



達芙妮 DAPHNE

2008

ANNUAL REPORT

年 報

DAPHNE INTERNATIONAL HOLDINGS LIMITED
達 芙 妮 國 際 控 股 有 限 公 司*

(Stock Code 股票代號: 210)

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CORPORATE INFORMATION

公司資料

BOARD OF DIRECTORS

Executive Directors

Mr Chen Ying-Chieh (*Chairman*)
Mr Chen Hsien Min (*Managing Director*)
Mr Chang Chih-Kai

Independent Non-Executive Directors

Mr Hsiao Hsi-Ming
Mr Huang Shun-Tsai
Mr Kuo Jung-Cheng

AUDIT COMMITTEE

Mr Hsiao Hsi-Ming (*Chairman*)
Mr Huang Shun-Tsai
Mr Kuo Jung-Cheng

REMUNERATION COMMITTEE

Mr Kuo Jung-Cheng (*Chairman*)
Mr Chen Hsien Min
Mr Hsiao Hsi-Ming
Mr Huang Shun-Tsai

NOMINATION COMMITTEE

Mr Huang Shun-Tsai (*Chairman*)
Mr Chen Ying-Chieh
Mr Hsiao Hsi-Ming
Mr Kuo Jung-Cheng

COMPANY SECRETARY

Ms Chan Oi Chu

AUTHORISED REPRESENTATIVES

Mr Chen Hsien Min
Ms Chan Oi Chu

QUALIFIED ACCOUNTANT

Ms Chan Oi Chu

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

董事會

執行董事

陳英杰先生(*主席*)
陳賢民先生(*董事總經理*)
張智凱先生

獨立非執行董事

蕭溪明先生
黃順財先生
郭榮振先生

審核委員會

蕭溪明先生(*主席*)
黃順財先生
郭榮振先生

薪酬委員會

郭榮振先生(*主席*)
陳賢民先生
蕭溪明先生
黃順財先生

提名委員會

黃順財先生(*主席*)
陳英杰先生
蕭溪明先生
郭榮振先生

公司秘書

陳愛珠女士

授權代表

陳賢民先生
陳愛珠女士

合資格會計師

陳愛珠女士

註冊辦事處

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands



CORPORATE INFORMATION

公司資料

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

17th Floor, Fung House
19-20 Connaught Road Central
Central, Hong Kong
Telephone: 852 2367 9021
Fax: 852 2311 3170

OPERATIONAL HEADQUARTER

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Zhao Xiang Town
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Shanghai, China
Telephone: 86 21 3976 2468
Fax: 86 21 5975 2698

SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Secretaries Limited
26th Floor, Tesbury Centre
28 Queen's Road East
Wanchai, Hong Kong

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants
22nd Floor, Prince's Building
Central, Hong Kong

PRINCIPAL BANKERS

Agricultural Bank of China
DBS Bank (Hong Kong) Limited
First Commercial Bank
Hang Seng Bank Limited
Industrial and Commercial Bank of China
Mega International Commercial Bank Co. Limited
Standard Chartered Bank (Hong Kong) Limited
The Bank of Tokyo-Mitsubishi UFJ, Limited
The Hong Kong and Shanghai Banking
Corporation Limited

CORPORATE WEBSITES

<http://www.daphneholdings.com>
<http://www.daphne.com.cn>

香港主要營業地點

香港中環
干諾道中19-20號
馮氏大廈17樓
電話：852 2367 9021
傳真：852 2311 3170

營運總部

中國上海青浦趙巷鎮
滬青平公路3908號
崧澤科技園區
電話：86 21 3976 2468
傳真：86 21 5975 2698

股份過戶登記處

卓佳秘書商務有限公司
香港灣仔
皇后大道東28號
金鐘匯中心26樓

核數師

羅兵咸永道會計師事務所
執業會計師
香港中環
太子大廈22樓

主要往來銀行

中國農業銀行
星展銀行(香港)有限公司
第一商業銀行
恒生銀行有限公司
中國工商銀行
兆豐國際商業銀行
渣打銀行(香港)有限公司
三菱東京UFJ銀行
香港上海滙豐銀行有限公司

公司網址

<http://www.daphneholdings.com>
<http://www.daphne.com.cn>





FINANCIAL AND OPERATIONAL HIGHLIGHTS

財務及經營摘要



FINANCIAL AND OPERATIONAL HIGHLIGHTS 財務及經營摘要

Key Financial Indicators	主要財務指標	For the year ended 31 December	
		2008	2007
		二零零八年	二零零七年
Turnover (HK\$' million)	營業額 (百萬港元)	5,289.3	3,853.6
Gross profit (HK\$' million)	毛利 (百萬港元)	2,787.4	1,829.8
Operating profit (HK\$' million)	經營盈利 (百萬港元)	679.0	541.1
Profit attributable to equity holders of the Company (HK\$' million)	本公司權益持有人應佔盈利 (百萬港元)	492.9	384.4
Basic and diluted earnings per share (HK cents)	每股基本及攤薄盈利 (港仙)	30.09	23.47
Dividend per share (HK cents)	每股股息 (港仙)	5.5	5.0

Key Financial Indicators	主要財務指標	For the year ended 31 December	
		2008	2007
		二零零八年	二零零七年
Average inventory turnover (days) (Note 1)	平均存貨週轉期(日)(附註1)	171	151
Average debtors turnover (days) (Note 2)	平均應收賬款週轉期(日)(附註2)	11	13
Average creditors turnover (days) (Note 3)	平均應付賬款週轉期(日)(附註3)	61	71
Capital expenditure (HK\$' million)	資本開支 (百萬港元)	234.3	189.0
Effective tax rate (%)	實際稅率(%)	25.4	26.7

Key Financial Indicators	主要財務指標	As at 31 December	
		2008	2007
		二零零八年	二零零七年
Cash and cash equivalents (HK\$' million)	現金及現金等價物 (百萬港元)	148.0	181.7
Bank loans (HK\$' million)	銀行貸款 (百萬港元)	270.7	195.0
Equity attributable to equity holders of the Company (HK\$' million)	本公司權益持有人應佔權益 (百萬港元)	1,854.5	1,373.1
Current ratio (times) (Note 4)	資產流動比率(倍)(附註4)	2.04	1.71
Gearing ratio (%) (Note 5)	負債對權益持有人應佔權益比率(%) (附註5)	14.6	14.2

Notes:

- The calculation of average inventory turnover (days) is based on the average of opening and closing inventory balances divided by cost of sales and multiplied by 365 days.
- The calculation of average debtors turnover (days) is based on the average of opening and closing balances of trade receivables divided by turnover and multiplied by 365 days.
- The calculation of average creditors turnover (days) is based on the average of opening and closing balances of trade payables divided by purchases and multiplied by 365 days.
- The calculation of current ratio (times) is based on the total current assets divided by total current liabilities as at 31 December.
- The calculation of gearing ratio (%) is based on the total bank loans divided by equity attributable to equity holders of the Company as at 31 December.

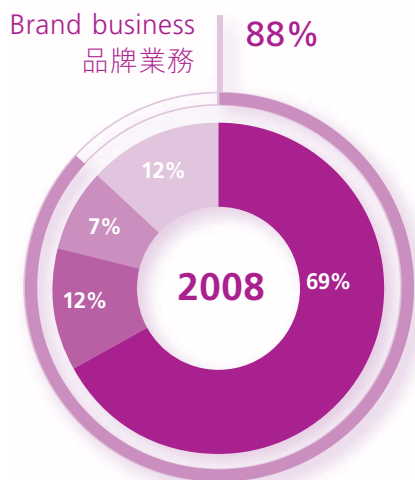
附註:

- 平均存貨週轉期(日)乃按年初及年終存貨之平均結餘除以銷售成本乘以365天計算。
- 平均應收賬款週轉期(日)乃按年初及年終之貿易應收賬款平均結餘除以營業額乘以365天計算。
- 平均應付賬款週轉期(日)乃按年初及年終之貿易應付賬款平均結餘除以採購額乘以365天計算。
- 資產流動比率(倍)乃根據於十二月三十一日之流動資產總值除以流動負債總額計算。
- 負債對權益持有人應佔權益比率(%)乃根據於十二月三十一日之銀行借貸總額除以本公司權益持有人應佔權益計算。

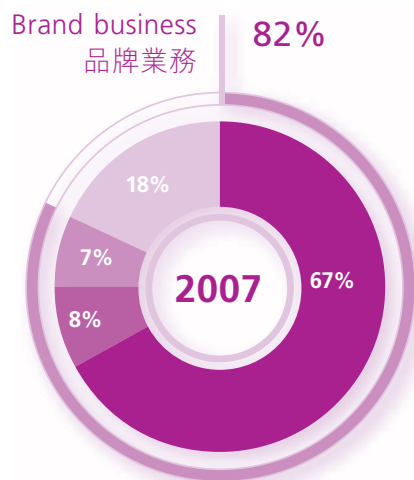


FINANCIAL AND OPERATIONAL HIGHLIGHTS 財務及經營摘要

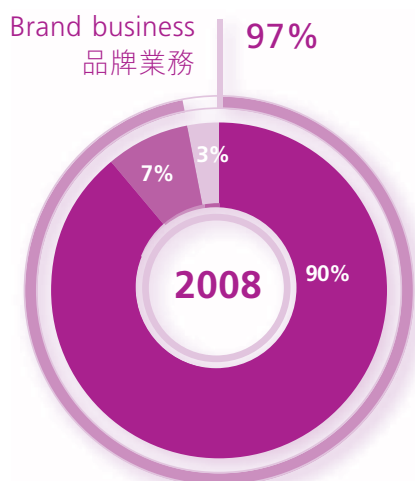
Turnover Contribution Analysis For the year ended 31 December



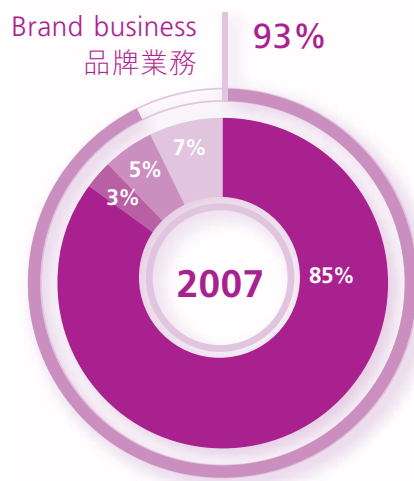
營業額貢獻分析 截至十二月三十一日止年度



Operating Profit Contribution Analysis For the year ended 31 December



經營盈利貢獻分析 截至十二月三十一日止年度



Own Brand - Daphne
自有品牌 - 達芙妮

Own Brand - Shoebox
自有品牌 - 鞋櫃

Licensed Brands
代理品牌

OEM Business
原設備製造業務

ANALYSIS OF SEGMENT TURNOVER AND RESULTS

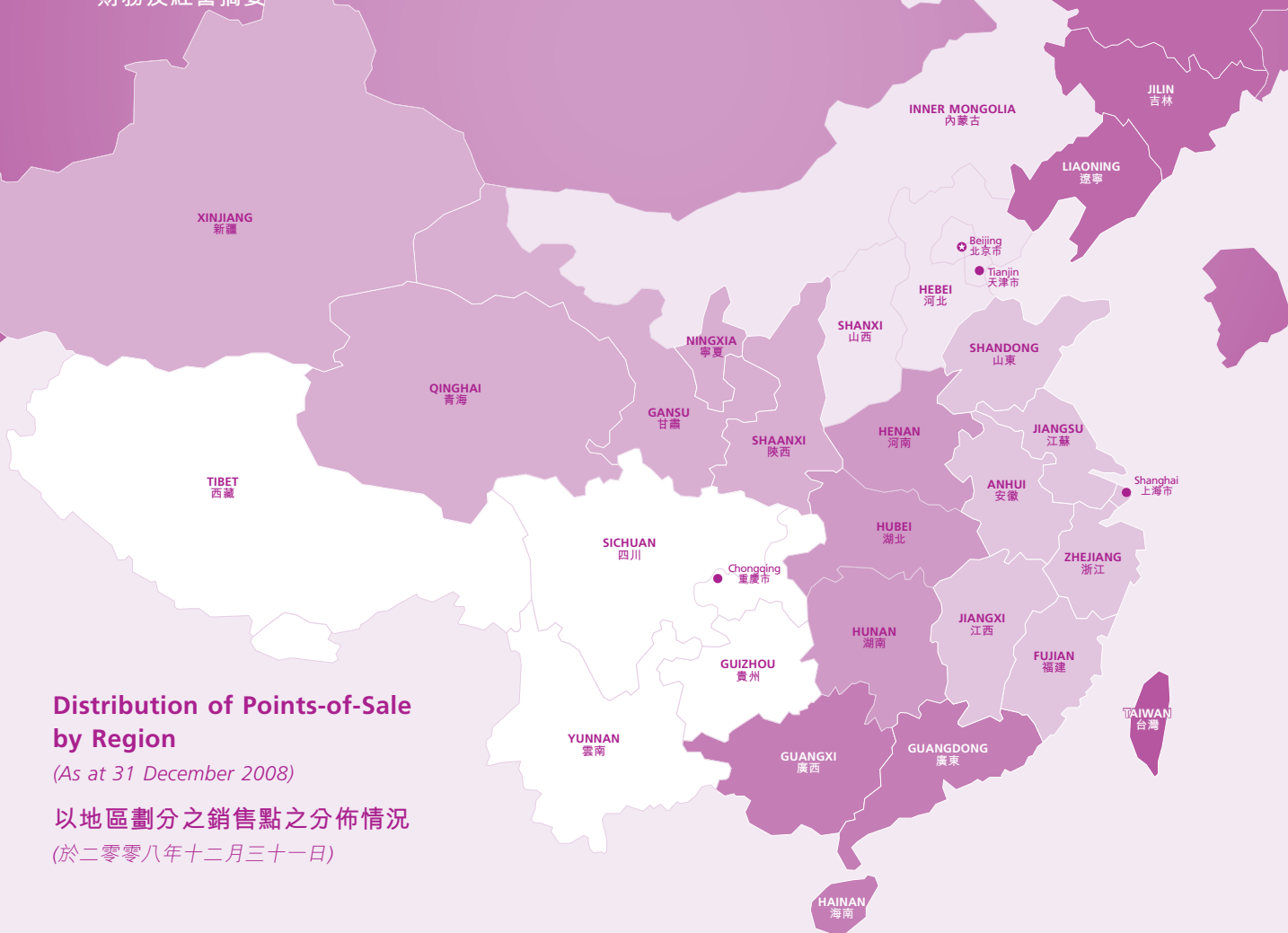
分部營業額及業績分析

		Brand business 品牌業務						OEM business 原設備製造業務	
		Daphne 達芙妮		Shoebox 鞋櫃		Sportswear 運動服飾		2008	2007
(HK\$' million)	(百萬港元)	2008	2007	2008	2007	2008	2007	2008	2007
Turnover	營業額	3,626.0	2,562.2	617.0	299.6	399.4	284.1	642.4	707.7
Gross profit	毛利	2,172.4	1,426.5	351.9	160.4	176.7	127.2	83.3	115.7
Operating profit	經營盈利	632.3	441.5	52.3	14.1	3.3	26.3	20.0	38.1



FINANCIAL AND OPERATIONAL HIGHLIGHTS

財務及經營摘要



Distribution of Points-of-Sale by Region

(As at 31 December 2008)

以地區劃分之銷售點之分佈情況
(於二零零八年十二月三十一日)

Region	地區	Own Brands 自有品牌		Licensed Brands 代理品牌		Total 總計
		Daphne 達芙妮	Shoebox 鞋櫃	Sportswear 運動服飾	Footwear 國際鞋類	
Eastern China	華東地區	1,068	251	49	9	1,377
Central China	華中地區	431	101	31	–	563
Southern China	華南地區	397	81	18	–	496
Northeastern China	東北地區	344	79	30	–	453
Northern China	華北地區	249	49	28	2	328
Southwestern China	西南地區	178	30	6	–	214
Northwestern China	西北地區	128	25	4	–	157
Taiwan	台灣	54	–	–	–	54
Total	總計	2,849	616	166	11	3,642

Distribution of Points-of-Sale by City Tier (As at 31 December 2008)

以城市級別劃分之銷售點之分佈情況 (於二零零八年十二月三十一日)

Brand 品牌		Tier 1 第一級	Tier 2 第二級	Tier 3 第三級	Tier 4 第四級	Tier 5 第五級	Tier 6 第六級	Total 總計
Own Brands 自有品牌	Daphne* 達芙妮*	322	582	393	556	465	477	2,795
	Shoebox 鞋櫃	86	141	108	134	118	29	616
Licensed Brands 代理品牌	Sportswear 運動服飾	22	57	33	20	27	7	166
	Footwear 國際鞋類	6	5	–	–	–	–	11
Total	總計	436	785	534	710	610	513	3,588

* Excluding Daphne's Points-of-Sale in Taiwan

* 不包括達芙妮於台灣之銷售點

CHAIRMAN'S STATEMENT

主席報告



RESULTS

Fiscal year 2008 was a challenging year. The PRC was hit with several natural disasters and the outbreak of the economic turmoil in the second half of the year, which adversely impacted the general consumer spending sentiment. Against this macro backdrop, Daphne International Holdings Limited (the "Company") and its subsidiaries (the "Group") continued to deliver satisfactory overall results for the year. Brand business was still the largest revenue contributor to the Group. To strengthen the corporate brand image, the Company changed its name from Prime Success International Group Limited to Daphne International Holdings Limited in June 2008.

STABLE GROWTH OF BRAND BUSINESS

Building brand business continued to be one of the key strategic focuses of the Group. Although experiencing an apparent slowdown of growth after the outbreak of the financial crisis in the second half of 2008, the Group was able to leverage on the established brand reputation and reported stable growth in both turnover and profit for fiscal year 2008.

The "Daphne" brand, comprising two product series "Daphne Young – D18" and "Daphne Classics – D28", contributed considerably to the Group's total turnover and profit. The name "Daphne" is a well-recognised ladies footwear brand throughout Mainland China. The Group was focused on further enhancing the brand awareness of "Daphne" through effective marketing and promotion strategies carried out during the year.

業績

二零零八年是一個充滿挑戰的財政年度。中國繼上半年發生數次天然災害，下半年又爆發金融海嘯，大大影響普遍消費者購物意欲。然而，面對每況愈下的宏觀環境下，達芙妮國際控股有限公司（「本公司」）及其附屬公司（「本集團」）繼續於本年度取得令人滿意的整體業績。本集團的品牌業務持續為本集團最大的收益貢獻來源，為突顯集團的品牌形象，本公司於二零零八年六月將名稱由永恩國際集團有限公司改為達芙妮國際控股有限公司。

穩定的品牌業務增長

品牌業務一直是集團的策略重點之一，儘管二零零八年下半年的增長因受金融危機影響而出現明顯放緩，憑藉良好的品牌聲譽，本集團的品牌業務營業額及盈利依然於二零零八年財政年度錄得穩定增長。

「達芙妮」品牌分為「達芙妮青春系列 – D18」及「達芙妮經典系列 – D28」兩個系列，為本集團總營業額及利潤的主要貢獻。「達芙妮」於中國大陸是知名女裝鞋類品牌。本集團於年內繼續推行有效的市場推廣及宣傳策略以進一步提升品牌意識。



CHAIRMAN'S STATEMENT 主席報告

"Shoebox", a brand developed by the Group to capture the mass market, continued to gain popularity among consumers. Although this brand currently contributes a relatively small portion of the Group's turnover and profit, the Group believes that "Shoebox" has ample potential to generate attractive returns to the Group in the future. The Group will keep expanding this brand in the coming years.

The growth of the sportswear market in 2008 was lower than expected in spite of the Beijing 2008 Olympic Games. The Group's sportswear business including "adidas" and "Nike" reported a decline in profit during the year due to fierce competition in the market. Operating the sportswear business, nevertheless, has given the Group's opportunity of business diversification and gained solid experience in retail marketing.

DIMINISHING SHARE OF ORIGINAL EQUIPMENT MANUFACTURING (OEM) BUSINESS

Our OEM business was affected during the year by the deterioration of US consumption, rising production costs and sluggish export markets. While we do not expect market conditions to improve in the near future, we will operate the OEM business with caution and will allocate manufacturing resources to produce own brand products for the domestic market so as to maximise overall productivity as well as profitability.

OUTLOOK

We expect that the macro environment will continue to be challenging in 2009. Despite the economic downturn, the Group will continue to strategically expand its distribution network to support its own brand business including "Daphne" and "Shoebox". As for the mid-to-high-end market segment, competition is intensifying due to the economic downturn. The Group will optimise its resources to cautiously develop the business with newly-introduced international brands that can further enhance our growth.

Looking ahead, we will inject more resources into "Daphne", "Shoebox", "Sofft" and "Born" to boost profitability and extend business coverage geographically. We will effectively allocate resources to different brands and will continue to work hard to identify and overcome the obstacles as we execute our growth strategy and build our position as one of the market leaders in the ladies footwear business.

I am optimistic about the prospects of the Group and looking forward to bringing fruitful returns to all shareholders in the future.

Chen Ying-Chieh
Chairman

Hong Kong, 16 April 2009

針對大眾市場的「鞋櫃」品牌業務繼續深受消費者歡迎，雖然目前該品牌的營業額及盈利對本集團的貢獻仍相對小，但此品牌擁有龐大的發展潛力，預期於未來能為本集團帶來可觀回報。本集團計劃於來年繼續積極擴展「鞋櫃」品牌。

二零零八年北京奧運會雖然帶動運動服飾產品需求的增長，但整體市場的成長卻不如預期。本集團代理的運動服飾品牌業務包括「adidas」及「Nike」，於回顧年內，由於市場的競爭劇烈，該業務之盈利較前一年度減少。儘管如此，經營運動品牌業務能讓本集團業務多元化及得以累積豐富的零售及推廣經驗。

原設備製造(「原設備製造」)業務的份額下降

年內，由於美國消費市場疲弱、製造成本上漲及出口市場表現未如理想等因素，原設備製造業務因而受到影響。由於預期市況將不會於短期內得以改善，本集團將審慎經營原設備製造業務，以及分配資源製造自有品牌產品供內地市場以提升生產效率及盈利能力。

展望

預期二零零九年整體環境仍充滿挑戰，然而在經濟不景氣的情況下，本集團仍將繼續透過擴充分銷網絡，策略性擴展自有品牌業務，包括「達芙妮」與「鞋櫃」。而中高檔品牌業務因大環境不景氣致使市場競爭加劇，本集團將善用公司資源以靈活變通的模式經營業務，讓新代理的國際品牌業務進一步促進發展。

展望未來，本集團會更有效投放資源於發展「達芙妮」、「鞋櫃」、「Sofft」及「Born」等品牌，以提高盈利及擴充業務地域覆蓋範圍。本集團會妥善投放資源發展不同品牌，全力以赴辨認及解決障礙。本集團將繼續專注於發展優質女鞋業務，使品牌業務持續成為市場上領導品牌之一。

本人對集團的前景感到樂觀，期望將來可為股東帶來豐滿的回報。

主席
陳英杰

香港，二零零九年四月十六日



MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

BUSINESS REVIEW

Brand Business

Brand business is the primary source of profitability for the Group. For the year under review, the business continued to demonstrate stable growth. The Group's prime focus "Daphne", which enjoys a strong reputation across Mainland China, continued to deliver solid growth. The performance of "Shoebox" was satisfactory due to strong mass market demand while the results of the licensed sportswear brand, "adidas", were below expected during the year due to fierce competition. Other newly-licensed brands, "Sofft" and "Born", "Arezzo" and "Nike" though incurred a loss during the initial stage in 2008 are gaining the Mainland market acceptance.

Own Brands

"Daphne"

"Daphne" has been the major profit contributor to the Group. 475 points-of-sale were added during the review year to boost presence of the brand across the Mainland and Taiwan. As at 31 December 2008, Daphne had 1,815 stores, 616 counters and 418 franchised outlets. The number of "Daphne" points-of-sale is summarised as follows:

		As at 31 December 於十二月三十一日		
		2008 二零零八年	2007 二零零七年	Change 轉變
Directly-managed stores	直接經營店舖			
- D18	- D18	347	347	-
- D28	- D28	1,331	1,126	+205
- D18 & D28	- D18及D28	137	104	+33
		1,815	1,577	+238
Directly-managed counters	直接經營專櫃			
- D18	- D18	115	100	+15
- D28	- D28	441	379	+62
- D18 & D28	- D18及D28	60	39	+21
		616	518	+98
Franchised outlets	加盟零售點	418	279	+139
Total	總數	2,849	2,374	+475

In Taiwan, the Group seeks to fine tune its strategies to cope with the ever-changing market conditions, while aiming at further cautiously expanding locally in order to enjoy economies of scale in the near future.

業務回顧

品牌業務

品牌業務乃本集團盈利增長的主要來源。於回顧年內，此業務繼續錄得穩定的增長。本集團的重點品牌「達芙妮」於全中國已深入人心，並繼續錄得穩健的增長。由於大眾市場需求殷切，「鞋櫃」的表現令人滿意。代理的運動服飾品牌「adidas」的表現則因競爭激烈而遜於預期。其他新代理的品牌，「Sofft」及「Born」、「Arezzo」及「Nike」，於二零零八年雖於起步階段而錄得虧損，但已逐漸獲得中國大陸市場的接受。

自有品牌

「達芙妮」

「達芙妮」為本集團的主要盈利來源，本集團於回顧年內增設了475個銷售點，遍及中國大陸及台灣。於二零零八年十二月三十一日，「達芙妮」共有1,815間店舖、616個專櫃及418個加盟零售點。「達芙妮」銷售點數目總結如下：

於台灣，本集團亦因應全球市場環境的轉變而調整在該市場的經營策略，期望在該市場審慎擴張業務以致於不久將來可享受經濟規模效益。



MANAGEMENT DISCUSSION AND ANALYSIS 管理層討論及分析

Leveraging the popularity of their respective famed spokespersons, S.H.E and Ms Rene Liu, “Daphne-D18” and “Daphne-D28” reinforced their brand images. Apart from celebrity endorsement, by mounting creative promotional activities including sponsoring special events and TV programmes, the Group also boosted public awareness of the brand in Mainland China.

“Shoebox”

During the year under review, the brand gained wider reputation, while the economic downturn created further opportunities for “Shoebox” that targets the mass market for the demand of good quality but lower-priced footwear. The brand reported more than double in both turnover and operating profit compared with last year. The Group added 270 new stores for the brand during the year, bringing the total to 616.

Licensed Brands

Sportswear

In the first half of the year, bolstered by the advent of the Beijing Olympics, the sportswear brands “adidas” and “Nike” brought in stable revenues for the Group, but the business at large did not perform as well as expected. Keen competition from other international and local brands, together with the financial crisis in the second half year, the segment profit reported an overall decline for the year. Owing to the poor market sentiment and fierce market competition in sportswear market, the Group has been strategically revisiting the development plan of the sportswear business by focusing resources on ladies footwear business. As at 31 December 2008, the Group operated 138 adidas outlets and 28 Nike outlets.

International Footwear

During the year under review, the Group was granted exclusive distribution rights for two international footwear brands, namely “Sofft”/“Born” and “Arezzo”, in Mainland China. The Group seeks to further enhance the brand awareness of these two mid-to-high-end ladies brands. As a whole, the two international brands have strengthened their foothold in the high-quality ladies footwear market in Mainland China. The Group operated 6 “Sofft” and 5 “Arezzo” points-of-sale at the end of 2008.

憑藉人氣女子組合S.H.E及劉若英小姐分別擔任品牌代言人而廣受歡迎，「達芙妮-D18」及「達芙妮-D28」的品牌形象得以進一步加強。除邀請名人擔任品牌代言人外，本集團亦透過具創意的宣傳活動如贊助特別項目及電視節目，提升品牌在中國大陸的知名度。

「鞋櫃」

於回顧年內，此品牌的聲譽日隆，而經濟下滑更為針對大眾市場對優質實惠女鞋需求的「鞋櫃」帶來更多商機。此品牌之營業額及經營盈利與去年度比較，均錄得逾一倍增長。本集團於年內增設了270間新店，令店舖總數增加至616間。

代理品牌

運動服飾

於上半年，北京奧運會的來臨使運動服飾品牌「adidas」及「Nike」為本集團帶來穩定收入，然而此業務表現大致未如預期理想。由於國際品牌與當地品牌於市場上競爭激烈，加上下半年發生金融危機，該等品牌業務的全年盈利下跌。由於欠佳的市場氣氛及激烈的運動服飾市場競爭，本集團將重新研究運動品牌業務的發展計劃，以集中資源發展旗下女鞋業務。於二零零八年十二月三十一日，本集團共經營138個「adidas」及28個「Nike」銷售點。

國際鞋類

於回顧年內，本集團獲得兩項國際鞋類品牌「Sofft」/「Born」及「Arezzo」於中國大陸的獨家分銷權。本集團致力進一步加強此兩個中高檔女裝品牌的知名度。整體而言，此兩個國際品牌已成功擴展其在中國大陸優質女鞋市場的據點。於二零零八年底，本集團共經營6個「Sofft」及5個「Arezzo」銷售點。



MANAGEMENT DISCUSSION AND ANALYSIS 管理層討論及分析

OEM Business

A slow export market and rising raw material and production costs affected the Group's OEM business, which saw a drop in turnover against last year. The segment accounted for 12% (2007: 18%) of the Group's total turnover. The Group intends to trim the share of OEM business in its overall operation so as to minimise the negative impact of the slack business on its overall results. In spite of the tough global economic environment, the Group still managed to make its OEM export business profitable in 2008 as a result of the cost control measures and efficient capacity utilisation.

FINANCIAL REVIEW

Results Performance

For the year ended 31 December 2008, the Group's turnover grew by 37% to HK\$5,289.3 million (2007: HK\$3,853.6 million) and profit attributable to shareholders climbed by 28% to HK\$492.9 million (2007: HK\$384.4 million). Basic earnings per share of the Group was HK30.09 cents (2007: HK23.47 cents). The Board recommended the payment of a final dividend of HK3.0 cents (2007: HK2.5 cents) per share for the year ended 31 December 2008.

