

達芙妮 DAPHNE

2009

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-Chiao
Mr Chang Chih-Kai

Non-executive Director

Ms Ma Xuezheng

Independent Non-executive Directors

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

Alternate Director

Mr Kim Jin-Goon (Alternate Director to Ms Ma Xuezheng)

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

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*)
張智喬先生
張智凱先生

非執行董事

馬雪征女士

獨立非執行董事

蕭溪明先生
黃順財先生
郭榮振先生

替任董事

金珍君先生 (馬雪征女士之替任董事)

審核委員會

蕭溪明先生 (*主席*)
黃順財先生
郭榮振先生
馬雪征女士

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
馬雪征女士

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
馬雪征女士

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

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P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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Fax: (852) 2311 3170

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傳真：(852) 2311 3170

OPERATIONAL HEADQUARTER

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Shanghai, China
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Fax: (86) 21-5975 2698

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

SHARE REGISTRAR AND TRANSFER OFFICE

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

股份過戶登記處

卓佳秘書商務有限公司
香港
皇后大道東28號
金鐘匯中心26樓

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants

核數師

羅兵咸永道會計師事務所
執業會計師

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

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

CORPORATE WEBSITES

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

公司網址

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

FINANCIAL AND
OPERATIONAL
HIGHLIGHTS
財務及經營摘要

ShoeBox



FINANCIAL AND OPERATIONAL HIGHLIGHTS

財務及經營摘要

| Financial Performance | 財務表現 | For the year ended 31 December 截至十二月三十一日止年度 | |
|--|--------------------|---|---------------|
| | | 2009 二零零九年 | 2008 二零零八年 |
| Turnover (HK\$' million) | 營業額(百萬港元) | 5,832.0 | 5,289.3 |
| Gross profit (HK\$' million) | 毛利(百萬港元) | 3207.1 | 2,787.4 |
| Operating profit (HK\$' million) (Note 1) | 經營盈利(百萬港元)(附註1) | 863.1 | 679.0 |
| 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) | 393.8 | 492.9 |
| Basic earnings per share (HK cents) | 每股基本盈利(港仙) | 24.05 | 30.09 |
| Dividend per share (HK cents) | 每股股息(港仙) | 8.0 | 5.5 |

| Key Financial Indicators | 主要財務指標 | For the year ended 31 December 截至十二月三十一日止年度 | |
|--|------------------|---|---------------|
| | | 2009 二零零九年 | 2008 二零零八年 |
| Average inventory turnover (days) (Note 2) | 平均存貨週轉期(日)(附註2) | 156 | 171 |
| Average debtors turnover (days) (Note 3) | 平均應收賬週轉期(日)(附註3) | 11 | 11 |
| Average creditors turnover (days) (Note 4) | 平均應付賬週轉期(日)(附註4) | 77 | 61 |
| Cash conversion cycle (days) (Note 5) | 現金循環天數(日)(附註5) | 90 | 121 |
| Capital expenditure (HK\$' million) | 資本開支(百萬港元) | 142.7 | 234.3 |
| Effective tax rate (%) (Note 6) | 實際稅率(%) (附註6) | 36.8 | 25.4 |

| Key Financial Indicators | 主要財務指標 | As at 31 December 於十二月三十一日 | |
|--|--------------------|-------------------------------|---------------|
| | | 2009 二零零九年 | 2008 二零零八年 |
| Cash and bank balances (HK\$' million) (Note 7) | 現金及銀行餘額(百萬港元)(附註7) | 1,625.8 | 148.0 |
| Bank loans (HK\$' million) | 銀行貸款(百萬港元) | 14.6 | 270.7 |
| Convertible bonds (HK\$' million) | 可換股債券(百萬港元) | 515.6 | - |
| 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) | 2,202.9 | 1,854.5 |
| Current ratio (times) (Note 8) | 資產流動比率(倍)(附註8) | 2.70 | 2.04 |
| Net gearing ratio (%) (Note 9) | 淨負債比率(%) (附註9) | Net cash 淨現金 | 6.6 |

Notes:

- Operating profit represented profit before fair value loss on derivative financial instrument - warrants, finance costs, share of profit of an associated company and income tax expense.
- 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 cash conversion cycle (days) is based on average inventory turnover (days) plus average debtors turnover (days) minus average creditors turnover (days).
- Effective tax rate is calculated based on income tax expense including PRC withholding tax of HK\$19.9 million and profit before income tax including fair value loss on warrants of HK\$203.5 million.
- Cash and bank balances comprise cash and cash equivalents, bank deposit with maturity over three months and pledged bank deposit.
- 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 net gearing ratio (%) is based on net debt (being total of bank loans and convertible bonds, less total cash and bank balances) divided by equity attributable to equity holders of the Company as at 31 December.

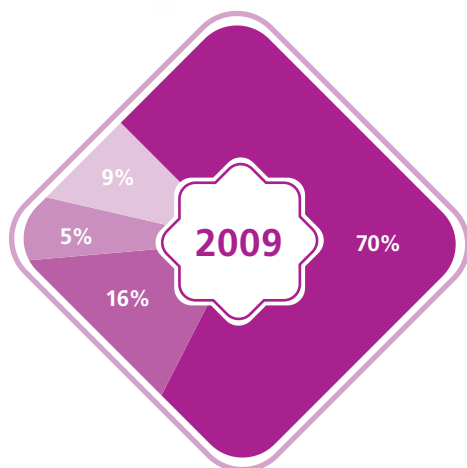
附註:

- 經營盈利指除金融衍生工具－認股權證之公平值虧損、財務成本、應佔一間聯營公司盈利及所得稅開支前盈利。
- 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日計算。
- 平均應收賬週轉期(日)乃按年初及年終貿易應收賬款平均結餘除以營業額乘以365日計算。
- 平均應付賬週轉期(日)乃按年初及年終貿易應付賬款平均結餘除以採購額乘以365日計算。
- 現金循環天數(日)乃按平均存貨週轉期(日)加平均應收賬週轉期(日)減平均應付賬週轉期(日)計算。
- 實際稅率乃按所得稅開支(包括19.9百萬港元的中國大陸之預扣稅)及除所得稅前盈利(包括203.5百萬港元)之認股權證公平價值虧損計算。
- 現金及銀行餘額包括現金及現金等價物、存款期超過三個月之銀行存款及已抵押銀行存款。
- 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。
- 淨負債比率(%)乃根據於十二月三十一日之負債淨額(即銀行貸款及可換股債券之總額,減現金及銀行餘額總額)除以本公司權益持有人應佔權益計算。

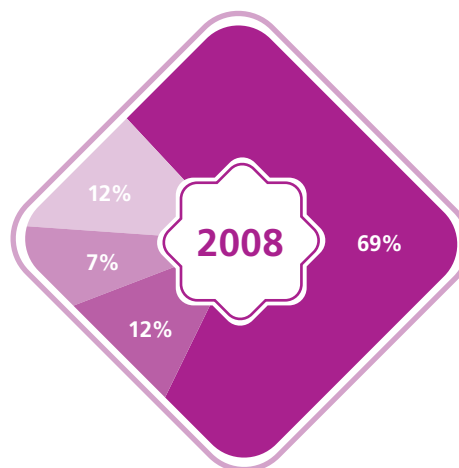
FINANCIAL AND OPERATIONAL HIGHLIGHTS 財務及經營摘要



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



● Company-owned Brand – Daphne
自有品牌 — 達芙妮

● Company-owned 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

| | | For the year ended 31 December 截至十二月三十一日止年度 | | | | | | | |
|---------------------------|------|---|---------------|------------------------|---------------|-------------------------|---------------|-----------------------|---------------|
| | | Daphne 達芙妮 | | Brand business 品牌業務 | | Licensed brands 代理品牌 | | Manufacturing 製造業務 | |
| | | 2009 二零零九年 | 2008 二零零八年 | 2009 二零零九年 | 2008 二零零八年 | 2009 二零零九年 | 2008 二零零八年 | 2009 二零零九年 | 2008 二零零八年 |
| (HK\$' million) (百萬港元) | | | | | | | | | |
| Turnover | 營業額 | 4,063.0 | 3,648.3 | 954.7 | 617.0 | 278.6 | 403.9 | 1,114.0 | 1,195.1 |
| Gross profit | 毛利 | 2,410.5 | 2,115.2 | 521.9 | 331.5 | 92.3 | 179.8 | 174.3 | 167.2 |
| Operating profit | 經營盈利 | 780.2 | 641.0 | 102.3 | 51.1 | (66.6) | (4.1) | 56.5 | 25.4 |

Distribution of Points-of-Sale of Company-owned Brands by City Tiers as at 31 December 2009 於二零零九年十二月三十一日按城市級別劃分之本公司自有品牌銷售點之分佈情況

| City Tier | 城市級別 | Daphne* 達芙妮* | Shoebox 鞋櫃 |
|-----------|------|-----------------|---------------|
| Tier 1 | 一線 | 356 | 110 |
| Tier 2 | 二線 | 616 | 171 |
| Tier 3 | 三線 | 442 | 149 |
| Tier 4 | 四線 | 613 | 173 |
| Tier 5 | 五線 | 531 | 160 |
| Tier 6 | 六線 | 749 | 50 |
| Total | 合計 | 3,307 | 813 |

* excluding Daphne outlets in Taiwan

* 不包括台灣達芙妮銷售點



CHAIRMAN'S STATEMENT 主席報告

RESULTS

2009 started as an uncertain year with a challenging business environment due to the global financial crisis. However, after a slow first quarter, business started to pick up in the second quarter, and the effects of the financial crisis receded in the second half of the year, partly due to the PRC government's effective economic stimulus programme. Business sentiment and consumer spending began to recover. With this in mind, I am pleased to report that Daphne International Holdings Limited (the "Company") and its subsidiaries (the "Group") continued to deliver overall satisfactory results for the year. The Group achieved sustainable growth for its core brand business, which remained as the largest revenue contributor of the Group.

SATISFACTORY PERFORMANCE OF BRAND BUSINESS

Continuing the emphasis of building brand business and riding on our solid presence in the Mainland China market, the Group maintained growth momentum for the entire year.

Due to the Group's effective branding and marketing efforts as well as cost control measures, the Group's anchor brand "Daphne", comprising two product series "Daphne - D18" and "Daphne - D28", performed well. During the year, the number of new stores met our targets, demonstrating the brand recognition for "Daphne" in the PRC.

"Shoebox", the Group's mass market brand, expanded its sales network and gained popularity among consumers. We are confident of the potential of the brand to bring greater returns to the Group in the near future. The Group will keep expanding "Shoebox" by opening directly-managed stores in the coming year.

Under the uncertain operating environment during the year, the Group slowed down expansion plans for mid-to-high-end brands "Arezzo", "Born" and "Sofft". As the market sentiment stabilises, the Group will cautiously review these plans and timely tap the market opportunities.

In order to focus on the ladies footwear business, the Group continued its strategy to exit the sportswear market. During the year, the revenue contribution from the sportswear business has, as expected, diminished significantly.

ENHANCEMENT OF MANAGEMENT STRUCTURE

During the year, the Group signed an agreement with TPG Capital ("TPG") wherein TPG agreed to make a strategic investment in Daphne. The partnership played a significant role in improving our corporate governance standard, transparency and management structure notably. We are confident that with a better management structure taking shape, our business will have stronger support to advance and flourish.

業績

全球金融海嘯為二零零九年財政年度展開不穩定而且充滿挑戰的營商環境。然而，經過發展緩慢的第一季後，本集團於第二季的業務表現已回復升軌，加上中國政府推出有效的經濟刺激方案，金融海嘯對市場的影響於下半年開始減退，整體營商環境以及消費者的購物意慾亦回穩。面對此經濟情況，本人欣然報告達芙妮國際控股有限公司（「本公司」）及其附屬公司（「本集團」）繼續於本年度取得理想的整體業績。本集團的核心品牌業務持續錄得增長，成為本集團最大的收益貢獻來源。

理想的品牌業務表現

本集團繼續重點建立品牌業務，加上憑藉本集團在中國內地市場的穩固根基，令我們於整年仍保持增長勢頭。

本集團採取有效的品牌及市場推廣策略及成本控制措施，使本集團的核心品牌「達芙妮」（包括兩個產品系列 – 「達芙妮D18」及「達芙妮D28」）取得理想表現。於年內，新增的零售店數目達到本集團的預期目標，顯示「達芙妮」的品牌效益使其在中國市場獲得肯定。

本集團發展的品牌「鞋櫃」主打大眾市場，銷售網絡擴大，並日漸受到消費者的歡迎。我們對該品牌的潛力充滿信心，相信其於未來將為本集團帶來更豐厚回報。本集團將於來年透過開設直接經營店舖繼續推廣「鞋櫃」。

鑑於年內經營環境不明朗，本集團減慢了中高檔品牌「Arezzo」、「Born」及「Sofft」擴張計劃的步伐。待市道回穩，本集團將會審慎檢討這些計劃，以把握市場機遇。

為專注發展女鞋業務，本集團繼續淡出運動服飾市場的策略，年內，此運動服飾業務對本集團營業額的貢獻如預期大幅減少。

加強管理架構

於年內，本集團與TPG Capital（「TPG」）達成協議，據此TPG同意向達芙妮作策略性投資。是次合作有助改善本集團的企業管治水平、透明度及管理架構。本集團有信心，隨著管理架構有所改善，本集團的業務發展將更上一層樓。

CHAIRMAN'S STATEMENT 主席報告

TAPPING INTO THE MID-TO-HIGH-END FOOTWEAR MARKET IN CHINA

Looking ahead, apart from increasing profitability and extending geographic coverage of our brand business – “Daphne” and “Shoebox”, we will also tap into opportunities in the mid-to-high-end female footwear market. Our goal is to diversify our product offerings and enhance our leading position in the female footwear market in China. In 2010, the Group will operate its business flexibly with reference to market trends. At the same time, we will carefully control costs and allocate resources efficiently and effectively to the different brands in our portfolio. With an enhanced management team and support from TPG, we are confident of delivering better returns to shareholders in the future.

APPRECIATION

I would like to take this opportunity to express my heartfelt thanks to all business partners, employees, the management and shareholders for your dedication and support to the long-term growth of Daphne.

把握中國中高檔鞋類市場的機會

展望未來，除了專注發展自有品牌業務（「達芙妮」及「鞋櫃」）以提升盈利水平及擴大其地域覆蓋範圍外，本集團將致力把握中高檔女鞋市場的機會。本集團的目標是擴展其產品組合，以及加強在中國女鞋市場的領導地位。於二零一零年，本集團將視乎市場變化而採取靈活的業務策略。同時，本集團將謹慎地控制成本，力求把資源迅速及有效地分配予不同品牌。隨著管理團隊現已壯大，加上TPG的支持，本集團有信心，未來將為股東帶來更理想回報。

致謝

本人謹此向所有業務夥伴、僱員、管理團隊及股東對達芙妮長遠發展所作出的努力和支持致以衷心感謝。



MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

BUSINESS REVIEW

Brand Business

Brand business has continued to be the major growth driver of the Group. For the year under review, the business continued to report satisfactory results despite the fluctuating economic situation in the first half of the year caused by the global financial crisis. The Group's prime focus "Daphne" continued to deliver sustainable growth driven by sales network expansion and its strong brand name. The popular "Shoebox" brand was also developing quickly. As consumer appetite for mid-to-high-end products diminished following the financial crisis, the Group adjusted business strategies to slow down expansion of the mid-to-high-end "Sofft" and "Born" brands during the year, as well as re-engineer the business to prepare for better growth in the future. At the same time, as the Group decided to exit the sportswear business, it has successfully withdrawn from all "Nike" points-of-sale and has also significantly scaled down the contribution from "adidas".

"Daphne"

"Daphne" is the major profit contributor to the Group. As consumption sentiment picked up in the ladies' footwear market, the Group added 514 points-of-sale for "Daphne" during the year under review, which boosted the presence of the brand across the country. As at 31 December 2009, Daphne had 1,904 stores, 716 counters and 743 franchised outlets. Its turnover, gross profit and operating profit all grew satisfactorily during the year. The number of "Daphne" points-of-sale is summarised as follows:

業務回顧

品牌業務

品牌業務繼續成為本集團的主要增長動力。於回顧年內，儘管全球金融海嘯令上半年的經濟狀況持續起伏不定，但此業務繼續錄得令人滿意的業績。在成功拓展銷售網絡及強勁品牌的帶動下，本集團的重點品牌「達芙妮」持續增長。深受歡迎的「鞋櫃」品牌亦迅速增長。金融海嘯後，市場對中高檔產品之消費意慾減弱，本集團因此調整其業務策略，於年內減慢中高端「Sofft」及「Born」品牌的發展步伐，並趁機重新部署業務，尋求更佳的業務發展。同時，隨著本集團決定退出運動服飾業務，本集團已成功關閉所有「Nike」的銷售點，而來自「adidas」的收入貢獻亦顯著減少。

「達芙妮」

「達芙妮」為本集團的主要盈利來源，而隨著女裝鞋類市場的消費氣氛已見回穩，本集團於回顧年內增設了514個銷售點，據點遍及全國。於二零零九年十二月三十一日，「達芙妮」共經營1,904間店舖、716個專櫃及743個加盟零售點。其營業額、毛利及經營溢利均於年內錄得理想增長。「達芙妮」銷售點數目總結如下：

| | | As at 31 December 於十二月三十一日 | | Change 轉變 |
|---------------------------|-----------|-------------------------------|---------------|--------------|
| | | 2009 二零零九年 | 2008 二零零八年 | |
| Directly-managed stores | 直接經營店舖 | | | |
| - D18 | - D18 | 331 | 347 | -16 |
| - D28 | - D28 | 1,442 | 1,331 | +111 |
| - D18 & D28 | - D18及D28 | 131 | 137 | -6 |
| | | 1,904 | 1,815 | +89 |
| Directly-managed counters | 直接經營專櫃 | | | |
| - D18 | - D18 | 122 | 115 | +7 |
| - D28 | - D28 | 539 | 441 | +98 |
| - D18 & D28 | - D18及D28 | 55 | 60 | -5 |
| | | 716 | 616 | +100 |
| Franchised outlets | 加盟零售點 | 743 | 418 | +325 |
| Total | 總數 | 3,363 | 2,849 | +514 |

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

In Taiwan, as a result of the Group's effort to effectively control costs and improve its supply chain management, operating loss in 2009 continued to narrow. During the year, the Group added two stores and operated a total of 56 points-of-sale.

The Group has been careful about striking a balance between cost control and marketing efforts. During the year, Daphne continued to reinforce its branding strategies and public awareness of "Daphne-D18" and "Daphne-D28" by engaging the famous girl pop group S.H.E and Ms. Rene Liu as spokespersons, respectively. "Daphne" is already well-established, while the business sentiment was slow and cost control became important during the financial crisis, the Group reduced spending on advertising and promotion, resulting to a savings on advertising and promotional expenses as a percentage of turnover, as compared to last year.

"Shoebox"

Targeted towards the mass market that values good quality footwear at affordable prices, "Shoebox" performed well for the entire year under review, with outstanding growth in both turnover and operating profit. "Shoebox" has been gaining popularity among consumers and the Group believes the brand has immense potential to grow. During the year, the Group added 197 stores for the brand, bringing the total to 813.

Licensed Brands

To focus resources on the ladies footwear business, the Group has decided to gradually exit the sportswear market. As at 31 December 2009, the Group had closed all "Nike" selling points and reduced "adidas" points-of-sale to 41 only.

Under the uncertain operating environment during the year, the Group's mid-to-high-end brand "Arezzo", the international brand "Sofft" and its subsidiary brand "Born", all of which the Group distribute exclusively in the Mainland China, recorded less than expected performances, the Group has therefore been reviewing and consolidating its strategic plans for its mid-to-high-end footwear business. The Group operated 4 "Arezzo" and 4 "Sofft" points-of-sale as at the end of the year.

Manufacturing Business

The Group's manufacturing business includes revenues from company-owned brand business and from OEM customers, which accounted for 51% (2008: 46%) and 49% (2008: 54%), respectively of the segment turnover. The Group's strategy is to increase our production for our own brands. Turnover from OEM customers decreased by 16% to HK\$540.7 million (2008: HK\$643.5 million), accounting for only 9% (2008: 12%) of the Group's total turnover.

Strategic Investment from TPG Capital ("TPG")

During the year, the Group forged a strategic partnership with TPG, which made a strategic investment in the Company through subscription of RMB550 million worth of convertible bonds and 100 million warrants due 2014. The bonds carry an annual coupon rate of 3.125% payable semi-annually, and will be convertible, subject to certain conditions, into Daphne's new ordinary shares at an initial conversion price of HK\$3.50 per ordinary share. The bonds will be redeemed at par if not converted. The warrants can be exercised at HK\$4.0 per ordinary share. This strategic investment from TPG further strengthens the Group's cash position.

