

Interim Financial Report 2004

2004 年中期財務報告

摘要

- 股東應佔溢利淨額為港幣二千一百萬元；營業額為港幣六億五千六百萬元
- 數碼相片沖印需求急升
- 市場推廣活動持續，以支持零售業務之擴充
- 宣派中期股息每股港幣一仙

管理層討論及分析

本集團截至2004年9月30日止6個月的綜合營業額為港幣6.56億元，較去年同期輕微下跌3.3%。股東應佔純利為港幣2,100萬元，相比去年同期股東應佔虧損淨額則為港幣7,200萬元。每股溢利為港幣1.82仙，並宣派中期股息每股港幣1仙。

批發業務

影像解決方案

影像解決方案業務包括攝影菲林、電影菲林、數碼相機、電子影像器材及磁性影音媒體產品、相紙、沖印藥液及沖印器材相關業務，佔回顧期內本集團總營業額56%。

該業務種類的總營業額較去年同期六個月下降2%。攝影菲林銷售額微升4.6%，但仍與「沙士」疫症（嚴重急性呼吸道綜合症）前的銷售業績有一段距離。數碼相機總銷售量大幅上升65%，而收入則與去年同期相若，主要由於受到割喉式減價戰及相機電話熱潮影響。

隨著「更緊密經貿關係安排」(CEPA)於2004年1月落實，電影菲林需求持續增長，專業電影菲林銷售額較去年同期上升11%。在中國電影及廣告業蓬勃帶動下，預期專業電影菲林的銷售量將進一步增長。

HIGHLIGHTS

- Net profit attributable to shareholders of HK\$21 million and turnover of HK\$656 million
- Surge in demand for prints from digital cameras
- Sustained marketing effort to support retail service expansion
- Interim dividend of HK1 cent per share declared

MANAGEMENT DISCUSSION AND ANALYSIS

The Group's consolidated turnover for the six months ended 30 September 2004 was HK\$656 million, a slight decrease of 3.3% compared to the corresponding period last year. Net profit attributable to shareholders was HK\$21 million, compared to a net loss of HK\$72 million for the same period last year. Profit per share was HK1.82 cents, with an interim dividend of HK1 cent declared.

Wholesale Business

Imaging Solutions

The imaging solutions segment includes businesses related to photographic films, motion picture films, digital cameras, electronic imaging equipment, magnetic audiovisual media products, photographic paper, chemicals and photo-finishing equipment. It accounted for 56% of the Group's total turnover during the period under review.

Total segment turnover decreased by 2% compared with the corresponding six months last year. Sales of photographic films improved slightly by 4.6%, but still lag behind the sales performance before SARS (Severe Acute Respiratory Syndrome). Revenue from sales of digital cameras was more or less the same as the corresponding period last year, although sales volume rose considerably by 65%, mainly due to cut-throat price competition and the growing popularity of phone cameras.

With the commencement of CEPA (Closer Economic Partnership Arrangement) in January 2004, the demand for movie films has continued to grow. Sales of professional movie films were up by 11% compared with the same period last year. The booming film and advertising industry in China is expected to drive further sales growth in professional movie films.

回顧期內，富士數碼激光沖印(Frontier)系列在香港的銷售漸呈飽和，然而，由於該系列在菲林及數碼媒體兩方面的相片沖印質素均份外超卓，加上數碼相機及相機電話日漸普及，數碼相片沖印量顯著上升，因此，相紙總銷售額於回顧期內較去年同期增加27%。

資訊解決方案

資訊解決方案業務包括醫療影像系統、印刷器材及數據儲存媒體，此項業務佔集團總營業額29%。

於回顧期內，資訊解決方案類別的整體營業額較去年同期上升11%。由於集團全資附屬公司富士醫療產品有限公司的推廣活動成效理想，DryPix系列銷售額錄得15%的增長。回顧期內，集團成功投得為香港醫院管理局供應X光菲林及沖印藥液，進一步推動菲林的銷售額。富士醫療產品有限公司透過與中港澳三地的主要業界領導者建立策略性聯盟，從而拓展其業務並提供完善的售後服務。

