

our different ways

JOYCE



10	Corporate Information	11	Chairman's Statement	15	Disclosure of Further Corporate Information
30	Corporate Governance Report	38	Report of the Directors	40	Independent Auditor's Report
74	Consolidated Profit and Loss Account	75	Consolidated Balance Sheet	76	Company Balance Sheet
77	Consolidated Statement of Changes in Equity	78	Company Statement of Changes in Equity		
79	Consolidated Cash Flow Statement	81	Notes to the Accounts	122	Principal Subsidiaries
123	Five-year Summary Financial Information				

in different markets



we meet different challenges





we create different opportunities





by using different ways of thinking



with the JOYCE spirit. We excel.

More than three decades have seemingly flown by since JOYCE first opened its doors in Hong Kong – in terms of fashion and decorative currents, a decidedly different city in the early 1970s. We are proud of the unique contribution which JOYCE, guided by the unfailing vision of Joyce Ma, has made to the development of local and regional sensibilities and our role in shaping one of the world's leading retail capitals. With the support of our shareholders, employees and partners, we remain committed to building on these accomplishments.

## Corporate Information

### BOARD OF DIRECTORS

Mr. Walter K. W. Ma (*Chairman*)  
Mrs. Joyce E. Ma (*Chief Executive Officer*)  
Ms. Adrienne M. Ma (*President & Managing Director*)  
Mr. Michael E. Brillhart\*  
Mr. Antonio Chan\*  
Mr. Jeffrey L. Flowers  
Ms. Doreen Y. F. Lee  
Mr. Eric F. C. Li\*  
Mr. Gonzaga W. J. Li  
Mr. Eric K. K. Lo\*  
Ms. Yvette T. Ma  
Mr. Stephen T. H. Ng  
Mr. T. Y. Ng  
Mr. Paul Y. C. Tsui

\* *Independent Non-executive Directors*

### SECRETARY

Mr. Wilson W. S. Chan, F.C.I.S.

### REGISTERED OFFICE

Canon's Court  
22 Victoria Street  
Hamilton HM12  
Bermuda

### PRINCIPAL OFFICE IN HONG KONG

First Floor, Joyce Building  
38 Wong Chuk Hang Road  
Hong Kong

### PRINCIPAL REGISTRARS

Butterfield Fund Services (Bermuda) Limited  
Rosebank Centre  
11 Bermudiana Road, Pembroke  
Bermuda

### REGISTRARS IN HONG KONG

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

### PRINCIPAL BANKERS

The Hongkong and Shanghai Banking  
Corporation Limited  
Hang Seng Bank Limited

### AUDITORS

PricewaterhouseCoopers  
*Certified Public Accountants*

## Chairman's Statement

### OVERVIEW AND PROSPECTS

The Group turned in a fair performance for the year ended 31 March 2007, with profit attributable to Shareholders of HK\$51.0 million, a 31.1% decrease on last year's profit. The Group's turnover for the year was HK\$790.4 million, an increase of 4.6% as compared to the same period last year. Earnings per share were 3.2 cents (2006: 4.6 cents).

The Group achieved a mild growth in turnover, despite further scaling down of its operations in Taiwan in the first half of the year. The closure of the Joyce operations in Taiwan was in line with a strategic focus of financial and management resources on the core mainland China and Hong Kong markets.

Net profit for the year, impacted by the escalating retail rents in Hong Kong, decreased by HK\$23.0 million to HK\$51.0 million. The Group expects to face increasing pressure on profitability in the coming financial year, as numerous shop leases, negotiated at exceptionally advantageous levels during Hong Kong's last economic downturn, will be due for renewal; compounded by a continuously strong Euro and a growing excess of luxury retail options in Hong Kong. Moreover, many new stores which the Group is opening in mainland China are for strong, important labels with exciting long term potential that are, nevertheless, new to the majority of our mainland customers and may not contribute significantly to earnings in the short term. The Group therefore expects 2007-2008 to be a challenging year.

The outlook for our niche of the designer fashion market in China continues to be encouraging. The Group has further developed its China market development strategy, emphasizing direct specialty retailing while fine-tuning its sub-franchising activities and culling underperforming brands. All mainland operations are now managed under an enlarged China division – Joyce China.

