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2010 Annual Report

年報

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

(Stock code:210)
(股票代號:210)

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BOARD OF DIRECTORS**Executive Directors**

Mr Chen Ying-Chieh (*Chairman and Chief Executive Officer*)
(appointed as Chief Executive Officer on 27 January 2011)
Mr Chen Hsien Min (*Managing Director*)
(re-designated as Non-executive Director and Vice-chairman
on 27 January 2011)
Mr Chang Chih-Kai
Mr Chang Chih-Chiao

Non-executive Directors

Mr Chen Hsien Min (*Vice-chairman*)
(appointed on 27 January 2011)
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

董事會**執行董事**

陳英杰先生 (*主席兼行政總裁*)
(於二零一一年一月二十七日獲委任為行政總裁)
陳賢民先生 (*董事總經理*)
(於二零一一年一月二十七日調任為
非執行董事兼副主席)
張智凱先生
張智喬先生

非執行董事

陳賢民先生 (*副主席*)
(於二零一一年一月二十七日獲委任)
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

CORPORATE INFORMATION

AUTHORISED REPRESENTATIVES

Mr Chen Hsien Min (resigned on 27 January 2011)
Mr Chen Ying-Chieh (appointed on 27 January 2011)
Ms Chan Oi Chu

REGISTERED OFFICE

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

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

17th Floor, Fung House
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Hong Kong
Telephone: (852) 2367 9021
Fax: (852) 2311 3170

OPERATIONAL HEADQUARTER

3908 Hu Qing Ping Road
Zhao Xiang Town
Qingpu County
Shanghai, China
Telephone: (86) 21 3976 2468
Fax: (86) 21 5975 2698

SHARE REGISTRAR AND TRANSFER OFFICE

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

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants

PRINCIPAL BANKERS

China Construction Bank Corporation
First Sino 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

CORPORATE WEBSITES

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

公司資料

授權代表

陳賢民先生(於二零一一年一月二十七日辭任)
陳英杰先生(於二零一一年一月二十七日獲委任)
陳愛珠女士

註冊辦事處

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

香港主要營業地點

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干諾道中19-20號
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傳真：(852) 2311 3170

營運總部

中國上海
青浦縣
趙巷鎮
滬青平公路3908號
電話：(86) 21 3976 2468
傳真：(86) 21 5975 2698

股份過戶登記處

卓佳秘書商務有限公司
香港
皇后大道東28號
金鐘匯中心26樓

核數師

羅兵咸永道會計師事務所
執業會計師

主要往來銀行

中國建設銀行股份有限公司
華一銀行
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

公司網址

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

FINANCIAL AND OPERATIONAL HIGHLIGHTS

財務及經營摘要

FINANCIAL PERFORMANCE

財務表現

		For the year ended 31 December 截至十二月三十一日止年度	
		2010 二零一零年	2009 二零零九年
Turnover (HK\$' million)	營業額(百萬港元)	6,623.8	5,832.0
Gross profit (HK\$' million)	毛利(百萬港元)	3,800.8	3,207.1
Operating profit (HK\$' million) (Note 1)	經營盈利(百萬港元)(附註1)	971.7	863.1
Profit attributable to equity holders of the Company (HK\$' million)	本公司權益持有人應佔盈利(百萬港元)	595.5	393.8
Basic earnings per share (HK cents)	每股基本盈利(港仙)	36.36	24.05
Dividend per share (HK cents)	每股股息(港仙)	12.0	8.0

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	
		2010 二零一零年	2009 二零零九年
Average inventory turnover (days) (Note 2)	平均存貨週轉期(日)(附註2)	128	156
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)	69	77
Cash conversion cycle (days) (Note 5)	現金循環天數(日)(附註5)	70	90
Capital expenditure (HK\$' million) (Note 6)	資本開支(百萬港元)(附註6)	281.3	142.7
Effective tax rate (%) (Note 7)	實際稅率(%) (附註7)	25.7	27.8

		As at 31 December 於十二月三十一日	
		2010 二零一零年	2009 二零零九年
Cash and bank balances (HK\$' million) (Note 8)	現金及銀行餘額(百萬港元)(附註8)	2,059.7	1,625.8
Bank loans (HK\$' million)	銀行貸款(百萬港元)	11.3	14.6
Convertible bonds (HK\$' million)	可換股債券(百萬港元)	556.6	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)	3,124.3	2,202.9
Current ratio (times) (Note 9)	資產流動比率(倍)(附註9)	3.38	2.70
Net gearing ratio (%) (Note 10)	淨負債比率(%) (附註10)	Net cash淨現金	Net cash淨現金

Notes:

- Operating profit represented profit before fair value loss on 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.

附註:

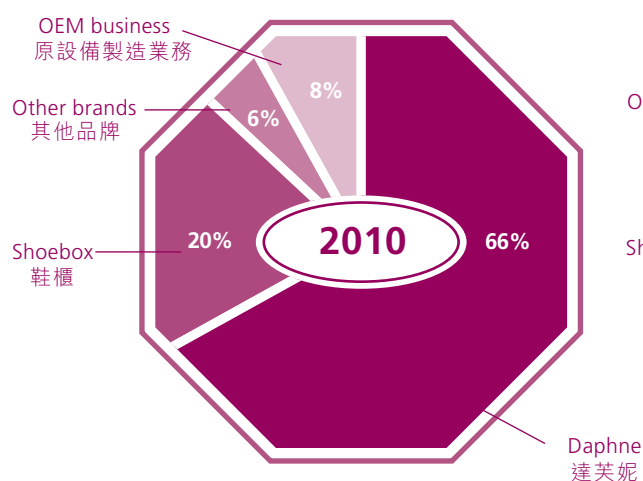
- 經營盈利指除認股權證之公平值虧損、財務成本、應佔一間聯營公司盈利及所得稅開支前盈利。
- 平均存貨週轉期(日)乃按年初及年終存貨之平均結餘除以銷售成本乘以365日計算。
- 平均應收賬週轉期(日)乃按年初及年終貿易應收賬款平均結餘除以營業額乘以365日計算。
- 平均應付賬週轉期(日)乃按年初及年終貿易應付賬款平均結餘除以採購額乘以365日計算。

FINANCIAL AND OPERATIONAL HIGHLIGHTS

- The calculation of cash conversion cycle (days) is based on average inventory turnover (days) plus average debtors turnover (days) minus average creditors turnover (days).
- Capital expenditure comprises acquisition of land use rights and fixed assets and cash expenditure on license rights.
- Effective tax rate is calculated based on income tax expense including PRC withholding tax divided by profit before income tax excluding fair value loss on warrants.
- 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 the total of bank loans and convertible bonds divided by equity attributable to equity holders of the Company as at 31 December.

Turnover Contribution Analysis

For the year ended 31 December



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

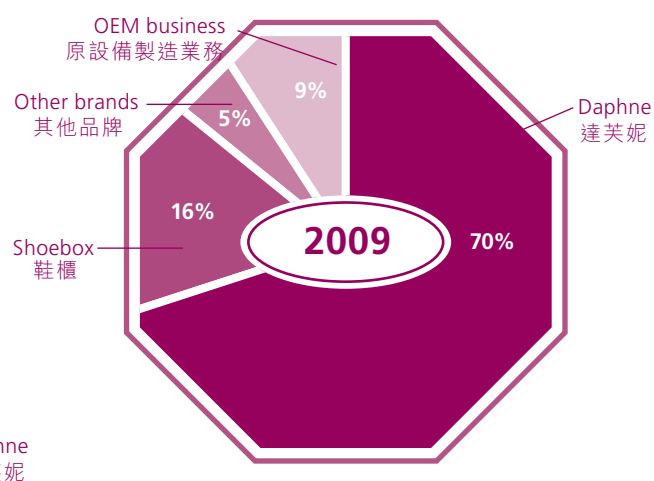
● Company-owned Brand – Shoebox
自有品牌 — 鞋櫃

財務及經營摘要

- 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。
- 資本開支包括購置土地使用權及固定資產，以及特許使用權的現金開支。
- 實際稅率乃按所得稅開支(包括中國大陸之預扣稅)除以除所得稅前盈利(不包括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銀行貸款及可換股債券之總額除以本公司權益持有人應佔權益計算。

營業額貢獻分析

截至十二月三十一日止年度



● Other brands
其他品牌

● OEM Business
原設備製造業務

Distribution of points-of-sale of "Daphne" and "Shoebox" in Mainland China as at 31 December

於十二月三十一日之「達芙妮」及「鞋櫃」位於中國大陸的銷售點數目

	Year	Brand	Sales Point	City Tier 城市級別						Total 合計
				Tier 1 一線城市	Tier 2 二線城市	Tier 3 三線城市	Tier 4 四線城市	Tier 5 五線城市	Tier 6 六線城市	
2010	二零一零年	Daphne	達芙妮	398	704	530	677	587	893	3,789
		Shoebox	鞋櫃	142	241	226	221	206	77	1,113
				540	945	756	898	793	970	4,902
2009	二零零九年	Daphne	達芙妮	356	616	442	613	531	749	3,307
		Shoebox	鞋櫃	110	171	149	173	160	50	813
				466	787	591	786	691	799	4,120

RESULTS

With the Mainland China economy continuing to grow with vigor, consumption sentiment has also kept strengthening. This trend, which braced healthy development of the retail sector in the past year, is expected to continue to present opportunities to retailers. Boasting success in tapping the trend, I am pleased to present the annual results of Daphne International Holdings Limited (the "Company") and its subsidiaries (the "Group") for the year ended 31 December 2010.

BRAND BUSINESS CONTINUES TO CONSOLIDATE

Our own brands, "Daphne" and "Shoebox", continued to account for a vast percentage of our sales revenue – 86% together. "Daphne" brought in approximately 66% of our total revenue and "Shoebox", which targets the mass market and has been gaining growth momentum, contributed nearly 20% of the total sales revenue for the year under review.

"Daphne", targeting the medium-price female footwear market, continued to deliver existing and fashionable products at affordable price. To support its continuous growth, we expanded its sales network across Mainland China, with most of the points-of-sale opened towards the second half of the year as labour-related pressures eased.

"Shoebox", made significant progress during 2010. It managed to achieve sales growth and an operating margin that exceeded our expectations. To further enhance the growing awareness of the brand among mass consumers, we strategically set up "Shoebox" points-of-sale in the neighbourhood where Daphne is already present. This approach accommodated us to meet our expansion and profitability target for the year.

Committed to catering to a vast majority of budgets and tastes, the Group acquired a majority equity interest in Full Pearl International Limited ("Full Pearl") in January 2010 to more effectively serve the mid-to-high-end footwear market. After the acquisition, we integrated the upscale business including its approximately 200 points-of-sale for various mid-to high-end brands with the rest of our operations.

Apart from strengthening our core brand business, the Group has also devoted much effort to bolstering its capabilities on all fronts including manufacturing business. Despite the labour shortages in southern China, our factory operations were unimpeded and even achieved a modest turnover growth versus the previous year. We constantly keep a close eye on our production planning as well as capacity optimisation.

業績

中國內地經濟增長凌厲，消費氣氛亦持續堅挺，成為零售業在去年穩步發展的強大支柱，並將持續為零售商帶來商機，而本集團也能成功緊隨市場的上升趨勢。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」）截至二零一零年十二月三十一日止年度的全年業績。

繼續整合品牌業務

本集團的自有品牌「達芙妮」及「鞋櫃」繼續成為主要收入來源，合共佔總收益86%，當中「達芙妮」佔集團總收益近66%，而針對大眾市場的「鞋櫃」自推出以來銷情穩步向上，迅速佔據總收益額近20%比重。

主攻中價女鞋市場的「達芙妮」繼續以合理售價銷售時尚別緻的產品。為取得持續性增長，本集團進一步擴大了中國內地的銷售網絡。隨著本集團勞工短缺壓力在下半年消除後，我們相應加快了增加零售店鋪的數目。

「鞋櫃」在去年的成績斐然，銷情及經營盈利率均超逾本集團預期。為進一步提升大眾消費者對品牌知名度的認知，本集團策略性地在「達芙妮」店鋪的毗鄰開設「鞋櫃」，此舉使本集團在過去一年成功達到展店及盈利的目標。

為全面迎合廣大消費者的不同消費水平及喜好，本集團於二零一零年一月收購富珍國際有限公司（「富珍」）的主要股份權益，銳意加強在中高端女鞋市場的滲透。通過是項收購，本集團遂將「富珍」旗下包括約200個不同中高端品牌的銷售點與集團其他業務進行整合。

本集團除了強化核心品牌業務外，亦致力於提升自身的全面競爭優勢，包括製造業務的實力。儘管華南地區去年受到國內勞工短缺的困擾，惟本集團廠房的營運不但未受影響，營業額反較去年錄得溫和增長。本集團將密切注視生產的規劃及產能效率的優化。

BUILDING A WELL-ROUNDED OPERATION

In the year ahead, the Group will continue to build a well-rounded business operation. We will keep strengthening the presence of "Daphne" and "Shoebox" in Mainland China, continue the integration of Full Pearl and introduce new brands covering footwear and fashion products for mid-to high-end consumers. We aim to offer a complete product portfolio that pleases women from all walks of life and income strata. Carefully tailored marketing campaigns will be mounted aiming at elevating brand awareness and cementing customer loyalty. Meanwhile, to assure steady supply of products, we will continue to enhance supply chain and look for new suppliers throughout Mainland China. We are optimistic that these efforts will enhance the prominence of our brands and allow us to deliver favorable returns to shareholders.

APPRECIATION

I would like to extend my deep appreciation to all business partners, our employees, management team and shareholders for their commitment and trust bestowed on Daphne International Holdings Limited.

Chen Ying-Chieh

Chairman

Hong Kong, 30 March 2011

塑造一應俱全的業務模式

來年，本集團將繼續打造全面化的業務架構，包括持續強化「達芙妮」及「鞋櫃」在中國內地大眾市場的據點，同時進一步整合「富珍」業務。另外，本集團將為中高端消費者引入新的鞋類及服裝產品。本集團希望藉著豐富產品組合，全面滿足各行各業不同入息層的女性消費者的需求。為此，本集團將謹慎推出度身訂造的市場推廣活動，力求持續提升品牌知名度及鞏固顧客忠誠度。同時，為確保產品供應穩定，本集團將在國內物色新的供應商，藉以加強供應鏈效能。透過上述措施，本集團對加強自身品牌地位、取得更理想的業務發展及為股東爭取可觀回報表示樂觀。

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國際控股有限公司所作出的支持和信任致以衷心感謝。

主席

陳英杰

香港，二零一一年三月三十日

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

BUSINESS REVIEW

Brand Business

業務回顧

品牌業務

Number of points-of-sale

as at 31 December

於十二月三十一日之銷售點數目

		2010 二零一零年	2009 二零零九年	Change 變化
Daphne (Mainland China)	「達芙妮」(中國大陸)	3,789	3,307	+482
Shoebox	「鞋櫃」	1,113	813	+300
Others	其他	297	105	+192
Total	合計	5,199	4,225	+974

Turnover for the year

ended 31 December (HK\$'million)

截至十二月三十一日止年度之營業額(百萬港元)

		2010 二零一零年	2009 二零零九年	Change 變化
Daphne (Mainland China)	「達芙妮」(中國大陸)	4,400.2	4,063.0	+8%
Shoebox	「鞋櫃」	1,296.4	954.7	+36%
Others	其他	430.3	278.6	+54%
Total	合計	6,126.9	5,296.3	+16%

“Daphne”

Spurred by retail market growth in Mainland China, the Group's core own brand “Daphne” continued to play the market leader and contributed 66% (2009: 70%) of Group's turnover for the year ended 31 December 2010.

The renowned “Daphne” brand enjoyed strengthened market presence in Mainland China with more points-of-sale established in 2010, in particular, during the second half of the year when stock-out problem caused by temporary factory labour shortage was resolved. As at the end of 2010, “Daphne” had 1,986 (2009: 1,848) directly-managed stores, 819 (2009: 716) directly-managed counters and 984 (2009: 743) franchised outlets.

In 2010, “Daphne” business delivered growth in both turnover and gross profit margin. Despite the keen market competitions, high inflation and increasing material costs, “Daphne” successfully managed the cost pressure by increasing the products' average selling price (“ASP”). The higher ASP could also differentiate “Daphne” brand from other brands (e.g. “Shoebox”) operated by the Group. Moreover, the Group launched a “Brand Rejuvenation” campaign for “Daphne” in the second half of the year as to maintain its competitive strength. To elevate the market position of the brand, the Group introduced an enhanced product portfolio with better quality, which has earned the appreciation of customers.

「達芙妮」

受惠於中國內地零售市場的增長帶動，本集團的核心自有品牌「達芙妮」繼續成為市場領導者，佔本集團截至二零一零年十二月三十一日止之營業額66%（二零零九年：70%）。

隨着下半年因短暫廠房勞工短缺而引致的缺貨問題得到解決後，本集團於二零一零年增加了「達芙妮」的銷售點，以提升在中國內地的市場地位。於二零一零年年底，「達芙妮」共有1,986（二零零九年：1,848）間直營店、819（二零零九年：716）個直營專櫃及984（二零零九年：743）個加盟零售點。

二零一零年，「達芙妮」的營業額及毛利率均錄得增長。儘管面對激烈的市場競爭，通脹高企以及原材料成本上升，惟透過增加平均銷售單價，「達芙妮」成功處理成本壓力。提價亦有助進一步區分「達芙妮」與集團旗下其他品牌如「鞋櫃」。此外，本集團在下半年透過推行「達芙妮」品牌重塑計劃，維持其競爭強勢。本集團在提升品牌地位方面，通過引進更優質的產品種類而贏得客戶的高度讚賞。

MANAGEMENT DISCUSSION AND ANALYSIS

However, as a result of rising expenses, operating profit margin of “Daphne” was under pressure. During the year, the Group recorded higher rental and personnel expenses.

“Shoebox”

“Shoebox” business performance exceeded management’s expectation in 2010. Same store sales maintained double-digit growth. Turnover gross profit and operating profit all recorded satisfactory growth, being 36% and 44% and 72%, respectively, compared to last year. Moreover, with ASP climbing up, its gross margin rose by approximately 3.2 percentage points. Such solid performances can be attributed to greater recognition of the brand in the mass market, which is “Shoebox”’s target segment. Strong economic growth bolstering household income and consumption sentiment are also significant factors contributing to growth of the business.

As at 31 December 2010, “Shoebox” had 1,113 (2009: 813) directly-managed stores located in different city tiers of Mainland China.

Together with “Daphne”, “Shoebox” penetrated new business zones, in addition to entering locations where “Daphne” already has strong presence.

Other brands

Other brands consist of self-owned brands and licensed brands operated in Mainland China, Taiwan and Hong Kong, contributed to approximately 6% (2009: 5%) of the Group’s turnover for the year.

Upon the acquisition of Full Pearl in January 2010, the Group’s brand portfolio was enriched to have different brands targeting various segments of customers.

In the second half of the year, the newly acquired Full Pearl’s business was re-organised to better integrate with the existing business of the Group to achieve maximum synergies and operational efficiency. The integration has been undergoing since the last quarter of 2010 and it is expected to generate operational benefits in the long-term.

Following the decision to withdraw from the sportswear business in 2009, the Group fully terminated the business in the first half of 2010.

Manufacturing Business

The Group’s manufacturing business maintained stable development for the year under review. The Group is prudent in managing its manufacturing business amid strong competition, it continuously aims to maintain stable operating margin by managing its cost structure and operation efficiently.