印刷器材的銷售額於期內錄得11%的增長。PS版於香港印刷業口碑載道，使印刷材料銷售額較去年同期上升23%。同時又以具競爭力的價格推出一款專為中國市場而設的嶄新記錄菲林「百利合」(Benefi)，該款記錄菲林廣受歡迎，使記錄菲林銷售額大幅上升一倍。由於中國對優質印刷器材產品的需求增加，電腦直接製版(CTP)系統將日趨普及，富士印刷器材有限公司正逐步透過業界層面，進行有效的推廣活動，以提高其銷售額。

Sales of Fujifilm's Frontier digital minilab series in Hong Kong showed signs of gradually leveling off in the period under review. However, the unprecedented high quality output from both film and digital media, along with the increasing popularity of digital cameras and camera phones, has seen a substantial rise in the volume of prints from digital cameras. As a result, total sales of paper grew by 27% during the period under review, compared to the same period last year.

Information Solutions

Activities in this segment include medical imaging systems, graphic art products and data storage media. This segment accounted for 29% of the Group's total turnover.

During the period under review, the overall turnover for the information solutions segment was up 11% compared to the same period last year. Sales of the DryPix series recorded 15% growth due to a successful promotional campaign by the Group's wholly-owned subsidiary, Fuji Medical Products Ltd. A successful tender for the supply of radiographic films and processing chemicals to the Hospital Authority of Hong Kong further accelerated the sales of films during the period under review. Fuji Medical Products Ltd has pursued business expansion through strategic alliances with dominant market players in China, Hong Kong and Macau in order to provide comprehensive after-sales service.

In the graphic art products business, 11% growth was recorded in sales during the period. PS Plate was well received by the publishing industry in Hong Kong and boosted sales of printing materials by 23% compared with the corresponding period in the previous year. Meanwhile, a new recording film 'Benefi' was introduced specifically for the China market with a competitive price and was so popular that the sales of recording film increased considerably by 100%. Computer-to-plate (CTP) systems will become more popular as the demand for high quality graphic art products grows in China. Accordingly, Fuji Graphic Arts Products Ltd is taking steps to boost its sales through effective promotional campaigns at the trade level.

零售業務

回顧期內，零售業務佔集團總營業額15%。

零售類別的營業額較去年同期上升6%。在香港，快圖美連鎖店策略性地將店舖數目由76間擴充至84間，優質數碼影像沖印服務成為快圖美的核心業務，沖印服務的銷售額及沖印量分別較去年同期上升25.5%及32.4%。由於數碼相機及相機電話日漸流行，而且產品愈見先進，加上「數碼站」服務（一套容許顧客以輕觸螢幕方式自行訂購數碼相片的小型電腦終端機，訂購過程需時僅為一分鐘）反應理想，數碼相片銷售量激增112.8%，而光碟錄製及菲林數碼化服務亦錄得6.1%的平穩增長。數碼影像的廣泛應用，同時推動了個人電腦相關數碼配件的銷售額，較去年同期上升30%。

市場推廣

截至2004年9月30日止六個月期間，集團致力以其品牌建立策略配合其業務擴充。為保持品牌的知名度，集團繼續贊助及參與不同類型的公開活動，包括攝影比賽、球賽、全國性研討會、專業講座、展覽會、貿易展、產品培訓、電視節目及聯合推廣，藉以向集團中港澳三地的目標客戶作品牌宣傳。於回顧期間推出的「日本數碼沖印設備展覽活動」反應熱烈，帶動沖印產品的銷售額，活動期間銷售額錄得31%的升幅。集團亦透過與市場上數間主要分銷商聯合推廣，推出有效的策略聯盟貿易推廣活動。

為提升快圖美的品牌知名度及提高數碼相片沖印量的需求，回顧期內，由充滿青春朝氣的電視演員吳卓羲先生主演之全新快圖美電視廣告，廣受香港年輕人歡迎，為配合整個電視廣告推廣計劃，一系列的報章雜誌平面廣告、戶外廣告及店舖裝飾等宣傳活動也相繼展開，務求推動連鎖店的總銷售額。

Retail Business

The retail businesses accounted for 15% of the Group's total turnover during the period under review.