在台灣，本集團致力控制成本和改善供應鏈管理，令二零零九年區內的經營虧損持續收窄。年內，本集團增加了兩間店舖以及經營共56個銷售點。

本集團一直致力平衡成本控制與市場行銷。年內，本集團繼續委任人氣女子組合「S.H.E」及劉若英小姐分別出任「達芙妮D18」及「達芙妮D28」的代言人，加強兩個品牌的形象及知名度。於金融海嘯影響營商環境下，成本控制尤其重要，本集團審慎控制廣告及宣傳開支，因此廣告及宣傳開支佔營業額比例較去年減少。

「鞋櫃」

針對大眾市場對優質而且在可負擔價格之鞋類的需求，「鞋櫃」業務於回顧年間表現甚佳，其營業額及經營盈利均錄得理想升幅。「鞋櫃」已逐漸獲得消費者接受，本集團亦相信品牌仍有龐大潛力尚待開發。年內，本集團增設了197間新店，令店舖總數增加至813間。

代理品牌

為集中資源發展女鞋業務，本集團決定逐步退出運動服飾市場。於二零零九年十二月三十一日，本集團已關閉所有Nike品牌銷售點，並將adidas之銷售點減少至41個。

鑒於市場於回顧年內仍然不明朗，本集團於中國內地擁有獨家分銷權的中高檔品牌「Arezzo」及國際品牌「Sofft」及其附屬品牌「Born」均錄得遜於預期之表現，因此本集團正檢討並重整有關中高檔鞋類的業務策略。本集團於年末時經營共4個「Arezzo」及4個「Sofft」銷售點。

製造業務

本集團的製造業務包括由自有品牌業務以及原設備製造業務客戶的營業額貢獻，兩者分別佔製造業務營業額的51%（二零零八年：46%）及49%（二零零八年：54%）。本集團的策略乃擴充自有品牌的產量。來自原設備製造業務客戶的營業額下降16%至540.7百萬港元（二零零八年：643.5百萬港元），佔本集團總營業額僅9%（二零零八年：12%）。

TPG Capital（「TPG」）的策略性投資

年內，本集團與TPG訂立策略聯盟，據此，TPG以人民幣550百萬元認購公司於二零一四年到期的可換股債券及1億份認股權證，作為其策略性投資。債券之年孳息率為3.125厘，每半年派息一次，根據特定條件可以每股普通股3.5港元代價兌換達芙妮之新發行普通股。倘若債券未被行使，則會按面值贖回。認股權證可以每股普通股4.0港元行使。TPG之策略性投資進一步加強本集團的現金狀況。

FINANCIAL REVIEW

Results Performance

For the year ended 31 December 2009, the Group's turnover grew by 10% to HK\$5,832.0 million (2008: HK\$5,289.3 million) while operating profit (being profit before fair value loss on derivative financial instrument – warrants, finance costs, share of profit of an associated company and income tax expense) increased by 27% to HK\$863.1 million (2008: HK\$679.0 million). Due to a mark-to-market fair value loss on warrants in the profit and loss account of HK\$203.5 million, profit attributable to shareholders decreased by 20% to HK\$393.8 million (2008: HK\$492.9 million) and basic earnings per share were HK24.05 cents (2008: HK30.09 cents). If excluding the fair value loss on warrants, the Group posted a strong growth of 21% to HK\$597.3 million of profit attributable to shareholders and HK36.47 cents of basic earnings per share. The Board recommended payment of a final dividend of HK5.0 cents (2008: HK3.0 cents) per share for the year ended 31 December 2009. Including interim dividend of HK3.0 cents (2008: HK2.5 cents) per share, total dividend per share for 2009 is HK8.0 cents (2008: HK5.5 cents), representing an increase of 45% compared to last year.

Liquidity and Financial Resources

As at 31 December 2009, the Group's cash and bank balances, comprised of cash and cash equivalents, bank deposit with maturity over three months and pledged bank deposit, grew significantly to HK\$1,625.8 million from HK\$148.0 million as at 31 December 2008. The net increase of HK\$1,477.8 million is analysed as follows:

| | | HK\$' million 百萬元 |
|--|------------------|----------------------|
| Net cash generated from operating activities | 經營業務產生的現金淨額 | 1,350.0 |
| Capital expenditure | 資本性開支 | (142.7) |
| Proceeds from disposal of fixed assets | 出售固定資產所得款項 | 5.1 |
| Net proceed from disposal of a subsidiary | 出售一間附屬公司所得淨額 | 3.5 |
| Net dividend paid | 已付股息淨額 | (101.5) |
| Net interest paid | 已付利息淨額 | (7.2) |
| Net bank loans repaid | 淨銀行貸款償還 | (256.3) |
| Net proceed from issue of convertible bonds and warrants | 發行可換股債券及認股權證收入淨額 | 609.7 |
| Others | 其他 | 0.1 |
| Effect of exchange rate changes | 外匯兌換率變動之影響 | 17.1 |
| | | 1,477.8 |

As at 31 December 2009, the Group had unutilised banking facilities amounting to HK\$188.4 million (2008: HK\$182.3 million) and current ratio increased from 2.04 as at 31 December 2008 to 2.70. The Group has sufficient resources currently to support expansion and development of business in the future.

財務回顧

業績表現

截至二零零九年十二月三十一日止年度，本集團營業額增加10%至5,832.0百萬港元(二零零八年：5,289.3百萬港元)。經營盈利(除金融衍生工具－認股權證之公平值虧損、財務成本、應佔一間聯營公司盈利及所得稅開支前盈利)增加27%至863.1百萬港元(二零零八年：679.0百萬港元)。由於損益表錄得按市價計算203.5百萬港元之認股權證公平值虧損，令股東應佔盈利下跌20%至393.8百萬港元(二零零八年：492.9百萬港元)及每股基本盈利為24.05港仙(二零零八年：30.09港仙)。若撇除該認股權證的公平值虧損，本集團的股東應佔盈利則大幅上升21%至597.3百萬港元及每股基本盈利為36.47港仙。董事會建議派發截至二零零九年十二月三十一日止年度的末期股息每股5.0港仙(二零零八年：3.0港仙)，連同中期派發的股息每股3.0港仙(二零零八年：2.5港仙)，二零零九年全年股息合計為每股8.0港仙(二零零八年：5.5港仙)，較去年上升45%。

流動資金及財政資源

於二零零九年十二月三十一日，本集團的現金及銀行結餘(包括現金及現金等價物、存款期超過三個月之銀行存款及已抵押銀行存款)由二零零八年十二月三十一日的148.0百萬港元顯著上升至1,625.8百萬港元，淨增加1,477.8百萬港元，其分析如下：

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

As at 31 December 2009, the Group was in a net cash position compared with a net gearing ratio of 6.6% as at 31 December 2008. The calculation is as follows:

於二零零九年十二月三十一日，本集團處於淨現金水平，而二零零八年十二月三十一日的淨資產負債比率則為6.6%。計算如下：

| | | 2009 二零零九年 HK\$'000 千港元 | 2008 二零零八年 HK\$'000 千港元 |
|--|--------------|----------------------------------|----------------------------------|
| Bank loans | 銀行貸款 | 14,567 | 270,655 |
| Convertible bonds | 可換股債券 | 515,625 | - |
| Less: Cash and bank balances | 減：現金及銀行結餘 | (1,625,766) | (147,962) |
| Net (cash)/debt | 淨(現金)/負債 | (1,095,574) | 122,693 |
| Equity attributable to equity holders of the Company | 本公司權益持有人應佔權益 | 2,202,898 | 1,854,533 |
| Net gearing ratio | 淨資產負債比率 | Net cash 淨現金 | 6.6% |

Foreign Exchange Risk Management

The Group did not engage in any foreign exchange derivatives during the year. Management closely monitors the market situation and may consider tools to manage foreign exchange risk whenever necessary.

匯率風險管理

本集團於年內並無使用任何外匯衍生工具。管理層將密切注視市場情況，如有需要時，或會考慮使用適當措施控制外匯風險。

Pledge of Assets

As at 31 December 2009, the Group's bank loans of HK\$14.6 million was secured by an available-for-sale financial asset with nil carrying value and a deposit of HK\$2.9 million was pledged for banking facilities. As at 31 December 2008, the Group had short-term bank loans of HK\$92.5 million secured by certain leasehold buildings of a total net book value of HK\$32.5 million and an available-for-sale financial asset with nil carrying value.

資產抵押

於二零零九年十二月三十一日，本集團之銀行貸款14.6百萬港元由賬面值為零港元之可出售金融資產作抵押，另2.9百萬港元之存款則作銀行額度抵押。於二零零八年十二月三十一日，本集團之短期銀行貸款為92.5百萬港元，是以賬面淨值32.5百萬港元之若干租賃樓宇及賬面值為零港元之可出售之金融資產作抵押。

Significant Capital Investments

During the year, the Group incurred a capital expenditure of HK\$142.7 million (2008: HK\$234.3 million) mainly for retail network expansion and construction of logistics centres and office buildings.

重大資本投資

年內，本集團的總資本性開支為142.7百萬港元(二零零八年：234.3百萬港元)，主要用於擴展零售網絡及興建物流中心及辦公樓宇。

Contingent Liabilities

As at 31 December 2009, the Group had no significant contingent liabilities.

或然負債

於二零零九年十二月三十一日，本集團並無任何重大或然負債。

Human Resources

As at 31 December 2009, the Group had approximately 21,000 (2008: 21,000) employees in Hong Kong, Taiwan and the PRC. Employee expenditure for the year under review amounted to HK\$607.4 million (2008: HK\$614.0 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 performance of the Group and the individual employee. The Group also provides mandatory provident fund schemes, medical insurance schemes, staff purchase discounts and training programmes to employees.

人力資源

於二零零九年十二月三十一日，本集團於香港、台灣及中國大陸之僱員人數約21,000人(二零零八年：21,000人)。回顧年內之僱員開支為607.4百萬港元(二零零八年：614.0百萬港元)。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。

PROSPECTS

Looking ahead, the Group will continue to grow its points-of-sale and expand coverage of its sales network to capture market opportunities. In the coming year, the Group plans to increase a total of 500 "Daphne" points-of-sale (including 250 directly-managed stores/counters and 250 franchised outlets) to boost sales growth and market penetration. As for "Shoebox", the Group targets to add 250 points-of-sale in the country to tap the vast mass ladies footwear market with immense potential.

In January 2010, the Group acquired 60% equity interest in Full Pearl International Limited. Full Pearl is a retailer of quality mid-to-high-end footwear in first and second tier cities in the PRC, Taiwan and Hong Kong. The acquisition provides the Group direct access to the PRC sales network in the mid-to-high-end market. Full Pearl currently operates approximately 200 stores, selling its own brands "Aee" and "Ameda" as well as licensed brands including the renowned Canadian brand "ALDO" and American fashion brand "Jessica Simpson". The Group believes that its investment in Full Pearl will boost its brand portfolio, complement its strong position in the mass market, and enable it to expand presence in the flourishing mid-to-high-end female footwear market.

With TPG investing in Daphne, we have seen marked improvement in our corporate governance standard, transparency and management structure. The Group has appointed Ms. Mary Ma, Managing Director of TPG, as a non-executive director of the Company. With expertise advice from TPG, the Group has been working on enhancing its supply chain system with the aim of raising operational efficiency in the short to medium term.

Furthermore, the Group has appointed supervisors for various departments including Finance, Human Resources, Supply Chain Management, Marketing, and Risk Management. These new appointments formed part of the better communication structure of the Group and helped raising its operational efficiency.

With a strategic expansion plan in place, a comprehensive product portfolio, a highly committed workforce, an enhanced management structure and ample capital resources, Daphne is optimistic about its ability to seize opportunities ahead for capturing larger market share and ultimately realise its goal of becoming a world-leading ladies footwear retailer.

展望

展望未來，本集團將繼續增加銷售點和擴充銷售網絡範圍，以把握市場商機。來年，本集團計劃增設合共500個「達芙妮」銷售點（包括250個直營專賣店／專櫃及250加盟點）以提高銷售和市場滲透率。至於「鞋櫃」業務，本集團的目標是在內地開設250個全新銷售點，以把握大眾女鞋市場的龐大潛力。

於二零一零年一月，本集團購入富珍國際有限公司（「富珍」）60%之股本權益。富珍乃一間於中國一、二線城市，以及香港和台灣專營優質中高檔鞋履之零售商。此項收購令本集團可立即打入國內中高端市場的銷售網絡。目前，富珍於約200個銷售點售賣自有品牌—「愛意」及「愛魅」，以及其他代理品牌，當中包括加拿大知名品牌「ALDO」及美國時尚品牌「Jessica Simpson」。本集團相信富珍的投資將可豐富品牌陣容，補足集團在大眾市場穩固的地位，以及拓展在蓬勃的中高端女鞋市場的業務。

TPG投資於達芙妮後，企業管治標準、透明度及管理架構均提升了不少。本集團已委任TPG董事總經理馬雪征女士為本公司的非執行董事。本集團正根據TPG的專業意見，致力加強供應鏈系統，以提高短至中期的營運效益。

此外，本集團亦已委任多個部門的管理階層以促進本集團的有效溝通架構及提升營運效益，包括財務、人力資源、供應鏈管理、市場推廣及風險管理部門等。

憑藉策略性拓展計劃、全面的產品組合、眾志成城的員工團隊、優化的管理架構和充裕資本，達芙妮對未來非常樂觀，相信公司能把握機會擴充市場份額，並最終實現成為全球領先女鞋零售商的目標。

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 and Mr Chang Chih-Chiao.

Mr Chen Hsien Min, aged 59, 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, Chang Chih-Kai and Mr Chang Chih-Chiao.

Mr Chang Chih-Kai, aged 29, 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 the brother of Mr Chang Chih-Chiao, a cousin of Mr Chen Ying-Chieh and a nephew of Mr Chen Hsien Min.

Mr Chang Chih-Chiao, aged 27, was appointed as an executive director of the Company on 12 June 2009. Mr Chang obtained a bachelor's degree in Visual Communication from the Northumbria University in the United Kingdom. Mr Chang joined the Group in 2007 and is currently primarily responsible for specialised business projects and negotiations. Mr Chang is the brother of Mr Chang Chih-Kai, a cousin of Mr Chen Ying-Chieh and a nephew of Mr Chen Hsien Min.

NON-EXECUTIVE DIRECTOR

Ms Ma Xuezheng, aged 57, was appointed as a non-executive director of the Company on 12 June 2009. Ms Ma has over 30 years of experience in financial and executive management. She graduated from Capital Normal University in 1976 with a Bachelor of Arts degree. Ms Ma is currently the managing director of TPG Capital, Limited, an affiliate of Premier China Limited which has substantial interests in the convertible bonds and warrants of the Company. She is a director of Shenzhen Development Bank (listed on the Shenzhen Stock Exchange) and also an independent non-executive director of Standard Chartered Bank (Hong Kong) Limited and Lenovo Group Limited.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr Hsiao Hsi-Ming, aged 70, 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.

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和張智喬先生之表兄。

陳賢民先生，59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和張智喬先生之姑丈。

張智凱先生，29歲，畢業於紐西蘭Pakuranga College後，入讀Auckland University修讀文學士學位課程。彼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。張先生為張智喬先生之兄長，陳英杰先生之表弟及陳賢民先生之外甥。

張智喬先生，27歲，於二零零九年六月十二日獲委任為本公司之執行董事。張先生持有英國諾森比亞大學視覺傳媒學士學位。張先生於二零零七年加入本集團，現時主要負責特定業務項目及洽商。張先生為張智凱先生之弟弟，陳英杰先生之表弟及陳賢民先生之外甥。

非執行董事

馬雪征女士，57歲，於二零零九年六月十二日獲委任為本公司之非執行董事。馬女士在財務及行政管理方面擁有逾三十年經驗。彼於一九七六年畢業於首都師範大學，獲文學士學位。馬女士現任 TPG Capital, Limited (為Premier China Limited之聯屬公司，而Premier China Limited於本公司之可換股債券及認股權證中擁有重大權益)之董事總經理。彼為深圳發展銀行(於深圳證券交易所上市)之董事，並為渣打銀行(香港)有限公司及聯想集團有限公司之獨立非執行董事。

獨立非執行董事

蕭溪明先生，70歲，為台灣一間會計師事務所之合夥人。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。彼為高僑自動化科技股份有限公司(「高僑」)之董事及寶島眼鏡公司(「寶島眼鏡」)之獨立董事。高僑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。



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

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 20 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.

ALTERNATE DIRECTOR

Mr Kim Jin-Goon, aged 42, was appointed as an alternate director to Ms Ma Xuezheng on 1 September 2009. Mr Kim has over 10 years of experience in management and operational directorship. He is currently the director of operations of TPG Capital, Limited, and an executive director and the Chief Executive Officer of Guanghui Automobile Services Co., Ltd., a leading auto services and retail network. Mr Kim has also been designated by Premier China Limited as its observer on the Board.

SENIOR MANAGEMENT

Mr Xin Jia Hua, aged 56, is the vice general manager of the Group. Mr Xin is responsible for the sales and distribution 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 Hu Huan Xin, aged 41, is the chief operating officer of the Group. Mr Hu is responsible for the Group's operations and supply chain management. He obtained a bachelor's degree in Economics & International Trade from Zhongshan University. Mr Hu has over 15 years of experience in operations & supply chain management in multinational companies. Mr Hu joined the Group in January 2010.

Mr Chang Chun Wang, aged 58, 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.

Ms Chi Shu Tzu, aged 43, is the vice general manager of the Group. She is responsible for the export sales markets and manufacturing planning. Ms Chi has over 25 years of experience in the footwear industry. She has been working with the Group since 1994.

Mr Hsu Szu Che, aged 57, is the vice general manager of the Group. He is responsible for overseeing the manufacturing operation of the Group. Mr Hsu has nearly 30 years of experience in the administration and management of footwear manufacturing facilities. He has been working with the Group since 1994.

Ms Chen Li Li, Lily, aged 45, joined the Group in January 2010 as chief human resources officer. She is responsible for the overall human resources management and back office administration for the Group. Ms Chen holds an MBA degree from Norwegian Management School and has over twenty years of experience in human resources management in different sizeable multinational companies.

黃順財先生，56歲，為台灣六間科技公司之董事，從事科技業逾二十年。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，為中國一間製造及分銷公司之董事。郭先生亦為前任台灣行政院委員，以議員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。

替任董事

金珍君先生，42歲，於二零零九年九月一日獲委任為馬雪征女士之替任董事。金先生於管理及營運監督方面積逾十年經驗。彼現任TPG Capital, Limited之營運董事，以及知名汽車服務及零售網絡公司廣滙汽車服務股份公司之執行董事兼行政總裁。金先生亦由Premier China Limited任命為董事會之觀察員。

高層管理人員

忻家華先生，56歲，本集團之副總經理。忻先生負責本集團品牌業務之銷售及分銷。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。

胡煥新先生，41歲，本集團之營運總監。胡先生負責本集團之營運及供應鍊管理。彼取得中山大學經濟與國際貿易學士學位。胡先生在多家跨國企業之營運及供應鍊管理方面積逾十五年經驗。胡先生於二零一零年一月加入本集團。

張春旺先生，58歲，本集團之副總經理。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。

紀淑子女士，43歲，本集團之副總經理，負責出口銷售市場及生產規劃。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。

許賜哲先生，57歲，本集團之副總經理，負責督導本集團之製造業務。許先生在鞋類製造設施之行政及管理方面積近三十年經驗，自一九九四年起為本集團服務。

陳俐麗女士，45歲，於二零一零年一月加入本集團出任人力資源總監。彼負責本集團整體之人力資源管理以及後勤管理。彼持有Norwegian Management School之工商管理碩士學位，在多家不同規模之跨國企業之人力資源管理方面積逾二十年經驗。

BIOGRAPHY OF DIRECTORS AND SENIOR MANAGEMENT

董事及高層管理人員簡歷

Ms Lu Ying, Louisa, aged 42, is the chief marketing officer of the Group and she is responsible for marketing and brand strategic planning for the Group. Prior to joining the Group in April 2010, Ms Lu has taken senior marketing management role in various multinational companies and she holds a master's degree in Organic Chemistry from Shanghai University of Science and Technology.

Ms Chao Huei Chuan, aged 43, is a vice general manager of the Group. Ms Chao is responsible for risk management and planning of the Group. 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 over 20 years of experience in finance, accounting and management.

Mr Ying Chung Chieh, Alfred, aged 45, is the vice president of investor relations of the Group. Mr Ying joined the Group in 2007 and he has over 10 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 Lin Che Li, Jerry, aged 42, is the chief financial officer of the Group. Mr Lin joined the Group in January 2010 and is responsible for the overall corporate and financial planning of the Group. Prior to joining the Group, Mr Lin spent almost 20 years with a major US automotive company, including 15 years in its financial department with headquarter and operating assignments in New York, Singapore, Taipei, Seoul and Shanghai. Mr Lin holds an MBA degree from Columbia University Graduate School of Business and a bachelor's degree in Electrical Engineering from the University of Rochester, in New York, USA.

Mr Cheung Chun Hay, aged 36, 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 33, 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.

盧瑛女士，42歲，本集團市場總監，彼負責本集團之市場推廣及品牌策略規劃。盧女士於二零一零年四月加入本集團之前，曾於多家跨國企業出掌市場推廣高級管理層。彼持有上海理工大學有機化學碩士學位。

趙惠娟女士，43歲，本集團之副總經理。趙女士負責本集團之風險管理及規劃。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超過二十年經驗。

應宗傑先生，45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。

林哲立先生，42歲，本集團之首席財務官。林先生於二零一零年一月加入本集團，負責本集團之整體企業及財務規劃。加入本集團之前，林先生曾於美國一間大型汽車公司服務近二十年，當中十五年曾先後於總部負責財務工作，並於紐約、新加坡、台北、首爾及上海負責營運工作。林先生持有哥倫比亞大學商學院之工商管理碩士學位及美國紐約羅徹斯特大學電機工程學士學位。

張晉熙先生，36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多家上市及私人公司。彼於審計、會計及財務方面擁有豐富經驗。

陳愛珠女士，33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，陳女士於香港一間上市公司任職，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 consists of the following directors:

| | Date of first becoming director | 首次出任董事之日期 |
|---|---------------------------------|---------------------------|
| <i>Executive Directors</i> | | |
| Mr Chen Ying-Chieh (<i>Chairman</i>) | 21 May 1996 | 一九九六年五月二十一日 |
| Mr Chen Hsien Min (<i>Managing Director</i>) | 11 April 1995 | 一九九五年四月十一日 |
| Mr Chang Chih-Chiao | 12 June 2009 | 二零零九年六月十二日 |
| Mr Chang Chih-Kai | 22 November 2004 | 二零零四年十一月二十二日 |
| <i>Non-executive Director</i> | | |
| Ms Ma Xuezheng | 12 June 2009 | 二零零九年六月十二日 |
| <i>Independent Non-executive Director</i> | | |
| Mr Hsiao Hsi-Ming | 10 September 2004 | 二零零四年九月十日 |
| Mr Huang Shun-Tsai | 31 July 2001 | 二零零一年七月三十一日 |
| Mr Kuo Jung-Cheng | 31 July 2001 | 二零零一年七月三十一日 |
| <i>Alternate Director</i> | | |
| Mr Kim Jin-Goon (Alternate Director to Ms Ma Xuezheng) | 1 September 2009 | 二零零九年九月一日 (馬雪征女士之替任董事) |

The executive directors draw on a rich and diverse experience from the footwear business while the non-executive director and 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 pages 14 to 16 under "Biography of Directors and Senior Management".