For the year ended 31 December 2008, turnover of the brand business surged by 48% to HK\$4,646.9 million (2007: HK\$3,145.8 million.) Sales from "Daphne", "Shoebox", licensed brands and OEM business accounted for 69%, 12%, 7% and 12% (2007: 67%, 8%, 7% and 18%) respectively of the Group's total turnover.

The Group managed to increase the operating profit of its brand business by 42% to HK\$682.9 million (2007: HK\$481.9 million). The segment registered a gross margin and an operating margin of 58% and 15% (2007: 54% and 15%) respectively.

With export to the US market down and costs up, turnover of the OEM business decreased by 9% to HK\$642.4 million (2007: HK\$707.7 million) and segment profit was also down by 48%, to HK\$20.0 million (2007: HK\$38.1 million). The gross margin and operating margin of the segment were 13% and 3% (2007: 16% and 5%) respectively.

原設備製造業務

出口市場放緩，以及原材料和生產成本上漲，均影響本集團的原設備製造業務，使銷售額較去年下跌，該業務佔本集團總營業額的12%（二零零七年：18%）。本集團計劃減少原設備製造業務對整體業務的佔比，以降低該業務對整體業績的負面影響。雖然二零零八年的全球經濟環境異常嚴峻，本集團通過成本控制及提升效能使原設備製造業務保持盈利能力。

財務回顧

業績表現

截至二零零八年十二月三十一日止年度，本集團營業額增加37%至5,289.3百萬港元（二零零七年：3,853.6百萬港元），股東應佔盈利則上升28%至492.9百萬港元（二零零七年：384.4百萬港元）。每股基本盈利為30.09港仙（二零零七年：23.47港仙）。董事會建議派發截至二零零八年十二月三十一日止年度的末期股息每股3.0港仙（二零零七年：2.5港仙）。

截至二零零八年十二月三十一日止年度，品牌業務的營業額上升48%至4,646.9百萬港元（二零零七年：3,145.8百萬港元）。來自「達芙妮」、「鞋櫃」、代理品牌及原設備製造業務的營業額分別佔本集團總營業額的69%、12%、7%及12%（二零零七年：67%、8%、7%及18%）。

本集團品牌業務之經營盈利增加42%至682.9百萬港元（二零零七年：481.9百萬港元）。該業務的毛利率及經營盈利率分別為58%及15%（二零零七年：54%及15%）。

隨著出口到美國市場下跌及成本上升，原設備製造業務的營業額下跌9%至642.4百萬港元（二零零七年：707.7百萬港元），其盈利亦隨之下跌48%至20.0百萬港元（二零零七年：38.1百萬港元）。該業務的毛利率及經營盈利率分別為13%及3%（二零零七年：16%及5%）。



MANAGEMENT DISCUSSION AND ANALYSIS 管理層討論及分析

Liquidity and Financial Resources

As at 31 December 2008, the Group's cash and cash equivalents fell 19% to HK\$148.0 million from HK\$181.7 million as at 31 December 2007. The net decrease of HK\$33.7 million is analysed as follows:

流動資金及財政資源

於二零零八年十二月三十一日，本集團的現金及現金等價物由二零零七年十二月三十一日的181.7百萬港元下跌19%至148.0百萬港元，淨減少為33.7百萬港元，其分析如下：

		HK\$'million 百萬港元
Net cash generated from operating activities	經營業務產生的現金淨額	173.2
Capital expenditure	資本性開支	(234.3)
Net dividend paid	淨付股息	(85.6)
Net interest paid	淨付利息	(10.1)
Net bank loans raised	淨銀行貸款	73.5
Proceeds from disposal of land use rights and fixed assets	出售土地使用權及固定資產之收款	10.3
Proceeds from disposal of a subsidiary	出售一附屬公司收款	25.0
Others	其他	0.5
Effect of exchange rate changes	外匯兌換率變動之影響	13.8
		(33.7)

As at 31 December 2008, the Group had unutilised banking facilities amounting to HK\$182.3 million (2007: HK\$257.2 million) and current ratio improved from 1.71 as at 31 December 2007 to 2.04 as at 31 December 2008. The Group has adequate resources currently to support expansion and development of business in the coming year.

於二零零八年十二月三十一日，未動用銀行融資為182.3百萬港元(二零零七年：257.2百萬港元)。本集團之資產流動比率由二零零七年十二月三十一日的1.71改善至二零零八年十二月三十一日的2.04。本集團具備充足資源支持未來擴展。

The gearing ratio of the Group, calculated on the basis of bank loans denominated in Hong Kong dollar, Renminbi, the US dollar and New Taiwan dollar totaling HK\$270.7 million (2007: HK\$195.0 million) over shareholders' equity of HK\$1,854.4 million (2007: HK\$1,373.1 million), was 14.6% (2007: 14.2%) as at 31 December 2008. All bank loans were at floating rates during the year under review.

於二零零八年十二月三十一日，本集團的資產負債比率(按以港元、人民幣、美元及新台幣為結算單位的銀行貸款270.7百萬港元(二零零七年：195.0百萬港元)相對股東權益1,854.4百萬港元(二零零七年：1,373.1百萬港元)之比率計算)為14.6%(二零零七年：14.2%)。於回顧年內，所有銀行貸款均以浮息計算。

Foreign exchange risk management

The Group's monetary assets, liabilities and transactions are mainly denominated in Hong Kong dollar, Renminbi, US dollar, Euro and New Taiwan dollar. The management believes the Group's working capital is not exposed to any significant foreign exchange risk. Foreign exchange risk arising from transactions denominated in foreign currencies are managed whenever necessary by the Group, using foreign exchange forward contracts with major and reputable financial institutions.

匯率風險管理

本集團的貨幣資產、負債及交易主要以港元、人民幣、美元、歐羅及新台幣為結算單位。管理層相信本集團的營運資金並無承受任何重大匯率波動風險。如有需要，以外幣結算的交易所產生的外匯風險將由本集團透過信譽良好的主要金融機構的遠期外匯合約加以調控。



MANAGEMENT DISCUSSION AND ANALYSIS 管理層討論及分析

Pledge of Assets

As at 31 December 2008, the Group had short-term bank loans of HK\$92.5 million (2007: HK\$68.8 million) secured by certain leasehold buildings of a total net book value of HK\$32.5 million (2007: land use rights and leasehold buildings of HK\$23.7 million) and an available-for-sale financial assets with nil (2007: nil) carrying value.

Significant Capital Investments

During the year, the Group incurred a capital expenditure of HK\$234.3 million (2007: HK\$189.0 million) mainly for retail network expansion, construction of office buildings and logistics centres and related equipment.

Contingent Liabilities

As at 31 December 2008, the Group had no significant contingent liabilities.

Human Resources

As at 31 December 2008, the Group had over 21,000 (2007: 24,000) employees in Hong Kong, Taiwan and China. Employee expenditure for the year under review amounted to HK\$614.0 million (2007: HK\$466.6 million). The Group values human resources and recognises the importance of retaining high calibre employees. Remuneration packages are generally structured by reference to market terms and the qualifications of individual employees. In addition, share options and discretionary bonuses are granted to eligible employees based on the Group's and an employee's performance. The Group also provides mandatory provident fund schemes, medical insurance schemes, staff purchase discounts and training programmes to employees.

PROSPECTS

The Group plans to continue to expand its points-of-sale network and boost economies of scale. In the coming year, the Group aims to open approximately 350 "Daphne" points-of-sale and 250 "Shoebox" points-of-sale, thus reinforce the positioning of its core brand business. The Group will also focus on growing the "Shoebox" operation and realise its vast potential. Meanwhile, the Group will expand the business in lower-tier cities and selectively in higher-tier cities to increase revenues and penetration.

To maintain profitability, the Group will be strategically focusing more resources on its ladies footwear business to grow "Daphne", "Shoebox", "Sofft" and "Born". The Group will also be open to potential business opportunities to maintain sustainable growth in the medium to long run.

資產抵押

於二零零八年十二月三十一日，本集團的短期銀行貸款為92.5百萬港元(二零零七年：68.8百萬港元)，是以賬面淨值32.5百萬港元之若干租賃樓宇(二零零七年：23.7百萬港元之土地使用權及租賃樓宇)及賬面值為零港元(二零零七年：零)之可出售之金融資產作抵押。

重大資本投資

年內，本集團的總資本性開支為234.3百萬港元(二零零七年：189.0百萬港元)，主要用於分銷網絡擴展、興建辦公大樓及物流中心，以及添置相關設備。

或然負債

於二零零八年十二月三十一日，本集團並無任何重大或然負債。

人力資源

於二零零八年十二月三十一日，本集團於香港、台灣及中國之僱員人數超過21,000人(二零零七年：24,000人)。回顧年內之僱員開支為614.0百萬港元(二零零七年：466.6百萬港元)。本集團重視其人力資源並深明留聘優質人才的重要性，所提供之薪酬及福利乃參考市場水平及員工個人能力而定，並按本集團及員工之表現提供購股權及酌情花紅。此外，本集團亦為僱員提供強積金、醫療保障、員工購物折扣及培訓課程。

展望

本集團計劃持續擴充銷售點網絡及提升經濟規模效益。來年，本集團計劃增設約350個「達芙妮」銷售點及250個「鞋櫃」銷售點，從而加強核心品牌業務的地位。本集團將繼續專注發展「鞋櫃」業務，以發揮其龐大潛力。同時，本集團將集中在次級城市和部分主要城市擴充業務，以提升收入及滲透率。

為維持盈利能力，本集團將戰略性地投入更多資源在優質女鞋業務，拓展「達芙妮」、「鞋櫃」、「Sofft」及「Born」。本集團亦會密切留意及把握每個有利中長期發展的業務機會。



BIOGRAPHY OF DIRECTORS AND SENIOR MANAGEMENT 董事及高層管理人員簡歷

EXECUTIVE DIRECTORS

Mr Chen Ying-Chieh, aged 40, is the Chairman of the Group. Mr Chen is responsible for the overall corporate planning with focus on brand business of the Group. Mr Chen obtained a bachelor's degree in International Trade Business from the University of Zhengyou. He has been working with the Group since 1992. Mr Chen is a nephew of Mr Chen Hsien Min and a cousin of Mr Chang Chih-Kai.

Mr Chen Hsien Min, aged 58, is the Managing Director and one of the founders of the Group. Mr Chen is responsible for the overall corporate planning and day-to-day operations of the Group, including production, marketing and sales activities. Mr Chen has a bachelor's degree in Land Economics from the National Cheng Chi University of Taiwan. Mr Chen joined the Group since 1988 and has over 30 years of experience in the footwear industry. Mr Chen is an uncle of Mr Chen Ying-Chieh and Chang Chih-Kai.

Mr Chang Chih-Kai, aged 28, has studied a bachelor's degree of Art in Auckland University after graduated from Pakuranga College in New Zealand. He joined the Company since 2003 with focus on shoe development and sales and marketing. Mr Chang is a cousin of Mr Chen Ying-Chieh and a nephew of Mr Chen Hsien Min.

NON-EXECUTIVE DIRECTORS

Mr Hsiao Hsi-Ming, aged 69, is a partner of an accounting firm in Taiwan. He is a member of Taiwan Provincial CPA Association and has over 40 years of experience in auditing and accounting. Mr Hsiao holds a master's degree in the National Changhua University of Education and he is a director of Tera Autotech Corporation Inc. ("TAC") and an independent director of Formosa Optical Technology Co. Ltd. ("FOTCL"). Both TAC and FOTCL are traded over-the-counter in Taiwan. Mr Hsiao was appointed as an independent non-executive director of the Company in 2004.

Mr Huang Shun-Tsai, aged 56, is a director of six technology companies in Taiwan. He has been active in the technology field for over 10 years. Mr Huang was appointed as an independent non-executive director of the Company in 2001.

Mr Kuo Jung-Cheng, aged 59, is a director of a manufacturing and distribution company in China. Mr Kuo is a former senator of the Legislative House in Taiwan. He has been serving the community in Taiwan as a representative for over 10 years. Mr Kuo holds an MBA degree from the University of Hawaii. Mr Kuo was appointed as an independent non-executive director of the Company in 2001.

執行董事

陳英杰先生，40歲，本集團主席。陳先生負責本集團整體企業策劃，尤其專注於品牌業務。陳先生持有中原大學國際貿易商業學學士學位，自一九九二年起為本集團服務。陳先生為陳賢民先生之外甥及張智凱先生之表兄。

陳賢民先生，58歲，本集團之董事總經理兼創辦人之一。陳先生負責本集團之整體企業規劃及日常運作，包括生產、市場推廣及銷售事務。陳先生持有台灣國立政治大學地政經濟學學士學位。陳先生自一九八八年起加入本集團，從事製鞋業逾三十年。陳先生乃陳英杰先生之姨丈及張智凱先生之姑丈。

張智凱先生，28歲，畢業於紐西蘭Pakuranga College後，入讀Auckland University修讀文學學士學位課程。張先生自二零零三年起加入本公司，主力從事鞋類研發及市場銷售工作。張先生為陳英杰先生之表弟及陳賢民先生之外甥。

非執行董事

蕭溪明先生，69歲，為台灣一家會計師事務所之合夥會計師。彼為台灣省會計師公會會員，具有逾四十年審計及會計經驗。蕭先生持有國立彰化師範大學頒發的碩士學位。彼為高橋自動化科技股份有限公司(「高橋」)之董事及寶島眼鏡公司(「寶島眼鏡」)之獨立董事。高橋及寶島眼鏡之股份均在台灣場外市場交易。蕭先生於二零零四年獲委任為本公司獨立非執行董事。

黃順財先生，56歲，為台灣六間科技公司之董事，從事科技業逾十年。黃先生於二零零一年獲委任為本公司獨立非執行董事。

郭榮振先生，59歲，為中國一家製造及分銷公司之董事。郭先生亦為前任台灣行政院委員，以代表身份服務台灣民眾逾十年。郭先生持有夏威夷大學工商管理碩士學位。郭先生於二零零一年獲委任為本公司獨立非執行董事。



BIOGRAPHY OF DIRECTORS AND SENIOR MANAGEMENT 董事及高層管理人員簡歷

SENIOR MANAGEMENT

Mr Xin Jia Hua, aged 55, is the vice general manager of brand business of the Group. Mr Xin is responsible for the day-to-day operations of brand business of the Group. Mr Xin joined the Group since 1994 and he has over 30 years of experience in footwear manufacturing and distribution business.

Mr Peng Yu, aged 37, was appointed as the vice general manager of Shoebox brand business of the Group since January 2004 and he is responsible for the planning and development of Shoebox brand business including its day-to-day to operations. Mr Peng has over 15 years of experience in footwear manufacturing and distribution business.

Ms Chao Hwei Chuan, aged 42, is a vice general manager of brand business of the Group. Ms Chao is responsible for planning and overseeing the operation of the brand business in China. Ms Chao was graduated from the Overseas Chinese Institute of Technology with major in International Trade. She joined the Group since 1994 and she has nearly 20 years of experience in finance, accounting and management.

Mr Chang Chun Wang, aged 57, is the vice general manager of the Group. Mr Chang is responsible for the Group's production activities. Mr Chang has nearly 30 years of experience in the footwear industry. He has been working with the Group since 1994.

Mr Liao His-Chuan, aged 53, is the manager in charge of a major manufacturing subsidiary of the Group. Mr Liao is responsible for the day-to-day manufacturing operation of both OEM and brand businesses. He has over 25 years of experience in the management of footwear production facilities and he has been working with the Group since 1994.

Mr Hsu Szu Che, aged 56, is the senior manager of the general administration and management of the Group's sales office and manufacturing facilities in Mainland China. Mr Hsu has over 27 years of experience in the administration and management of footwear manufacturing facilities. He has been working with the Group since 1994.

Ms Chi Shu Tzu, aged 42, is the vice general manager of ladies' footwear. She is responsible for sales and marketing of certain overseas customers. Ms Chi has over 25 years of experience in the footwear industry. She has been working with the Group since 1994.

高層管理人員

忻家華先生，55歲，本集團品牌業務之副總經理。忻先生負責本集團品牌業務之日常營運。忻先生自一九九四年起加入本集團，在鞋類生產及分銷業務方面積逾三十年經驗。

彭宇先生，37歲，自二零零四年一月起獲委任為本集團「鞋櫃」品牌業務之副總經理，負責制定及開發「鞋櫃」品牌業務，包括日常營運。彭先生於鞋類製造及分銷業務方面積逾十五年經驗。

趙惠娟女士，42歲，本集團品牌業務之副總經理。趙女士負責規劃及監管中國品牌業務之運作。彼畢業於僑光技術學院，主修國際貿易學。趙女士自一九九四年起加入本集團，在財務、會計及管理方面擁有近二十年經驗。

張春旺先生，57歲，本集團副總經理。張先生負責本集團之生產事務，從事製鞋業近三十年，自一九九四年起為本集團服務。

廖錫銓先生，53歲，本集團之主要生產附屬公司經理，負責原設備製造及品牌業務之日常製造營運事務。彼在鞋類生產設施管理方面積逾二十五年經驗，自一九九四年起為本集團服務。

許賜哲先生，56歲，中國大陸高級經理，負責本集團於該地區銷售辦事處及生產設施之整體行政及管理事務。許先生在鞋類製造設施之行政及管理方面積逾二十七年經驗，自一九九四年起為本集團服務。

紀淑子女士，42歲，女裝鞋類副總經理，負責若干海外客戶之銷售及市場推廣事務。紀女士從事製鞋業逾二十五年，自一九九四年起為本集團服務。



BIOGRAPHY OF DIRECTORS AND SENIOR MANAGEMENT 董事及高層管理人員簡歷

Ms Chen Li Hui, aged 44, is the general manager of sports footwear. She is responsible for sales and marketing of sports products. Ms Chen has over 24 years of experience in the footwear industry. She has been working with the Group since 1994.

Ms Chen Pi Er, aged 46, is a senior manager of the finance department of the Group. Ms Chen is responsible for overseeing the financial reporting and customs duties of the manufacturing business of the Group. Ms Chen joined the Group since 1994 and she has over 20 years of experience in manufacturing business.

Mr Ying Chung Chieh, Alfred, aged 44, is the vice president of investor relations of the Group. Mr Ying joined the Group in 2007 and he has over 12 years of experience in the financial equity market. Prior to joining the Group, Mr Ying led an equity research team at Grand Cathay Securities and BNP Paribas Peregrine Securities in Taiwan for 6 years. Mr Ying holds an MBA degree from the University of New South Wales in Australia and a master's degree in Science from National Chiao Tung University in Taiwan.

Mr Cheung Chun Hay, Hayes, aged 35, is the assistant general manager of the Company. He is responsible for the Group's overall financial management and oversees strategic planning for development. Mr Cheung holds a bachelor's degree from the City University of Hong Kong and also qualified as a certified public accountant with the Hong Kong Institute of Certified Public Accountants. Prior to joining the Company, Mr Cheung had worked for an international accounting firm, listed and private companies in Hong Kong. He has extensive experience in the fields of auditing, accounting and finance.

Ms Chan Oi Chu, aged 32, is the financial controller and company secretary of the Group. Ms Chan has over 10 years of experience in auditing, accounting, financial management and company secretarial in Hong Kong. Prior to joining the Group in 2004, Ms Chan worked in a listed company in Hong Kong and she also has over 5 years of experience in an international accounting firm. She holds a bachelor's degree in Business Administration (Financial Accounting) from the Hong Kong University of Science and Technology and is an associate member of the Hong Kong Institute of Certified Public Accountants.

陳麗惠女士，44歲，運動鞋類總經理，負責運動產品之銷售及市場推廣事務。陳女士從事製鞋業逾二十四年，自一九九四年起為本集團服務。

陳碧娥女士，46歲，本集團財務部高級經理。陳女士負責監管本集團製造業務之財務報告及海關事宜。陳女士自一九九四年起加入本集團，在製造業務方面積逾二十年經驗。

應宗傑先生，44歲，本集團投資者關係副總裁。應先生於二零零七年加盟本集團，彼於金融資本市場積逾十二年經驗。於加盟本集團前，應先生曾於台灣領導大華證券及巴黎百富勤證券之資本研究隊伍達六年。應先生持有澳洲新南威爾斯大學工商管理碩士學位及台灣國立交通大學理學碩士學位。

張晉熙先生，35歲，本公司助理總經理。彼負責本集團之整體財務管理及監管策略性發展計劃。張先生持有香港城市大學學士學位，並為香港會計師公會合資格執業會計師。於加盟本公司前，張先生曾任職於一間國際會計師事務所以及香港上市及私人公司。彼於審計、會計及財務方面擁有豐富經驗。

陳愛珠女士，32歲，本集團財務總監兼公司秘書。陳女士於香港之審計、會計、財務管理及公司秘書等方面積逾十年經驗。於二零零四年加入本集團前，陳女士於香港一家上市公司任職，另擁有逾五年國際會計師事務所工作經驗。彼持有香港科技大學頒授之工商管理(財務會計)學士學位，為香港會計師公會會員。



CORPORATE GOVERNANCE REPORT 企業管治報告

The Company is committed to maintaining high standards of corporate governance. To enhance the overall management quality of the Company, the Board has adopted corporate governance practices with special emphasis on an effective Board for leadership and control, sound business ethics and integrity in all business activities, transparency and accountability to shareholders.

CODE ON CORPORATE GOVERNANCE PRACTICES

During the year, the Company has adopted and complied with code provisions set out in the Code on Corporate Governance Practices (the "Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules").

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted stringent procedures governing directors' securities transactions in compliance with the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules. All directors and chief executives of the Company have confirmed that they have complied with the required standards as set out in the Model Code throughout the year.

THE BOARD OF DIRECTORS

The Board of Directors (the "Board") currently comprises six members, three executive directors (including Chairman and Managing Director) and three independent non-executive directors. The executive directors draw on a rich and diverse experience from the footwear business while the independent non-executive directors possess appropriate professional qualifications and management expertise. Each independent non-executive director gives the Company an annual confirmation of his independence to the Company, and the Company considers these directors to be independent pursuant to Rule 3.13 of the Listing Rules. The names, brief biography of the directors and relationship among them are set out on page 15 under Biography of Directors and Senior Management.

The Board meets regularly throughout the year to formulate overall strategy of the Group, monitor its financial performance and maintain effective oversight over the management. Sufficient notice of meetings is given to directors prior to a regular Board meeting, and each director may request inclusion of matters in the agenda for Board meetings. A detailed agenda, minutes of the previous meeting and accompanying board papers are sent to directors before the meeting to facilitate informed discussion and decision-making.

本公司致力維持高水準之企業管治。為提升本公司整體管理質素，董事會已採納企業管治常規守則，尤其關注董事會之有效領導及監控、就所有商業活動維持良好的商業操守及誠信，以及對股東之透明度及問責性。

企業管治常規守則

年內，本公司已採納並一直遵守香港聯合交易所有限公司(「聯交所」)證券上市規則(「上市規則」)附錄14所載之企業管治常規守則(「守則」)之守則條文。

董事進行證券交易

本公司已遵照上市規則附錄10所載之上市發行人董事進行證券交易的標準守則(「標準守則」)，採納監管董事進行證券交易之嚴謹措施。本公司全體董事及主要行政人員均已確認，彼等於年內一直遵守標準守則所載規定。

董事會

董事會(「董事會」)現由六名成員組成，三名執行董事(包括主席及董事總經理)及三名獨立非執行董事。執行董事擁有豐富及廣泛的鞋類業務經驗；而獨立非執行董事則具備相關專業資格及管理專門知識。每名獨立非執行董事就其獨立性向本公司作出年度確認。本公司認為，根據上市規則第3.13條，該等董事均屬獨立人士。董事姓名、簡歷及彼此之間之關係載於第十五頁之「董事及高層管理人員簡歷」內。

董事會年內定期舉行會議，以制定本集團之整體策略、監察其財務表現及對管理作出有效監督。董事於定期舉行之董事會會議前獲發有關會議通知，而每名董事可要求就董事會會議議程加入事項。詳盡議程、過往會議記錄及隨附董事會文件會於會議前送交董事，以便彼等作出知情討論及決策。



CORPORATE GOVERNANCE REPORT 企業管治報告

Every board member is entitled to have access to board papers and related materials and has access to the advice and services of the company secretary, and has the liberty to seek external professional advice if necessary. The company secretary is responsible to the Board for ensuring the procedures are followed and that all applicable rules and regulations are complied with.

During the year, six full board meetings were held and the attendance of each director is set out on page 23.

The Board has established three committees, the Nomination Committee, Remuneration Committee and Audit Committee, to assist it in overseeing the Group's affairs. Each committee has defined terms of reference setting out its duties, powers and functions and are posted on the Company's website. The committees report regularly to the Board and make recommendations on matters where appropriate. The Board, in addition to its overall supervisory role, retains specific responsibilities such as approving specific senior appointments, approving financial accounts, recommending dividend payments, approving policies relating to the Board's compliance, etc.

CHAIRMAN AND CHIEF EXECUTIVE

The Chairman and the Managing Director (i.e. Chief Executive) of the Company are Mr Chen Ying-Chieh and Mr Chen Hsien Min respectively. Mr Chen Ying-Chieh is the nephew of Mr Chen Hsien Min. The roles of the Chairman and Managing Director are segregated to assume a balance of authority and power.

APPOINTMENTS, RE-ELECTION AND REMOVAL OF DIRECTORS

All directors are subject to retirement by rotation at least once every three years and are eligible for re-election. Every director newly appointed by the Board is subject to election at the first general meeting after his/her appointment.

RESPONSIBILITIES OF DIRECTORS

Every newly appointed director of the Company, on the first occasion of his appointment, shall receive a tailored induction on the responsibilities and on-going obligations to be observed by a director. In addition, the senior management and the company secretary will conduct briefing if necessary to ensure that the directors have a proper understanding of the operations and business of the Group and that they are aware of their responsibilities under the laws and applicable regulations.

每名董事會成員均有權查閱董事會文件及相關資料，以及獲取公司秘書意見及服務，並可於需要時徵求外界專業意見。公司秘書須對董事會負責，以確保已遵守有關程序及符合一切適用條例及規限。

年內，董事會曾舉行六次全體會議，而每名董事之出席情況載於第二十三頁。

董事會轄下設有三個委員會，分別為提名委員會、薪酬委員會及審核委員會，以協助監督本集團事務。各委員會均設有明確職權範圍，清楚界定其職責、權力及職能，並於本公司網站刊載。各委員會定期向董事會報告，並於需要時就有關事項提出推薦意見。除整體監督角色外，董事會亦須肩負如批准特定高層人士之委任、批准財務賬目、建議派付股息、批准有關董事會守規之政策等特定職責。

主席及行政總裁

本公司主席及董事總經理(即行政總裁)分別為陳英杰先生及陳賢民先生。陳英杰先生為陳賢民先生之外甥。主席及董事總經理之職務分開，以達致授權與權力平衡。

委任、重選及罷免董事

所有董事均須最少每三年輪值退任一次，並符合資格膺選連任。每名獲董事會新委任之董事須於其上任後之首個股東大會進行選舉。

董事職責

本公司每名新委任董事於首次獲委任時，將獲取一份度身編製有關董事應遵守之責任及持續義務之就職指引。此外，高級管理人員及公司秘書於需要時會進行簡報，以確保董事已妥為瞭解本集團之運作及業務，以及知悉彼等根據法例及適用規例下的責任。



CORPORATE GOVERNANCE REPORT 企業管治報告

The functions of non-executive directors, as per the terms of reference of the Board, have included the functions as specified in Code Provisions A.5.2 (a) to (d) of the Code.

NOMINATION COMMITTEE

The Nomination Committee of the Company, comprising one executive director and three independent non-executive directors, was formed on 22 April 2005.

Major roles and functions of the Nomination Committee are as follows:

- To review the structure, size and composition of the Board on a regular basis and make recommendations to the Board regarding any proposed changes.
- To identify individuals suitably qualified to become board members and select or make recommendations to the Board on the selection of individual nominated for directorships.
- To assess the independence of independent non-executive directors.
- To make recommendations to the Board on relevant matters relating to the appointment or re-appointment of directors and succession planning for directors in particular the Chairman and the Managing Director.

The Nomination Committee shall meet at least once a year. During the year, one Nomination Committee meeting was held and the attendance of each member is set out on page 23.

At a meeting held during the year, the independence of independent non-executive directors was considered and the re-appointment of retiring directors which were approved by the shareholders at the annual general meeting was recommended.

REMUNERATION COMMITTEE

The Remuneration Committee of the Company, comprising one executive director and three independent non-executive directors, was formed on 22 April 2005.

根據董事會之職權範圍，非執行董事之職能包括守則之守則條文第A.5.2(a)至(d)條訂明之職能。

提名委員會

本公司之提名委員會於二零零五年四月二十二日成立，由一名執行董事及三名獨立非執行董事組成。

提名委員會之主要職責及職能如下：

- 定期檢討董事會結構、規模及成員組合，並就任何建議變動向董事會提供建議。
- 物色合適人選出任董事會成員，並甄選個別董事人選或就此向董事會提供建議。
- 評估獨立非執行董事之獨立程度。
- 就委任或重新委任董事以及董事繼任計劃(特別是主席及董事總經理)之相關事宜向董事會提供建議。

提名委員會每年最少舉行一次會議。年內，提名委員會曾舉行一次會議，各成員之出席情況載於第二十三頁。

於年內舉行之會議上，各委員曾考慮獨立非執行董事之獨立性，並建議重選退任董事(經股東在股東週年大會上作出批准)。

薪酬委員會

本公司薪酬委員會於二零零五年四月二十二日成立，由一名執行董事及三名獨立非執行董事組成。



CORPORATE GOVERNANCE REPORT 企業管治報告

Major roles and functions of the Remuneration Committee are as follows:

- To make recommendations to the Board on the Company's policy and structure for all remuneration of directors and senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration
- To have the delegated responsibility to determine the specific remuneration packages of all executive directors and senior management, including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment, and make recommendations to the Board of the remuneration of non-executive directors. The Remuneration Committee should consider factors such as salaries paid by comparable companies, time commitment and responsibilities of the directors, employment conditions elsewhere in the group and desirability of performance-based remuneration
- To review and approve performance-based remuneration by reference to corporate goals and objectives resolved by the board from time to time
- To review and approve the compensation payable to executive directors and senior management in connection with any loss or termination of their office or appointment to ensure that such compensation is determined in accordance with relevant contractual terms and that such compensation is otherwise fair and not excessive for the Company
- To review and approve compensation arrangements relating to dismissal or removal of directors for misconduct to ensure that such arrangements are determined in accordance with relevant contractual terms and that any compensation payment is otherwise reasonable and appropriate
- To ensure that no director or any of his associates is involved in deciding his own remuneration

The Remuneration Committee shall meet at least once a year. During the year, one Remuneration Committee meeting was held and the attendance of each member is set out on page 23.