管理層討論及分析

然而，「達芙妮」的經營利潤率因面對開支增加而受壓。年內，本集團在租金及人事成本方面的開支較往年高。

「鞋櫃」

「鞋櫃」在二零一零年的發展超越管理層的預期。同店銷售維持雙位數字增長。營業額、毛利及經營盈利均表現卓越，分別較去年躍升36%、44%及72%。此外，平均銷售單價攀升，毛利率增加了約3.2個百分點。「鞋櫃」業務的成功關鍵，在於其知名度已廣被以大眾市場為目標的客戶群中接納。另外，經濟增長帶動家庭收入及消費意慾上升，也有利於刺激業務增長。

於二零一零年十二月三十一日，「鞋櫃」在中國大陸不同級別的城市中擁有1,113（二零零九年：813）個直營店。

除了連合「達芙妮」共同進軍新的地區外，「鞋櫃」亦向「達芙妮」已建立強大據點的地區進駐。

其他品牌

其他品牌包括在中國大陸、台灣及香港經營的自有品牌及代理品牌，共佔本集團年度營業額6%（二零零九年：5%）。

自集團在二零一零年一月收購「富珍」後，豐富了本集團的產品組合，不同品牌能滲透至不同層面的消費群。

在年度下半年，本集團致力將新收購的「富珍」與現有業務進行重新整合，力求達至最大及最佳的同效益及營運效率。業務整合自二零一零年末季開始進行，預計可為長遠帶來營運效益。

隨着在二零零九年決定撤出運動服飾業務，本集團於二零一零年上半年全面結束此項業務。

製造業務

本集團的製造業務在回顧年內保持平穩發展。面對競爭，本集團會謹慎經營製造業務，通過有效監察成本結構及經營，繼續維持穩定的經營利潤。

FINANCIAL REVIEW

Results Performance

For the year ended 31 December 2010, the Group's turnover increased by 14% to HK\$6,623.8 million (2009: HK\$5,832.0 million) while operating profit (being profit before fair value loss on warrants, finance costs, share of profit of an associated company and income tax expense) increased by 13% to HK\$971.7 million (2009: HK\$863.1 million). Recognising the fair value loss on warrants of HK\$77.3 million (2009: HK\$203.5 million) in 2010, profit attributable to shareholders was HK\$595.5 million (2009: HK\$393.8 million), increased by 51%. Basic earnings per share was HK36.36 cents (2009: HK24.05 cents). The Board recommended payment of a final dividend of HK6.0 cents (2009: HK5.0 cents) per share for the year ended 31 December 2010. Including interim dividend of HK6.0 cents (2009: HK3.0 cents) per share, total dividend per share for 2010 is HK12.0 cents (2009: HK8.0 cents), representing an increase of 50% compared to last year. Total dividend payout is 29% (2009: 22%), based on EPS excluding fair value loss on warrants.

財務回顧

業績表現

截至二零一零年十二月三十一日止年度，本集團營業額增加14%至6,623.8百萬港元（二零零九年：5,832.0百萬港元），而經營盈利（扣除認股權證之公平價值虧損、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13%至971.7百萬港元（二零零九年：863.1百萬港元）。於二零一零年計入認股權證共77.3百萬港元（二零零九年：203.5百萬港元）之公平價值虧損後，股東應佔盈利錄得595.5百萬港元（二零零九年：393.8百萬港元），增加51%。本集團每股基本盈利為36.36港仙（二零零九年：24.05港仙）。董事會建議派發截至二零一零年十二月三十一日止年度的末期股息每股6港仙（二零零九年：5.0港仙），連同中期派發的股息每股6.0港仙（二零零九年：3.0港仙），全年股息合計為每股12.0港仙，（二零零九年：8.0港仙）較去年上升50%。派息比率（根據不包括認股權證之公平價值虧損的每股盈利）為29%（二零零九年：22%）。

The business performance of individual segments for the year ended 31 December is summarised as follows:

各分部於截至十二月三十一日止年度的業務表現載列如下：

HK\$' million 百萬港元		Daphne 達芙妮		Brand business 品牌業務			Manufacturing Business 製造業務		
		2010 二零一零年	2009 二零零九年	Shoebox 鞋櫃	Others 其他	2010 二零一零年	2009 二零零九年	2010 二零一零年	2009 二零零九年
For the year ended 31 December 截至十二月三十一日止年度									
Revenue from external customers	對外客戶收益	4,350.1	4,059.1	1,296.4	954.7	409.7	277.6	567.6	540.7
Inter-segment revenue	分部間收益	50.0	3.9	-	-	20.7	1.0	594.5	573.3
Total segment revenue	分部收益總額	4,400.1	4,063.0	1,296.4	954.7	430.3	278.6	1,162.1	1,114.0
Segment gross profit	分部毛利	2,646.5	2,410.5	751.2	521.9	224.1	92.3	180.0	174.3
Segment operating profit/(loss)	分部經營盈利/(虧損)	830.6	780.2	175.5	102.3	(7.3)	(66.6)	51.6	56.5

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

Liquidity and Financial Resources

As at 31 December 2010 and 31 December 2009, the Group has a healthy net cash position. Cash and bank balances, comprised of cash and cash equivalents and bank deposits with maturity over three months, were HK\$2,059.7 million (2009: HK\$1,625.8 million). The net increase of HK\$433.9 million (2009: HK\$1,477.8 million) is analysed as follows:

流動資金及財政資源

於二零一零年十二月三十一日及二零零九年十二月三十一日，本集團擁有良好的淨現金狀況。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）為2,059.7百萬港元（二零零九年：1,625.8百萬港元）。淨增加的433.9百萬港元（二零零九年：1,477.8百萬港元）分析如下：

		2010 二零一零年 HK\$' million 百萬港元	2009 二零零九年 HK\$' million 百萬港元
Net cash generated from operating activities	經營業務產生的現金淨額	892.3	1,350.0
Capital expenditure	資本開支	(281.3)	(142.7)
Proceeds from disposal of fixed assets	出售固定資產所得款項	4.1	5.1
Net dividend paid	已付股息淨額	(183.8)	(101.5)
Net bank loans repaid	淨銀行貸款償還	(34.0)	(256.3)
Net cash flow from (acquisition)/disposal of subsidiaries and other investment	(收購)／出售附屬公司及其他投資之淨現金流	(32.3)	3.5
Net proceeds from issue of convertible bonds and warrants	發行可換股債券和認股權證所得淨額	-	609.7
Net interest received/(paid)	已收／(付)利息淨額	16.5	(7.2)
Others	其他	-	0.1
Effect of exchange rate changes	外匯兌換率變動之影響	52.4	17.1
		433.9	1,477.8

As at 31 December 2010, the Group had unutilised banking facilities amounting to HK\$214.9 million (2009: HK\$188.4 million) and current ratio (being current assets divided by current liabilities) was 3.38 (2009: 2.70). The Group has sufficient resources currently to support expansion and development of business in the future.

於二零一零年十二月三十一日，本集團未動用之銀行融資額度為214.9百萬港元（二零零九年：188.4百萬港元），資產流動比率（按流動資產除以流動負債計算）為3.38倍（二零零九年：2.70倍）。本集團現時持有足夠資源以支持未來擴充及業務發展所需。

To maximise the return on idle liquid resources, during the year ended 31 December 2010, the Group placed a number of principal-guaranteed structured deposits with registered banks in Mainland China. The interest income earned for the year was HK\$37.1 million, significantly higher than that of last year of HK\$6.6 million.

集團為令閒置流動資源帶來最大回報，在截至二零一零年十二月三十一日止年度內，本集團存放了一些保本結構性存款於中國大陸之註冊銀行。利息收入由去年的6.6百萬港元大幅增至本年的37.1百萬港元。

As at 31 December 2010, the Group's net gearing, calculated on the basis of net debt (being total bank loans and convertible bonds less total cash and bank balances) over shareholders' equity, was in a net cash (2009: net cash) position. All bank loans were at floating rates during the year.

於二零一零年十二月三十一日，本集團淨負債情況（根據負債淨額（即銀行貸款及可換股債券之總額）除以股東權益計算）為淨現金（二零零九年：淨現金）。年內銀行貸款均以浮息計算。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

Foreign Exchange Risk Management

The Group did not engage in any foreign exchange derivatives during the year (2009: nil). Management closely monitors the market situation and may consider tools to manage foreign exchange risk whenever necessary.

Pledge of Assets

As at 31 December 2010, the Group's short-term bank loan of HK\$11.3 million was all unsecured. As at 31 December 2009, the Group's short-term bank loan 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.

Capital Expenditure

During the year, the Group incurred a capital expenditure of HK\$281.3 million (2009: HK\$142.7 million) mainly for retail network expansion and renovation, purchase and construction of regional warehouses and offices, etc.

Acquisition of Subsidiaries

In January 2010, the Group acquired 59.96% equity interest in Full Pearl at a consideration of HK\$195.0 million, including cash paid of HK\$180.0 million and a payable bearing interest of 5% per annum of HK\$15.0 million. License rights and trademarks of HK\$108.3 million and goodwill of HK\$0.9 million were recognised upon completion of the transaction.

Contingent Liabilities

As at 31 December 2010, the Group had no significant contingent liabilities.

Human Resources

As at 31 December 2010, the Group had over 23,000 (2009: 21,000) employees in Mainland China, Taiwan, Hong Kong and Korea. Employee and directors' expenditure for the year, including share-based payment expense of HK\$58.6 million (2009: nil), amounted to HK\$836.6 million (2009: HK\$607.4 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.

匯率風險管理

本集團於年內並無使用任何外匯衍生工具(二零零九年：無)。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調控外匯風險。

資產抵押

於二零一零年十二月三十一日，集團短期銀行貸款為11.3百萬港元均無抵押。於二零零九年十二月三十一日，集團之銀行短期貸款14.6百萬港元是以賬面值為零的可出售金融資產作抵押及以2.9百萬港元之存款作融資額度抵押。

資本開支

年內，集團的資本開支為281.3百萬港元(二零零九年：142.7百萬港元)，主要用於擴展及裝修分銷網絡、購置及建設倉儲設施及辦公室等。

收購附屬公司

於二零一零年一月，本集團以總代價為195百萬港元(當中包括180.0百萬港元現金以及15.0百萬港元按年利率5厘計息的應付款項)收購富珍59.96%之股本權益。集團於是項收購完成而錄得特許使用權及商標108.3百萬港元及商譽0.9百萬港元。

或然負債

於二零一零年十二月三十一日，本集團並無任何重大或然負債。

人力資源

於二零一零年十二月三十一日，本集團於中國大陸、台灣、香港及韓國之僱員人數超過23,000人(二零零九年：21,000人)。年內僱員及董事開支(包括以股份為基礎之款項開支為58.6百萬港元(二零零九年：無))為836.6百萬港元(二零零九年：607.4百萬港元)。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。

MANAGEMENT DISCUSSION AND ANALYSIS

PROSPECTS

The Mainland China economy is expected to experience GDP growth of approximately 9% in 2011. On top of that, salaries are on the rise continuously, which means the middle-class population is growing. These developments will benefit businesses targeting the low- to mid-end market segment. The gradual movement of industrial activities from the east coast to central and western parts of the country will also provide fresh opportunities for businesses with operations in the latter regions.

The Group will continue to exploit the rising purchasing power of consumers in Mainland China. It will pursue a multi-brand strategy and introduce products across the price spectrum to match the spending preferences of consumers. To better serve the mass market, the Group will strengthen and expand the existing markets of its core brand business. For “Daphne”, the Group will continue the brand rejuvenation program to refresh consumers’ perception. Having been in the market for two decades, “Daphne”’s illustrious history will be a strong platform for it to raise brand status to new heights. While capitalising on the revitalisation campaign, more products of a greater price range will be introduced to attract higher customer traffic and help the Group maintain stable same store sales growth in coming years. Furthermore, the Group will continue to open sales points in lower tier cities, which will bring more customers to the rejuvenated “Daphne” brand. For the “Shoebox” label, the Group will develop strategies to reinforce the brand’s family-oriented philosophy. It will for the first time use marketing activities designed to attract national attention and build brand awareness.

Regarding the mid- to high-end ladies footwear segment served by multi brands brought in by Full Pearl, the Group will seek to increase consumer recognition of the brands in first- and second-tier cities. In addition to footwear segment, the Group will also develop new business opportunities to satisfy the growing demand of the mid-to-high income segment in Mainland China.

Network expansion will also be a focus of the Group to consolidate existing businesses. The Group plans to open approximately 800 points-of-sale, including 600 directly-managed and 200 franchised outlets, for its core owned brand business in 2011.

To support expansion of business geographically, the Group will secure new suppliers to diversify and stabilise supply of products. Efforts to optimise the supply chain will also involve enhancing core processes including procurement, manufacturing, inventory control, warehousing and logistics, and adoption of information technologies.

Facing opportunities ahead, the Group is prepared and ready to greet and tackle related competitive and operational challenges. We are confident that we can report satisfactory performance in coming years.

管理層討論及分析

展望

根據中國內地的經濟預測，國內生產總值於二零一一年將上升約9%，而工資亦會繼續上漲，令中產階層的比例持續擴大，此將惠及以低中端市場為目標的行業。另外，工業逐步由東岸遷往西部，亦會為該地區帶來更多嶄新商機。

為全面捕捉中國大陸消費者持續攀升的購買能力，本集團將採用多品牌策略，同時會引入不同價位的產品以配合消費者的購買喜好。在大眾市場方面，本集團將加強及擴展其核心品牌業務的現有的據點及市場。本集團銳意重塑「達芙妮」的品牌形像，務求令消費者對品牌保持新鮮感。「達芙妮」品牌已屹立市場超過二十年，其輝煌業績定能推動品牌再攀高峰。透過品牌重塑計劃，本集團將陸續推出更多不同價格定位的產品，旨在招攬更多顧客以及使同店銷售在未來數年內保持平穩增長。此外，本集團將在次線城市繼續開設銷售點，務求令煥然一新的「達芙妮」品牌推出後，全面滿足新增客戶的需求。「鞋櫃」方面，本集團所採用的發展策略會強化品牌所蘊含的以家庭為本的銷售理念，包括首次採用推廣活動，力求吸引全國客戶對品牌的關注，從而建立品牌知名度。

以「富珍」為主的中高端多品牌業務方面，本集團將提高其在一、二線城市的知名度，同時採用多品牌策略以加強在市場的滲透力度。除了鞋類市場外，本集團亦會拓展新的業務商機，力求全面滿足在中國大陸人數不斷上升的中高收入消費者的需求。

拓展銷售網絡亦是本集團鞏固現有業務的關鍵，因比，本集團計劃於二零一一年就其核心品牌業務開設800個銷售點（當中包括600個直營銷售點及200個加盟零售點）。

為支援本集團的地域性擴展，本集團將物色新供應商，以取得穩定及多元化的貨品供應。本集團會透過加強核心工序的效益，包括採購、製造、存貨控制、倉儲及物流，以及資訊科技應用以進一步優化供應鏈。

面對未來機會，本集團已準備就緒以應付隨之以來的經營挑戰。我們有信心可於未來數年錄得理想表現。

BIOGRAPHY OF DIRECTORS AND SENIOR MANAGEMENT

董事及高層管理人員簡歷

EXECUTIVE DIRECTORS

Mr Chen Ying-Chieh, aged 41, is the chairman and was appointed as the chief executive officer of the Group on 27 January 2011. Mr Chen is responsible for the overall corporate and business strategic planning 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 Chang Chih-Kai, aged 30, 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 product development and general management. 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 28, 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

Mr Chen Hsien Min, aged 60, is currently the vice-chairman and one of the founders of the Group. Mr Chen was re-designated as a non-executive director on 27 January 2011. 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, Mr Chang Chih-Kai and Mr Chang Chih-Chiao.

Ms Ma Xuezheng, aged 58, 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. Ms Ma is currently the chairman of a private equity firm and a non-executive director of Standard Chartered Bank (Hong Kong) Limited and Lenovo Group Limited.

執行董事

陳英杰先生，41歲，本集團主席，並於二零一一年一月二十七日獲委任為本集團行政總裁。陳先生負責本集團整體企業及業務策略規劃。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。

張智凱先生，30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，主力從事產品研發及整體管理工作。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，28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

陳賢民先生，60歲，現任本集團副主席，為本集團之創辦人之一。陳先生於二零一一年一月二十七日調任為非執行董事。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及張智喬先生之姑丈。

馬雪征女士，58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。馬女士現任一間私募基金公司之主席，並為渣打銀行(香港)有限公司及聯想集團有限公司之非執行董事。

BIOGRAPHY OF DIRECTORS AND SENIOR MANAGEMENT

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr Hsiao Hsi-Ming, aged 71, is a partner of an accounting firm in Taiwan. He is a member of Taiwan Provincial CPA Association and has over 40 years of experience in auditing and accounting. Mr Hsiao holds a master's degree in the National Changhua University of Education and he is a director of Tera Autotech Corporation Inc. ("TAC") and an independent director of Formosa Optical Technology Co. Ltd. ("FOTCL"). Both TAC and FOTCL are traded over-the-counter in Taiwan. Mr Hsiao was appointed as an independent non-executive director of the Company in 2004.

Mr Huang Shun-Tsai, aged 57, is a director of six technology companies in Taiwan. He has been active in the technology field for over 10 years. Mr Huang was appointed as an independent non-executive director of the Company in 2001.

Mr Kuo Jung-Cheng, aged 60, 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 43, was appointed as an alternate director to Ms Ma Xuezheng in 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, an affiliate of Premier China Limited ("Premier China") which has substantial interests in the shares, convertible bonds and warrants of the Company, and an executive director and the chief executive officer of Guanghui Automobile Services Co., Ltd.. Mr Kim has also been designated by Premier China as its observer on the Board.

SENIOR MANAGEMENT

Mr Xin Jia Hua, aged 57, 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 42, is the chief operation officer of the Group. Mr Hu is responsible for the Group's supply chain management including production planning and operation. 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 and he joined the Group in January 2010.

Mr Li Tao, aged 45, is the chief development officer and is responsible for the planning and management of distribution network of the Group. Mr Li holds a bachelor's degree in Industrial Economics & Management from Shanghai University of Finance and Economics. Prior to joining the Group in December 2010, Mr Li worked in multinational companies and accumulated over 20 years of experience in brand and franchise management.

董事及高層管理人員簡歷

獨立非執行董事

蕭溪明先生，71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。彼為高橋自動化科技股份有限公司（「高橋」）之董事及寶島眼鏡公司（「寶島眼鏡」）之獨立董事。高橋及寶島眼鏡之股份均在台灣場外市場交易。蕭先生於二零零四年獲委任為本公司獨立非執行董事。

黃順財先生，57歲，為台灣六間科技公司之董事，從事科技業逾十年。黃先生於二零零一年獲委任為本公司獨立非執行董事。

郭榮振先生，60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，43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 (為Premier China Limited (「Premier China」)之聯屬公司，而Premier China Limited於本公司之股份、可換股債券及認股權證中擁有重大權益)之營運董事，以及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任命為董事會之觀察員。

高層管理人員

忻家華先生，57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，42歲，本集團之營運總監。胡先生負責本集團之供應鍊管理，包括生產規劃及營運。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。

李濤先生，45歲，發展總監，負責本集團之分銷網絡規劃及管理。李先生持有上海財經大學頒授的產業經濟與管理學士學位。李先生在二零一零年十二月加入本集團之前，曾任職於多間跨國企業，在品牌與特許經營管理方面，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 43, is the chief marketing officer of the Group and she is responsible for marketing and strategic brand planning and management of 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 administering and supporting the office of Chairman and CEO as well as overseeing the risk management 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 nearly 20 years of experience in finance, accounting and management.

Ms Chou Wan Ching, aged 52, is the chief human resources officer who joined the Group in January 2011. Ms Chou is responsible for the overall corporate human resources management and office administration of the Group. Ms Chou holds an MBA degree from Ottawa University, Kansas and a bachelor's degree from National Taiwan University; she spent more than 20 years working with different industries focused in human resources management.

Mr Lin Che Li, Jerry, aged 43, 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 staff with headquarters and operating assignments in New York, Singapore, Taipei, Seoul and Shanghai. Mr Lin holds an MBA degree from Columbia University and a bachelor's degree in Electrical Engineering from the University of Rochester, in New York, USA.