Total sales for the retail segment increased by 6% compared to the same period last year. In Hong Kong, the Fotomax chain expanded strategically from 76 shops to 84. High-quality digital imaging D&P service has become the core business of Fotomax, with sales of D&P service up by 25.5% and print volume up by 32.4% compared to the same period last year. Sales volume for digital prints rose 112.8% and CD-Rom recording and film digitization service also recorded steady growth of 6.1%. This was driven by the increasing popularity and sophistication of digital cameras and phone cameras, as well as the success of the "Digital Kiosk" – a compact computer terminal which allows customers to order digital prints themselves in just one minute, at the touch of a screen. The prevalence of digital imaging has also driven the sales of PC and digital related accessories up by 30% compared with the same period last year.

Marketing

For the six months ended 30 September 2004, the Group has engaged its brand building strategy to support business expansion. To sustain brand awareness, the Group has continued to sponsor and participate in various public activities, including photo contests, tournaments, nationwide seminars, professional talks, exhibitions, trade shows, product training, TV programs and joint promotions to reach our target customers in China, Hong Kong and Macau. During the period under review, a successful Lab-Show Campaign was launched to boost the sales of photofinishing products. A 31% sales increase was recorded during the campaign period. The Group also launched an effective tactical alliance trade promotion campaign by means of joint promotion with several leading dealers in the market.

To raise brand awareness of Fotomax and encourage greater demand for digital photo printing, a new TV commercial featuring the young and energetic local actor, Mr. Ron Ng, was launched and was well received by many young people in Hong Kong. The TV commercial campaign was run in conjunction with an extensive campaign of print and outdoor advertising and shop displays to boost the total sales of the chain.

財務資源

集團於2004年9月30日的現金及銀行結餘約為港幣4.92億元，資產負債比率為零。集團繼續採取各項全方面的措施以提升工作效率及成本操控效能，於該六個月期間，廣告及市場推廣開支顯著下降38%至港幣1,300萬元，而行政開支亦由於實施有效成本操控措施而得以減少16%至港幣3,500萬元。集團員工數目為603名(2003年：971名)，員工之酬金則多數按照行業慣例(包括公積金、保險及醫療福利)而定。集團亦有採納一個每年按照集團及僱員表現而釐訂之非強制性花紅制度。

基於會計政策規定，回顧期內錄得一項港幣5,600萬元之呆壞賬撥備，而期內錄得之貿易應收賬為港幣1.69億元，存貨則為港幣2.03億元(已包括總值港幣4,700萬元之退貨)。

展望

隨著CEPA落實，加上大量內地旅客來港旅遊，香港經濟於回顧期內明顯復甦，消費開支及投資亦告上升。集團對業務發展保持審慎樂觀態度，並且繼續於來年抓緊CEPA帶來的商機。展望將來，集團將繼續奉行各項全方位措施，並透過不同渠道以促進批發及零售業務之增長；最重要的是，憑藉日本富士頂尖的影像及資訊解決方案技術，鞏固集團在數碼影像範疇的領先位置，並且進一步提升快圖美的品牌知名度，成為全香港最優秀及可靠的沖印零售連鎖店。

股息

董事向於2005年2月4日(星期五)已名列股東名冊的股東宣派截至2004年9月30日止期內之中期股息每股普通股港幣一仙。股息將於2005年2月24日(星期四)或之前派發。該項宣派已載於財務報表內。

FINANCIAL RESOURCES

The Group's cash and bank balances as at 30 September 2004 were approximately HK\$492 million with a zero gearing ratio. The Group continued to take every measure to extend work efficiency and cost control. During the six-month period, advertising and marketing expenses were significantly reduced by 38% to HK\$13 million and administrative expenses decreased by 16% to HK\$35 million, due to effective cost-control measures. The Group had 603 employees (2003: 971). Remunerated largely based on industry practice, including provident funds, insurance and medical benefits. The Group also adopted a discretionary bonus programme determined annually base upon the performance of the Group and the employee.

During the period under review, a provision for bad and doubtful debts of HK\$56 million was recorded according to the accounting policies, trade receivables of HK\$169 million were recorded for the period, while inventory was HK\$203 million (including sales returns of HK\$47 million).