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，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」）現由下列董事組成：

執行董事

| | |
|------------------------|--------------|
| 陳英杰先生 (<i>主席</i>) | 一九九六年五月二十一日 |
| 陳賢民先生 (<i>董事總經理</i>) | 一九九五年四月十一日 |
| 張智喬先生 | 二零零九年六月十二日 |
| 張智凱先生 | 二零零四年十一月二十二日 |

非執行董事

| | |
|-------|------------|
| 馬雪征女士 | 二零零九年六月十二日 |
|-------|------------|

獨立非執行董事

| | |
|-------|-------------|
| 蕭溪明先生 | 二零零四年九月十日 |
| 黃順財先生 | 二零零一年七月三十一日 |
| 郭榮振先生 | 二零零一年七月三十一日 |

替任董事

| | |
|-----------------------|-----------|
| 金珍君先生 (馬雪征女士之替任董事) | 二零零九年九月一日 |
|-----------------------|-----------|

執行董事擁有豐富及廣泛的鞋類業務經驗；而非執行董事及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均有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。各董事之姓名、簡歷及彼此之間之關係載於第14頁至第16頁之「董事及高層管理人員簡歷」內。

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.

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 22.

The Board has established three committees, 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.

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.

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有充足時間獲發會議通知，而每名董事可要求將事項加入董事會會議議程。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。

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22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，並於適當時就有關事項作出建議。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接受選舉。

董事職責

本公司每名新委任董事於首次獲委任時，將獲發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，以確保董事已充分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。

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。

NOMINATION COMMITTEE

The Nomination Committee of the Company has been established since April 2005 and currently consists of the following directors:

| | |
|---|------------------------------------|
| Mr Huang Shun-Tsai (Chairman of the Committee) | Independent Non-executive Director |
| Mr Hsiao Hsi-Ming | Independent Non-executive Director |
| Mr Kuo Jung-Cheng | Independent Non-executive Director |
| Ms Ma Xuezheng | Non-executive Director |
| Mr Chen Ying-Chieh | Executive Director |

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, three Nomination Committee meeting were held and the attendance of each member is set out on page 22. At the meetings 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 has been established since April 2005 and currently consists of the following directors:

| | |
|--|------------------------------------|
| Mr Kuo Jung-Cheng (Chairman of the Committee) | Independent Non-executive Director |
| Mr Hsiao Hsi-Ming | Independent Non-executive Director |
| Mr Huang Shun-Tsai | Independent Non-executive Director |
| Ms Ma Xuezheng | Non-executive Director |
| Mr Chen Hsien Min | Executive Director |

提名委員會

本公司之提名委員會於二零零五年四月成立，現由下列董事組成：

| | |
|------------------|---------|
| 黃順財先生 (委員會主席) | 獨立非執行董事 |
| 蕭溪明先生 | 獨立非執行董事 |
| 郭榮振先生 | 獨立非執行董事 |
| 馬雪征女士 | 非執行董事 |
| 陳英杰先生 | 執行董事 |

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
- 物色合適人選加入董事會，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性
- 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，提名委員會曾舉行三次會議，各成員之出席情況載於第22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，並建議重新委任退任董事(經股東在股東週年大會上批准)。

薪酬委員會

本公司薪酬委員會於二零零五年四月成立，現由下列董事組成：

| | |
|------------------|---------|
| 郭榮振先生 (委員會主席) | 獨立非執行董事 |
| 蕭溪明先生 | 獨立非執行董事 |
| 黃順財先生 | 獨立非執行董事 |
| 馬雪征女士 | 非執行董事 |
| 陳賢民先生 | 執行董事 |



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 on 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 22. At the 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.

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所有薪酬政策及架構，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其職責、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22頁。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。

AUDIT COMMITTEE

The Audit Committee of the Company currently consists of the following directors:

| | | | |
|--|------------------------------------|------------------|---------|
| Mr Hsiao Hsi-Ming (Chairman of the Committee) | Independent Non-executive Director | 蕭溪明先生 (委員會主席) | 獨立非執行董事 |
| Mr Kuo Jung-Cheng | Independent Non-executive Director | 郭榮振先生 | 獨立非執行董事 |
| Mr Huang Shun-Tsai | Independent Non-executive Director | 黃順財先生 | 獨立非執行董事 |
| Ms Ma Xuezheng | Non-executive Director | 馬雪征女士 | 非執行董事 |

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

- To consider the appointment, re-appointment 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
- To consider and review material related party transactions and connected transactions, if any

審核委員會

本公司之審核委員會現由下列董事組成：

| | |
|------------------|---------|
| 蕭溪明先生 (委員會主席) | 獨立非執行董事 |
| 郭榮振先生 | 獨立非執行董事 |
| 黃順財先生 | 獨立非執行董事 |
| 馬雪征女士 | 非執行董事 |

審核委員會之主要職責及職能如下：

- 考慮委聘、續聘及撤換外聘核數師、批准外聘核數師之酬金及委聘條款(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性，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
- 審閱外聘核數師致管理層之函件及報告
- 檢討內部監控及財務監控制度之效益
- 考慮及審閱重大關聯方交易及關連交易(如有)



The Audit Committee shall meet at least twice a year. During the year, three Audit Committee meetings were held and the executive directors, the management and the external auditors attended to provide necessary information. The attendance of each member to the meetings is set out below.

審核委員會每年最少舉行兩次會議。年內，審核委員會曾舉行三次會議，執行董事、管理層及外聘核數師均有出席以提供所需資料。各成員之出席會議情況載於下列。

ATTENDANCE OF BOARD AND BOARD COMMITTEES' MEETINGS

The attendance rates of individual members in the Board and the Board Committees' meetings held in 2009 are detailed as follows:

董事會及董事會轄下委員會之會議出席情況

於二零零九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 2009 二零零九年出席/舉行會議次數 | | | | Attendance rate 出席率 |
|---|--------------------|--|------------------------------------|----------------------------------|-----------------------------|------------------------|
| | | Board 董事會 | Remuneration Committee 薪酬委員會 | Nomination Committee 提名委員會 | Audit Committee 審核委員會 | |
| Executive directors 執行董事 | | | | | | |
| Mr Chen Ying-Chieh (Chairman) | 陳英杰先生(主席) | 6/6 | | 3/3 | | 100% |
| Mr Chen Hsien Min (Managing Director) | 陳賢民先生(董事總經理) | 6/6 | 1/1 | | | 100% |
| Mr Chang Chih-Kai | 張智凱先生 | 6/6 | | | | 100% |
| Mr Chang Chih-Chiao (Note 1) | 張智喬先生(附註1) | 3/3 | | | | 100% |
| Non-executive director 非執行董事 | | | | | | |
| Ms Ma Xuezheng (Note 2) | 馬雪征女士(附註2) | 3/3 | | 1/1 | 2/2 | 100% |
| Independent non-executive directors 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) | 5/6 | 1/1 | 3/3 | 3/3 | 92% |
| Mr Huang Shun-Tsai (Chairman of Nomination Committee) | 黃順財先生 (提名委員會主席) | 5/6 | 1/1 | 3/3 | 1/3 | 77% |
| Mr Kuo Jung-Cheng (Chairman of Remuneration Committee) | 郭榮振先生 (薪酬委員會主席) | 5/6 | 1/1 | 3/3 | 3/3 | 92% |

Notes:

- Three board meetings were held since the appointment of Mr Chang Chih-Chiao as the executive director on 12 June 2009.
- Three board meetings, one nomination committee meeting and two audit committee meetings were held since the appointment of Ms Ma Xuezheng as the non-executive director and a member of the remuneration committee, nomination committee and audit committee on 12 June 2009.

附註：

- 自張智喬先生於二零零九年六月十二日獲委任為執行董事後，曾舉行三次董事會會議。
- 自馬雪征女士於二零零九年六月十二日獲委任為非執行董事及薪酬委員會、提名委員會及審核委員會成員後，曾舉行三次董事會會議、一次提名委員會會議及兩次審核委員會會議。

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檢討本集團內部監控制度之效益，包括財務、營運、遵例及風險管理功能。董事會亦不時委任外聘專家，以檢討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，本集團內部監控制度之主要方面已獲充分處理，本集團總體上已完全遵守守則條文。

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\$2,970,000 and HK\$3,067,000 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。董事亦作出審慎合理之判斷，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之事宜。

留待董事會批准之事項包括：

- 委任董事及高級行政人員
- 業務計劃及開拓新市場
- 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2,970,000港元及3,067,000港元。



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 the 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 division and personnel for liaison with investors and analysts by answering their questions
- Arranging on-site visits to the Group's establishments to enhance their timely understanding of the situations and latest development of the Group's business operations
- Making available information on the Company's website, including description of the Group and its business, the Board and corporate governance, results of the Group, 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：

- 向全體股東發出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
- 安排實地參觀本集團業務地點，適時提升彼等對本集團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，包括本集團及其業務概況、董事會及企業管治、本集團業績、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 2009.

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 and export sales with major market in the United States of America.

SEGMENT INFORMATION

An analysis of the Group's performance by operating segment 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 34.

The board of directors has declared an interim dividend of HK3.0 cents per ordinary share, totalling HK\$49,137,000, which was paid on 29 September 2009.

The board of directors recommends the payment of a final dividend of HK5.0 cents per ordinary share, totalling HK\$81,895,000 in respect of the year ended 31 December 2009.

RESERVES

The distributable reserves of the Company, calculated in accordance with the Companies Laws (Revised) Chapter 22 of the Cayman Islands, as at 31 December 2009 amounted to HK\$188,857,000.

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 29 to the accounts.

DONATIONS

Charitable and other donations made by the Group during the year amounted to HK\$4,181,000 (2008: HK\$10,458,000).

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.

本董事會謹此提呈截至二零零九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。

主要業務

本公司為一間投資控股公司，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，及主要外銷至美利堅合眾國。

分類資料

按經營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34頁之綜合損益表。

本董事會已宣派中期股息每股普通股3.0港仙，合共49,137,000港元，並已於二零零九年九月二十九日派付。

本董事會建議就截至二零零九年十二月三十一日止年度派付末期股息每股普通股5.0港仙，合共81,895,000港元。

儲備

根據開曼群島公司法（經修訂）第22章計算，於二零零九年十二月三十一日，本公司可供分派之儲備為188,857,000港元。

本公司之股份溢價可供分派或支付股息予股東，惟繫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29。

捐款

本集團於年內之慈善及其他捐款為4,181,000港元（二零零八年：10,458,000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96頁。

REPORT OF THE DIRECTORS

董事會報告

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-Chiao (Appointed on 12 June 2009)
Mr Chang Chih-Kai

Non-executive director

Ms Ma Xuezheng (Appointed on 12 June 2009)

Independent non-executive directors

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

Alternate director

Mr Kim Jin-Goon (*Alternate Director to Ms Ma Xuezheng*)
(Appointed on 1 September 2009)

In accordance with Article 91 of the Company's Articles of Association, Mr Chang Chih-Chiao and Ms Ma Xuezheng retire at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

In accordance with Article 99 of the Company's Articles of Association, Mr Huang Shun-Tsai and Mr Kuo Jung-Cheng 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 a successive period of one year unless terminated by either party giving not less than one month's notice to the other party.

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 2009.

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*)
張智喬先生 (於二零零九年六月十二日獲委任)
張智凱先生

非執行董事

馬雪征女士 (於二零零九年六月十二日獲委任)

獨立非執行董事

蕭溪明先生
黃順財先生
郭榮振先生

替任董事

金珍君先生 (*馬雪征女士之替任董事*)
(於二零零九年九月一日獲委任)

根據本公司之公司組織章程細則第91條，張智喬先生及馬雪征女士將於應屆股東週年大會退任，惟彼等符合資格並願意膺選連任。

根據本公司之公司組織章程細則第99條，黃順財先生及郭榮振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。

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，截至二零零九年十二月三十一日，所有獨立非執行董事均為獨立人士。

BIOGRAPHY OF DIRECTORS AND SENIOR MANAGEMENT

Brief biography of directors and senior management are set out on pages 14 to 16.

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 2009, 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) | Long 好倉 | 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.

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 2009, 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.

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14頁至第16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

於二零零九年十二月三十一日，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。

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，於二零零九年十二月三十一日，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。

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 and amended its share option scheme (the "Share Option Scheme") on 29 May 2003 and 7 December 2009 respectively 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 2009, 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.

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.

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

本公司分別於二零零三年五月二十九日及二零零九年十二月七日採納及修訂購股權計劃（「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。於二零零九年十二月三十一日，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%。

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。

During the year ended 31 December 2009, the following share options granted on 23 February 2007 and exercisable from 23 August 2007 to 22 August 2009 at an exercise price of HK\$8.90 were lapsed:

| | | |
|----------------------------|--------------|-----------|
| 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 |

During the year ended 31 December 2009, no share options were granted, exercised or cancelled under the Share Option Scheme and no share options were outstanding as at 31 December 2009.

Subsequent to the year end, the following share options were granted on 27 January 2010 to certain directors and employees at an exercise price of HK\$6.19 and will vest on each of the five anniversary dates from the date of grant:

| | | |
|----------------------------|--------------|------------|
| Executive directors | 執行董事 | |
| Mr Chen Ying-Chieh | 陳英杰先生 | 16,000,000 |
| Mr Chen Hsien Min | 陳賢民先生 | 12,000,000 |
| Mr Chang Chih-Chiao | 張智喬先生 | 5,500,000 |
| Mr Chang Chih-Kai | 張智凱先生 | 6,500,000 |
| Other participants | 其他參與者 | |
| Employees | 僱員 | 27,525,000 |

於截至二零零九年十二月三十一日止年度，下列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港元行使之購股權已告失效：

於截至二零零九年十二月三十一日止年度，概無購股權根據購股權計劃被授出、行使或註銷，而於二零零九年十二月三十一日概無購股權尚未行使。

年結日後，於二零一零年一月二十七日向若干董事及僱員授出下列購股權，行使價為6.19港元，將於授出日期後五個週年各年歸屬：

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 2009, 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".

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，於二零零九年十二月三十一日，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。

| Name | Capacity | Number of shares held | Long/short position | Percentage of the issued share capital of the Company |
|----------------------------------|--|-------------------------------|---------------------|---|
| 名稱 | 身份 | 所持股份數目 | 好倉/淡倉 | 佔本公司已發行股本百分比 |
| Lucky Earn International Limited | Beneficial interests 實益擁有人 | 400,719,995 (Note 1) (附註1) | Long 好倉 | 24.47 |
| Premier China, Ltd. | Beneficial interests 實益擁有人 | 298,510,572 (Note 2) (附註2) | Long 好倉 | 18.23 |
| TPG Asia Advisors V, Inc | Interests of controlled corporation 受控公司之權益 | 298,510,572 (Note 2) (附註2) | Long 好倉 | 18.23 |
| TPG Asia Genpar V, L.P. | Interests of controlled corporation 受控公司之權益 | 298,510,572 (Note 2) (附註2) | Long 好倉 | 18.23 |
| TPG Asia V, L.P. | Interests of controlled corporation 受控公司之權益 | 298,510,572 (Note 2) (附註2) | Long 好倉 | 18.23 |

REPORT OF THE DIRECTORS 董事會報告



| Name | Capacity | Number of shares held | | Long/short position | Percentage of the issued share capital of the Company |
|---|--|-----------------------|-------------------|---------------------|---|
| 名稱 | 身份 | 所持股份數目 | | 好倉／淡倉 | 佔本公司已發行股本百分比 |
| Mr David Bonderman David Bonderman先生 | Interests of controlled corporation 受控公司之權益 | 298,510,572 | (Note 2) (附註2) | Long 好倉 | 18.23 |
| Mr James G. Coulter James G. Coulter先生 | Interests of controlled corporation 受控公司之權益 | 298,510,572 | (Note 2) (附註2) | Long 好倉 | 18.23 |
| Top Glory Assets Limited | Beneficial interests 實益擁有人 | 200,846,895 | (Note 3) (附註3) | 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 3) (附註3) | 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 3) (附註3) | Long 好倉 | 12.26 |
| Pushkin Holding Limited | Beneficial interests 實益擁有人 | 147,738,920 | (Note 4) (附註4) | 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 4) (附註4) | 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 4) (附註4) | 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 4) (附註4) | Long 好倉 | 9.02 |
| Sansar Capital Management, LLC | Investment manager 投資經理 | 112,976,360 | (Note 5) (附註5) | Long 好倉 | 6.90 |
| Sansar Capital Master Fund, LP | Beneficial interests 實益擁有人 | 97,666,000 | | Long 好倉 | 5.96 |

Notes:

附註：

- Mr Chang Chih-Kai and Mr Chang Chih-Chiao, both executive directors of the Company, and their 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.
- Premier China, Ltd. has subscribed for convertible bonds and warrants of the Company. Upon full conversions of the convertible bonds and full exercise of the warrants, an aggregate of 278,510,572 shares will be issued. Premier China, Ltd. is an indirect wholly-owned subsidiary of TPG Asia V, Inc., which is in turn owned as to 50% each by Mr David Bonderman and Mr James G. Coulter.
- 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.
- 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.
- These interests include the shares held by Sansar Capital Master Fund, LP.
- 本公司執行董事張智凱先生及張智喬先生與彼等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。
- Premier China, Ltd. 已認購本公司可換股債券及認股權證。於可換股債券全面兌換及於認股權證全面行使時，將予發行合共 278,510,572 股股份。Premier China, Ltd. 為 TPG Asia V, Inc. 之間接全資附屬公司，而 TPG Asia V, Inc. 則由 David Bonderman 先生及 James G. Coulter 先生各擁有 50%。
- 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。
- 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。
- 有關權益包括 Sansar Capital Master Fund, LP 所持有之股份。

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 24% and 59%, 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 17 to 24.

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, 12 April 2010

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%。

年內，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24%及59%。

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

本公司遵守上市規則附錄14所載企業管治常規守則之資料載於第17頁至第24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，二零一零年四月十二日

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 34 to 95, which comprise the consolidated and company balance sheets as at 31 December 2009, and the consolidated profit and loss account, the consolidated statement of comprehensive income, 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34頁至第95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,此綜合賬目包括於二零零九年十二月三十一日之綜合及公司資產負債表及截至該日止年度之綜合損益表、綜合全面收益表、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。

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 2009 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, 12 April 2010

審核涉及執行程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二零零九年十二月三十一日結算時之事務狀況，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，二零一零年四月十二日

CONSOLIDATED PROFIT AND LOSS ACCOUNT

綜合損益表



For the year ended 31 December 2009 截至二零零九年十二月三十一日止年度

| | | Note 附註 | 2009 二零零九年 HK\$'000 千港元 | 2008 二零零八年 HK\$'000 千港元 |
|---|-------------------|------------|----------------------------------|----------------------------------|
| Turnover | 營業額 | 5 | 5,831,994 | 5,289,297 |
| Cost of sales | 銷售成本 | | (2,624,916) | (2,501,911) |
| Gross profit | 毛利 | | 3,207,078 | 2,787,386 |
| Other income | 其他收入 | 6 | 52,073 | 20,738 |
| Other losses – net | 其他虧損－淨額 | 7 | (24,622) | (25,957) |
| Selling and distribution expenses | 銷售及分銷開支 | | (2,065,555) | (1,821,969) |
| General and administrative expenses | 一般及行政開支 | | (305,891) | (281,218) |
| Fair value loss on derivative financial instrument – warrants | 衍生金融工具公平價值虧損－認股權證 | | (203,466) | – |
| Finance costs | 財務成本 | 8 | (26,704) | (13,307) |
| Share of profit of an associated company | 應佔一間聯營公司盈利 | | 630 | 594 |
| Profit before income tax | 除所得稅前盈利 | 9 | 633,543 | 666,267 |
| Income tax expense | 所得稅開支 | 10 | (232,884) | (169,090) |
| Profit for the year | 年內盈利 | | 400,659 | 497,177 |
| Attributable to: | 以下各方應佔： | | | |
| Equity holders of the Company | 本公司權益持有人 | | 393,838 | 492,920 |
| Minority interests | 少數股東權益 | | 6,821 | 4,257 |
| | | | 400,659 | 497,177 |
| Earnings per share | 每股盈利 | 12 | | |
| Basic (HK cents) | 基本 (港仙) | | 24.05 | 30.09 |
| Diluted (HK cents) | 攤薄 (港仙) | | 23.93 | 30.09 |
| Dividends | 股息 | 13 | 131,032 | 90,084 |

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

綜合全面收益表

For the year ended 31 December 2009 截至二零零九年十二月三十一日止年度

| | | 2009 二零零九年 HK\$'000 千港元 | 2008 二零零八年 HK\$'000 千港元 |
|---|-----------------|----------------------------------|----------------------------------|
| Profit for the year | 年內盈利 | 400,659 | 497,177 |
| Currency translation differences | 貨幣匯兌差額 | 30,511 | 72,387 |
| Realisation upon disposal of a subsidiary | 出售一間附屬公司變現 | (4,424) | (3,488) |
| Realisation upon dissolution of a subsidiary | 解散一間附屬公司變現 | (315) | – |
| Impairment of an available-for-sale financial asset | 可出售金融資產減值 | – | 4,000 |
| Other comprehensive income for the year | 年內其他全面收益 | 25,772 | 72,899 |
| Total comprehensive income for the year | 年內全面收益總額 | 426,431 | 570,076 |
| Attributable to: | 以下各方應佔： | | |
| Equity holders of the Company | 本公司權益持有人 | 420,425 | 563,342 |
| Minority interests | 少數股東權益 | 6,006 | 6,734 |
| | | 426,431 | 570,076 |