In April 2007, Joyce passed a double milestone with the simultaneous unveiling of its renovated, expanded, three-storey, 26,000 square-foot New World Tower flagship store in Hong Kong and the opening at Shanghai's Plaza 66 of its first (8,000 square-foot) multi-label store in China. The designers Yohji Yamamoto, Ann Demeulemeester, Nancy Gonzalez and John Rocha, along with senior executives of a number of brands represented by Joyce, were present at both the Hong Kong and Shanghai store openings.

### HONG KONG

The 16,000 square-foot Joyce flagship at New World Tower on Queen's Road Central, which in 2005 was redesigned by the Dutch architect Gert Voorjans and American artist Michele Oka Doner, was closed for renovation from mid-March to mid-April 2007. A 10,000 square-foot upper floor was added. Mr Voorjans designed the newly renovated store, which features antique furniture handpicked by Joyce Ma.

## Chairman's Statement

The redesigned Central flagship is the largest of Joyce's stores and houses the entire portfolio of brands that it represents in Hong Kong. The ground and lower ground levels are dedicated to women's ready-to-wear, evening wear, shoes, bags and accessories, and fine and costume jewelry. The ground level is dedicated to mainly women's ready-to-wear and evening collections. An expanded 2,000 square-foot salon featuring a much wider assortment of shoes, bags and accessories is situated on the lower ground floor.

The new first floor, now with its own entrance, is connected to the rest of the store through a newly installed internal elevator. It houses the 2,500 square-foot enlarged men's area and a men's and women's "avant garde salon" focused on edgier collections. The JOYCE Beauty area on the ground floor has also been expanded and fully renovated.

Four new mono-brand shops were added to the Group's Hong Kong retail portfolio during the 2006-2007 financial year. These included a 700 square-foot BOSS fully customized corner in the Sogo department store in Causeway Bay, opened in September 2006; and Jil Sander, Anna Sui and Etro boutiques in the new retail wing of Harbour City, Kowloon, all opened in the summer of 2006, totaling more than 4,000 square feet.

The 1,600 square-foot Hugo Boss boutique at the Festival Walk mall in Kowloon was renovated to an exclusively BOSS Orange shop in September 2006.

The coming financial year will see the opening of a 1,100 square-foot Etro boutique at IFC (June 2007). In September 2007, the 5,000 square-foot Joyce multi-label store at Pacific Place will be relocated and fully renovated; and the 700 square-foot Anna Sui shop at Times Square in Causeway Bay will be relocated within the mall in winter 2007.

## TAIWAN

The Group's 50 percent-held jointly controlled entity opened an 800 square-foot boutique for the Marni label in the Mitsukoshi department store in Taichung and relocated one of its 800 square-foot Marni boutique in Taipei to the Sogo department store. The company continues to operate four boutiques in Taiwan.

With the exception of the boutiques operating under the jointly controlled entity, none of the stores closed in Taiwan during the year incurred significant losses.

## MAINLAND CHINA

The Group has strategically begun to roll out its direct specialty retailing portfolio in Shanghai.

In April 2006, a Jil Sander shop was opened at Plaza 66 in Shanghai; in October 2006, a Pleats Please shop was opened at Times Square in Shanghai; and in December 2006, an Anna Sui shop was opened at Plaza 66.

Eight directly operated mono-brand stores were opened on the mainland in the first half of the 2007-2008 financial year: Anna Sui, Etro, Pleats Please and Jil Sander at Shin Kong Place in Beijing; Etro at the Westgate Mall in Shanghai and at Hisense Plaza in Tianjin; Anna Sui at Maison Mode in Chengdu; and See by Chloe at Maison Mode in Chengdu. In the second half, more stores will be opened for Anna Sui at Grand Gateway in Shanghai and Hangzhou Tower in Hangzhou and for See by Chloe at Hangzhou Tower. In January 2008, an Anna Sui boutique will be opened at Oriental Plaza in Beijing and, looking beyond the coming financial year, a See by Chloe boutique will be opened in August 2008, also at Oriental Plaza.

Three sub-franchised Etro shops were also opened in the first half of 2007-2008: at Parkland in Dalian, Maison Mode in Chengdu and Seibu in Shenyang.

The April 2007 opening of the 8,000 square-foot JOYCE multi-label store at the Plaza 66 complex on Shanghai's Nanjing West Road represents what Joyce Ma has called "a 21st century retailing renaissance". The interiors of the new flagship store were, like those of Hong Kong's flagship, with which the Shanghai store shares key elements, designed by Gert Voorjans.