Mr Cheung Chun Hay, aged 37, is the assistant general manager of the Company. He is responsible for the Group's overall financial management and strategic planning for the Group. 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 34, 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，43歲，本集團市場總監，彼負責本集團之市場推廣及策略品牌規劃及管理。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高級市場管理角色。彼持有上海理工大學有機化學碩士學位。

趙惠娟女士，43歲，本集團副總經理。趙女士負責主席及行政總裁辦公室之行政及支援工作，以及監督本集團之風險管理。趙女士畢業於僑光技術學院，主修國際貿易。彼於一九九四年加盟本集團，在財務、會計及管理方面累積近20年經驗。

周曉青女士，52歲，於二零一一年一月加入本集團出任人力資源總監。周女士負責本集團整體之企業人力資源管理以及辦公行政。周女士持有渥太華大學堪薩斯分校之工商管理碩士學位及國立台灣大學學士學位，在不同行業之人力資源管理範疇積逾二十年經驗。

林哲立先生，43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，37歲，本公司助理總經理。彼負責本集團之整體財務管理及策略性規劃。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，34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。

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").

The change in directorship on 27 January 2011 constituted deviations of the Company's corporate governance from Codes A.2.1 and A.4.1 of the Code. Details are stated under "Chairman and Chief Executive" and "Appointments, Re-election and Removal of Directors" on pages 18 and 19 respectively.

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 and Chief Executive Officer</i>) (appointed as Chief Executive Officer on 27 January 2011)	21 May 1996	陳英杰先生 (<i>主席兼行政總裁</i>) (於二零一一年一月二十七日 獲委任為行政總裁)	一九九六年五月二十一日
Mr Chang Chih-Chiao	12 June 2009	張智喬先生	二零零九年六月十二日
Mr Chang Chih-Kai	22 November 2004	張智凱先生	二零零四年十一月二十二日
<i>Non-executive Directors</i>			
Mr Chen Hsien Min (<i>Vice-chairman</i>) (re-designated as Non-executive Director and Vice-chairman) on 27 January 2011)	11 April 1995	陳賢民先生 (<i>副主席</i>) (於二零一一年一月二十七日 調任為非執行董事兼副主席)	一九九五年四月十一日
Ms Ma Xuezheng	12 June 2009	馬雪征女士	二零零九年六月十二日
<i>Independent Non-executive Director</i>			
Mr Hsiao Hsi-Ming	10 September 2004	蕭溪明先生	二零零四年九月十日
Mr Huang Shun-Tsai	31 July 2001	黃順財先生	二零零一年七月三十一日
Mr Kuo Jung-Cheng	31 July 2001	郭榮振先生	二零零一年七月三十一日
<i>Alternate Director</i>			
Mr Kim Jin-Goon (<i>Alternate Director to Ms Ma Xuezheng</i>)	1 September 2009	金珍君先生 (<i>馬雪征女士之替任董事</i>)	二零零九年九月一日

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。

於二零一一年一月二十七日之董事變動，構成本公司之企業管治偏離了守則條文第A.2.1條及A.4.1條。有關詳情分別載於第18頁及第19頁之「主席及行政總裁」及「委任、重選及罷免董事」各節。

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：

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 page 14 to 16 under Biography of Directors and Senior Management.

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

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

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

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

CHAIRMAN AND CHIEF EXECUTIVE

During the year ended 31 December 2010, Mr Chen Ying-Chieh and Mr Chen Hsien Min were the Chairman and Managing Director of the Company respectively. On 27 January 2011, Mr Chen Hsien Min was re-designated as a non-executive director, appointed as Vice-chairman and ceased to be Managing Director of the Company. Mr Chen Ying-Chieh was appointed as Chief Executive Officer of the Company on the same date.

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。

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23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

截至二零一零年十二月三十一日止年度，陳英杰先生及陳賢民先生分別出任本公司主席及董事總經理。於二零一一年一月二十七日，陳賢民先生調任為非執行董事及獲委任為副主席，並不再出任本公司董事總經理。陳英杰先生於同日獲委任為本公司行政總裁。

Code Provision A.2.1 of the Code stipulates that the roles of Chairman and Chief Executive Officer should be separated and should not be performed by the same individual. Since the re-designation of directorship stated above, the Group does not have a separate Chairman and Chief Executive Officer and Mr Chen Ying-Chieh holds both positions. The Board believes that vesting the roles of Chairman and Chief Executive Officer in the same person provides the Group with strong and consistent leadership in the development and execution of long-term business strategies. Going forward, the Group will periodically review the effectiveness of this arrangement and considers segregating the roles when it thinks appropriate.

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.

Code Provision A.4.1 of the Code provides that non-executive directors should be appointed for a specific term and subject to re-election. Following the re-designation of directorship stated above, Mr Chen Hsien Min acted as a non-executive director who was not appointed for a specific term but is subject to retirement by rotation and is eligible for re-election. The Board considers that sufficient measures have been taken to ensure the Company's corporate governance practices are no less exacting than those in the Code.

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.

守則條文第A.2.1條規定，主席與行政總裁的角色應有區分，並不應由一人同時兼任。自上述董事調任以來，本集團主席與行政總裁的角色並無加以區分，由陳英杰先生同時兼任。董事會相信，由同一人出任主席與行政總裁兩職，在發展及執行長期業務策略方面，能帶來強勢而貫徹的領導。日後，本集團會定期檢討此安排的有效性，並於適當時考慮將兩個角色加以區分。

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。

守則條文第A.4.1條規定，非執行董事的委任應有指定任期，並須接受重新選舉。於上述董事調任後，陳賢民先生出任非執行董事，惟其委任並無指定任期，但須輪值退任並合資格膺選連任。董事會認為，已採取足夠措施以確保本公司之企業管治常規不遜於守則所規定。

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

The Nomination Committee shall meet at least once a year. During the year, one Nomination Committee meeting was held and the attendance of each member is set out on page 23. At the meeting held during the year, the independence of independent non-executive directors was considered and the re-appointment of retiring directors which were approved by the shareholders at the annual general meeting was recommended.

REMUNERATION COMMITTEE

The Remuneration Committee of the Company 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
Mr Chen Hsien Min	Non-executive Director (re-designated from executive director on 27 January 2011)
Ms Ma Xuezheng	Non-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之相關事宜向董事會提供建議

提名委員會每年最少舉行一次會議。年內，提名委員會曾舉行一次會議，各成員之出席情況載於第23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
陳賢民先生	非執行董事(於二零一一年一月二十七日由執行董事調任)
馬雪征女士	非執行董事

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 of the remuneration of non-executive directors. The Remuneration Committee should consider factors such as salaries paid by comparable companies, time commitment and responsibilities of the directors, employment conditions elsewhere in the group and desirability of performance-based remuneration
- To review and approve performance-based remuneration by reference to corporate goals and objectives resolved by the board from time to time
- To review and approve the compensation payable to executive directors and senior management in connection with any loss or termination of their office or appointment to ensure that such compensation is determined in accordance with relevant contractual terms and that such compensation is otherwise fair and not excessive for the Company
- To review and approve compensation arrangements relating to dismissal or removal of directors for misconduct to ensure that such arrangements are determined in accordance with relevant contractual terms and that any compensation payment is otherwise reasonable and appropriate
- To ensure that no director or any of his associates is involved in deciding his own remuneration
- 就本公司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

The Remuneration Committee shall meet at least once a year. During the year, one Remuneration Committee meeting was held and the attendance of each member is set out on page 23. 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23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
Mr Kuo Jung-Cheng	Independent Non-executive Director
Mr Huang Shun-Tsai	Independent Non-executive Director
Ms Ma Xuezheng	Non-executive Director

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

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。各成員出席會議之情況載列如下。

ATTENDANCE OF BOARD AND BOARD COMMITTEES' MEETINGS

The attendance rates of individual members in Board and Board Committees' meetings held in 2010 are detailed as follows:

董事會及董事會轄下委員會之會議出席情況

於二零一零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 2010 二零一零年出席/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		
<i>Executive directors</i> 執行董事							
Mr Chen Ying-Chieh (Chairman)	陳英杰先生(主席)	6/6		1/1		100%	
Mr Chang Chih-Kai	張智凱先生	6/6				100%	
Mr Chang Chih-Chiao	張智喬先生	6/6				100%	
<i>Non-executive director</i> 非執行董事							
Mr Chen Hsien Min (re-designated from executive director on 27 January 2011)	陳賢民先生(於二零一零年一月二十七日由執行董事調任)	6/6	1/1			100%	
Ms Ma Xuezheng	馬雪征女士	6/6	1/1	1/1	3/3	100%	
<i>Independent non-executive directors</i> 獨立非執行董事							
Mr Hsiao Hsi-Ming (Chairman of Audit Committee)	蕭溪明先生 (審核委員會主席)	6/6	1/1	1/1	3/3	100%	
Mr Huang Shun-Tsai (Chairman of Nomination Committee)	黃順財先生 (提名委員會主席)	6/6	1/1	1/1	3/3	100%	
Mr Kuo Jung-Cheng (Chairman of Remuneration Committee)	郭榮振先生 (薪酬委員會主席)	6/6	1/1	1/1	3/3	100%	

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 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監控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 and non-audit services were HK\$4,150,000 and HK\$27,000 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及非審核服務已付／應付之費用分別為4,150,000港元及27,000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 Listing Rules
- Holding of annual and special general meetings to provide a channel for the Chairman of the Board and the Board Committees to answer shareholders' questions as well as seeking approval from shareholders for relevant business and capital transactions. At the annual general meetings, a separate resolution was proposed by the Chairman in respect of each separate issue including the re-election of directors
- Establishing dedicated divisions and personnel for liaison with investors and analysts by answering their questions
- Arranging on-site visits to the company's establishments to enhance their timely understanding of the situations and latest development of the Company's business operations
- Making available information on the Company's website, including description of the Company and its business, the Board and corporate governance, results of the Company, financial highlights and promotional materials, etc.
- Actively communicating with various parties, in particular, convening briefing sessions, press conferences and individual meetings with institutional investors upon the announcements of the interim and annual results and making decisions on material investments. The Company also participates in a range of investor activities and communicates on one-on-one basis with its investors regularly

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

投資者關係及股東權益

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

- 向全體股東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
- 安排實地參觀本公司業務地點，適時提升彼等對本公司業務營運狀況及最新業務發展之瞭解
- 於本公司網站提供資料，包括本公司及其業務概況、董事會及企業管治、本公司業績、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。

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 2010.

本董事會謹此提呈截至二零一零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。

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.

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。

SEGMENT INFORMATION

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

分類資料

按業務及地區分類資料劃分之本集團表現分析載於賬目附註5。

RESULTS AND APPROPRIATIONS

The results of the Group for the year are set out in the consolidated profit and loss account on page 38.

業績及分配

本集團於本年度之業績載於第38頁之綜合損益表。

The board of directors has declared an interim dividend of HK6.0 cents per ordinary share, totalling HK\$98,274,000, which was paid on 28 September 2010.

本董事會已宣派中期股息每股普通股6.0港仙，合共98,274,000港元，並已於二零一零年九月二十八日派付。

The board of directors recommends the payment of a final dividend of HK6.0 cents per ordinary share, totalling HK\$98,274,000 in respect of the year ended 31 December 2010.

本董事會建議就截至二零一零年十二月三十一日止年度派付末期股息每股普通股6.0港仙，合共98,274,000港元。

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 2010 amounted to HK\$539,747,000

儲備

根據開曼群島公司法（經修訂）第22章計算，於二零一零年十二月三十一日，本公司可供分派之儲備為539,747,000港元。

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.

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

Movements in the reserves of the Group and of the Company during the year are set out in Note 30 to the accounts.

本集團及本公司於年內之儲備變動詳情載於賬目附註30。

DONATIONS

Charitable and other donations made by the Group during the year amounted to HK\$2,391,000 (2009: HK\$4,181,000).

捐款

本集團於年內之慈善及其他捐款為2,391,000港元（二零零九年：4,181,000港元）。

FIXED ASSETS

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

固定資產

本集團之固定資產變動詳情載於賬目附註17。

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 108.

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 and Chief Executive Officer*)
(*appointed as Chief Executive Officer on 27 January 2011*)

Mr Chen Hsien Min (*Managing Director*)
(*re-designated as Non-executive director and Vice-chairman on 27 January 2011*)

Mr Chang Chih-Kai
Mr Chang Chih-Chiao

Non-executive directors

Mr Chen Hsien Min (*Vice-chairman*)
(*appointed on 27 January 2011*)
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*)

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

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108頁。

優先購買權

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

購買、出售或贖回股份

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

董事

年內及截至本報告日期之董事如下：

執行董事

陳英杰先生 (*主席兼行政總裁*)
(*於二零一一年一月二十七日獲委任為行政總裁*)
陳賢民先生 (*董事總經理*)
(*於二零一一年一月二十七日調任為非執行董事兼副主席*)
張智凱先生
張智喬先生

非執行董事

陳賢民先生 (*副主席*)
(*於二零一一年一月二十七日獲委任*)
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*)

根據本公司之公司組織章程細則第99條，陳賢民先生、張智凱先生及蕭溪明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。

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 2010.

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' INTERESTS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 31 December 2010, the interests of each director 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:

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，截至二零一零年十二月三十一日，所有獨立非執行董事均為獨立人士。

董事及高層管理人員之簡歷

董事及高層管理人員之簡歷載於第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）予以終止服務之服務合約。

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。

董事於本公司股份及相關股份之權益

於二零一零年十二月三十一日，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：

Long positions in shares and underlying shares of the Company

於本公司股份及相關股份之好倉

		Number of shares 股份數目			Percentage of issued share capital of the Company 佔本公司 已發行 股本百分比
		Corporate interest	Underlying interest	Total	
		公司權益	相關權益	總計	
Mr Chen Ying-Chieh	陳英杰先生	147,738,920 (Note 1) (附註1)	16,000,000 (Note 2) (附註2)	163,738,920	10.00
Mr Chen Hsien Min	陳賢民先生	–	12,000,000 (Note 2) (附註2)	12,000,000	0.73
Mr Chang Chih-Kai	張智凱先生	–	6,500,000 (Note 2) (附註2)	6,500,000	0.40
Mr Chang Chih-Chiao	張智喬先生	–	5,500,000 (Note 2) (附註2)	5,500,000	0.33

Notes:

- 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.
- These interests represented the interests in underlying shares of the Company in respect of share options granted to the directors on 27 January 2010.

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。
- 該等股份指於二零一零年一月二十七日授予董事之購股權涉及之本公司相關股份之權益。

In addition to the above, Mr Chen Hsien Min, the Vice-chairman and non-executive 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.

除上述者外，本公司副主席兼非執行董事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。

Save as disclosed above and the section "Share option scheme", as at 31 December 2010, 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.

除上文及「購股權計劃」一節所披露者外，於二零一零年十二月三十一日，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.

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。

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 share 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 share 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 the date of this annual report, the number of shares available for issue, save for those granted but yet to be exercised, under the Share Option Scheme is 93,664,238, representing 5.7% 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 share options (including both exercised and outstanding share options) 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.

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。於本年報日期，除已授出但尚未行使之購股權外，根據購股權計劃可予發行之股份總數為93,664,238股，佔本公司已發行股份總數5.7%。每名參與者在任何12個月期間內獲授之購股權（包括已行使及尚未行使之購股權）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。

REPORT OF THE DIRECTORS

董事會報告

Details of movements of the share options granted under the Share Option Scheme for the year ended 31 December 2010 were as follows:

於截至二零一零年十二月三十一日止年度，根據購股權計劃授出之購股權之變動詳情如下：

	Date of grant	Exercise price	Granted during the year	Lapsed during the year	Outstanding at 31 December 2010	Exercisable period
	授出日期	行使價 HK\$ 港元	年內授出	年內失效	於二零一零年 十二月三十一日 尚未行使	行使期
<i>Executive directors</i> 執行董事						
Mr Chen Ying-Chieh 陳英杰先生	27 January 2010 二零一零年一月二十七日	6.19	16,000,000 (Note 1) (附註1)	-	16,000,000	27 January 2011 to 26 January 2020 二零一一年一月二十七日至 二零二零年一月二十六日 (Note 3) (附註3)
Mr Chang Chih-Kai 張智凱先生	27 January 2010 二零一零年一月二十七日	6.19	6,500,000 (Note 1) (附註1)	-	6,500,000	27 January 2011 to 26 January 2020 二零一一年一月二十七日至 二零二零年一月二十六日 (Note 3) (附註3)
Mr Chang Chih-Chiao 張智喬先生	27 January 2010 二零一零年一月二十七日	6.19	5,500,000 (Note 1) (附註1)	-	5,500,000	27 January 2011 to 26 January 2020 二零一一年一月二十七日至 二零二零年一月二十六日 (Note 3) (附註3)
Mr Chen Yi Hsun (An associate of Mr Chen Hsien Min) 陳怡勳先生 (陳賢民之聯繫人士)	27 January 2010 二零一零年一月二十七日	6.19	4,000,000 (Note 1) (附註1)	-	4,000,000	27 January 2011 to 26 January 2020 二零一一年一月二十七日至 二零二零年一月二十六日 (Note 4) (附註4)
Ms Chang Wan Hsun (An associate of Mr Chang Chih-Kai and Mr Chang Chih-Chiao) 張婉綸女士(張智凱先生 及張智喬先生 之聯繫人士)	27 January 2010 二零一零年一月二十七日	6.19	4,000,000 (Note 1) (附註1)	-	4,000,000	27 January 2011 to 26 January 2020 二零一一年一月二十七日至 二零二零年一月二十六日 (Note 4) (附註4)
<i>Non-executive director</i> 非執行董事						
Mr Chen Hsien Min (re-designated from executive to non-executive director on 27 January 2011) 陳賢民先生(於二零一一年一月 二十七日由執行董事調任 為非執行董事)	27 January 2010 二零一零年一月二十七日	6.19	12,000,000 (Note 1) (附註1)	-	12,000,000	27 January 2011 to 26 January 2020 二零一一年一月二十七日至 二零二零年一月二十六日 (Note 3) (附註3)

	Date of grant	Exercise price	Granted during the year	Lapsed during the year	Outstanding at 31 December 2010 於二零一零年十二月三十一日尚未行使	Exercisable period
	授出日期	行使價 HK\$ 港元	年內授出	年內失效		行使期
Employees 僱員						
In aggregate 合計	27 January 2010 二零一零年一月二十七日	6.19	14,525,000 (Note 1) (附註1)	1,500,000	13,025,000	27 January 2011 to 26 January 2020 二零一一年一月二十七日至 二零二零年一月二十六日 (Note 4) (附註4)
In aggregate 合計	27 January 2010 二零一零年一月二十七日	6.19	5,000,000	-	5,000,000	27 January 2011 to 26 January 2020 二零一一年一月二十七日至 二零二零年一月二十六日 (Note 5) (附註5)
In aggregate 合計	22 July 2010 二零一零年七月二十二日	7.61	1,000,000 (Note 2) (附註2)	-	1,000,000	1 April 2011 to 21 July 2020 二零一一年四月一日至 二零二零年七月二十一日 (Note 6) (附註6)
In aggregate 合計	22 July 2010 二零一零年七月二十二日	7.61	1,100,000 (Note 2) (附註2)	-	1,100,000	1 April 2011 to 21 July 2020 二零一一年四月一日至 二零二零年七月二十一日 (Note 7) (附註7)

Notes:

- The closing price per share immediately before the date of grant is HK\$5.70.
- The closing price per share immediately before the date of grant is HK\$7.54.
- 15% of the share options will vest on each of the five anniversary dates of the date of grant and 25% of the share options will vest, subject to certain performance targets to be determined by the board of directors of the Company, on the fifth anniversary of the date of grant.
- 20% of the share options will vest on each of the five anniversary dates of the date of grant.
- 12% of the share options will vest on each of the five anniversary dates of the date of grant and 40% of the share options will vest, subject to certain performance targets to be determined by the board of directors of the Company, on the fifth anniversary of the date of the grant. Provided the employment is terminated by the Company or its subsidiaries prior to 20 January 2015, 3,000,000 share options will vest fully at the time of termination of employments.
- One-fifth of the share options will vest on each anniversary with the first tranche starting on 1 April 2011.
- One-third of the share options will vest on each anniversary with the first tranche starting on 1 April 2011.

Subsequent to the year-end, 2,500,000 share options were granted on 27 January 2011 to certain employees at an exercise price of HK\$7.84 and will vest on each of the five anniversary dates from the date of grant.

