如下：

2005 \$'000 千元	2004 \$'000 千元
5,229	3,252
256	256
24	24
5,509	3,532

該兩位（2004年：兩位）酬金最高人士的酬金在以下範圍內：

2005 Number of individuals 人數	2004 Number of individuals 人數
1	1
–	1
1	–

8. 股東應佔盈利

股東應佔綜合盈利包括一筆已列入本公司財務報表的59,281,000元盈利（2004年：8,655,000元虧損）。

9. Earnings per share

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to shareholders of \$38,019,000 (2004: \$7,493,000) and the weighted average of 75,063,433 ordinary shares (2004: 39,188,926 ordinary shares after adjusting for the capital reorganisation in 2005) in issue during the year.

(b) Diluted earnings per share

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

Diluted earnings per share is not shown in 2004 as all the potential ordinary shares (i.e. the employee share options) are anti-dilutive.

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.

9. 每股盈利

(a) 每股基本盈利

每股基本盈利是按照本年度的股東應佔盈利38,019,000元(2004年:7,493,000元),以及已發行普通股的加權平均數75,063,433股(2004年:已就2005年進行的資本重組調整為39,188,926股普通股)計算。

(b) 每股攤薄盈利

於截至2005年2月28日止年度,本公司沒有具備潛在攤薄影響的普通股。

由於所有潛在普通股(即僱員優先認股權)均無攤薄影響,故在2004年並無呈列每股攤薄盈利。

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。

10. Segment reporting (Continued)

10. 分部報告 (續)

		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	
		2005	2004	2005	2004	2005	2004	2005	2004
		\$'000 千元	\$'000 千元	\$'000 千元	\$'000 千元	\$'000 千元	\$'000 千元	\$'000 千元	\$'000 千元
Revenue from external customers	來自外界客戶的收入	1,249,624	899,086	26,372	56,539	-	-	1,275,996	955,625
Inter-segment revenue	分部間收入	11,134	4,383	-	-	(11,134)	(4,383)	-	-
Other revenue from external customers	來自外界客戶的其他收入	8,688	9,606	347	3,306	-	-	9,035	12,912
Total	總額	1,269,446	913,075	26,719	59,845	(11,134)	(4,383)	1,285,031	968,537
Segment results	分部經營成果	79,535	41,300	876	(3,513)			80,411	37,787
Finance costs	財務費用							(5,037)	(7,335)
Cost of financial restructuring	財務重組費用							(1,142)	(6,472)
Gain on disposal and revaluation of properties	出售及重估物業收益							2,160	1,988
Gain on disposal of subsidiary	出售附屬公司收益							-	9,406
Recovery of debts written off in prior years	收回以前年度已撇除壞賬							4,537	-
Write back of provision for other receivables	撥回其他應收款撥備							-	755
Income tax	所得稅							(35,528)	(17,012)
Minority interests	少數股東權益							(7,382)	(11,624)
Profit attributable to shareholders	股東應佔盈利							38,019	7,493
Depreciation for the year	本年度折舊	14,438	9,990	592	1,232				
Significant non-cash expenses (other than depreciation)	大額非現金支出(折舊除外)	374	5,254	-	-				
Segment assets	分部資產	864,459	733,282	18,891	16,056	(109,595)	(134,674)	773,755	614,664
Unallocated assets	未分配資產							18,336	3,287
Total assets	資產總值							792,091	617,951
Segment liabilities	分部負債	375,075	320,798	112,612	110,811	(109,595)	(134,674)	378,092	296,935
Unallocated liabilities	未分配負債							153,900	267,885
Total liabilities	負債總額							531,992	564,820
Capital expenditure incurred during the year	本年度內產生的資本開支	23,987	6,215	11	22				

11. Fixed assets

(a) The Group

11. 固定資產

(a) 本集團

		Land and buildings	Furniture, fixtures and equipment	Plant and machinery	Motor vehicles	Sub-total	Investment properties	Total
		土地及 建築物	傢俬、裝置 及設備	廠房及機器	汽車	小計	投資物業	總額
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
		千元	千元	千元	千元	千元	千元	千元
Cost or valuation:	成本或估值:							
At 1 March 2004	於2004年3月1日	44,567	112,605	19,527	3,718	180,417	530	180,947
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 (note 14)	從待售物業中 轉入(附註14)	20,431	-	-	-	20,431	850	21,281
Disposals	出售	-	(6,235)	(1,322)	(935)	(8,492)	-	(8,492)
Surplus on revaluation	重估盈餘	6,509	-	-	-	6,509	40	6,549
Less: Elimination of accumulated depreciation	減: 撇銷累計 折舊	(1,043)	-	-	-	(1,043)	-	(1,043)
At 28 February 2005	於2005年2月28日	70,464	126,142	21,551	3,788	221,945	1,420	223,365
Representing:	代表:							
Cost	成本	-	126,142	21,551	3,788	151,481	-	151,481
Valuation - 2005	估值 - 2005年	70,464	-	-	-	70,464	1,420	71,884
		70,464	126,142	21,551	3,788	221,945	1,420	223,365
Accumulated depreciation:	折舊總額:							
At 1 March 2004	於2004年3月1日	-	98,017	16,358	3,527	117,902	-	117,902
Exchange adjustments	匯兌調整	-	61	2	4	67	-	67
Charge for the year	本年度折舊	1,043	12,142	1,409	436	15,030	-	15,030
Written back on disposal	出售時撥回	-	(5,946)	(1,251)	(935)	(8,132)	-	(8,132)
Elimination on revaluation	重估時撇銷	(1,043)	-	-	-	(1,043)	-	(1,043)
At 28 February 2005	於2005年2月28日	-	104,274	16,518	3,032	123,824	-	123,824
Net book value:	賬面淨值:							
At 28 February 2005	於2005年2月28日	70,464	21,868	5,033	756	98,121	1,420	99,541
At 29 February 2004	於2004年2月29日	44,567	14,588	3,169	191	62,515	530	63,045

11. Fixed assets (Continued)
(b) The Company

Cost:	成本:
At 1 March 2004 and at 28 February 2005	於2004年3月1日及 2005年2月28日
Accumulated depreciation:	折舊總額:
At 1 March 2004 and at 28 February 2005	於2004年3月1日及 2005年2月28日
Net book value:	賬面淨值:
At 28 February 2005	於2005年2月28日
At 29 February 2004	於2004年2月29日

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

In Hong Kong	在香港
– Long leases	– 長期租賃
– Medium-term leases	– 中期租賃
Other parts of the PRC	在中國其他地方
– Long leases	– 長期租賃
– Medium-term leases	– 中期租賃

11. 固定資產 (續)
(b) 本公司

Furniture,
fixtures and
equipment
傢俬、裝置
及設備
\$'000
千元

207
207
–
–

(c) 物業賬面淨值的分析如下:

The Group	
本集團	
2005	2004
\$'000	\$'000
千元	千元
3,004	2,783
64,149	42,314
67,153	45,097
1,951	–
2,780	–
4,731	–
71,884	45,097

11. Fixed assets (Continued)

(c) (Continued)

At the balance sheet date, the property ownership certificates in respect of the property interests held in other parts of the PRC of \$1,951,000 as stated above have not been issued by the relevant PRC government authority.