Customers are greeted by a sizeable area dedicated to women's shoes, bags and accessories salon, presenting collections from Manolo Blahnik, Nancy Gonzalez, Henry Beguelin, Linda Farrow, Erickson Beamon and Kenneth Jay Lane among other labels. A procession of rooms and anterooms leads to the center feature of the women's designer ready-to-wear salon – a gold-leaf-gilded dome designed by Michele Oka Doner, evoking the filigree of a beehive and modeled on the dome designed in 2005 for Joyce's Hong Kong flagship. The store carries collections by Balenciaga, John Galliano, YSL, Oscar de la Renta, Ann Demeulemeester, Comme des Garçons, Viktor and Rolf, Y's, Y-3, Undercover, Rick Owens, Number Nine, to name a few, many of them previously unavailable in Shanghai. An exclusive men's area with its own entrance offers collections by Balenciaga, Fendi, John Galliano, YSL, Comme des Garçons, Ann Demeulemeester, Neil Barrett, Y's and Y-3.

## Chairman's Statement

### MARKETING

Event marketing activities during the year supported the numerous store openings, brand launches and introductions of seasonal collections. The most significant event, "JOYCE Salutes Fashion and Art", a fashion show and glittering after-show party held at Shanghai's Museum of Contemporary Art followed the opening of Joyce's first multi-label store in China, at the start of the new financial year in April 2007.

The 80-outfit show featured some of the brands Joyce represents in China – Anna Sui, Ann Demeulemeester, Balenciaga, Comme des Garçons, Etro, Fendi, Jil Sander, John Galliano, Neil Barrett, Oscar de la Renta, Rick Owens, Y's and Y-3, among others. A Chinese contemporary art exhibition and a fashion installation were integrated with the event. The art exhibition featured works by masters such as Zeng Fang Zhi, Zhou Tie Hai, Chen Qing Qing, Gao Xiao Wu, Yang Fu Dong, Ding Yi, Pu Jie, Ji Wen Yu and Xue Song.

Music was provided by Blue Jupiter, an edgy pop-funk band from New York City, specializing in high-energy performances and sophisticated a capella arrangements.

### JOINT VENTURE

A 50-50 retail joint venture company with a vendor commenced business in July 2005. The joint venture currently operates 6 mono-brand shops and 4 concession counters in Hong Kong and Taiwan. The joint venture has achieved good turnover and profitability for the year.

### FINAL DIVIDEND

In view of the Group's solid financial situation and profitable performance, the Board recommends the payment of a final dividend of 1.4 cents per share for the fiscal year.

On behalf of the Board, we wish to express our gratitude to the Group's employees, partners and other stakeholders for their contributions during the year. We look forward to their continued support in the rewarding and challenging years before us.

**Walter K. W. Ma**

*Chairman*

22 June 2007



## Disclosure of Further Corporate Information

Set out below is information disclosed pursuant to the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”):

### (A) MANAGEMENT DISCUSSION AND ANALYSIS

#### (1) BUSINESS REVIEW

The whole year turnover target was met despite a slightly soft market sentiment especially in the second and third quarter of 2006. However, the Group’s net profit has declined compared to that of last year. The drop in profits was mainly due to rapid increase in costs in particular rental and the escalating Euro during the second half of the year.

The performance of our core fashion business in Hong Kong remained satisfactory. A steady growth in our business is expected if the local economic environment continues to be stable. Our development plan in China proceeded rather well during the year. More shops will open in the coming fiscal period in the first- and second-tier cities.

Operating costs would be under tight control. In view of the high rental environment, shop consolidation review will be essential to ensure the return to a steady profit growth trend.

#### (2) FINANCIAL REVIEW

##### *(1) Review of 2006/07 Results and Segmental Performance*

Group profit attributable to Shareholders for the year ended 31 March 2007 amounted to HK\$51.0 million, as compared with the profit of HK\$74.0 million for the same period last year. Basic earnings per share were 3.2 cents (2006: 4.6 cents).

Despite the scaling down of the retail operations in Taiwan in the financial year, the Group maintained a satisfactory sales performance, achieving turnover of HK\$790.4 million for the year, an increase of 4.6% compared with the same period last year. The turnover of the Hong Kong retail division increased by 9.9% and accounted for 94.1% of the total turnover.

The Group’s gross margin dropped slightly by 1.6%, mainly affected by the strengthening of the Euro during the year. Notwithstanding that the Group’s operating overheads continued to be well managed and firmly controlled, the premises costs soared during the year as a direct consequence of the escalating retail rents in Hong Kong. Premises costs, as a percentage of turnover, increased sharply from 18.8% to 21.2%.