薪酬委員會之主要職責及職能如下：

- 就董事及高層管理人員之全體薪酬政策及架構，以及就設立正規而具透明度之程序以制定薪酬政策，向董事會提供建議。
- 獲授權負責釐定全體執行董事及高層管理人員之特定薪酬待遇，包括實物利益、退休金權利及補償款項(包括因失去或終止職務或委任而應付之任何補償)及就非執行董事之薪酬向董事會提供建議。薪酬委員會應考慮可供比較公司支付之薪酬、董事須付出之時間及董事職責、集團內其他職位之僱用條件及是否應該按表現釐定薪酬。
- 透過參照董事會不時決定之公司目標及宗旨，檢討及批准按表現而釐定之薪酬。
- 檢討及批准向執行董事及高層管理人員支付與失去或終止職務或委任有關之補償，以確保有關補償乃根據有關合約條款釐定，而補償亦屬合理及不會對本公司造成過重負擔。
- 檢討及批准因董事行為不當而遭撤換或罷免所涉及之補償安排，以確保有關安排乃根據有關合約條款釐定，而補償金額亦屬合理及恰當。
- 確保董事或其任何聯繫人士不得自行釐定酬金。

薪酬委員會每年最少舉行一次會議。年內，薪酬委員會曾舉行一次會議，各成員之出席情況載於第二十三頁。



CORPORATE GOVERNANCE REPORT 企業管治報告

At a meeting held during the year, the overall pay levels in Hong Kong, China and Taiwan where the Group has establishments were reviewed and considered. The remuneration of directors is pre-determined and is based on their respective contractual terms of appointment, if any, and as recommended by the Remuneration Committee. Details of the emoluments paid/payable to individual director of the Company are set out in Note 14 to the accounts.

AUDIT COMMITTEE

The Audit Committee comprises all three independent non-executive directors of the Company. Major roles and functions of the Audit Committee are as follows:

- To consider the appointment, reappointment and removal of the external auditors, and to approve the remuneration and the terms of engagement of the external auditors, including both audit and non-audit services, and any questions of resignation or dismissal of the external auditors of the Group
- To assess the independence of external auditors and discuss with the external auditors the nature and scope of the audit
- To review interim and annual accounts before submission to the Board
- To review the financial controls, internal controls and risk management system of the Group and make recommendations to the Board
- To review the external auditors' management letter and material queries raised by the auditors to management in respect of accounting records, financial accounts or systems of control and management's response

At the meetings held during the year, the Audit Committee had performed the following work:

- To review the annual accounts and interim accounts
- To review external auditors' audit plan, terms of engagement and recommend the fees for the Board's approval
- To review the management letters and reports issued by the external auditors
- To review the effectiveness of internal control and financial control systems

於年內舉行之會議上，各委員曾檢討及考慮本集團業務所在地區(包括香港、中國大陸及台灣)之整體薪酬水平。董事酬金已預先根據彼等各自之委任合約條款(如有)及薪酬委員會之建議釐定。已付/應付本公司個別董事之酬金詳情載於賬目附註14。

審核委員會

審核委員會由本公司全體三名獨立非執行董事組成。審核委員會之主要職責及職能如下：

- 考慮委任、續聘及撤換外聘核數師、批准外聘核數師之薪酬及委聘條款(包括審核及非審核服務)，以及考慮本集團外聘核數師辭任或撤換之任何問題。
- 評估外聘核數師之獨立程度，並與外聘核數師討論審核性質及範圍。
- 於提交董事會前審閱中期及年度賬目。
- 檢討本集團財務監控、內部監控及風險管理制度，以及向董事會提供建議。
- 審閱外聘核數師致管理層之函件及核數師就會計記錄、財務賬目或監控制度向管理層提出之重大疑問以及管理層作出之回應。

於年內舉行之會議上，審核委員會已進行以下工作：

- 審閱年度賬目及中期賬目。
- 審閱外聘核數師之審核計劃、委聘條款及建議費用以提呈董事會批准。
- 審閱外聘核數師發出之管理函件及報告。
- 檢討內部監控及財務監控制度之效益。



CORPORATE GOVERNANCE REPORT 企業管治報告

- To consider and review material related party transactions and connected transactions if any

The Audit Committee shall meet at least twice a year. During the year, two Audit Committee meetings were held and attended by external auditors of the Company. The attendance of each member to the meetings is set out on page 23

ATTENDANCE OF BOARD AND BOARD COMMITTEES' MEETINGS

The attendance rates of individual members in Board and Board Committees' meetings held in 2008 are detailed as follows:

- 考慮及審閱重大關聯方交易及關連交易(如有)。

審核委員會每年最少舉行兩次會議。年內，審核委員會曾舉行兩次會議，本公司外聘核數師亦有出席。各成員之出席會議情況載於第二十三頁。

董事會及董事會轄下委員會之會議出席情況

於二零零八年舉行之董事會及董事會轄下委員會會議，個別成員出席率詳情載列如下：

		Number of meetings attended/held in 2008 二零零八年出席／舉行會議次數				
		Remuneration Board 董事會	Nomination Committee 提名委員會	Audit Committee 審核委員會	Attendance rate 出席率	
<i>Executive directors</i>	執行董事					
Mr Chen Ying-Chieh (Chairman)	陳英杰先生 (主席)	5/5	-	1/1	-	100%
Mr Chen Hsien Min (Managing Director)	陳賢民先生 (董事總經理)	5/5	1/1	-	-	100%
Mr Chang Chih-Kai	張智凱先生	5/5	-	-	-	100%
<i>Independent non-executive directors</i>	獨立非執行董事					
Mr Hsiao Hsi Ming (Chairman of Audit Committee)	蕭溪明先生 (審核委員會主席)	4/5	1/1	1/1	3/3	90%
Mr Huang Shun Tsai (Chairman of Nomination Committee)	黃順財先生 (提名委員會主席)	4/5	1/1	1/1	2/3	90%
Mr Kuo Jung Cheng (Chairman of Remuneration Committee)	郭榮振先生 (薪酬委員會主席)	4/5	1/1	1/1	3/3	90%

INTERNAL CONTROL

The Board is responsible for maintaining sound and effective internal controls to safeguard the Company's assets. The Board and the Audit Committee periodically reviewed the effectiveness of the internal control system of the Group which covered financial, operational, compliance and risk management functions. The Board also appoints from time to time external professional to review the Group's major internal control procedures and report findings and areas for improvements to the Board Committees. The Board and the Audit Committee consider that the key aspects of the Group's internal control systems are reasonably addressed and the Group has fully complied with the Code Provisions in general.

內部監控

董事會須負責維持穩健及有效的內部監控，以保障本公司資產。董事會及審核委員會已定期審閱本集團內部監控系統之效益，包括財務、營運、遵守規例及風險管理功能。董事會亦不時委任外聘核數師，以審閱本集團之主要內部控制程序及向董事會轄下委員會報告調查結果及改進空間。董事會及審核委員會認為，本集團內部控制系統之主要方面已獲妥善解決，且本集團已在總體上完全遵守守則條文。



CORPORATE GOVERNANCE REPORT 企業管治報告

ACCOUNTABILITY AND AUDIT

The directors are responsible for overseeing the preparation of accounts of each financial period, which give a true and fair of the state of affairs of the Group and of the results and cash flow for that period. In preparing the accounts, the directors adopt applicable accounting policies and apply consistently. The directors also make prudent and reasonable judgements and to ensure the accounts are on going concern basis.

MANAGEMENT FUNCTIONS

The Board is responsible for formulating overall strategy, monitoring and controlling the performance of the Group whilst managing the Group's business is the responsibility of the management.

While the Board delegates aspects of its management and administration functions to management, it has given clear directions as to the powers of management, in particular, with respect to the circumstances where management shall report back and obtain prior approval from the Board before making decisions or entering into any commitments on behalf of the Company.

Matters reserved to be approved by the Board include:

- Appointment of directors and senior executives
- Business plans and establishment of new markets
- Proposal for selection of external auditors
- Financial accounts and budgets
- Substantial capital investments and commitments
- Formation of policies and codes as required by regulatory bodies
- Formation of board committees

AUDITOR'S REMUNERATION

During the year, the fees paid/payable to the Company's external auditor, PricewaterhouseCoopers, for the provision of audit services and non-audit services amounted to HK\$3,200,000 and HK\$1,336,480 respectively.

問責性及審核

董事負責監督各財政期間賬目之編製，該等賬目能真實而公平地反映本集團之事務狀況及該期間之業績及現金流量。於編製有關賬目時，董事已採納適用之會計政策並貫徹應用。董事亦進行審慎合理之判斷，以確保有關賬目已按持續基準編製。

管理層職能

董事會須負責制定整體策略、監察及監控本集團表現；而管理本集團業務則為管理層之責任。

董事會授權管理層處理有關管理及行政工作，並就管理層之權力作出清楚指示，特別是管理層須向董事會匯報及於作出決定或代表本公司訂立任何承諾前事先獲取董事會批准。

留待董事會批准之事項包括：

- 委任董事及高級行政人員
- 業務計劃及設立新市場
- 甄選外聘核數師之建議
- 財務賬目及預算
- 重大資本投資及承擔
- 制定監管機構規定之政策及守則
- 成立董事會轄下委員會

核數師酬金

年內，本公司就外聘核數師羅兵咸永道會計師事務所提供審核服務及非審核服務而已付／應付之費用分別為3,200,000港元及1,336,480港元。



CORPORATE GOVERNANCE REPORT 企業管治報告

INVESTOR RELATIONS AND SHAREHOLDERS' RIGHTS

The board recognises the importance of good communication with all shareholders and potential investors. Communication with shareholders, investors and analysts are maintained through the followings:

- Delivery of interim and annual reports to all shareholders through either printed or electronic forms
- Publication of announcements on the interim and annual results on the websites of the Stock Exchange and the Company, and issue of other announcements and shareholders' circulars in accordance with the continuing disclosure obligations under Listing Rules
- Holding of annual and special general meetings to provide a channel for the Chairman of the Board and the Board Committees to answer shareholders' questions as well as seeking approval from shareholders for relevant business and capital transactions. At the annual general meetings, a separate resolution was proposed by the Chairman in respect of each separate issue including the re-election of directors
- Establishing dedicated divisions and personnel for liaison with investors and analysts by answering their questions
- Arranging on-site visits to the company's establishments to enhance their timely understanding of the situations and latest development of the Company's business operations
- Making available information on the Company's website, including description of the Company and its business, the Board and corporate governance, results of the Company, financial highlights and promotional materials, etc.
- Actively communicating with various parties, in particular, convening briefing sessions, press conferences and individual meetings with institutional investors upon the announcements of the interim and annual results and making decisions on material investments. The Company also participates in a range of investor activities and communicates on one-on-one basis with its investors regularly

The procedures of shareholders voting by poll at the annual general meetings were incorporated in the circular despatched together with the annual report to shareholders. The Company is responsible for ensuring the votes are properly counted and recorded.

投資者關係及股東權益

董事會深明與全體股東及有意作出投資之人士維持良好溝通之重要性。本公司透過以下方式與股東、投資者及分析員溝通：

- 向全體股東寄發印刷或電子形式之中期及年度報告。
- 於聯交所及本公司網站刊發中期及全年業績公佈，並根據上市規則之持續披露責任規定刊發其他公告及股東通函。
- 舉行股東週年大會及股東特別大會，為董事會主席及董事會轄下委員會提供渠道，解答股東提問，以及徵求股東批准，以進行相關業務及資本交易。於股東週年大會上，主席就各個別事項(包括重選董事)提呈獨立決議案。
- 成立專責部門及指派人員與投資者及分析員聯絡，解答彼等之提問。
- 安排實地參觀本公司業務地點，適時提升彼等對本公司業務營運狀況及最新業務發展之瞭解。
- 於本公司網站提供資料，包括本公司及其業務概況、董事會及企業管治、本公司業績、本公司財務摘要及推廣資料等。
- 積極與各方聯繫，特別是於公佈中期及全年業績以及作出重大投資決定時召開簡報會、新聞招待會以及個別會見機構投資者。本公司亦參與一系列投資者活動及定期與投資者進行一對一溝通。

股東於股東週年大會上以投票方式表決之程序載於將隨年度報告一併寄發予股東之通函。本公司須確保票數妥為點算及記錄。



REPORT OF THE DIRECTORS

董事會報告

The directors submit their report together with the audited accounts of the Company and its subsidiaries (together the "Group") for the year ended 31 December 2008.

CHANGE OF COMPANY NAME

Pursuant to a special resolution passed at an extraordinary general meeting held on 17 June 2008, the name of the Company was changed from Prime Success International Group Limited to Daphne International Holdings Limited with effect from 18 June 2008.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The activities of its principal subsidiaries are set out in Note 18 to the accounts. The Group is principally engaged in the manufacturing and distribution of footwear, apparel and accessories mainly in China.

SEGMENT INFORMATION

An analysis of the Group's performance by business and geographical segments is set out in Note 5 to the accounts.

RESULTS AND APPROPRIATIONS

The results of the Group for the year are set out in the consolidated profit and loss account on page 35.

The board of directors has declared an interim dividend of HK2.5 cents per ordinary share, totalling HK\$40,947,000, which was paid on 30 October 2008.

The board of directors recommends the payment of a final dividend of HK3.0 cents per ordinary share, totalling HK\$49,137,000 in respect of the year ended 31 December 2008.

RESERVES

The distributable reserves of the Company, calculated in accordance with the Companies Laws Chapter 22 (Law 3 of 1961 as consolidated and revised) of the Cayman Islands, as at 31 December 2008 amounted to HK\$192,354,000.

The share premium of the Company is available for distribution or paying dividends to the shareholders provided that immediately following the distribution or the payment of dividends, the Company is able to pay its debts as they fall due in the ordinary course of business. The share premium account may also be distributed in the form of fully paid bonus shares.

Movements in the reserves of the Group and of the Company during the year are set out in Note 28 to the accounts.

本董事會謹此提呈截至二零零八年十二月三十一日止年度之報告，連同本公司及其附屬公司(統稱「本集團」)之經審核賬目。

更改公司名稱

根據於二零零八年六月十七日舉行之股東特別大會上通過之特別決議案，本公司名稱由永恩國際集團有限公司更改為達芙妮國際控股有限公司，自二零零八年六月十八日起生效。

主要業務

本公司為一家投資控股公司，其主要附屬公司之業務載於賬目附註18。本集團主要於中國從事製造及分銷鞋類產品、服飾及配件業務。

分類資料

按業務及地區分類資料劃分之本集團表現分析載於賬目附註5。

業績及分配

本集團於本年度之業績載於第三十五頁之綜合損益表。

本董事會已宣派中期股息每股普通股2.5港仙，合共40,947,000港元，並已於二零零八年十月三十日派付。

本董事會建議就截至二零零八年十二月三十一日止年度派付末期股息每股普通股3.0港仙，合共49,137,000港元。

儲備

根據開曼群島公司法(一九六一年法例第3號，經綜合及修訂)第22章計算，於二零零八年十二月三十一日，本公司可供分派之儲備為192,354,000港元。

本公司之股份溢價可供分派或支付股息予股東，惟緊隨於分派或支付股息後，本公司須仍有能力於到期日償還日常業務過程中產生之債務。股份溢價賬亦可以發行繳足紅股方式作出分派。

本集團及本公司於年內之儲備變動詳情載於賬目附註28。



REPORT OF THE DIRECTORS 董事會報告

DONATIONS

Charitable and other donations made by the Group during the year amounted to HK\$10,458,000 (2007: HK\$427,000).

FIXED ASSETS

Movements in fixed assets of the Group are set out in Note 17 to the accounts.

SHARE CAPITAL

There were no movements in the share capital of the Company during the year.

FIVE-YEAR FINANCIAL 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 page 96.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's Articles of Association and there was no restriction against such rights under the laws of the Cayman Islands which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

PURCHASE, SALE OR REDEMPTION OF SHARES

The Company has not redeemed any of its shares during the year. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the year.

DIRECTORS

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

Executive directors

Mr Chen Ying-Chieh (*Chairman*)
Mr Chen Hsien Min (*Managing Director*)
Mr Chang Chih-Kai

Independent non-executive directors

Mr Hsiao Hsi-Ming
Mr Huang Shun-Tsai
Mr Kuo Jung-Cheng

In accordance with Article 99 of the Company's Articles of Association, Mr Chen Ying-Chieh and Mr Chen Hsien Min will retire by rotation and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

The term of directorship of all the independent non-executive directors is one year and the term will continue for successive period of one year unless terminated by either party giving not less than one month's notice to the other party.

捐款

本集團於年內之慈善及其他捐款為10,458,000港元(二零零七年: 427,000港元)。

固定資產

本集團之固定資產變動詳情載於賬目附註17。

股本

本公司於年內概無任何股本變動。

五年財務概要

本集團於過去五個財政年度之各年業績、資產及負債概要載於第九十六頁。

優先購買權

本公司之公司組織章程細則並無有關優先購買權之條文，而開曼群島法例亦無有關上述權利之限制，致使本公司須向現有股東按比例發售新股份。

購買、出售或贖回股份

年內，本公司並無贖回任何股份，而本公司或其任何附屬公司於年內亦無購買或出售本公司任何股份。

董事

年內及截至本報告日期之董事如下：

執行董事

陳英杰先生(主席)
陳賢民先生(董事總經理)
張智凱先生

獨立非執行董事

蕭溪明先生
黃順財先生
郭榮振先生

根據本公司之公司組織章程細則第99條，陳英杰先生及陳賢民先生將於應屆股東週年大會輪值退任，惟彼等符合資格並願意膺選連任。

所有獨立非執行董事之任期為期一年，其後將重續一年，直至任何一方向另一方發出不少於一個月之終止通知為止。



REPORT OF THE DIRECTORS 董事會報告

All the independent non-executive directors have confirmed their independence pursuant to Rule 3.13 of the Listing Rules and based on such confirmation, the Company is of the opinion that the independence status of the independent non-executive directors remains intact as at 31 December 2008.

BIOGRAPHY OF DIRECTORS AND SENIOR MANAGEMENT

Brief biography of directors and senior management are set out on pages 15 to 17.

DIRECTORS' SERVICE CONTRACTS

None of the directors has a service contract with the Company which is not determinable within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN CONTRACTS

No contracts of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 31 December 2008, the interests of each director and chief executive in the shares and underlying shares of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Name of director	Nature of interest	Number of shares held	Long/short position	Percentage of the issued share capital of the Company 佔本公司已發行股本百分比
董事姓名	權益性質	所持股份數目	好倉/淡倉	
Mr Chen Ying-Chieh 陳英杰先生	Corporate 公司	147,738,920 (Note) 147,738,920(附註)	Long 好倉	9.02 9.02

Note: Mr Chen Ying-Chieh has beneficial interest in 147,738,920 shares in the Company through Pushkin Holding Limited, a company incorporated in the British Virgin Islands, in which Mr Chen Ying-Chieh holds one-third of the equity interest.

所有獨立非執行董事已根據上市規則第3.13條，就彼等之獨立性作出確認。基於上述確認，本公司認為，截至二零零八年十二月三十一日，所有獨立非執行董事均為獨立人士。

董事及高層管理人員之簡歷

董事及高層管理人員之簡歷載於第十五頁至第十七頁。

董事之服務合約

董事概無與本公司訂立不可於一年內免付賠償(法定補償除外)予以終止服務之合約。

董事之合約權益

本公司或其任何附屬公司概無訂立與本集團業務有關，而本公司董事於其中直接或間接擁有重大權益，且於本年度年結日或於年內任何時間仍然有效之重大合約。

董事及主要行政人員於本公司股份及相關股份之權益

於二零零八年十二月三十一日，按本公司根據證券及期貨條例(「證券及期貨條例」)第352條之規定而須予存置之登記冊所記錄，董事及主要行政人員於本公司及其相聯法團(定義見證券及期貨條例第XV部)之股份及相關股份中擁有之權益，或已根據標準守則知會本公司及聯交所之權益如下：

附註：陳英杰先生透過 Pushkin Holding Limited 擁有本公司 147,738,920 股股份之實益權益。Pushkin Holding Limited 乃於英屬處女群島註冊成立之公司，由陳英杰先生持有三分之一股權。



REPORT OF THE DIRECTORS 董事會報告

In addition to the above, Mr Chen Hsien Min, the Managing Director of the Company, also holds non-voting deferred shares and nominee shares of certain subsidiaries solely for the purpose of ensuring that the relevant subsidiaries have more than one member.

Save as disclosed above and the section "SHARE OPTION SCHEME", as at 31 December 2008, none of the directors or chief executive, nor any of their associates (including their spouses and children under 18 years of age), had any interests in or had been granted, or exercised, any rights to subscribe for shares of the Company and its associated corporations required to be disclosed pursuant to the SFO.

At no time during the year was the Company or any of its subsidiaries a party to any arrangement to enable the directors and chief executives of the Company (including their spouses and children under 18 years of age) to hold any interests or short positions in shares or underlying shares in, or debentures of, the Company or its associated corporations.

SHARE OPTION SCHEME

The Company has adopted a share option scheme (the "Share Option Scheme") on 29 May 2003 to provide incentives to the employees, including any executive and non-executive directors and officers of the Company and its subsidiaries, to contribute to the Group and to enable the Group to recruit high-calibre employees and attract and retain human resources that are valuable to the Group. Pursuant to the Share Option Scheme, the directors may, at their discretion, invite eligible participants including employees, executive and non-executive directors, officers, agents or consultants of the Group to take up options to subscribe for the Company's shares subject to the terms and conditions stipulated therein. Unless otherwise cancelled or amended, the Share Option Scheme will remain in force for ten years.

The total number of shares which may be issued upon exercise of all options to be granted under the Share Option Scheme must not in aggregate exceed (i) 10% of the shares of the Company in issue on 17 June 2008, the date of approval from shareholders of the Company after the adoption of the Share Option Scheme on 29 May 2003; or (ii) 30% of the issued share capital of the Company from time to time. No options may be granted under the Share Option Scheme if this will result in such limit exceeded unless another shareholders' approval is obtained. As at 31 December 2008, the number of shares available for issue under the Share Option Scheme is 163,789,238, representing 10% of the total number of shares of the Company in issue. The total number of shares of the Company issued and to be issued upon exercise of options (whether exercised or outstanding) granted in any 12-month period to each participant must not exceed 1% of the shares of the Company in issue.

除上述者外，本公司董事總經理陳賢民先生亦僅就確保若干附屬公司有超過一名股東而持有有關附屬公司之無投票權遞延股份及代理人股份。

除上文及「購股權計劃」一節所披露者外，於二零零八年十二月三十一日，各董事或主要行政人員或彼等之任何聯繫人士(包括彼等之配偶及18歲以下之子女)概無擁有或獲授或行使可認購本公司及其相聯法團之股份之任何權利而須根據證券及期貨條例作出披露。

於年內任何時間，本公司或其任何附屬公司概無訂立任何安排，致使本公司董事及主要行政人員(包括彼等之配偶及18歲以下之子女)持有本公司或其相聯法團之股份、相關股份或債券之權益或淡倉。

購股權計劃

本公司於二零零三年五月二十九日採納購股權計劃(「購股權計劃」)，以提供獎勵予僱員(包括本公司及其附屬公司任何執行董事及非執行董事及高級人員)，使彼等為本集團作出貢獻，以及使本集團得以招聘及吸納或留聘對本集團而言屬珍貴之優秀人力資源。根據購股權計劃，董事可酌情邀請合資格參與者(包括本集團僱員、執行董事及非執行董事、高級人員、代理或顧問)接納購股權，以按購股權計劃訂明之條款及條件認購本公司股份。除被取消或修改外，購股權計劃將維持十年內有效。

根據購股權計劃所授出之全部購股權獲行使而可能發行之股份總數，合共不得超過(i)於二零零八年六月十七日(於二零零三年五月二十九日採納購股權計劃後，獲本公司股東批准之日期)本公司已發行股份之10%；或(ii)本公司不時之已發行股本之30%。如根據購股權計劃授出之購股權將會超出上述限額，則不得授出購股權，惟倘另外獲得股東批准則除外。於二零零八年十二月三十一日，根據購股權計劃可予發行之股份總數為163,789,238股，佔本公司已發行股份總數10%。每名參與者在任何12個月期間內獲授之購股權(不論已行使或尚未行使)予以行使時已經及將予發行之本公司股份總數，不得超過本公司已發行股份1%。



REPORT OF THE DIRECTORS 董事會報告

The exercise price must be at least the highest of: (a) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date of grant; (b) the average closing price of the shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant; and (c) the nominal value of the shares.

The offer of a grant of share options may be accepted within 28 days from the date of offer, upon payment of a nominal consideration of HK\$1 in total by the grantee.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

The number of share options granted under the Share Option Scheme and outstanding throughout the year ended 31 December 2008 were as follows:

Executive directors	執行董事	
Mr Chen Ying-Chieh	陳英杰先生	1,250,000
Mr Chen Hsien Min	陳賢民先生	1,100,000
Mr Chang Chih-Kai	張智凱先生	1,250,000
Other participants	其他參與者	
Employees	僱員	3,100,000

All the above options are granted on 23 February 2007 and exercisable from 23 August 2007 to 22 August 2009 at an exercise price of HK\$8.90.

During the year ended 31 December 2008, no share options were granted, exercised, lapsed or cancelled under the Share Option Scheme.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

The register of substantial shareholders required to be kept under Section 336 of Part XV of the SFO shows that as at 31 December 2008, the Company had been notified of the following substantial shareholders' interests, being 5% or more of the Company's issued share capital. These interests are in addition to those disclosed under the section "DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES AND UNDERLYING SHARES OF THE COMPANY".

行使價不得低於下列最高者：(a)股份於授出日期在聯交所每日報價表所示之收市價；(b)股份在緊接授出日期前五個營業日在聯交所每日報價表所示之平均收市價；及(c)股份面值。

購股權要約可由承授人於要約日期起計28日內經支付合共1港元之象徵性代價後接納。

購股權並不賦予其持有人收取股息或於股東大會上投票之權利。

於截至二零零八年十二月三十一日止年度期間，根據購股權計劃已授出但尚未行使之購股權數目如下：

所有上述購股權均於二零零七年二月二十三日授出，並可由二零零七年八月二十三日起至二零零九年八月二十二日止期間按行使價8.90港元行使。

截至二零零八年十二月三十一日止年度期間，概無購股權根據購股權計劃被授出、行使、失效或註銷。

主要股東於本公司股份及相關股份之權益

按本公司根據證券及期貨條例第XV部第336條之規定而須存置之主要股東登記冊所示，於二零零八年十二月三十一日，本公司已獲知會下列主要股東權益（即佔本公司已發行股本5%或以上）。此等權益並不包括在「董事及主要行政人員於本公司股份及相關股份之權益」一節下所披露者。



REPORT OF THE DIRECTORS 董事會報告



Name 名稱	Capacity 身份	Number of shares held 所持股份數目		Long/short position 好倉/淡倉	Percentage of the issued share capital of the Company 佔本公司已發行 股本百分比
Lucky Earn International Limited	Beneficial interests 實益擁有人	424,019,995	(Note 1) (附註1)	Long 好倉	25.89
Top Glory Assets Limited	Beneficial interests 實益擁有人	200,846,895	(Note 2) (附註2)	Long 好倉	12.26
Ms Chen Yi-Chen 陳怡臻女士	Interests of controlled corporation 受控公司之權益	200,846,895	(Note 2) (附註2)	Long 好倉	12.26
Mr Chen Yi-Hsun 陳怡勳先生	Interests of controlled corporation 受控公司之權益	200,846,895	(Note 2) (附註2)	Long 好倉	12.26
Pushkin Holding Limited	Beneficial interests 實益擁有人	147,738,920	(Note 3) (附註3)	Long 好倉	9.02
Mr Chen Ying-Chieh 陳英杰先生	Interests of controlled corporation 受控公司之權益	147,738,920	(Note 3) (附註3)	Long 好倉	9.02
Mr Chen Ying-Tien 陳英典先生	Interests of controlled corporation 受控公司之權益	147,738,920	(Note 3) (附註3)	Long 好倉	9.02
Mr Chen Ying-Che 陳英哲先生	Interests of controlled corporation 受控公司之權益	147,738,920	(Note 3) (附註3)	Long 好倉	9.02
Sansar Capital Management, LLC	Investment manager 投資經理	224,589,400	(Note 4) (附註4)	Long 好倉	13.71
Sansar Capital Master Fund, LP	Beneficial interests 實益擁有人	196,539,040		Long 好倉	12.00

Notes:

1. Mr Chang Chih-Kai, an executive director of the Company, his brother and his two sisters have beneficial interests of 26%, 26% and 24% each, respectively, in Lucky Earn International Limited, a company incorporated in the British Virgin Islands.
2. Ms Chen Yi-Chen ("Ms Chen") and Mr Chen Yi-Hsun ("Mr Chen") have beneficial interests of 50% each in Top Glory Assets Limited, a company incorporated in the British Virgin Islands. By virtue of the SFO, they are deemed to be interested in 200,846,895 shares of the Company held by Top Glory Assets Limited. Ms Chen and Mr Chen are the children of Mr Chen Hsien Min, the Managing Director of the Company.
3. Mr Chen Ying-Chieh, the Chairman of the Company, and his two brothers, Mr Chen Ying-Tien and Mr Chen Ying-Che, each has one-third of the beneficial interests of Pushkin Holding Limited. By virtue of the SFO, they are deemed to be interested in the 147,738,920 shares of the Company held by Pushkin Holding Limited.
4. These interests include the shares held by Sansar Capital Master Fund, LP.