(d) Investment properties of the Group were revalued at 28 February 2005 by an independent firm of surveyors, Chung, Chan & Associates who have among their staff Fellows of the Royal Institution of Chartered Surveyors, on an open market value basis. The revaluation surplus of \$40,000 has been credited to the profit and loss account. The carrying value of these investment properties at 28 February 2005 is \$1,420,000.

(e) The Group's land and buildings held for own use were also revalued at 28 February 2005 by an independent firm of surveyors, Chung, Chan & Associates, on an open market value basis. The revaluation surplus of \$2,149,000 has been credited to the profit and loss account. The remaining surplus of \$4,360,000 has been transferred to the land and buildings revaluation reserve of the Group (note 25(a)).

The carrying amount of the land and buildings held for own use of the Group at 28 February 2005 would have been \$80,752,000 (2004: \$61,743,000) had they been carried at cost less accumulated depreciation.

11. 固定資產 (續)

(c) (續)

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1,951,000元物業權益發出房地產擁有權證明書。

(d) 本集團的投資物業已於2005年2月28日經由獨立測量師行－衡量行（其部分員工為皇家特許測量師學會資深會員）進行重估。該測量師行是以公開市值為基準進行重估，為數40,000元重估盈餘已計入損益表。此投資物業於2005年2月28日的賬面值為1,420,000元。

(e) 本集團持作自用的土地及建築物亦已於2005年2月28日經由獨立測量師行－衡量行以公開市值為基準進行重估。為數2,149,000元重估盈餘已計入損益表，餘下的盈餘4,360,000元已轉撥到本集團的土地及建築物重估儲備（附註25(a)）。

假如本集團持作自用的土地及建築物是按成本減去累計折舊後入賬，則這些土地及建築物於2005年2月28日的賬面金額應為80,752,000元（2004年：61,743,000元）。

11. Fixed assets (Continued)

- (f) The Group leases machinery and motor vehicle under finance leases expiring from two to three years. 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 includes contingent rentals.

The net book value of machinery and motor vehicle held under finance leases of the Group was \$1,658,000 (2004: \$Nil).

11. 固定資產 (續)

- (f) 本集團透過於二至三年內到期的融資租賃，租用機器及汽車。於租賃期完結時，本集團有權以優惠價格購入有關的資產。各項融資租賃均不包含或有租金。

本集團以融資租賃持有的機器及汽車的賬面淨值為1,658,000元(2004年：零元)。

12. Interest in subsidiaries

Unlisted shares/capital contributions, at cost	非上市股份／資本投入，按成本
Amounts due from subsidiaries	應收附屬公司賬款
Less: Impairment loss	減：減值虧損

12. 附屬公司權益

The Company	
本公司	
2005	2004
\$'000	\$'000
千元	千元
708,072	708,072
300,236	152,253
1,008,308	860,325
(764,466)	(827,697)
243,842	32,628

12. Interest in subsidiaries (Continued)

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.

12. 附屬公司權益 (續)

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。

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	\$10,000 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	\$10,000 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

12. Interest 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	
Ho Loong Jewellery Casting Company Limited 何龍珠寶鑄藝有限公司	Hong Kong/ PRC 香港/中國	\$2 2元	100%	–	100%	Jewellery retailing 珠寶零售
Impromptus Asia Pacific Limited	Hong Kong 香港	\$10,000 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	\$275,254 275,254元	56.46%	–	56.46%	Investment holding 投資控股
Queen Busy Limited	Hong Kong 香港	\$2 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
Shanghai Tse Sui Luen Consultancy Service Limited ("SH TSLCS")*** 上海謝瑞麟商務諮詢有限公司 (「上海謝瑞麟商務諮詢」)	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. Interest 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	\$34,000 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	\$3,000,000 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	\$1,000 1,000元	100%	100%	–	Investment holding 投資控股
TSL Properties Management Limited 謝瑞麟物業管理有限公司	Hong Kong 香港	\$1,000 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

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

13. 其他財務資產

The Group	
本集團	
2005	2004
\$'000	\$'000
千元	千元
500	500

14. Properties held for sale

At 1 March 2004	於2004年3月1日	21,738
Disposals	出售	(1,305)
Write back of provision	撥回準備	848
Transfer to investment properties (note 11(a))	轉入投資物業 (附註11(a))	(850)
Transfer to land and buildings (note 11(a))	轉入土地及建築物 (附註11(a))	(20,431)
At 28 February 2005	於2005年2月28日	–

14. 待售物業

The Group
本集團
\$'000
千元

(a) The analysis of the net book value of properties held for sale is as follows:

(a) 待售物業賬面淨值的分析如下:

In Hong Kong	在香港
– Medium-term leases	– 中期租賃
Other parts of the PRC	在中國其他地方
– Long leases	– 長期租賃
– Medium-term leases	– 中期租賃

The Group	
本集團	
2005	2004
\$'000	\$'000
千元	千元
–	17,883
–	1,770
–	2,085
–	3,855
–	21,738

14. Properties held for sale (Continued)

- (b) Write back of provision for properties held for sale is made by reference to the valuation of the properties carried out by an independent firm of surveyors, Chung, Chan & Associates, on an open market value basis.