OUTLOOK

As a result of the CEPA and the influx of visitors from China, the Hong Kong economy has exhibited a solid upturn and an upsurge in consumer spending and investment during the period under review. The Group remains cautiously optimistic about business development and will continue to pursue the business opportunities arising from CEPA in the coming year. Looking ahead, the Group will continue to implement comprehensive measures to accelerate growth of both the wholesale and retail business through different channels. Most importantly, the Group will reinforce its leadership position in the digital imaging arena with Fujitilan's advanced imaging and information solutions technology, and further strengthen the brand awareness of Fotomax as the most outstanding and reliable photofinishing retail chain in Hong Kong.

DIVIDENDS

The directors declared the payment of an interim dividend of HK1 cent per ordinary share in respect of the period ended 30 September 2004 to shareholders on the register of members on 4 February 2005 (Friday). The dividend will be payable on or before 24 February 2005 (Thursday). This declaration has been incorporated in the financial statements.

暫停辦理股份過戶登記

本公司將於2005年2月1日(星期二)至2005年2月4日(星期五)(首尾兩天包括在內)暫停辦理股份過戶登記手續。為確保享有擬派中期股息，所有股份過戶文件連同有關股票須於2005年1月31日(星期一)下午4時30分前送達本公司之香港股份過戶登記分處登捷時有限公司，地址為香港灣仔告士打道56號東亞銀行港灣中心地下。

董事於股份及相關股份之權益及淡倉

於2004年9月30日，董事於本公司或其相聯法團(定義見證券及期貨條例(「證券及期貨條例」)第XV部)之股本中持有，須按證券及期貨條例第352條規定載入該條所述之登記冊內，或須根據上市規則列載之上市公司董事進行證券交易標準守則知會本公司及香港聯合交易所有限公司(「聯交所」)之權益如下：

本公司普通股好倉：

Name of director 董事	Nature of interest 權益性質	Notes 附註	Capacity 持有性質	Number of shares 股份數目	Percentage of the shareholding in the Company 於本公司之持股百分比
Sun Tai Lun Dennis	Personal Corporate and others	(iii) (i) (ii)	Beneficial owner Beneficiary of a trust Founder	1,000,000 11,242,000 700,034,214	
孫大倫博士	個人權益 公司權益 及其他權益		實益擁有人 信託擁有人 創辦人		
				712,276,214	61.20
Ng Yuk Wah Eileen	Personal		Beneficial owner	250,000	0.02
吳玉華女士	個人權益		實益擁有人		
Tang Kwok Tong Simon	Personal	(iii)	Beneficial owner	400,000	0.03
鄧國棠先生	個人權益		實益擁有人		

CLOSURE OF SHARE REGISTER

The register of members will be closed from 1 February 2005 (Tuesday) to 4 February 2005 (Friday), both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the proposed interim dividend, all transfers accompanied by the relevant share certificates must be lodged with Tengis Limited, the Hong Kong Branch Registrars of the Company, at G/F, BEA Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong not later than 4:30 p.m. on 31 January 2005 (Monday).

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 September 2004, the interests and short positions of the directors in the share capital of the Company or 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 of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, were as follows:

Long positions in ordinary shares of the Company:

相聯法團股份好倉：

Long positions in shares of the Associated Corporations:

Name of director 董事	Name of associated corporations 相聯法團名稱	Notes 附註	Capacity 持有性質	Number of shares 股份數目	Percentage of shareholding in the associated corporations 於相聯法團 之持股百分比
Sun Tai Lun Dennis 孫大倫博士	Searich Group Limited -do-	(i)	Beneficiary of a trust 信託擁有人	25	
		(ii)	Founder of a trust 信託創辦人	75	
				100	100
Sun Tai Lun Dennis 孫大倫博士	Fine Products Limited	(ii)	Founder of a trust 信託創辦人	103,000,000	100

(i) 孫大倫合共擁有11,242,000股股份之權益。該等股份由Dago Corporation直接擁有。Dago Corporation於英屬處女群島註冊成立，為Trident Corporate Services (B.V.I.) Limited (作為代表孫大倫及其家族成員利益而設立之The Dennis Family Trust之受託人身份) 所擁有。Dago Corporation亦擁有Searich Group Limited股本之25%。