The China division of the Group, Joyce China, set up a support office in Shanghai during the year to provide local logistics support to both its direct retail and sub-franchising businesses in China. The division reported a loss of HK\$8.9 million for the year.

## Disclosure of Further Corporate Information

Due to the appropriate provision made for scaling down the operations in the previous financial year, the Taiwan direct retail operation did not contribute loss to the Group in its last year of operation.

The 50-50 retail jointly controlled entity continued to make profit contribution to the Group, generating HK\$4.8 million for the year under review.

As there was no recognition of past tax losses in the year, the taxation charge increased sharply to HK\$10.6 million as compared to HK\$2.9 million for the same period last year.

### *(II) Liquidity and Financial Resources*

At 31 March 2007, the Group's financial position remained strong even after the payment of HK\$32.4 million final dividend of previous year. Total bank deposits and cash amounted to HK\$262.7 million. There were no bank borrowings outstanding at 31 March 2007.

### *(III) Foreign Exchange Risk Management*

Most of the Group's imported purchases are denominated in foreign currencies, primarily being Euro. To minimise exposure on foreign exchange fluctuations, the Group will from time to time review its foreign exchange position and, when it considers appropriate and necessary, will hedge its foreign exchange exposure by way of forward foreign exchange contracts.

### *(IV) Finance*

At 31 March 2007, the Group had banking facilities in a total amount of HK\$233.0 million (2006: HK\$316.5 million).

With its cash holdings and available banking facilities, the Group believes that it will have sufficient fund to pursue new potential investment opportunities.

### *(V) Employees*

The Group had approximately 480 staff as at 31 March 2007. Employees are remunerated according to nature of the job and market trend, with built-in merit component incorporated in the annual increment to reward and motivate individual performance. The Group provides various job-related training programmes to staff when necessary. Total staff costs for the year ended 31 March 2007 amounted to HK\$112.0 million.

## (B) BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

### (1) DIRECTORS

Walter K. W. MA, *Chairman* (Age: 77)

Mr. Ma is a co-founder of the Company. He has practised as a certified public accountant in Hong Kong since 1962, and is a fellow of the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and an associate of the CPA Australia. Mr. Ma is also the executive chairman of The Sincere Company, Limited (“Sincere”) as well as a director of certain subsidiaries of the Company and several other companies in Hong Kong. He is the husband of Mrs. Joyce Ma and the father of Ms. Adrienne Ma and Ms. Yvette Ma.

Joyce E. MA, *Chief Executive Officer* (Age: 66)

Mrs. Ma founded the Group in 1970. Over the past three and a half decades, she has introduced numerous top designers at the earliest stages of their careers to Hong Kong and Asia, and has led and shaped lifestyle and fashion retail trends in the East. Mrs. Ma is the recipient of numerous international honors and awards including the Cavaliere del Lavoro (Italy 1976), the Chevalier de l’Ordre de la Couronne (Belgium 1994), the Ufficiale dell’Ordine al Merito della Repubblica Italiana (Italy 1995), the Chevalier dans l’Ordre National de la Legion d’Honneur (France 2005) appointed by Mr. Jacques Chirac, President of the French Republic and the latest being the Officer in the Leopold II Order that was bestowed by His Majesty Albert II, the King of the Belgians (Belgium 2006), all in recognition of her contribution to the fashion retail industry. She is the wife of Mr. Walter Ma and the mother of Ms. Adrienne Ma and Ms. Yvette Ma.

Adrienne M. MA, *President & Managing Director* (Age: 42)

Ms. Ma joined the Group in 1989 and held a number of key marketing and publishing positions prior to assuming her position of Managing Director in 1998, which was re-titled to President & Managing Director in 2006. Ms. Ma was elected as one of Asia’s young and creative entrepreneurs by Time Style & Design Magazine in 2005 and was nominated for the Veuve Clicquot Award, Hong Kong Business Women, in the same year. In January 2006, Ms. Ma was awarded as one of the “Distinguished CEO of the Year 2005” by Capital CEO Magazine, the most influential financial/economic publication in Hong Kong, while in 2007 she was one of the awardees of “The Most Successful Women Award 2007” presented by JESSICA, one of the leading women’s monthly magazine in Hong Kong. Ms. Ma was one of the keynote speakers at a number of international forums and conferences including the 2005 International Herald Tribune Global Luxury Forum in Hong Kong, the 2006 Harvard China Review Conference in Boston, the 2006 World Luxury Congress in Paris as well as the 2006 WWD/DNR Apparel CEO Summit in New York. Ms. Ma graduated from Simmons College in the United States with a Bachelor Degree in International Management and Marketing. She is the younger daughter of Mr. Walter Ma and Mrs. Joyce Ma and the sister of Ms. Yvette Ma.