15. Inventories

Raw materials	原材料
Work in progress	在製品
Finished goods	製成品
Finished goods – consigned outward	製成品 – 在外寄售

As at 28 February 2005, the Group had consigned finished goods to the licensees, Beijing Hua Long Rui Lin Economic and Trading Company Limited (“Hua Long”) and Beijing Rui Feng Da Lin Jewellery Co., Ltd. (“Rui Feng”), both established in the PRC, amounting to \$23,700,000 (2004: \$97,093,000) and \$4,897,000 (2004: \$12,410,000) respectively. The licensees are responsible for distributing the consigned finished goods to the shop outlets operating under the trade names of “Tse Sui Luen” in the PRC. As at 28 February 2005, the Group had an amount due from Hua Long and Rui Feng amounting to \$15,183,000 (2004: \$30,199,000) and \$17,000 (2004: \$1,290,000) respectively. Since the Group cannot supervise the activities of the licensees, the directors consider that it is possible that the Group may not be able to recover possession of all or certain of these consigned finished goods in the event that the licensees are unable to meet their financial obligations. The directors are not aware of any circumstances that lead the Group to believe that the licensees are unable to meet their financial obligations.

14. 待售物業 (續)

- (b) 撥回的待售物業準備是參考經由衡量行以公開市值為基準予以估值的物業而作出。

15. 存貨

The Group	
本集團	
2005	2004
\$'000	\$'000
千元	千元
76,283	49,952
56,337	67,380
333,340	183,161
28,597	109,503
494,557	409,996

於2005年2月28日，本集團有分別為數23,700,000元(2004年：97,093,000元)和4,897,000元(2004年：12,410,000元)的製成品寄售予兩間均在中國成立的認可商標使用者－北京華龍瑞麟商貿有限公司(「華龍」)和北京瑞峰達麟珠寶有限公司(「瑞峰」)。這些認可商標使用者是負責將寄售製成品分銷至在中國以「謝瑞麟」為營運名稱的店舖。於2005年2月28日，華龍和瑞峰對本集團的欠款分別為15,183,000元(2004年：30,199,000元)和17,000元(2004年：1,290,000元)。因本集團不可以監管這些認可商標使用者的活動，董事認為若這些認可商標使用者未能承擔其財務責任，本集團可能不能取回所有或部份該等寄售製成品。董事並未察覺任何使本集團相信這些認可商標使用者未能承擔其財務責任情況。

15. Inventories (Continued)

Included in raw materials and finished goods are inventories of \$7,679,000 (2004: \$12,870,000) and \$102,368,000 (2004: \$77,682,000) respectively, stated net of provisions made in order to state these inventories at the lower of their cost and estimated net realisable value.

16. Trade and other receivables

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

0 to 30 days	0至30天
31 to 60 days	31天至60天
61 to 90 days	61天至90天
Over 90 days	超過90天
Total trade debtors	應收賬款總額
Other receivables, deposits and prepayments	其他應收款、按金 及預付款

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

15. 存貨 (續)

原材料及製成品分別包括已扣除撥備的存貨7,679,000元(2004年:12,870,000元)及102,368,000元(2004年:77,682,000元),以求按成本或估計可變現淨值兩者中的較低數額列示這些存貨。

16. 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:

		The Group 本集團	
		2005 \$'000 千元	2004 \$'000 千元
		30,348	30,779
		1,675	6,370
		3,966	8,336
		10,437	902
		46,426	46,387
		50,768	32,755
		97,194	79,142

除零售顧客外,本集團給予其他顧客平均由30至75天的賒賬期。

17. Trade and other payables

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

0 to 30 days	0至30天
31 to 60 days	31天至60天
61 to 90 days	61天至90天
Over 90 days	超過90天
Total trade creditors	應付賬款總額
Other payables and accruals	其他應付款及應計費用

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：

		The Group 本集團	
		2005 \$'000 千元	2004 \$'000 千元
		28,147	67,737
		32,582	17,814
		28,757	27,997
		124,270	58,912
		213,756	172,460
		154,146	113,408
		367,902	285,868

18. Secured bank loans

At 28 February 2005, the secured bank loans were repayable as follows:

Within 1 year or on demand	1年內或接獲通知時
After 1 year but within 2 years	1年後但2年內
After 2 years but within 5 years	2年後但5年內

18. 有抵押銀行貸款

於2005年2月28日，有抵押銀行貸款的還款期如下：

		The Group 本集團	
		2005 \$'000 千元	2004 \$'000 千元
		18,656	51,677
		1,907	—
		159	—
		2,066	—
		20,722	51,677

18. Secured bank loans (Continued)

- (a) On 2 April 2004, a bank lender assigned all its rights, title and interests in the indebtedness due to it by a subsidiary of the Company amounting to \$14 million to Partner Logistics, a company controlled by Mr. Tse Tat Fung, Tommy, the indirect substantial shareholder and a director of the Company.
- (b) Pursuant to an agreement entered into by the Group and all the then bank lenders dated 3 August 2000, the Group's borrowing could be called by its lenders on 14 days' notice. Accordingly, the bank borrowings and other loans (note 19) were classified as current liabilities at 29 February 2004.

On 27 September 2004, the above agreement was revised and a revised repayment schedule was agreed so that the outstanding bank borrowings are to be repaid over a two to three years period. The Group will not commence to repay the outstanding debt due to Partner Logistics until the borrowings due to the bank lenders are reduced to a total of \$15.9 million.

18. 有抵押銀行貸款 (續)

- (a) 2004年4月2日，一家貸款銀行把其在本公司一家附屬公司所欠合共14,000,000元的債項中所佔的一切權利、所有權和權益轉讓予一家由本公司的間接大股東兼董事謝達峰先生控制的公司—Partner Logistics。
- (b) 根據本集團與所有貸款銀行於2000年8月3日簽訂的一項協議，本集團的貸款人可以透過給予14日的通知提出終止貸款。因此，銀行借款及其他貸款(附註19)已於2004年2月29日歸類為流動負債。

於2004年9月27日，上述協議已被修訂並商定了一個經修訂的還款時間表，未償還銀行借款將會於二至三年內償還。而本集團在其所欠貸款銀行的借款減至合共15,900,000元之前，將不會就其尚欠Partner Logistics的借款開始作出還款。

19. Secured other loans

At 28 February 2005, the secured other loans were repayable as follows:

Within 1 year or on demand	1年內或接獲通知時
After 1 year but within 2 years	1年後但2年內
After 2 years but within 5 years	2年後但5年內

(a) Secured other loans represent the secured loans due to Partner Logistics. At 28 February 2005, the other loans are secured, interest bearing at Hong Kong Interbank Offering Rate plus 2% and not expected to be settled within one year.