附註：

1. 本公司執行董事張智凱先生、彼之兄弟及兩名姊妹分別實益擁有在英屬處女群島註冊成立之 Lucky Earn International Limited 26%、26%及24%權益。
2. 陳怡臻女士(「陳女士」)及陳怡勳先生(「陳先生」)各自實益擁有在英屬處女群島註冊成立之 Top Glory Assets Limited 50%權益。根據證券及期貨條例，彼等被視為在 Top Glory Assets Limited 所持有之200,846,895股本公司股份中擁有權益。陳女士及陳先生為本公司董事總經理陳賢民先生之子女。
3. 本公司主席陳英杰先生及彼之兩名兄弟陳英典先生及陳英哲先生各自實益擁有 Pushkin Holding Limited 三分之一的權益。根據證券及期貨條例，彼等被視為在 Pushkin Holding Limited 所持有之147,738,920股本公司股份中擁有權益。
4. 有關權益包括 Sansar Capital Master Fund, LP 所持有之股份。



REPORT OF THE DIRECTORS 董事會報告

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

MAJOR CUSTOMERS AND SUPPLIERS

The aggregate sales during the year attributable to the Group's five largest customers were less than 30% of the Group's total turnover.

The aggregate purchases attributable to the Group's largest and five largest suppliers accounted for approximately 20% and 53%, respectively, of the Group's total purchases for the year.

None of 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 share capital, had any beneficial interest in the Group's five largest suppliers.

COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE PRACTICES

Information on the Company's compliance of the Code of Corporate Governance Practices as set out in Appendix 14 of the Listing Rules is set out in the Corporate Governance Report on pages 18 to 25.

SUFFICIENCY OF PUBLIC FLOAT

On the basis of information that is publicly available to and within the knowledge of the directors of the Company, the Company has maintained a sufficient public float of more than 25% of the Company's issued shares throughout the year and up to the date of this report.

AUDITORS

The accounts have been audited by PricewaterhouseCoopers who retire and, being eligible, offer themselves for re-appointment at the forthcoming annual general meeting of the Company.

On behalf of the Board

Chen Ying-Chieh
Chairman

Hong Kong, 16 April 2009

管理合約

年內，本公司概無訂立或訂有任何涉及本公司整體或任何主要部分業務之管理及行政合約。

主要客戶及供應商

年內，本集團五大客戶之銷售總額佔本集團之總營業額少於30%。

於本年度，本集團向最大供應商及五大供應商作出之採購總額分別佔本集團之採購總額約20%及53%。

各董事、彼等之聯繫人士或據董事所知擁有本公司股本5%以上之本公司股東，概無擁有本集團五大供應商任何實益權益。

遵守企業管治常規守則

本公司遵照上市規則附錄14所載企業管治常規守則之資料載於第十八頁至第二十五頁之企業管治報告內。

足夠公眾持股量

根據本公司獲得之公開資料及據本公司董事所知，於年內及截至本報告日期，本公司公眾持股量維持於佔本公司已發行股份25%以上之充足水平。

核數師

賬目已由羅兵咸永道會計師事務所審核。羅兵咸永道會計師事務所將於本公司應屆股東週年大會任滿退任，惟符合資格並願意應聘續任。

代表董事會

主席
陳英杰

香港，二零零九年四月十六日



INDEPENDENT AUDITOR'S REPORT

獨立核數師報告

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF DAPHNE INTERNATIONAL HOLDINGS LIMITED

(incorporated in the Cayman Islands with limited liability)

We have audited the consolidated accounts of Daphne International Holdings Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 35 to 95, which comprise the consolidated and company balance sheets as at 31 December 2008, and the consolidated profit and loss account, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation and the true and fair presentation of these consolidated accounts in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of accounts that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated accounts based on our audit and to report our opinion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

獨立核數師報告

致達芙妮國際控股有限公司全體股東
(於開曼群島註冊成立之有限公司)

本核數師(以下簡稱「我們」)已審核刊於第三十五頁至第九十五頁有關達芙妮國際控股有限公司(「貴公司」)及其附屬公司(統稱「貴集團」)之綜合賬目，此綜合賬目包括於二零零八年十二月三十一日之綜合資產負債表及貴公司之資產負債表及截至該日止年度之綜合損益表、綜合權益變動表及綜合現金流量表，以及主要會計政策概要及其他附註解釋。

董事就財務報表須承擔之責任

貴公司董事須負責根據香港會計師公會頒佈之香港財務報告準則及香港公司條例之披露規定編製及真實而公平地列報該等綜合賬目，這責任包括設計、實施及維護與編製及真實而公平地列報賬目相關的內部控制，致使賬目不會存在由於欺詐或錯誤而導致之重大錯誤陳述；選擇並應用適當的會計政策；以及因應情況作出合理之會計估計。

核數師之責任

我們之責任是根據我們審核工作之結果，對綜合賬目提出意見，並按照委聘的條款，僅向全體股東報告。除此之外，本報告並無其他目的。我們不會就本報告之內容，對任何其他人士負責或承擔任何責任。

我們已根據香港會計師公會頒佈之香港審計準則進行審核。這些準則要求我們遵守道德規範，並規劃及執行審核，以合理確定財務報表是否不存有任何重大錯誤陳述。



INDEPENDENT AUDITOR'S REPORT 獨立核數師報告

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated accounts give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2008 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 16 April 2009

審核涉及執行情序以獲取有關財務報表所載金額及披露資料之審核憑證。所選定之程序取決於核數師之判斷，包括評估由於欺詐或錯誤而導致財務報表存有重大錯誤陳述之風險。在評估該等風險時，核數師會考慮與該公司編製及真實兼公平地列報賬目相關之內部控制，以設計適當之審核程序，但並非為對公司之內部控制之效能發表意見。審核亦包括評價董事所採用之會計政策之合適性及所作出之會計估計之合理性，以及評價財務報表之整體列報方式。

我們相信，我們所獲得之審核憑證充足和適當地為我們之審核意見提供基礎。

意見

我們認為，該等綜合賬目已根據香港財務報告準則真實而公平地反映 貴公司及 貴集團於二零零八年十二月三十一日結算時之財務狀況，以及 貴集團截至該日止年度之盈利及現金流量，並已按照香港公司條例之披露規定妥為編製。

羅兵咸永道會計師事務所
執業會計師

香港，二零零九年四月十六日



CONSOLIDATED PROFIT AND LOSS ACCOUNT

綜合損益表

FOR THE YEAR ENDED 31 DECEMBER 2008 截至二零零八年十二月三十一日止年度

		Note 附註	2008 二零零八年 HK\$'000 千港元	2007 二零零七年 HK\$'000 千港元
Turnover	營業額	5	5,289,297	3,853,580
Cost of sales	銷售成本		(2,501,911)	(2,023,801)
Gross profit	毛利		2,787,386	1,829,779
Other income	其他收入	6	20,738	39,830
Other (losses)/gains – net	其他（虧損）／收益－淨額	7	(25,957)	8,677
Selling and distribution expenses	銷售及分銷開支		(1,821,969)	(1,122,157)
General and administrative expenses	一般及行政開支		(281,218)	(214,996)
Operating profit	經營盈利	8	678,980	541,133
Finance costs	財務成本	9	(13,307)	(11,341)
Share of profit of an associated company	應佔一間聯營公司盈利		594	226
Profit before taxation	除稅前盈利		666,267	530,018
Taxation	稅項	10	(169,090)	(141,298)
Profit for the year	年內盈利		497,177	388,720
Attributable to:	以下各方應佔：			
Equity holders of the Company	本公司權益持有人		492,920	384,383
Minority interests	少數股東權益		4,257	4,337
			497,177	388,720
Dividends	股息	12	90,084	81,894
Basic and diluted earnings per share (HK cents)	每股基本及攤薄盈利（港仙）	13	30.09	23.47



CONSOLIDATED BALANCE SHEET

綜合資產負債表

AS AT 31 DECEMBER 2008 於二零零八年十二月三十一日

			2008 二零零八年 HK\$'000 千港元	2007 二零零七年 HK\$'000 千港元
	Note 附註			
Non-current assets	非流動資產			
Intangible assets	無形資產	15	39,447	25,685
Land use rights	土地使用權	16	44,944	40,891
Fixed assets	固定資產	17	574,735	500,365
Interest in an associated company	於一家聯營公司之權益	20	3,134	2,567
Available-for-sale financial assets	可出售金融資產	21	33,624	33,624
Long-term rental deposits and prepayments	長期租金按金及預付款項		87,703	86,833
Deferred tax assets	遞延稅項資產	29	31,771	37,472
			815,358	727,437
Current assets	流動資產			
Inventories	存貨	22	1,355,280	992,051
Trade receivables	貿易應收賬款	23	162,967	155,062
Other receivables, deposits and prepayments	其他應收賬款、按金及預付款項		480,794	303,209
Derivative financial instruments	衍生金融工具		-	2,450
Cash and cash equivalents	現金及現金等價物	24	147,962	181,692
			2,147,003	1,634,464
Current liabilities	流動負債			
Trade payables	貿易應付賬款	25	397,006	461,099
Other payables and accrued charges	其他應付賬款及應計費用		221,368	170,336
Taxation payable	應繳稅項		165,325	127,191
Bank loans	銀行貸款	26	270,655	194,978
			1,054,354	953,604
Net current assets	流動資產淨值		1,092,649	680,860
Total assets less current liabilities	總資產減流動負債		1,908,007	1,408,297
Financed by:	資金來源：			
Share capital	股本	27	163,789	163,789
Reserves	儲備	28	1,690,744	1,209,295
Equity attributable to equity holders of the Company	本公司權益持有人應佔權益		1,854,533	1,373,084
Minority interests	少數股東權益		36,765	34,098
Total equity	總權益		1,891,298	1,407,182
Non-current liabilities	非流動負債			
Deferred tax liabilities	遞延稅項負債	29	1,555	1,115
License fees payable	應付特許權使用費	30	15,154	-
			16,709	1,115
Total equity and non-current liabilities	總權益及非流動負債		1,908,007	1,408,297

CHEN YING-CHIEH 陳英杰
Chairman 主席

CHEN HSIEN MIN 陳賢民
Managing director 董事總經理



BALANCE SHEET**資產負債表**

AS AT 31 DECEMBER 2008 於二零零八年十二月三十一日

			2008	2007
		Note	二零零八年	二零零七年
		附註	HK\$'000	HK\$'000
			千港元	千港元
Non-current assets	非流動資產			
Investments in subsidiaries	於附屬公司之投資	18	165,635	165,635
Current assets	流動資產			
Other receivables	其他應收賬款		230	230
Amount due from a subsidiary	應收一家附屬公司賬款	19	200,348	207,986
Cash and cash equivalents	現金及現金等價物	24	138	178
			200,716	208,394
Current liabilities	流動負債			
Accrued charges	應計費用		7,326	2,292
Amount due to a subsidiary	應付一家附屬公司賬款		-	1,157
			7,326	3,449
Net current assets	流動資產淨值		193,390	204,945
Total assets less current liabilities	總資產減流動負債		359,025	370,580
Financed by:	資金來源：			
Share capital	股本	27	163,789	163,789
Reserves	儲備	28	195,236	206,791
Total equity	總權益		359,025	370,580

CHEN YING-CHIEH 陳英杰

Chairman 主席

CHEN HSIEN MIN 陳賢民

Managing director 董事總經理



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY 綜合權益變動表

FOR THE YEAR ENDED 31 DECEMBER 2008 截至二零零八年十二月三十一日止年度

		Attributable to equity holders of the Company 本公司權益持有人應佔				
		Share capital 股本	Reserves 儲備	Minority interests 少數股東權益	Total 總計	
		Note 附註	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	
At 1 January 2007	於二零零七年一月一日		163,789	817,519	31,904	1,013,212
Currency translation differences	匯兌差額		-	77,495	1,537	79,032
Net gain recognised directly in equity	直接於權益確認之收益淨額		-	77,495	1,537	79,032
Profit for the year	年內盈利		-	384,383	4,337	388,720
Total income recognised for the year	年內確認收入總額		-	461,878	5,874	467,752
Share-based payment expenses	以股份為基礎之款項開支	28		11,792	-	11,792
Dividends	股息		-	(81,894)	(3,533)	(85,427)
Acquisition of minority interests	收購少數股東權益		-	-	(1,397)	(1,397)
Capital injection by a minority shareholder	少數股東注資		-	-	1,250	1,250
			-	(70,102)	(3,680)	(73,782)
At 31 December 2007	於二零零七年十二月三十一日		163,789	1,209,295	34,098	1,407,182
Currency translation differences	匯兌差額		-	69,910	2,477	72,387
Realisation upon disposal of a subsidiary	出售一家附屬公司變現		-	(3,488)	-	(3,488)
Transferred to profit and loss account upon impairment of an available-for-sale financial asset	可出售金融資產減值時轉入損益表		-	4,000	-	4,000
Write-back of unclaimed dividends	撥回未領取股息		-	1	-	1
Net gain recognised directly in equity	直接於權益確認之收益淨額		-	70,423	2,477	72,900
Profit for the year	年內盈利		-	492,920	4,257	497,177
Total income recognised for the year	年內確認收入總額		-	563,343	6,734	570,077
Dividends	股息		-	(81,894)	(3,932)	(85,826)
Repayment of advance from a minority shareholder	償還少數股東墊款		-	-	(135)	(135)
			-	(81,894)	(4,067)	(85,961)
At 31 December 2008	於二零零八年十二月三十一日		163,789	1,690,744	36,765	1,891,298



CONSOLIDATED CASH FLOW STATEMENT

綜合現金流量表

FOR THE YEAR ENDED 31 DECEMBER 2008 截至二零零八年十二月三十一日止年度

			2008 二零零八年 HK\$'000 千港元	2007 二零零七年 HK\$'000 千港元
Operating activities	經營活動			
Cash generated from operations	營運產生之現金	31	304,474	324,167
Tax paid outside Hong Kong	已付香港以外地區稅項		(131,284)	(80,900)
Net cash generated from operating activities	經營活動產生之現金淨額		173,190	243,267
Investing activities	投資活動			
Acquisition of minority interests in subsidiaries	收購附屬公司之少數股東權益		-	(1,664)
Dividend received from an associated company	已收一家聯營公司股息		207	199
Interest received	已收利息		2,715	4,413
Payment for land use rights	土地使用權付款		(4,506)	(10,394)
Purchase of fixed assets	購置固定資產		(229,821)	(178,653)
Proceeds from disposal of land use rights	出售土地使用權所得收益		605	-
Proceeds from disposal of fixed assets	出售固定資產所得收益		9,651	1,806
Proceeds from disposal of a subsidiary	出售一家附屬公司所得收益	32	25,049	-
Net cash used in investing activities	投資活動所用之現金淨額		(196,100)	(184,293)
Financing activities	融資活動			
Contribution by a minority shareholder	少數股東注資		-	1,250
Dividends paid	已付股息		(81,894)	(81,894)
Dividends paid to minority shareholders	已付少數股東股息		(3,932)	(3,533)
Decrease in pledged bank deposits	已抵押銀行存款減少		-	6,000
Interest paid	已付利息		(12,234)	(11,341)
New bank loans raised	新籌借銀行貸款		199,543	255,604
Repayment of bank loans	償還銀行貸款		(126,015)	(243,820)
Repayment of advance from a minority shareholder	償還少數股東墊款		(135)	-
Net cash used in financing activities	融資活動所用之現金淨額		(24,667)	(77,734)
Decrease in cash and cash equivalents	現金及現金等價物減少		(47,577)	(18,760)
Cash and cash equivalents as at 1 January	於一月一日之現金及現金等價物	24	181,692	148,699
Effect of foreign exchange rate changes	匯率變動影響		13,847	51,753
Cash and cash equivalents as at 31 December	於十二月三十一日之現金及現金等價物	24	147,962	181,692



NOTES TO THE ACCOUNTS

賬目附註

1. GENERAL INFORMATION

Daphne International Holdings Limited (the "Company") and its subsidiaries (together the "Group") is principally engaged in the manufacturing and distribution of footwear, apparel and accessories in China with major export market in the United States of America (the "US").

The Company is incorporated in the Cayman Islands with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

Pursuant to a special resolution passed at an extraordinary general meeting held on 17 June 2008, the name of the Company was changed from Prime Success International Group Limited to Daphne International Holdings Limited with effect from 18 June 2008.

These consolidated accounts have been approved for issue by the Board of Directors on 16 April 2009.

2. PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated accounts are set out below. These policies have been consistently applied to all the years presented unless otherwise stated.

(a) Basis of preparation

The consolidated accounts have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The consolidated accounts have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

The preparation of accounts in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated accounts, are disclosed in Note 4.

1. 一般資料

達芙妮國際控股有限公司(「本公司」)及其附屬公司(統稱「本集團」)主要於中國從事鞋類、服飾及配件製造及分銷之業務，而美利堅合眾國(「美國」)則為其主要之出口市場。

本公司為於開曼群島註冊成立之有限公司，其股份於香港聯合交易所有限公司上市。本公司之註冊辦事處位於Cricket Square, Hutchins Drive, P.O.Box 2681, Grand Cayman KY1-1111, Cayman Islands。

根據於二零零八年六月十七日舉行之股東特別大會上通過之特別決議案，本公司名稱由永恩國際集團有限公司更改為達芙妮國際控股有限公司，自二零零八年六月十八日起生效。

此綜合賬目已於二零零九年四月十六日經董事會批准刊行。

2. 主要會計政策

編製此綜合賬目時所採用之主要會計政策載於下文。除另有註明外，該等政策貫徹應用於全部列示之年份。

(a) 編製基準

綜合賬目乃按照香港會計師公會(「香港會計師公會」)頒佈之所有適用香港財務報告準則(「香港財務報告準則」)編製。綜合賬目乃按歷史成本法編製，並就重估可出售金融資產及按公平價值計入損益之金融資產及金融負債(包括衍生工具)作出調整。

編製符合香港財務報告準則之賬目需要運用若干關鍵會計估計。管理層亦須在應用本集團之會計政策時作出判斷。涉及高度判斷或複雜性之範疇，或對綜合賬目屬重大假設及估計之範疇於附註4內披露。



NOTES TO THE ACCOUNTS

賬目附註

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (continued)

(i) *Standards, amendments and interpretations effective and adopted by the Group in 2008*

HKAS 39 “Financial Instruments: Recognition and Measurement”, amendment on reclassification of financial assets permits reclassification of certain financial assets out of the held for trading and available-for-sale categories if specified conditions are met. The related amendment to HKFRS 7 “Financial Instruments: Disclosures” introduces disclosure requirements with respect to financial assets reclassified out of the held for trading and available-for-sale categories. The amendment is effective prospectively from 1 July 2008.

HK(IFRIC) – Int 11 “HKFRS 2 – Group and Treasury Share Transactions” provides guidance on whether share-based transactions involving treasury shares or involving group entities (for example, options over a parent’s shares) should be accounted for equity-settled or cash-settled share-based payment transactions in the stand-alone accounts of the parent and group companies.

HK(IFRIC) – Int 12 “Service Concession Arrangements” resulted in changes in accounting policies on accounting for services concession arrangements of the Group.

HK(IFRIC) – Int 14 “HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction” provides guidance on assessing the limit in HKAS 19 on the amount of the surplus that can be recognised as an asset. It also explains how the pension asset or liability may be affected by a statutory or contractual minimum funding requirement.

The adoption of the above new/revised HKFRSs has no impact on the preparation and presentation of the results and financial position of the Group for the current or prior accounting periods.

2. 主要會計政策(續)

(a) 編製基準(續)

(i) 於二零零八年生效及為本集團採用之準則、修訂及詮釋

香港會計準則第39號「金融工具：確認及計量」，對金融資產重新分類作出修訂，容許若干金融資產若符合註明之規定可自持作買賣及可出售類別中重新分類。香港財務報告準則第7號「金融工具：披露」之相關修訂引入了有關自持作買賣及可出售類別中重新分類之金融資產之披露規定。該項修訂自二零零八年七月一日起提前生效。

香港(國際財務報告詮釋委員會)－詮釋第11號「香港財務報告準則第2號：集團及庫存股份交易」提供了指引，說明涉及庫存股份或集團實體(例如母公司股份之購股權)之以股份為基礎之交易是否應於母公司及集團公司之獨立賬目內以權益結算或以現金結算之以股份為基礎之付款交易入賬。

香港(國際財務報告詮釋委員會)－詮釋第12號「服務經營權安排」導致本集團有關服務特許權安排會計處理之會計政策出現變動。

香港(國際財務報告詮釋委員會)－詮釋第14號「香港會計準則第19號：界定福利資產限制、最低資金規定及兩者之互動關係」，提供有關評定香港會計準則第19號對可確認為資產之盈餘金額限制之指引，亦說明退休資產或負債如何受法定或合約最低資金規定所影響。

採納上述新訂／經修訂香港財務報告準則並無對本集團於本會計期間或過往會計期間之業績及財務狀況之編製及呈列方式造成影響。



NOTES TO THE ACCOUNTS 賬目附註

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (continued)

(ii) *Standards, amendments and interpretations to existing standards that have been issued and relevant to the Group but are not yet effective nor have been adopted by the Group in 2008*

HKAS 1 (Revised) "Presentation of Financial Statements"¹ prohibits the presentation of items of income and expenses (that is, "non-owner changes in equity") in the statement of changes in equity, requiring "non-owner changes in equity" to be presented separately from owner changes in equity. All non-owner changes in equity will be required to be shown in a performance statement, but entities can choose whether to present on performance statement (the statement of comprehensive income) or two statements (the consolidated profit and loss account and statement of comprehensive income). Where entities restate or reclassify comparative information, they will be required to present a restated balance sheet as at the beginning comparative period in addition to the current requirement to present balance sheets at the end of the current period and comparative period.

HKAS 23 (Revised) "Borrowing Costs"¹ requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset. The option of immediately expensing those borrowing costs will be removed.

HKAS 27 (Revised) "Consolidated and Separate Financial Statements"² requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value and a gain or loss is recognised in profit and loss.

2. 主要會計政策(續)

(a) 編製基準(續)

(ii) 於二零零八年已頒佈且與本集團有關而尚未生效及未為本集團採用之準則、修訂及詮釋

香港會計準則第1號(經修訂)「財務報表之呈列」¹禁止在權益變動表中呈列收入及支出項目(即「非擁有人權益變動」),並規定「非擁有人權益變動」必須與擁有人權益變動分開呈列。所有非擁有人權益變動將須在業績報表中呈列,但實體可選擇在一份業績報表(全面收入報表)或在兩份報表(綜合損益表和全面收入報表)中呈列。如實體重列或重新分類比較數字,除了按現時規定呈列當期和前期期終之資產負債表外,還須呈列前期期初之經重列資產負債表。

香港會計準則第23號(經修訂)「借貸成本」¹,規定一家實體將收購、建造或生產合資格資產(即需一段長時間方能達致其用途或可供銷售之資產)直接應佔借貸成本撥充資本,作為該資產成本其中部分。即時就有關借貸成本支銷之選擇權將予剔除。

香港會計準則第27號(經修訂)「綜合及獨立財務報表」²規定如控制權並無改變,則附有非控股權益之所有交易之影響必須在權益中呈列,此等交易將不再導致商譽或盈虧。此項準則亦列明失去控制權時之會計處理方法,於實體之剩餘權益按公平價值重新計量,並在損益表中確認盈利或虧損。



NOTES TO THE ACCOUNTS

賬目附註

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (continued)

(ii) *Standards, amendments and interpretations to existing standards that have been issued and relevant to the Group but are not yet effective nor have been adopted by the Group in 2008 (continued)*

HKFRS 2 (Amendment) "Share-based Payment"¹ deals with vesting conditions and cancellations. It clarifies that vesting conditions are service conditions and performance conditions only. Other features of a share-based payment are not vesting conditions. As such these features would need to be included in the grant date fair value for transactions with employees and others providing similar services, that is, these features would not impact the number of awards expected to vest or valuation thereof subsequent to grant date. All cancellations, whether by the entity or by other parties, should receive the same accounting treatment.

HKFRS 3 (Revised) "Business Combination"² continues to apply the acquisition method to business combinations, with some significant changes. For examples, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the consolidated profit and loss account. There is a choice on an acquisition by acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs should be expensed.

HKFRS 8 "Operating Segments"¹ replaces HKAS 14 "Segment Reporting" and aligns segment reporting with the requirements of the US standard SFAS 131 "Disclosures about Segments of an Enterprise and Related Information". The new standard requires a "management approach", under which segment information is presented on the same basis as that used for internal reporting purposes.

2. 主要會計政策(續)

(a) 編製基準(續)

(ii) 於二零零八年已頒佈且與本集團有關而尚未生效及未為本集團採用之準則、修訂及詮釋(續)

香港財務報告準則第2號(修訂本)「以股份為基礎之付款」¹與歸屬條件及註銷有關，澄清歸屬條件僅為服務條件及表現條件。以股份為基礎之付款之其他特徵並非歸屬條件。因此，該等特徵須計入與僱員及其他提供同類服務之人士訂立之交易於授出當日之公平價值，故該等特徵不會影響授出日期後預期歸屬之獎勵數目或其估值。所有註銷(不論由實體或其他人士進行)須以相同之會計方法處理。

香港財務報告準則第3號(經修訂)「業務合併」²繼續以收購法處理業務合併，但有若干重大更改。例如，收購業務之所有付款必須按收購日期之公平價值入賬，而分類為負債之或然付款其後須於綜合損益表重新計量。對於所持被收購公司之非控股權益，可按收購基準選擇以公平價值或非控股權益佔被收購公司之資產淨值之比例計量。所有收購相關成本必須計入開支。

香港財務報告準則第8號「經營分部」¹取代香港會計準則第14號「分部申報」，並將分部申報方式符合美國財務會計準則(US standard SFAS)第131號「企業及相關資料之分部披露」之規定。新準則規定遵從「管理方針」，據此，分部資料按就內部申報目的採用者相同之基準呈列。



NOTES TO THE ACCOUNTS 賬目附註

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (continued)

(ii) *Standards, amendments and interpretations to existing standards that have been issued and relevant to the Group but are not yet effective nor have been adopted by the Group in 2008 (continued)*

HK(IFRIC) – Int 17 “Distribution of Non-cash Assets to Owners”² requires a dividend payable to be recognised when it has been appropriately authorised and to be measured at fair value.

HKICPA’s improvements to HKFRS published in October 2008⁴

These include HKAS 28 (Amendment) “Investments in Associates” (and consequential amendments to HKAS 32 “Financial Instruments: Presentation” and HKFRS 7 “Financial Instrument: Disclosures”), HKAS 29 (Amendment) “Financial Reporting in Hyperinflationary Economies”, HKAS 31 (Amendment) “Interests in Joint Ventures” (and consequential amendments to HKAS 32 and HKFRS 7), HKAS 40 (Amendment) “Investment Property” (and consequential amendments to HKAS 16), HKAS 41 (Amendment) “Agriculture” and HKFRS 5 (Amendment) “Non-current Assets held for Sale and Discontinued Operations” (and consequential amendment to HKFRS 1 “First-time Adoption”).

The Group has already commenced an assessment of the related impact to the Group but is not yet in a position to state whether substantial changes to the Group’s accounting policies and presentation of the accounts will be resulted.

2. 主要會計政策(續)

(a) 編製基準(續)

(ii) 於二零零八年已頒佈且與本集團有關而尚未生效及未為本集團採用之準則、修訂及詮釋(續)

香港(國際財務報告詮釋委員會) — 詮釋第17號「向擁有人分派非現金資產」²，規定應付股息須於獲適當授權後確認，並按公平價值計量。

香港會計師公會於二零零八年十月頒佈之香港財務報告準則修訂⁴

該等修訂包括香港會計準則第28號(修訂本)「於聯營公司之投資」(及香港會計準則第32號「金融工具：呈報」及香港財務報告準則第7號「金融工具：披露」之相應修訂)、香港會計準則第29號(修訂本)「惡性通貨膨脹經濟中之財務報告」、香港會計準則第31號(修訂本)「於合營公司之權益」(及香港會計準則第32號及香港財務報告準則第7號之相應修訂)、香港會計準則第40號(修訂本)「投資物業」(及香港會計準則第16號之相應修訂)、香港會計準則第41號(修訂本)「農業」及香港財務報告準則第5號(修訂本)「持作銷售之非流動資產及已終止業務」(及香港財務報告準則第1號「首次採納」之相應修訂)。

本集團已著手評估對本集團之有關影響，惟尚未能確定會否導致本集團會計政策及賬目呈報方式出現重大變動。



NOTES TO THE ACCOUNTS

賬目附註

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (continued)

(iii) Standards, amendments and interpretations to existing standards that have been issued in 2008 but not yet effective and not relevant to the Group

HKAS 32 and HKAS 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation ¹
HKAS 39 (Amendments)	Eligible Hedged Items ²
HKFRS 1 (Amendment) and HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate ³
HK(IFRIC) – Int 9 and HKAS 39 (Amendments)	Embedded Derivatives ⁵
HK(IFRIC) – Int 13	Customer Loyalty Programmes ³
HK(IFRIC) – Int 15	Accounting for Agreements for the Construction of Real Estate ⁴
HK(IFRIC) – Int 16	Hedges of a Net Investment in a Foreign Operation ⁶
HK(IFRIC) – Int 18	Transfer of Assets from Customers ⁷

- ¹ Effective for accounting periods beginning on or after 1 January 2009
- ² Effective for accounting periods beginning on or after 1 July 2009
- ³ Effective for accounting periods beginning on or after 1 July 2008
- ⁴ Effective for accounting periods beginning on or after 1 January 2009 except the amendments to HKFRS 5 which is effective for accounting periods beginning on or after 1 July 2009
- ⁵ Effective for accounting periods beginning on or after 30 June 2009
- ⁶ Effective for accounting periods beginning on or after 1 October 2008
- ⁷ Effective for transfer on or after 1 July 2009

2. 主要會計政策(續)

(a) 編製基準(續)

(iii) 於二零零八年已頒佈但尚未生效且與本集團無關之準則、修訂及詮釋

香港會計準則第32號及 第1號(修訂本)	可沽售金融工具 及清盤產生之 責任 ¹
香港會計準則第39號 香港財務報告準則第1號 (修訂本)及香港會計 準則第27號(經修訂)	合資格對沖項目 ² 於附屬公司、 共同控制實體 或聯營公司之 投資成本 ¹
香港(國際財務報告詮釋 委員會)– 詮釋第9號 及香港會計準則 第39號(修訂本)	嵌入式衍生工具 ⁵
香港(國際財務報告詮釋 委員會)– 詮釋第13號	客戶忠誠度計劃 ³
香港(國際財務報告詮釋 委員會)– 詮釋第15號	房地產建造協議 之會計處理 方法 ⁴
香港(國際財務報告詮釋 委員會)– 詮釋第16號	海外業務投資 淨額對沖 ⁶
香港(國際財務報告詮釋 委員會)– 詮釋第18號	客戶資產轉讓 ⁷

- ¹ 於二零零九年一月一日或之後開始之會計期間生效
- ² 於二零零九年七月一日或之後開始之會計期間生效
- ³ 於二零零八年七月一日或之後開始之會計期間生效
- ⁴ 於二零零九年一月一日或之後開始之會計期間生效，惟香港財務報告準則第5號之修訂本將於二零零九年七月一日或之後開始之會計期間生效
- ⁵ 於二零零九年六月三十日或之後開始之會計期間生效
- ⁶ 於二零零八年十月一日或之後開始之會計期間生效
- ⁷ 對二零零九年七月一日或之後進行之轉讓生效



NOTES TO THE ACCOUNTS 賬目附註

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(b) Consolidation

The consolidated accounts include the accounts of the Company and all of its subsidiaries made up to 31 December.