Disclosure of Further  
Corporate Information

**Michael E. BRILLHART, *Director* (Age: 60)**

Mr. Brillhart has been an independent Non-executive Director of the Company since 2000. He also serves as a member and the chairman of the Company's Audit Committee. Mr. Brillhart has over 25 years of senior management experience in the international prestige cosmetics industry with Elizabeth Arden in the United States and Parfums Christian Dior in the Far East.

**Antonio CHAN, *Director* (Age: 59)**

Mr. Chan has been an independent Non-executive Director of the Company since 2004. He also serves as a member of the Company's Audit Committee and Remuneration Committee. Mr. Chan has been in the accounting profession for 34 years and has practised as a certified public accountant in Hong Kong for over 20 years. He has had extensive experience in management, auditing and investigation, executive recruitment, business consulting, corporate finance and administration. He retired as a senior partner of Grant Thornton, Hong Kong, an international accounting firm, in late 2001. From late 1960's to early 1980's, he had worked for Peat Marwick in Australia and in Hong Kong, and also Arthur Young in Hong Kong. He is also an independent non-executive director of Surface Mount Technology (Holdings) Limited, a company listed in Singapore. Mr. Chan is a Chartered Accountant and Certified Practising Accountant in Australia and senior member of a number of professional bodies, including fellow of the HKICPA, fellow of The Institute of Chartered Secretaries and Administrators and fellow of The Hong Kong Institute of Directors.

**Jeffrey L. FLOWERS, *Director* (Age: 65)**

Mr. Flowers has been a Director of the Company since 2005. He has been a senior business executive in the hotel industry in Hong Kong for many years. In 1991, he joined the Marco Polo Hotel group ("MPH Group"), a member of The Wharf (Holdings) Limited ("Wharf") group which is a locally listed conglomerate. He at present serves as MPH Group's president. Mr. Flowers is also a director of certain subsidiaries of the Company.

**Doreen Y. F. LEE, *Director* (Age: 51)**

Ms. Lee has been a Director of the Company since 2003. She is also an executive director of Wharf, the managing director of Wharf Estates Limited and Wharf Estates China Limited as well as the managing director of Harbour City Estates Limited and Times Square Limited. She is responsible for overseeing the investment property portfolios of the Wharf group, including the two core properties of the Wharf group, namely, Harbour City and Times Square in Hong Kong, and also the Wharf group's Times Squares in Beijing, Shanghai, Chongqing and Dalian. Ms. Lee is a graduate of The University of Hong Kong where she obtained her bachelor's degree in Arts (Hon).

Eric F. C. LI, *Director* (Age: 78)

Mr. Li has been an independent Non-executive Director of the Company since 1990. He is also the chairman and chief executive officer of The Kowloon Dairy Limited and a director of The Bank of East Asia, Limited, Blue Cross Insurance and several other companies in Hong Kong. Mr. Li holds a Bachelor of Science Degree in Electrical Engineering from the University of Arkansas, United States, a Master of Science Degree in Electrical Engineering from the University of Michigan, United States, and a Master Degree in Business Administration from the University of California, United States. He is also a fellow of the Chartered Management Institute.

Gonzaga W. J. LI, *Director* (Age: 78)

Mr. Li has been a Director of the Company since 2000. He is also the senior deputy chairman of Wheelock and Company Limited (“Wheelock”) and Wharf, the chairman of Harbour Centre Development Limited (“HCDL”), a director of Wheelock Properties Limited (“WPL”) and the chief executive officer and a director of Wharf China Limited as well as a director of certain subsidiaries of the Company.

Eric K. K. LO, *Director* (Age: 58)

Mr. Lo has been an independent Non-executive Director of the Company since 1998. He also serves as a member of the Company’s Audit Committee and Remuneration Committee. Mr. Lo is a non-executive director of Sincere as well as a director of several other companies in Hong Kong.

Yvette T. MA, *Director* (Age: 43)

Ms. Ma has been a Non-executive Director of the Company since 1993. She graduated from Brown University in the United States with a Bachelor Degree in Business Economics and had previously worked for an international bank in the field of corporate finance. She is the elder daughter of Mr. Walter Ma and Mrs. Joyce Ma and the sister of Ms. Adrienne Ma.