(ii) 再者，由於孫大倫是The Sun Family Trust之創辦人，該信託持有Fine Products Limited之全部已發行股本，而Searich Group Limited之75%由Fine Products Limited持有，故孫大倫被視為擁有Fine Products Limited持有的700,034,214股股份之權益。Fine Products Limited及Searich Group Limited所持權益資料詳見下文「主要股東及其他個人股份權益及相關股權」部份。

(iii) 有關董事持有本公司購股權權益之詳情另載於下文「購股權計劃」一節。

(i) Sun Tai Lun Dennis was interested in a total of 11,242,000 shares directly held by Dago Corporation, which was incorporated in the British Virgin Islands and was owned by Trident Corporate Services (B.V.I.) Limited in its capacity as the trustee of The Dennis Family Trust, a trust established for the benefit of Sun Tai Lun Dennis and his family members. Dago Corporation also held 25% of the share capital of Searich Group Limited.

(ii) In addition, Sun Tai Lun Dennis was deemed to be interested in 700,034,214 shares held by Fine Products Limited by virtue of his being the founder of the Sun Family Trust which held the entire issued share capital of Fine Products Limited, 75% of Searich Group Limited was held by Fine Products Limited. Details of the interest of Fine Products Limited and Searich Group Limited can be found in the section of "Substantial shareholders' and other persons' interests in shares and underlying shares" below.

(iii) Details of the directors' interests in the share options of the Company are separately disclosed in the share option scheme below.

除上文所披露者外，於2004年9月30日，本公司董事或彼等之聯繫人於本公司或其任何相聯法團（定義見證券及期貨條例第XV部）之股份、相關股份及債權證中概無擁有權益或淡倉，而須根據證券及期貨條例第XV部第7及第8分部知會本公司及聯交所（包括彼等根據證券及期貨條例有關條文被當作或視作擁有之權益或淡倉）；或根據證券及期貨條例第352條須載入該條所述之登記冊內；或根據上市規則列載之標準守則知會本公司及聯交所。

董事收購股份或債權證之權利

除上文「董事於股份及相關股份之權益及淡倉」一段所披露者外，年內並無任何董事或其各自之配偶或未滿十八歲之兒女獲授可藉購入本公司之股份或債權證而獲益之權利，而彼等亦無行使該等權利。本公司、其控股公司或其任何附屬公司亦無訂立任何安排致使董事可收購任何其他法人團體之該等權利。

Save as disclosed above, as at 30 September 2004, none of the directors of the Company and their respective associates had any interest or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which had to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she had taken or deemed to have under such provisions of the SFO) or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or which were required, pursuant to the Model Code contained in the Listing Rules, to be notified of the Company and the Stock Exchange.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the heading "Directors' interests and short positions in shares and underlying shares" above, at no time during the year were rights granted to any directors or their respective spouse, or minor children, to acquire benefits by means of the acquisition of shares in or debentures of the Company, or were any such rights exercised by them, or was the Company, its holding company or any of its subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

主要股東及其他個人股份權益及相關股權

於2004年9月30日，根據證券及期貨條例第336條規定備存之權益登記冊所載，下列人士於本公司股份及相關股份持有權益或淡倉：

- (1) 可於本公司任何之股東大會上行使或控制行使10%或以上投票權之主要股東之好倉：

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 30 September 2004, the following persons had interests or short positions in the shares and the underlying shares of the Company as recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

- (1) Long positions of substantial shareholders who were entitled to exercise or control the exercise of 10% or more of the voting power at any general meeting of the Company.

Name of shareholder 股東名稱	Capacity and nature of interest 持有性質及權益性質	Number of ordinary shares held 持有普通股數目	Notes 附註	Percentage of Company's issued share capital 持有本公司已發行股本百分比
Sun Tai Lun Dennis	Beneficial owner 實益擁有人	1,000,000		
	Beneficiary of a trust 信託受益人	11,242,000		
孫大倫博士	Founder 信託創辦人	700,034,214		
		712,276,214		61.20
Fine Products Limited	Beneficial owner & interest of controlled corporation 實益擁有人及受控法團權益	700,034,214	(a) & (b)	60.15
Searich Group Limited	Interest of controlled corporation 受控法團權益	600,034,214	(a) & (b)	51.56
Trident Corporate Services (B.V.I) Limited	Trustee 信託持有人	711,276,214	(a) & (b)	61.12
Tang Sau Ying Betty 鄧秀英	Interest of spouse 配偶權益	712,276,214	(a) & (b)	61.20