CONSOLIDATED BALANCE SHEET

綜合資產負債表



As at 31 December 2009 於二零零九年十二月三十一日

| | | Note 附註 | 2009 二零零九年 HK\$'000 千港元 | 2008 二零零八年 HK\$'000 千港元 |
|---|--------------------|------------|----------------------------------|----------------------------------|
| Non-current assets | 非流動資產 | | | |
| Intangible assets | 無形資產 | 15 | 26,875 | 39,447 |
| Land use rights | 土地使用權 | 16 | 43,498 | 44,944 |
| Fixed assets | 固定資產 | 17 | 560,594 | 574,735 |
| Interest in an associated company | 於一間聯營公司之權益 | 20 | 3,262 | 3,134 |
| 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 | | 92,420 | 87,703 |
| Deferred income tax assets | 遞延所得稅資產 | 31 | 41,466 | 31,771 |
| | | | 801,739 | 815,358 |
| Current assets | 流動資產 | | | |
| Inventories | 存貨 | 22 | 889,319 | 1,355,280 |
| Trade receivables | 貿易應收賬款 | 23 | 181,253 | 162,967 |
| Other receivables, deposits and prepayments | 其他應收賬款、 按金及預付款項 | | 442,731 | 480,794 |
| Pledged bank deposit | 已抵押銀行存款 | 24 | 2,915 | – |
| Bank deposit with maturity over three months | 存款期超過三個月之銀行存款 | 24 | 78,000 | – |
| Cash and cash equivalents | 現金及現金等價物 | 25 | 1,544,851 | 147,962 |
| | | | 3,139,069 | 2,147,003 |
| Current liabilities | 流動負債 | | | |
| Trade payables | 貿易應付賬款 | 26 | 385,317 | 397,006 |
| Other payables and accrued charges | 其他應付賬款及應計費用 | | 271,602 | 221,368 |
| Income tax payable | 應繳所得稅 | | 206,764 | 165,325 |
| Bank loans | 銀行貸款 | 27 | 14,567 | 270,655 |
| Derivative financial instrument – warrants | 衍生金融工具 – 認股權證 | 30 | 284,261 | – |
| | | | 1,162,511 | 1,054,354 |
| Net current assets | 流動資產淨值 | | 1,976,558 | 1,092,649 |
| Total assets less current liabilities | 總資產減流動負債 | | 2,778,297 | 1,908,007 |
| Financed by: | 資金來源： | | | |
| Share capital | 股本 | 28 | 163,789 | 163,789 |
| Reserves | 儲備 | 29 | 2,039,109 | 1,690,744 |
| Equity attributable to equity holders of the Company | 本公司權益持有人 應佔權益 | | 2,202,898 | 1,854,533 |
| Minority interests | 少數股東權益 | | 39,027 | 36,765 |
| Total equity | 總權益 | | 2,241,925 | 1,891,298 |
| Non-current liabilities | 非流動負債 | | | |
| Convertible bonds | 可換股債券 | 30 | 515,625 | – |
| Deferred income tax liabilities | 遞延所得稅負債 | 31 | 2,897 | 1,555 |
| License fees payable | 應付特許權使用費 | 32 | 17,850 | 15,154 |
| | | | 536,372 | 16,709 |
| Total equity and non-current liabilities | 總權益及非流動負債 | | 2,778,297 | 1,908,007 |

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 2009 於二零零九年十二月三十一日

| | | | 2009 二零零九年 HK\$'000 千港元 | 2008 二零零八年 HK\$'000 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 | | 300 | 230 |
| Amount due from a subsidiary | 應收一間附屬公司賬款 | 19 | 631,463 | 200,348 |
| Cash and cash equivalents | 現金及現金等價物 | 25 | 394,693 | 138 |
| | | | 1,026,456 | 200,716 |
| Current liabilities | 流動負債 | | | |
| Accrued charges | 應計費用 | | 10,499 | 7,326 |
| Derivative financial instrument – warrants | 衍生金融工具 – 認股權證 | 30 | 284,261 | – |
| | | | 294,760 | 7,326 |
| Net current assets | 流動資產淨值 | | 731,696 | 193,390 |
| Total assets less current liabilities | 總資產減流動負債 | | 897,331 | 359,025 |
| Financed by: | 資金來源： | | | |
| Share capital | 股本 | 28 | 163,789 | 163,789 |
| Reserves | 儲備 | 29 | 217,917 | 195,236 |
| Total equity | 總權益 | | 381,706 | 359,025 |
| Non-current liabilities | 非流動負債 | | | |
| Convertible bonds | 可換股債券 | 30 | 515,625 | – |
| Total equity and non-current liabilities | 總權益及非流動負債 | | 897,331 | 359,025 |

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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 2009 截至二零零九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 | | Minority interests 少數股東權益 HK\$'000 千港元 | Total 總計 HK\$'000 千港元 |
|---|-----------------|---|-----------------------------------|---|--------------------------------|
| | | Share capital 股本 HK\$'000 千港元 | Reserves 儲備 HK\$'000 千港元 | | |
| At 1 January 2008 | 於二零零八年一月一日 | 163,789 | 1,209,295 | 34,098 | 1,407,182 |
| Profit for the year | 年內盈利 | - | 492,920 | 4,257 | 497,177 |
| Currency translation differences | 貨幣匯兌差額 | - | 69,910 | 2,477 | 72,387 |
| Realisation upon disposal of a subsidiary | 出售一間附屬公司變現 | - | (3,488) | - | (3,488) |
| Impairment of an available-for-sale financial asset | 可出售金融資產減值 | - | 4,000 | - | 4,000 |
| Total comprehensive income | 全面收益總額 | - | 563,342 | 6,734 | 570,076 |
| Dividends | 股息 | - | (81,894) | (3,932) | (85,826) |
| Write-back of unclaimed dividends | 撥回未領取股息 | - | 1 | - | 1 |
| Repayment of advance from a minority shareholder | 償還少數股東墊款 | - | - | (135) | (135) |
| Total transactions with owners | 與擁有人交易總額 | - | (81,893) | (4,067) | (85,960) |
| 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 |
| Profit for the year | 年內盈利 | - | 393,838 | 6,821 | 400,659 |
| Currency translation differences | 貨幣匯兌差額 | - | 31,279 | (768) | 30,511 |
| Realisation upon disposal of a subsidiary | 出售一間附屬公司變現 | - | (4,424) | - | (4,424) |
| Realisation upon dissolution of a subsidiary | 解散一間附屬公司變現 | - | (268) | (47) | (315) |
| Total comprehensive income | 全面收益總額 | - | 420,425 | 6,006 | 426,431 |
| Dividends | 股息 | - | (98,243) | (3,744) | (101,987) |
| Write-back of unclaimed dividends | 撥回未領取股息 | - | 5 | - | 5 |
| Issue of convertible bonds | 發行可換股債券 | - | 26,178 | - | 26,178 |
| Total transactions with owners | 與擁有人交易總額 | - | (72,060) | (3,744) | (75,804) |
| At 31 December 2009 | 於二零零九年十二月三十一日 | 163,789 | 2,039,109 | 39,027 | 2,241,925 |

CONSOLIDATED CASH FLOW STATEMENT 綜合現金流量表

For the year ended 31 December 2009 截至二零零九年十二月三十一日止年度

| | | Note 附註 | 2009 二零零九年 HK\$'000 千港元 | 2008 二零零八年 HK\$'000 千港元 |
|--|-------------------|------------|----------------------------------|----------------------------------|
| Operating activities | 經營活動 | | | |
| Cash generated from operations | 營運產生之現金 | 33 | 1,550,844 | 304,474 |
| Income tax paid in Hong Kong | 已付香港所得稅 | | (374) | – |
| Income tax paid outside Hong Kong | 已付香港以外地區所得稅 | | (200,450) | (131,284) |
| Net cash generated from operating activities | 經營活動產生之現金淨額 | | 1,350,020 | 173,190 |
| Investing activities | 投資活動 | | | |
| Dividend received from an associated company | 已收一間聯營公司股息 | | 531 | 207 |
| Interest received | 已收利息 | | 6,609 | 2,715 |
| Net proceed from disposal of a subsidiary | 出售一間附屬公司收款淨額 | 34 | 3,514 | 25,049 |
| Payment for land use rights | 土地使用權付款 | | (4,485) | (4,506) |
| Purchase of fixed assets | 購置固定資產 | | (138,237) | (229,821) |
| Proceeds from disposal of land use rights | 出售土地使用權收款 | | – | 605 |
| Proceeds from disposal of fixed assets | 出售固定資產收款 | | 5,130 | 9,651 |
| Increase in bank deposit with maturity over three months | 存款期超過三個月之銀行存款增加 | | (78,000) | – |
| Net cash used in investing activities | 投資活動所用之現金淨額 | | (204,938) | (196,100) |
| Financing activities | 融資活動 | | | |
| Dividends paid | 已付股息 | | (98,243) | (81,894) |
| Dividends paid to minority shareholders | 已付少數股東股息 | | (3,744) | (3,932) |
| Interest paid | 已付利息 | | (13,839) | (12,234) |
| Issue of convertible bonds and warrants | 發行可換股債券及認股權證 | | 609,693 | – |
| New bank loans raised | 新籌借銀行貸款 | | 94,684 | 199,543 |
| Repayment of bank loans | 償還銀行貸款 | | (350,948) | (126,015) |
| Increase in pledged bank deposit | 已抵押銀行存款增加 | | (2,915) | – |
| Repayment of advance from a minority shareholder | 償還少數股東墊款 | | – | (135) |
| Net cash generated from/(used in) financing activities | 融資活動產生/(所用)之現金淨額 | | 234,688 | (24,667) |
| Increase/(decrease) in cash and cash equivalents | 現金及現金等價物增加/(減少) | | 1,379,770 | (47,577) |
| Cash and cash equivalents as at 1 January | 於一月一日之現金及現金等價物 | 25 | 147,962 | 181,692 |
| Effect of foreign exchange rate changes | 匯率變動影響 | | 17,119 | 13,847 |
| 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 | 25 | 1,544,851 | 147,962 |

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 mainly in China and export sales with major 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.

These consolidated accounts have been approved for issue by the Board of Directors on 12 April 2010.

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. 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 financial 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.

(i) Standards and amendments effective and adopted by the Group in 2009

HKAS 1 (Revised) "Presentation of Financial Statements" 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" are required to be shown in a performance statement. Entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the profit and loss account and statement of comprehensive income). The Group has elected to present two statements and the consolidated accounts have been prepared under these revised disclosure requirements.

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」)主要於中國從事製造及分銷鞋類產品、服飾及配件業務,及主要外銷至美利堅合眾國(「美國」)。

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。

此綜合賬目已於二零一零年四月十二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(包括衍生金融工具)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。

(i) 於二零零九年生效及為本集團採用之準則及修訂

香港會計準則第1號(經修訂)「財務報表之呈列」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。實體可選擇呈列一份業績報表(全面收益表)或兩份報表(一份損益表及一份全面收益表)。本集團選擇呈列兩份報表,而本綜合賬目已按經修訂披露現定編製。

2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (Continued)

- (i) *Standards and amendments effective and adopted by the Group in 2009 (Continued)*

Amendments to HKFRS 7 “Financial Instruments: Disclosures” requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy. As the change in accounting policy only results in additional disclosures, there is no impact on earnings per share.

HKFRS 8 “Operating Segments” replaces HKAS 14, “Segment Reporting”. It requires a management approach under which segment information is presented on the same basis as that used for internal reporting purposes. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision makers. The chief operating decision makers have been identified as the executive directors that make strategic decisions. Following the adoption of HKFRS 8, the presentation of the Group’s segment results, segment assets and segment liabilities has been changed. Goodwill is allocated by management to groups of cash-generating units on a segment level. Please refer to note 5 to the accounts.

The following new standards, amendments to standards and interpretations are mandatory for the first time for the financial period beginning 1 January 2009 but are not currently relevant to the Group.

| | |
|--|---|
| HKAS 23 (Revised) | Borrowing Costs |
| HKAS 32 and HKAS 1 (Amendments) HKFRSs (Amendment) | Puttable Financial Instruments and Obligations Arising on Liquidation Improvements to HKFRSs 2008, except for HKFRS 5 (Amendment) which is effective for accounting periods beginning on or after 1 July 2009 |
| HKFRS 1 and HKAS 27 (Amendments) | Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate |
| HKFRS 2 (Amendment) | Share-based Payment – Vesting Conditions and Cancellations |
| HK(IFRIC) – Int 9 and HKAS 39 (Amendments) | Reassessment of Embedded Derivatives |
| HK(IFRIC) – Int 13 | Customer Loyalty Programmes |
| HK(IFRIC) – Int 15 | Agreements for the Construction of Real Estate |
| HK(IFRIC) – Int 16 | Hedges of a Net Investment in a Foreign Operation |
| HK(IFRIC) Int - 18 | Transfer of Assets from Customers |

2 主要會計政策 (續)

(a) 編製基準 (續)

- (i) 於二零零九年生效及為本集團採用之準則及修訂 (續)

香港財務報告準則第7號「金融工具：披露」之修訂本規定加強關於公平價值計量及流動資金風險的披露。該修訂尤其規定公平價值計量須按公平價值計量層級披露。由於此會計政策之變動僅引致額外披露，故對每股盈利並無影響。

香港財務報告準則第8號「經營分部」取代香港會計準則第14號「分部申報」。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所採用相同之基準呈列。經營分部申報之呈列方式與提供予主要經營決策者之內部報告一致。主要經營決策者為制訂決策之執行董事。採納香港財務報告準則第8號後，本集團之分部業績、分部資產與分部負債之呈列均有所變動。管理層按分部將商譽分配至現金產生單位組別。請參閱賬目附註5。

下列新訂準則、準則修訂及詮釋須於二零零九年一月一日開始之財務期間首次強制應用，惟目前與本集團無關。

| | |
|---|---|
| 香港會計準則第23號 (經修訂) | 借貸成本 |
| 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 |
| 香港財務報告準則 (修訂本) | 二零零八年香港財務報告準則之改進，香港財務報告準則第5號 (修訂本) 除外，其於二零零九年七月一日或之後開始之會計期間生效 |
| 香港財務報告準則第1號及香港會計準則第27號 (修訂本) | 於附屬公司、共同控制實體或聯營公司之投資成本 |
| 香港財務報告準則第2號 (修訂本) | 以股份為基礎之付款 – 歸屬條件及註銷 |
| 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) | 重新評估嵌入式衍生工具 |
| 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 |
| 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 |
| 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 |
| 香港 (國際財務報告詮釋委員會) – 詮釋第18號 | 客戶資產轉讓 |



2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (Continued)

- (ii) *Standards, amendments and interpretations to existing standards that have been issued but are not yet effective nor been adopted by the Group in 2009*

| | |
|--------------------------------|---|
| HKAS 24 (Revised) | Related Party Disclosures ⁶ |
| HKAS 27 (Revised) | Consolidated and Separate Financial Statements ¹ |
| HKAS 32 (Amendment) | Classification of Rights Issues ⁴ |
| HKAS 39 (Amendment) | Eligible Hedged Items ¹ |
| HKFRSs (Amendment) | Improvements to HKFRSs 2009 ³ |
| HKFRS 1 (Revised) | First-time Adoption of HKFRSs ² |
| HKFRS 1 (Amendment) | Additional Exemptions for First-time Adopters ² |
| HKFRS 2 (Amendment) | Share-based Payment – Group Cash-settled Share – based Payment Transactions ² |
| HKFRS 3 (Revised) | Business Combinations ¹ |
| HKFRS 9 | Financial Instruments ⁷ |
| HK(IFRIC) Int - 14 (Amendment) | HKAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction ⁶ |
| HK(IFRIC) Int - 17 | Distributions of Non-cash Assets to Owners ¹ |
| HK(IFRIC) Int - 19 | Extinguishing Financial Liabilities with Equity Instruments ⁵ |

- ¹ Effective for accounting periods beginning on or after 1 July 2009
- ² Effective for accounting periods beginning on or after 1 January 2010
- ³ Effective for accounting periods beginning on or after 1 July 2009 and 1 January 2010, as appropriate
- ⁴ Effective for accounting periods beginning on or after 1 February 2010
- ⁵ Effective for accounting periods beginning on or after 1 July 2010
- ⁶ Effective for accounting periods beginning on or after 1 January 2011
- ⁷ Effective for accounting periods beginning on or after 1 January 2013

The effect of adopting HKFRS 3 (Revised) on the results and the financial position of the Group will depend on the nature and timing of business combinations occurring on or after 1 January 2010. The management anticipates that the adoption of other standards, amendments to standard and interpretations will not result in any significant impact on the results and the financial position of the Group.

2 主要會計政策 (續)

(a) 編製基準 (續)

- (ii) 於二零零九年已頒佈但尚未生效而本集團亦未有採納之準則、現有準則修訂及詮釋

| | |
|---------------------------------|---|
| 香港會計準則第24號 (經修訂) | 關聯方披露 ⁶ |
| 香港會計準則第27號 (經修訂) | 綜合及獨立財務報表 ¹ |
| 香港會計準則第32號 (修訂本) | 供股分類 ⁴ |
| 香港會計準則第39號 (修訂本) | 合資格對沖項目 ¹ |
| 香港財務報告準則 (修訂本) | 二零零九年香港財務報告準則之改進 ³ |
| 香港財務報告準則第1號 (經修訂) | 首次採納香港財務報告準則 ² |
| 香港財務報告準則第1號 (修訂本) | 首次採納者之額外豁免 ² |
| 香港財務報告準則第2號 (修訂本) | 以股份為基礎之付款 – 集團現金結算以股份為基礎之付款交易 ² |
| 香港財務報告準則第3號 (經修訂) | 業務合併 ¹ |
| 香港財務報告準則第9號 | 金融工具 ⁷ |
| 香港 (國際財務報告詮釋委員會) – 詮釋第14號 (修訂本) | 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 ⁶ |
| 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 ¹ |
| 香港 (國際財務報告詮釋委員會) – 詮釋第19號 | 以股本工具抵銷財務負債 ⁵ |

- ¹ 於二零零九年七月一日或之後開始之會計期間生效
- ² 於二零一零年一月一日或之後開始之會計期間生效
- ³ 於二零零九年七月一日及二零一零年一月一日 (如適用) 或之後開始之會計期間生效
- ⁴ 於二零一零年二月一日或之後開始之會計期間生效
- ⁵ 於二零一零年七月一日或之後開始之會計期間生效
- ⁶ 於二零一一年一月一日或之後開始之會計期間生效
- ⁷ 於二零一三年一月一日或之後開始之會計期間生效

採納香港財務報告準則第3號 (經修訂) 對本集團業績及財務狀況之影響，將視乎二零一零年一月一日或以後進行之業務合併之性質及時間而定。管理層預期，採納其他準則、準則修訂及詮釋對本集團之業績及財務狀況不會構成任何重大影響。

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。



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 the 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 interpretation 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。累計收購後變動以撤銷投資賬面值調整。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詮釋及理解本集團之財務資料。

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 – 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;
- 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.

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計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－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；
- 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。



2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(c) Foreign currency translation (Continued)

(iii) Group companies (Continued)

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.

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.

2 主要會計政策 (續)

(c) 外幣換算 (續)

(iii) 集團公司 (續)

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。

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。

2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(e) Intangible assets (Continued)

(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.

License 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)

(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。



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. 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.

(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.

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及廠房及機器之成本。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。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收款淨額與有關資產賬面值之差額，會於損益表內確認。

(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。

2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(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(k)), deposits and cash and cash equivalents (Note 2(l)) in the balance sheet.

(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.

2 主要會計政策 (續)

(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(k))、按金及現金及現金等價物(附註2(l))。

(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。



2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(i) Financial assets (Continued)

Recognition and measurement (Continued)

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 – 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.

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.

2 主要會計政策 (續)

(i) 金融資產 (續)

確認及計量 (續)

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。

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。

2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(i) Financial assets (Continued)

Recognition and measurement (Continued)

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(k).

(j) 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.

(k) 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.

2 主要會計政策 (續)

(i) 金融資產 (續)

確認及計量 (續)

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至低於其成本值，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，不會透過損益表撥回。貿易應收賬款之減值測試載於附註2(k)。

(j) 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。

(k) 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。



2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(l) 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.

(m) Trade payables

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

(n) 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.

(o) 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. Transaction costs that are attributable to the issue of derivative financial instruments are charged to the profit and loss account during the period in which they are incurred.

(p) Convertible bonds

Convertible bonds that can be converted to equity share capital at the option of the holders, where the number of shares that would be issued on conversion and the value of the consideration that would be received do not vary, are accounted for as compound financial instruments which contain both a liability and an equity component.

At initial recognition, the liability component of the convertible bonds is determined using a market interest rate for an equivalent non-convertible bond. The remainder of the proceeds is allocated to the conversion option as equity component. Transaction costs that relate to the issue of a compound financial instrument are allocated to the liability and equity components in proportion to the allocation of proceeds.

2 主要會計政策 (續)

(l) 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、定期存款及其他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。

(m) 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。

(n) 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；收款(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。

(o) 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則作別論。發行衍生金融工具之交易成本於產生期間在損益表扣除。

(p) 可換股債券

可換股債券可按持有人選擇兌換為權益股本，在兌換時將發行之股份數目及將收取之代價價值不會改變，並列作包含負債及權益部份之複合金融工具入賬。

於首次確認時，可換股債券之負債部份按相等之不可換股債券的市場息率釐定。所得款項餘額分配為兌換選擇權之權益部份。有關發行複合金融工具之交易成本按所得款項之比例分配至負債及權益部份。

2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(p) Convertible bonds (Continued)

The liability component is subsequently carried at amortised cost, calculated using the effective interest method, until extinguished on conversion or maturity. The equity component is recognised in equity, net of any tax effects.

When the bond is converted, the relevant equity component and the carrying amount of the liability component at the time of conversion are transferred to share capital and share premium for the shares issued. When the bond is redeemed, the relevant equity component is transferred to retained profits.

(q) Current and deferred income taxes

Income taxes for the year comprise current and deferred tax. Income tax 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 income tax 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 income tax 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 income tax 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 income tax asset is realised or the deferred income tax liability is settled.

Deferred income 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.

Deferred income tax 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.