附註:

- 緊接授出日期前之每股收市價為5.70港元。
- 緊接授出日期前之每股收市價為7.54港元。
- 購股權由授出日期起計五個週年日每年歸屬15%，其餘25%須待本公司董事會將予釐定之若干表現目標達成後，於授出日期起計第五個週年日歸屬。
- 購股權由授出日期起計五個週年日每年歸屬20%。
- 購股權由授出日期起計五個週年日每年歸屬12%，其餘40%須待本公司董事會將予釐定之若干表現目標達成後，於授出日期起計第五個週年日歸屬。倘本公司或其附屬公司於二零一五年一月二十日前終止聘用，3,000,000份購股權將於終止聘用時悉數歸屬。
- 購股權由二零一一年四月一日起每個週年日歸屬五分之一。
- 購股權由二零一一年四月一日起每個週年日歸屬三分之一。

年結日後，於二零一一年一月二十七日向若干僱員授出2,500,000份購股權，行使價為7.84港元，將由授出日期起計五個週年日每年歸屬。

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 2010, 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' 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，於二零一零年十二月三十一日，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		Percentage of issued share capital of the Company
名稱	身份	股份數目		佔本公司已發行股本百分比
Long positions				
好倉				
Lucky Earn International Limited	Beneficial interests 實益擁有人	400,719,995	(Note 1) (附註1)	24.47
Premier China, Ltd.	Beneficial interests 實益擁有人	298,510,572	(Note 2) (附註2)	18.23
TPG Asia GenPar V Advisors, Inc.	Interests of controlled corporation 受控公司之權益	298,510,572	(Note 2) (附註2)	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)	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)	18.23
TPG Group Holdings (SBS) Advisors, Inc.	Interests of controlled corporation 受控公司之權益	298,510,572	(Note 2) (附註2)	18.23
TPG Group Holdings (SBS), L.P.	Interests of controlled corporation 受控公司之權益	298,510,572	(Note 2) (附註2)	18.23
TPG Holdings I, L.P.	Interests of controlled corporation 受控公司之權益	298,510,572	(Note 2) (附註2)	18.23
TPG Holdings I-A, L.P.	Interests of controlled corporation 受控公司之權益	298,510,572	(Note 2) (附註2)	18.23
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)	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)	18.23
Top Glory Assets Limited	Beneficial interests 實益擁有人	200,846,895	(Note 3) (附註3)	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)	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)	12.26

Name	Capacity	Number of shares		Percentage of issued share capital of the Company
名稱	身份	股份數目		佔本公司已發行股本百分比
Pushkin Holding Limited	Beneficial interests 實益擁有人	147,738,920	(Note 4) (附註4)	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)	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)	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)	9.02
JP Morgan Chase & Co.	Investment manager 投資經理	49,524,000		3.02
Lending pool				
可供借出的股份				
JP Morgan Chase & Co.	Custodian corporation/approved lending agent 保管人 – 法團／核准借出代理人	33,852,300		2.07

Notes:

- 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 a subsidiary of TPG Group Holdings (SBS) Advisors, Inc., which is in turn owned 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.

附註:

- 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 Group Holdings (SBS) Advisors, Inc.之附屬公司，而該公司則由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。

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 46% and 52%, 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 25.

SUFFICIENCY OF PUBLIC FLOAT

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

AUDITORS

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

On behalf of the Board

Chen Ying-Chieh
Chairman

Hong Kong, 30 March 2011

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46%及52%。

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25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，二零一一年三月三十日

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 financial statements of Daphne International Holdings Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 38 to 107, which comprise the consolidated and company balance sheets as at 31 December 2010, 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 information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view 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, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements 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 about whether the consolidated 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」)已審計列載於第38頁至第107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」)的綜合財務報表。此綜合財務報表包括於二零一零年十二月三十一日的綜合和公司資產負債表及截至該日止年度的綜合損益表、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資料。

董事就綜合財務報表須承擔的責任

貴公司董事須負責根據香港會計師公會頒佈的香港財務報告準則及香港《公司條例》的披露規定編製綜合財務報表，以令綜合財務報表作出真實而公平的反映，及落實其認為編製綜合財務報表所必要的內部控制，以使綜合財務報表不存在由於欺詐或錯誤而導致的重大錯誤陳述。

核數師的責任

我們的責任是根據我們的審計對該等綜合財務報表作出意見，並按照委聘的條款，僅向全體股東報告我們的意見。除此之外本報告並無其他目的。我們不會就本報告的內容向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的香港審計準則進行審計。該等準則要求我們遵守道德規範，並規劃及執行審計，以合理確定綜合財務報表是否不存有任何重大錯誤陳述。

INDEPENDENT AUDITOR'S REPORT

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view 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 consolidated 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 financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2010, 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, 30 March 2011

獨立核數師報告

審核涉及執行程序以獲取有關綜合財務報表所載金額及披露資料之審核憑證。所選定的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綜合財務報表存在重大錯誤陳述的風險。在評估該等風險時，核數師考慮與該公司編製綜合財務報表以作出真實而公平的反映相關的內部控制，以設計適當的審核程序，但目的並非為對公司內部控制的有效性發表意見。審計亦包括評價董事所採用會計政策的合適性及作出會計估計的合理性，以及評價綜合財務報表的整體列報方式。

我們相信，我們所獲得的審核憑證能充足和適當地為我們的審核意見提供基礎。

意見

我們認為，該等綜合財務報表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二零一零年十二月三十一日的事務狀況，及貴集團截至該日止年度的利潤及現金流量，並已按照香港《公司條例》的披露規定妥為編製。

羅兵咸永道會計師事務所
執業會計師

香港，二零一一年三月三十日

CONSOLIDATED PROFIT AND LOSS ACCOUNT 綜合損益表

FOR THE YEAR ENDED 31 DECEMBER 2010

截至二零一零年十二月三十一日止年度

		Note 附註	2010 二零一零年 HK\$'000 千港元	2009 二零零九年 HK\$'000 千港元
Turnover	營業額	5	6,623,840	5,831,994
Cost of sales	銷售成本		(2,822,999)	(2,624,916)
Gross profit	毛利		3,800,841	3,207,078
Other income	其他收入	6	88,869	52,073
Other gains/(losses) – net	其他收益/(虧損) – 淨額	7	11,729	(24,622)
Selling and distribution expenses	銷售及分銷開支		(2,485,379)	(2,065,555)
General and administrative expenses	一般及行政開支		(444,390)	(305,891)
Fair value loss on derivative financial instrument – warrants	衍生金融工具公平價值虧損 – 認股權證		(77,328)	(203,466)
Finance costs	財務成本	8	(44,799)	(26,704)
Share of profit of an associated company	應佔一間聯營公司盈利		618	630
Profit before income tax	除所得稅前盈利	9	850,161	633,543
Income tax expense	所得稅開支	10	(238,550)	(232,884)
Profit for the year	年內盈利		611,611	400,659
Attributable to:	以下各方應佔：			
Equity holders of the Company	本公司權益持有人		595,510	393,838
Non-controlling interests	非控制性權益		16,101	6,821
			611,611	400,659
Earnings per share	每股盈利	12		
Basic (HK cents)	基本(港仙)		36.36	24.05
Diluted (HK cents)	攤薄(港仙)		34.15	23.93
Dividends	股息	13	196,548	131,032

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2010

綜合全面收益表

截至二零一零年十二月三十一日止年度

		2010 二零一零年 HK\$'000 千港元	2009 二零零九年 HK\$'000 千港元
Profit for the year	年內盈利	611,611	400,659
Currency translation differences	貨幣匯兌差額	86,901	30,511
Realisation of translation reserve upon disposal of a subsidiary	出售一間附屬公司之匯兌儲備變現	-	(4,424)
Realisation of reserves upon dissolution of a subsidiary	解散一間附屬公司之儲備變現	-	(315)
Other comprehensive income for the year	年內其他全面收益	86,901	25,772
Total comprehensive income for the year	年內全面收益總額	698,512	426,431
Attributable to:	以下各方應佔：		
Equity holders of the Company	本公司權益持有人	679,843	420,425
Non-controlling interests	非控制性權益	18,669	6,006
		698,512	426,431

CONSOLIDATED BALANCE SHEET

AS AT 31 DECEMBER 2010

綜合資產負債表

於二零一零年十二月三十一日

		Note 附註	2010 二零一零年 HK\$'000 千港元	2009 二零零九年 HK\$'000 千港元
Non-current assets	非流動資產			
Intangible assets	無形資產	15	129,889	26,875
Land use rights	土地使用權	16	50,336	43,498
Fixed assets	固定資產	17	710,850	560,594
Interest in an associated company	於一間聯營公司之權益	20	3,338	3,262
Available-for-sale financial assets	可供出售金融資產	21	63,183	33,624
Long-term rental deposits and prepayments	長期租金按金及預付款項		109,294	92,420
Deferred income tax assets	遞延所得稅資產	33	56,388	41,466
			1,123,278	801,739
Current assets	流動資產			
Inventories	存貨	22	1,084,308	889,319
Trade receivables	貿易應收賬款	23	210,430	181,253
Other receivables, deposits and prepayments	其他應收賬款、 按金及預付款項		571,360	442,731
Pledge bank deposit	已抵押銀行存款		–	2,915
Bank deposit with maturity over three months	存款期超過三個月 之銀行存款	24	35,385	78,000
Cash and cash equivalents	現金及現金等價物	25	2,024,289	1,544,851
			3,925,772	3,139,069
Current liabilities	流動負債			
Trade payables	貿易應付賬款	26	577,949	385,317
Other payables and accrued charges	其他應付賬款及應計費用		371,957	271,602
Income tax payable	應繳所得稅		199,295	206,764
Bank loan	銀行貸款	27	11,281	14,567
Derivative financial instrument – warrants	衍生金融工具—認股權證	31	–	284,261
			1,160,482	1,162,511
Net current assets	流動資產淨值		2,765,290	1,976,558
Total assets less current liabilities	總資產減流動負債		3,888,568	2,778,297

CONSOLIDATED BALANCE SHEET

AS AT 31 DECEMBER 2010

綜合資產負債表

於二零一零年十二月三十一日

		Note	2010 二零一零年 HK\$'000 千港元	2009 二零零九年 HK\$'000 千港元
		附註		
Financed by:	資金來源：			
Share capital	股本	28	163,789	163,789
Reserves	儲備	30	2,960,543	2,039,109
Equity attributable to equity holders of the Company	本公司權益持有人應佔權益		3,124,332	2,202,898
Non-controlling interests	非控制性權益		183,271	39,027
Total equity	總權益		3,307,603	2,241,925
Non-current liabilities	非流動負債			
Convertible bonds	可換股債券	31	556,622	515,625
License fee payables	應付特許使用權費	32	3,460	17,850
Deferred income tax liabilities	遞延所得稅負債	33	5,171	2,897
Other non-current liabilities	其他非流動負債	34	15,712	-
			580,965	536,372
Total equity and non-current liabilities	總權益及非流動負債		3,888,568	2,778,297

CHEN YING-CHIEH

陳英杰
Director
董事

CHANG CHIH-KAI

張智凱
Director
董事

BALANCE SHEET

AS AT 31 DECEMBER 2010

資產負債表

於二零一零年十二月三十一日

		Note 附註	2010 二零一零年 HK\$'000 千港元	2009 二零零九年 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	360,635	165,635
Current assets	流動資產			
Other receivables	其他應收賬款		334	300
Amount due from a subsidiary	應收一間附屬公司賬款	19	1,049,623	631,463
Cash and cash equivalents	現金及現金等價物	25	353	394,693
			1,050,310	1,026,456
Current liabilities	流動負債			
Accrued charges	應計費用		23,439	10,499
Derivative financial instrument – warrants	衍生金融工具—認股權證	31	–	284,261
			23,439	294,760
Net current assets	流動資產淨值		1,026,871	731,696
Total assets less current liabilities	總資產減流動負債		1,387,506	897,331
Financed by:	資金來源：			
Share capital	股本	28	163,789	163,789
Reserves	儲備	30	651,383	217,917
Total equity	總權益		815,172	381,706
Non-current liabilities	非流動負債			
Convertible bonds	可換股債券	31	556,622	515,625
Other non-current liabilities	其他非流動負債	34	15,712	–
			572,334	515,625
Total equity and non-current liabilities	總權益及非流動負債		1,387,506	897,331

CHEN YING-CHIEH

陳英杰

Director

董事

CHANG CHIH-KAI

張智凱

Director

董事

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2010

綜合權益變動表

截至二零一零年十二月三十一日止年度

Attributable to equity holders of the Company

本公司權益持有人應佔

		Share capital 股本 HK\$'000 千港元	Reserves 儲備 HK\$'000 千港元	Non-controlling interests 非控制性權益 HK\$'000 千港元	Total 總計 HK\$'000 千港元
At 1 January 2009	於二零零九年一月一日	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 of translation reserve upon disposal of a subsidiary	出售一間附屬公司之匯兌儲備變現	-	(4,424)	-	(4,424)
Realisation of reserves upon dissolution of a subsidiary	解散一間附屬公司之儲備變現	-	(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
Profit for the year	年內盈利	-	595,510	16,101	611,611
Currency translation differences	貨幣匯兌差額	-	84,333	2,568	86,901
Total comprehensive income	全面收益總額	-	679,843	18,669	698,512
Acquisition of subsidiaries	收購附屬公司	-	-	129,611	129,611
Partial acquisition and disposal of subsidiaries	收購及出售附屬公司部份股份	-	(197)	197	-
Dividends	股息	-	(180,173)	(4,233)	(184,406)
Transfer of warrants from liability to equity (Note 30)	認股權證從負債轉撥至權益(附註30)	-	363,370	-	363,370
Share-based payment expenses	以股份為基礎之付款開支	-	58,589	-	58,589
Write-back of unclaimed dividends	撥回未領取股息	-	2	-	2
Total transactions with owners	與擁有人交易總額	-	241,591	125,575	367,166
At 31 December 2010	於二零一零年十二月三十一日	163,789	2,960,543	183,271	3,307,603

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2010

綜合現金流量表

截至二零一零年十二月三十一日止年度

		Note	2010 二零一零年 HK\$'000 千港元	2009 二零零九年 HK\$'000 千港元
		附註		
Operating activities	經營活動			
Cash generated from operations	營運產生之現金	35	1,156,650	1,550,844
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		(264,359)	(200,450)
Net cash generated from operating activities	經營活動產生之現金淨額		892,291	1,350,020
Investing activities	投資活動			
Dividend received from an associated company	已收一間聯營公司股息		582	531
Interest received	已收利息		37,151	6,609
Net proceed from disposal of a subsidiary	出售一間附屬公司收款淨額		–	3,514
Payment for land use rights	土地使用權付款		(3,820)	(4,485)
Purchase of fixed assets	購置固定資產		(272,968)	(138,237)
Proceeds from disposal of fixed assets	出售固定資產收款		4,080	5,130
Decrease/(increase) in bank deposit with maturity over three months	存款期超過三個月之 銀行存款減少/(增加)		42,615	(78,000)
Acquisition of license rights	收購特許使用權		(4,532)	–
Acquisition of an available-for-sale financial asset	收購可出售 金融資產		(29,559)	–
Net cash outflow for acquisition of subsidiaries	收購附屬公司之現金流出淨額	36	(2,758)	–
Net cash used in investing activities	投資活動所用之現金淨額		(229,209)	(204,938)
Financing activities	融資活動			
Dividends paid	已付股息		(180,173)	(98,243)
Dividends paid to minority shareholders	已付少數股東股息		(4,233)	(3,744)
Interest paid	已付利息		(20,608)	(13,839)
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		88,920	94,684
Repayment of bank loans	償還銀行貸款		(122,899)	(350,948)
Decrease/(increase) in pledged bank deposit	已抵押銀行存款減少/(增加)		2,915	(2,915)
Net cash (used in)/generated from financing activities	融資活動(所用)/產生之現金淨額		(236,078)	234,688
Increase in cash and cash equivalents	現金及現金等價物增加		427,004	1,379,770
Cash and cash equivalents as at 1 January	於一月一日之現金 及現金等價物	25	1,544,851	147,962
Effect of foreign exchange rate changes	匯率變動影響		52,434	17,119
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	2,024,289	1,544,851

NOTES TO THE ACCOUNTS

1 GENERAL INFORMATION

Daphne International Holdings Limited (the “Company”) and its subsidiaries (together the “Group”) is principally engaged in the manufacturing and distribution of footwear, apparel and accessories in China 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 30 March 2011.

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 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.

賬目附註

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」)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。

此綜合賬目已於二零一一年三月三十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。

2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)**(a) Basis of preparation (Continued)***(i) Standards and amendments effective and adopted by the Group in 2010*

HKFRS 3 (Revised) "Business Combinations" introduces a number of changes in the accounting for business combinations that affect the initial measurement of non-controlling interests, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combinations achieved in stages. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results.

HKAS 27 (Revised) "Consolidated and Separate Financial Statements" requires that a change in the ownership interest of a subsidiary without loss of control is accounted for as an equity transaction. Therefore, such a change will have no impact on goodwill, nor will it result in a gain or loss. Furthermore, the revised standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. Consequential amendments were made to various standards, including but not limited to HKAS 7 "Statement of Cash Flows", HKAS 12 "Income Taxes", HKAS 21 "The Effects of Changes in Foreign Exchange Rates", HKAS 28 "Investments in Associates" and HKAS 31 "Interests in Joint Ventures".

The changes introduced by these revised standards are applied prospectively and affect the accounting of acquisition, loss of control and transactions with non-controlling interests after 1 January 2010.

2 主要會計政策 (續)**(a) 編製基準 (續)***(i) 於二零一零年生效及為本集團採用之準則及修訂*

香港財務報告準則第3號(經修訂)「業務合併」對業務合併之會計處理作出多項修改，影響非控制性權益之初步計量、交易成本之會計處理、或然代價之初始確認和其後計量，以及分階段進行之業務合併。該等修改將影響已確認之商譽金額，以及於發生收購期間及未來報告期間所報告之業績。

香港會計準則第27號(經修訂)「綜合及獨立財務報表」要求對附屬公司擁有權變動(但並無失去控制權)按照權益交易的方式入賬。因此，此變動不會對商譽造成影響，亦不會產生收益或虧損。此外，是項經修訂準則改變對附屬公司所產生的虧損以及失去附屬公司控制權之會計處理。多項準則(包括但不限於香港會計準則第7號「現金流量表」、香港會計準則第12號「所得稅」、香港會計準則第21號「匯率變動的影響」、香港會計準則第28號「於聯營公司的投資」及香港會計準則第31號「於合營企業的權益」)均作出相應修訂。

該等經修訂準則引入之變動均按前瞻基準應用，並影響於二零一零年一月一日以後之收購、失去控制權及與非控制性權益進行之交易。

2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)**(a) Basis of preparation (Continued)***(i) Standards and amendments effective and adopted by the Group in 2010 (Continued)*

The following new standards, amendments to standards and interpretations are mandatory for the first time for the financial period beginning 1 January 2010 but are not currently relevant to the Group.