As set out in note 18 on the financial statements, bank loans of \$14 million were assigned to Partner Logistics during the year. Subsequently on 16 December 2004, Partner Logistics converted \$137,365,000 of the secured other loans into ordinary shares of \$0.25 each in the capital of the Company.

(b) Details of the repayment terms are set out in note 18(b) on the financial statements.

19. 有抵押其他貸款

於2005年2月28日，有抵押其他貸款的還款期如下：

The Group	
本集團	
2005	2004
\$'000	\$'000
千元	千元
-	195,731
22,000	-
50,367	-
72,367	-
72,367	195,731

(a) 有抵押其他貸款是指欠Partner Logistics的有抵押貸款。於2005年2月28日，其他貸款為有抵押，按香港銀行同業拆息加2%計息，並預期不會在一年內償還。

正如財務報表附註18中所載，為數1,400萬元的銀行貸款已在本年度內轉讓予Partner Logistics。其後於2004年12月16日，Partner Logistics把137,365,000元的有抵押其他貸款轉換為本公司股本中每股面值0.25元的普通股。

(b) 償還條款詳情載於財務報表附註18(b)。

20. Obligations under finance leases

At 28 February 2005, the Group and the Company had obligations under finance leases repayable as follows:

(a) The Group

		2005			2004		
		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
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
		千元	千元	千元	千元	千元	千元
Within 1 year	1年內	508	57	565	-	-	-
After 1 year but within 2 years	1年後但2年內	534	31	565	-	-	-
After 2 years but within 5 years	2年後但5年內	342	6	348	-	-	-
		876	37	913	-	-	-
		1,384	94	1,478	-	-	-

20. 融資租賃承擔

於2005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

		2005			2004		
		Present	Interest	Total	Present	Interest	Total
		value of the	expense	minimum	value of the	expense	minimum
		minimum	relating	lease	minimum	relating	lease
		lease	to future	payments	lease	to future	payments
		payments	periods	payments	payments	periods	payments
		最低租賃	日後期間	最低租賃	最低租賃	日後期間	最低租賃
		付款額現值	的利息支出	付款額總數	付款額現值	的利息支出	付款額總數
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
		千元	千元	千元	千元	千元	千元
Within 1 year	1年內	305	34	339	-	-	-
After 1 year but within 2 years	1年後但2年內	320	19	339	-	-	-
After 2 years but within 5 years	2年後但5年內	195	3	198	-	-	-
		515	22	537	-	-	-
		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
---------------------------------------	-------------

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

At beginning of the year	年初餘額
Expense recognised in the profit and loss account (note 4(b))	在損益表確認的支出 (附註4(b))
Employer contributions/benefit payments	僱主供款/福利付款
At end of the year	年末餘額

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	
2005	2004
\$'000	\$'000
千元	千元
10,190	9,570

(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	
2005	2004
\$'000	\$'000
千元	千元
9,570	11,192
844	522
(224)	(2,144)
10,190	9,570

21. Employee benefit obligations (Continued)

(a) Long service payments (Continued)

(iii) Expense recognised in the consolidated profit and loss account is as follows:

Current service cost	本年度服務成本
Interest cost	利息費用
Net actuarial losses/(gains) recognised	已確認精算虧損／(收益)淨額

(iv) The expense is recognised in the following line items in the consolidated profit and loss account:

Cost of sales	銷售成本
Selling expenses	銷售費用
Administrative expenses	行政費用

21. 僱員福利義務 (續)

(a) 長期服務金 (續)

(iii) 在綜合損益表確認的支出如下:

The Group	
本集團	
2005	2004
\$'000	\$'000
千元	千元
99	43
522	665
223	(186)
844	522

(iv) 各項支出是在下列綜合損益表項目內確認:

The Group	
本集團	
2005	2004
\$'000	\$'000
千元	千元
96	90
553	332
195	100
844	522

21. Employee benefit obligations (Continued)

(a) Long service payments (Continued)

(v) *The principal actuarial assumptions used as at 28 February 2005 (expressed as weighted average) are as follows:*

Discount rate	折讓率
Future salary increases	未來薪金升幅

(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 \$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)

(a) 長期服務金 (續)

(v) 於2005年2月28日使用的主要精算假設(以加權平均數表示)如下:

The Group	
本集團	
2005	2004
4.25%	6%
3%	3%

(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. Amount due to a minority shareholder

The amount was unsecured, interest bearing at Hong Kong Prime Rate and not expected to be settled within one year.

22. 應付少數股東款項

此款項為無抵押、以香港最優惠利率計算利息及預期不會於一年內償還。

23. Income tax in the balance sheet

(a) Current taxation in the balance sheet represents:

Provision for Hong Kong Profits Tax for the year	本年度香港利得稅撥備
Provisional Profits Tax paid	已付暫繳利得稅
Overseas taxation	海外稅項
Balance of profits tax provision relating to prior years	以往年度利得稅撥備結餘
<i>Representing:</i>	代表:
Tax recoverable	可收回稅項
Tax payable	應付稅項

23. 資產負債表所示的所得稅

(a) 資產負債表所示的本期所得稅為:

		The Group 本集團	
		2005 \$'000 千元	2004 \$'000 千元
		9,683	2,647
		(2,226)	(338)
		7,457	2,309
		10,418	4,036
		40,119	13,688
		57,994	20,033
		(652)	(144)
		58,646	20,177
		57,994	20,033

23. Income tax in the balance sheet (Continued)

(b) Deferred tax assets and liabilities recognised:

The Group

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

		Depreciation allowances	Revaluation of properties	Employee benefit obligations	Provision for inventories	Tax losses	Total
		in excess of related depreciation	of properties	of benefit obligations	for inventories		
		超過相關折舊的折舊免稅額	物業重估	僱員福利義務	存貨準備	稅損	總額
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
		千元	千元	千元	千元	千元	千元
<i>Deferred tax arising from:</i>		<i>遞延稅項來自:</i>					
At 1 March 2003	於2003年3月1日	-	-	-	-	-	-
Charged/(credited) to consolidated profit and loss account	在綜合損益表列支/(計入)	252	-	-	-	(3,316)	(3,064)
Charged to reserves (note 25(a))	在儲備列支 (附註25(a))	-	221	-	-	-	221
At 29 February 2004	於2004年2月29日	252	221	-	-	(3,316)	(2,843)
At 1 March 2004	於2004年3月1日	252	221	-	-	(3,316)	(2,843)
Credited to consolidated profit and loss account	在綜合損益表列支/(計入)	(2,449)	-	(1,783)	(10,066)	(111)	(14,409)
Charged to reserves (note 25(a))	在儲備列支 (附註25(a))	-	349	-	-	-	349
At 28 February 2005	於2005年2月28日	(2,197)	570	(1,783)	(10,066)	(3,427)	(16,903)

23. 資產負債表所示的所得稅

(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:

23. Income tax in the balance sheet

(Continued)

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

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
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

(c) Deferred tax assets not recognised

The Group has not recognised deferred tax assets in respect of tax losses of \$79,224,000 (2004: \$106,543,000) and temporary differences of \$3,120,000 (2004: \$96,033,000). The tax losses do not expire under current tax legislation.

23. 資產負債表所示的所得稅

(續)

(b) 已確認遞延稅項資產和負債: (續)

2005 \$'000 千元	2004 \$'000 千元
(17,684)	(3,143)
781	300
(16,903)	(2,843)

(c) 未確認的遞延稅項資產

本集團尚未就為數79,224,000元的稅損(2004年:106,543,000元)及可抵扣時差3,120,000元(2004年:96,033,000元)確認有關的遞延稅項資產。根據現行稅法,這些稅損不設應用限期。

24. Share capital

24. 股本

		2005		2004	
		No. of shares	Amount	No. of shares	Amount
		股份數目	金額	股份數目	金額
		'000	\$'000	'000	\$'000
		千股	千元	千股	千元
<i>Authorised:</i>	法定股本:				
Ordinary shares of \$0.25 each	每股面值0.25元普通股	1,500,000	375,000	1,080,000	270,000
<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	391,889	97,972	391,889	97,972
Capital reorganisation (note (a))	資本重組 (附註(a))	(352,700)	(88,175)	—	—
Shares issued under loan conversion (note (b))	貸款轉換發行的股份 (附註(b))	133,364	33,341	—	—
Shares issued under open offer (note (c))	公開售股發行的股份 (附註(c))	34,510	8,628	—	—
At end of the year	年末餘額	207,063	51,766	391,889	97,972

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 \$0.25 each in the capital of the Company be consolidated into one issued consolidated ordinary share of \$25 ("Consolidated Share");
- (ii) The nominal value of each issued Consolidated Share be reduced from \$25 to \$2.5 by cancelling paid-up capital to the extent of \$22.5 on each issued Consolidated Share ("Capital Reduction");
- (iii) The amount standing to the credit of the share premium account of the Company as at 29 February 2004, being \$86,037,000, be cancelled ("Share Premium Cancellation");

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0.25元的已發行普通股合併為1股每股面值25元的已發行合併普通股（「合併股份」）；
- (ii) 透過取消為數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25元減至2.5元（「減資」）；
- (iii) 取消於2004年2月29日原置於本公司股份溢價賬的86,037,000元款項（「取消股份溢價」）；

24. Share capital (Continued)

Notes: (Continued)

- (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 \$532,336,000 and \$173,969,000 respectively, be released from such accounts;
 - (v) Each issued Consolidated Share of \$2.5 be subdivided into ten adjusted shares of \$0.25 each ("Adjusted Share");
 - (vi) The credit arising from the Capital Reduction and the Share Premium Cancellation in the amount of \$174,212,000, together with the amount of \$173,969,000 released from the capital redemption reserve account of the Company (as referred to (iv) above), totalling together \$348,181,000, be transferred to the contributed surplus account of the Company;
 - (vii) The directors be authorised to set-off the aggregate amount of \$348,181,000 transferred to the contributed surplus account of the Company (as referred to (vi) above), together with the amount of \$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 \$865,747,000; and
 - (viii) The authorised share capital of the Company be increased from \$270,000,000 to \$375,000,000 by the creation of 420,000,000 new Adjusted Shares.
- (b) As set out in note 19(a) on the financial statements, Partner Logistics converted secured other loans of \$137,365,000 into 133,364,000 Adjusted Shares at a conversion price of \$1.03 per Adjusted Share. The share capital and share premium account have been increased by \$33,341,000 and \$104,024,000 respectively.
- (c) Pursuant to an open offer during the year, 34,510,000 Adjusted Shares were issued at a subscription price of \$1.03 per Adjusted Share. The share capital and share premium account have been increased by \$8,628,000 and \$26,918,000 respectively.

24. 股本 (續)

附註：(續)

- (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532,336,000元及173,969,000元的款項；
 - (v) 每股面值2.5元的已發行合併股份細分為10股每股面值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174,212,000元款項及從本公司的資本贖回儲備解除的173,969,000元款項（如上述(iv)所載）的總和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532,336,000元款項抵銷本公司於2004年2月29日為數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270,000,000元增至375,000,000元。
- (b) 正如財務報表附註19(a)所載，Partner Logistics按每股調整股份1.03元的轉換價，把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33,341,000元及104,024,000元。
- (c) 按照年內一次公開售股，本公司發行34,510,000股調整股份，認股價為每股調整股份1.03元。股本及股份溢價分別增加8,628,000元及26,918,000元。