2 主要會計政策(續)

(p) 可換股債券(續)

負債部份其後按攤銷成本列賬，並以實際利率法計算，直至獲兌換或到期時為止。權益部份於扣除任何稅項影響後於權益確認。

當債券獲兌換時，有關權益部份以及於兌換時負債部份之賬面值轉入所發行股份之股本及股份溢價。當債券贖回時，有關權益部份轉入保留盈利。

(q) 當期及遞延所得稅

本年度所得稅包括當期及遞延稅項。所得稅於損益表確認，除與直接於權益確認之項目相關之所得稅會於權益中確認。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。

遞延所得稅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，倘遞延所得稅乃產生自於交易（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盈利或虧損，則不會列賬。遞延所得稅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所得稅資產或償還遞延所得稅負債時適用。

遞延所得稅資產按可能出現可用作抵銷暫時差額之日後應課稅盈利為限確認。

本集團就於附屬公司及一間聯營公司之投資所產生之暫時差額作出遞延所得稅撥備，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。

2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(r) Employee benefits

(i) Pension obligations

The Group participates in a number of defined contribution retirement schemes in Hong Kong, Taiwan and various cities in Mainland 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) 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.

2 主要會計政策 (續)

(r) 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) 以股份為基礎之補償

本集團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，已收之收款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。

2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(r) Employee benefits (Continued)

(iii) 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.

(s) 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.

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.

(t) 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.

2 主要會計政策 (續)

(r) 僱員福利 (續)

(iii) 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。

(s) 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。

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。

(t) 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。

銷售所製造或貿易貨品之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。



2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(t) Revenue recognition (Continued)

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.

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 and franchise income are 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.

(u) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker has been identified as the executive directors who review the Group's financial information mainly from a business perspective, namely brand business and manufacturing business.

Segment assets mainly excluded interest in an associated company, available-for-sale financial assets, deferred income tax assets and other assets that are managed on a central basis.

Segment liabilities mainly excluded derivative financial instrument – warrants, convertible bonds, deferred income tax liabilities and other liabilities that are managed on a central basis.

(v) 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)

(t) 收入確認 (續)

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確認。

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。

專營權收入及特許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。

(u) 分部報告

經營分部之申報與提供予主要經營決策者之內部報告一致。主要經營決策者為執行董事，彼等主要以業務觀點（即品牌業務及製造業務）來審閱本集團的財務資料。

分部資產主要不包括於一間聯營公司之權益、可出售金融資產、遞延所得稅資產及其他集中管理之資產。

分部負債主要不包括衍生金融工具－認股權證、可換股債券、遞延所得稅負債及其他集中管理之負債。

(v) 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。

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 foreign exchange risk exposures whenever necessary.

Risk management is carried out by the Group's management who identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. Major financial risks identified were reviewed by the board of directors and are summarised below:

(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 exposed to foreign exchange risk arising from future commercial transactions and recognised financial assets (mainly bank balances and trade receivables) and financial liabilities (mainly bank loans) denominated in currencies other than the functional currency of the Group's entities to which they relate.

The details of the currencies in which the Group's bank loans are denominated are set out in Note 27 to the accounts.

As at 31 December 2009, the post-tax profit of the Group would have been decreased by approximately HK\$22,378,000 (2008: HK\$55,000) if RMB had strengthened by 5% against HKD/USD mainly resulted from foreign exchange losses/gains on translation of HKD and USD denominated monetary assets and liabilities with all other variables held constant.

(b) Cash flow and fair value 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. The Group is exposed to fair value interest rate risk arising from the convertible bonds bearing interest at fixed rate. Management intend 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 2009, the post-tax profit of the Group would have been decreased/increased by approximately HK\$146,000 (2008: HK\$2,707,000) if the interest rates had been increased/decreased by 100 basis points with all other variables held constant.

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外匯風險。

風險管理由本集團管理層執行。管理層透過與集團內各營運單位緊密合作，識別、評估及對沖財務風險。董事會已檢討經識別之主要財務風險概述如下：

(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計值之金融資產（主要為銀行結餘及貿易應收賬款）及金融負債（主要為銀行貸款）。

本集團銀行貸款計值之貨幣詳情載於賬目附註27。

於二零零九年十二月三十一日，倘人民幣兌港元／美元升值5%，由於換算港元及美元計值貨幣資產及負債之外匯虧損／收益，而所有其他可變動因素維持不變，本集團之除稅後盈利將減少約22,378,000港元（二零零八年：55,000港元）。

(b) 現金流量及公平價值利率風險

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。本集團所承擔之公平價值利率風險乃來自按固定利率計息之可換股債券。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。

於二零零九年十二月三十一日，倘利率增加／減少100基點，而所有其他可變動因素維持不變，本集團之除稅後盈利將減少／增加約146,000港元（二零零八年：2,707,000港元）。



3 FINANCIAL RISK MANAGEMENT (CONTINUED)

(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 trade receivables, other receivables, deposits and bank balances) as stated in the consolidated balance sheet.

The Group has no significant concentration of credit risk with respect to the retail business as sales are made in cash or via major credit cards. The majority of the Group's trade and other receivables arose from credit sales to trading 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.

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

The credit risk on the Group's liquid funds is limited as deposits are placed with a number of different reputable registered financial institutions.

(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 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 2009, the Group had unutilised banking facilities of HK\$188,422,000 (2008: HK\$182,349,000).

3 財務風險管理 (續)

(c) 信貸風險

本集團因交易對手未能履行責任引致財務損失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。

本集團零售業務並無高度集中之信貸風險,因銷售乃以現金或主要信用卡進行。本集團大部分貿易應收賬款及其他應收賬款來自貿易客戶之信貸銷售。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。

租金按金主要給予中國及台灣之多名業主,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。

由於本集團之存款乃存放於多間聲譽良好之註冊財務機構,因此本集團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流動資金比率,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預期之外的重大現金需求。於二零零九年十二月三十一日,本集團之未動用銀行融資為188,422,000港元(二零零八年:182,349,000港元)。

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Liquidity risk (Continued)

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

| | | Within 3 months 三個月內 HK\$'000 千港元 | Between 3 and 6 months 三個月至 六個月 HK\$'000 千港元 | Between 6 months and 1 year 六個月至 一年 HK\$'000 千港元 | Between 1 year and 5 years 一年至五年 HK\$'000 千港元 | Total 總計 HK\$'000 千港元 |
|----------------------------------|-------------------|---|--|--|--|--------------------------------|
| At 31 December 2009 | 於二零零九年 十二月三十一日 | | | | | |
| Trade payables | 貿易應付賬款 | 385,317 | - | - | - | 385,317 |
| Other payables | 其他應付賬款 | 259,476 | - | - | - | 259,476 |
| Bank loans | 銀行貸款 | - | 14,567 | - | - | 14,567 |
| Convertible bonds | 可換股債券 | - | - | - | 626,175 | 626,175 |
| Interest on convertible bonds | 可換股債券利息 | - | 8,594 | 8,594 | 59,297 | 76,485 |
| | | 644,793 | 23,161 | 8,594 | 685,472 | 1,362,020 |
| 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 |

(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 2009 and 31 December 2008.

3 財務風險管理(續)

(d) 流動資金風險(續)

本集團金融負債根據非貼現現金流量計算之合約到期日如下：

(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，並就經濟狀況變動作出調整。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。於截至二零零九年十二月三十一日及二零零八年十二月三十一日止年度內，有關目標、政策或程序並無變動。



3 FINANCIAL RISK MANAGEMENT (CONTINUED) (e) Capital risk management (Continued)

The Group monitors capital using a net gearing ratio, which is net debt (being total bank loans and convertible bonds, less total cash and bank balances) divided by equity attributable to equity holders of the Company. The net gearing ratios as at the balance sheet dates were as follows:

| | | 2009 二零零九年 HK\$'000 千港元 | 2008 二零零八年 HK\$'000 千港元 |
|--|--------------|----------------------------------|----------------------------------|
| Bank loans | 銀行貸款 | 14,567 | 270,655 |
| Convertible bonds | 可換股債券 | 515,625 | - |
| Less: Cash and bank balances | 減：現金及銀行結餘 | (1,625,766) | (147,962) |
| Net (cash)/debt | 淨(現金)/債務 | (1,095,574) | 122,693 |
| Equity attributable to equity holders of the Company | 本公司權益持有人應佔權益 | 2,202,898 | 1,854,533 |
| Net gearing ratio | 淨資產負債比率 | Net cash 淨現金 | 6.6% |

3 財務風險管理(續) (e) 資本風險管理(續)

本集團採用淨資產負債比率(即淨債務(為銀行貸款及可換股債券總額減現金及銀行結餘)除以本公司權益持有人應佔權益)監察資本。於結算日之淨資產負債比率如下：

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.

(a) Estimated impairment of intangible assets

The Group determines whether intangible assets are impaired on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the intangible assets are 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.

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。

(a) 估計無形資產減值

本集團每年釐定無形資產是否出現減值。在釐定無形資產是否出現減值時，須對已獲分配無形資產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。

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(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 income tax provisions in the period in which such determination is made.

Deferred income tax assets relating to temporary differences and tax losses are recognised when management expects that it is probable that future taxable profits will be available to utilise the temporary differences or tax losses. Deferred income tax liabilities on temporary differences relating to undistributed profits of certain of the Group's subsidiaries in Mainland China are not recognised as the Company controls the dividend policy of these subsidiaries and management expects it is probable that profits will not be distributed from these subsidiaries to their foreign holding companies in the foreseeable future. Management reassessed its expectation at each balance sheet date.

(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 variance 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)

(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。日常業務中有許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當期及遞延所得稅撥備。

倘管理層預期出現日後應課稅盈利而須動用暫時差額或稅項虧損，即會確認與暫時差額及稅項虧損相關之遞延所得稅資產。本集團並無就若干中國大陸附屬公司之未分派盈利確認暫時差額之遞延所得稅負債，因該等附屬公司之股息政策乃由本公司控制，而管理層預期該等附屬公司在可見未來向其海外控股公司分派盈利之機會甚微。管理層於各結算日重新評定其預期。

(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。倘有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。識別陳舊存貨須作出判斷及估計。倘結果有別於原先估計，差額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。

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(e) Fair value estimation of financial instruments

Effective 1 January 2009, the Group adopted the amendments to HKFRS 7 for financial instruments that are measured in the balance sheet at fair value, this requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- (i) Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- (ii) Level 2 – Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices); and
- (iii) Level 3 – Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

As at 31 December 2009, the Group's derivative financial instrument – warrants of HK\$284,261,000 (2008: nil) was measured by level 2 of the fair value measurement hierarchy and all of the available-for-sale financial assets of HK\$33,624,000 (2008: HK\$33,624,000) were measured by level 3 of the fair value measurement hierarchy. There is no movement in the carrying value of level 3 financial instruments during the year.

The fair value of derivative financial instruments – warrants is determined by using valuation techniques or external valuations which require subjective assumptions that are mainly based on market conditions existing at the end of each reporting period. The key assumptions are made with reference to the nature of the warrants, the historical prices and the implied volatility of the underlying trading security of the Company, the conversion price of warrants, the exercisable period of the warrants and the expected dividend yield of the underlying trading security of the Company.

5 TURNOVER AND SEGMENT INFORMATION

Turnover represented sales of footwear and accessories to external customers. During the year, the directors have assessed and redefined the reportable segments as brand business and manufacturing business. Brand business represents trading and distribution of footwear products and accessories under self-owned brands, "Daphne" and "Shoebox" and licensed brands. Manufacturing business represents manufacturing and sales of footwear products under original-equipment manufacturing arrangements and for distribution by brand business. The comparative figures have been reclassified to conform with the current year's presentation.

4 重要會計估計及判斷(續)

(e) 金融工具公平價值估計

二零零九年一月一日起，本集團對資產負債表內按公平價值計量之金融工具，採納香港財務報告準則第7號。此規定須按下列公平價值計量層級作出公平價值計量披露：

- (i) 第1層－相同資產或負債於活躍市場的報價(未作調整)；
- (ii) 第2層－就資產或負債而直接(即價格)或間接(即從價格推衍)可觀察的資料輸入(不包括第1層所包含的報價)；及
- (iii) 第3層－並非根據可觀察的市場數據而有關資產或負債的資料輸入(即無法觀察的資料輸入)。

於二零零九年十二月三十一日，本集團284,261,000港元(二零零八年：零)之衍生金融工具－認股權證乃按第2層之公平價值計量層級計量，而全部33,624,000港元(二零零八年：33,624,000港元)之可出售金融資產乃按第3層之公平價值計量層級計量。年內，第3層金融工具之賬面值概無任何變動。

衍生金融工具之公平價值－認股權證乃使用估值技術或外界進行之估值而釐定，而此涉及之主觀假設主要乃基於報告期末已出現之市況而作出。主要假設乃參考認股權證之性質、本公司相關交易證券之過往股價及引伸波幅、認股權證之換股價、認股權證之行使期及本公司相關交易證券之預期股息率而作出。

5 營業額及分部資料

營業額指對外客戶銷售鞋類產品及配件。年內，董事將可呈報分部重新劃分為品牌業務及製造業務。品牌業務指買賣及分銷自有品牌「達芙妮」及「鞋櫃」以及代理品牌之鞋類產品及配件。製造業務指根據原設備製造協議製造及銷售鞋類產品，以及為品牌業務進行分銷。比較數字已經重新分類以符合本年度之呈列。

5 TURNOVER AND SEGMENT INFORMATION
(CONTINUED)

The segment information for the year ended 31 December 2009 is as follows:

5 營業額及分部資料(續)

截至二零零九年十二月三十一日止年度之分
部資料如下：

| | | Brand business 品牌業務 | | | Manufacturing business 製造業務 | Inter- segment elimination 分部間對銷 | Group 本集團 |
|--|-------------------------|----------------------------------|----------------------------------|---|-----------------------------------|---|-----------------|
| | | Daphne 達芙妮 HK\$'000 千港元 | Shoebox 鞋櫃 HK\$'000 千港元 | Licensed brands 代理品牌 HK\$'000 千港元 | HK\$'000 千港元 | HK\$'000 千港元 | HK\$'000 千港元 |
| Revenue from external customers | 對外客戶收益 | 4,059,034 | 954,671 | 277,580 | 540,709 | - | 5,831,994 |
| Inter-segment revenue | 分部間收益 | 3,937 | - | 1,003 | 573,292 | (578,232) | - |
| Turnover | 營業額 | 4,062,971 | 954,671 | 278,583 | 1,114,001 | (578,232) | 5,831,994 |
| Segment results | 分部業績 | 780,159 | 102,272 | (66,581) | 56,514 | 8,144 | 880,508 |
| Unallocated corporate income | 未分配企業收入 | | | | | | 4,552 |
| Unallocated corporate expenses | 未分配企業開支 | | | | | | (21,977) |
| Fair value loss on derivative financial instrument – warrants | 衍生金融工具公平價值 虧損 – 認股權證 | | | | | | (203,466) |
| Finance costs | 財務成本 | | | | | | (26,704) |
| Share of profit of an associated company | 應佔一間聯營公司盈利 | | | | | | 630 |
| Profit before income tax | 除所得稅前盈利 | | | | | | 633,543 |
| Depreciation and amortisation | 折舊及攤銷 | 85,228 | 20,927 | 10,922 | 17,997 | - | 135,074 |
| Impairment on goodwill | 商譽減值 | - | - | 10,606 | - | - | 10,606 |
| Capital expenditure | 資本開支 | 88,137 | 24,253 | 7,905 | 22,427 | - | 142,722 |
| Segment assets | 分部資產 | 2,123,992 | 620,242 | 180,139 | 460,878 | - | 3,385,251 |
| Interest in an associated company | 於一間聯營公司之權益 | | | | | | 3,262 |
| Available-for-sale financial assets | 可出售金融資產 | | | | | | 33,624 |
| Deferred income tax assets | 遞延所得稅資產 | | | | | | 41,466 |
| Unallocated corporate assets | 未分配企業資產 | | | | | | 477,205 |
| Total assets | 總資產 | | | | | | 3,940,808 |
| Segment liabilities | 分部負債 | 517,105 | 86,100 | 39,115 | 243,256 | - | 885,576 |
| Deferred income tax liabilities | 遞延所得稅負債 | | | | | | 2,897 |
| Derivative financial instrument – warrants | 衍生金融工具 – 認股權證 | | | | | | 284,261 |
| Convertible bonds | 可換股債券 | | | | | | 515,625 |
| Unallocated corporate liabilities | 未分配企業負債 | | | | | | 10,524 |
| Total liabilities | 總負債 | | | | | | 1,698,883 |



5 TURNOVER AND SEGMENT INFORMATION
(CONTINUED)

The segment information for the year ended 31 December 2008 is as follows:

5 營業額及分部資料(續)

截至二零零八年十二月三十一日止年度之分
部資料如下：

| | | Brand business 品牌業務 | | | Manufacturing business 製造業務 | Inter- segment elimination 分部間對銷 | Group 本集團 |
|--|------------|----------------------------------|----------------------------------|---|-----------------------------------|---|-----------------|
| | | Daphne 達芙妮 HK\$'000 千港元 | Shoebox 鞋櫃 HK\$'000 千港元 | Licensed brands 代理品牌 HK\$'000 千港元 | HK\$'000 千港元 | HK\$'000 千港元 | HK\$'000 千港元 |
| Revenue from external customers | 對外客戶收益 | 3,624,950 | 616,981 | 403,896 | 643,470 | - | 5,289,297 |
| Inter-segment revenue | 分部間收益 | 23,398 | - | - | 551,660 | (575,058) | - |
| Turnover | 營業額 | 3,648,348 | 616,981 | 403,896 | 1,195,130 | (575,058) | 5,289,297 |
| Segment results | 分部業績 | 641,037 | 51,077 | (4,082) | 25,386 | (6,302) | 707,116 |
| Unallocated corporate income | 未分配企業收入 | | | | | | 3,000 |
| Unallocated corporate expenses | 未分配企業開支 | | | | | | (31,136) |
| Finance costs | 財務成本 | | | | | | (13,307) |
| Share of profit of an associated company | 應佔一間聯營公司盈利 | | | | | | 594 |
| Profit before income tax | 除所得稅前盈利 | | | | | | 666,267 |
| Depreciation and amortisation | 折舊及攤銷 | 72,303 | 13,455 | 10,234 | 21,312 | - | 117,304 |
| Capital expenditure | 資本開支 | 131,889 | 21,670 | 25,309 | 55,459 | - | 234,327 |
| Segment assets | 分部資產 | 1,587,088 | 484,292 | 312,818 | 506,059 | - | 2,890,257 |
| Interest in an associated company | 於一間聯營公司之權益 | | | | | | 3,134 |
| Available-for-sale financial assets | 可出售金融資產 | | | | | | 33,624 |
| Deferred income tax assets | 遞延所得稅資產 | | | | | | 31,771 |
| Unallocated corporate assets | 未分配企業資產 | | | | | | 3,575 |
| Total assets | 總資產 | | | | | | 2,962,361 |
| Segment liabilities | 分部負債 | 427,537 | 91,218 | 73,344 | 219,390 | - | 811,489 |
| Deferred income tax liabilities | 遞延所得稅負債 | | | | | | 1,555 |
| Unallocated corporate liabilities | 未分配企業負債 | | | | | | 258,019 |
| Total liabilities | 總負債 | | | | | | 1,071,063 |

5 TURNOVER AND SEGMENT INFORMATION
(CONTINUED)

The executive directors who are identified as the chief operating decision-maker assess the performance of the operating segments based on a measure of segment profit before interest, tax and any fair value gain or loss on derivative financial instruments. Certain corporate overhead expenses are allocated to individual segments based on estimated consumption. During the year, the directors have reassessed and redefined the reportable segments as brand business and manufacturing business. Trading business which was formerly identified as a separate reportable segment in the interim period ended 30 June 2009 has been combined with manufacturing business to better reflect management's perspective on segment information.

Inter-segment revenue is charged in accordance with terms determined and agreed mutually. Revenue from external customers of brand business is mainly derived from Mainland China and revenue from external customers of manufacturing business is mainly derived from overseas countries. None of the customers accounted for 10% or more of the total turnover of the Group during both years ended 31 December 2009 and 31 December 2008.

The Group's non-current assets, excluding available-for-sale financial assets and deferred income tax assets, are located mainly in Mainland China.