(i) Subsidiaries

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the consolidated profit and loss account.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

In the Company's balance sheet the investments in subsidiaries are stated at cost less provision for impairment losses. The results of subsidiaries are accounted by the Company on the basis of dividend received and receivable.

2. 主要會計政策(續)

(b) 綜合賬目

綜合賬目包括本公司及其所有附屬公司截至十二月三十一日止之賬目。

(i) 附屬公司

附屬公司為所有本集團有權監管其財務及營運政策之實體，一般持有佔過半數投票權之股權。於評估本集團是否控制另一實體時，會考慮目前可行使或可轉換之潛在投票權存在與否及其影響。附屬公司由其控制權轉讓予本集團之日起全面綜合入賬，並由該控制終止之日起終止綜合入賬。

本集團收購之附屬公司以收購會計法列賬。收購成本按於轉讓日期給予之資產、已發行股本工具及已產生或承擔之負債之公平價值，加收購直接應佔之成本計算。根據業務合併所收購可識別資產以及所承擔之負債及或然負債，初步按於收購日期之公平價值計量，而不計及任何少數股東權益。收購成本超出本集團應佔所收購可識別資產淨值之公平價值之差額列作商譽。倘收購成本低於所收購附屬公司資產淨值之公平價值，差額會直接於綜合損益表確認。

集團內公司間之交易及交易之結餘及未變現收益將予對銷。未變現虧損亦予以對銷，惟交易有證據顯示所轉讓資產出現減值則除外。

在本公司之資產負債表中，於附屬公司之投資按成本值減去減值虧損撥備入賬。本公司按已收及應收股息為基準就附屬公司之業績列賬。



NOTES TO THE ACCOUNTS**賬目附註****2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)****(b) Consolidation (continued)****(ii) Transactions with minority interests**

The Group applies a policy of treating transactions with minority interests as transactions with parties external to the Group. Disposals to minority interests result in gains or losses for the Group that are recorded in the consolidated profit and loss account. Purchases from minority interests result in goodwill, being the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary.

(iii) Associated company

An associated company is an entity over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investment in an associated company is accounted for using the equity method of accounting and are initially recognised at cost.

The Group's share of its associated company's post-acquisition profits or losses is recognised in the consolidated profit and loss account, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in the associated company equals or exceeds its interest in the associated company, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associated company.

(c) Foreign currency translation**(i) Functional and presentation currency**

Each of the Group's entities determines its own functional currency and items included in the accounts of each of Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated accounts are presented in Hong Kong dollar, which is different from the Company's functional currency of Renminbi. The directors consider that the presentation of consolidated accounts in Hong Kong dollar will facilitate the presentation and understanding of financial information of the Group.

2. 主要會計政策(續)**(b) 綜合賬目(續)****(ii) 與少數股東進行之交易**

本集團將與少數股東進行之交易列作與外界人士進行之交易。本集團向少數股東出售所得之盈虧計入綜合損益表，而向少數股東進行之購買產生商譽，即任何已付代價與本集團應佔所購入附屬公司資產賬面淨值之差額。

(iii) 聯營公司

聯營公司指本集團對其行使重大影響力惟並非控制之公司，一般持有佔其投票權20%至50%之股權。於聯營公司之投資按權益會計法入賬，初步按成本值確認。

本集團應佔其聯營公司之收購後盈利或虧損乃於綜合損益表確認，而應佔收購後儲備變動則於儲備確認。累計收購後變動以撇銷投資賬面值調整。倘本集團應佔聯營公司之虧損相等於或超出其於該聯營公司之權益(包括任何其他無抵押長期應收賬款)，則本集團不會進一步確認虧損，除非本集團已代表該聯營公司承擔責任或作出付款。

(c) 外幣換算**(i) 功能及呈報貨幣**

本集團實體各自釐定其功能貨幣。本集團各實體之賬目內包括之項目乃以有關實體業務所在主要經濟環境之貨幣(「功能貨幣」)計量。綜合賬目以有別於本公司功能貨幣(人民幣)之港元列值。董事認為，以港元列示綜合賬目有助呈列及理解本集團之財務資料。



NOTES TO THE ACCOUNTS 賬目附註

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(c) Foreign currency translation (continued)

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the consolidated profit and loss account within finance costs. All other foreign exchange gains and losses are presented in the consolidated profit and loss account within other (losses)/gains – net.

Changes in the fair value of monetary securities denominated in foreign currency classified as available-for-sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in the amortised cost are recognised in the profit and loss account, and other changes in the carrying amount are recognised in equity.

Translation differences on non-monetary financial assets and liabilities are recognised in the profit and loss account as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as available-for-sale are included in the available-for-sale reserve in equity.

(iii) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

2. 主要會計政策(續)

(c) 外幣換算(續)

(ii) 交易及結餘

外幣交易乃以交易日期之匯率換算為功能貨幣。結算該等交易及按年結日之匯率換算以外幣列值之貨幣資產及負債產生之匯兌收益及虧損會於損益表確認。

與借貸、現金及現金等價物有關之匯兌收益及虧損於綜合損益表內財務成本中呈列。所有其他匯兌收益及虧損於綜合損益表內「其他(虧損)/收益-淨額」中呈列。

以外幣計值並列作可出售之貨幣證券公平價值變動根據證券攤銷成本變動而產生之匯兌差額與證券賬面值其他變動分析。有關攤銷成本變動之匯兌差額於損益表確認，而賬面值其他變動則於權益確認。

非貨幣金融資產及負債之匯兌差額於損益表確認為公平價值收益或虧損之一部分。非貨幣金融資產(如分類為可出售權益)之匯兌差額列入權益之可出售儲備。

(iii) 集團公司

功能貨幣有別於呈報貨幣之所有集團內部實體(並不涉及嚴重通脹經濟體系之貨幣)之業績及財務狀況會按以下方式換算為呈報貨幣:

- 各資產負債表所呈報資產及負債按該資產負債表日期之收市匯率換算;



NOTES TO THE ACCOUNTS**賬目附註****2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)****(c) Foreign currency translation (continued)****(iii) Group companies (continued)**

- income and expenses for each profit and loss account are translated at average exchange rates; and
- all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is partially disposed of or sold, such exchange differences are recognised in the consolidated profit and loss account as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

(d) Operating leases

Leases where substantially all the risks and rewards of ownership of assets remain with the lessor are accounted for as operating leases. Payments made under operating leases (net of any incentives received from the lessor), including upfront payment made for leasehold land use rights, are charged to the profit and loss account on a straight-line basis over the lease periods.

(e) Intangible assets**(i) Goodwill**

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiaries at the date of acquisition. Goodwill on acquisition of subsidiaries is included in intangible assets. Separately recognised goodwill is tested annually for impairment and carried at cost less accumulated impairment losses, if any. Impairment losses on goodwill are not reversed. Gains or losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

2. 主要會計政策(續)**(c) 外幣換算(續)****(iii) 集團公司(續)**

- 各損益表內之收入及開支按平均匯率換算；及
- 所有由此產生之匯兌差額確認為一項獨立之權益項目。

於綜合賬目時，換算海外業務投資淨額以及借貸及設定對沖該等投資之其他貨幣工具所產生之匯兌差額於股東權益內處理。當部分出售或售海外業務時，已計入權益之匯兌差額會於綜合損益表確認為出售收益或虧損一部分。

收購海外實體產生之商譽及公平價值調整均列作該海外實體之資產及負債，並按收市匯率換算。

(d) 經營租賃

凡有關資產擁有權之絕大部分風險及回報由出租公司保留之租賃均以經營租賃方式入賬。經營租賃之付款減任何自出租公司獲取之優惠(包括就租賃土地使用權支付之首期款項)在租賃期內以直線法在損益表中支銷。

(e) 無形資產**(i) 商譽**

商譽指收購成本超過於收購日期本集團應佔所收購附屬公司之可識別資產淨值之公平價值。收購附屬公司之商譽包括在無形資產內。獨立確認之商譽會每年進行減值測試，並按成本值減累計減值虧損(如有)列賬。商譽之減值虧損不會撥回。出售某個實體之收益或虧損包括與被出售實體有關之商譽之賬面值。



NOTES TO THE ACCOUNTS 賬目附註

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(e) Intangible assets (continued)

(i) Goodwill (continued)

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

(ii) License rights

Separately acquired license rights are stated at historical cost less accumulated amortisation and accumulated impairment losses, if any. They are initially measured as the fair value of the consideration given to acquire the license at the time of the acquisition. The consideration given represents expected variable payments based on predetermined criteria on future revenues from the licensed business that can be reliably estimated at the time of the acquisition.

Licensed rights are amortised on a straight-line basis over the period of the rights.

(f) Land use rights

Land use rights are stated at cost less accumulated amortisation and accumulated impairment losses, if any. Cost mainly represents the consideration paid for the right to use the land on which various plants and buildings are situated for a period of 10 to 50 years from the date the respective right was granted. Amortisation of land use rights is calculated on a straight-line basis over the period of the rights.

(g) Fixed assets

Fixed assets, comprise leasehold buildings, leasehold improvements, construction-in-progress, plant and machinery, furniture, fixtures and equipment and motor vehicles, are stated at historical cost less accumulated depreciation and accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are expensed in the profit and loss account during the financial period in which they are incurred.

2. 主要會計政策(續)

(e) 無形資產(續)

(i) 商譽(續)

就減值測試而言，商譽會分配至現金產生單位。商譽分配至預期可從產生商譽之業務合併中受惠之一組或多組現金產生單位。

(ii) 特許使用權

單獨收購之特許使用權按歷史成本值減累計攤銷及累計減值虧損(如有)列賬，初步按收購時就收購特許使用權所付代價之公平價值計量。所付代價指根據特許業務未來收益之預設條件而釐定且於收購當時能可靠估算之預計可變付款。

特許使用權於權利使用年期內以直線法攤銷。

(f) 土地使用權

土地使用權按成本值減累計攤銷及累計減值虧損(如有)列賬。成本值主要指就廠房及樓宇所在地之土地使用權而已支付之代價，而有關土地使用權由授出日期起計為期10至50年。攤銷土地使用權乃按使用權期間以直線法計算。

(g) 固定資產

固定資產包括租賃樓宇、租賃物業裝修、在建工程、廠房及機器、傢俱、固定裝置與設備及汽車，按歷史成本值減累計折舊及累計減值虧損(如有)列賬。歷史成本值包括收購有關項目之直接應佔開支。

本集團僅於資產未來可能產生之經濟利益將流入本集團以及能可靠計量該項目成本時，將其後成本列入資產賬面值或確認為獨立資產(視情況而定)。更換部分之賬面值會解除確認。所有其他維修及保養費用於產生之財政期間在損益表列支。



NOTES TO THE ACCOUNTS
賬目附註

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(g) Fixed assets (continued)

Fixed assets are depreciated at rates sufficient to write off their cost less accumulated impairment losses to their residual values over their estimated useful lives on a straight-line basis. The principal annual rates are as follows:

Leasehold buildings	Over the terms of the lease or 50 years, whichever is shorter
Leasehold improvements	Over the terms of the lease or 2 to 5 years, whichever is shorter
Plant and machinery	20%
Furniture, fixtures and equipment	20%
Motor vehicles	20%

Construction-in-progress represents fixed assets under construction and pending installation and is stated at cost less accumulated impairment losses, if any. Cost includes the costs of construction of buildings and the costs of plant and machinery. Borrowing costs incurred specifically on construction-in-progress are capitalised into the carrying value and all other borrowing costs are charged to the profit and loss account in the period in which they are incurred. No depreciation is charged on construction-in-progress until such time as the relevant assets are completed and are available for intended use. When the assets concerned are brought into use, the costs are transferred to fixed assets and depreciated in accordance with the policy stated above.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2(h)).

Gains or losses on disposals of fixed assets, the difference between the net sales proceeds and the carrying amount of the relevant assets, are recognised in the profit and loss account.

2. 主要會計政策(續)

(g) 固定資產(續)

固定資產於其估計可使用年期按足以撇減其成本值減去累計減值虧損至剩餘價值之折舊率以直線法折舊，所使用之主要年率如下：

租賃樓宇	按租賃年期或50年 (以較短者為準)
租賃物業裝修	按租賃年期或2至5年 (以較短者為準)
廠房及機器	20%
傢俱、固定 裝置及設備	20%
汽車	20%

在建工程指興建中及有待安裝之固定資產，乃按成本值減累計減值虧損(如有)列賬。成本值包括樓宇之建造成本、廠房及機器之成本。只就在建工程而產生之借貸成本撥作賬面值，而所有其他借貸成本則於產生之期間在損益表中支銷。於有關資產完工及可作擬定用途前，不會就在建工程作出折舊撥備。當有關資產可予使用時，成本值將根據上述政策轉撥為固定資產及計提折舊。

於各個結算日，本集團會檢討資產之剩餘價值及可使用年期，並作出適當調整。

倘資產之賬面值超過其估計可收回金額，則即時撇減其賬面值至其可收回金額(附註2(h))。

出售固定資產之收益或虧損為出售所得款項淨額與有關資產賬面值之差額，會於損益表內確認。



NOTES TO THE ACCOUNTS 賬目附註

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(h) Impairment of assets

Assets that have an indefinite useful life or have not yet been available for use are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each balance sheet date.

(i) Financial assets

Classification

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

- (i) Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.
- (ii) Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date which are classified as non-current assets. Loans and receivables comprise trade receivables and other receivables (Note 2(l)), deposits and cash and cash equivalents (Note 2(m)) in the balance sheet.

2. 主要會計政策(續)

(h) 資產減值

具無限可用年期或尚未可供使用之資產毋須攤銷，惟每年進行一次減值測試。須攤銷之資產於出現顯示可能無法收回賬面值之事件或狀況變動時進行檢討。倘資產賬面值超出其可收回金額，則會按該款額確認減值虧損。可收回金額為資產公平價值減出售成本或使用價值(以較高者為準)。評估減值時，資產乃按可個別識別現金流量(現金產生單位)之最低層次組合。已出現減值之資產(除商譽外)於各結算日檢討是否可能撥回減值。

(i) 金融資產

分類

本集團將其金融資產分類為：按公平價值計入損益之金融資產、貸款及應收賬款，以及可出售金融資產。分類視乎購入金融資產之目的而定。管理層於初步確認時釐定其金融資產之分類。

- (i) 按公平價值計入損益之金融資產
按公平價值計入損益之金融資產為持作買賣金融資產。倘收購旨在於短期內出售，則分類為此金融資產類別。除非指定作對沖用途，否則衍生工具分類為持作買賣類別。屬於此類別之資產分類為流動資產。
- (ii) 貸款及應收賬款
貸款及應收賬款為並無於活躍市場掛牌而有固定或可釐定款額之非衍生金融資產。貸款及應收賬款計入流動資產，惟到期日為結算日起計12個月以後者除外。此等貸款及應收賬款分類為非流動資產。貸款及應收賬款包括於資產負債表之貿易應收賬款及其他應收賬款(附註2(l))、按金及現金及現金等價物(附註2(m))。



NOTES TO THE ACCOUNTS
賬目附註

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(i) Financial assets (continued)

Classification (continued)

(iii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the profit and loss account. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of financial assets classified under financial assets at fair value through profit or loss are presented in the profit and loss account within other (losses)/gains – net in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the profit and loss account as part of other income when the Group's right to receive payments is established.

Changes in the fair value of monetary securities denominated in a foreign currency and classified as available-for-sale are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. The translation differences on monetary securities are recognised in profit and loss account; translation differences on non-monetary securities are recognised in equity. Changes in the fair value of monetary and non-monetary securities classified as available-for-sale are recognised in equity.

2. 主要會計政策(續)

(i) 金融資產(續)

分類(續)

(iii) 可出售金融資產

可出售金融資產為指定列入此類別或並無分類為任何其他類別之非衍生工具。除非管理層有意於結算日起計12個月內出售投資，否則可出售金融資產計入非流動資產。

確認及計量

金融資產之定期買賣於買賣日期確認，買賣日期即本集團承諾買賣資產之日期。投資首先按公平價值加非按公平價值計入損益之所有金融資產之交易成本確認。按公平價值計入損益之金融資產初步按公平價值確認，而交易成本則於損益表支銷。自投資收取現金流量之權利屆滿或轉讓，且本集團已轉讓所有權絕大部分風險及回報時，將會解除確認金融資產。可出售金融資產及按公平價值計入損益之金融資產其後按公平價值列賬。貸款及應收賬款以實際利率法按攤銷成本列賬。

由於被分類為按公平價值計入損益之金融資產之公平價值變動而產生之收益或虧損，均於產生期間在損益表列作其他(虧損)/收益淨額。按公平價值計入損益之金融資產之股息收入於確立本集團收取款項之權利時，在損益表確認為其他收入之一部分。

以外幣計值並分類為可出售之貨幣證券公平價值之變動，會就該證券之已攤銷成本變動產生之匯兌差額及該證券賬面值之其他變動進行分析。貨幣證券之匯兌差額於損益表確認，而非貨幣證券之匯兌差額則於權益中確認。分類為可出售之貨幣證券及非貨幣證券公平價值之變動均於權益中確認。



NOTES TO THE ACCOUNTS 賬目附註

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(i) Financial assets (continued)

Recognition and measurement (continued)

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the profit and loss account as gains and losses from available-for-sale financial assets.

Dividends on available-for-sale equity instruments are recognised in the profit and loss account as part of other income when the Group's right to receive payments is established.

The fair values of quoted financial assets are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models, making maximum use of market inputs and relying as little as possible on entity-specific inputs.

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the profit and loss account is removed from equity and recognised in the profit and loss account. Impairment losses recognised in the profit and loss account on equity instruments are not reversed through the profit and loss account. Impairment test on trade receivables is described in Note 2(l).

(j) Derivative financial instruments

All derivative financial instruments are accounted for at fair value through profit or loss and the gain or loss derived from changes in its fair value is recognised in the profit and loss account unless the derivative financial instrument qualifies for hedge accounting.

2. 主要會計政策(續)

(i) 金融資產(續)

確認及計量(續)

當分類為可出售之證券售出或減值時，已於權益確認之累計公平價值調整計入損益表，列作可出售金融資產之收益或虧損。

可出售股本工具之股息於確立本集團收取款項之權利時，在損益表確認為其他收入之一部分。

上市金融資產公平價值以現行買入價計算。倘金融資產之市場並不活躍(及就非上市證券而言)，本集團以估值方法確定公平價值，包括採用近期公平交易、參考大致相同之其他工具、貼現現金流量分析及期權定價模式，盡量採用市場數據及盡可能減少依賴視個別實體而定之數據。

本集團於每個結算日評估有否客觀證據顯示金融資產或一組金融資產已減值。就分類為可出售之股本證券而言，若證券之公平價值大幅或長期降低於其成本值，則顯示證券有減值跡象。倘可出售金融資產出現任何該等跡象，累計虧損(按收購成本與現行公平價值間差額減早前於損益表確認之金融資產任何減值虧損計量)自權益中剔除及於損益表確認。於損益表確認之股本工具減值虧損，不會透過損益表回撥。貿易應收賬款之減值測試載於附註2(l)。

(j) 衍生金融工具

所有衍生金融工具按公平價值計入損益入賬。公平價值變動所產生之收益或虧損一般於損益表確認，惟合資格作對沖用途之衍生金融工具除外。



NOTES TO THE ACCOUNTS**賬目附註****2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)****(k) Inventories**

Inventories comprise raw materials, work-in-progress and finished goods are stated at the lower of cost and net realisable value. Cost, calculated on the weighted average basis, comprises materials, direct labour, other direct costs and related production overheads (based on normal operating capacity) and excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business less applicable variable selling expenses.

(l) Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method less provision for impairment. A provision for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The amount of the loss upon provision made is recognised in the profit and loss account. When a trade receivable is proven uncollectible, it is written off against the provision for impairment of trade and other receivables. Subsequent recoveries of amounts previously written off are credited to the profit and loss account.

(m) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, time deposits and other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

(n) Trade payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2. 主要會計政策(續)**(k) 存貨**

存貨包括原材料、在製品及製成品，按成本值或可變現淨值兩者之較低者入賬。成本值按加權平均法計算，包括物料成本、直接工資、其他直接成本及有關生產之經常開支(根據一般營運能力)，惟不包括借貸成本。可變現淨值按日常業務之估計售價減適用之不定額銷售開支釐定。

(l) 貿易及其他應收賬款

貿易及其他應收賬款初步按公平價值確認，其後以實際利率法按攤銷成本，扣除減值撥備計算。貿易及其他應收賬款乃於有客觀憑證證明本集團將無法根據應收賬款原訂條款收回所有到期款項時，確立減值撥備。債務人出現重大財務困難、債務人可能破產或進行財務重組及欠繳或未能償還款項，均被視為貿易應收賬款出現減值之指標。撥備款額乃資產賬面值與按原有實際利率貼現之估計未來現金流量現值之差額，虧損撥備金額於損益表確認。當貿易應收賬款被證實為不可收回時，其將在貿易及其他應收賬款減值撥備中予以撇銷。倘日後收回過往所撇銷之金額，將把有關金額計入損益表。

(m) 現金及現金等價物

現金及現金等價物包括手頭現金、銀行活期存款、定期存款及原訂於三個月或以內到期之短期高流通量投資，以及銀行透支。銀行透支於資產負債表內之流動負債列作借貸。

(n) 貿易應付賬款

貿易應付賬款首先按公平價值確認，其後以實際利率法按攤銷成本計量。



NOTES TO THE ACCOUNTS 賬目附註

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(o) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the profit and loss account over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

(p) Current and deferred taxation

Taxation for the year comprises current and deferred tax. Taxation is recognised in the profit and loss account except that it relates to items recognised directly in equity and in which case it is recognised in equity. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries/places where the Company and its subsidiaries and associated company operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred taxation is recognised using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated accounts. However, the deferred taxation is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred taxation is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

2. 主要會計政策(續)

(o) 借貸

借貸初步以公平價值確認(扣除所產生交易成本)。借貸其後以攤銷成本列賬；所得款項(扣除交易成本)與贖回價值之間之差額，乃以實際利率法於借貸期間在損益表確認。

借貸歸類為流動負債，除非本集團有無條件權利將債項還款期延長至結算日起計最少12個月後則除外。

(p) 當期及遞延稅項

本年度稅項包括當期及遞延稅項。稅項於損益表確認，除與直接於權益確認之項目相關之稅款會於權益中確認。當期所得稅開支按本公司及其附屬公司及聯營公司經營所在及產生應課稅收入之國家/地方於結算日訂明或實際訂明之稅法計算。管理層定期評估就適用稅項法規有待詮釋的情況的稅項申報情況，並在適當情況下按預期將支付予稅務機構的款額為基準確定撥備。

遞延稅項乃就資產與負債之稅基及其於綜合賬目中之賬面值兩者之暫時差額，以負債法確認。然而，倘遞延稅項乃產生自於交易(業務合併除外)初步確認資產或負債，而交易當時並無影響會計或應課稅溢利或虧損，則不會列賬。遞延稅項乃以於結算日實施或大致上實施之稅率及法例釐定，並預期於變現相關遞延稅項資產或償還遞延稅項負債時適用。

遞延稅項資產按可能出現可用作抵銷暫時差額之日後應課稅溢利為限確認。



NOTES TO THE ACCOUNTS**賬目附註****2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)****(p) Current and deferred taxation (continued)**

Deferred taxation is provided on temporary differences arising on investments in subsidiaries and an associated company except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

(q) Employee benefits**(i) Pension obligations**

The Group participates in a number of defined contribution retirement schemes in Hong Kong, Taiwan and various cities in China where the Group operates.

A defined contribution plan is a pension plan under which the Group pays fixed contributions to separately administered funds on a mandatory, contractual or voluntary basis. The Group has no legal or constructive obligations to pay further contributions if the funds do not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The contributions are recognised as employee benefit expense when they are due and are reduced by contributions forfeited by those employees who leave the scheme prior to vesting fully in the contributions. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(ii) Bonus plans

The Group recognises a liability and an expense for bonuses with reference to a number of factors including the Group's operating results, individual and market performance and directors' discretion. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

2. 主要會計政策(續)**(p) 當期及遞延稅項(續)**

本集團就於附屬公司及一家聯營公司之投資所產生之暫時差額作出遞延稅項撥備，除非本集團可控制撥回暫時差額之時間，且暫時差額不大可能於可預見將來撥回則屬例外。

(q) 僱員福利**(i) 退休金責任**

本集團於業務所在地香港、台灣及中國大陸多個城市參與多項定額供款退休計劃。

定額供款計劃為本集團按強制、合約或自願方式向獨立管理基金作出定額供款之退休金計劃。如基金並無足夠資產支付所有僱員於本期間及過往期間提供服務而享有之有關僱員服務福利，本集團亦無法定或推定責任支付進一步供款。於到期支付時，供款確認為僱員福利開支及以可全數取得供款前已退出該計劃之僱員供款扣減。預付供款確認為資產，惟以現金退款或日後付款扣減為限。

(ii) 花紅計劃

本集團參考多項因素就花紅確認負債及開支，包括本集團之經營業績、個人及市場表現及董事之酌情決定。於出現合約責任或過往慣例引致推定責任時，本集團即確認撥備。



NOTES TO THE ACCOUNTS 賬目附註

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(q) Employee benefits (continued)

(iii) Share-based compensation

The Group operates an equity-settled, share-based compensation plan under which the Group entities receive services from employees as consideration for equity instruments (options) of the Group. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market service and performance vesting conditions (for example, profitability, sales growth targets and retaining an employee of the Group entity over a specific period). Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The total amount expensed is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At each balance sheet date, the entity revises its estimates of the number of options that are expected to vest based on non-marketing vesting conditions. It recognises the impact of the revision of original estimates, if any, in the profit and loss account with a corresponding adjustment to equity.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

(r) Provisions and contingent liabilities

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and a reliable estimate can be made. Provisions for restructuring comprise lease termination penalties, employee termination payments and anticipated loss on disposal of relevant assets. Provisions are not recognised for future operating losses.

2. 主要會計政策(續)

(q) 僱員福利(續)

(iii) 以股份為基礎之補償

本公司推行一項以權益結算以股份為基礎之補償計劃，據此，僱員向集團實體提供服務以作為獲授本集團股本工具(購股權)之代價。授出購股權而取得僱員服務之公平價值乃確認為開支。於歸屬期內列作開支之總金額乃參照已授出購股權之公平價值釐定，不包括任何非市場服務及表現歸屬條件(例如盈利能力、銷售增長目標及僱員於集團實體指定服務年限)之影響。非市場歸屬條件包括假設在預期可予歸屬之購股權數目。支銷總金額於歸屬期間內確認，即達成所有規定歸屬條件之期間。於各結算日，公司會根據非市場歸屬條件修訂其估計預期可予歸屬之購股權數目，並於損益表確認修訂原來估計數字(如有)之影響，以及對權益作相應調整。

當購股權獲行使時，已收所得款項扣除任何直接應佔交易成本，乃計入股本(面值)及股份溢價中。

(r) 撥備及或然負債

倘本集團因過往事件而須承擔現有法定或推定責任，而履行該責任時有可能涉及經濟資源流失，並能可靠地衡量涉及金額，則確認有關撥備。重組撥備包括租賃終止罰款、僱員離職付款及出售相關資產之預期虧損。不就未來經營虧損確認撥備。



NOTES TO THE ACCOUNTS**賬目附註****2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)****(r) Provisions and contingent liabilities (continued)**

Where there are a number of similar obligations, the likelihood that an outflow of economic resources will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligation may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

(s) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of applicable value-added tax, returns, rebates and discounts and after eliminating sales within the Group.

Revenue is recognised when it is probable that future economic benefits will flow to the Group and the amount of revenue can be reliably measured.

Revenue from sales of goods manufactured or traded is recognised on the transfer of significant risks and rewards of ownership, which generally coincides with the time when the goods are delivered to customers and title has passed.

Dividend income is recognised when the right to receive payment is established.