HKAS 1 (Amendment)	Presentation of Financial Statements
HKFRS 1 (Amendments)	First-time Adoption of HKFRSs – Additional Exemptions for First-time Adopters
HKFRS 2 (Amendment)	Share-based Payment – Group Cash-settled Share-based Payment Transactions
HKFRS 5 (Amendment)	Non-current Assets Held for Sale and Discontinued Operations
HK(IFRIC) – Int 9 and HKAS 39	Reclassification of Embedded Derivatives and Financial Instruments: Recognition and Measurement
HK(IFRIC) – Int 16	Hedges of a Net Investment in a Foreign Operation
HK(IFRIC) – Int 17	Distribution of Non-cash Assets to Owners
HK(IFRIC) – Int 18	Transfer of Assets from Customers
HK – Int 5	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
Improvements to HKFRSs 2009	Amendments published in May 2009

2 主要會計政策 (續)**(a) 編製基準 (續)***(i) 於二零一零年生效及為本集團採用之準則及修訂 (續)*

下列新訂準則、準則修訂及詮釋須於二零一零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1號 (修訂本)	財務報表之呈列
香港財務報告準則第1號 (修訂本)	首次採納香港財務報告準則 – 首次採納者之額外豁免
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
香港財務報告準則第5號 (修訂本)	持作出售之非流動資產供銷售及已終止經營業務
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	重新分類嵌入式衍生及金融工具：確認及計量
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17號	向擁有人分派非現金資產
香港 (國際財務報告詮釋委員會) – 詮釋第18號	客戶資產轉讓
香港詮釋第5號	財務報表之呈列 – 借款人對包含可隨時要求償還條款之有期貨款之分類
二零零九年香港財務報告準則之改進	於二零零九年五月頒佈之修訂

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 2010*

HKAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets ⁵
HKAS 24 (Revised)	Related Party Disclosures ¹
HKAS 32 (Amendment)	Financial Instruments: Presentation – Classification of Rights Issues ²
HKFRS 1 (Amendment)	First-time Adoption of HKFRSs – Limited Exemption from Comparative HKFRS 7 Disclosure for First – time Adopters ³
HKFRS 7 (Amendments)	Financial Instruments: Disclosures – Transfer of Financial Assets ⁴
HKFRS 9	Financial Instruments ⁶
HK(IFRIC) – Int 14	Prepayments of a Minimum Funding Requirement ¹
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments ³

- ¹ Effective for accounting periods beginning on or after 1 January 2011
- ² Effective for accounting periods beginning on or after 1 February 2010
- ³ Effective for accounting periods beginning on or after 1 July 2010
- ⁴ Effective for accounting periods beginning on or after 1 July 2011
- ⁵ Effective for accounting periods beginning on or after 1 January 2012
- ⁶ Effective for accounting periods beginning on or after 1 January 2013

Apart from the adoption of HKFRS 9 which may have an effect on the classification and the treatment of fair value changes of existing available-for-sale financial assets, the management anticipates that the adoption of these new/revised HKFRS will have no 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) *於二零一零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12號 (修訂本)	遞延稅項： 收回相關資產 ⁵
香港會計準則 第24號 (經修訂)	關聯方披露 ¹
香港會計準則 第32號 (修訂本)	金融工具：呈列 — 供股分類 ²
香港財務報告準則 第1號 (修訂本)	與香港財務報告 準則第7號 首次採納者作 出披露之比較 之有限豁免 ³
香港財務報告準則 第7號 (修訂本)	金融工具： 披露—轉移金融 資產 ⁴
香港財務報告準則 第9號	金融工具 ⁶
香港 (國際財務 報告詮釋委員會) — 詮釋第14號	預付最低資金 規定 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 ³

- ¹ 於二零一一年一月一日或之後開始之會計期間生效
- ² 於二零一零年二月一日或之後開始之會計期間生效
- ³ 於二零一零年七月一日或之後開始之會計期間生效
- ⁴ 於二零一一年七月一日或之後開始之會計期間生效
- ⁵ 於二零一二年一月一日或之後開始之會計期間生效
- ⁶ 於二零一三年一月一日或之後開始之會計期間生效

除採納香港財務報告準則第9號或會對現有可出售金融資產公平價值變動之分類及處理構成影響外，管理層預期，採納該等新訂／經修訂香港財務報告準則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 Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

Investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend and receivable.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquisition and the acquisition-date fair value of any previous equity interest in the acquisition over the fair value of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the statement of comprehensive income.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

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。

本集團採用會計收購法計算業務合併。收購附屬公司的轉讓代價為所轉讓資產、所產生負債及本集團所發行股本權益的公平價值。所轉讓代價包括或然代價安排產生的任何資產或負債的公平價值。收購相關成本於產生時列為開支。於業務合併時所收購的可辨別資產及所承擔的負債及或然負債，初步按收購日的公平價值計量。按逐項收購基準，本集團以公平價值或非控制性權益按比例應佔被收購方資產淨值，確認被收購方非控制性權益。

於附屬公司的投資乃以成本減減值的方法入賬。成本經調整以反映因或然代價修訂產生的代價變動。成本亦包括投資的直接應佔費用。附屬公司之業績由本公司按股息及應收款項入賬。

過剩的轉讓代價，即被收購方的任何非控制性權益金額及任何先前於被收購方的股本權益於收購日期的公平價值超出所收購之可辨別資產淨值之公平價值的差額乃列作商譽。倘在廉價購入的情況下，該數額低於所收購附屬公司資產淨值之公平價值，則有關差額將直接在全面收益表內確認。

集團內公司之間的交易、交易的結餘及未變現收益予以對銷。未變現虧損亦予以對銷。附屬公司的會計政策已按需要作出改變，以確保與本集團採用的政策符合一致。

2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)**(b) Consolidation (Continued)***(ii) Transactions with non-controlling interests*

The Group treats transactions with non-controlling interests as transactions with equity holders of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When the Group ceases to have control or significant influence, any retained interest in the equity is remeasured to its fair value, with the change in carrying amount recognised in profit and loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit and loss.

If the ownership interest in an associate is reduced but significantly influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are classified to profit and loss where appropriate.

(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 is 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.

2 主要會計政策 (續)**(b) 綜合賬目 (續)***(ii) 非控制性權益交易*

本集團將其與非控制性權益進行的交易視為與本集團權益持有人之間進行的交易。向非控制性權益採購，所支付的任何代價與所收購的附屬公司資產淨值賬面值相關部分的差額，於權益中入賬。向非控制性權益進行出售所產生的盈虧亦於權益入賬。

倘本集團不再擁有控制權或重大影響力，其於該實體之任何保留權益按其公平價值重新計量，而賬面值變動則於損益中確認。就其後入賬列作聯營公司或金融資產之保留權益而言，公平價值指初始賬面值。此外，先前於其他全面收益內確認與該實體有關之任何金額按猶如本集團已直接出售有關資產或負債之方式入賬。這可能意味著先前在其他全面收益內確認之金額重新分類為溢利或虧損。

倘於聯營公司之所有權權益減少，而重大影響力獲保留，則先前於其他全面收益內確認之金額僅有一定比例部分重新分類為溢利或虧損（如適用）。

(iii) 聯營公司

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

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

2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)**2 主要會計政策(續)****(c) Foreign currency translation****(c) 外幣換算***(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 ("HKD"), which is different from the Company's functional currency of Renminbi ("RMB"). The directors consider that the presentation of consolidated accounts in HKD will facilitate the interpretation and understanding of financial information of the Group.

(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。

(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.

(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。

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 gains/(losses) – net.

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「其他收益／(虧損)–淨額」中呈列。

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.

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。

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.

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。

2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)**(c) Foreign currency translation (Continued)***(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.

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.

2 主要會計政策 (續)**(c) 外幣換算 (續)***(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。

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。

2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)**2 主要會計政策 (續)****(e) Intangible assets****(e) 無形資產***(i) Goodwill**(i) 商譽*

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.

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。

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.

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

*(ii) License rights**(ii) 特許使用權*

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.

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。

License rights are amortised on a straight-line basis over the period of the rights of 7 to 30 years. Amortisation is included in general and administrative expenses in the consolidated profit and loss account.

特許使用權於權利使用年期7至30年內以直線法攤銷。攤銷計入綜合損益表之一般及行政開支內。

*(iii) Acquired trademarks**(iii) 已收購商標*

Separately acquired trademarks are carried at cost less accumulated amortisation and accumulated impairment losses, if any. Trademarks acquired in a business combination are recognised initially at fair value at the acquisition date and subsequently carried at the amount initially recognised less accumulated amortisation and accumulated impairment losses, if any. Amortisation of trademarks that have definite useful lives is calculated using the straight-line method to allocate the costs of acquired trademarks and patents over their estimated useful lives of 20 years. Amortisation is included in general and administrative expenses in the consolidated profit and loss account.

單獨收購的商標按成本扣除累計攤銷及減值虧損（如有）列值。於企業合併時所收購的商標最初按於收購日的公平價值列值，其後按其初始列值數額扣除累計攤銷及減值虧損（如有）列值。有特定使用年限的商標的攤銷以直線法計算，於20年的估計可使用年期內攤分已收購商標及專利的成本。攤銷計入綜合損益表之一般及行政開支內。

2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(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 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.

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:

Buildings	Over the terms of the lease or 50 years, whichever is shorter
Leasehold improvements	Over the terms of the lease or 1 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.

2 主要會計政策 (續)

(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。

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：

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1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。

2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)**(g) Fixed assets (Continued)**

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.

(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.

2 主要會計政策 (續)**(g) 固定資產 (續)**

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。

(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。

2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)**(i) Financial assets (Continued)**

(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.

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

2 主要會計政策 (續)**(i) 金融資產 (續)**

(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。

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

2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)**(i) Financial assets (Continued)***Recognition and measurement (Continued)*

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.

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).

2 主要會計政策 (續)**(i) 金融資產 (續)***確認及計量 (續)*

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。

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，不會透過損益表回撥。貿易應收賬款之減值測試載於附註2(k)。

2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)**(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.

(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.

2 主要會計政策 (續)**(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撤銷。倘日後收回過往所撤銷之金額，將把有關金額計入損益表。

(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。

2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)**(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. Derivative financial instruments are derecognised and transferred to equity when the financial instruments ceased to be derivative in nature.

(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.

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.

2 主要會計政策 (續)**(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。衍生金融工具於不再屬於衍生性質時取消確認並轉撥至權益。

(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。

負債部份其後按攤銷成本列賬，並以實際利率法計算，直至獲兌換或到限期時為止。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。當債券獲贖回時，有關權益部份轉入保留盈利。

2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)**(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.

(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 China where the Group operates.

2 主要會計政策 (續)**(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。

(r) 僱員福利**(i) 退休金責任**

本集團於業務所在地香港、台灣及中國多個城市參與多項定額供款退休計劃。

2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)**(r) Employee benefits (Continued)***(i) Pension obligations (Continued)*

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 (share options) of the Group. The fair value of the employee services received in exchange for the grant of the share 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 share 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 share 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 share 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 share options are exercised.

(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.

2 主要會計政策 (續)**(r) 僱員福利 (續)***(i) 退休金責任 (續)*

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。

(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。

2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)**(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.

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

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.

2 主要會計政策 (續)**(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，並已撤銷集團內部銷售。

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。

股息收入於收取股息之權利確立時確認。

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。

2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)**(t) Revenue recognition (Continued)**

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.

Vendor rebate is recognised when the rights to receive payments are established in accordance with the terms of agreements with vendors.

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)**

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。

當根據與賣方訂立之協議之條款確立收款權利時，即確認賣方回扣。

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 and fair value 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 primarily settled in RMB, 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.

As at 31 December 2010, the post-tax profit of the Group would have been decreased by approximately HK\$5,803,000 (2009: HK\$22,378,000) 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 2010, the post-tax profit of the Group would have been increased/decreased by approximately HK\$20,484,000 (2009: HK\$16,112,000) 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、現金流量及公平價值利率風險、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）。

於二零一零年十二月三十一日，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5,803,000港元（二零零九年：22,378,000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。

於二零一零年十二月三十一日，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增加／減少約20,484,000港元（二零零九年：16,112,000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 proper procedures are followed up 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.

As at 31 December 2010 and 31 December 2009, substantially all the Group's bank balances and term deposits with banks were held in registered financial institutions located in Hong Kong, Taiwan and Mainland China which management assessed and believed are of acceptable credit quality. As at 31 December 2010, the Group has bank deposits placed in Mainland China with state-owned banks and non state-owned banks of HK\$218,349,000 (2009: HK\$421,569,000) and HK\$1,434,698,000 (2009: HK\$550,707,000) respectively, including HK\$1,220,492,000 (2009: HK\$272,412,000) placed with a private sino-foreign bank. The Group currently has no specified policy of limiting its credit exposure to any financial institution and management does not expect any loss arising from non-performance by these counterparties.

During the year ended 31 December 2010, the Group placed a number of principal-guaranteed structured deposits with registered financial institutions with individual notional amount of HK\$1,148,600 to HK\$724,847,000 with maturity periods from 3 days to 6 months. These structured deposits are interest rate-linked principal protected investments which management has the option of terminating at any time with the counterparties. Management believes that there is no significant credit risk with respect to such structured deposits as they were made with registered financial institutions of no history of default. As at 31 December 2010 and 31 December 2009, the Group did not hold structured deposits.

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適當跟進。

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。

於二零一零年十二月三十一日及二零零九年十二月三十一日，本集團絕大部份銀行結餘及定期銀行存款乃存放於香港、台灣及中國內地之註冊金融機構，而管理層已評估該等機構之信貸質素並相信其信貸質素屬可接納。於二零一零年十二月三十一日，本集團存放於中國內地之國有銀行及非國有銀行之銀行存款分別為218,349,000港元(二零零九年：421,569,000港元)及1,434,698,000港元(二零零九年：550,707,000港元)，包括存放於一間中外合資私人銀行之1,220,492,000港元(二零零九年：272,412,000港元)。本集團目前並無特定政策限制其承受任何金融機構之信貸風險，管理層並不預期會承擔該等交易對手不履約所產生的任何損失。

截至二零一零年十二月三十一日止年度，本集團向註冊金融機構存放多筆個別名義金額為1,148,600港元至724,847,000港元、由3日至6個月到期之保本結構性存款。該等結構性存款為利率掛勾保本投資，而管理層有權選擇隨時向對方終止。管理層相信，該等結構性存款並無重大信貸風險，因乃與並無拖欠記錄的註冊金融機構作出。於二零一零年十二月三十一日及二零零九年十二月三十一日，本集團並無持有結構性存款。

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3 財務風險管理 (續)

(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 2010, the Group had unutilised banking facilities of HK\$214,880,000 (2009: HK\$188,422,000).

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

(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。於二零一零年十二月三十一日，本集團之未動用銀行融資為214,880,000港元(二零零九年：188,422,000港元)。

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：

		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 2010	於二零一零年 十二月三十一日					
Trade payables	貿易應付賬款	577,949	-	-	-	577,949
Other payables	其他應付賬款	364,881	-	-	-	364,881
Bank loan	銀行貸款	11,281	-	-	-	11,281
License fee payable	應付特許使用權費	-	-	-	3,460	3,460
Non-current liabilities	非流動負債	-	-	-	15,712	15,712
Convertible bonds	可換股債券	-	-	-	648,725	648,725
Interest on convertible bonds	可換股債券利息	10,136	10,136	10,136	49,668	80,076
		964,247	10,136	10,136	717,565	1,702,084
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 loan	銀行貸款	-	14,567	-	-	14,567
License fee payables	應付特許使用權費	-	-	-	17,850	17,850
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	703,322	1,379,870

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

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

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. There were no changes in the objectives, policies or processes during the years ended 31 December 2010 and 31 December 2009.

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:

		2010 二零一零年 HK\$'000 千港元	2009 二零零九年 HK\$'000 千港元
Bank loan	銀行貸款	11,281	14,567
Convertible bonds	可換股債券	556,622	515,625
Less: Cash and bank balances	減：現金及銀行餘額	(2,059,674)	(1,625,766)
Net debt	淨債務	(1,491,771)	(1,095,574)
Equity attributable to equity holders of the Company	本公司權益持有人應佔權益	3,124,332	2,202,898
		Net cash 淨現金	Net cash淨現金

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

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

3 財務風險管理(續)**(e) 資本風險管理**

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

本集團管理其資本架構，並就經濟狀況變動作出調整。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。於截至二零一零年十二月三十一日及二零零九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。

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

本集團基於過往經驗及其他因素，包括經考慮有關情況後合理預期日後將發生之事件，持續作出估計及判斷。

本集團會對未來作出估計及假設。誠如其界定涵義，所產生之會計估計甚少與有關之實際結果相同。有重大風險會對下個財政年度之資產及負債之賬面值造成大幅調整之估計及假設論述如下。

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

(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.

(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.

4 重要會計估計及判斷

(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。

(b) 所得稅

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

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(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.

(e) Fair value estimation of financial instruments

Financial instruments carried at fair value are measured according to the levels of the fair value hierarchy defined as follows:

- (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).

At 31 December 2010, the Group's available-for-sale financial assets of HK\$63,183,000 (2009: HK\$33,624,000) were measured by level 3 of the fair value measurement hierarchy.

During the year, the Company executed an amendment deed to change the denomination of the exercise price of its derivative financial instrument – warrants to RMB which is the same as the Group's functional currency. The derivative financial instrument – warrants were accordingly classified to reserve as it became qualified as equity. As at 31 December 2009, the derivative financial instrument – warrants measured by level 2 of the fair value measurement hierarchy.

4 重要會計估計及判斷(續)

(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。

(e) 金融工具公平價值估計

按公平價值列賬之金融工具乃根據以下界定之公平價值層級計量：

- (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)。

於二零一零年十二月三十一日，本集團63,183,000港元(二零零九年：33,624,000港元)之可出售金融資產乃按第3層公平價值計量層級計量。

年內，本公司簽署修訂契約以將其衍生金融工具－認股權證之行使價之貨幣單位更改為人民幣，即本集團之功能貨幣。衍生金融工具－認股權證因符合權益之條件而列入儲備。於二零零九年十二月三十一日，衍生金融工具－認股權證乃按第2層公平價值計量層級計量。

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(e) Fair value estimation of financial instruments (Continued)

The fair value of derivative financial instrument – warrants determined by using valuation techniques which require subjective assumptions that are mainly based on market conditions existing at the date of valuation. 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 the 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. The chief operating decision-maker (“CODM”) has been identified as the executive directors who assesses the performance of the business from a business unit perspective, i.e. brand business and manufacturing business and determines the two reportable segments accordingly.

Brand business represents trading and distribution of footwear products and accessories under self-owned brands, “Daphne” and “Shoebox” and other acquired and licensed brands. Manufacturing business represents manufacturing and sales of footwear products under original-equipment manufacturing arrangements and for distribution by brand business.

4 重要會計估計及判斷(續)

(e) 金融工具公平價值估計(續)

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估值當天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。身為主要經營決策者之執行董事已按業務分部，即品牌業務及製造業務評核業務表現，並按此劃分兩個可呈報分部。

品牌業務指買賣及分銷自有品牌「達芙妮」及「鞋櫃」以及其他收購及代理品牌之鞋類產品及配飾。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。

5 TURNOVER AND SEGMENT INFORMATION (CONTINUED)

The segment information for the year ended 31 December 2010 is as follows:

5 營業額及分部資料(續)

截至二零一零年十二月三十一日止年度之分部資料如下：

		Brand business			Manufacturing	Inter-	Group
		品牌業務			business	segment	
		Daphne	Shoebox	Others	製造業務	分部間對銷	
		達芙妮	鞋櫃	其他			本集團
		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
Revenue from external customers	對外客戶收益	4,350,142	1,296,403	409,680	567,615	-	6,623,840
Inter-segment revenue	分部間收益	50,020	-	20,666	594,516	(665,202)	-
Turnover	營業額	4,400,162	1,296,403	430,346	1,162,131	(665,202)	6,623,840
Segment results	分部業績	830,646	175,547	(7,257)	51,564	5,576	1,056,076
Unallocated corporate income	未分配企業收入						3,095
Unallocated corporate expenses	未分配企業開支						(87,501)
Fair value loss on derivative financial instrument – warrants	衍生金融工具公平價值虧損—認股權證						(77,328)
Finance costs	財務成本						(44,799)
Share of profit of an associated company	應佔一間聯營公司盈利						618
Profit before income tax	除所得稅前盈利						850,161
Depreciation and amortisation	折舊及攤銷	77,059	30,053	18,234	16,874	-	142,220
Capital expenditure	資本開支	181,558	50,708	16,445	32,609	-	281,320
Segment assets	分部資產	2,831,898	916,233	591,947	582,296	-	4,922,374
Interest in an associated company	於一間聯營公司之權益						3,338
Available-for-sale financial assets	可供出售金融資產						63,183
Deferred income tax assets	遞延所得稅資產						56,388
Unallocated corporate assets	未分配企業資產						3,767
Total assets	總資產						5,049,050
Segment liabilities	分部負債	627,068	153,399	86,868	272,958	-	1,140,293
Deferred income tax liabilities	遞延所得稅負債						5,171
Convertible bonds	可換股債券						556,622
Unallocated corporate liabilities	未分配企業負債						39,361
Total liabilities	總負債						1,741,447

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	Shoebox 鞋櫃	Others 其他	HK\$' 000 千港元	HK\$' 000 千港元	HK\$' 000 千港元
		HK\$' 000 千港元	HK\$' 000 千港元	HK\$' 000 千港元			
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	可供出售金融資產						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 CODM assesses 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, including management fee, rental and utilities were re-allocated among individual segments based on estimated consumption.