25. Reserves

(a) The Group

		Share premium	Special reserve	Capital reserve	Land and buildings revaluation reserve	Exchange reserve	Capital redemption reserve	Accumulated losses	Total
		股份溢價	特別儲備	資本儲備	土地及建築物 重估儲備	匯兌儲備	資本贖回儲備	累計虧損	總額
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
		千元	千元	千元	千元	千元	千元	千元	千元
At 1 March 2003	於2003年3月1日	86,037	336,362	98,141	21,522	(7,034)	170,873	(770,651)	(64,750)
Revaluation surplus, net of deferred tax (note 23(b))	重估盈餘扣除遞延 稅項後的淨額 (附註23(b))	-	-	-	416	-	-	-	416
Revaluation reserve realised on disposal of property	出售物業而變現之 重估儲備	-	-	-	(526)	-	-	526	-
Exchange differences on translation of the financial statements of subsidiaries	換算附屬公司財務 報表的匯兌差額	-	-	-	-	325	-	-	325
Capital reserve realised on liquidation of subsidiaries	附屬公司清盤而變現 之資本儲備	-	-	(149)	-	-	-	-	(149)
Exchange reserve realised on disposal of a subsidiary	出售附屬公司而變現 之匯兌儲備	-	-	-	-	(777)	-	-	(777)
Profit for the year	本年度盈利	-	-	-	-	-	-	7,493	7,493
At 29 February 2004	於2004年2月29日	86,037	336,362	97,992	21,412	(7,486)	170,873	(762,632)	(57,442)
At 1 March 2004	於2004年3月1日	86,037	336,362	97,992	21,412	(7,486)	170,873	(762,632)	(57,442)
Revaluation surplus (note 11(e)), net of deferred tax (note 23(b))	重估盈餘(附註11(e)) 扣除遞延稅項後的 淨額(附註23(b))	-	-	-	4,011	-	-	-	4,011
Revaluation reserve realised on disposal of property	出售物業而變現之 重估儲備	-	-	-	(426)	-	-	426	-
Exchange differences on translation of the financial statements of subsidiaries	換算附屬公司財務 報表之匯兌差額	-	-	-	-	2,491	-	-	2,491
Share of exchange reserve by minority shareholders	少數股東所佔的匯兌 儲備	-	-	-	-	(1,203)	-	-	(1,203)
Capital reorganisation (note 24)	資本重組(附註24)	(86,037)	(336,362)	-	-	-	(170,873)	681,447	88,175
Shares issued under loan conversion (note 24)	貸款轉換發行的股份 (附註24)	104,024	-	-	-	-	-	-	104,024
Shares issued under open offer (note 24)	公開售股發行的股份 (附註24)	26,918	-	-	-	-	-	-	26,918
Capital reorganisation and share issue expenses	資本重組及發行股份 開支	(14,308)	-	-	-	-	-	-	(14,308)
Profit for the year	本年度盈利	-	-	-	-	-	-	38,019	38,019
At 28 February 2005	於2005年2月28日	116,634	-	97,992	24,997	(6,198)	-	(42,740)	190,685

25. 儲備

(a) 本集團

25. Reserves (Continued)

(a) The Group (Continued)

(i) The special reserve of the Group in 2004 arose from the difference between the nominal amount of the share capital and share premium of the subsidiaries at the date on which they were acquired by the Group and the nominal amount of the ordinary share capital issued as consideration for the acquisition. Upon the completion of capital reorganisation during the year, the balance of special reserve was \$Nil at 28 February 2005.

(ii) The capital reserve, land and buildings revaluation reserve and exchange reserve have been set up and will be dealt with in accordance with the accounting policies adopted for business combination, revaluation of land and buildings and foreign currency translation (note 1).

25. 儲備 (續)

(a) 本集團 (續)

(i) 本集團之特別儲備乃產生自附屬公司被本集團收購當日之股本面值及股本溢價與作為收購代價之發行普通股股本面值之差額。年內資本重組完成後，於2005年2月28日的特別儲備結餘為零元。

(ii) 資本儲備、土地及建築物重估儲備及匯兌儲備均已設立，並會根據就業務合併、重估土地及建築物及外幣換算所採用的會計政策(附註1)處理這些儲備。

25. Reserves (Continued)
(b) The Company

25. 儲備 (續)
(b) 本公司

		Share premium	Contributed surplus	Capital redemption reserve	(Accumulated losses)/ retained profit	Total
		股份溢價	實繳盈餘	資本贖回儲備	(累計虧損) / 保留溢利	總額
		\$'000	\$'000	\$'000	\$'000	\$'000
		千元	千元	千元	千元	千元
At 1 March 2003	於2003年3月1日	86,037	532,336	173,969	(857,092)	(64,750)
Loss for the year	本年度虧損	-	-	-	(8,655)	(8,655)
At 29 February 2004	於2004年2月29日	86,037	532,336	173,969	(865,747)	(73,405)
At 1 March 2004	於2004年3月1日	86,037	532,336	173,969	(865,747)	(73,405)
Capital reorganisation (note 24)	資本重組 (附註24)	(86,037)	(517,566)	(173,969)	865,747	88,175
Shares issued under loan conversion (note 24)	貸款轉換發行的股份 (附註24)	104,024	-	-	-	104,024
Shares issued under open offer (note 24)	公開售股發行的股份 (附註24)	26,918	-	-	-	26,918
Capital reorganisation and share issue expenses	資本重組及 發行股份開支	(14,308)	-	-	-	(14,308)
Profit for the year	本年度盈利	-	-	-	59,281	59,281
At 28 February 2005	於2005年2月28日	116,634	14,770	-	59,281	190,685

25. Reserves (Continued)

(b) 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 the accumulated losses of the Company amounting to \$865,747,000 as at 29 February 2004 pursuant to a capital reorganisation (note 24(a)).

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 2005 was \$190,685,000 (2004: \$Nil).

25. 儲備 (續)

(b) 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865,747,000元的累計虧損抵銷額(附註24(a))。

根據百慕達1981年公司法(經修訂)，本公司之實繳盈餘賬可分配予股東。

但在下列情況下，本公司不能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2005年2月28日，可分配予本公司股東之儲備為190,685,000元(2004年：零元)。

26. Commitments

- (a) Capital commitments outstanding at 28 February 2005 not provided for in the financial statements were as follows:

	The Group		The Company	
	本集團		本公司	
	2005	2004	2005	2004
	\$'000	\$'000	\$'000	\$'000
	千元	千元	千元	千元
Contracted for	1,267	-	-	-
已訂約				

- (b) At 28 February 2005, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	The Group		The Company	
	本集團		本公司	
	2005	2004	2005	2004
	\$'000	\$'000	\$'000	\$'000
	千元	千元	千元	千元
Within 1 year	46,164	36,747	2,520	4,080
1年內				
After 1 year but within 5 years	45,147	27,922	1,050	3,570
1年後但5年內				
After 5 years	701	-	-	-
5年後				
	92,012	64,669	3,570	7,650

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.