(2) 可於本公司任何之股東大會上行使或控制行使5%或以上投票權之其他人士之好倉：

(2) Long positions of other persons who were entitled to exercise or control the exercise of 5% or more of the voting power at any general meeting of the Company:

Name of shareholder 股東名稱	Capacity and nature of interest 持有性質及權益性質	Number of ordinary shares held 持有普通股數目	Notes 附註	Percentage of Company's issued share capital 持有本公司已發行股本百分比
The China Retail Fund, LDC	Beneficial owner 實益擁有人	101,802,632		8.75
Fung Kwok Lun William馮國綸	Interest of controlled corporation 受控法團權益	70,000,000	(d)	6.01
Li Fung (Retailing) Limited 利豐(零售)有限公司	Beneficial owner 實益擁有人	70,000,000		6.01
Li Fung (1937) Limited 利豐(1937)有限公司	Interest of controlled corporation 受控法團權益	70,000,000		6.01
King Lun Holdings Limited	Interest of controlled corporation 受控法團權益	70,000,000		6.01
J.P. Morgan Trust Company (Jersey) Limited	Trustee 信託持有人	70,000,000	(e)	6.01

附註：

(a) 本公司已發行股份的100,000,000股股份即8.59%由Fine Products Limited直接擁有，其餘600,034,214股股份由Searich Group Limited擁有，而Fine Products Limited則擁有該公司已發行股本75%。Fine Products Limited於英屬處女群島註冊成立，為Trident Corporate Services (B.V.I.) Limited作為信託人身份所擁有。

(b) 該等權益已包括在孫大倫之權益之內。

Notes:

(a) 100,000,000 shares representing 8.59% of the Company's shares in issue were directly owned by Fine Products Limited. The remaining 600,034,214 shares were owned by Searich Group Limited, in which Fine Products Limited held 75% of its issued share capital. Fine Products Limited was incorporated in the British Virgin Islands and was owned by Trident Corporate Services (B.V.I.) Limited in its capacity as the trustee of the Sun Family Trust.

(b) Such interest has been included as the interest of Sun Tai Lun Dennis.

(c) 鄧秀英被視為透過配偶孫大倫之權益而擁有 712,276,214 股公司股份權益。

(d) 馮國綸之權益乃透過一系列受控法團而持有，即利豐(零售)有限公司、利豐(1937)有限公司及 King Lun Holdings Limited。

(e) J.P. Morgan Trust Company (Jersey) Limited 之權益乃透過一系列受控法團而持有，即利豐(零售)有限公司、利豐(1937)有限公司及 King Lun Holdings Limited。

除上文所披露者外，於 2004 年 9 月 30 日，本公司備存之權益登記冊內並無記有任何其他人士於本公司股份或相關股份中擁有權益或淡倉而須根據證券及期貨條例第 XV 部第 2 及 3 分部向本公司披露或須列入本公司遵照證券及期貨條例第 336 條而須予備存之登記冊內。

(c) Tang Sau Ying Betty was deemed to be interested in 712,276,214 shares of the Company through the interests of her spouse, Sun Tai Lun Dennis.

(d) The interests of Fung Kwok Lun William were held via a chain of controlled corporations, namely Li Fung (Retailing) Limited, Li Fung (1937) Limited and King Lun Holdings Limited.

(e) The interests of J.P. Morgan Trust Company (Jersey) Limited were held via a chain of controlled corporations, namely Li Fung (Retailing) Limited, Li Fung (1937) Limited and King Lun Holdings Limited.

Saved as disclosed above, as at 30 September 2004, there was no other person who was recorded in the register of the Company as having interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

購股權計劃

本公司為獎勵及酬報曾對本集團業務成功作出貢獻之合資格參與者而設立購股權計劃（「計劃」）。

在本公司於2002年8月30日舉行之股東週年大會上，本公司股東通過一項普通決議案，以採納遵循經修訂之上市規則第17章規定之新購股權計劃（「新計劃」），以及終止本公司於1994年8月31日採納之購股權計劃（「舊計劃」）。舊計劃終止後，本公司不得再據此授出任何購股權，惟於舊計劃終止前授出之所有購股權繼續有效，並可根據舊計劃條文予以行使。