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, Taiwan and Hong Kong and revenue from external customers of manufacturing business is mainly derived from United States of America. None of the customers accounted for 10% or more of the total turnover of the Group during both years ended 31 December 2010 and 31 December 2009.

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

Government incentives	政府補貼
Interest income	利息收入
Franchise and royalty income	特許權及專營權收入
Income derived from an available-for-sale financial asset (Note 21(a))	來自可出售金融資產之收入 (附註21(a))
Vendor rebate	賣方回扣
Handling income	手續費收入
Gross rental income	租金收入總額
Others	其他

5 營業額及分部資料(續)

主要經營決策者會基於除利息、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。若干企業經常開支(包括管理費、租金及水電開支)乃根據估計使用量於各分部間重新分配。

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、台灣及香港，而製造業務之對外客戶收益主要源自美利堅合眾國。截至二零一零年十二月三十一日及二零零九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

	2010 二零一零年 HK\$'000 千港元	2009 二零零九年 HK\$'000 千港元
Government incentives	30,488	29,623
Interest income	37,151	6,609
Franchise and royalty income	6,283	4,150
Income derived from an available-for-sale financial asset (Note 21(a))	3,000	3,000
Vendor rebate	957	989
Handling income	662	1,516
Gross rental income	350	465
Others	9,978	5,721
	88,869	52,073

7. OTHER GAINS/(LOSSES) – NET

7 其他收益／(虧損)－淨額

		2010 二零一零年 HK\$'000 千港元	2009 二零零九年 HK\$'000 千港元
Gain on disposal of a subsidiary	出售一間附屬公司之收益	–	1,197
Gain on dissolution of a subsidiary	解散一間附屬公司之收益	–	315
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	(12,392)	(18,876)
Net exchange gain	匯兌收益淨額	14,628	3,348
Net gain on early termination of a license right (Note 15(b))	提早終止特許使用權之 收益淨額(附註15(b))	9,493	–
		11,729	(24,622)

8 FINANCE COSTS

8 財務成本

		2010 二零一零年 HK\$'000 千港元	2009 二零零九年 HK\$'000 千港元
Interest on convertible bonds	可換股債券利息	41,583	21,843
Interest on bank loans and overdrafts	銀行貸款及透支利息	677	3,238
Interest on license fee payables	應付特許使用權費利息	1,827	1,623
Interest on other non-current liabilities	其他非流動負債利息	712	–
		44,799	26,704

9 PROFIT BEFORE INCOME TAX

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

		2010 二零一零年 HK\$'000 千港元	2009 二零零九年 HK\$'000 千港元
Amortisation of land use rights	土地使用權攤銷	1,393	1,816
Amortisation of license rights	特許使用權攤銷	3,774	1,966
Amortisation of trademarks	商標攤銷	3,397	-
Auditors' remuneration	核數師酬金	5,769	3,941
Cost of inventories sold including write-back of provision for slow-moving inventories of HK\$16,835,000 (2009: provision of HK\$38,989,000)	售出存貨成本 包括滯銷存貨 撥備撥回16,835,000港元 (二零零九年: 撥備38,989,000港元)	2,410,482	2,318,998
Depreciation of fixed assets	固定資產折舊	133,656	131,292
Employee benefits expense (Note 14)	僱員福利開支(附註14)	836,555	607,393
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)	1,313,866	1,151,107
Write-back of provision for impairment of trade receivables	貿易應收賬款減值撥備回撥	(156)	(152)

10 INCOME TAX EXPENSE**10 所得稅開支**

		2010 二零一零年 HK\$'000 千港元	2009 二零零九年 HK\$'000 千港元
Current tax	當期稅項	248,030	237,338
Under-provision in prior years	過往年度撥備不足	1,654	3,665
Deferred tax (Note 33)	遞延稅項(附註33)	(11,134)	(8,119)
		238,550	232,884

10 INCOME TAX EXPENSE (CONTINUED)

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:

10 所得稅開支(續)

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：

		2010 二零一零年 HK\$'000 千港元	2009 二零零九年 HK\$'000 千港元
Profit before income tax	除所得稅前盈利	850,161	633,543
Less: Share of profit of an associated company	減：應佔一間聯營公司盈利	(618)	(630)
		849,543	632,913
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	193,763	148,613
Tax concessions	稅項減免	(56)	-
Income not subject to tax	毋須繳稅收入	(11,167)	(9,580)
Expenses not deductible for tax purposes	不可扣稅開支	41,998	55,263
Tax losses for which no deferred tax assets recognised	未確認遞延稅項資產之稅項虧損	672	10,423
Utilisation of previously unrecognised tax losses	動用過往未確認之稅項虧損	(3,019)	(1,201)
Under provision in prior years	過往年度撥備不足	1,654	3,665
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	2,733	5,768
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	11,972	19,937
Others	其他	-	(4)
Income tax expense	所得稅開支	238,550	232,884

The weighted average domestic tax rate was 23% (2009: 23%).

加權平均地方稅率為23% (二零零九年：23%)。

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profit for the year. No provision for Hong Kong profits tax has been made in the accounts for the year ended 31 December 2009 as the Group does not have any assessable profit arising in Hong Kong. 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.

年內香港利得稅乃按估計應課稅盈利之16.5%計算。由於本集團在香港並無產生任何應課稅盈利，故於截至二零零九年十二月三十一日止年度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% (2009: 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 2010, temporary differences relating to the undistributed profits on the Group's subsidiaries in Mainland China amounted to approximately HK\$1,486,648,000 (31 December 2009: HK\$782,012,000) with deferred income tax liabilities of approximately HK\$74,332,000 (31 December 2009: HK\$39,101,000) not being recognised in respect of the tax that would be payable on the distribution of these retained profits. The Company has been determined that it is not probable that profits will be distributed from the foreign-invested enterprises established in Mainland China to their foreign holding companies in the foreseeable future as it controls the dividend policy of its subsidiaries.

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\$187,984,000 (2009: HK\$92,738,000).

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\$595,510,000 (2009: HK\$393,838,000) and 1,637,892,384 (2009: 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\$637,093,000 (2009: HK\$415,681,000) and the adjusted weighted average number of ordinary shares of 1,865,789,759 (2009: 1,737,173,606) after taking into consideration of conversion of the convertible bonds and exercise of share options.

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%（二零零九年：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1,486,648,000港元（二零零九年十二月三十一日：782,012,000港元）及遞延所得稅負債約74,332,000港元（二零零九年十二月三十一日：39,101,000港元）並無就分派該等保留盈利時須予繳付之稅項予以確認。本公司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，因其可控該等附屬公司之股息政策。

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187,984,000港元（二零零九年：92,738,000港元）。

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595,510,000港元（二零零九年：393,838,000港元）及年內已發行普通股1,637,892,384股（二零零九年：1,637,892,384股）計算。

每股攤薄盈利經計及兌換可換股債券及行使認股權後，根據經調整本公司權益持有人應佔盈利637,093,000港元（二零零九年：415,681,000港元）及經調整普通股加權平均數1,865,789,759股（二零零九年：1,737,173,606股）計算。

12 EARNINGS PER SHARE (CONTINUED)

12 每股盈利(續)

		2010 二零一零年 HK\$'000 千港元	2009 二零零九年 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	595,510	393,838
Interest on convertible bonds	可換股債券之利息	41,583	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	637,093	415,681
		2010 二零一零年 Number of shares 股份數目	2009 二零零九年 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	178,510,572	99,281,222
Effect of exercise of share options	行使購股權之影響	49,386,803	-
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	1,865,789,759	1,737,173,606

The warrants are anti-dilutive and are ignored in the calculation of diluted earnings per share for years ended 31 December 2010 and 31 December 2009.

認股權證具反攤薄作用，因此於計算截至二零一零年十二月三十一日及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

		2010 二零一零年 HK\$'000 千港元	2009 二零零九年 HK\$'000 千港元
Interim dividend, paid, of HK6.0 cents (2009: HK3.0 cents) per ordinary share	已付中期股息每股普通股6.0港仙 (二零零九年：3.0港仙)	98,274	49,137
Final dividend, proposed, of HK6.0 cents (2009: HK5.0 cents) per ordinary share	擬派末期股息每股普通股6.0港仙 (二零零九年：5.0港仙)	98,274	81,895
		196,548	131,032

At a meeting held on 30 March 2011, the Board proposed a final dividend of HK6.0 cents per share in respect of the year ended 31 December 2010 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 2011.

於二零一一年三月三十日舉行之會議上，董事會建議就截至二零一零年十二月三十一日止年度派發末期股息每股6.0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，惟會列作截至二零一一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：

		2010 二零一零年 HK\$'000 千港元	2009 二零零九年 HK\$'000 千港元
Wages, salaries and bonuses	工資、薪金及花紅	747,051	578,189
Defined contribution pension costs (Note (a))	定額供款退休金成本(附註(a))	30,915	29,204
Share-based payment expense	以股份為基礎之付款開支	58,589	-
		836,555	607,393

(a) Defined contribution pension costs

As at both 31 December 2010 and 31 December 2009, no forfeited contribution is available to reduce the contribution payable in the future.

Contributions payable as at 31 December 2010 of approximately HK\$5,811,000 (2009: HK\$4,723,000) are included in other payables and accrued charges.

(a) 定額供款退休金成本

於二零一零年十二月三十一日及二零零九年十二月三十一日，並無可供扣減未來應付供款之沒收供款。

於二零一零年十二月三十一日，約5,811,000港元(二零零九年：4,723,000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)

14 僱員福利開支 (續)

(b) Directors' emoluments

(b) 董事酬金

The remuneration of each director of the Company for the year ended 31 December 2010 is set out below:

於截至二零一零年十二月三十一日止年度，本公司各董事之薪酬如下：

Name of director	董事姓名	Fees	Salaries	Defined contribution	Discretionary bonuses	Share-based payment	Total
				pension costs		expense	
		袍金	薪金	定額供款 退休金成本	酌情花紅	以股份為基礎 之付款開支	總計
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元
Mr Chen Ying-Chieh	陳英杰先生	-	4,010	22	5,750	13,396	23,178
Mr Chen Hsien Min	陳賢民先生	-	3,994	22	5,750	10,047	19,813
Mr Chang Chih-Kai	張智凱先生	-	804	6	2,077	5,442	8,329
Mr Chang Chih-Chiao	張智喬先生	-	806	-	2,077	4,605	7,488
Mr Hsiao Hsi-Ming	蕭溪明先生	72	-	-	-	-	72
Mr Huang Shun-Tsai	黃順財先生	72	-	-	-	-	72
Mr Kuo Jung-Cheng	郭榮振先生	72	-	-	-	-	72
		216	9,614	50	15,654	33,490	59,024

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

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：

Name of director	董事姓名	Fees	Salaries	Defined contribution	Discretionary bonuses	Total
				pension costs		
		袍金	薪金	定額供款 退休金成本	酌情花紅	總計
		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
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

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 (2009: four) directors whose emoluments are presented above. The emolument payable to the remaining one (2009: one) individual during the year is as follows:

		2010 二零一零年 HK\$'000 千港元	2009 二零零九年 HK\$'000 千港元
Salaries and bonuses	薪金及花紅	4,001	907
Defined contribution pension costs	定額供款退休金成本	-	57
Share-based payment expense	以股份為基礎之付款開支	2,800	-
		6,801	964

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(二零零九年：四名)董事，其酬金詳情已於上文披露。年內應付另外一名(二零零九年：一名)人士之酬金詳情如下：

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

15 INTANGIBLE ASSETS

15 無形資產

Group

本集團

		Goodwill 商譽	License rights 特許使用權	Trademarks 商標	Total 總計
		HK\$'000 千港元 (Note (a)) (附註(a))	HK\$'000 千港元 (Note (b)) (附註(b))	HK\$'000 千港元	HK\$'000 千港元
Cost	成本值				
At 1 January 2009 and 31 December 2009	於二零零九年一月一日 及二零零九年 十二月三十一日	25,685	15,154	-	40,839
Exchange adjustment	匯兌調整	26	1,036	2,072	3,134
Additions	添置	-	7,992	-	7,992
Acquisition of subsidiaries	收購附屬公司	907	36,816	71,760	109,483
Termination of a license right	終止特許使用權	-	(15,154)	-	(15,154)
At 31 December 2010	於二零一零年 十二月三十一日	26,618	45,844	73,832	146,294
Accumulated amortisation and impairment	累計攤銷及減值				
At 1 January 2009	於二零零九年一月一日	-	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
Exchange adjustment	匯兌調整	-	50	99	149
Amortisation for the year	本年度攤銷	-	3,774	3,397	7,171
Acquisition of subsidiaries	收購附屬公司	-	281	-	281
Termination of a license right	終止特許使用權	-	(5,160)	-	(5,160)
At 31 December 2010	於二零一零年 十二月三十一日	10,606	2,303	3,496	16,405
Net book value	賬面淨值				
At 31 December 2010	於二零一零年 十二月三十一日	16,012	43,541	70,336	129,889
At 31 December 2009	於二零零九年 十二月三十一日	15,079	11,796	-	26,875

15 INTANGIBLE ASSETS (CONTINUED)

Notes:

(a) Goodwill

Goodwill is allocated to the Group's cash-generating unit ("CGU") 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 20% 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.

(b) License rights

In 2010, the Group terminated a license right agreement with a third party and a difference of HK\$9,493,000, which was resulted from the derecognition of the license right with a carrying amount of HK\$9,994,000 and write-back of a license right payable of HK\$19,487,000, was recognised in the consolidated profit and loss account.

15 無形資產(續)

附註:

(a) 商譽

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20%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。

(b) 特許使用權

於二零一零年,本集團終止與一名第三方訂立之特許使用權協議,因終止確認賬面值9,994,000港元之特許使用權及撤回19,487,000港元之應付特許使用權費而產生差額9,493,000港元,已於綜合損益表中確認。

16 LAND USE RIGHTS

16 土地使用權

		Group 本集團	
		2010 二零一零年 HK\$'000 千港元	2009 二零零九年 HK\$'000 千港元
Cost	成本值		
At 1 January	於一月一日	62,568	62,092
Exchange adjustment	匯兌調整	2,479	590
Additions	添置	3,820	4,485
Transferred from fixed assets	轉自固定資產	2,432	1,965
Disposal of a subsidiary	出售一間附屬公司	-	(6,564)
At 31 December	於十二月三十一日	71,299	62,568
Accumulated amortisation	累計攤銷		
At 1 January	於一月一日	19,070	17,148
Exchange adjustment	匯兌調整	500	106
Amortisation for the year	本年度攤銷	1,393	1,816
At 31 December	於十二月三十一日	20,963	19,070
Net book value	賬面淨值		
At 31 December	於十二月三十一日	50,336	43,498
At 1 January	於一月一日	43,498	44,944

As at both 31 December 2010 and 31 December 2009, all land use rights were held outside Hong Kong on leases of between 10 to 50 years.

於二零一零年十二月三十一日及二零零九年十二月三十一日,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						Total
		Buildings	Leasehold improvements	Construction-in-progress	Plant and machinery	Furniture, fixtures and equipment	Motor vehicles	
		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 2009	於二零零九年一月一日	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
Exchange adjustment	匯兌調整	15,886	15,506	1,535	5,359	5,737	1,598	45,621
Additions	添置	36,324	145,201	45,608	7,852	32,274	5,709	272,968
Acquisition of subsidiaries	收購附屬公司	-	8,794	-	-	3,110	339	12,243
Transfer	轉撥	778	4,321	(5,247)	-	148	-	-
Transferred to land use rights	轉入土地使用權	-	-	(2,432)	-	-	-	(2,432)
Disposals	出售	-	(57,584)	-	(5,085)	(14,093)	(5,168)	(81,930)
At 31 December 2010	於二零一零年十二月三十一日	466,431	458,601	53,762	146,436	175,227	44,692	1,345,149
Accumulated depreciation	累計折舊							
At 1 January 2009	於二零零九年一月一日	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
Exchange adjustment	匯兌調整	2,770	10,274	-	4,730	3,275	1,129	22,178
Acquisition of subsidiaries	收購附屬公司	-	3,909	-	-	1,765	164	5,838
Charge for the year	本年度折舊	9,750	92,873	-	6,277	20,438	4,318	133,656
Disposals	出售	-	(43,416)	-	(4,929)	(12,251)	(4,862)	(65,458)
At 31 December 2010	於二零一零年十二月三十一日	82,161	297,232	-	126,710	96,517	31,679	634,299
Net book value	賬面淨值							
At 31 December 2010	於二零一零年十二月三十一日	384,270	161,369	53,762	19,726	78,710	13,013	710,850
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

18 INVESTMENTS IN SUBSIDIARIES

18 於附屬公司之投資

		Company	
		本公司	
		2010 二零一零年 HK\$'000 千港元	2009 二零零九年 HK\$'000 千港元
Unlisted investments, at cost	非上市投資，按成本值	360,635	165,635

The following is a list of the principal subsidiaries as at 31 December 2010:

下表載列於二零一零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	Interest held 所持權益 %	Principal activities 主要業務
Aee International Ltd. ^(b) 愛意精品鞋業(上海)有限公司 ^(b)	China 中國	USD8,580,000 8,580,000美元	59.96	Distribution of footwear and accessories 分銷鞋類產品及配件
Alldevelop Holdings Limited	British Virgin Islands 英屬處女群島	1 share of US\$1 each 1股面值1美元之普通股	100	Investment holding 投資控股
Cheng Lin Shuyang Shoes Co. Ltd. ^(b) 承霖鞋業沈陽有限公司 ^(b)	China 中國	US\$500,000 500,000美元	100	Processing of footwear 加工鞋類產品
Colossus Asia Limited 鉅實亞洲有限公司	Hong Kong 香港	100 ordinary shares of HK\$1 each 100股每股面值 1港元之普通股	59.96	Retail distribution of footwear and accessories 零售分銷鞋類產品及配件
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
Da Shunda Commercial and Trading Co., Ltd. ^(b) 大順達商貿有限公司 ^(b)	China 中國	RMB10,000,000 10,000,000人民幣	59.96	Trading of footwear and accessories 買賣鞋類產品及配件
Daphne Korea Co. Ltd.	Korea 韓國	KRW300,000,000 300,000,000韓圓	100	Research and development of fashion design 研發時尚設計
Daphne Marketing Co., Ltd. 展昕貿易股份有限公司	Taiwan 台灣	NTD300,000,000 300,000,000新台幣	92	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\$1,500,000 1,500,000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

18 INVESTMENTS IN SUBSIDIARIES (CONTINUED) 18 於附屬公司之投資(續)

Name 名稱	Place of incorporation/ operation 註冊成立/營運地點	Particulars of issued/ paid-up capital 已發行/繳足股本詳情	Interest held 所持權益 %	Principal activities 主要業務
Despina Fashion (Shanghai) Co., Ltd. ^(b) 黛比娜時裝(上海)有限公司 ^(b)	China 中國	RMB20,000,000 20,000,000人民幣	100	Distribution of apparel and accessories 分銷服飾及配件
Full Pearl International Limited 富珍國際有限公司	British Virgin Islands 英屬處女群島	3,294 shares of US\$1 each 3,294股每股面值1美元 之股份	59.96	Investment holding and trading of footwear and accessories 投資控股及買賣鞋類產品及配件
Fuzhou Da Yue Footwear Co. Ltd. ^(b) 撫州大躍鞋業有限公司 ^(b)	China 中國	US\$300,000 300,000美元	100	Processing of footwear 加工鞋類產品
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 無投票權遞延股份 ^(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
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
Jiangxi Da Qian Footwear Co. Ltd. ^(b) 江西大千鞋業有限公司 ^(b)	China 中國	US\$300,000 300,000美元	100	Processing of footwear 加工鞋類產品
Modern City Development Limited 成田發展有限公司	Hong Kong 香港	100 ordinary shares of HK\$1 each; 10,000 non-voting deferred shares of HK\$1 each ^(d) 100股每股面值1港元之 普通股; 10,000股 每股面值1港元之 無投票權遞延股份 ^(d)	100	Investment holding 投資控股
Pou Yi International Limited 寶意精品股份有限公司	Taiwan 台灣	NTD31,000,000 31,000,000新台幣	92	Retail distribution of footwear and accessories 零售分銷鞋類產品及配件
Prime Success (BVI) Limited	British Virgin Islands 英屬處女群島	5,000,000 shares of US\$0.01 each 5,000,000股每股面值 0.01美元之股份	100	Investment holding 投資控股
Putian Hanjiang Footwear Co., Ltd. ^(a) 莆田市涵江鞋業有限公司 ^(a)	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	Retail sales right holder of footwear, apparel and accessories 持有鞋類產品、服飾及配件零售權

18 INVESTMENTS IN SUBSIDIARIES (CONTINUED) 18 於附屬公司之投資(續)

Name 名稱	Place of incorporation/ operation 註冊成立/營運地點	Particulars of issued/ paid-up capital 已發行/繳足股本詳情	Interest held 所持權益 %	Principal activities 主要業務
Taizhou Rong Wei Shoes Co. Ltd. ^(b) 泰州榮偉鞋業有限公司 ^(b)	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以及投資控股
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 (Suzhou) 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
Winson Union Limited 永信聯有限公司	Hong Kong 香港	10,000 ordinary shares of HK\$1 each 10,000股每股面值1港元 之普通股	100	Investment holding 投資控股
Yangzhou Quanwei Industry & Commerce Co., Ltd. ^(b) 揚州鈺偉實業有限公司 ^(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
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) Other than investment in Prime Success (BVI) Limited and Full Pearl International Limited which are held directly by the Company, all subsidiaries shown above are held indirectly by the Company.
- (d) The non-voting deferred shares practically carry no rights to dividends, nor rights to receive notice, nor rights to attend and vote at any general meeting of the respective companies, nor rights to participate in any distribution on winding up.
- (e) None of the subsidiaries had any debt securities outstanding at the end of the year or at any time during the year.