26. 承擔

- (a) 於2005年2月28日，未償付而又未在財務報表內提撥準備的資本承擔如下：

- (b) 於2005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：

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。

27. Contingent liabilities

- (a) At 28 February 2005, 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 \$95,346,000 (2004: \$248,427,000).
- (b) As explained in note 5(a)(ii), as at 28 February 2005, tax treatments adopted by the Group relating to certain offshore income and agents commission payments and promoter fees arising in prior years are being challenged by the IRD. In the event that the Group is not successful in defending these challenges, the Group may be subject to significant additional tax liabilities and possibly penalties.

28. Pledge of assets

- (a) At 28 February 2005, under the revised agreement as set out in note 18(b) on the financial statements, 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. Rental revenue of the Group is also charged in favour of the Group's bankers.

27. 或有負債

- (a) 於2005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95,346,000元（2004年：248,427,000元）的擔保。
- (b) 正如附註5(a)(ii)中解釋，於2005年2月28日，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的稅務處理方法受到稅務局質疑。如果本集團為這些項目提出的抗辯不獲接納，本集團或須額外承擔大額稅務負債和罰款。

28. 資產抵押

- (a) 於2005年2月28日，根據附註18(b)所述之經修訂協議，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 2005, 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 2005, 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 2005, four subsidiaries of the Company, BTSL, EF, GZ Xiang Yun and TSL Trading sold and consigned finished goods to Hua Long amounting to \$128,417,000 (2004: \$185,950,000) and Rui Feng amounting to \$16,852,000 (2004: \$9,433,000). The transactions were carried out by way of cost-plus pricing arrangement in the normal course of business of the subsidiaries.

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.

28. 資產抵押 (續)

- (b) 於2005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2005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2005年2月28日止年度內，本公司的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向華龍和瑞峰售賣及寄售製成品128,417,000元(2004年：185,950,000元)和16,852,000元(2004年：9,433,000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。

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。

29. Connected and related party transactions (Continued)

(a) (Continued)

During the year ended 28 February 2005, TSL Trading received commission, depending on the nature of the products, amounting to \$19,515,000 (2004: \$15,347,000) and \$2,878,000 (2004: \$1,117,000) from Hua Long and Rui Feng for their respective confirmed purchases from BTSL.

During the year ended 28 February 2005, SH TSLCS provided consultancy services to sale outlets of Hua Long and Rui Feng in return for fees amounting to \$226,000 (2004: \$1,176,000) and \$30,000 (2004: \$82,000) respectively. During the period up to 30 April 2003, the consultancy service fees were charged at a progressive percentage up to 5% of turnover of the relevant retail outlets if the turnover of the retail outlets to which the consultancy services are rendered exceed certain thresholds. From 1 May 2003 to 30 April 2004, the consultancy service fees are charged at 0.4% of turnover of all the retail outlets. No consultancy fees were charged to Hua Long and Rui Feng since 1 May 2004.

During the year ended 28 February 2005, Tse Sui Luen Jewellery Consultancy Service Limited ("TSLJCS") paid Hua Long consultation fee amounting to \$558,000 (2004: \$729,000) for Hua Long's advice of public relation matters to TSLJCS.

29. 關連及關聯人士交易 (續)

(a) (續)

於截至2005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19,515,000元(2004年：15,347,000元)和2,878,000元(2004年：1,117,000元)。

截至2005年2月28日止年度內，上海謝瑞麟商務諮詢以專項形式向華龍及瑞峰的店鋪提供顧問服務，分別收取費用226,000元(2004年：1,176,000元)及30,000元(2004年：82,000元)。於截至2003年4月30日止的期間內，顧問費用以相關零售店鋪營業額不多於5%的累進百分比收取，唯使用顧問服務的零售店鋪的營業額必須超過若干數額才須支付顧問費用。由2003年5月1日至2004年4月30日期間，顧問費用以所有零售店鋪營業額的0.4%收取。自2004年5月1日起，該公司沒有向華龍及瑞峰收取顧問費用。

截至2005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558,000元(2004年：729,000元)。

29. Connected and related party transactions (Continued)

(a) (Continued)

Hua Long and Rui Feng are companies controlled by Mr. Qi Jian Hong ("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)

華龍和瑞峰均由基建虹先生(「綦先生」)控制,而綦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 arrangement 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經審閱這些關連交易,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月發出的通告所界定)、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日發出的通告所載的相關限額內進行。

29. Connected and related party transactions (Continued)

- (b) Partner Logistics acquired all the rights, title and interests in the indebtedness due to certain of the bank lenders by the Group amounting to \$195,731,000 and \$14,000,000 on 11 February 2004 and 2 April 2004 respectively. Partner Logistics 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 converted \$137,365,000 of the loans owned by the Group into ordinary shares of \$0.25 each in the capital of the Company.

The outstanding loans due to Partner Logistics amounted to \$72,367,000 (2004: \$195,731,000) are secured and interest bearing at Hong Kong Interbank Offering Rate plus 2%. During the year ended 28 February 2005, interest expenses paid to Partner Logistics amounted to \$4,189,000 (2004: \$210,000).

- (c) During the year ended 28 February 2005, TSLJ, a subsidiary of the Company, purchased raw materials and finished goods from Rosy Blue Hong Kong Ltd. ("Rosy Blue HK") amounting to \$122 million (2004: \$90 million). As at 28 February 2005, the amount due to Rosy Blue HK was \$67 million (2004: \$37 million).

During the year ended 28 February 2005, EF sold raw materials to BTSL through Rosy Blue (Shanghai) Diamond Co., Ltd. ("Rosy Blue SH"), an authorised diamond trading company in the PRC, amounting to \$71 million (2004: \$5 million). As at 28 February 2005, the amount due from Rosy Blue SH was \$5 million (2004: \$Nil).

29. 關連及關聯人士交易 (續)

- (b) Partner Logistics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195,731,000元及14,000,000元債務的所有權利、所有權和權益。Partner Logistics是一間由本公司大股東兼董事謝達峰先生控制的公司。

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

尚欠Partner Logistics的貸款72,367,000元(2004年:195,731,000元)為有抵押及按香港銀行同業拆息加2%計息。於截至2005年2月28日止年度,已付Partner Logistics的利息費用為4,189,000元(2004年:210,000元)。

- (c) 本公司一間附屬公司謝瑞麟珠寶於截至2005年2月28日止年度,從Rosy Blue Hong Kong Ltd. ("Rosy Blue HK")購入為數122,000,000元(2004年:90,000,000元)的原材料及製成品。於2005年2月28日,應付Rosy Blue HK的款項為67,000,000元(2004年:37,000,000元)。

福銳發展於截至2005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71,000,000元(2004年:5,000,000元)。於2005年2月28日,應收藍玫瑰上海的款項為5,000,000元(2004年:零元)。

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

(c) *(Continued)*

Rosy Blue HK and Rosy Blue SH are fellow subsidiaries of Prime Investments S.A., a preference shareholder of Partner Logistics. 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.