計劃之合資格參與者，包括本公司之董事（包括獨立非執行董事）、本集團其他僱員、本集團貨品及服務供應商、本集團客戶、本集團持有股權之公司、任何向本集團提供研究、開發或其他技術支持的代理商、諮詢人、顧問、策略員、承包商、分包商、專家，或由本集團任何成員公司所發行之證券之持有人、本集團任何成員公司之股東或本集團持有股權之公司。

期內並無根據新計劃授出購股權。新計劃於2002年8月30日生效，而除非被註銷或經修改，否則自該日起10年內仍然有效。

根據新計劃，現時容許授出而尚未行使之購股權最高數目乃指於行使時佔本公司不時已發行股份之10%。

於2004年9月30日，沒有股份可根據舊計劃授出；原按舊計劃授出之1,460,000股購股權已於2004年6月30日因超過行使期限後失效。

SHARE OPTION SCHEME

The Company operates a share option scheme (the “Scheme”) for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group’s operations.

In the Company’s annual general meeting held on 30 August 2002, an ordinary resolution was passed by the Company’s shareholders for the adoption of a new share option scheme (the “New Scheme”) in compliance with the amended Chapter 17 of the Listing Rules and the termination of the Company’s share option scheme (the “Old Scheme”) adopted on 31 August 1994. Upon termination of the Old Scheme, no further options can be granted thereunder but all options granted prior to such termination shall continue to be valid and exercisable in accordance with the provisions of the Old Scheme.

Eligible participants of the Scheme include the Company’s directors, including independent non-executive directors, other employees of the Group, suppliers of goods and services to the Group, customers of the Group, any entity in which the Group holds any equity interest, any agent, advisors, consultant, strategist, contractor, sub-contractor, expert that provides research, development or other technological support to the Group or any holder of any securities issued by any member of the Group any shareholder of any member of the Group, and any entity in which the Group holds any equity interest.

During the period, no share options were granted under the New Scheme. The New Scheme became effective on 30 August 2002 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The maximum number of unexercised share options currently permitted to be granted under the New Scheme is an amount equivalent, upon their exercise, to 10% of the shares of the Company in issue at any time.

As at 30 September 2004, no shares were issuable under share options granted under the Old Scheme as 1,460,000 shares issuable under share options granted under the Old Scheme lapsed subsequent to the expiry of the exercise period on 30 June 2004.

根據新計劃，向本公司各董事、主要行政人員或主要股東或彼等之任何聯繫人士授予購股權，須事先獲得獨立非執行董事批准。此外，倘於任何十二個月授予本公司主要股東或獨立非執行董事或彼等之任何聯繫人士之購股權超逾本公司不時已發行股份之0.1%或總值（根據授出購股權當日本公司股份價格計算）超逾港幣5,000,000元，則須事先在股東大會上獲得股東批准。

已發行及因行使於任何十二個月期間內授予各參與人之購股權（包括已行使及尚未行使之購股權）而將予發行之股份總數將不會超逾已發行股份總數之1%。

授出購股權之要約可於要約日期起計28日內接納。接納購股權要約時須支付港幣1元代價。已授出購股權之行使期由董事釐定，於若干歸屬期後開始並於購股權要約日期起計不多於十年後之某個日子終止。

購股權之行使價由董事釐定，惟不得少於以下三者之最高者：(i)本公司股份於要約授出日期（必須為交易日）在聯交所之收市價；(ii)緊接要約授出日期前五個交易日本公司股份於聯交所之平均收市價；及(iii)本公司股份面值。

購股權並不授予持有人享有股息或於股東大會上投票之權力。

Under the New Scheme, share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the price of the Company's shares at the date of the grant) in excess of HK\$5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

The total number of shares issued and to be issued upon exercise of the options granted to each participant (including both exercised and outstanding options) in any 12-month period shall not exceed 1% of the total number of shares in issue.

The offer of a grant of share options may be accepted within 28 days from the date of the offer. A consideration of HK\$1 is payable on acceptance of the offer of grant of an option. The exercise period of the share options granted is determinable by the directors, and commences after a certain vesting period and ends on a date which is not later than ten years from the date of the offer of the share options.