Interest income is recognised on a time-proportion basis using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

2. 主要會計政策(續)**(r) 撥備及或然負債(續)**

倘有多項類似責任，於釐定履行有關責任而引致經濟資源流出之可能性時，會整體考慮該等責任類別。即使同一責任類別所包含任何一個項目之資源流出之可能性極低，仍須確認撥備。

撥備乃按履行該責任預計所需開支以除稅前貼現率計算之現值計量，有關貼現率反映當時市場對貨幣時間值及該責任特定風險之評估。因時間流逝而增加之撥備確認為利息支出。

(s) 收入確認

收入包括本集團在日常業務過程中銷售產品和服務所得收入之已收或應收代價之公平價值。所示收入已扣除適用增值稅、退貨、回扣及折扣，並已撇銷集團內部銷售。

當未來經濟利益可能流入本集團，而該金額能可靠地計量，則確認收入。

銷貨收入於擁有權之大部分風險與回報轉移時確認，一般為貨品送抵客戶及所有權轉移時。

股息收入於收取股息之權利確立時確認。

利息收入以實際利率法按時間比例確認。倘一筆應收賬款出現減值，本集團會將賬面值減至其按有關金融工具原有實際利率貼現之估計未來現金流量而設定之可收回款額，並繼續解除貼現作為利息收入。已減值貸款之利息收入採用原有實際利率計算。



NOTES TO THE ACCOUNTS

賬目附註

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(s) Revenue recognition (continued)

Government incentives are recognised where there is reasonable assurance that the incentives will be received and all attaching conditions will be complied with.

Handling income is recognised when the services are rendered.

Royalty income is recognised on an accrual basis in accordance with the substance of the relevant agreements.

Operating lease rental income is recognised on a straight-line basis over the periods of the leases.

(t) Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments.

In accordance with the Group's internal financial reporting, the Group has determined that the primary segment reporting format is by business segment and the secondary segment reporting format is by geographical segment.

Segment assets consist primarily of intangible assets, land use rights, fixed assets, inventories, trade and other receivables, deposits and prepayments and cash and cash equivalents. Unallocated assets comprise interest in an associated company, available-for-sale financial assets, deferred taxation and derivative financial instruments.

Segment liabilities comprise operating liabilities. Unallocated liabilities comprise corporate liabilities and taxation.

Capital expenditure comprises additions to land use rights and fixed assets.

(u) Dividend distribution

Dividend distribution to the equity holders of the Company is recognised as a liability in the Group's accounts in the period in which the dividends are approved by the board of directors and the equity holders of the Company.

2. 主要會計政策(續)

(s) 收入確認(續)

政府補貼於合理確認將可收取補貼及所有隨附條件均獲遵守之情況下確認。

手續費收入於提供服務時確認。

專營權收入根據有關協議規定按累算基準確認。

經營租賃租金收入於租賃期內按直線法確認。

(t) 分類報告

業務分類指提供產品或服務之一組資產及業務，而該組資產及業務之風險及回報與其他業務分類不同。地域分類乃在某一經濟環境下提供產品或服務，而該分類之風險及回報與其他經濟環境經營之分類不同。

按照本集團之內部財務報告，本集團決定將業務分類作為主要分類報告形式，而地域分類則為次要分類報告形式。

分類資產主要包括無形資產、土地使用權、固定資產、存貨、貿易及其他應收賬款、按金及預付款項及現金及現金等價物。未分配資產包括於一家聯營公司之權益、可供出售金融資產、遞延稅項及衍生金融工具。

分類負債包括經營負債。未分配負債包括企業負債及稅項。

資本開支包括土地使用權及固定資產添置。

(u) 股息分派

向本公司權益持有人分派之股息乃於董事會及本公司權益持有人批准股息之期間在本集團賬目確認為負債。



NOTES TO THE ACCOUNTS**賬目附註****3. FINANCIAL RISK MANAGEMENT**

The Group's activities expose it to a variety of financial risks: foreign exchange risk, cash flow interest rate risk, credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures whenever necessary.

Risk management is carried out by the Group's management under policies approved by the board of directors. Management identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, cash flow interest rate risk, credit risk, use of derivative financial instruments and investing of excess liquidity.

(a) Foreign exchange risk

The Group mainly operates in China with transactions mainly settled in Renminbi (RMB), Hong Kong dollar (HKD) and United States dollar (USD). The Group is mainly exposed to foreign exchange risk arising from future commercial transactions and recognised financial assets and liabilities denominated in currencies other than the functional currency of the Group entities to which they relate and the Group manages these exposures with foreign exchange forward contracts if necessary.

The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the Group's foreign operations is managed primarily through borrowings denominated in the relevant foreign currencies.

The details of the currencies in which the Group's bank loans are denominated are set out in Note 26 to the accounts. Except for certain USD bank loans drawn by the Group entities in China, the Group's bank loans are principally denominated in the functional currency of the relevant Group entity and in case of Group entities whose functional currency is HKD, in either HKD or USD. Management does not anticipate any significant foreign exchange risk associated with the Group's borrowings.

3. 財務風險管理

本集團業務面對多項財務風險：外匯風險、現金流量利率風險、信貸風險及流動資金風險。本集團之整體風險管理計劃針對金融市場之難以預測性，並尋求減低對本集團財務表現構成之潛在不利影響。本集團於必要時會使用衍生金融工具對沖若干風險。

風險管理由本集團管理層根據董事會批准之政策執行。管理層透過與集團內各營運單位緊密合作，確定、評估及對沖財務風險。董事會負責制訂整體風險管理之書面原則，並就外匯風險、現金流量利率風險、信貸風險、衍生金融工具之應用及剩餘流動資金之投資等特定範疇制訂書面政策。

(a) 外匯風險

本集團之交易主要於中國進行，並主要以人民幣、港元及美元結算。本集團所承擔之外匯風險主要來自未來商業交易及確認以集團實體相關功能貨幣以外之貨幣結算之金融資產及負債。本集團透過外匯遠期合約管理有關風險(如有需要)。

本集團於海外業務中有若干投資，而該等業務之資產淨值承受外匯換算風險。本集團海外業務資產淨值所產生之貨幣風險主要透過以有關外幣計值之借貸管理。

本集團銀行貸款結算之貨幣詳情載於賬目附註26。除於中國之集團實體所提取之若干美元銀行貸款外，本集團之銀行貸款主要以相關集團實體之功能貨幣結算。倘集團實體之功能貨幣為港元，則以港元或美元結算。管理層預期毋須承擔任何重大本集團借貸相關外匯風險。



NOTES TO THE ACCOUNTS 賬目附註

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Foreign exchange risk (continued)

As at 31 December 2008, the post-tax profit of the Group would have been increased by approximately HK\$55,000 (2007: HK\$6,638,000) if RMB had strengthened by 5% against HKD/USD mainly resulted from foreign exchange gains/losses on translation of HKD and USD denominated monetary assets and liabilities with all other variables held constant.

(b) Cash flow interest rate risk

The Group is exposed to cash flow interest rate risk mainly arising from short-term bank borrowings and overdrafts bearing interest at floating rates. Management intends to draw short-term bank loans as to increase flexibility in financing. The Group will review whether bank loans bearing fixed or floating rates should be drawn from time to time with reference to the trend of changes in interest rates. The Group did not enter into any interest rate swaps to hedge its exposure to interest rate risks.

As at 31 December 2008, the post-tax profit of the Group would have been decreased/increased by approximately HK\$2,707,000 (2007: HK\$1,950,000) if the interest rates had been increased/decreased by 100 basis points with all other variables held constant.

(c) Credit risk

The Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to perform an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets (mainly include other non-current assets, trade receivables, other receivables, deposits and bank balances) as stated in the consolidated balance sheet.

The majority of the Group's trade and other receivables arose from credit sales to customers. In order to minimise the credit risk, the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual balance receivable at each balance sheet date to ensure that adequate impairment provision are made for irrecoverable amounts.

3. 財務風險管理(續)

(a) 外匯風險(續)

於二零零八年十二月三十一日，倘人民幣兌港元／美元增加5%，由於換算港元及美元結算貨幣資產及負債之外匯收益／虧損，而所有其他可變動因素維持不變，本集團之除稅後溢利將增加約55,000港元(二零零七年：6,638,000港元)。

(b) 現金流量利率風險

本集團所承擔之現金流量利率風險主要來自按浮動利率計息之短期銀行借貸及透支。管理層擬提取短期銀行貸款以增加資金之靈活性。本集團將不時參考利率變動趨勢以檢討是否應提取按固定利率或浮動利率計息之銀行貸款。本集團並無訂立任何利率掉期以對沖所承擔之利率風險。

於二零零八年十二月三十一日，倘利率增加／減少100基點，而所有其他可變動因素維持不變，本集團之除稅後溢利將減少／增加約2,707,000港元(二零零七年：1,950,000港元)。

(c) 信貸風險

本集團因交易方未能履行責任引致財務虧損所承擔之最大信貸風險來自綜合資產負債表所載各已確認金融資產(主要包括其他非流動資產、貿易應收賬款、其他應收賬款、按金及銀行結餘)之賬面值。

本集團大部分貿易應收賬款及其他應收賬款來自客戶之信貸銷售。為減低信貸風險，本集團已設立專門小組負責信貸額之釐定、信貸審批及其他監控程序，以確保採取跟進措施收回逾期之貿易賬款。此外，本集團於各結算日審閱各項應收賬款之可收回金額，以確保已就不可收回金額作出足夠之減值撥備。



NOTES TO THE ACCOUNTS
賬目附註

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Credit risk (continued)

Rental deposits are mainly placed with various landlords in China and are due to refund upon the expiry of the tenancy agreements and handover the leased premises. During the year, the Group did not experience significant defaults by the landlords.

The credit risk on liquid funds is limited as the counterparties are renowned financial institutions registered in Hong Kong, China and Taiwan.

(d) Liquidity risk

Liquidity risk is the risk that the Group is unable to meet its current obligations when they fall due.

The Group measures and monitors its liquidity through the maintenance of prudent ratio regarding to the liquidity structure of the overall assets, liabilities, loans and commitments of the Group. The Group also maintains a healthy level of liquid assets and banking facilities to ensure the availability of sufficient cash flows to meet any unexpected and material cash requirements in the ordinary course of business. As at 31 December 2008, the Group has unutilised banking facilities of HK\$182,349,000 (2007: HK\$257,152,000).

The contractual maturity of the Group's current financial liabilities based on the undiscounted cash flows is as follows:

		Within 3 months	Between 3 and 6 months	Between 6 months and 1 year	Total
		三個月內	三個月至 六個月	六個月至 一年	總計
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元
At 31 December 2008 於二零零八年十二月三十一日					
Trade payables	貿易應付賬款	397,006	-	-	397,006
Other payables	其他應付賬款	205,487	-	-	205,487
Bank loans	銀行貸款	171,942	78,151	20,562	270,655
		774,435	78,151	20,562	873,148
At 31 December 2007 於二零零七年十二月三十一日					
Trade payables	貿易應付賬款	461,099	-	-	461,099
Other payables	其他應付賬款	163,893	-	-	163,893
Bank loans	銀行貸款	132,834	42,944	19,200	194,978
		757,826	42,944	19,200	819,970

3. 財務風險管理(續)

(c) 信貸風險(續)

租金按金主要給予中國之多名業主，並於租賃協議屆滿及交還租賃物業時可予退還。年內，本集團並無遭遇重大業主違約事件。

由於本集團之交易對手為香港、中國大陸及台灣註冊之著名財務機構，因此流動資金之信貸風險有限。

(d) 流動資金風險

流動資金風險指本集團無力履行現有到期付款責任之風險。

本集團在整體資產、負債、貸款及承擔之流動結構方面維持審慎之比率，以計量及監控其流動資金狀況。此外，本集團將流動資產及銀行融資維持於穩健水平，確保在日常業務中隨時備有充裕之現金以應付任何非預期之重大現金需求。於二零零八年十二月三十一日，本集團之未動用銀行融資為182,349,000港元(二零零七年：257,152,000港元)。

本集團即期金融負債根據非貼現現金流量計算之合約到期日如下：



NOTES TO THE ACCOUNTS 賬目附註

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

(e) Capital risk management

The primary objective of the Group's capital risk management is to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratio in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. There were no changes in the objectives, policies or processes during the years ended 31 December 2008 and 31 December 2007.

The Group monitors capital using a gearing ratio, which is interest-bearing bank loans divided by equity attributable to equity holders of the Company. The gearing ratios as at the balance sheet dates were as follows:

		2008 二零零八年 HK\$'000 千港元	2007 二零零七年 HK\$'000 千港元
Interest-bearing bank loans	計息銀行貸款	270,655	194,978
Equity attributable to equity holders of the Company	本公司權益持有人應佔權益	1,854,533	1,373,084
Gearing ratio	負債對權益持有人應佔權益比率	14.6%	14.2%

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

3. 財務風險管理(續)

(e) 資本風險管理

本集團資本風險管理之主要目標為保障本集團之持續經營能力及維持穩健之資本比率，以支持其業務及盡量提高股東價值。

本集團管理其資本架構，並就經濟情況變動作出調整。本集團可能調整向股東派發之股息、向股東退還資本或發行新股份以維持或調整資本結構。於截至二零零八年十二月三十一日及二零零七年十二月三十一日止年度內，目標、政策或程序並無變動。

本集團採用負債對權益持有人應佔權益比率(即計息銀行貸款除以本公司權益持有人應佔權益)監察資本。於結算日之負債對權益持有人應佔權益比率如下：

4. 重要會計估計及判斷

估計及判斷會持續按過往經驗及其他因素評估，包括在目前情況下對未來事件之合理預期。

本集團就未來作出估計及假設，因而作出之會計估計顧名思義大多有別於相關實際結果。下文論述有重大風險可能導致下個財政年度內資產及負債賬面值須作出重大調整之估計及假設。



NOTES TO THE ACCOUNTS

賬目附註

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(a) Estimated impairment of goodwill

The Group determines whether goodwill is impaired on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows (Note 15(a)).

(b) Income taxes

The Group is subject to income taxes in several jurisdictions. Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

(c) Depreciation and amortisation

Management determines the estimated useful lives and related depreciation/amortisation charges for the Group's fixed assets and intangible assets. Management will revise the depreciation/amortisation charges where useful lives are different to previously estimated, or it will write off or write down technically obsolete or non-strategic assets that have been abandoned or sold. Periodic review could result in a change in depreciable lives and therefore depreciation/amortisation expense in future periods.

(d) Estimated write-downs of inventories to net realisable value

The Group writes down inventories to net realisable value based on an assessment of the realisability of inventories. Provisions are made for inventories where events or changes in circumstances indicate that the balances may not be realised. The identification of obsolescence requires the use of judgement and estimates. Where the exception is different from the original estimate, such difference will impact carrying value of inventories and net realisable value for the periods in which such estimate is changed.

4. 重要會計估計及判斷(續)

(a) 估計商譽減值

本集團每年釐定商譽是否出現減值。在釐定商譽是否出現減值時，須對已獲分配商譽之現金產生單位之使用價值作出估計。在估計使用價值時，本集團須估計現金產生單位之預期未來現金流量，並須選擇合適貼現率以計算該等現金流量之現值(附註15(a))。

(b) 所得稅

本集團須繳納數個司法權區之所得稅，決定所得稅撥備時須作出重大判斷。日常業務中有多項無法確定最終稅項之交易及計算。本集團按是否需要繳付額外稅項之估計，就預計稅務審核確認負債。倘最終稅務結果與初步記錄款額有別，差額將影響作出決定期間之即期及遞延稅項撥備。

(c) 折舊及攤銷

管理層就本集團之固定資產及無形資產釐定估計可使用年期及有關折舊／攤銷費用。管理層將於可使用年期有別於過往估計情況下修訂折舊／攤銷費用，或將會撇除或撇減已棄置或出售之技術上陳舊或非策略資產。定期審閱會使折舊年期出現變動，因而使未來期間之折舊／攤銷開支出現變動。

(d) 估計撇減存貨至可變現淨值

本集團按存貨變現情況之評估將存貨撇減至其可變現淨值。倘事件或狀況變動顯示結餘可能無法變現，則就存貨作出撥備。陳舊存貨之識別須作出判斷及估計。倘例外情況有別於原先估計，有關差異將對有關估計變動期間之存貨賬面值及可變現淨值構成影響。



NOTES TO THE ACCOUNTS 賬目附註

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(e) Fair value estimation

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by estimated discounted cash flow and makes assumptions that are based on market conditions existing at each balance sheet date. The fair value of foreign exchange forward contracts is determined using quoted forward exchange rates at the balance sheet date.

The face values less any estimated credit adjustments for the Group's financial assets and liabilities with a maturity of less than one year, including bank balances and cash, pledged deposits, trade receivables, other receivables, deposits, trade payables, other payables, bank loans and overdrafts approximates their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate available to the Group for similar financial instruments.

5. TURNOVER AND SEGMENT INFORMATION

Turnover represents sales of footwear and accessories. The Group is organised into two main business segments:

Brand business – Manufacturing and distribution of footwear, apparel and accessories under own brands and licensed brands.

OEM business – Manufacturing and distribution of footwear under original-equipment manufacturing arrangements (“OEM”).

4. 重要會計估計及判斷(續)

(e) 公平價值估計

並無於活躍市場買賣之金融工具(如場外衍生工具)公平價值乃按估計貼現現金流量釐定，並根據各結算日之市況作出假設。遠期外匯合約之公平價值按結算日所報之遠期匯率釐定。

本集團於一年內到期之金融資產及負債(包括銀行結餘及現金、已抵押存款、貿易應收賬款、其他應收賬款、按金、貿易應付賬款、其他應付賬款、銀行貸款及透支)賬面值減任何估計信貸調整與其公平價值相若。就披露而言，金融負債公平價值乃按本集團可獲同類金融工具現行市場利率貼現日後合約現金流量估計。

5. 營業額及分類資料

營業額指銷售鞋類產品及配件。本集團之業務分為兩個主要類別：

品牌業務—以自有品牌及代理品牌之製造及分銷鞋類產品、服飾及配件。

原設備製造業務—根據原設備製造(「OEM」)協議製造及分銷鞋類產品。



NOTES TO THE ACCOUNTS

賬目附註

5. TURNOVER AND SEGMENT INFORMATION (CONTINUED)

(a) Primary reporting format – business segments

There were no material transactions between the business segments.

		2008 二零零八年			2007 二零零七年		
		Brand business 品牌業務 HK\$'000 千港元	OEM business 原設備 製造業務 HK\$'000 千港元	Group 本集團 HK\$'000 千港元	Brand business 品牌業務 HK\$'000 千港元	OEM business 原設備 製造業務 HK\$'000 千港元	Group 本集團 HK\$'000 千港元
Turnover	營業額	4,646,853	642,444	5,289,297	3,145,841	707,739	3,853,580
Segment results	分類業績	682,908	19,972	702,880	481,890	38,141	520,031
Income derived from an available-for-sale financial asset	來自可出售金融資產之收入			3,000			3,000
Impairment loss on an available-for-sale financial asset	可出售金融資產減值虧損			(4,000)			-
Fair value adjustment on derivative financial instruments	衍生金融工具之公平價值調整			-			2,097
Unallocated income	未分配收入			1,553			23,277
Unallocated expenses	未分配開支			(24,453)			(7,272)
Operating profit	經營盈利			678,980			541,133
Segment assets	分類資產	2,617,933	276,066	2,893,999	1,874,813	411,291	2,286,104
Interest in an associated company	於一家聯營公司之權益			3,134			2,567
Available-for-sale financial assets	可出售金融資產			33,624			33,624
Derivative financial instruments	衍生金融工具			-			2,450
Other unallocated assets	其他未分配資產			31,604			37,156
Total assets	總資產			2,962,361			2,361,901
Segment liabilities	分類負債	776,020	115,774	891,794	628,173	195,859	824,032
Other unallocated liabilities	其他未分配負債			179,269			130,687
Total liabilities	總負債			1,071,063			954,719
Amortisation	攤銷	2,200	224	2,424	792	841	1,633
Depreciation	折舊	103,327	11,553	114,880	82,990	11,962	94,952
Provision for bad and doubtful debts	呆壞賬撥備	-	3,721	3,721	-	-	-
Provision for/(write-back of) slow-moving inventories	滯銷存貨撥備/(撥回)	5,702	(3,222)	2,480	(5,328)	(1,110)	(6,438)
Capital expenditure	資本開支	222,764	11,563	234,327	156,818	32,229	189,047

5. 營業額及分類資料(續)

(a) 主要報告形式－業務分類

各業務分類之間並無進行任何重大交易。



NOTES TO THE ACCOUNTS 賬目附註

5. TURNOVER AND SEGMENT INFORMATION (CONTINUED)

(b) Secondary reporting format – geographical segments

The Group's brand business operates in Mainland China and Taiwan. For OEM business, the Group manufactures in China and sells its footwear products to overseas customers mainly in the US. Segment turnover is presented based on the geographical location of customers.

		2008 二零零八年 HK\$'000 千港元	2007 二零零七年 HK\$'000 千港元
Mainland China	中國大陸	4,600,930	3,115,651
The US	美國	600,244	635,552
Others	其他	88,123	102,377
		5,289,297	3,853,580

Since over 90% of the Group's assets are located in Mainland China, no segment assets and segment capital expenditure are presented.

6. OTHER INCOME

Government incentives	政府補貼	4,730	4,866
Income derived from an available-for-sale financial asset (Note 21(a)(i))	來自可出售金融資產之收入 (附註21(a)(i))	3,000	3,000
Interest income	利息收入	2,715	4,413
Handling income	手續費收入	1,920	1,110
Tax refund on reinvestment	再投資之退稅	1,345	23,055
Royalty income	專營權收入	932	385
Gross rental income	租金收入總額	599	355
Dividend income	股息收入	10	44
Others	其他	5,487	2,602
		20,738	39,830

5. 營業額及分類資料(續)

(b) 次要報告形式－地域分類

本集團之品牌業務於中國大陸及台灣營運。就原設備製造業務而言，本集團於中國大陸生產，並將其鞋類產品出售予主要位於美國之海外客戶。分類營業額乃根據客戶之所在地點呈列。

由於本集團超過90%之資產位於中國大陸，故並無呈列分類資產及分類資本開支。

6 其他收入

		2008 二零零八年 HK\$'000 千港元	2007 二零零七年 HK\$'000 千港元
Government incentives	政府補貼	4,730	4,866
Income derived from an available-for-sale financial asset (Note 21(a)(i))	來自可出售金融資產之收入 (附註21(a)(i))	3,000	3,000
Interest income	利息收入	2,715	4,413
Handling income	手續費收入	1,920	1,110
Tax refund on reinvestment	再投資之退稅	1,345	23,055
Royalty income	專營權收入	932	385
Gross rental income	租金收入總額	599	355
Dividend income	股息收入	10	44
Others	其他	5,487	2,602
		20,738	39,830



NOTES TO THE ACCOUNTS

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7. OTHER (LOSSES)/GAINS – NET

7 其他(虧損)/收益—淨額

		2008 二零零八年 HK\$'000 千港元	2007 二零零七年 HK\$'000 千港元
Fair value gain on derivative financial instruments	衍生金融工具之公平價值收益	–	2,097
Impairment loss on an available-for-sale financial asset	可出售金融資產減值虧損	(4,000)	–
Loss on disposal of a subsidiary	出售一家附屬公司之虧損	(3,417)	–
Loss on disposal of fixed assets	出售固定資產之虧損	(20,235)	(7,835)
Loss on disposal of land use rights	出售土地使用權之虧損	(90)	–
Net exchange gain	匯兌收益淨額	1,785	14,415
		(25,957)	8,677

8. OPERATING PROFIT

8. 經營盈利

Operating profit is stated after charging the following:

經營盈利已扣除下列各項：

		2008 二零零八年 HK\$'000 千港元	2007 二零零七年 HK\$'000 千港元
Amortisation of land use rights	土地使用權攤銷	1,032	1,633
Amortisation of a license right	特許使用權攤銷	1,392	–
Auditors' remuneration	核數師酬金	3,663	3,616
Cost of inventories sold including provision for slow-moving inventories of HK\$2,480,000 (2007: write-back of HK\$6,438,000)	售出存貨成本包括滯銷存貨撥備 2,480,000港元(二零零七年： 撥回6,438,000港元)	2,092,146	1,646,297
Depreciation of fixed assets	固定資產折舊	114,880	94,952
Employee benefits expense (Note 14)	僱員福利開支(附註14)	614,013	466,558
Operating lease rentals (including concessionaire fees) in respect of land and buildings	土地及樓宇之經營租賃租金(包括商場特許銷售費)	1,014,450	730,171
Provision for bad and doubtful debts	呆壞賬撥備	3,721	–

9. FINANCE COSTS

9. 財務成本

		2008 二零零八年 HK\$'000 千港元	2007 二零零七年 HK\$'000 千港元
Interest on bank loans and overdrafts	銀行貸款及透支之利息	12,234	11,341
Interest on license fees payable (Note 30)	應付特許權使用費利息(附註30)	1,073	–
		13,307	11,341



NOTES TO THE ACCOUNTS 賬目附註

10. TAXATION

The amount of taxation charged/(credited) to the consolidated profit and loss account represents:

		2008 二零零八年 HK\$'000 千港元	2007 二零零七年 HK\$'000 千港元
Current taxation	現行稅項		
Taxation outside Hong Kong	香港以外地區之稅項	153,805	148,328
Under/(over) provision in prior years	過往年度撥備不足／(超額撥備)	9,144	(5,796)
Deferred taxation (Note 29)	遞延稅項(附註29)	6,141	(1,234)
		169,090	141,298

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the applicable domestic tax rates of the Group entities as follows:

		2008 二零零八年 HK\$'000 千港元	2007 二零零七年 HK\$'000 千港元
Profit before taxation	除稅前盈利	666,267	530,018
Less: Share of profit of an associated company	減：應佔一家聯營公司盈利	(594)	(226)
		665,673	529,792
Tax calculated at domestic tax rates applicable to profits in the respective countries/places	按有關國家／地區所產生盈利適用之當地稅率計算之稅項	141,077	156,265
Income not subject to taxation	毋須繳稅收入	(23,209)	(28,044)
Expenses not deductible for taxation purposes	不可扣稅開支	32,985	13,861
Deferred tax assets previously not recognised	過往未確認之遞延稅項資產	-	(4,584)
Tax losses for which no deferred tax assets recognised	未確認遞延稅項資產之稅項虧損	8,600	10,021
Utilisation of previously unrecognised tax losses	動用過往未確認之稅項虧損	(117)	(3,341)
Under/(over) provision in prior years	過往年度撥備不足／(超額撥備)	9,144	(5,796)
Difference in deferred tax assets/liabilities arising from changes in tax rates	稅率變動所產生遞延稅項資產／負債之差額	-	2,145
Derecognition of previously recognised tax losses	終止確認過往已確認之稅項虧損	476	-
Temporary differences not recognised	未確認暫時差額	134	771
Taxation charge	稅項支出	169,090	141,298

10. 稅項

自綜合損益表扣除／(計入)之稅項指：

本集團有關除稅前盈利之稅項與假若採用本集團實體之適用當地稅率而計算之理論稅項之差額如下：

The weighted average applicable tax rate was 21% (2007: 29%).

加權平均適用稅率為21%(二零零七年：29%)。

No provision for Hong Kong profits tax has been made in the accounts as the Group does not have any assessable profit arising in Hong Kong. Taxation on profits arising outside Hong Kong has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the countries/places in which the Group operates.

由於本集團在香港並無產生任何應課稅盈利，故並無在賬目內作出香港利得稅撥備。香港以外地區之盈利稅項已根據年內估計應課稅盈利，按本集團業務所在國家／地區之現行稅率計算。



NOTES TO THE ACCOUNTS 賬目附註

10. TAXATION (CONTINUED)

Provision for China corporate income tax was calculated based on the statutory tax rate of 25% (2007: 33%) on the assessable income of each of the Group's entities except that certain subsidiaries of the Company operating in China are eligible for certain tax exemptions and concessions including tax holiday and reduced corporate income tax rate during the year. Accordingly, the China corporate income tax for such subsidiaries has been provided for after taking into account of these tax exemptions and concessions.

11. PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The profit attributable to equity holders of the Company is dealt with in the accounts of the Company to the extent of HK\$70,338,000 (2007: HK\$84,285,000).

12. DIVIDENDS

		2008 二零零八年 HK\$'000 千港元	2007 二零零七年 HK\$'000 千港元
Interim dividend, paid, of HK2.5 cents (2007: HK2.5 cents) per ordinary share	已付中期股息每股普通股2.5港仙 (二零零七年：2.5港仙)	40,947	40,947
Final dividend, proposed, of HK3.0 cents (2007: HK2.5 cents) per ordinary share	擬派末期股息每股普通股3.0港仙 (二零零七年：2.5港仙)	49,137	40,947
		90,084	81,894

At a meeting held on 16 April 2009, the Board proposed a final dividend of HK3.0 cents per share in respect of the year ended 31 December 2008 to be approved by the shareholders at the forthcoming annual general meeting. The proposed dividend is not reflected as a dividend payable in these accounts but will be reflected as an appropriation of retained profits for the year ending 31 December 2009.

13. EARNINGS PER SHARE

The calculation of earnings per share is based on the Group's profit attributable to equity holders of the Company of HK\$492,920,000 (2007: HK\$384,383,000) and 1,637,892,384 (2007: 1,637,892,384) ordinary shares in issue throughout the year.