30. Recently issued accounting standards

The Hong Kong Institute of Certified Public Accountants has issued a number of new and revised Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards (“new HKFRSs”) which are effective for accounting periods beginning on or after 1 January 2005.

The Group has not early adopted these new HKFRSs in the financial statements for the year ended 28 February 2005. The Group has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these new HKFRSs would have a significant impact on its results of operations and financial position.

31. Post balance sheet events

(a) Subsequent to the balance sheet date in April 2005, the ICAC arrested 11 persons in relation to an alleged illegal commission scheme and suspected misappropriation of funds. As set out in a press announcement by the ICAC dated 22 April 2005, it was alleged that certain existing and previous employees of the Group, including directors of the Company, were involved in a scheme to offer illegal commissions to employees of a number of travel agencies and to help them to evade tax.

29. 關連及關聯人士交易 (續)

(c) (續)

Rosy Blue HK和藍玫瑰上海為Partner Logistics的優先股股東Prime Investments S.A.的同系附屬公司。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。

30. 新近頒布的會計準則

香港會計師公會頒布了多項新訂及經修訂的《香港財務報告準則》和《香港會計準則》(「新香港財務報告準則」)。這些準則在由2005年1月1日或以後開始的會計期間生效。

本集團並無就截至2005年2月28日止年度財務報表提早採用這些新香港財務報告準則。本集團已開始評估新香港財務報告準則的影響，但現階段仍未適宜說明這些準則會否對本集團的經營成果和財務狀況構成重大的影響。

31. 結算後事項

(a) 在2005年4月的結算日後，廉政公署就疑涉非法回佣安排及懷疑挪用資金拘捕了十一人。正如2005年4月22日由廉政公署發表的新聞公布所載，廉政公署調查發現本集團若干現任及前任僱員(包括本公司董事)涉嫌向多間旅行社的僱員提供非法回佣，並協助他們逃稅。

31. Post balance sheet events (Continued)

(a) (Continued)

The directors have consulted with the Company's legal advisers as to what legal implication the investigation undertaken by the ICAC and its allegation will have for the Group as a whole. In view of the discussions with the legal advisers, the directors conclude that it is too early for them to make any assessment of any legal implication. The directors also conclude that they are not aware of any circumstances that lead the Group to believe that there are significant financial effects as at 28 February 2005 in this regard.

- (b) Since 28 February 2005, the Group has entered into agreements for renting of premises. The total future minimum lease payments under these non-cancellable operating leases are payable as follows:

Within 1 year	1年內
After 1 year but within 5 years	1年後但5年內

32. Ultimate holding company

The directors consider the ultimate holding company at 28 February 2005 to be Blink Technology Limited which is incorporated in BVI.

31. 結算後事項 (續)

(a) (續)

董事已徵詢本公司法律顧問就廉政公署作出的調查及其供述在法律上對本集團整體造成的影響。就與法律顧問討論，董事的結論是現階段評估其於法律上造成的影響時間尚早。關於此事，董事並不知悉有任何情況導致本集團相信於2005年2月28日會有重大財務影響。

- (b) 自2005年2月28日後，本集團簽定了若干物業租賃合同。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：

The Group

本集團

\$'000

千元

18,318

54,732

73,050

32. 最終控股公司

董事認為，於2005年2月28日的最終控股公司為於英屬處女島註冊成立的Blink Technology Limited。

(Expressed in Hong Kong dollars)

(以港元列示)

Results

業績

		Year ended 28/29 February				
		截至2月28日/29日止年度				
		2005	2004	2003	2002	2001
		'000	'000	'000	'000	'000
		千元	千元	千元	千元	千元
Turnover	營業額	1,275,996	955,625	954,135	983,530	1,177,525
Profit/(loss) from ordinary activities before taxation	除稅前正常業務盈利／(虧損)	80,929	36,129	(48,214)	(34,449)	(36,868)
Income tax	所得稅	(35,528)	(17,012)	(3,711)	(1,592)	(5,330)
Profit/(loss) from ordinary activities after taxation	除稅後正常業務盈利／(虧損)	45,401	19,117	(51,925)	(36,041)	(42,198)
Minority interests	少數股東權益	(7,382)	(11,624)	2,447	(284)	(26,090)
Profit/(loss) from for the year	本年度盈利／(虧損)	38,019	7,493	(49,478)	(36,325)	(68,288)

ASSETS AND LIABILITIES

資產及負債

		At 28/29 February				
		於2月28日／29日				
		2005	2004	2003	2002	2001
		'000	'000	'000	'000	'000
		千元	千元	千元	千元	千元
Investment properties and property, plant and equipment	投資物業及物業、廠房及設備	99,541	63,045	65,653	74,305	81,838
Deferred tax assets	遞延稅項資產	17,684	3,143	–	–	–
Interest in associates	聯營公司權益	–	–	–	1	4,155
Investments in securities and non-current assets	證券投資及非流動資產	600	597	597	597	597
Current assets	流動資產	674,266	551,166	450,145	538,467	614,674
Current liabilities	流動負債	(445,712)	(553,453)	(467,521)	(529,414)	(550,239)
		346,379	64,498	48,874	83,956	151,025
Secured bank loans & other loans	有抵押銀行貸款及其他貸款	(74,433)	–	–	–	–
Obligations under finance leases	融資租賃承擔	(876)	–	–	–	–
Employee benefit obligations	僱員福利義務	(10,190)	(9,570)	(11,192)	(8,471)	(8,486)
Amounts due to minority shareholders	應付少數股東款項	–	(1,497)	(3,199)	(11,107)	(21,368)
Deferred tax liabilities	遞延稅項負債	(781)	(300)	–	–	–
Minority interests	少數股東權益	(17,648)	(12,601)	(1,261)	(1,483)	(7,897)
Shareholders' fund	股東權益	242,451	40,530	33,222	62,895	113,274

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