6 OTHER INCOME

| | | 2009 二零零九年 HK\$'000 千港元 | 2008 二零零八年 HK\$'000 千港元 |
|---|------------------------------|----------------------------------|----------------------------------|
| Government incentives | 政府補貼 | 29,623 | 4,730 |
| Interest income | 利息收入 | 6,609 | 2,715 |
| Franchise and royalty income | 特許權及專營權收入 | 4,150 | 1,282 |
| 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 |
| Handling income | 手續費收入 | 1,516 | 1,920 |
| Gross rental income | 租金收入總額 | 465 | 599 |
| Tax refund on reinvestment | 再投資之退稅 | - | 1,345 |
| Others | 其他 | 6,710 | 5,147 |
| | | 52,073 | 20,738 |

5 營業額及分部資料(續)

身為主要經營決策者之執行董事，會基於除利息、稅項及衍生金融工具任何公平價值收益或虧損前的分部盈利計量，以評定各經營分部的表現。若干企業間接開支按估計開銷分配予個別分部。年內，董事將報告分部重新評定及劃分為品牌業務及製造業務。貿易業務過往於截至二零零九年六月三十日止中期期間乃劃分為獨立報告分部，惟現已合併入製造業務以更準確反映管理層對分類資料之見解。

分部間收益乃按雙方釐定及協定之條款計算。品牌業務之對外客戶收益主要源自中國大陸，而製造業務之對外客戶收益主要源自其他國家。截至二零零九年十二月三十一日及二零零八年十二月三十一日止兩個年度，概無客戶佔本集團總營業額10%或以上。

本集團之非流動資產(可出售金融資產及遞延所得稅資產除外)主要位於中國大陸。

6 其他收入

| | 2009 二零零九年 HK\$'000 千港元 | 2008 二零零八年 HK\$'000 千港元 |
|---|----------------------------------|----------------------------------|
| Government incentives | 29,623 | 4,730 |
| Interest income | 6,609 | 2,715 |
| Franchise and royalty income | 4,150 | 1,282 |
| Income derived from an available-for-sale financial asset (Note 21(a)(i)) | 3,000 | 3,000 |
| Handling income | 1,516 | 1,920 |
| Gross rental income | 465 | 599 |
| Tax refund on reinvestment | - | 1,345 |
| Others | 6,710 | 5,147 |
| | 52,073 | 20,738 |



7 OTHER LOSSES – NET

7 其他虧損—淨額

| | | 2009 二零零九年 HK\$'000 千港元 | 2008 二零零八年 HK\$'000 千港元 |
|--|------------------|----------------------------------|----------------------------------|
| Gain/(loss) on disposal of a subsidiary | 出售一間附屬公司之收益／(虧損) | 1,197 | (3,417) |
| Gain on dissolution of a subsidiary | 解散一間附屬公司之收益 | 315 | – |
| Impairment loss on an available-for-sale financial asset | 可出售金融資產減值虧損 | – | (4,000) |
| Impairment loss on goodwill | 商譽減值虧損 | (10,606) | – |
| Loss on disposal of fixed assets | 出售固定資產之虧損 | (18,876) | (20,235) |
| 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 | 3,348 | 1,785 |
| | | (24,622) | (25,957) |

8 FINANCE COSTS

8 財務成本

| | | 2009 二零零九年 HK\$'000 千港元 | 2008 二零零八年 HK\$'000 千港元 |
|--|------------------|----------------------------------|----------------------------------|
| Interest on convertible bonds | 可換股債券利息 | 21,843 | – |
| Interest on bank loans and overdrafts | 銀行貸款及透支利息 | 3,238 | 12,234 |
| Interest on license fees payable (Note 32) | 應付特許權使用費利息(附註32) | 1,623 | 1,073 |
| | | 26,704 | 13,307 |

9 PROFIT BEFORE INCOME TAX

9 除所得稅前盈利

Profit before income tax is stated after charging/(crediting) the following:

除所得稅前盈利已扣除／(計入)下列各項：

| | | 2009 二零零九年 HK\$'000 千港元 | 2008 二零零八年 HK\$'000 千港元 |
|--|---|----------------------------------|----------------------------------|
| Amortisation of land use rights | 土地使用權攤銷 | 1,816 | 1,032 |
| Amortisation of a license right | 特許使用權攤銷 | 1,966 | 1,392 |
| Auditors' remuneration | 核數師酬金 | 3,941 | 3,663 |
| Cost of inventories sold including provision for slow-moving inventories of HK\$38,989,000 (2008: HK\$2,480,000) | 售出存貨成本 包括滯銷存貨撥備38,989,000港元 (二零零八年：2,480,000港元) | 2,318,998 | 2,092,146 |
| Depreciation of fixed assets | 固定資產折舊 | 131,292 | 114,880 |
| Employee benefits expense (Note 14) | 僱員福利開支 (附註14) | 607,393 | 614,013 |
| 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) | 1,151,107 | 1,014,450 |
| (Write-back of)/provision for bad and doubtful debts | 呆壞賬(撥備撥回)／撥備 | (152) | 3,721 |

10 INCOME TAX EXPENSE

10. 所得稅開支

| | | 2009 二零零九年 HK\$'000 千港元 | 2008 二零零八年 HK\$'000 千港元 |
|--------------------------------|-------------|----------------------------------|----------------------------------|
| Current tax – Mainland China | 當期稅項 – 中國大陸 | 237,338 | 153,805 |
| Under-provision in prior years | 過往年度撥備不足 | 3,665 | 9,144 |
| Deferred tax (Note 31) | 遞延稅項 (附註31) | (8,119) | 6,141 |
| | | 232,884 | 169,090 |

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

本集團有關除所得稅前盈利之所得稅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：

| | | 2009 二零零九年 HK\$'000 千港元 | 2008 二零零八年 HK\$'000 千港元 |
|--|----------------------------|----------------------------------|----------------------------------|
| Profit before income tax | 除所得稅前盈利 | 633,543 | 666,267 |
| Less: Share of profit of an associated company | 減：應佔一間聯營公司盈利 | (630) | (594) |
| | | 632,913 | 665,673 |
| Income 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所得稅 | 148,613 | 141,077 |
| Income not subject to tax | 毋須繳稅收入 | (9,580) | (23,209) |
| Expenses not deductible for tax purposes | 不可扣稅開支 | 55,263 | 32,985 |
| Tax losses for which no deferred tax assets recognised | 未確認遞延稅項資產之稅項虧損 | 10,423 | 8,600 |
| Utilisation of previously unrecognised tax losses | 動用過往未確認之稅項虧損 | (1,201) | (117) |
| Under provision in prior years | 過往年度撥備不足 | 3,665 | 9,144 |
| Derecognition of previously recognised deferred income tax assets | 終止確認過往已確認之遞延所得稅資產 | 5,768 | 476 |
| Withholding taxes on royalties and profits appropriated by subsidiaries in Mainland China | 專營權費及中國大陸附屬公司分派盈利之預扣稅 | 19,937 | – |
| Others | 其他 | (4) | 134 |
| Income tax expense | 所得稅開支 | 232,884 | 169,090 |

The weighted average domestic tax rate was 23% (2008: 21%).

加權平均地方稅率為23% (二零零八年：21%)。

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 during the year. Income tax on profits arising outside Hong Kong has been calculated on the estimated assessable profit for the year at the rates of income tax prevailing in the countries/places in which the Group operates.

年內，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所得稅已根據年內估計應課稅盈利，按本集團業務所在國家／地區之現行所得稅率計算。

10 INCOME TAX EXPENSE (CONTINUED)

Provision for China corporate income tax was calculated based on the statutory tax rate of 25% (2008: 25%) 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.

Pursuant to the China corporate income tax laws, 10% withholding tax is levied on all foreign investors, except that only 5% is levied for foreign investors which are incorporated in Hong Kong, in respect of dividend distributions arising from a foreign investment enterprise's profit earned after 31 December 2007. As at 31 December 2009, temporary differences relating to the undistributed profits on the Group's subsidiaries in Mainland China amounted to approximately HK\$782,012,000 (31 December 2008: HK\$203,551,000). Deferred income tax liabilities of approximately HK\$39,101,000 (31 December 2008: HK\$10,178,000) have not been recognised in respect of the tax that would be payable on the distribution of these retained profits as the Company controls the dividend policy of these subsidiaries and it has been determined that it is probable that profits will not be distributed from the foreign-invested enterprises established in Mainland China to their foreign holding companies in the foreseeable future.

Pursuant to the China corporate income tax laws, withholding tax at a reduced rate of 7% by treaty is applied to the Group's entities incorporated in Hong Kong for royalties received or receivable.

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\$92,738,000 (2008: HK\$70,338,000).

10 所得稅開支(續)

年內，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%（二零零八年：25%）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。

根據中國企業所得稅法，所有海外投資者須就外資企業於二零零七年十二月三十一日後所賺取盈利之股息分派，繳納10%之預扣稅，惟於香港註冊成立之海外投資者則僅須繳納5%之預扣稅。於二零零九年十二月三十一日，有關本集團中國附屬公司未分派盈利之暫時差額約為782,012,000港元（二零零八年十二月三十一日：203,551,000港元）。並無就分派該等保留盈利時須予繳付之稅項確認約39,101,000港元（二零零八年十二月三十一日：10,178,000港元）之遞延所得稅負債，因該等附屬公司之股息政策乃由本公司控制，且已確定該等在中國成立之外資企業在可見未來均不會向其海外控股公司分派盈利。

根據中國企業所得稅法，本集團於香港註冊成立之實體，須就已收或應收專營權費按經條約寬減之7%稅率繳納預扣稅。

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92,738,000港元（二零零八年：70,338,000港元）。

12 EARNINGS PER SHARE

The calculation of basic earnings per share is based on the Group's profit attributable to equity holders of the Company of HK\$393,838,000 (2008: HK\$492,920,000) and 1,637,892,384 (2008: 1,637,892,384) ordinary shares in issue throughout the year.

The calculation of diluted earnings per share is based on the adjusted profit attributable to equity holders of the Company of HK\$415,681,000 (2008: HK\$492,920,000) and the adjusted weighted average number of ordinary shares of 1,737,173,606 (2008: 1,637,892,384) after taking into consideration of conversion of the convertible bonds.

| | | 2009 二零零九年 HK\$'000 千港元 | 2008 二零零八年 HK\$'000 千港元 |
|---|-----------------|----------------------------------|----------------------------------|
| Profit attributable to equity holders of the Company | 本公司權益持有人應佔盈利 | 393,838 | 492,920 |
| Interest on convertible bonds | 可換股債券之利息 | 21,843 | — |
| Adjusted profit attributable to equity holders of the Company | 經調整本公司權益持有人應佔盈利 | 415,681 | 492,920 |

| | | 2009 二零零九年 Number of shares 股份數目 | 2008 二零零八年 Number of shares 股份數目 |
|--|-------------------|--|--|
| Number of ordinary shares in issue throughout the year | 年內已發行普通股數目 | 1,637,892,384 | 1,637,892,384 |
| Effect of conversion of convertible bonds | 兌換可換股債券之影響 | 99,281,222 | — |
| Weighted average number of ordinary shares adjusted for effect of dilution | 就攤薄影響而調整之普通股加權平均數 | 1,737,173,606 | 1,637,892,384 |

The warrants are anti-dilutive and are ignored in the calculation of diluted earnings per share for the year ended 31 December 2009.

12 每股盈利

每股基本盈利乃根據本公司權益持有人應佔本集團盈利393,838,000港元(二零零八年: 492,920,000港元)及年內已發行普通股1,637,892,384股(二零零八年: 1,637,892,384股)計算。

每股攤薄盈利經計及兌換可換股債券後,根據經調整本公司權益持有人應佔盈利415,681,000港元(二零零八年: 492,920,000港元)及經調整普通股加權平均數1,737,173,606股(二零零八年: 1,637,892,384股)計算。

認股權證具反攤薄作用,因此於計算截至二零零九年十二月三十一日止年度之每股攤薄盈利時並無計算在內。



13 DIVIDENDS

13 股息

| | | 2009 二零零九年 HK\$'000 千港元 | 2008 二零零八年 HK\$'000 千港元 |
|---|-----------------------------------|----------------------------------|----------------------------------|
| Interim dividend, paid, of HK3.0 cents (2008: HK2.5 cents) per ordinary share | 已付中期股息每股普通股3.0港仙 (二零零八年：2.5港仙) | 49,137 | 40,947 |
| Final dividend, proposed, of HK5.0 cents (2008: HK3.0 cents) per ordinary share | 擬派末期股息每股普通股5.0港仙 (二零零八年：3.0港仙) | 81,895 | 49,137 |
| | | 131,032 | 90,084 |

At a meeting held on 12 April 2010, the Board proposed a final dividend of HK5.0 cents per share in respect of the year ended 31 December 2009 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 2010.

於二零一零年四月十二日舉行之會議上，董事會建議就截至二零零九年十二月三十一日止年度派發末期股息每股5.0港仙，將於應屆股東週年大會上向股東提呈批准。此建議股息於賬目內並不列作應派股息，惟會列作截至二零一零年十二月三十一日止年度之保留盈利分配。

14 EMPLOYEE BENEFITS EXPENSE

Employee benefits expense, including directors' emoluments, represents:

14 僱員福利開支

僱員福利開支(包括董事酬金)指：

| | | 2009 二零零九年 HK\$'000 千港元 | 2008 二零零八年 HK\$'000 千港元 |
|--|----------------------|----------------------------------|----------------------------------|
| Wages, salaries and bonuses | 工資、薪金及花紅 | 578,189 | 580,526 |
| Defined contribution pension costs (Note (a)) | 定額供款退休金成本 (附註(a)) | 29,204 | 33,487 |
| | | 607,393 | 614,013 |

(a) Defined contribution pension costs

As at both 31 December 2009 and 31 December 2008, no forfeited contribution is available to reduce the contribution payable in the future.

Contributions payable as at 31 December 2009 of approximately HK\$4,723,000 (2008: HK\$3,120,000) are included in other payables and accrued charges.

(a) 定額供款退休金成本

於二零零九年十二月三十一日及二零零八年十二月三十一日，並無可供扣減未來應付供款之沒收供款。

於二零零九年十二月三十一日，約4,723,000港元(二零零八年：3,120,000港元)之應付供款已計入其他應付賬款及應計費用。

14 EMPLOYEE BENEFITS EXPENSE (CONTINUED)

(b) Directors' emoluments

The remuneration of each director of the Company for the year ended 31 December 2009 is set out below:

| Name of director | 董事姓名 | Fees | Salaries | Defined contribution pension costs | Discretionary bonuses | Total |
|---------------------|-------|-----------------------|-----------------------|------------------------------------|-------------------------|-----------------------|
| | | 袍金 HK\$'000 千港元 | 薪金 HK\$'000 千港元 | 定額供款 退休金成本 HK\$'000 千港元 | 酌情花紅 HK\$'000 千港元 | 總計 HK\$'000 千港元 |
| Mr Chen Ying-Chieh | 陳英杰先生 | 960 | 2,869 | 32 | 1,570 | 5,431 |
| Mr Chen Hsien Min | 陳賢民先生 | 960 | 3,007 | 32 | 1,000 | 4,999 |
| Mr Chang Chih-Kai | 張智凱先生 | 960 | 1,035 | 32 | 1,000 | 3,027 |
| Mr Chang Chih-Chiao | 張智喬先生 | - | 1,077 | - | - | 1,077 |
| 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 |
| | | 3,096 | 7,988 | 96 | 3,570 | 14,750 |

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 | Salaries | Defined contribution pension costs | Discretionary bonuses | Total |
|--------------------|-------|-----------------------|-----------------------|------------------------------------|-------------------------|-----------------------|
| | | 袍金 HK\$'000 千港元 | 薪金 HK\$'000 千港元 | 定額供款 退休金成本 HK\$'000 千港元 | 酌情花紅 HK\$'000 千港元 | 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 |

14 僱員福利開支(續)

(b) 董事酬金

於截至二零零九年十二月三十一日止年度，本公司各董事之薪酬如下：

於截至二零零八年十二月三十一日止年度，本公司各董事之薪酬如下：

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 four (2008: three) directors whose emoluments are presented above. The emolument payable to the remaining one (2008: two) individual during the year is as follows:

| | | 2009 二零零九年 HK\$'000 千港元 | 2008 二零零八年 HK\$'000 千港元 |
|------------------------------------|-----------|----------------------------------|----------------------------------|
| Salaries and bonuses | 薪金及花紅 | 907 | 1,714 |
| Defined contribution pension costs | 定額供款退休金成本 | 57 | 51 |
| | | 964 | 1,765 |

The emolument of each individual, other than directors of the Company, above was below HK\$1,000,000 for both years ended 31 December 2009 and 31 December 2008.

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四名(二零零八年：三名)董事，其酬金詳情已於上文披露。年內應付另外一名(二零零八年：兩名)人士之酬金詳情如下：

| | 2009 二零零九年 HK\$'000 千港元 | 2008 二零零八年 HK\$'000 千港元 |
|--|----------------------------------|----------------------------------|
| | 907 | 1,714 |
| | 57 | 51 |
| | 964 | 1,765 |

截至二零零九年十二月三十一日及二零零八年十二月三十一日止年度，上述各人士(本公司董事除外)之酬金均為1,000,000港元以下。

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。

15 INTANGIBLE ASSETS

15 無形資產

| | | Group 本集團 | | |
|---|--------------------------------|--|---|--------------------------------|
| | | Goodwill 商譽 HK\$'000 千港元 (Note (a)) (附註(a)) | License right 特許使用權 HK\$'000 千港元 (Note (b)) (附註(b)) | Total 總計 HK\$'000 千港元 |
| Cost | 成本值 | | | |
| At 1 January 2008 | 於二零零八年一月一日 | 25,685 | - | 25,685 |
| Additions | 添置 | - | 15,154 | 15,154 |
| At 31 December 2008 and 31 December 2009 | 於二零零八年十二月三十一日 及二零零九年十二月三十一日 | 25,685 | 15,154 | 40,839 |
| Accumulated amortisation and impairment | 累計攤銷及減值 | | | |
| At 1 January 2008 | 於二零零八年一月一日 | - | - | - |
| 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 |
| Amortisation for the year | 本年度攤銷 | - | 1,966 | 1,966 |
| Impairment for the year | 本年度減值 | 10,606 | - | 10,606 |
| At 31 December 2009 | 於二零零九年十二月三十一日 | 10,606 | 3,358 | 13,964 |
| Net book value | 賬面淨值 | | | |
| At 31 December 2009 | 於二零零九年十二月三十一日 | 15,079 | 11,796 | 26,875 |
| At 31 December 2008 | 於二零零八年十二月三十一日 | 25,685 | 13,762 | 39,447 |

Notes:

附註:

(a) Goodwill

(a) 商譽

Goodwill is allocated to the Group's cash-generating units ("CGUs") identified according to the 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 the 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 the 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.

商譽乃分配至根據經營分部劃分之本集團現金產生單位(「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值作比較。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。在預測三年財政預算期後現金流量時所使用之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%。現金產生單位之預算毛利率及純利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,倘上述任何關鍵假設出現任何合理可預見變更,均不會導致商譽之賬面值大幅超逾其可收回金額。

During the year, an impairment loss on goodwill relating to one of the Group's licensed brands was recognised based on the financial budget of the business approved by the directors. The impairment loss has been included in "Other losses - net" in the profit and loss account.

年內,與本集團一項代理品牌有關之商譽減值虧損乃基於董事所批准之業務財政預算確認。該減值虧損已計入損益表「其他虧損-淨額」。

(b) License right

(b) 特許使用權

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.

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 | |
|-------------------------------|----------|----------------------------------|----------------------------------|
| | | 2009 二零零九年 HK\$'000 千港元 | 2008 二零零八年 HK\$'000 千港元 |
| Cost | 成本值 | | |
| At 1 January | 於一月一日 | 62,092 | 56,979 |
| Exchange adjustment | 匯兌調整 | 590 | 2,977 |
| Additions | 添置 | 4,485 | 4,506 |
| Transferred from fixed assets | 轉自固定資產 | 1,965 | - |
| Disposals | 出售 | - | (1,016) |
| Disposal of a subsidiary | 出售一間附屬公司 | (6,564) | (1,354) |
| At 31 December | 於十二月三十一日 | 62,568 | 62,092 |
| Accumulated amortisation | 累計攤銷 | | |
| At 1 January | 於一月一日 | 17,148 | 16,088 |
| Exchange adjustment | 匯兌調整 | 106 | 504 |
| Amortisation for the year | 本年度攤銷 | 1,816 | 1,032 |
| Disposals | 出售 | - | (321) |
| Disposal of a subsidiary | 出售一間附屬公司 | - | (155) |
| At 31 December | 於十二月三十一日 | 19,070 | 17,148 |
| Net book value | 賬面淨值 | | |
| At 31 December | 於十二月三十一日 | 43,498 | 44,944 |
| At 1 January | 於一月一日 | 44,944 | 40,891 |

As at both 31 December 2009 and 31 December 2008, all land use rights were held outside Hong Kong on leases of between 10 to 50 years.

於二零零九年十二月三十一日及二零零八年十二月三十一日，所有土地使用權均於香港以外以租賃持有，為期10至50年。

17 FIXED ASSETS

17 固定資產

| | | Group 本集團 | | | | | | |
|--------------------------------|---------------|------------------------|--------------------------------|------------------------------|------------------------|--|-------------------|-----------|
| | | Leasehold buildings | Leasehold improve- ments | Construction- in-progress | Plant and machinery | Furniture, fixtures and equipment | Motor vehicles | Total |
| | | 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 | 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 | 千港元 |
| Cost | 成本值 | | | | | | | |
| At 1 January 2008 | 於二零零八年一月一日 | 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 | 出售一間附屬公司 | (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 |
| Exchange adjustment | 匯兌調整 | 2,881 | 3,079 | 850 | 1,324 | 1,157 | 380 | 9,671 |
| Additions | 添置 | 205 | 71,097 | 36,626 | 4,202 | 22,463 | 3,644 | 138,237 |
| Transfer | 轉撥 | 162,305 | - | (166,924) | - | 4,619 | - | - |
| Transferred to land use rights | 轉入土地使用權 | - | - | (1,965) | - | - | - | (1,965) |
| Disposals | 出售 | - | (63,664) | - | (3,678) | (8,816) | (1,096) | (77,254) |
| Disposal of a subsidiary | 出售一間附屬公司 | - | - | (177) | - | - | - | (177) |
| At 31 December 2009 | 於二零零九年十二月三十一日 | 413,443 | 342,363 | 14,298 | 138,310 | 148,051 | 42,214 | 1,098,679 |
| Accumulated depreciation | 累計折舊 | | | | | | | |
| At 1 January 2008 | 於二零零八年一月一日 | 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 | 出售一間附屬公司 | (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 |
| Exchange adjustment | 匯兌調整 | 563 | 1,977 | - | 1,160 | 644 | 265 | 4,609 |
| Charge for the year | 本年度折舊 | 12,663 | 81,497 | - | 7,084 | 24,678 | 5,370 | 131,292 |
| Disposals | 出售 | - | (42,146) | - | (3,571) | (6,467) | (1,064) | (53,248) |
| At 31 December 2009 | 於二零零九年十二月三十一日 | 69,641 | 233,592 | - | 120,632 | 83,290 | 30,930 | 538,085 |
| Net book value | 賬面淨值 | | | | | | | |
| At 31 December 2009 | 於二零零九年十二月三十一日 | 343,802 | 108,771 | 14,298 | 17,678 | 64,761 | 11,284 | 560,594 |
| 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 |

As at 31 December 2008, leasehold buildings of carrying value of HK\$32,548,000 was pledged for the Group's short-term bank loans and such a pledge was released upon repayment of the bank loans during the year.