10. 稅項(續)

中國企業所得稅乃就本集團旗下各實體的應課稅收入按法定稅率25% (二零零七年：33%)計算撥備，惟本公司在中國營運之若干附屬公司合資格享有若干稅項豁免及寬減，包括免稅期及年內降低企業所得稅率。因此，此等附屬公司之中國企業所得稅已於計及此等稅項豁免及寬減後作出撥備。

11. 本公司權益持有人應佔盈利

於本公司賬目內處理之本公司權益持有人應佔盈利為70,338,000港元(二零零七年：84,285,000港元)。

12. 股息

	2008 二零零八年 HK\$'000 千港元	2007 二零零七年 HK\$'000 千港元
Interim dividend, paid, of HK2.5 cents (2007: HK2.5 cents) per ordinary share	40,947	40,947
Final dividend, proposed, of HK3.0 cents (2007: HK2.5 cents) per ordinary share	49,137	40,947
	90,084	81,894

於二零零九年四月十六日舉行之會議上，董事會建議股東於應屆股東週年大會上批准就截至二零零八年十二月三十一日止年度派發末期股息每股3.0港仙。此建議股息於賬目內並不列作應派股息，惟會列作截至二零零九年十二月三十一日止年度之保留盈利分配。

13. 每股盈利

每股盈利乃根據本公司權益持有人應佔本集團盈利492,920,000港元(二零零七年：384,383,000港元)及年內已發行普通股1,637,892,384股(二零零七年：1,637,892,384股)計算。



NOTES TO THE ACCOUNTS 賬目附註

13. EARNINGS PER SHARE (CONTINUED)

Diluted earnings per share for the years ended 31 December 2008 and 31 December 2007 are the same as basic earnings per share since the exercise price of the Company's outstanding share options was higher than the average market price of the Company's shares during the years.

14. EMPLOYEE BENEFITS EXPENSE

Employee benefits expense including directors' emoluments represents:

13. 每股盈利(續)

由於截至二零零八年十二月三十一日及二零零七年十二月三十一日止年度本公司尚未行使購股權之行使價高於本公司股份之平均市價，因此每股攤薄盈利與每股基本盈利相同。

14. 僱員福利開支

僱員福利開支(包括董事酬金)指：

		2008 二零零八年 HK\$'000 千港元	2007 二零零七年 HK\$'000 千港元
Wages, salaries and bonuses	工資、薪金及花紅	580,526	434,700
Defined contribution pension costs (Note (a))	定額供款退休金成本(附註(a))	33,487	20,066
Share-based payment expenses	以股份為基礎之款項開支	-	11,792
		614,013	466,558

(a) Defined contribution pension costs

As at both 31 December 2008 and 31 December 2007, no forfeited contribution is available to reduce the contribution payable in the future.

Contributions payable to the funds as at 31 December 2008 of approximately HK\$3,120,000 (2007: HK\$1,650,000) are included in other payables and accrued charges.

(a) 定額供款退休金成本

於二零零八年十二月三十一日及二零零七年十二月三十一日，並無可供扣減未來應付供款之沒收供款。

於二零零八年十二月三十一日，約3,120,000港元(二零零七年：1,650,000港元)之應付基金供款已計入其他應付賬款及應計費用。



NOTES TO THE ACCOUNTS

賬目附註

14. EMPLOYEE BENEFITS EXPENSE (CONTINUED)

(b) Directors' emoluments

The remuneration of each director of the Company for the year ended 31 December 2008 is set out below:

Name of director	董事姓名	Fees 袍金 HK\$'000 千港元	Salaries 薪金 HK\$'000 千港元	Defined contribution pension costs 定額 供款退休 金成本 HK\$'000 千港元	Discretionary bonuses 酌情花紅 HK\$'000 千港元	Total 總計 HK\$'000 千港元
Mr Chen Ying-Chieh	陳英杰先生	840	3,175	30	2,000	6,045
Mr Chen Hsien Min	陳賢民先生	480	3,536	6	2,000	6,022
Mr Chang Chih-Kai	張智凱先生	480	1,532	10	1,000	3,022
Mr Hsiao Hsi-Ming	蕭溪明先生	72	–	–	–	72
Mr Huang Shun-Tsai	黃順財先生	72	–	–	–	72
Mr Kuo Jung-Cheng	郭榮振先生	72	–	–	–	72
		2,016	8,243	46	5,000	15,305

The remuneration of each director of the Company for the year ended 31 December 2007 is set out below:

Name of director	董事姓名	Fees 袍金 HK\$'000 千港元	Salaries 薪金 HK\$'000 千港元	Defined contribution pension costs 定額 供款退休 金成本 HK\$'000 千港元	Share- based payment expenses 以股份 為基礎之 款項開支 HK\$'000 千港元	Total 總計 HK\$'000 千港元
Mr Chen Ying-Chieh	陳英杰先生	–	1,283	33	1,427	2,743
Mr Chen Hsien Min	陳賢民先生	–	1,438	–	1,256	2,694
Mr Chang Chih-Kai	張智凱先生	–	762	–	1,427	2,189
Mr Hsiao Hsi-Ming	蕭溪明先生	72	–	–	–	72
Mr Huang Shun-Tsai	黃順財先生	72	–	–	–	72
Mr Kuo Jung-Cheng	郭榮振先生	72	–	–	–	72
		216	3,483	33	4,110	7,842

14. 僱員福利開支(續)

(b) 董事酬金

於截至二零零八年十二月三十一日止年度，本公司各董事之薪酬如下：

於截至二零零七年十二月三十一日止年度，本公司各董事之薪酬如下：



NOTES TO THE ACCOUNTS
賬目附註

14. EMPLOYEE BENEFITS EXPENSE (CONTINUED)

(c) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include three (2007: three) directors whose emoluments are presented above. The emoluments payable to the remaining two (2007: two) individuals during the year are as follows:

		2008 二零零八年 HK\$'000 千港元	2007 二零零七年 HK\$'000 千港元
Salaries and bonuses	薪金及花紅	1,714	623
Defined contribution pension costs	定額供款退休金成本	51	38
Share-based payment expenses	以股份為基礎之款項開支	-	2,397
		1,765	3,058

The emoluments fell within the following bands:

		Number of individuals 人數	
		2008 二零零八年	2007 二零零七年
Emolument bands	酬金組別		
HK\$Nil to HK\$1,000,000	0港元至1,000,000港元	2	-
HK\$1,000,001 to HK\$1,500,000	1,000,001港元至1,500,000港元	-	1
HK\$1,500,001 to HK\$2,000,000	1,500,001港元至2,000,000港元	-	1

No emoluments have been paid by the Group to the directors or the five highest paid individuals as an inducement to join or upon joining the Group, or as compensation for loss of office. No directors or the five highest paid individuals waived or agreed to waive any emoluments during the year.

14. 僱員福利開支(續)

(c) 五名最高薪人士

於本年度，本集團五名最高薪人士包括三名(二零零七年：三名)董事，其酬金詳情已於上文披露。年內應付另外兩名(二零零七年：兩名)人士之酬金詳情如下：

酬金組別如下：

本集團並無向董事或五名最高薪人士支付任何酬金，作為吸引彼等加入本集團，或作為加入本集團時之獎勵或離職補償。年內，各董事或五名最高薪人士均無放棄或同意放棄任何酬金。



NOTES TO THE ACCOUNTS

賬目附註

15. INTANGIBLE ASSETS

15. 無形資產

		Group 本集團		
		Goodwill 商譽	License right 特許使用權	Total 合計
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
		(Note (a)) (附註(a))	(Note (b)) (附註(b))	
Cost	成本值			
At 1 January 2007	於二零零七年一月一日	25,483	-	25,483
Acquisition of additional interests in subsidiaries	收購附屬公司之額外權益	202	-	202
At 31 December 2007	於二零零七年十二月三十一日	25,685	-	25,685
Additions	添置	-	15,154	15,154
At 31 December 2008	於二零零八年十二月三十一日	25,685	15,154	40,839
Accumulated amortisation	累計攤銷			
At 1 January 2007 and 31 December 2007	於二零零七年一月一日及二零零七年十二月三十一日	-	-	-
Amortisation for the year	本年度攤銷	-	1,392	1,392
At 31 December 2008	於二零零八年十二月三十一日	-	1,392	1,392
Net book value	賬面淨值			
At 31 December 2008	於二零零八年十二月三十一日	25,685	13,762	39,447
At 31 December 2007	於二零零七年十二月三十一日	25,685	-	25,685

Notes:

附註:

(a) Goodwill

(a) 商譽

Goodwill is allocated to the Group's various cash-generating units ("CGUs") identified according to operating segment. The Group performs impairment tests on goodwill annually, or more frequently if there is any indication that it may be impaired, by comparing the recoverable amount to the carrying amount as at the balance sheet date. The recoverable amount of a CGU was determined based on value-in-use calculations. These calculations used cash flow projections based on financial budgets approved by management covering a three-year period. The pre-tax discount rate and the estimated weighted average annual sales growth rate after the 3-year budgeted period applied to the cash flow projections was 10% and ranged from 1% to 2% respectively. The budgeted gross profit margin and net profit margin were determined by the management for each individual CGU based on past performance and its expectations for market development. Management believes that any reasonably foreseeable change in any of the above key assumptions would not cause the carrying amount of goodwill to exceed the recoverable amount significantly.

商譽乃根據經營分類分配至本集團各個現金產生單位(「現金產生單位」)。本集團就商譽每年(或如出現可能減值之任何跡象,則更頻繁)作減值測試,方法為於結算日將可收回金額與賬面金額作比較。現金產生單位之可收回金額乃按使用價值而釐定。該計算乃使用根據管理層批准之三年財政預算之現金流量預測計算。在預測現金流量時所使用之三年財政預算期後除稅前貼現率及估計加權平均年度銷售增長率分別為10%及1%至2%。各現金產生單位之預算毛利率及盈利淨額率乃由管理層按過往表現及其對市場發展之預期而釐定。管理層相信,倘上述任何假設出現任何合理可預見變更,將不會導致商譽之賬面值大幅超逾其可收回金額。



NOTES TO THE ACCOUNTS 賬目附註

15. INTANGIBLE ASSETS (CONTINUED)

Notes: (continued)

(b) License right

In 2008, the Group acquired a license right for the exclusive distribution of an international brand in Mainland China. License right was recognised based on a discount rate approximated the Group's weighted average cost of capital of 10% per annum at the date of inception.

15. 無形資產(續)

附註:(續)

(b) 特許使用權

於二零零八年，本集團取得於中國大陸獨家代理銷售一國際品牌之特許使用權。特許使用權於開始日期按與本集團加權平均資金成本相若之年貼現率10%確認。

16. LAND USE RIGHTS

16. 土地使用權

		Group 本集團	
		2008 二零零八年 HK\$'000 千港元	2007 二零零七年 HK\$'000 千港元
Cost	成本值		
At 1 January	於一月一日	56,979	43,082
Exchange adjustment	匯兌調整	2,977	3,503
Additions	添置	4,506	10,394
Disposals	出售	(1,016)	-
Disposal of a subsidiary	出售一家附屬公司	(1,354)	-
At 31 December	於十二月三十一日	62,092	56,979
Accumulated amortisation	累計攤銷		
At 1 January	於一月一日	16,088	13,793
Exchange adjustment	匯兌調整	504	662
Amortisation for the year	本年度攤銷	1,032	1,633
Disposals	出售	(321)	-
Disposal of a subsidiary	出售一家附屬公司	(155)	-
At 31 December	於十二月三十一日	17,148	16,088
Net book value	賬面淨值		
At 31 December	於十二月三十一日	44,944	40,891
At 1 January	於一月一日	40,891	29,289

As at both 31 December 2008 and 31 December 2007, all land use rights were held outside Hong Kong on leases of between 10 to 50 years.

於二零零八年十二月三十一日及二零零七年十二月三十一日，所有土地使用權均於香港以外以租賃持有，為期10至50年。



NOTES TO THE ACCOUNTS

賬目附註

17. FIXED ASSETS

17. 固定資產

		Group 本集團						Total
		Leasehold buildings	Leasehold improvements	Construction- in-progress	Plant and machinery	Furniture, fixtures and equipment	Motor vehicles	
		租賃樓宇	租賃 物業裝修	在建工程	廠房 及機器	傢俱、 固定裝置 及設備	汽車	總計
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
Cost	成本值							
At 1 January 2007	於二零零七年一月一日	159,237	171,343	75,024	118,857	78,013	28,521	630,995
Exchange adjustment	匯兌調整	12,492	12,632	5,886	9,987	5,142	2,181	48,320
Additions	添置	51,065	85,774	29,260	11,472	19,177	5,253	202,001
Transfer	轉撥	14,898	-	(14,898)	-	-	-	-
Disposals	出售	-	(20,107)	-	(961)	(890)	(1,976)	(23,934)
At 31 December 2007	於二零零七年十二月三十一日	237,692	249,642	95,272	139,355	101,442	33,979	857,382
Exchange adjustment	匯兌調整	12,088	12,137	4,845	7,517	4,467	1,658	42,712
Additions	添置	3,104	106,180	79,651	8,136	26,343	6,407	229,821
Transfer	轉撥	33,767	-	(33,767)	-	-	-	-
Disposals	出售	(8,703)	(36,108)	-	(2,443)	(2,798)	(1,971)	(52,023)
Disposal of a subsidiary	出售一家附屬公司	(29,896)	-	(113)	(16,103)	(826)	(787)	(47,725)
At 31 December 2008	於二零零八年十二月三十一日	248,052	331,851	145,888	136,462	128,628	39,286	1,030,167
Accumulated depreciation	累計折舊							
At 1 January 2007	於二零零七年一月一日	37,106	74,240	-	94,582	30,084	16,407	252,419
Exchange adjustment	匯兌調整	3,194	8,189	-	8,577	2,538	1,441	23,939
Charge for the year	本年度折舊	6,700	60,422	-	9,419	13,016	5,395	94,952
Disposals	出售	-	(11,477)	-	(956)	(701)	(1,159)	(14,293)
At 31 December 2007	於二零零七年十二月三十一日	47,000	131,374	-	111,622	44,937	22,084	357,017
Exchange adjustment	匯兌調整	2,447	6,605	-	6,210	2,065	1,058	18,385
Charge for the year	本年度折舊	13,164	66,752	-	9,877	19,549	5,538	114,880
Disposals	出售	(4,304)	(12,467)	-	(1,844)	(1,739)	(1,783)	(22,137)
Disposal of a subsidiary	出售一家附屬公司	(1,892)	-	-	(9,906)	(377)	(538)	(12,713)
At 31 December 2008	於二零零八年十二月三十一日	56,415	192,264	-	115,959	64,435	26,359	455,432
Net book value	賬面淨值							
At 31 December 2008	於二零零八年十二月三十一日	191,637	139,587	145,888	20,503	64,193	12,927	574,735
At 31 December 2007	於二零零七年十二月三十一日	190,692	118,268	95,272	27,733	56,505	11,895	500,365

As at 31 December 2008, leasehold buildings of carrying value of HK\$32,548,000 (2007: HK\$21,685,000) were pledged for the Group's short-term bank loans (Note 26).

於二零零八年十二月三十一日，賬面值 32,548,000 港元（二零零七年：21,685,000 港元）之租賃樓宇已就本集團短期銀行貸款作出抵押（附註26）。



NOTES TO THE ACCOUNTS
賬目附註

18. INVESTMENTS IN SUBSIDIARIES

18. 於附屬公司之投資

		Company	
		本公司	
		2008	2007
		二零零八年	二零零七年
		HK\$'000	HK\$'000
		千港元	千港元
Unlisted investments, at cost	非上市投資，按成本值	165,635	165,635

The following is a list of the principal subsidiaries as at 31 December 2008:

下表載列於二零零八年十二月三十一日之主要附屬公司：

Name	Place of incorporation/ operation 註冊成立/ 營運地點	Particulars of issued/paid- up capital 已發行/繳足 股本詳情	Interest held 所持權益 %	Principal activities 主要業務
Alldevelop Holdings Limited	British Virgin Islands 英屬處女群島	1 share of US\$1 each 1股每股面值1美元 之股份	100	Investment holding 投資控股
Dafu Footwear Co., Ltd. Hanjiang Putian City ^(a) 莆田市涵江大福鞋業有限公司 ^(a)	Mainland China 中國大陸	US\$3,180,000 3,180,000美元	90	Manufacture of footwear 製造鞋類產品
Dasheng Footwear Co., Ltd. Putian City ^(b) 莆田市涵江大盛鞋業有限公司 ^(b)	Mainland China 中國大陸	US\$4,285,700 4,285,700美元	100	Manufacture of footwear 製造鞋類產品
Daphne Marketing Co., Ltd. 展昕貿易股份有限公司	Taiwan 台灣	NTD200,000,000 200,000,000新台幣	100	Retail distribution of footwear and accessories 零售分銷鞋類產品及配飾
Daxin Footwear Co., Ltd. Putian City ^(b) 莆田市涵江大欣鞋業有限公司 ^(b)	Mainland China 中國大陸	US\$2,522,372 2,522,372美元	100	Processing of footwear 加工鞋類產品
Daxing Shoe Material Co., Ltd. Hanjiang Putian City ^(b) 莆田市涵江大興鞋材有限公司 ^(b)	Mainland China 中國大陸	US\$1,499,925 1,499,925美元	100	Manufacture of footwear 製造鞋類產品



NOTES TO THE ACCOUNTS
賬目附註

18. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

18. 於附屬公司之投資(續)

Name 名稱	Place of incorporation/ operation 註冊成立/ 營運地點	Particulars of issued/paid- up capital 已發行/繳足 股本詳情	Interest held 所持權益 %	Principal activities 主要業務
Gentlefit Trading Limited	Hong Kong	100 ordinary shares of HK\$1 each; 13,055,667 non-voting deferred shares of HK\$1 each ^(d)	100	Export trading of footwear, investment and trademarks holding
祥田貿易有限公司	香港	100股每股面值1港元之普通股；13,055,667股每股面值1港元之無投票權遞延股 ^(d)		鞋類產品出口貿易、投資及商標持有
Jacaranda International Limited	British Virgin Islands 英屬處女群島	2 shares of US\$1 each 2股每股面值1美元之股份	100	Export trading of footwear 鞋類產品出口貿易
Jiangxi Dachuan Footwear Co., Ltd. ^(b) 江西大川鞋業有限公司 ^(b)	Mainland China 中國大陸	US\$1,400,000 1,400,000美元	100	Processing of footwear 加工鞋類產品
Modern City Development Limited	Hong Kong	100 ordinary shares of HK\$1 each; 10,000 non-voting deferred shares of HK\$1 each ^(d)	100	Investment holding
成田發展有限公司	香港	100股每股面值1港元之普通股；10,000股每股面值1港元之無投票權遞延股 ^(d)		投資控股
Prime Success (BVI) Limited	British Virgin Islands 英屬處女群島	5,000,000 shares of US\$0.01 each 5,000,000股每股面值0.01美元之股份	100	Investment holding 投資控股
Putian Hanjiang Footwear Co., Ltd. ^(a) 莆田市涵江鞋業有限公司 ^(a)	Mainland China 中國大陸	US\$6,000,000 6,000,000美元	75	Manufacture of footwear 製造鞋類產品
Shanghai Guang Wei Industry & Commerce Co., Ltd. ^(a) 上海光偉實業有限公司 ^(a)	Mainland China 中國大陸	US\$4,600,000 4,600,000美元	87.8	Manufacture of footwear 製造鞋類產品
Shoebox Holdings Limited 鞋櫃控股有限公司	Hong Kong 香港	HK\$10,000 ordinary shares of HK\$1 each 10,000股每股面值1港元之普通股	95	Trademarks holding 商標持有



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18. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

18. 於附屬公司之投資(續)

Name 名稱	Place of incorporation/ operation 註冊成立/ 營運地點	Particulars of issued/paid- up capital 已發行/繳足 股本詳情	Interest held 所持權益 %	Principal activities 主要業務
Taizhou Rong Wei Shoes Co. Ltd. ^(b) 泰州榮偉鞋業有限公司 ^(b)	Mainland China 中國大陸	US\$1,000,000 1,000,000美元	100	Processing of footwear 加工鞋類產品
Victoria Success Investment Co., Ltd. ^(b) 永恩投資(集團)有限公司 ^(b)	Mainland China 中國大陸	US\$30,000,000 30,000,000美元	100	Distribution of footwear and accessories and investment holding 分銷鞋類產品及 配飾及投資控股
Victoria Success (Shanghai) Limited ^(b) 永恩實業(上海)有限公司 ^(b)	Mainland China 中國大陸	US\$23,000,000 23,000,000美元	100	Manufacture of footwear 製造鞋類產品
Victoria Success Shoes (Suqian) Co. Ltd. ^(b) 永恩鞋業(宿遷)有限公司 ^(b)	Mainland China 中國大陸	RMB3,000,000 3,000,000人民幣	100	Processing of footwear 加工鞋類產品
Winson Union Limited 永信聯有限公司	Hong Kong 香港	10,000 ordinary shares of HK\$1 each 10,000股每股面值 1港元之普通股	100	Investment holding 投資控股
Yangzhou Quanwei Industry & Commerce Co., Ltd. ^(b) 揚州銓偉實業有限公司 ^(b)	Mainland China 中國大陸	US\$700,570 700,570美元	100	Processing of footwear 加工鞋類產品
鞋櫃商貿有限公司 ^(b)	Mainland China 中國大陸	RMB50,000,000 50,000,000人民幣	95	Distribution of footwear, apparel and accessories 分銷鞋類產品、服飾及配件
百盈商貿有限公司 ^(b)	Mainland China 中國大陸	RMB50,000,000 50,000,000人民幣	100	Distribution of footwear, apparel and accessories 分銷鞋類產品、服飾及配件
全信商貿(上海)有限公司 ^(b)	Mainland China 中國大陸	RMB600,000 600,000人民幣	100	Distribution of footwear, apparel and accessories 分銷鞋類產品、服飾及配件
益觀商貿(上海)有限公司 ^(b)	Mainland China 中國大陸	RMB5,118,825 5,118,825人民幣	100	Distribution of footwear, apparel and accessories 分銷鞋類產品、服飾及配件



NOTES TO THE ACCOUNTS

賬目附註

18. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Notes:

- (a) These Companies were established in China in the form of equity joint ventures.
- (b) These Companies were established in China in the form of wholly foreign-owned enterprises.
- (c) Other than investment in Prime Success (BVI) Limited which is held directly by the Company, all subsidiaries shown above are held indirectly by the Company.
- (d) The non-voting deferred shares practically carry no rights to dividends, nor rights to receive notice, nor rights to attend and vote at any general meeting of the respective companies, nor rights to participate in any distribution on winding up.
- (e) None of the subsidiaries had any debt securities outstanding at the end of the year or at any time during the year.

19. AMOUNT DUE FROM A SUBSIDIARY – COMPANY

The amount due from a subsidiary is unsecured, interest-free and repayable on demand.

20. INTEREST IN AN ASSOCIATED COMPANY

18. 於附屬公司之投資(續)

附註:

- (a) 該等公司為於中國成立之合資企業。
- (b) 該等公司為於中國成立之全外資企業。
- (c) 除本公司直接持有Prime Success (BVI) Limited之投資外，上列所有其他附屬公司之投資均由本公司間接持有。
- (d) 無投票權遞延股份實際上無權收取有關公司之股息或接收該公司任何股東大會通告或出席股東大會並於會上投票。於有關公司清盤時亦無權參與任何分派。
- (e) 各附屬公司於年終或年內任何時間概無任何未償還債務證券。

19. 應收一家附屬公司賬款—本公司

應收一家附屬公司款項乃無抵押、免息，並須應要求償還。

20. 於一家聯營公司之權益

		Group 本集團	
		2008 二零零八年 HK\$'000 千港元	2007 二零零七年 HK\$'000 千港元
Share of net assets	應佔資產淨值	3,134	2,567
Unlisted investment, at cost	非上市投資，按成本值	2,340	2,340

Details of the associated company as at 31 December 2008 are as follows:

於二零零八年十二月三十一日，聯營公司之詳情如下：

Name 名稱	Place of incorporation/ operation 註冊成立/ 營運地點	Particulars of paid-up capital 繳足股本 詳情	Interest held indirectly 間接持有 之權益 %	Principal activity 主要業務
Dayong Shoe Material Co., Ltd. Hanjiang Putian City ("Dayong") 莆田市涵江大永鞋業有限公司(「大永」)	Mainland China 中國大陸	RMB5,457,000 5,457,000人民幣	30	Manufacture of shoe materials 製造鞋類物料



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20. INTEREST IN AN ASSOCIATED COMPANY (CONTINUED)

A summary of financial information of the associated company is as follows:

		2008 二零零八年 HK\$'000 千港元	2007 二零零七年 HK\$'000 千港元
Assets	資產	11,173	9,389
Liabilities	負債	1,163	943
Revenues	收入	13,032	11,323
Profit	盈利	1,979	754

21. AVAILABLE-FOR-SALE FINANCIAL ASSETS

		2008 二零零八年 HK\$'000 千港元	2007 二零零七年 HK\$'000 千港元
Unlisted investments (Note (a))	非上市投資 (附註(a))	33,624	33,624
Listed securities (Note (b))	上市證券 (附註(b))	-	-
		33,624	33,624

Notes:

- (a) Unlisted investments comprise investment in Jingxing Shoe Industrial Co., Ltd. Putian City ("Jingxing") of HK\$33,000,000 (2007: HK\$33,000,000) and investment in Daen Shoe Material Co. Ltd. ("Daen") of HK\$624,000 (2007: HK\$624,000). The fair values of the unlisted investments are estimated by the directors of the Company based on projected cash flow discounted at an annual rate of 12%. As at 31 December 2008, a valuation on Jingxing was performed by an independent professional appraiser with a fair value approximated the directors' estimation.

(i) Investment in Jingxing

The Group holds 30% interest in Jingxing which is a sino-foreign equity joint venture established in China for a term of 70 years commencing November 1991. Jingxing is engaged in the manufacturing and distribution of footwear.

The directors do not consider Jingxing as an associated company of the Group as they are of the opinion that the Group cannot exercise significant influence in the financial and operational decisions of Jingxing.

20. 於一家聯營公司之權益(續)

聯營公司之財務資料摘要如下：

21. 可出售金融資產

		Group 本集團 2008 二零零八年 HK\$'000 千港元	2007 二零零七年 HK\$'000 千港元
Unlisted investments (Note (a))	非上市投資 (附註(a))	33,624	33,624
Listed securities (Note (b))	上市證券 (附註(b))	-	-
		33,624	33,624

附註：

- (a) 非上市投資包括於莆田市涵江金星鞋業有限公司(「金星」) 33,000,000港元(二零零七年：33,000,000港元)之投資及大恩鞋材有限公司(「大恩」) 624,000港元(二零零七年：624,000港元)之投資，本公司董事已根據預測現金流量貼現年率12%估計非上市投資之公平價值。於二零零八年十二月三十一日，獨立專業估值師對金星進行估值，有關公平價值與董事估算相若。

(i) 於金星之投資

本集團持有金星30%權益。金星為於中國成立之中外合資企業，經營年期由一九九一年十一月起計，為期70年。金星之業務為製造及分銷鞋類產品。

由於董事認為本集團不能對金星之財務及營運決策行使重大影響力，故董事不會視金星為本集團之聯營公司。



NOTES TO THE ACCOUNTS

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21. AVAILABLE-FOR-SALE FINANCIAL ASSETS (CONTINUED)

Notes: (continued)

(i) Investment in Jingxing (continued)

In 2006, the Group entered into an agreement (the "Agreement") with an affiliate of (the "Guarantor") one of the shareholders of Jingxing whereby in return for a minimum annual payment of HK\$3,000,000 by the Guarantor for each of the three years ended 31 December 2008, the Group agreed to surrender its right to the share of any profit in Jingxing for the corresponding period. By virtue of the Agreement, the amount receivable by the Group from the Guarantor for the year ended 31 December 2008 is HK\$3,000,000 (2007: HK\$3,000,000) which has been recognised in the profit and loss account.

In 2008, the Group renewed the Agreement for a minimum annual payment of HK\$3,000,000 by the Guarantor for each of the three years ending 31 December 2011 with all other terms and conditions being unchanged.

During the year, a loss of HK\$4,000,000 was transferred from the fair value adjustment reserve to the profit and loss account upon impairment of the investment in Jingxing anticipated by the directors.

(ii) Investment in Daen

The Group holds 16% interest in Daen which is an equity joint venture established in China. Daen is engaged in the manufacturing and distribution of footwear in China.

(b) As at 31 December 2008, the Group holds approximately 14.4% interest in Sun Home Leather Corporation Limited ("Sun Home"), a company engaged in the manufacturing and trading of leather materials.

Sun Home was delisted from the Taiwan Stock Exchange Corporation and authorised to be traded on Over-The-Counter market in 2001. The directors considered that the fair value of the investment in Sun Home was negligible since there were no transactions of shares of Sun Home during the year.

The investment in Sun Home has been pledged to a bank to secure the Group's short-term bank loans (Note 26).

22. INVENTORIES

		2008	2007
		二零零八年	二零零七年
		HK\$'000	HK\$'000
		千港元	千港元
Raw materials	原材料	44,932	67,204
Work-in-progress	在製品	53,661	75,765
Finished goods	製成品	1,256,687	849,082
		1,355,280	992,051

Inventories are stated net of provisions for obsolescence of HK\$59,576,000 (2007: HK\$54,422,000) as at 31 December 2008.