Stephen T. H. NG, *Director* (Age: 54)

Mr. Ng has been a Director of the Company since 2000. He is also the deputy chairman and managing director of Wharf, the deputy chairman of Wheelock, the chairman, president and chief executive officer of i-CABLE Communications Limited, the chairman of Modern Terminals Limited as well as the chairman and chief executive officer of Wharf T&T Limited. Mr. Ng serves as a member of the General Committee of The Hong Kong General Chamber of Commerce.

Disclosure of Further  
Corporate Information

**T. Y. NG, *Director* (Age: 59)**

Mr. Ng has been a Director of the Company since 2000. He is also a director of Wharf, HCDL and WPL as well as a director of certain subsidiaries of the Company. Mr. Ng is an associate member of both the HKICPA and the Chartered Institute of Management Accountants (“CIMA”).

**Paul Y. C. TSUI, *Director* (Age: 60)**

Mr. Tsui has been a Director of the Company since 2000. He also serves as a member and the chairman of the Company’s Remuneration Committee and a member of the Company’s Audit Committee. He is also a director of Allied Wisdom International Limited which is deemed under the Securities and Futures Ordinance (the “SFO”) to have an interest in the share capital in the Company discloseable to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO. Mr. Tsui is also an executive director of Wheelock, and a director of WPL and Wheelock Properties (Singapore) Limited in Singapore as well as a director of certain subsidiaries of the Company. He is a fellow member of the HKICPA, The Association of Chartered Certified Accountants and the CIMA.

*Note: The Company confirms that it has received written confirmation from each of the independent Non-executive Directors confirming their independence pursuant to Rule 3.13 of the Listing Rules, and considers them independent.*

**(2) SENIOR MANAGEMENT**

**Horace W. C. LEE, *Chief Operating Officer* (Age: 47)**

Mr. Lee joined the Group in 1991. He is responsible for the overall management of the Group’s China operations, finance and administration and property development. Mr. Lee received his executive MBA from Kellogg School of Management of Northwestern University and Hong Kong University of Science and Technology. He is also an associate member of the HKICPA.

### (C) DIRECTORS' INTERESTS IN SHARES

At 31 March 2007, Directors of the Company had the following beneficial interests, all being long positions, in the share capital of the Company and the percentages which the shares represented to the issued share capital of the Company are also set out below:

	No. of Ordinary Shares (percentage of issued capital)	Nature of Interest
Mr. Walter K. W. Ma	368,000,000 (22.7%)	Other Interest (See Note below)
Mrs. Joyce E. Ma	368,000,000 (22.7%)	Other Interest (See Note below)
Ms. Adrienne M. Ma	378,000,000 (23.3%)	Personal Interest in 10,000,000 shares and Other Interest in 368,000,000 shares (See Note below)
Ms. Yvette T. Ma	368,000,000 (22.7%)	Other Interest (See Note below)

*Note: The 368,000,000 shares in the Company stated above as "Other Interest" against the names of Mr. Walter K. W. Ma, Mrs. Joyce E. Ma, Ms. Adrienne M. Ma and Ms. Yvette T. Ma (the "Ma Family") represented an interest in the same block of shares comprised in certain trust property of which Mr. Walter Ma is the settlor and in which the Ma Family was taken, under certain provisions in Part XV of the SFO which are applicable to a director or chief executive of a listed company, to be interested. For the avoidance of doubt and double counting, it should be noted that such shareholding also represented the same block of shares as that of J. W. Mark Limited and Asiatrust Limited as mentioned below in section (D) "Substantial Shareholders' Interests".*

Except as disclosed above, as recorded in the register kept by the Company under section 352 of the SFO in respect of information required to be notified to the Company and the Stock Exchange pursuant to the SFO or to the Model Code for Securities Transactions by Directors of Listed Issuers:

- (i) there were no interests, both long and short positions, held as at 31 March 2007 by any of the Directors or Chief Executive of the Company in shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO); and
- (ii) there existed during the financial year no rights to subscribe for any shares, underlying shares or debentures of the Company which were held by any of the Directors or Chief Executive of the Company or any of their spouses or children under 18 years of age nor had there been any exercises during the financial year of any such rights by any of them.