於二零零八年十二月三十一日，賬面值32,548,000港元之租賃樓宇已就本集團短期銀行貸款作出抵押，該抵押已於年內償還銀行貸款時解除。



18 INVESTMENTS IN SUBSIDIARIES

18 於附屬公司之投資

| | Company 本公司 | 2009 | 2008 |
|-------------------------------|----------------|--------------------------|--------------------------|
| | | 二零零九年 HK\$'000 千港元 | 二零零八年 HK\$'000 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 2009:

下表載列於二零零九年十二月三十一日之主要附屬公司：

| 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 | Indirect interest held 所持間接權益 % | Principal activities 主要業務 |
|--|---|--|---------------------------------------|---|
| Dafu Footwear Co., Ltd. Hanjiang Putian City ^(a) 莆田市涵江大福鞋業有限公司 ^(a) | China 中國 | 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) | China 中國 | 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 | NTD250,000,000 250,000,000新台幣 | 100 | Retail distribution of footwear and accessories 零售分銷鞋類產品及配件 |
| Daxin Footwear Co., Ltd. Putian City ^(b) 莆田市涵江大欣鞋業有限公司 ^(b) | China 中國 | 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) | China 中國 | US\$1,499,925 1,499,925美元 | 100 | Manufacture of footwear 製造鞋類產品 |
| Gentlefit Trading Limited 祥田貿易有限公司 | Hong Kong 香港 | 100 ordinary shares of HK\$1 each; 13,055,667 non-voting deferred shares of HK\$1 each ^(d) 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) | 100 | Export trading of footwear, investment and trademarks holding 鞋類產品出口貿易、投資及持有商標 |
| 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) | China 中國 | US\$1,400,000 1,400,000美元 | 100 | Processing of footwear 加工鞋類產品 |

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 | Indirect interest held 所持間接權益 % | Principal activities 主要業務 |
|--|--|---|--|---|
| Putian Hanjiang Footwear Co., Ltd. ^(a) 莆田市涵江鞋業有限公司 ^(a) | China 中國 | 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) | China 中國 | 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 | Investment and trademarks holding 投資及持有商標 |
| Taizhou Rong Wei Shoes Co. Ltd. ^(b) 泰州榮偉鞋業有限公司 ^(b) | China 中國 | 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) | China 中國 | US\$30,000,000 30,000,000美元 | 100 | Distribution of footwear and accessories and investment holding 分銷鞋類產品及配件及 投資控股 |
| Victoria Success (Shanghai) Limited ^(b) 永恩實業(上海)有限公司 ^(b) | China 中國 | 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) | China 中國 | RMB3,000,000 3,000,000人民幣 | 100 | Processing of footwear 加工鞋類產品 |
| Yangzhou Quanwei Industry & Commerce Co., Ltd. ^(b) 揚州銓偉實業有限公司 ^(b) | China 中國 | 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) | China 中國 | RMB250,000,000 250,000,000人民幣 | 95 | Distribution of footwear, apparel and accessories 分銷鞋類產品、服飾及配件 |
| 上海百盈運動休閒用品有限公司 ^(b) | China 中國 | RMB500,000 500,000人民幣 | 96.75 | 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) | China 中國 | 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 |



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 | Indirect interest held 所持間接權益 % | Principal activities 主要業務 |
|-----------------------------|--|--|--|--|
| 全信商貿(上海)有限公司 ^(a) | China 中國 | RMB3,000,000 3,000,000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) | China 中國 | RMB10,000,000 10,000,000人民幣 | 100 | Distribution of footwear, apparel and accessories 分銷鞋類產品、服飾及配件 |
| 哲觀商貿(上海)有限公司 ^(b) | China 中國 | RMB5,121,825 5,121,825人民幣 | 100 | Distribution of footwear, apparel and accessories 分銷鞋類產品、服飾及配件 |
| 全泰商貿(福建)有限公司 ^(b) | China 中國 | RMB5,121,975 5,121,975人民幣 | 100 | Distribution of footwear, apparel and accessories 分銷鞋類產品、服飾及配件 |

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) 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.
- (d) None of the subsidiaries had any debt securities outstanding at the end of the year or at any time during the year.

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) 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。
- (d) 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 AMOUNT DUE FROM A SUBSIDIARY – COMPANY

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

19 應收一間附屬公司賬款—本公司

應收一間附屬公司賬款乃無抵押、免息，並須應要求償還。

20 INTEREST IN AN ASSOCIATED COMPANY

20 於一間聯營公司之權益

| | | Group 本集團 | |
|------------------------------|------------|----------------------------------|----------------------------------|
| | | 2009 二零零九年 HK\$'000 千港元 | 2008 二零零八年 HK\$'000 千港元 |
| Share of net assets | 應佔資產淨值 | 3,262 | 3,134 |
| 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 2009 are as follows:

於二零零九年十二月三十一日，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 | Indirectly interest held 所持間接權益 % | 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」) | China 中國 | RMB5,457,000 5,457,000人民幣 | 30 | Manufacture of shoe materials 製造鞋類物料 |

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

聯營公司之財務資料摘要如下：

| | | 2009 二零零九年 HK\$'000 千港元 | 2008 二零零八年 HK\$'000 千港元 |
|-------------|----|----------------------------------|----------------------------------|
| Assets | 資產 | 11,342 | 11,173 |
| Liabilities | 負債 | 1,070 | 1,163 |
| Revenues | 收入 | 11,772 | 13,032 |
| Profit | 盈利 | 2,098 | 1,979 |



21 AVAILABLE-FOR-SALE FINANCIAL ASSETS

21 可出售金融資產

| | | Group 本集團 | |
|---------------------------------|--------------|----------------------------------|----------------------------------|
| | | 2009 二零零九年 HK\$'000 千港元 | 2008 二零零八年 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 (2008: HK\$33,000,000) and investment in Daen Shoe Material Co. Ltd. ("Daen") of HK\$624,000 (2008: 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%.

(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.

In 2008, 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 2011, 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 2009 is HK\$3,000,000 (2008: HK\$3,000,000) which has been recognised in the profit and loss account.

(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 2009, 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 27).

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(二零零八年: 33,000,000港元)之投資及大恩鞋材有限公司(「大恩」) 624,000港元(二零零八年: 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。

(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。

於二零零八年, 本集團與金星其中一名股東之聯屬公司(「擔保人」)訂立協議(「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, 故本集團同意放棄同期攤分金星盈利之權利。根據協議, 於截至二零零九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(二零零八年: 3,000,000港元), 並已在損益表中確認。

(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) 於二零零九年十二月三十一日, 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交易, 因此於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27)。

22 INVENTORIES

22 存貨

| | | Group 本集團 | |
|------------------|-----|----------------------------------|----------------------------------|
| | | 2009 二零零九年 HK\$'000 千港元 | 2008 二零零八年 HK\$'000 千港元 |
| Raw materials | 原材料 | 31,534 | 44,932 |
| Work-in-progress | 在製品 | 23,362 | 53,661 |
| Finished goods | 製成品 | 834,423 | 1,256,687 |
| | | 889,319 | 1,355,280 |

Inventories are stated net of provisions for obsolescence of HK\$99,112,000 (2008: HK\$59,576,000) as at 31 December 2009.

於二零零九年十二月三十一日，按扣除滯銷存貨撥備99,112,000港元（二零零八年：59,576,000港元）。

23 TRADE RECEIVABLES

23 貿易應收賬款

| | | Group 本集團 | |
|--|-------------|----------------------------------|----------------------------------|
| | | 2009 二零零九年 HK\$'000 千港元 | 2008 二零零八年 HK\$'000 千港元 |
| Trade receivables | 貿易應收賬款 | 183,310 | 166,688 |
| Less: Provision for impairment of receivables | 減：應收賬款減值撥備 | (2,057) | (3,721) |
| Trade receivables – net | 貿易應收賬款 – 淨額 | 181,253 | 162,967 |

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 | |
|---|---------------------|----------------------------------|----------------------------------|
| | | 2009 二零零九年 HK\$'000 千港元 | 2008 二零零八年 HK\$'000 千港元 |
| At 1 January | 於一月一日 | 3,721 | – |
| (Write-back of)/provision for impairment | 減值(撥備撥回)/撥備 | (152) | 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 | (1,512) | – |
| At 31 December | 於十二月三十一日 | 2,057 | 3,721 |



23 TRADE RECEIVABLES (CONTINUED)

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

| | | Group 本集團 | |
|----------------|----------|----------------------------------|----------------------------------|
| | | 2009 二零零九年 HK\$'000 千港元 | 2008 二零零八年 HK\$'000 千港元 |
| 0 – 30 days | 0至30日 | 160,280 | 152,548 |
| 31 – 60 days | 31至60日 | 11,001 | 4,642 |
| 61 – 90 days | 61至90日 | 6,361 | 2,105 |
| 91 – 120 days | 91至120日 | 1,628 | 1,468 |
| 121 – 180 days | 121至180日 | 1,165 | 1,394 |
| 181 – 360 days | 181至360日 | 400 | 461 |
| Over 360 days | 360日以上 | 418 | 349 |
| | | 181,253 | 162,967 |

As at 31 December 2009, trade receivables of HK\$151,568,000 (2008: HK\$140,201,000) 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:

23 貿易應收賬款 (續)

按發票日期計算之貿易應收賬款賬齡分析如下：

| | | Group 本集團 | |
|-------------------------|------------|----------------------------------|----------------------------------|
| | | 2009 二零零九年 HK\$'000 千港元 | 2008 二零零八年 HK\$'000 千港元 |
| Not past due | 尚未逾期 | 151,568 | 140,201 |
| 1 – 30 days past due | 逾期1至30日 | 16,208 | 15,442 |
| 31 – 60 days past due | 逾期31至60日 | 6,301 | 2,635 |
| 61 – 90 days past due | 逾期61至90日 | 4,151 | 2,049 |
| 91 – 120 days past due | 逾期91至120日 | 1,049 | 967 |
| 121 – 180 days past due | 逾期121至180日 | 1,158 | 864 |
| 181 – 360 days past due | 逾期181至360日 | 400 | 460 |
| Over 360 days past due | 逾期360日以上 | 418 | 349 |
| | | 181,253 | 162,967 |

於二零零九年十二月三十一日，貿易應收賬款151,568,000港元（二零零八年：140,201,000港元）並未逾期及出現減值。該等款項乃關於多名並無違約記錄之獨立客戶。按逾期劃分之貿易應收賬款賬齡分析如下：

23 TRADE RECEIVABLES (CONTINUED)

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

| | | Group 本集團 | |
|-------------------|-----|----------------------------------|----------------------------------|
| | | 2009 二零零九年 HK\$'000 千港元 | 2008 二零零八年 HK\$'000 千港元 |
| Renminbi | 人民幣 | 123,341 | 120,567 |
| US dollar | 美元 | 56,966 | 41,645 |
| New Taiwan dollar | 新台幣 | 946 | 755 |
| | | 181,253 | 162,967 |

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)

貿易應收賬款之賬面值以下列貨幣計值：

| | | Group 本集團 | |
|-------------------|-----|----------------------------------|----------------------------------|
| | | 2009 二零零九年 HK\$'000 千港元 | 2008 二零零八年 HK\$'000 千港元 |
| Renminbi | 人民幣 | 123,341 | 120,567 |
| US dollar | 美元 | 56,966 | 41,645 |
| New Taiwan dollar | 新台幣 | 946 | 755 |
| | | 181,253 | 162,967 |

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。

24 PLEDGED BANK DEPOSIT AND BANK DEPOSIT WITH MATURITY OVER THREE MONTHS

The Group's pledged bank deposit was placed with a bank to secure certain corporate banking facilities granted to the Group. The deposit was in Renminbi at an interest rate of 2.25% per annum.

The Group's bank deposit was placed with maturity over three months and less than one year. The deposit was denominated in US dollar at an interest rate of 1.55% per annum.

24 已抵押銀行存款及存款期超過三個月之銀行存款

本集團之已抵押銀行存款乃存放於一間銀行，作為本集團所獲若干公司銀行融資之抵押。該筆存款以人民幣計值，按年利率2.25厘計息。

本集團銀行存款之存款期為超過三個月但少於一年。存款乃以美元計值，按年利率1.55厘計息。

25 CASH AND CASH EQUIVALENTS

| | | Group 本集團 | | Company 本公司 | |
|---|----------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|
| | | 2009 二零零九年 HK\$'000 千港元 | 2008 二零零八年 HK\$'000 千港元 | 2009 二零零九年 HK\$'000 千港元 | 2008 二零零八年 HK\$'000 千港元 |
| Cash at banks and in hand | 銀行存款及手頭現金 | 289,504 | 147,962 | 83,400 | 138 |
| Deposits with banks within three months of maturity | 存款期為三個月以內之銀行存款 | 1,255,347 | – | 311,293 | – |
| | | 1,544,851 | 147,962 | 394,693 | 138 |

Notes to the Accounts
賬目附註



25 CASH AND CASH EQUIVALENTS (CONTINUED)

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

25 現金及現金等價物(續)

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 | |
|-------------------|-----|----------------------------------|----------------------------------|----------------------------------|----------------------------------|
| | | 2009 二零零九年 HK\$'000 千港元 | 2008 二零零八年 HK\$'000 千港元 | 2009 二零零九年 HK\$'000 千港元 | 2008 二零零八年 HK\$'000 千港元 |
| Renminbi | 人民幣 | 1,061,336 | 123,480 | - | - |
| US dollar | 美元 | 474,349 | 20,284 | 394,660 | - |
| New Taiwan Dollar | 新台幣 | 5,397 | 3,196 | - | - |
| Hong Kong dollar | 港元 | 3,501 | 553 | 33 | 138 |
| Korean Won | 韓圓 | 250 | - | - | - |
| Euro | 歐羅 | 18 | 449 | - | - |
| | | 1,544,851 | 147,962 | 394,693 | 138 |

As at 31 December 2009, the weighted average effective interest rate of the Group's bank deposits within three months of maturity was 1.07% per annum.

於二零零九年十二月三十一日，本集團存款期為三個月以內之銀行存款之加權平均實際年利率為1.07厘。

Renminbi is not a freely convertible currency in the international market. The conversion of Renminbi into foreign currencies and remittance of Renminbi out of the Mainland China is subject to the rules and regulations of exchange control promulgated by the government of the Mainland China.

人民幣不可於國際市場自由兌換。將人民幣兌換為外幣及匯出中國大陸須受中國政府頒佈之外匯管制法規限制。

26 TRADE PAYABLES

The ageing analysis of trade payables including trade balances due to related parties (Note 36(a)) by invoice date is as follows:

26 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36(a)))賬齡分析如下：

| | | Group 本集團 | |
|----------------|----------|----------------------------------|----------------------------------|
| | | 2009 二零零九年 HK\$'000 千港元 | 2008 二零零八年 HK\$'000 千港元 |
| 0 – 30 days | 0至30日 | 185,629 | 166,462 |
| 31 – 60 days | 31至60日 | 159,957 | 116,134 |
| 61 – 90 days | 61至90日 | 24,059 | 94,624 |
| 91 – 120 days | 91至120日 | 3,789 | 8,758 |
| 121 – 180 days | 121至180日 | 1,846 | 1,424 |
| 181 – 360 days | 181至360日 | 3,893 | 4,723 |
| Over 360 days | 360日以上 | 6,144 | 4,881 |
| | | 385,317 | 397,006 |

27 BANK LOANS

27 銀行貸款

| | | Group 本集團 | |
|----------------------|--------------|----------------------------------|----------------------------------|
| | | 2009 二零零九年 HK\$'000 千港元 | 2008 二零零八年 HK\$'000 千港元 |
| Bank loans | 銀行貸款 | | |
| - Secured (Note (b)) | - 有抵押(附註(b)) | 14,567 | 92,542 |
| - Unsecured | - 無抵押 | - | 178,113 |
| | | 14,567 | 270,655 |

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 | |
|-------------------|-----|----------------------------------|----------------------------------|
| | | 2009 二零零九年 HK\$'000 千港元 | 2008 二零零八年 HK\$'000 千港元 |
| Hong Kong dollar | 港元 | - | 148,542 |
| Renminbi | 人民幣 | - | 74,461 |
| US dollar | 美元 | - | 29,571 |
| New Taiwan dollar | 新台幣 | 14,567 | 18,081 |
| | | 14,567 | 270,655 |

Notes:

- (a) As at both 31 December 2009 and 2008, 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 2009, the Group's secured short-term bank loans were secured by the listed securities of Sun Home classified under available-for-sale financial assets with nil (2008: nil) carrying value (Note 21(b)).
- (c) The weighted average effective interest rate of bank loans as at 31 December 2009 is 2.8% (2008: 3.54%) per annum.
- (d) As at 31 December 2009, the Company has given guarantees to various banks to secure general banking facilities granted to certain subsidiaries amounting to HK\$186,600,000 (2008: HK\$285,550,000). As at 31 December 2009, no facilities covered by the Company's guarantees (2008: HK\$170,892,000) was utilised.

附註：

- (a) 於二零零九年及二零零八年十二月三十一日，本集團之所有銀行貸款均須於一年內償還，而其賬面值與公平價值相若。
- (b) 於二零零九年十二月三十一日，本集團之有抵押短期銀行貸款由被分類為可出售金融資產賬面值為零(二零零八年：零)的尚錄上市投資證券(附註21(b))作抵押。
- (c) 於二零零九年十二月三十一日，銀行貸款之加權平均實際年利率為2.8厘(二零零八年：3.54厘)。
- (d) 於二零零九年十二月三十一日，本公司就若干附屬公司獲授一般銀行融資186,600,000港元(二零零八年：285,550,000港元)向多家銀行提供擔保。於二零零九年十二月三十一日，概無本公司擔保之融資被動用(二零零八年：170,892,000港元)。



28 SHARE CAPITAL

28 股本

| | | 2009 二零零九年 HK\$'000 千港元 | 2008 二零零八年 HK\$'000 千港元 |
|--|-----------------------------------|----------------------------------|----------------------------------|
| Authorised: | 法定股本： | | |
| 10,000,000,000 ordinary shares of HK\$0.10 each | 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: | 已發行及繳足： | | |
| 1,637,892,384 ordinary shares of HK\$0.10 each | 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 2009 and 31 December 2008.

截至二零零九年十二月三十一日及二零零八年十二月三十一日止兩年期間，本公司股本並無任何變動。

During the year, 6,700,000 share options granted to executive directors and employees of the Group under the existing scheme were lapsed.

年內，根據現有計劃向執行董事及本集團僱員授出之6,700,000份購股權已失效。

Subsequent to year-end, the Company granted an aggregate of 67,525,000 share options on 27 January 2010 at an exercise price of HK\$6.19 per share to certain directors and employees under its share option scheme adopted on 29 May 2003 and amended on 7 December 2009. The share options will vest on each of the five anniversary dates from the date of grant.

年結日後，本公司於二零一零年一月二十七日根據於二零零三年五月二十九日採納並於二零零九年十二月七日修訂之購股權計劃，向若干董事及僱員授出合共67,525,000份購股權，行使價為每股6.19港元。購股權將於授出日期起計五個週年日各日歸屬。

29 RESERVES

29 儲備

| | | Group 本集團 | | | | | | | | | |
|---|-----------------|---------------|----------------------------|-----------------------------------|-------------------------------|-----------------------------|---------------------|----------------|----------------|------------------|-----------|
| | | Share premium | Capital redemption reserve | Convertible bonds capital reserve | Fair value adjustment reserve | Share-based payment reserve | Translation reserve | Merger reserve | Legal reserves | Retained profits | Total |
| | | 股份溢價 | 股本贖回儲備 | 可換股債券資本儲備 | 公平價值調整儲備 | 以股份為基礎之款項儲備 | 匯兌儲備 | 合併儲備 | 法定儲備 | 保留盈利 | 總計 |
| | | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | 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 | 千港元 | 千港元 | 千港元 | 千港元 |
| | | | (Note (a)) | | | | | (Note (b)) | (Note (c)) | | |
| | | | (附註(a)) | | | | | (附註(b)) | (附註(c)) | | |
| At 31 December 2007 | 於二零零七年十二月三十一日 | 24,505 | 2,882 | - | (4,000) | 11,792 | 92,149 | 322 | 18,102 | 1,063,543 | 1,209,295 |
| Currency translation differences | 匯兌差額 | - | - | - | - | - | 69,730 | - | - | - | 69,730 |
| Profit appropriations | 盈利分配 | - | - | - | - | - | - | - | 19,562 | (19,562) | - |
| Realisation upon disposal of a subsidiary | 出售一間附屬公司變現 | - | - | - | - | - | (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 | 應佔一間聯營公司儲備 | - | - | - | - | - | 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 | 322 | 37,669 | 1,455,003 | 1,690,744 |
| Currency translation differences | 匯兌差額 | - | - | - | - | - | 31,250 | - | - | - | 31,250 |
| Profit appropriations | 盈利分配 | - | - | - | - | - | - | - | 43,483 | (43,483) | - |
| Realisation upon disposal of a subsidiary | 出售一間附屬公司變現 | - | - | - | - | - | (4,424) | - | - | - | (4,424) |
| Realisation upon dissolution of a subsidiary | 解散一間附屬公司變現 | - | - | - | - | - | - | - | (603) | 335 | (268) |
| Share of an associated company's reserve | 應佔一間聯營公司儲備 | - | - | - | - | - | 29 | - | 12 | (12) | 29 |
| Profit for the year | 年內盈利 | - | - | - | - | - | - | - | - | 393,838 | 393,838 |
| Dividends | 股息 | - | - | - | - | - | - | - | - | (98,243) | (98,243) |
| Write-back of unclaimed dividends | 撥回未領取股息 | - | - | - | - | - | - | - | - | 5 | 5 |
| Transfer upon lapse of share options | 購股權失效時轉撥 | - | - | - | - | (11,792) | - | - | - | 11,792 | - |
| Issue of convertible bonds | 發行可換股債券 | - | - | 26,178 | - | - | - | - | - | - | 26,178 |
| At 31 December 2009 | 於二零零九年十二月三十一日 | 24,505 | 2,882 | 26,178 | - | - | 185,426 | 322 | 80,561 | 1,719,235 | 2,039,109 |

| | | Company 本公司 | | | | | | | Total |
|--------------------------------------|---------------|----------------|----------------------------|---------------------|-----------------------------------|---------------------|-----------------------------|------------------|----------|
| | | Share premium | Capital redemption reserve | Contributed surplus | Convertible bonds capital reserve | Translation reserve | Share-based payment reserve | Retained profits | |
| | | 股份溢價 | 股本贖回儲備 | 繳入盈餘 | 資本儲備 | 匯兌儲備 | 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 | HK\$'000 | HK\$'000 |
| | | 千港元 | 千港元 | 千港元 | 千港元 | 千港元 | 千港元 | 千港元 | 千港元 |
| | | | (Note (a)) | (Note (d)) | | | | | |
| | | | (附註(a)) | (附註(d)) | | | | | |
| 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 |
| Currency translation differences | 匯兌差額 | - | - | - | - | 2,003 | - | - | 2,003 |
| Profit for the year | 年內盈利 | - | - | - | - | - | - | 92,738 | 92,738 |
| Dividends | 股息 | - | - | - | - | - | - | (98,243) | (98,243) |
| Write-back of unclaimed dividends | 撥回未領取股息 | - | - | - | - | - | - | 5 | 5 |
| Transfer upon lapse of share options | 購股權失效時轉撥 | - | - | - | - | - | (11,792) | 11,792 | - |
| Issue of convertible bonds | 發行可換股債券 | - | - | - | 26,178 | - | - | - | 26,178 |
| At 31 December 2009 | 於二零零九年十二月三十一日 | 24,505 | 2,882 | 152,891 | 26,178 | 2,003 | - | 9,458 | 217,917 |

29 RESERVES (CONTINUED)

Notes:

(a) Capital redemption reserve

The capital redemption reserve represents the nominal amount of shares repurchased by the Company in 1999.