附註:

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

19 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

		2010 二零一零年 HK\$'000 千港元	2009 二零零九年 HK\$'000 千港元
Share of net assets	應佔資產淨值	3,338	3,262
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 2010 are as follows:

於二零一零年十二月三十一日，聯營公司之詳情如下：

Name 名稱	Place of incorporation/ operation 註冊成立/營運地點	Particulars of paid-up capital 繳足股本詳情	Interest held 所持權益 %	Principal activities 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：

		2010 二零一零年 HK\$'000 千港元	2009 二零零九年 HK\$'000 千港元
Assets	資產	11,316	11,342
Liabilities	負債	965	1,070
Revenues	收入	12,479	11,772
Profit	盈利	2,061	2,098

21 AVAILABLE-FOR-SALE FINANCIAL ASSETS

21 可出售金融資產

Group
本集團

		2010 二零一零年 HK\$'000 千港元	2009 二零零九年 HK\$'000 千港元
Unlisted equity investments, at fair value	非上市股本投資，按公平價值	33,624	33,624
Unlisted redeemable convertible preferred shares, at fair value	非上市可贖回可換股優先股，按公平價值	29,559	-
		63,183	33,624

Available-for-sale financial assets are denominated in the following currencies

可出售金融資產乃按以下列貨幣計值：

		Group 本集團	
		2010 二零一零年 HK\$'000 千港元	2009 二零零九年 HK\$'000 千港元
RMB	人民幣	33,624	33,624
USD	美元	29,559	-
		63,183	33,624

		Group 本集團	
		2010 二零一零年 HK\$'000 千港元	2009 二零零九年 HK\$'000 千港元
At 1 January	於一月一日	33,624	33,624
Addition	添置	29,559	-
At 31 December	於十二月三十一日	63,183	33,624

Notes:

附註：

- (a) Included in the unlisted equity investments are 30% interests in an equity joint venture in Mainland China with a carrying value of HK\$33,000,000 (2009: HK\$33,000,000). Since the Group has no significant influence in the operational and financial decisions of the investee, the directors consider the investment as an available-for-sale financial asset. The Group has signed an agreement with the major shareholder of the investee to secure an annual payment of HK\$3,000,000 for the three years ended 31 December 2011 in lieu of the profit sharing based on equity interest held.
- (b) As at 31 December 2009, the Group has certain listed securities traded in Taiwan over-the-counter market with nil carrying value pledged for a bank loan. The pledge was released during the year.

- (a) 非上市股本投資包括中國大陸一間合資企業之30%權益，賬面值為33,000,000港元（二零零九年：33,000,000港元）。由於本公司不能對被投資公司之營運及財務決策行使重大影響力，故董事視該投資為可出售金融資產。本集團與被投資公司之主要股東簽立協議，於截至二零一一年十二月三十一日止三個年度，每年收取3,000,000港元之款項，以代替按所持股權分成盈利。

- (b) 於二零零九年十二月三十一日，本集團有若干賬面值為零於台灣場外證券市場交易之上市證券，為銀行貸款作抵押。該抵押已於年內解除。

22 INVENTORIES

22 存貨

		Group 本集團	
		2010 二零一零年 HK\$'000 千港元	2009 二零零九年 HK\$'000 千港元
Raw materials	原材料	39,057	31,534
Work-in-progress	在製品	43,505	23,362
Finished goods	製成品	1,001,746	834,423
		1,084,308	889,319

Inventories are stated net of provisions for impairment of HK\$94,260,000 (2009: HK\$99,112,000) as at 31 December 2010.

於二零一零年十二月三十一日，存貨乃按扣除存貨減值撥備94,260,000港元(二零零九年：99,112,000港元)列賬。

23 TRADE RECEIVABLES

23 貿易應收賬款

		Group 本集團	
		2010 二零一零年 HK\$'000 千港元	2009 二零零九年 HK\$'000 千港元
Trade receivables	貿易應收賬款	212,151	183,310
Less: Provision for impairment of receivables	減：應收賬款減值撥備	(1,721)	(2,057)
Trade receivables – net	貿易應收賬款－淨額	210,430	181,253

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	
		2010 二零一零年 HK\$'000 千港元	2009 二零零九年 HK\$'000 千港元
At 1 January	於一月一日	2,057	3,721
Write-back of provision for impairment	減值撥備撥回	(156)	(152)
Receivables written off during the year as uncollectible	年內撇銷列作不可收回之應收賬款	(180)	(1,512)
At 31 December	於十二月三十一日	1,721	2,057

23 TRADE RECEIVABLES (CONTINUED)

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

		Group 本集團	
		2010 二零一零年 HK\$'000 千港元	2009 二零零九年 HK\$'000 千港元
0 – 30 days	0至30日	193,902	160,280
31 – 60 days	31至60日	11,066	11,001
61 – 90 days	61至90日	2,331	6,361
91 – 120 days	91至120日	1,677	1,628
121 – 180 days	121至180日	430	1,165
181 – 360 days	181至360日	895	400
Over 360 days	360日以上	129	418
		210,430	181,253

As at 31 December 2010, trade receivables of HK\$175,479,000 (2009: HK\$151,568,000) 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 by past due date of trade receivables that were past due but not impaired is as follows:

於二零一零年十二月三十一日，貿易應收賬款175,479,000港元（二零零九年：151,568,000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。按逾期日劃分已逾期但無減值之貿易應收賬款賬齡分析如下：

		Group 本集團	
		2010 二零一零年 HK\$'000 千港元	2009 二零零九年 HK\$'000 千港元
Not past due	尚未逾期	175,479	151,568
1 – 30 days past due	逾期1至30日	27,136	16,208
31 – 60 days past due	逾期31至60日	3,448	6,301
61 – 90 days past due	逾期61至90日	1,617	4,151
91 – 120 days past due	逾期91至120日	1,376	1,049
121 – 180 days past due	逾期121至180日	894	1,158
181 – 360 days past due	逾期181至360日	421	400
Over 360 days past due	逾期360日以上	59	418
		210,430	181,253

23 TRADE RECEIVABLES (CONTINUED)

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

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	
		2010 二零一零年 HK\$'000 千港元	2009 二零零九年 HK\$'000 千港元
RMB	人民幣	145,705	123,341
USD	美元	59,153	56,966
New Taiwan dollar	新台幣	5,489	946
HKD	港元	83	-
		210,430	181,253

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.

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 BANK DEPOSITS WITH MATURITY OVER THREE MONTHS

The Group's bank deposits were placed with maturity over three months and less than one year. The deposit was denominated in RMB at an interest rate of 1.98% (2009: 1.55%) per annum.

24 存款期超過三個月之銀行存款

本集團銀行存款之存款期為超過三個月但少於一年。存款乃以人民幣計值，按年利率1.98厘(二零零九年：1.55厘)計息。

25 CASH AND CASH EQUIVALENTS

25 現金及現金等價物

		Group 本集團		Company 本公司	
		2010 二零一零年 HK\$'000 千港元	2009 二零零九年 HK\$'000 千港元	2010 二零一零年 HK\$'000 千港元	2009 二零零九年 HK\$'000 千港元
Cash at banks and in hand	銀行存款及手頭現金	396,622	289,504	353	83,400
Deposits with banks within three months of maturity	存款期為三個月以內之銀行存款	1,627,667	1,255,347	-	311,293
		2,024,289	1,544,851	353	394,693

25 CASH AND CASH EQUIVALENTS (CONTINUED)

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

		Group 本集團		Company 本公司	
		2010 二零一零年 HK\$'000 千港元	2009 二零零九年 HK\$'000 千港元	2010 二零一零年 HK\$'000 千港元	2009 二零零九年 HK\$'000 千港元
RMB	人民幣	1,744,407	1,061,336	-	-
USD	美元	181,367	474,349	94	394,660
HKD	港元	89,809	3,501	259	33
New Taiwan dollar	新台幣	7,625	5,397	-	-
Korean Won	韓圓	898	250	-	-
Others	其他	183	18	-	-
		2,024,289	1,544,851	353	394,693

As at 31 December 2010, the weighted average effective interest rate of the Group's bank deposits within three months of maturity was 1.31% (2009: 1.07%) per annum.

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

26 TRADE PAYABLES

The ageing analysis of trade payables, including trade balances due to related parties (Note 38(a)) by invoice date, is as follows:

		Group 本集團	
		2010 二零一零年 HK\$'000 千港元	2009 二零零九年 HK\$'000 千港元
0 – 30 days	0至30日	315,781	185,629
31 – 60 days	31至60日	199,075	159,957
61 – 90 days	61至90日	28,489	24,059
91 – 120 days	91至120日	15,416	3,789
121 – 180 days	121至180日	6,238	1,846
181 – 360 days	181至360日	5,212	3,893
Over 360 days	360日以上	7,738	6,144
		577,949	385,317

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：

於二零一零年十二月三十一日，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1.31厘（二零零九年：1.07厘）。

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 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38(a)））賬齡分析如下：

27 BANK LOAN

27 銀行貸款

		Group 本集團	
		2010 二零一零年 HK\$'000 千港元	2009 二零零九年 HK\$'000 千港元
Bank loan	銀行貸款		
– Secured (Note (b))	– 有抵押 (附註(b))	–	14,567
– Unsecured	– 無抵押	11,281	–
		11,281	14,567

Notes:

- (a) As at both 31 December 2010 and 2009, the Group's bank loan was denominated in New Taiwan Dollar and repayable within one year and the carrying value of the bank loan approximated its fair value.
- (b) As at 31 December 2009, the Group's short-term bank loan was secured by listed securities classified under available-for-sale financial assets with nil carrying value.
- (c) The weighted average effective interest rate of the bank loan as at 31 December 2010 was 2.8% (2009: 2.8%) per annum.
- (d) As at 31 December 2010, the Company has given guarantees to various banks to secure general banking facilities granted to certain subsidiaries amounting to HK\$199,264,000 (2009: HK\$186,600,000). As at 31 December 2010 and 31 December 2009, no facilities covered by the Company's guarantees were utilised.

附註：

- (a) 於二零一零年及二零零九年十二月三十一日，本集團之銀行貸款乃以新台幣計值，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，本集團之短期銀行貸款由被分類為可供出售金融資產賬面值為零的上市證券作抵押。
- (c) 於二零一零年十二月三十一日，銀行貸款之加權平均實際年利率為2.8厘(二零零九年：2.8厘)。
- (d) 於二零一零年十二月三十一日，本公司就若干附屬公司獲授一般銀行融資199,264,000港元(二零零九年：186,600,000港元)向多家銀行提供擔保。於二零一零年十二月三十一日及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。

28 SHARE CAPITAL

28 股本

		2010 二零一零年 HK\$'000 千港元	2009 二零零九年 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 2010 and 31 December 2009.

截至二零一零年十二月三十一日及二零零九年十二月三十一日止兩個年度，本公司股本並無任何變動。

29 EQUITY SETTLED SHARE-BASED PAYMENT TRANSACTIONS

Pursuant to the share option scheme adopted and amended on 29 May 2003 and 7 December 2009 respectively, the Company granted share options to the executive directors and certain employees during the year. The share options are generally valid for a period of ten years and will lapse if the directors and employees leave the Group before the share options are exercisable. The Group has no legal or constructive obligation to repurchase or settle the share options in cash.

The total number of shares which may be issued upon exercise of all share options to be granted under the share option scheme must not in aggregate exceed 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. The Company may grant up to 163,789,238 share options, representing 10% of the shares of the Company in issue as at the date of refreshment of the scheme mandate limit.

Movements in the number of share options outstanding and their weighted average exercise prices are as follows:

29 以權益結算以股份為基礎之付款交易

根據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之購股權計劃，本公司於年內向執行董事及若干僱員授出購股權。購股權有效期一般為十年，而倘董事及僱員於購股權可行使前不再任職於本集團，購股權即告失效。本集團並無法定或推定責任以現金購回或結清購股權。

根據購股權計劃授出之全部購股權獲行使時可予發行之股份總數，合共不得超過二零零八年六月十七日（即二零零三年五月二十九日採納購股權計劃後本公司股東批准購股權計劃當日）本公司股份之10%。本公司可授出163,789,238份購股權，相當於更新計劃授權限額當日本公司已發行股份之10%。

尚未行使之購股權數目及其加權平均行使價之變動如下：

		2010 二零一零年		2009 二零零九年	
		Weighted average exercise price 加權平均行使價 HK\$ 港元	Number of share options 購股權數目	Weighted average exercise price 加權平均行使價 HK\$ 港元	Number of share options 購股權數目
At 1 January	於一月一日	–	–	8.90	6,700,000
Granted	授出	6.23	69,625,000	–	–
Lapsed	失效	6.19	(1,500,000)	8.90	(6,700,000)
At 31 December	於十二月三十一日	6.23	68,125,000	–	–

29 EQUITY SETTLED SHARE-BASED PAYMENT TRANSACTIONS (CONTINUED)

As at 31 December 2010, the share options outstanding consisted of 66,025,000 and 2,100,000 share options with exercise prices of HK\$6.19 and HK\$7.61 respectively. The exercise periods of the share options are as follows:

- (a) 40,000,000 share options granted to directors on 27 January 2010

15% of the share options will vest on each of the five anniversary dates of the date of grant and 25% of the share options will vest, subject to certain performance targets to be determined by the board of directors of the Company, on the fifth anniversary of the date of grant.

- (b) 21,025,000 share options granted to employees on 27 January 2010

20% of the share options will vest on each of the five anniversary dates of the date of grant.

- (c) 5,000,000 share options granted to employees on 27 January 2010

12% of the share options will vest on each of the five anniversary dates of the date of grant and 40% of the share options will vest, subject to certain performance targets to be determined by the board of directors of the Company, on the fifth anniversary of the date of the grant. Provided the employment is terminated by the Company or its subsidiaries prior to 20 January 2015, 3,000,000 share options will vest fully at the time of termination of employments.

- (d) 1,000,000 share options granted to employees on 22 July 2010

One-fifth of the share options will vest on each anniversary with the first tranche starting on 1 April 2011.

- (e) 1,100,000 share options granted to employees on 22 July 2010

One-third of the share options will vest on each anniversary with the first tranche starting on 1 April 2011.

29 以權益結算以股份為基礎之付款交易(續)

於二零一零年十二月三十一日，尚未行使之購股權包括行使價分別為6.19港元及7.61港元之66,025,000份及2,100,000份購股權。購股權之行使期如下：

- (a) 40,000,000份購股權於二零一零年一月二十七日授予董事

由授出日期起計五個週年日每年歸屬15%，其餘25%須待本公司董事會將予釐定之若干表現目標達成後，於授出日期起計第五個週年日歸屬。

- (b) 21,025,000份購股權於二零一零年一月二十七日授予僱員

由授出日期起計五個週年日每年歸屬20%。

- (c) 5,000,000份購股權於二零一零年一月二十七日授予僱員

由授出日期起計五個週年日每年歸屬12%，其餘40%須待本公司董事會將予釐定之若干表現目標達成後，於授出日期起計第五個週年日歸屬。倘本公司或其附屬公司於二零一五年一月二十日前終止聘用，3,000,000份購股權將於終止聘用時悉數歸屬。

- (d) 1,000,000份購股權於二零一零年七月二十二日授予僱員

購股權由二零一一年四月一日起每個週年日歸屬五分之一。

- (e) 1,100,000份購股權於二零一零年七月二十二日授予僱員

購股權由二零一一年四月一日起每個週年日歸屬三分之一。

29 EQUITY SETTLED SHARE-BASED PAYMENT TRANSACTIONS (CONTINUED)**Fair value of share options and assumptions**

The fair value of services received in return for share options granted was measured by reference to the fair value of share options granted. The weighted average fair value of the share options granted in 2010 was HK\$2.29 which was determined using the Binomial Options Pricing Model with significant inputs into the model as follows:

		Granted on 授出日期	
		27 January 2010 二零一零年 一月二十七日	22 July 2010 二零一零年 七月二十二日
Share price at measurement date	於計量日期之股價	HK\$5.78港元	HK\$7.61港元
Option exercise price	購股權行使價	HK\$6.19港元	HK\$7.61港元
Expected annualised volatility	預期年度化波幅	37.26%	37.26%
Risk-free rate	無風險利率	2.82%	2.22%
Expected option life	預期購股權年期	10 years年	10 years年
Expected dividend yield	預期孳息率	1.31%	2.16%

Expected annualised volatility was determined by using the historical volatility of the Company's share price over the previous three to five years. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

Subsequent to year-end, the Company granted 2,500,000 share options on 27 January 2011 at an exercise price of HK\$7.84 per share to certain 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.