Disclosure of Further  
Corporate Information

**(D) SUBSTANTIAL SHAREHOLDERS' INTERESTS**

Given below are the names of all parties, other than person(s) who is/are Director(s) of the Company, who/which were, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital of the Company as at 31 March 2007, the respective relevant numbers of shares in which they were, and/or were deemed to be, interested as at that date as recorded in the register kept by the Company under section 336 of the SFO (the "Register") and the percentages which the shares represented to the issued share capital of the Company:

Names	No. of Ordinary Shares (percentage of issued capital)
(i) Allied Wisdom International Limited	831,862,723 (51.3%)
(ii) Wisdom Gateway Limited	831,862,723 (51.3%)
(iii) HSBC Trustee (Guernsey) Limited	831,862,723 (51.3%)
(iv) Mr. Peter K. C. Woo	831,862,723 (51.3%)
(v) J. W. Mark Limited	*368,000,000 (22.7%)
(vi) Asiatruster Limited	*368,000,000 (22.7%)

\* *J. W. Mark Limited's and Asiatruster Limited's interests in 368,000,000 shares as stated above represent the same block of shares and have also been disclosed as "Other Interest" of the Ma Family above under section (C) "Directors' Interests in Shares".*

*Note: For the avoidance of doubt and double counting, it should be noted that apart from the duplication of shareholdings in which both J. W. Mark Limited and Asiatruster Limited were deemed to be interested as stated above, duplication also occurs in respect of all of the shareholdings stated against parties (i) to (iv) above in that they all represent the same block of shares.*

All the interests stated above represented long positions and as at 31 March 2007, there were no short position interests recorded in the Register.

**(E) PENSION SCHEMES**

Details of the pension schemes of the Group and the employers' pension costs charged to the consolidated profit and loss account for the year under review are set out in Notes 2.17(c) and 7 to the Accounts on pages 91 and 99 respectively.

The total employers' pension cost in respect of all pension schemes of the Group, including the cost related to the Mandatory Provident Fund which is not operated by the Group, charged to consolidated profit and loss account during the year ended 31 March 2007 amounted to HK\$3.8 million.



## (F) SHARE OPTIONS

At the Annual General Meeting of the Company held on 27 August 2004, the Shareholders of the Company approved the adoption of an executive share incentive scheme (the “New Share Scheme”) which has since co-existed with the share option scheme approved by the Shareholders of the Company in 1997 (the “Share Option Scheme”).

### (1) SHARE OPTION SCHEME

#### *(I) Summary of the Share Option Scheme*

(a) Purpose of the Share Option Scheme:

To provide employees and executives of the Group with the opportunity of participating in the growth of the Company by granting the option.

(b) Participants of the Share Option Scheme:

Any full-time employee or executive director of the Company or any of its subsidiaries (the “Executive”) and has on the day preceding the date of offer been such an employee or executive director for at least six months and any other employee or executive director of the Company or any subsidiary nominated by the Directors of the Company to be an Executive.

(c) (i) Total number of ordinary shares of HK\$0.1 each in the capital of the Company (the “Shares”) available for issue under the Share Option Scheme as at 31 March 2007:

140,200,000

(ii) Percentage of the issued share capital that it represents as at 31 March 2007:

8.7%

(d) Maximum entitlement of each participant under the Share Option Scheme as at 31 March 2007:

No option may be granted to any one Executive which if exercised in full would result in the total number of Shares already issued and issuable to him under all the options previously granted to him and of Shares issuable to that Executive under the proposed option exceeding 25% of the maximum aggregate number of Shares in respect of which options may at that time be granted under the Share Option Scheme.

(e) Period within which the Shares must be taken up under an option:

Within five years from the date on which the option is offered.

(f) Minimum period for which an option must be held before it can be exercised:

Six months from the date on which the option is offered.

Disclosure of Further  
Corporate Information

- (g) (i) Price payable on application or acceptance of the option:  
HK\$10
- (ii) The period within which payments or calls must or may be made:  
28 days after the offer date of an option
- (iii) The period within which loans for purposes of the payments or calls must be repaid:  
Not applicable
- (h) Basis of determining the exercise price:  
Pursuant to Rule 17.03(9) of the Listing Rules, the exercise price must be at least the higher of:
  - (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant, which must be a business day; and
  - (ii) 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.
- (i) The remaining life of the Share Option Scheme:  
Three months

*(II) Details of share options granted under the Share Option Scheme*

No share option of the Company was issued, exercised, cancelled, lapsed or outstanding under the Share Option Scheme throughout the financial year.