(b) 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.

(c) Legal reserves

Legal reserves comprising general reserve fund of HK\$72,283,000 (2008: HK\$29,750,000) and enterprise expansion fund of HK\$8,278,000 (2008: HK\$7,919,000) 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.

(d) 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.

(e) Distributable reserves

The Company's reserves available for distribution to its equity holders of the Company comprise share premium, contributed surplus, translation reserve, share-based payment reserve and retained profits. Under the Companies Law (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 儲備(續)

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) 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。

(c) 法定儲備

法定儲備包括72,283,000港元(二零零八年：29,750,000港元)之一般儲備基金及8,278,000港元(二零零八年：7,919,000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。

(d) 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。

(e) 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、匯兌儲備及保留盈利。根據開曼群島公司法(經修訂)，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。

30 CONVERTIBLE BONDS AND DERIVATIVE FINANCIAL INSTRUMENT – WARRANTS

On 12 June 2009, the Company issued unlisted and unsecured RMB denominated USD settled convertible bonds due in 2014 (the "Bonds") and unlisted warrants to subscribe 100 million new shares of the Company (the "Warrants") in the aggregate principal amount of RMB550,000,000.

The terms of the Bonds and the Warrants are summarised below:

- (a) the Bonds bear interest of 3.125% per annum on the outstanding principal amount of the Bonds and the interests are payable by the Company semi-annually in arrears;
- (b) the Bonds are convertible at the option of the bondholders into fully paid ordinary shares on or after the issue date of the Bonds up to 12 June 2014 at a conversion price of HK\$3.50 per share, subject to certain adjustments pursuant to the terms of the agreement entered with the bondholders;
- (c) 178,510,572 conversion shares will be issued upon full conversion of the Bonds based on the initial conversion price of HK\$3.50 per share;
- (d) the Bonds are redeemable on maturity at a value equal to the USD equivalent of the aggregate of 100% of the outstanding RMB principal amount and all amounts accrued thereon;
- (e) the exercise price of the Warrants is HK\$4.00 per warrant; and
- (f) the Warrants can be exercised at any time during the period commencing from the issue date of the Warrants up to 12 June 2014.

At the issuance of the Bonds, a liability component representing the 5-year 3.125% straight debt and an equity component representing the convertible option of HK\$3.50 per share were recognised at fair value.

At the issuance of the Warrants, a derivative financial instrument was recognised at fair value.

The fair value of the Bonds and Warrants are separately determined based on the valuations performed by an independent professional valuer. The principal issuance proceeds of RMB550,000,000 is then allocated to the Bonds and the Warrants separately in accordance with their valuation.

30 可換股債券及衍生金融工具－認股權證

於二零零九年六月十二日，本公司發行人民幣計值美元結算於二零一四年到期之非上市及無抵押可換股債券（「債券」）及可認購100,000,000股本公司新股份之非上市認股權證（「認股權證」），本金總額為人民幣550,000,000元。

債券及認股權證之條款概述如下：

- (a) 債券按未兌換本金額以年利率3.125厘計息。本公司將每半年延付利息；
- (b) 債券持有人可選擇於債券發行日期起至二零一四年六月十二日止按兌換價每股3.50港元（可根據債券持有人所訂立協議之條款作出若干調整）兌換債券為已繳足普通股；
- (c) 債券按最初兌換價每股3.50港元獲悉數兌換後將發行178,510,572股兌換股份；
- (d) 債券可於到期時按相等於尚未兌換人民幣本金額之100%及全部應計款項總和價值之美元等值金額贖回；
- (e) 認股權證之行使價為每份認股權證4.00港元；及
- (f) 認股權證可由認股權證發行日期起至二零一四年六月十二日止期間隨時行使。

發行債券時，負債部份（即按3.125厘計息之五年期債項）及權益部份（即每股3.50港元之兌換權）乃按公平價值確認。

發行認股權證時，按公平價值確認衍生金融工具。

債券及認股權證之公平價值分別根據獨立專業估值師之估值釐定。主要發行收款人民幣550,000,000元其後分別根據債券及認股權證之估值分配。

30 CONVERTIBLE BONDS AND DERIVATIVE FINANCIAL INSTRUMENT – WARRANTS (CONTINUED)

The fair value of the liability component of the Bonds is estimated using cash flows discounted at an effective interest rate of 7.91%, while the fair value of the equity component is the residual amount of the proceeds attributable to the Bonds and is recognised in the convertible bonds capital reserve. As at 31 December 2009, the carrying value of the liability component of the Bonds approximated its fair value.

Transaction costs that relate to the issuance of the Bonds and the Warrants are allocated to the liability component of the Bonds, the equity component of the Bonds and the Warrants proportionately with reference to their respective carrying value at the issue date.

Movements of the liability component and the equity component of the Bonds and the Warrants during the year ended 31 December 2009 are as follows:

| | | Group and Company 本集團及本公司 | | | |
|-------------------------|---------------|--|---|--|--------------------------------|
| | | Liability component of convertible bonds 可換股債券負債部份 HK\$'000 千港元 | Equity component of convertible bonds 可換股債券權益部份 HK\$'000 千港元 | Derivative financial instrument – warrants 衍生金融工具－認股權證 HK\$'000 千港元 | Total 總計 HK\$'000 千港元 |
| Principal amount issued | 已發行本金額 | 518,341 | 26,948 | 79,896 | 625,185 |
| Exchange adjustment | 匯兌調整 | 768 | – | 899 | 1,667 |
| Transaction costs | 交易費用 | (14,726) | (770) | – | (15,496) |
| Interest expenses | 利息開支 | 11,242 | – | – | 11,242 |
| Fair value adjustment | 公平價值調整 | – | – | 203,466 | 203,466 |
| At 31 December 2009 | 於二零零九年十二月三十一日 | 515,625 | 26,178 | 284,261 | 826,064 |

Significant inputs used in the valuation of the fair value of the Warrants as at 31 December 2009 are:

| | |
|-------------------------|------------|
| Share price | HK\$6.25 |
| Exercise price | HK\$4.00 |
| Implied volatility | 37% |
| Expected dividend yield | 1.31% |
| Expected life | 4.45 years |
| Risk-free rate | 1.72% |

During the year ended 31 December 2009, no Bonds were redeemed, converted or purchased and cancelled and no Warrants were exercised.

30 可換股債券及衍生金融工具－認股權證 (續)

債券負債部份之公平價值以實際利率7.91%貼現之現金流估計，而權益部份之公平價值為債券收款餘額，乃於可換股債券資本儲備內確認。於二零零九年十二月三十一日，債券負債部份之賬面值與其公平價值相若。

有關發行債券及認股權證之交易費用按彼等各自於發行日期之賬面值按比例分配至債券之負債部份、債券之權益部份及認股權證。

截至二零零九年十二月三十一日止年度，債券之負債部份及權益部份及認股權證變動如下：

| | | Group and Company 本集團及本公司 | | | |
|-------------------------|---------------|--|---|--|--------------------------------|
| | | Liability component of convertible bonds 可換股債券負債部份 HK\$'000 千港元 | Equity component of convertible bonds 可換股債券權益部份 HK\$'000 千港元 | Derivative financial instrument – warrants 衍生金融工具－認股權證 HK\$'000 千港元 | Total 總計 HK\$'000 千港元 |
| Principal amount issued | 已發行本金額 | 518,341 | 26,948 | 79,896 | 625,185 |
| Exchange adjustment | 匯兌調整 | 768 | – | 899 | 1,667 |
| Transaction costs | 交易費用 | (14,726) | (770) | – | (15,496) |
| Interest expenses | 利息開支 | 11,242 | – | – | 11,242 |
| Fair value adjustment | 公平價值調整 | – | – | 203,466 | 203,466 |
| At 31 December 2009 | 於二零零九年十二月三十一日 | 515,625 | 26,178 | 284,261 | 826,064 |

於二零零九年十二月三十一日評估認股權證公平價值時輸入之主要數據如下：

| | |
|-------|--------|
| 股價 | 6.25港元 |
| 行使價 | 4.00港元 |
| 引伸波幅 | 37% |
| 預期股息率 | 1.31% |
| 預期年期 | 4.45年 |
| 無風險利率 | 1.72% |

於截至二零零九年十二月三十一日止年度，概無債券被贖回、兌換或購買及註銷，亦無認股權證被行使。

31 DEFERRED INCOME TAX

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

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

| | | Group 本集團 | |
|--|-----------------------|----------------------------------|----------------------------------|
| | | 2009 二零零九年 HK\$'000 千港元 | 2008 二零零八年 HK\$'000 千港元 |
| At 1 January | 於一月一日 | 30,216 | 36,357 |
| Exchange adjustment | 匯兌調整 | 234 | - |
| Credited/(charged) to profit and loss account (Note 10) | 計入/(扣除自)損益表 (附註10) | 8,119 | (6,141) |
| At 31 December | 於十二月三十一日 | 38,569 | 30,216 |

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 2009, the Group has unrecognised tax losses of HK\$103,635,000 (2008: HK\$65,080,000) to be carried forward against future taxable income, including HK\$35,580,000 (2008: HK\$14,826,000) and HK\$61,474,000 (2008: HK\$50,254,000) that will expire within the next five years and in five to ten years, respectively.

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

| | | Group 本集團 | |
|------------------------------------|----------|----------------------------------|---|
| | | 2009 二零零九年 HK\$'000 千港元 | 2008 二零零八年 HK\$'000 千港元 |
| Deferred income tax liabilities | 遞延所得稅負債 | | |
| | | | Accelerated tax depreciation 加速稅項折舊 |
| At 1 January | 於一月一日 | 1,555 | 1,115 |
| Exchange adjustment | 匯兌調整 | 20 | - |
| Charged to profit and loss account | 扣除自損益表 | 1,322 | 440 |
| At 31 December | 於十二月三十一日 | 2,897 | 1,555 |

31 遞延所得稅

遞延所得稅採用負債法就暫時差額按適用稅率作全數計算。

遞延所得稅資產淨值之變動如下：

| | | Group 本集團 | |
|--|-----------------------|----------------------------------|----------------------------------|
| | | 2009 二零零九年 HK\$'000 千港元 | 2008 二零零八年 HK\$'000 千港元 |
| At 1 January | 於一月一日 | 30,216 | 36,357 |
| Exchange adjustment | 匯兌調整 | 234 | - |
| Credited/(charged) to profit and loss account (Note 10) | 計入/(扣除自)損益表 (附註10) | 8,119 | (6,141) |
| At 31 December | 於十二月三十一日 | 38,569 | 30,216 |

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。於二零零九年十二月三十一日，本集團有可結轉與未來之應課稅收入對銷之未確認稅項虧損103,635,000港元（二零零八年：65,080,000港元），包括35,580,000港元（二零零八年：14,826,000港元）及61,474,000港元（二零零八年：50,254,000港元）分別於未來五年內及五至十年到期。

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：

| | | Group 本集團 | |
|------------------------------------|----------|----------------------------------|---|
| | | 2009 二零零九年 HK\$'000 千港元 | 2008 二零零八年 HK\$'000 千港元 |
| Deferred income tax liabilities | 遞延所得稅負債 | | |
| | | | Accelerated tax depreciation 加速稅項折舊 |
| At 1 January | 於一月一日 | 1,555 | 1,115 |
| Exchange adjustment | 匯兌調整 | 20 | - |
| Charged to profit and loss account | 扣除自損益表 | 1,322 | 440 |
| At 31 December | 於十二月三十一日 | 2,897 | 1,555 |



31 DEFERRED INCOME TAX (CONTINUED)

| Deferred income tax assets | 遞延所得稅資產 | Provisions | | Decelerated tax depreciation | | Tax losses | | Others | | Total | |
|---|-------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|
| | | 撥備 | | 減速稅項折舊 | | 稅項虧損 | | 其他 | | 總計 | |
| | | 2009 二零零九年 HK\$'000 千港元 | 2008 二零零八年 HK\$'000 千港元 | 2009 二零零九年 HK\$'000 千港元 | 2008 二零零八年 HK\$'000 千港元 | 2009 二零零九年 HK\$'000 千港元 | 2008 二零零八年 HK\$'000 千港元 | 2009 二零零九年 HK\$'000 千港元 | 2008 二零零八年 HK\$'000 千港元 | 2009 二零零九年 HK\$'000 千港元 | 2008 二零零八年 HK\$'000 千港元 |
| At 1 January | 於一月一日 | 27,121 | 23,976 | 3,659 | 11,920 | 368 | 835 | 623 | 741 | 31,771 | 37,472 |
| Exchange adjustment | 匯兌調整 | 207 | - | 43 | - | (2) | - | 6 | - | 254 | - |
| Credited/(charged) to profit and loss account | 計入/(扣除自)損益表 | 7,857 | 3,145 | 2,137 | (8,261) | (366) | (467) | (187) | (118) | 9,441 | (5,701) |
| At 31 December | 於十二月三十一日 | 35,185 | 27,121 | 5,839 | 3,659 | - | 368 | 442 | 623 | 41,466 | 31,771 |

31 遞延所得稅(續)

Group
本集團

32 LICENSE FEES PAYABLE

License fees payable was recognised based on a discount rate of 10% per annum on the minimum guaranteed amount 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 2009, 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 second to fifth year and over five years were HK\$12,622,000 (2008: HK\$7,311,000) and HK\$5,228,000 (2008: HK\$7,843,000) respectively.

32 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最低保證款額每年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。

於二零零九年十二月三十一日，所有特許權使用費應於結算日後十二個月內支付，而應付特許權使用費之賬面值與其估計公平價值相若。應於第二至第五年及五年以上支付之結餘分別為12,622,000港元(二零零八年：7,311,000港元)及5,228,000港元(二零零八年：7,843,000港元)。

33 CONSOLIDATED CASH FLOW STATEMENT

Reconciliation of profit before income tax to cash generated from operations

| | | 2009 二零零九年 HK\$'000 千港元 | 2008 二零零八年 HK\$'000 千港元 |
|---|------------------------------|----------------------------------|----------------------------------|
| Profit before income tax | 除所得稅前盈利 | 633,543 | 666,267 |
| Amortisation | 攤銷 | 3,782 | 2,424 |
| Depreciation | 折舊 | 131,292 | 114,880 |
| Fair value loss on derivative financial instrument – warrants | 衍生金融工具公平價值虧損 – 認股權證 | 203,466 | – |
| (Gain)/loss on disposal of a subsidiary | 出售一間附屬公司之(收益)/虧損 | (1,197) | 3,417 |
| Gain on dissolution of a subsidiary | 解散一間附屬公司之收益 | (315) | – |
| Impairment loss on an available-for-sale financial asset | 可供出售金融資產減值虧損 | – | 4,000 |
| Impairment loss on goodwill | 商譽減值虧損 | 10,606 | – |
| 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 | 18,876 | 20,235 |
| Interest income | 利息收入 | (6,609) | (2,715) |
| Finance costs | 財務成本 | 26,704 | 13,307 |
| Share of profit of an associated company | 應佔一間聯營公司盈利 | (630) | (594) |
| Operating cash flows before working capital changes | 營運資金變動前之經營現金流量 | 1,019,518 | 821,311 |
| Decrease/(increase) in inventories | 存貨減少/(增加) | 476,327 | (320,510) |
| Decrease/(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(減少)/增加 | 19,494 | (161,161) |
| Increase/(decrease) 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增加/(減少) | 35,505 | (35,166) |
| Cash generated from operations | 營運產生之現金 | 1,550,844 | 304,474 |

34 DISPOSAL OF A SUBSIDIARY

In September 2009, the Group disposed a subsidiary, 成都協勇倉儲有限公司(「成協」), to an independent third party at a cash consideration of HK\$25,019,000. The net assets of 成協 at the date of disposal were as follows:

| | | HK\$'000 千港元 |
|--------------------------------------|--------------|-------------------|
| Net assets disposed of: | 所出售資產淨值: | |
| Land use rights | 土地使用權 | 6,564 |
| Fixed assets | 固定資產 | 177 |
| Bank balances and cash | 銀行結餘及現金 | 21,505 |
| Exchange gain realised | 已變現匯兌收益 | 28,246 (4,424) |
| Gain on disposal | 出售收益 | 23,822 1,197 |
| Total consideration | 總代價 | 25,019 |
| 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 | 25,019 |
| Bank balances and cash disposed | 所出售銀行結餘及現金 | (21,505) |
| | | 3,514 |

Note: During the year, 成協 contributed a net loss of HK\$7,000 to the Group.

附註: 年內, 成協為本集團帶來7,000港元虧損淨額。

33 綜合現金流量表

除所得稅前盈利與營運產生之現金之對賬



35 COMMITMENTS

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

| | | Group 本集團 | |
|---------------------------------|---------|----------------------------------|----------------------------------|
| | | 2009 二零零九年 HK\$'000 千港元 | 2008 二零零八年 HK\$'000 千港元 |
| Authorised but not contracted | 已授權但未訂約 | 28,267 | 25,916 |
| Contracted but not provided for | 已訂約但未撥備 | 27,971 | 34,615 |
| | | 56,238 | 60,531 |

(b) Commitments under operating leases

As at 31 December 2009, 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 | |
|---|---------|----------------------------------|----------------------------------|
| | | 2009 二零零九年 HK\$'000 千港元 | 2008 二零零八年 HK\$'000 千港元 |
| Not later than one year | 一年內 | 548,816 | 514,936 |
| Later than one year and not later than five years | 一年後及五年內 | 531,293 | 588,062 |
| Later than five years | 五年後 | 7,893 | 8,109 |
| | | 1,088,002 | 1,111,107 |

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 2009 (2008: nil).

35 承擔

(a) 購買土地使用權及固定資產之資本承擔

| | | Group 本集團 | |
|---------------------------------|---------|----------------------------------|----------------------------------|
| | | 2009 二零零九年 HK\$'000 千港元 | 2008 二零零八年 HK\$'000 千港元 |
| Authorised but not contracted | 已授權但未訂約 | 28,267 | 25,916 |
| Contracted but not provided for | 已訂約但未撥備 | 27,971 | 34,615 |
| | | 56,238 | 60,531 |

(b) 經營租賃承擔

於二零零九年十二月三十一日，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 | |
|---|---------|----------------------------------|----------------------------------|
| | | 2009 二零零九年 HK\$'000 千港元 | 2008 二零零八年 HK\$'000 千港元 |
| Not later than one year | 一年內 | 548,816 | 514,936 |
| Later than one year and not later than five years | 一年後及五年內 | 531,293 | 588,062 |
| Later than five years | 五年後 | 7,893 | 8,109 |
| | | 1,088,002 | 1,111,107 |

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。

於二零零九年十二月三十一日，本公司並無任何重大承擔(二零零八年：零)。

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 | | | | |
|--------------------------------------|-----------------|---|----------------------------------|----------------------------------|----------------------------------|----------------------------------|
| | | 2009 二零零九年 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 | 2006 二零零六年 HK\$'000 千港元 | 2005 二零零五年 HK\$'000 千港元 |
| Results | 業績 | | | | | |
| Turnover | 營業額 | 5,831,994 | 5,289,297 | 3,853,580 | 3,093,086 | 2,622,677 |
| Gross profit | 毛利 | 3,207,078 | 2,787,386 | 1,829,779 | 1,395,212 | 1,143,943 |
| Profit before income tax | 除所得稅前盈利 | 633,543 | 666,267 | 530,018 | 391,617 | 319,216 |
| Profit for the year attributable to: | 以下各方應佔 年內盈利： | | | | | |
| Equity holders of the Company | 本公司權益 持有人 | 400,659 | 497,177 | 388,720 | 295,104 | 256,056 |
| Minority interests | 少數股東權益 | 393,838 | 492,920 | 384,383 | 291,566 | 254,593 |
| | | 6,821 | 4,257 | 4,337 | 3,538 | 1,463 |
| Basic earnings per share (HK cents) | 每股基本盈利 (港仙) | 24.05 | 30.09 | 23.47 | 17.80 | 15.72 |
| Dividend per share (HK cents) | 每股股息 (港仙) | 8.0 | 5.5 | 5.0 | 4.5 | 5.0 |

| | | As at 31 December 於十二月三十一日 | | | | |
|-------------------------------|----------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|
| | | 2009 二零零九年 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 | 2006 二零零六年 HK\$'000 千港元 | 2005 二零零五年 HK\$'000 千港元 |
| Assets and liabilities | 資產及負債 | | | | | |
| Total assets | 總資產 | 3,940,808 | 2,962,361 | 2,361,901 | 1,718,838 | 1,434,624 |
| Total liabilities | 總負債 | 1,698,883 | 1,071,063 | 954,719 | 705,626 | 611,008 |
| Total equity attributable to: | 以下各方應佔 總權益： | | | | | |
| Equity holders of the Company | 本公司權益 持有人 | 2,241,925 | 1,891,298 | 1,407,182 | 1,013,212 | 823,616 |
| Minority interests | 少數股東權益 | 2,202,898 | 1,854,533 | 1,373,084 | 981,308 | 744,207 |
| | | 39,027 | 36,765 | 34,098 | 31,904 | 79,409 |

DAPHNE INTERNATIONAL HOLDINGS LIMITED
達芙妮國際控股有限公司*

www.daphneholdings.com