21. 可出售金融資產(續)

附註:(續)

(i) 於金星之投資(續)

於二零零六年，本集團與金星其中一名股東之聯營公司(「擔保人」)訂立協議(「協議」)，得到擔保人承諾，於截至二零零八年十二月三十一日止三個年度各年支付最低金額3,000,000港元，故本集團同意放棄同期攤分金星盈利之權利。根據協議，於截至二零零八年十二月三十一日止年度，本集團從擔保人所得之應收款項為3,000,000港元(二零零七年：3,000,000港元)，並已在損益表中確認。

於二零零八年，本集團續訂協議，得到擔保人承諾，於截至二零一一年十二月三十一日止三個年度各年支付最低金額3,000,000港元，所有其他條款及條件保持不變。

年內，董事預期於金星之投資會出現減值，故將4,000,000港元之虧損由公平價值調整儲備轉撥入損益表。

(ii) 於大恩之投資

本集團持有大恩16%權益，大恩為於中國成立之合資企業，於中國從事製造及分銷鞋類產品業務。

(b) 於二零零八年十二月三十一日本集團持有尚鋒興業股份有限公司(「尚鋒」)約14.4%權益。尚鋒之業務為製造及買賣皮革材料。

於二零零一年，尚鋒在台灣證券交易所除牌，並獲授權在場外交易市場進行交易。董事認為，由於尚鋒股份於年內並無買賣交易，因此尚鋒之投資之公平價值極微。

於尚鋒之投資已抵押予銀行，作為本集團短期銀行貸款之抵押品(附註26)。

22. 存貨

	Group	2008	2007
	本集團	二零零八年	二零零七年
		HK\$'000	HK\$'000
		千港元	千港元
Raw materials	原材料	44,932	67,204
Work-in-progress	在製品	53,661	75,765
Finished goods	製成品	1,256,687	849,082
		1,355,280	992,051

於二零零八年十二月三十一日之存貨已扣除滯銷存貨撥備入賬59,576,000港元(二零零七年：54,422,000港元)。



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23. TRADE RECEIVABLES

23. 貿易應收賬款

		Group 本集團	
		2008 二零零八年 HK\$'000 千港元	2007 二零零七年 HK\$'000 千港元
Trade receivables	貿易應收賬款	166,688	155,062
Less: Provision for impairment of receivables	減：應收賬款減值撥備	(3,721)	-
Trade receivables – net	貿易應收賬款－淨額	162,967	155,062

Movement of provision for impairment of trade receivables is as follows:

貿易應收賬款減值撥備之變動載列如下：

		Group 本集團	
		2008 二零零八年 HK\$'000 千港元	2007 二零零七年 HK\$'000 千港元
At 1 January	於一月一日	-	177
Provision for impairment	減值撥備	3,721	-
Receivables written off during the year as uncollectible	年內撇銷列作不可收回之應收賬款	-	(177)
At 31 December	於十二月三十一日	3,721	-

The ageing analysis of trade receivables by invoice date is as follows:

按發票日期計算之貿易應收賬款賬齡分析如下：

		Group 本集團	
		2008 二零零八年 HK\$'000 千港元	2007 二零零七年 HK\$'000 千港元
0 – 30 days	0至30日	152,548	107,125
31 – 60 days	31至60日	4,642	30,339
61 – 90 days	61至90日	2,105	8,787
91 – 120 days	91至120日	1,468	4,250
121 – 180 days	121至180日	1,394	2,936
181 – 360 days	181至360日	461	1,419
Over 360 days	360日以上	349	206
		162,967	155,062



NOTES TO THE ACCOUNTS

賬目附註

23. TRADE RECEIVABLES (CONTINUED)

As at 31 December 2008, trade receivables of HK\$140,201,000 (2007: HK\$124,739,000) were neither past due nor impaired. These related to a number of independent customers for whom there was no relevant history of default. The ageing analysis of trade receivables by past due date is as follows:

		Group 本集團	
		2008 二零零八年 HK\$'000 千港元	2007 二零零七年 HK\$'000 千港元
Not past due	尚未逾期	140,201	124,739
1 – 30 days past due	逾期1至30日	15,442	13,759
31 – 60 days past due	逾期31至60日	2,635	8,967
61 – 90 days past due	逾期61至90日	2,049	4,560
91 – 120 days past due	逾期91至120日	967	1,105
121 – 180 days past due	逾期121至180日	864	1,163
181 – 360 days past due	逾期181至360日	460	564
Over 360 days past due	逾期360日以上	349	205
		162,967	155,062

The carrying amounts of trade receivables are denominated in the following currencies:

		Group 本集團	
		2008 二零零八年 HK\$'000 千港元	2007 二零零七年 HK\$'000 千港元
Renminbi	人民幣	120,567	104,907
US dollar	美元	41,645	49,762
New Taiwan dollar	新台幣	755	393
		162,967	155,062

The carrying value of trade receivables approximated its fair value. The Group generally allows an average credit period of 30 to 60 days to its trade customers other than major and long standing customers with whom specific extended terms will be agreed between the Group and the relevant counter parties.

23. 貿易應收賬款(續)

於二零零八年十二月三十一日，貿易應收賬款140,201,000港元(二零零七年：124,739,000港元)並未逾期及出現減值。該等款項乃關於多名並無拖欠記錄之獨立客戶。按逾期劃分之貿易應收賬款賬齡分析如下：

貿易應收賬款之賬面值以下列貨幣結算：

貿易應收賬款之賬面值與其公平價值相若。本集團一般給予購貨客戶平均30至60日信貸期，惟主要及長期客戶之特別延長信貸期則由本集團與有關客戶雙方協定。



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24. CASH AND CASH EQUIVALENTS

24. 現金及現金等價物

		Group 本集團		Company 本公司	
		2008 二零零八年 HK\$'000 千港元	2007 二零零七年 HK\$'000 千港元	2008 二零零八年 HK\$'000 千港元	2007 二零零七年 HK\$'000 千港元
Cash at banks and in hand	銀行存款及手頭現金	147,962	172,340	138	178
Deposits with banks within three months of maturity	三個月內到期之 銀行存款	-	9,352	-	-
		147,962	181,692	138	178

The carrying amounts of cash and cash equivalents are denominated in the following currencies:

現金及現金等價物之賬面值以下列貨幣計值:

		Group 本集團		Company 本公司	
		2008 二零零八年 HK\$'000 千港元	2007 二零零七年 HK\$'000 千港元	2008 二零零八年 HK\$'000 千港元	2007 二零零七年 HK\$'000 千港元
Renminbi	人民幣	123,480	135,991	-	-
US dollar	美元	20,284	41,267	-	-
New Taiwan dollar	新台幣	3,196	3,870	-	-
Hong Kong dollar	港元	553	462	138	178
Euro	歐羅	449	102	-	-
		147,962	181,692	138	178

25. TRADE PAYABLES

The ageing analysis of trade payables including trade balances due to related parties (Note 34(a)) by invoice date is as follows:

25. 貿易應付賬款

按發票日期計算之貿易應付賬款(包括應付關聯方之貿易結餘(附註34(a)))賬齡分析如下:

		Group 本集團	
		2008 二零零八年 HK\$'000 千港元	2007 二零零七年 HK\$'000 千港元
0 - 30 days	0至30日	166,462	367,157
31 - 60 days	31至60日	116,134	59,580
61 - 90 days	61至90日	94,624	18,095
91 - 120 days	91至120日	8,758	5,827
121 - 180 days	121至180日	1,424	2,376
181 - 360 days	181至360日	4,723	4,450
Over 360 days	360日以上	4,881	3,614
		397,006	461,099



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26. BANK LOANS

26. 銀行貸款

		Group 本集團	
		2008 二零零八年 HK\$'000 千港元	2007 二零零七年 HK\$'000 千港元
Bank loans	銀行貸款		
– Secured (Note (b))	– 有抵押(附註(b))	92,542	68,810
– Unsecured	– 無抵押	178,113	126,168
		270,655	194,978

The carrying amounts of the bank loans are denominated in the following currencies:

銀行貸款之賬面值以下列貨幣計值：

		Group 本集團	
		2008 二零零八年 HK\$'000 千港元	2007 二零零七年 HK\$'000 千港元
Hong Kong dollar	港元	148,542	100,076
Renminbi	人民幣	74,461	42,944
US dollar	美元	29,571	30,010
New Taiwan dollar	新台幣	18,081	21,948
		270,655	194,978

Notes:

附註：

- (a) As at both 31 December 2008 and 2007, all the Group's bank loans were repayable within one year and the carrying value of bank loans approximated its fair value.
- (b) As at 31 December 2008, the Group's secured short-term bank loans were secured by certain leasehold buildings (Note 17) and listed securities of Sun Home classified under available-for-sale financial assets with nil (2007: nil) carrying value (Note 21(b)).
- (c) The weighted average effective interest rate of bank loans as at 31 December 2008 is 3.54% (2007: 4.87%) per annum.
- (d) As at 31 December 2008, the Company has given guarantees to various banks to secure general banking facilities granted to certain subsidiaries amounting to HK\$285,550,000 (2007: HK\$285,550,000). As at 31 December 2008, the utilised amount of such facilities covered by the Company's guarantees was HK\$170,892,000 (2007: HK\$99,256,000).

- (a) 於二零零八年及二零零七年十二月三十一日，本集團之所有銀行貸款均須於一年內償還，而賬面值與其公平價值相若。
- (b) 於二零零八年十二月三十一日，本集團之有抵押銀行貸款由若干租賃樓宇(附註17)、被分類為可出售金融資產之賬面值為零(二零零七年：零)的尚鋒上市投資證券(附註21(b))作抵押。
- (c) 於二零零八年十二月三十一日，銀行貸款之加權平均有效年利率為3.54%(二零零七年：4.87%)。
- (d) 於二零零八年十二月三十一日，本公司就若干附屬公司獲授一般銀行融資285,550,000港元(二零零七年：285,550,000港元)向多家銀行提供擔保。於二零零八年十二月三十一日，本公司提供擔保之融資獲動用之款項為170,892,000港元(二零零七年：99,256,000港元)。



NOTES TO THE ACCOUNTS

賬目附註

27. SHARE CAPITAL

27. 股本

		2008 二零零八年 HK\$'000 千港元	2007 二零零七年 HK\$'000 千港元
Authorised: 10,000,000,000 ordinary shares of HK\$0.10 each	法定股本： 10,000,000,000股 每股面值0.10港元之普通股	1,000,000	1,000,000
Issued and fully paid: 1,637,892,384 ordinary shares of HK\$0.10 each	已發行及繳足： 1,637,892,384股 每股面值0.10港元之普通股	163,789	163,789

There were no movements in the share capital of the Company during both years ended 31 December 2008 and 31 December 2007.

截至二零零八年十二月三十一日及二零零七年十二月三十一日止兩年期間，本公司股本並無任何變動。

28. RESERVES

28. 儲備

Group
本集團

		Share premium 股份溢價 HK\$'000 千港元	Capital redemption reserve 股本贖回 儲備 HK\$'000 千港元 (Note (a)) (附註(a))	Fair value adjustment reserve 公平價值 調整儲備 HK\$'000 千港元	Share-based payment reserve 以股份 為基礎之 款項儲備 HK\$'000 千港元	Translation reserve 匯兌儲備 HK\$'000 千港元	Goodwill 商譽 HK\$'000 千港元 (Note (b)) (附註(b))	Merger reserve 合併儲備 HK\$'000 千港元 (Note (c)) (附註(c))	Legal reserves 法定儲備 HK\$'000 千港元 (Note (d)) (附註(d))	Retained profits 保留盈利 HK\$'000 千港元	Total 總計 HK\$'000 千港元
At 1 January 2007 Currency translation differences	於二零零七年一月一日 匯兌差額	24,505	2,882	(4,000)	-	14,654	(36,782)	322	15,950	799,988	817,519
Profit appropriations	盈利分配	-	-	-	-	77,373	-	-	-	-	77,373
Share of an associated company's reserve	應佔一家聯營 公司儲備	-	-	-	-	122	-	-	5	(5)	122
Share-based payment expenses	以股份為基礎之 款項開支	-	-	-	11,792	-	-	-	-	-	11,792
Profit for the year	年內盈利	-	-	-	-	-	-	-	-	384,383	384,383
Dividends	股息	-	-	-	-	-	-	-	-	(81,894)	(81,894)
At 31 December 2007 Currency translation differences	於二零零七年十二月三十一日 匯兌差額	24,505	2,882	(4,000)	11,792	92,149	(36,782)	322	18,102	1,100,325	1,209,295
Profit appropriations	盈利分配	-	-	-	-	69,730	-	-	-	-	69,730
Realisation upon disposal of a subsidiary	出售一家附屬公司變現	-	-	-	-	(3,488)	-	-	-	-	(3,488)
Transferred to profit and loss account upon impairment of an available-for-sale financial asset	可出售金融資產減值時 轉入損益表	-	-	4,000	-	-	-	-	-	-	4,000
Share of an associated company's reserve	應佔一家聯營 公司儲備	-	-	-	-	180	-	-	5	(5)	180
Profit for the year	年內盈利	-	-	-	-	-	-	-	-	492,920	492,920
Dividends	股息	-	-	-	-	-	-	-	-	(81,894)	(81,894)
Write-back of unclaimed dividends	撥回未領取 股息	-	-	-	-	-	-	-	-	1	1
At 31 December 2008	於二零零八年十二月三十一日	24,505	2,882	-	11,792	158,571	(36,782)	322	37,669	1,491,785	1,690,744



NOTES TO THE ACCOUNTS
賬目附註

28. RESERVES (CONTINUED)

28. 儲備(續)

		Company 本公司					
		Share premium	Capital redemption reserve	Contributed surplus	Share- based payment reserve	Retained profits	Total
		股份溢價	股本 贖回儲備	繳入盈餘	以股份 為基礎之 款項儲備	保留盈利	總計
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元
			(Note (a)) (附註(a))	(Note (e)) (附註(e))			
At 1 January 2007	於二零零七年一月一日	24,505	2,882	152,891	-	12,330	192,608
Profit for the year	年內盈利	-	-	-	-	84,285	84,285
Dividends	股息	-	-	-	-	(81,894)	(81,894)
Share-based payment expenses	以股份為基礎之款項開支	-	-	-	11,792	-	11,792
At 31 December 2007	於二零零七年十二月三十一日	24,505	2,882	152,891	11,792	14,721	206,791
Profit for the year	年內盈利	-	-	-	-	70,338	70,338
Dividends	股息	-	-	-	-	(81,894)	(81,894)
Write-back of unclaimed dividends	撥回未領取股息	-	-	-	-	1	1
At 31 December 2008	於二零零八年十二月三十一日	24,505	2,882	152,891	11,792	3,166	195,236

Notes:

- (a) Capital redemption reserve
The capital redemption reserve represents the nominal amount of shares repurchased by the Company in 1999.
- (b) Goodwill
The amount represents goodwill on acquisitions occurred prior to 1 January 2001 that was taken to reserves as a deduction from equity. The goodwill will not be recognised in the profit and loss account when all or part of the business to which the goodwill relates is disposed of or when a cash-generating unit to which the goodwill relates is impaired.
- (c) Merger reserve
The merger reserve represents the difference between the aggregate nominal amount of the share capital of the subsidiaries at the date on which they were acquired by the Company and the nominal amount of the share capital issued by the Company as consideration for the acquisition pursuant to the corporate reorganisation in 1995.

附註：

- (a) 股本贖回儲備
股本贖回儲備指本公司於一九九九年購回股份之面值。
- (b) 商譽
該款項指於二零零一年一月一日前收購產生之商譽，乃於儲備計入，列作權益減少。倘有關商譽之所有或部分業務出售或與商譽有關之現金產生單位出現減值，則將不會於損益表確認商譽。
- (c) 合併儲備
合併儲備指附屬公司於被本公司收購當日之股本面值總額與本公司根據一九九五年公司重組作為收購代價所發行股本面值兩者之差額。



NOTES TO THE ACCOUNTS 賬目附註

28. RESERVES (CONTINUED)

Notes: (continued)

- (d) Legal reserves
Legal reserves comprising general reserve fund of HK\$29,750,000 (2007: HK\$10,600,000) and enterprise expansion fund of HK\$7,919,000 (2007: HK\$7,502,000) are required to be set up pursuant to the statutory laws of China for the Company's subsidiaries and an associated company established in China. The general reserve fund can only be used to make up losses incurred, increase registered capital or used for collective welfare of employees. The enterprise expansion fund can only be used to increase the registered capital.
- (e) Contributed surplus
The contributed surplus of the Company represents the difference between the aggregate net assets of the subsidiaries acquired by the Company under the corporate reorganisation in 1995 and the nominal amount of the Company's shares issued for the acquisition.
- (f) Distributable reserves
The Company's reserves available for distribution to its equity holders of the Company comprise share premium, contributed surplus, share-based payment reserve and retained profits. Under the Companies Law (as consolidated and revised) of the Cayman Islands, share premium of the Company is available for paying distributions or dividends to equity holders subject to the provisions of its Articles of Association and provided that immediately following the distribution or payment of dividend, the Company is able to pay its debts as they fall due in the ordinary course of business. In accordance with the Company's Articles of Association, dividends shall be payable out of the profits or other reserves, including the share premium account, of the Company.

29. DEFERRED TAXATION

Deferred taxation is calculated in full on temporary differences under the liability method using the applicable tax rates.

The movement in the net deferred tax assets is as follows:

		Group 本集團	
		2008 二零零八年 HK\$'000 千港元	2007 二零零七年 HK\$'000 千港元
At 1 January	於一月一日	36,357	35,123
(Charged)/credited to profit and loss account (Note 10)	(扣除自)/計入損益表 (附註10)	(6,141)	1,234
At 31 December	於十二月三十一日	30,216	36,357

28. 儲備(續)

附註:(續)

- (d) 法定儲備
法定儲備包括29,750,000港元(二零零七年: 10,600,000港元)之一般儲備基金及7,919,000港元(二零零七年: 7,502,000港元)之企業拓展基金, 為中國法例規定本公司於中國成立之附屬公司及聯營公司須設立之法定儲備金。一般儲備基金僅可用於彌補已產生之虧損、增加註冊資本或用於僱員集體福利用途。企業拓展基金僅可用於增加註冊資本。
- (e) 繳入盈餘
本公司之繳入盈餘指本公司根據一九九五年公司重組收購附屬公司之資產淨值總額與本公司因收購而發行之股份面值兩者之差額。
- (f) 可供分派儲備
本公司可供分派予本公司權益持有人之儲備包括股份溢價、繳入盈餘、以股份為基礎之款項儲備及保留盈利。根據開曼群島公司法(經綜合及修訂), 本公司之股份溢價可用作向權益持有人支付分派或股息, 惟須受公司組織章程細則之條文所規限, 而緊隨作出分派或派付股息後, 本公司必須能於日常業務過程中償還到期債項。根據本公司之公司組織章程細則, 股息須以本公司之盈利或其他儲備(包括股份溢價賬)支付。

29. 遞延稅項

遞延稅項採用負債法就暫時差額按適用稅率作全數撥備。

遞延稅項資產淨值之變動如下:



NOTES TO THE ACCOUNTS

賬目附註

29. DEFERRED TAXATION (CONTINUED)

Deferred income tax assets are recognised for tax loss to be carried forward to the extent that the realisation of the related tax benefit through future taxable profits is probable. As at 31 December 2008, the Group has unrecognised tax losses of HK\$65,080,000 (2007: HK\$68,453,000) which will expire within the next ten years to be carried forward against future taxable income.

The movements in deferred tax liabilities and assets (prior to offsetting of balances within the same taxation jurisdiction) during the year are as follows:

Deferred tax liabilities

遞延稅項負債

		Group 本集團	
		Accelerated tax depreciation 加速稅項折舊	
		2008 二零零八年 HK\$'000 千港元	2007 二零零七年 HK\$'000 千港元
At 1 January	於一月一日	1,115	930
Charged to profit and loss account	扣除自損益表	440	185
At 31 December	於十二月三十一日	1,555	1,115

		Group 本集團									
		Provisions 撥備		Decelerated depreciation tax 減速稅項折舊		Deferred expenses 遞延開支		Tax losses 稅項虧損		Total 總計	
		2008 二零零八年 HK\$'000 千港元	2007 二零零七年 HK\$'000 千港元	2008 二零零八年 HK\$'000 千港元	2007 二零零七年 HK\$'000 千港元	2008 二零零八年 HK\$'000 千港元	2007 二零零七年 HK\$'000 千港元	2008 二零零八年 HK\$'000 千港元	2007 二零零七年 HK\$'000 千港元	2008 二零零八年 HK\$'000 千港元	2007 二零零七年 HK\$'000 千港元
At 1 January	於一月一日	23,976	25,705	11,920	7,375	741	1,656	835	1,317	37,472	36,053
Credited/(charged) to profit and loss account	計入/(扣除自) 損益表	3,145	(1,729)	(8,261)	4,545	(118)	(915)	(467)	(482)	(5,701)	1,419
At 31 December	於十二月三十一日	27,121	23,976	3,659	11,920	623	741	368	835	31,771	37,472

29. 遞延稅項(續)

本公司就將予結轉之稅項虧損確認遞延所得稅資產，惟僅以有關稅項抵免可能透過日後之應課稅盈利實現者為限。於二零零八年十二月三十一日，本集團有將於未來10年到期之未確認稅項虧損65,080,000港元(二零零七年：68,453,000港元)，可結轉與未來之應課稅收入對銷。

年內，遞延稅項負債及資產(在同一徵稅司法權區之結餘抵銷前)之變動如下：



NOTES TO THE ACCOUNTS 賬目附註

30. LICENSE FEES PAYABLE

License fees payable was recognised based on a discount rate of 10% per annum at the date of inception of the obligation, which was determined by reference to the Group's weighted average cost of capital.

As at 31 December 2008, all license fees were payable after twelve months from the balance sheet date and the carrying value of the license fees payable approximated its estimated fair value. The balances payable in the third to fifth year and the sixth to eighth year were HK\$7,311,000 and HK\$7,843,000 respectively.

31. CONSOLIDATED CASH FLOW STATEMENT

Reconciliation of operating profit to cash generated from operations

		2008 二零零八年 HK\$'000 千港元	2007 二零零七年 HK\$'000 千港元
Operating profit	經營盈利	678,980	541,133
Interest income	利息收入	(2,715)	(4,413)
Amortisation	攤銷	2,424	1,633
Depreciation	折舊	114,880	94,952
Fair value gain on derivative financial instruments	衍生金融工具之公平價值收益	-	(2,097)
Impairment loss on an available-for-sale financial asset	可出售金融資產減值虧損	4,000	-
Loss on disposal of a subsidiary	出售一家附屬公司之虧損	3,417	-
Loss on disposal of land use rights	出售土地使用權之虧損	90	-
Loss on disposal of fixed assets	出售固定資產之虧損	20,235	7,835
Share-based payment expenses	以股份為基礎之款項開支	-	11,792
Operating profit before working capital changes	營運資金變動前之經營盈利	821,311	650,835
Increase in inventories	存貨增加	(320,510)	(307,597)
Increase in trade receivables, other receivables, deposits and prepayments	貿易應收賬款、其他應收賬款、按金及預付款項增加	(161,161)	(194,563)
(Decrease)/increase in trade payables, other payables and accrued charges	貿易應付賬款、其他應付賬款及應計費用(減少)/增加	(35,166)	175,492
Cash generated from operations	營運產生之現金	304,474	324,167

30. 應付特許權使用費

應付特許權使用費於開始承擔責任當日按每年10%之貼現率確認，該貼現率乃經參考本集團之加權平均資金成本釐定。

於二零零八年十二月三十一日，所有特許權使用費應於結算日後十二個月內支付，且應付特許權使用費之賬面值與其估計公平價值相若。應於第三至第五年及第六至第八年支付之結餘分別為7,311,000港元及7,843,000港元。

31. 綜合現金流量表

經營盈利與營運產生之現金之對賬



NOTES TO THE ACCOUNTS

賬目附註

32. DISPOSAL OF A SUBSIDIARY

On 31 August 2008, the Group disposed a subsidiary, Jiwei Shoe Industrial Co. Ltd. ("Jiwei"), to an independent third party at a consideration of HK\$37,176,000. The net assets of Jiwei at the date of disposal were as follows:

32. 出售一家附屬公司

於二零零八年八月三十一日，本集團出售附屬公司安徽六安集偉鞋業有限公司(「集偉」)予一獨立第三方，代價為37,176,000港元。集偉於出售當時之資產淨值如下：

		HK\$'000 千港元
Net assets disposed of:	所出售資產淨值：	
Land use rights	土地使用權	1,199
Fixed assets	固定資產	35,012
Bank balances and cash	銀行結餘及現金	862
Other assets	其他資產	14,825
Other liabilities	其他負債	(7,817)
		44,081
Exchange gain realised	已變現匯兌收益	(3,488)
		40,593
Loss on disposal	出售所得虧損	(3,417)
Total consideration	總代價	37,176
Satisfied by:	支付方式：	
Cash	現金	25,911
Consideration receivable (included in other receivables) (Note (a))	應收代價(計入其他應收賬款) (附註(a))	11,265
		37,176
Net cash inflow arising on disposal:	出售所產生現金流入淨額：	
Cash consideration received	已收現金代價	25,911
Bank balances and cash disposed	已出售銀行結餘及現金	(862)
		25,049

Notes:

附註：

(a) The consideration receivable is expected to be settled within twelve months from the balance sheet date.

(a) 應收代價預期於結算日起計十二個月內清償。

(b) During the year, Jiwei contributed a net loss of HK\$8,345,000 to the Group.

(b) 年內，集偉為本集團帶來8,345,000港元虧損淨額。



NOTES TO THE ACCOUNTS 賬目附註

33. COMMITMENTS

(a) Capital commitments for purchase of land use rights and fixed assets

		Group 本集團	
		2008 二零零八年 HK\$'000 千港元	2007 二零零七年 HK\$'000 千港元
Authorised but not contracted	已授權但未訂約	25,916	52,846
Contracted but not provided for	已訂約但未撥備	34,615	29,640
		60,531	82,486

(b) Commitments under operating leases

As at 31 December 2008, the Group had future aggregate minimum lease payments in respect of various production plants and facilities, warehouses, offices and distribution outlets under non-cancellable operating leases as follows:

		Group 本集團	
		2008 二零零八年 HK\$'000 千港元	2007 二零零七年 HK\$'000 千港元
Not later than one year	一年內	514,936	306,052
Later than one year and not later than five years	一年後但五年內	588,062	653,616
Later than five years	五年後	8,109	7,284
		1,111,107	966,952

Payment obligations in respect of operating leases on properties with rentals vary with gross revenues are not included as future minimum lease payments.

The Company did not have any material commitments as at 31 December 2008 (2007: nil).

33. 承擔

(a) 購買土地使用權及固定資產之資本承擔

		Group 本集團	
		2008 二零零八年 HK\$'000 千港元	2007 二零零七年 HK\$'000 千港元
Authorised but not contracted	已授權但未訂約	25,916	52,846
Contracted but not provided for	已訂約但未撥備	34,615	29,640
		60,531	82,486

(b) 經營租賃承擔

於二零零八年十二月三十一日，本集團就多間生產廠房及設施、倉庫、辦公室及分銷店之不可撤銷經營租賃之未來最低付款總額如下：

		Group 本集團	
		2008 二零零八年 HK\$'000 千港元	2007 二零零七年 HK\$'000 千港元
Not later than one year	一年內	514,936	306,052
Later than one year and not later than five years	一年後但五年內	588,062	653,616
Later than five years	五年後	8,109	7,284
		1,111,107	966,952

租金隨收入總額而增減之物業經營租賃之應付租金，並未計入未來最低付款總額內。

於二零零八年十二月三十一日，本公司並無任何重大承擔(二零零七年：零)。



NOTES TO THE ACCOUNTS

賬目附註

34. RELATED PARTY TRANSACTIONS AND BALANCES

In addition to the transactions and balances disclosed elsewhere in these accounts, the Group entered into the following related party transactions during the year:

(a) Transactions and balances with related companies

		Transactions		Balances at year end	
		2008	2007	2008	2007
		二零零八年	二零零七年	二零零八年	二零零七年
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元
Purchases from:	向下列各方採購：				
An associated company	聯營公司	495	899	157	311
Investee companies	被投資公司	39,855	36,143	5,465	8,421

Purchases of shoe materials and footwear from the associated company, Dayong, and investee companies, Sun Home, Jingxing and Daen, were conducted in the normal course of the Group's business. The terms of transactions were determined and agreed between the Group and the counter parties and all balances due were repayable according to trade terms.

(b) Key management personnel compensation

		2008	2007
		二零零八年	二零零七年
		HK\$'000	HK\$'000
		千港元	千港元
Salaries and bonuses	薪金及花紅	23,203	8,747
Defined contribution pension costs	定額供款退休金成本	246	119
Share-based payment expenses	以股份為基礎之款項開支	-	6,507
		23,449	15,373

34. 關聯方交易及結餘

除了此等賬目其他部分所披露之交易及結餘外，本集團於年內曾進行下列關聯方交易：

(a) 與關聯公司之交易及結餘

向聯營公司大永及向被投資公司尚鋒、金星及大恩購買鞋類物料及鞋類產品之交易乃於本集團日常業務過程中進行。交易條款乃經本集團與交易方協定後釐定，而所有應付結餘亦按照交易條款支付。

(b) 主要管理人員之薪酬



FIVE-YEAR FINANCIAL SUMMARY

五年財務概要

		For the years ended 31 December 截至十二月三十一日止年度				
		2008 二零零八年	2007 二零零七年	2006 二零零六年	2005 二零零五年	2004 二零零四年
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
Results	業績					
Turnover	營業額	5,289,297	3,853,580	3,093,086	2,622,677	1,788,539
Gross profit	毛利	2,787,386	1,829,779	1,395,212	1,143,943	684,529
Operating profit	經營盈利	678,980	541,133	400,606	323,404	236,895
Profit before taxation	除稅前盈利	666,267	530,018	391,617	319,216	233,997
Profit for the year attributable to:	以下各方應佔年內盈利：	497,177	388,720	295,104	256,056	180,997
Equity holders of the Company	本公司權益持有人	492,920	384,383	291,566	254,593	176,220
Minority interests	少數股東權益	4,257	4,337	3,538	1,463	4,777
Basic earnings per share (HK cents)	每股基本盈利 (港仙)	30.09	23.47	17.80	15.72	11.33
Dividend per share (HK cents)	每股股息 (港仙)	5.5	5.0	4.5	5.0	3.5

		As at 31 December 於十二月三十一日				
		2008 二零零八年	2007 二零零七年	2006 二零零六年	2005 二零零五年	2004 二零零四年
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
Assets and liabilities	資產及負債					
Total assets	總資產	2,962,361	2,361,901	1,718,838	1,434,624	1,077,219
Total liabilities	總負債	1,071,063	954,719	705,626	611,008	494,660
Total equity attributable to:	以下各方應佔總權益：	1,891,298	1,407,182	1,013,212	823,616	582,559
Equity holders of the Company	本公司權益持有人	1,854,533	1,373,084	981,308	744,207	533,720
Minority interests	少數股東權益	36,765	34,098	31,904	79,409	48,839





DAPHNE INTERNATIONAL HOLDINGS LIMITED
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