29 以權益結算以股份為基礎之付款交易(續)**購股權公平價值及假設**

就授出購股權而收取之服務之公平價值乃參照所授出購股權之公平價值計量。於二零一零年授出之購股權之公平價值加權平均數為2.29港元，乃按二項式期權定價模式釐定，該模式之主要輸入數據如下：

預期年度化波幅乃使用本公司於過去三至五年之股價波幅而釐定。該模式所用之預期年期已按管理層之最佳估計就不可轉讓性、行使限制及行為考慮之影響予以調整。

於年結後，本公司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，於二零一一年一月二十七日向若干僱員授出2,500,000份購股權，行使價為每股7.84港元。購股權將於授出日期起計五個週年日每年歸屬。

30 RESERVES

30 儲備

		Share premium	Capital redemption reserve	Capital reserve	Convertible bonds capital reserve	Warrants capital reserve	Share-based payment reserve	Translation reserve	Merger reserve	Statutory reserves	Retained profits	Total
At 1 January 2009	於二零零九年一月一日	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 of translation reserve upon disposal of a subsidiary	出售一間附屬公司之匯兌儲備變現	-	-	-	-	-	-	(4,424)	-	-	-	(4,424)
Realisation of reserves upon dissolution of a subsidiary	解散一間附屬公司之儲備變現	-	-	-	-	-	-	-	-	(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
Currency translation differences	匯兌差額	-	-	-	-	-	-	84,294	-	-	-	84,294
Profit appropriations	盈利分配	-	-	-	-	-	-	-	-	2,754	(2,754)	-
Share of an associated company's reserve	應佔一間聯營公司儲備	-	-	-	-	-	-	-	-	-	-	-
Profit for the year	年內盈利	-	-	-	-	-	-	39	-	13	(13)	39
Partial acquisition and disposal of subsidiaries	收購及出售附屬公司股份	-	-	(197)	-	-	-	-	-	-	-	(197)
Dividends	股息	-	-	-	-	-	-	-	-	-	(180,173)	(180,173)
Write-back of unclaimed dividends	撥回未領取股息	-	-	-	-	-	-	-	-	-	2	2
Share-based payment expenses	以股份為基礎之付款開支	-	-	-	-	-	58,589	-	-	-	-	58,589
Transfer of warrants from liability to equity	認股權證從負債轉撥至權益	-	-	-	-	363,370	-	-	-	-	-	363,370
At 31 December 2010	於二零一零年十二月三十一日	24,505	2,882	(197)	26,178	363,370	58,589	269,759	322	83,328	2,131,807	2,960,543

		Share premium	Capital redemption reserve	Contributed surplus	Convertible bonds capital reserve	Warrants capital reserve	Translation reserve	Share-based payment reserve	Retained profits	Total
At 1 January 2009	於二零零九年一月一日	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
Currency translation differences	匯兌差額	-	-	-	-	-	3,694	-	-	3,694
Profit for the year	年內盈利	-	-	-	-	-	-	-	187,984	187,984
Dividends	股息	-	-	-	-	-	-	-	(180,173)	(180,173)
Write-back of unclaimed dividends	撥回未領取股息	-	-	-	-	-	-	-	2	2
Share-based payment expenses	以股份為基礎之付款開支	-	-	-	-	-	-	58,589	-	58,589
Transfer of warrants from liability to equity	認股權證從負債轉撥至權益	-	-	-	-	363,370	-	-	-	363,370
At 31 December 2010	於二零一零年十二月三十一日	24,505	2,882	152,891	26,178	363,370	5,697	58,589	17,271	651,383

30 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) Statutory reserves

As stipulated by regulations in Mainland China, the Company's subsidiaries established and operated in Mainland China are required to appropriate a portion of their after-tax profit (after offsetting prior year losses) to the statutory reserves and enterprise expansion fund, at rates determined by their respective boards of directors. The statutory reserves can be utilised to offset prior year losses or be utilised for the issuance of bonus shares, whilst the enterprise expansion fund can be utilised for the development of business operations. When the statutory reserves reach an amount equal to 50% of the registered capital of the Company's subsidiaries, further appropriation is optional.

(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, fair value adjustment of warrant capital reserve, 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.

31 CONVERTIBLE BONDS AND 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;

30 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

根據中國大陸法規，本公司於中國大陸成立及經營之附屬公司須將其稅後盈利(經抵銷上一年度虧損後)之一部份撥入法定儲備及企業發展基金，撥款比例由附屬公司各自之董事會釐定。法定儲備可用作抵銷上一年度虧損或用作發行紅股，而企業發展基金可用作發展業務營運。法定儲備達到本公司附屬公司註冊資本50%後，可選擇不再撥款。

(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、認股權證資本公平價值調整儲備、匯兌儲備、以股份為基礎之付款儲備及保留盈利。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。

31 可換股債券及認股權證

於二零零九年六月十二日，本公司發行人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；

**31 CONVERTIBLE BONDS AND WARRANTS
(CONTINUED)**

- (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\$4.0 per warrant which is subsequently changed to RMB3.49792 per warrant pursuant to an amendment deed dated 25 August 2010; 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.

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 2010, 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.

31 可換股債券及認股權證 (續)

- (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4.0港元,其後根據日期為二零一零年八月二十五日之修訂契約更改為每份認股權證人民幣3.49792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。

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。於二零一零年十二月三十一日,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。

31 CONVERTIBLE BONDS AND WARRANTS (CONTINUED)

On 25 August 2010, upon the execution of an amendment deed by the Company with the warrant holder to change the denomination of the exercise price of the warrant from HKD to RMB, the derivative financial instrument qualified with the definition of equity and was transferred to warrants capital reserve based on the fair value of the Warrants as at 25 August 2010.

Movements of the liability component and the equity component of the Bonds and the Warrants are as follows:

31 可換股債券及認股權證(續)

於二零一零年八月二十五日，在本公司與認股權證持有人簽署修訂契約以將認股權證行使價之貨幣單位由港元更改為人民幣後，衍生金融工具符合權益之定義並按認股權證於二零一零年八月二十五日之公平價值轉撥入認股權證資本儲備。

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	Equity component of convertible bonds	Derivative financial instrument – warrants	Warrants capital reserve	Total	
		可換股債券 負債部份	可換股債券 權益部份	工具－認股 權證	認股權證 資本儲備	總計	
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	
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 expense	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	
Exchange adjustment	匯兌差額	19,155	–	1,781	–	20,936	
Interest expense	利息開支	21,842	–	–	–	21,842	
Fair value adjustment	公平價值調整	–	–	77,328	–	77,328	
Transfer from liability to equity	由負債轉撥至權益	–	–	(363,370)	363,370	–	
At 31 December 2010	於二零一零年 十二月三十一日	556,622	26,178	–	363,370	946,170	

During both years ended 31 December 2010 and 31 December 2009, no Bonds were redeemed, converted or purchased and cancelled and no Warrants were exercised.

於截至二零一零年十二月三十一日及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。

32 LICENSE FEE PAYABLES

License fee payables were recognised based on a discount rate of approximately 20% 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 2010, all license fees were payable in the second and third year from the balance sheet date and the carrying value of the license fee payables approximated its estimated fair value. As at 31 December 2009, license fees of HK\$12,622,000 and HK\$5,228,000 were payable in the second to fifth year and over five years respectively.

33 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	
		2010 二零一零年 HK\$'000 千港元	2009 二零零九年 HK\$'000 千港元
At 1 January	於一月一日	38,569	30,216
Exchange adjustment	匯兌調整	1,514	234
Credited to profit and loss account (Note 10)	計入損益表(附註10)	11,134	8,119
At 31 December	於十二月三十一日	51,217	38,569

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 2010, the Group has unrecognised tax losses of HK\$129,077,000 (2009: HK\$103,635,000) to be carried forward against future taxable income, including HK\$53,945,000 (2009: HK\$35,580,000) and HK\$68,522,000 (2009: HK\$61,474,000) that will expire within the next five years and in five to ten years, respectively.

32 應付特許使用權費

應付特許使用權費於開始承擔責任當日按最低保證款額貼現年率約20%確認，該貼現率乃經參考本集團之加權平均資金成本釐定。

於二零一零年十二月三十一日，所有特許使用權費應於結算日起計第二及第三年支付，而應付特許使用權費之賬面值與其估計公平價值相若。於二零零九年十二月三十一日，應於第二至第五年及五年以上支付之應付特許使用權費分別為12,622,000港元及5,228,000港元。

33 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：

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。於二零一零年十二月三十一日，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129,077,000港元（二零零九年：103,635,000港元），包括53,945,000港元（二零零九年：35,580,000港元）及68,522,000港元（二零零九年：61,474,000港元）分別於未來五年內及五至十年到期。

33 DEFERRED INCOME TAX (CONTINUED)

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							
		Accelerated tax depreciation 加速稅項折舊		Withholding tax on undistributed profits 未分派盈利預扣稅		Others 其他		Total 總計	
Deferred income tax liabilities 遞延所得稅負債		2010 二零一零年 HK\$'000 千港元	2009 二零零九年 HK\$'000 千港元	2010 二零一零年 HK\$'000 千港元	2009 二零零九年 HK\$'000 千港元	2010 二零一零年 HK\$'000 千港元	2009 二零零九年 HK\$'000 千港元	2010 二零一零年 HK\$'000 千港元	2009 二零零九年 HK\$'000 千港元
At 1 January	於一月一日	2,897	1,555	-	-	-	-	2,897	1,555
Exchange adjustment	匯兌調整	141	20	-	-	6	-	147	20
Charged to profit and loss account	扣除自損益表	1,366	1,322	560	-	201	-	2,127	1,322
At 31 December	於十二月三十一日	4,404	2,897	560	-	207	-	5,171	2,897

		Group 本集團									
		Provisions 撥備		Decelerated tax depreciation 減速稅項折舊		Tax losses 稅項虧損		Others 其他		Total 總計	
Deferred income tax assets 遞延所得稅資產		2010 二零一零年 HK\$'000 千港元	2009 二零零九年 HK\$'000 千港元	2010 二零一零年 HK\$'000 千港元	2009 二零零九年 HK\$'000 千港元	2010 二零一零年 HK\$'000 千港元	2009 二零零九年 HK\$'000 千港元	2010 二零一零年 HK\$'000 千港元	2009 二零零九年 HK\$'000 千港元	2010 二零一零年 HK\$'000 千港元	2009 二零零九年 HK\$'000 千港元
At 1 January	於一月一日	35,185	27,121	5,839	3,659	-	368	442	623	41,466	31,771
Exchange adjustment	匯兌調整	1,411	207	179	43	60	(2)	11	6	1,661	254
Credited/(charged) to profit and loss account	計入/(扣除自) 損益表	12,361	7,857	(1,152)	2,137	2,245	(366)	(193)	(187)	13,261	9,441
At 31 December	於十二月三十一日	48,957	35,185	4,866	5,839	2,305	-	260	442	56,388	41,466

34 OTHER NON-CURRENT LIABILITIES

The balance represented a consideration payable for purchase of a subsidiary during the year and the accrued interests. The consideration payable borne interest of 5% per annum and the balance will not be settled in the next twelve months from the balance sheet date (Note 36).

34. 其他非流動負債

有關結餘指年內收購附屬公司之應付代價及應計利息。應付代價按年利率5厘計息，而有關結餘不會於結算日起計十二個月內償還(附註36)。

35 CONSOLIDATED CASH FLOW STATEMENT

Reconciliation of profit before income tax to cash generated from operations

35 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

		2010 二零一零年 HK\$'000 千港元	2009 二零零九年 HK\$'000 千港元
Profit before income tax	除所得稅前盈利	850,161	633,543
Amortisation	攤銷	8,564	3,782
Depreciation	折舊	133,656	131,292
Fair value loss on derivative financial instrument – warrants	衍生金融工具公平價值虧損 — 認股權證	77,328	203,466
Gain on disposal of a subsidiary	出售一間附屬公司之收益	–	(1,197)
Gain on dissolution of a subsidiary	解散一間附屬公司之收益	–	(315)
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	12,392	18,876
Interest income	利息收入	(37,151)	(6,609)
Finance costs	財務成本	44,799	26,704
Share-based payment expense	以股份為基礎之付款開支	58,589	–
Net gain on early termination of a license right	提早終止特許使用權收益淨額	(9,493)	–
Share of profit of an associated company	應佔一間聯營公司盈利	(618)	(630)
Operating cash flows before working capital changes	營運資金變動前之 經營現金流量	1,138,227	1,019,518
(Increase)/decrease in inventories	存貨(增加)/減少	(103,823)	476,327
(Increase)/decrease in trade receivables, other receivables, deposits and prepayments	貿易應收賬款、其他應收賬款、 按金及預付款項(增加)/減少	(106,164)	19,494
Increase in trade payables, other payables and accrued charges	貿易應付賬款、其他應付賬款及 應計費用增加	228,410	35,505
Cash generated from operations	營運產生之現金	1,156,650	1,550,844

36 ACQUISITION OF SUBSIDIARIES

On 20 January 2010, the Group acquired 59.96% equity interest in Full Pearl International Limited (“Full Pearl”) from independent third parties at a total consideration of HK\$195,000,000, comprising cash paid of HK\$180,000,000 and balance payable of HK\$15,000,000 which borne interest of 5% per annum to be settled after three years from the acquisition. Full Pearl and its subsidiaries (together “Full Pearl Group”) principally engaged in the distribution and retail distribution of footwear, apparel and accessories under its own brands and licensed brands in Mainland China, Taiwan and Hong Kong.

36 收購附屬公司

於二零一零年一月二十日，本集團向一名獨立第三方收購富珍國際有限公司（「富珍」）59.96%股本權益，總代價為195,000,000港元，當中180,000,000港元現金已經支付，餘款15,000,000港元按年利率5厘計息，須於收購日期起計三年清償。富珍及其附屬公司（統稱「富珍集團」）主要於中國大陸、香港及台灣從事分銷及零售分銷自有品牌及特許品牌鞋類產品、服飾及配件。

36 ACQUISITION OF SUBSIDIARIES (CONTINUED)

On 1 August 2010, the Group acquired 32% equity interest in a subsidiary of Full Pearl and disposed 8% equity interest in a subsidiary of the Group to the same non-controlling shareholder at a net consideration of HK\$182,000. The net loss on the acquisition and disposal of equity interests in respectively subsidiaries of HK\$197,000 was accounted for directly in equity.

The net assets of Full Pearl Group acquired and the relevant goodwill arising are as follows:

		HK\$' 000 千港元
Purchase considerations	購買代價	
Paid in cash	以現金支付	180,000
Payable	應付	15,000
		195,000
Fair value of net identifiable assets acquired	所收購可識別淨資產之公平價值	(194,093)
Goodwill	商譽	907

The carrying amount and fair value of the net identifiable assets of Full Pearl Group acquired are as follows:

所收購富珍集團可識別淨資產之賬面值及公平價值如下：

		Carrying amount 賬面值 HK\$' 000 千港元	Fair value 公平價值 HK\$' 000 千港元
Fixed assets	固定資產	6,405	6,405
License rights	特許使用權	655	36,535
Trademarks	商標	-	71,760
Inventories	存貨	58,519	58,519
Cash and cash equivalents	現金及現金等價物	177,242	177,242
Other assets	其他資產	45,625	45,625
Bank loans	銀行貸款	(29,640)	(29,640)
Other liabilities	其他負債	(42,742)	(42,742)
Non-controlling interests	非控制性權益	(86,512)	(129,611)
Net identifiable assets acquired	所收購之可識別淨資產	129,552	194,093

The net cash outflow for acquisition of Full Pearl Group:

收購富珍集團產生之現金流出淨額：

		HK\$' 000 千港元
Cash consideration paid	已付現金代價	180,000
Less: cash and cash equivalents acquired	減：所收購之現金及現金等價物	(177,242)
Net cash outflow for acquisition	收購產生之現金流出淨額	2,758

36 ACQUISITION OF SUBSIDIARIES (CONTINUED)

Full Pearl Group contributed turnover and profit of approximately HK\$298,533,000 and HK\$8,457,000 respectively to the Group for the year ended 31 December 2010 since acquisition. The Group's turnover and profit for the year ended 31 December 2010 would not be materially different if the acquisition had occurred on 1 January 2010.

There was no contingent consideration arrangement and no contingent liabilities were identified upon the acquisition.

37 COMMITMENTS

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

		2010 二零一零年 HK\$'000 千港元	2009 二零零九年 HK\$'000 千港元
Authorised but not contracted	已授權但未訂約	13,246	28,267
Contracted but not provided for	已訂約但未撥備	25,679	27,971
		38,925	56,238

(b) Commitments under operating leases

As at 31 December 2010, 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:

		2010 二零一零年 HK\$'000 千港元	2009 二零零九年 HK\$'000 千港元
Not later than one year	一年內	686,065	548,816
Later than one year and not later than five years	一年後及五年內	703,016	531,293
Later than five years	五年後	30,941	7,893
		1,420,022	1,088,002

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 2010 (2009: nil).

36 收購附屬公司 (續)

自收購起，富珍於截至二零一零年十二月三十一日止年度對本集團貢獻之營業額及盈利分別為298,533,000港元及8,457,000港元。若收購事項於二零一零年一月一日已經發生，本集團截至二零一零年十二月三十一日止年度之營業額及盈利亦不會因此而有重大變動。

於收購中並無或然代價安排，亦無識別到或然負債。

37 承擔

(a) 購買土地使用權及固定資產之資本承擔

		Group 本集團	
		2010 二零一零年 HK\$'000 千港元	2009 二零零九年 HK\$'000 千港元
Authorised but not contracted	已授權但未訂約	13,246	28,267
Contracted but not provided for	已訂約但未撥備	25,679	27,971
		38,925	56,238

(b) 經營租賃承擔

於二零一零年十二月三十一日，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	
		2010 二零一零年 HK\$'000 千港元	2009 二零零九年 HK\$'000 千港元
Not later than one year	一年內	686,065	548,816
Later than one year and not later than five years	一年後及五年內	703,016	531,293
Later than five years	五年後	30,941	7,893
		1,420,022	1,088,002

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。

於二零一零年十二月三十一日，本公司並無任何重大承擔(二零零九年：零)。

38 RELATED PARTY TRANSACTIONS AND BALANCES

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

(a) Transactions and balances with related companies

		Transactions 交易		Balances at year end 年結日之結餘	
		2010 二零一零年 HK\$'000 千港元	2009 二零零九年 HK\$'000 千港元	2010 二零一零年 HK\$'000 千港元	2009 二零零九年 HK\$'000 千港元
Purchases from:	向下列各方採購：				
An associated company	聯營公司	2,218	752	806	352
Investee companies	被投資公司	2,519	3,360	590	799

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

除本賬目其他部份所披露之交易及結餘外，本集團於年內曾進行下列關聯方交易：

(a) 與關聯公司之交易及結餘

向聯營公司及被投資公司採購鞋類物料及鞋類產品之交易乃於本集團日常業務過程中進行。交易條款乃經本集團與交易方協定後釐定，而所有應付結餘亦按照貿易條款支付。

(b) Key management personnel compensation

		2010 二零一零年 HK\$'000 千港元	2009 二零零九年 HK\$'000 千港元
Salaries and bonuses	薪金及花紅	42,507	21,547
Defined contribution pension costs	定額供款退休金成本	321	270
Share-based payment expense	以股份為基礎之付款開支	44,193	–
		87,021	21,817

(b) 主要管理人員之薪酬

FIVE-YEAR FINANCIAL SUMMARY

五年財務概要

For the years ended 31 December

截至十二月三十一日止年度

		2010	2009	2008	2007	2006
		二零一零年	二零零九年	二零零八年	二零零七年	二零零六年
		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
Results	業績					
Turnover	營業額	6,623,840	5,831,994	5,289,297	3,853,580	3,093,086
Gross profit	毛利	3,800,841	3,207,078	2,787,386	1,829,779	1,395,212
Profit before income tax	除所得稅前盈利	850,161	633,543	666,267	530,018	391,617
Profit for the year attributable to:	以下各方應佔年內盈利：	611,611	400,659	497,177	388,720	295,104
Equity holders of the Company	本公司權益持有人	595,510	393,838	492,920	384,383	291,566
Non-controlling interests	非控制性權益	16,101	6,821	4,257	4,337	3,538
Basic earnings per share (HK cents)	每股基本盈利(港仙)	36.36	24.05	30.09	23.47	17.80
Dividend per share (HK cents)	每股股息(港仙)	12.0	8.0	5.5	5.0	4.5

As at 31 December

於十二月三十一日

		2010	2009	2008	2007	2006
		二零一零年	二零零九年	二零零八年	二零零七年	二零零六年
		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
Assets and liabilities	資產及負債					
Total assets	總資產	5,049,050	3,940,808	2,962,361	2,361,901	1,718,838
Total liabilities	總負債	1,741,447	1,698,883	1,071,063	954,719	705,626
Total equity attributable to:	以下各方應佔總權益：	3,307,603	2,241,925	1,891,298	1,407,182	1,013,212
Equity holders of the Company	本公司權益持有人	3,124,332	2,202,898	1,854,533	1,373,084	981,308
Non-controlling interests	非控制性權益	183,271	39,027	36,765	34,098	31,904

DAPHNE INTERNATIONAL HOLDINGS LIMITED
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