The exercise price of the share options is determinable by the directors, but may not be less than the higher of (i) the Stock Exchange closing price of the Company's shares on the date of the offer of grant, which must be a trading date; (ii) the average Stock Exchange closing price of the Company's shares for the five trading days immediately preceding the date of the offer of grant; and (iii) the nominal value of the Company's shares.

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

購股權計劃 (續)

期內舊計劃之購股權詳述如下：

SHARE OPTION SCHEME (Continued)

The following share options details under the Old Scheme during the period:

Name or category of participant 參與者姓名或類別	Number of share option 購股權數目			Date of grant of share options* 授出購股權日期*	Exercise period of share options 購股權行使期	Exercise price of share options** 購股權行使價** HK\$	Company's shares*** 本公司股價***	
	At 1 April 於4月1日 2004	Lapsed during the period 於期內失效	At 30 September 於9月30日 2004				At grant date of options 授出購股權當日價 HK\$	At exercise date of options 行使購股權當日價 HK\$
董事 Directors								
孫大倫 Sun Tai Lun Dennis	1,000,000	1,000,000	-	21/6/2000	21/6/2000 - 30/6/2004	0.7568	0.97	-
鄧國棠 Tang Kwok Tong Simon	400,000	400,000	-	21/6/2000	21/6/2000 - 30/6/2004	0.7568	0.97	-
其他僱員， 總額 Other employees, in aggregate	60,000	60,000	-	21/6/2000	21/6/2000 - 30/6/2004	0.7568	0.97	-
	1,460,000	1,460,000	-					

期內，共1,460,000份原授予兩名董事及某些僱員之購股權已於2004年6月30日超過行使期限後失效。

During the period, a total of 1,460,000 share options originally granted to two directors and certain employees, lapsed subsequent to the expiry of the exercise period on 30 June, 2004.

因期內未有授出購股權，故不披露其理論價值。

No theoretical value of the share option is disclosed as no share options were granted during the period.

* 購股權歸屬期由授出日開始，至行使期開始時結束。

* The vesting period of the share options is from the date of the grant until the commencement of the exercise period.

** 購股權之行使價會視乎供股或發行紅股，或本公司股本出現其他類似變動而調整。

** The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.

*** 上表所披露本公司於購股權授出之日之股價指授出購股權日之前一個交易日，股份於聯交所之收市價。上表所披露本公司於購股權行使之日之股價指所披露類別內全部購股權行使時聯交所收市價之加權平均價。由於期內並無購股權被行使或註銷，故不披露此等資料。

*** The price of the Company's shares disclosed as at the date of the grant of the share options is the Stock Exchange closing price on the trading day immediately prior to the date of the grant of the options. The price of the Company's shares disclosed as at the date of the exercise of the share options is the weighted average of the Stock Exchange closing prices over all of the exercise of options within the disclosure category. As no share option was exercised or cancelled during the period, no disclosure of such information was made.

購買、出售及贖回上市證券

本公司及其任何附屬公司並無於期內購買、出售或贖回本公司任何上市證券。

最佳應用守則

除本公司所委任之獨立非執行董事並無具體任期外，董事並不知悉有任何資料合理顯示本公司於截至2004年9月30日止6個月會計期間並無遵守香港聯合交易所有限公司證券上市規則附錄14所載之最佳應用守則。

審核委員會

本公司根據最佳應用守則之規定，成立審核委員會，以檢討並監管本集團之財務匯報過程及內部管制。審核委員會由本公司五位獨立非執行董事組成。

董事會代表

孫大倫

主席兼董事總經理

香港，2004年12月8日

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the period.

CODE OF BEST PRACTICE

None of the Directors is aware of information that would reasonably indicate that the Company is not, or was not for any part of the accounting period for the six months ended 30 September 2004 in compliance with the Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, except that the independent non-executive directors were not appointed for specific terms.

AUDIT COMMITTEE

The Company has an audit committee which was established in accordance with the requirements of the Code of Best Practice, for the purposes of reviewing and providing supervision over the Group's financial reporting process and internal controls. The audit committee comprises five independent non-executive directors of the Company.

ON BEHALF OF THE BOARD

Sun Tai Lun Dennis

Chairman and Managing Director

Hong Kong, 8 December 2004