(2) NEW SHARE SCHEME

*(I) Summary of the New Share Scheme*

- (a) Purpose of the New Share Scheme:  
To provide employees and the executives of the Group with the opportunity of acquiring an equity interest in the Company, to continue to provide them with the motivation and incentive to give best contribution towards the Group's continued growth and success.
- (b) Participants of the New Share Scheme:  
Any Executive who has on the day preceding the date of offer been a full-time employee or executive director of the Company or any of its subsidiaries for at least three years and any other employee or executive director of the Company or any subsidiary nominated by the Directors of the Company to be an Executive.

(c) (i) Total number of Shares available for issue under the New Share Scheme and any other share option schemes of the Company (including the Share Option Scheme) as at 31 March 2007:  
140,330,000

(ii) Percentage of the issued share capital that it represents as at 31 March 2007:  
8.7%

(d) Maximum entitlement of each participant under the New Share Scheme as at 31 March 2007:  
No option may be granted to any one Executive which if exercised in full would result in the total number of Shares already issued and issuable to him under all the options previously granted to him under the New Share Scheme and also under other share option schemes (including the Share Option Scheme) and of Shares issuable to that Executive under the proposed option exceeding 25% of the maximum aggregate number of Shares in respect of which options may at that time be granted under the New Share Scheme and any such other schemes.

Furthermore, the total number of Shares issued and to be issued upon exercise of options (including both exercised and outstanding options) granted to each Executive in any 12-month period must not exceed 1% of the Shares in issue unless approved by Shareholders of the Company.

(e) Period within which the Shares must be taken up under an option:  
Within five years from the date on which the option is offered.

(f) Minimum period for which an option must be held before it can be exercised:  
One year from the date on which the option is offered.

(g) (i) Price payable on application or acceptance of the option:  
HK\$10

(ii) The period within which payments or calls must or may be made:  
28 days after the offer date of an option

(iii) The period within which loans for purposes of the payments or calls must be repaid:  
Not applicable

Disclosure of Further  
Corporate Information

- (h) Basis of determining the exercise price:  
The exercise price shall be determined by the Directors, but in any event must be at least the higher of:
- (i) the indicative price per Share for the subscription of Shares under the option as specified in the written offer;
  - (ii) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant, which must be a business day;
  - (iii) 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
  - (iv) the nominal value of a Share.
- (i) The remaining life of the New Share Scheme:  
Seven years

*(II) Details of share options granted under the New Share Scheme*

Throughout the year under review, there were certain outstanding share options previously granted on 17 September 2004 under the New Share Scheme to 20 employees (all being participants with options not exceeding the respective individual limits), all of them working under employment contracts which are regarded as "continuous contracts" for the purposes of the Employment Ordinance. Such options were exercisable during the period from 1 September 2005 to 31 August 2009 and on full exercise would require the Company to allot 18,000,000 new shares to the grantees at an exercise price of HK\$0.405 per share.

Except as disclosed above, no share option of the Company was issued, exercised, cancelled, lapsed or outstanding under the New Share Scheme throughout the financial year.

### (G) MAJOR CUSTOMERS & SUPPLIERS

For the year under review, sales to the five largest customers accounted for approximately 2% of the total sales for the year. Purchases from the five largest suppliers accounted for approximately 45% of the total purchases for the year and the purchases from the largest supplier included therein amounted to approximately 24%.

As far as the Directors are aware, neither the Directors, their associates, nor those Shareholders whom to the knowledge of the Directors own more than 5% of the Company's share capital, had any interest in the Group's five largest customers or suppliers.

### (H) DIRECTORS' INTERESTS IN COMPETING BUSINESS

Set out below is information disclosed pursuant to Rule 8.10 of the Listing Rules.

Mr. P. Y. C. Tsui, being also a director of certain subsidiaries of the Company's ultimate parent company, namely, Wisdom Gateway Limited ("Wisdom Gateway"), is considered under Rule 8.10 of the Listing Rules as having an interest in certain subsidiary(ies) of Wisdom Gateway which is/are engaged in retail businesses or an interest in certain sub-holding company(ies) of the relevant subsidiary(ies).

The Lane Crawford store and some other retail businesses carried on by the relevant subsidiary(ies) of Wisdom Gateway to a certain extent constitute competing businesses of the Group. Nevertheless, since the retail businesses of the Group are primarily targeted at different sectors of the market and would attract customers of different spending power or habit compared to those carried on by the relevant subsidiary(ies) of Wisdom Gateway, the Group considers that its interests in the relevant sector of retailing business is adequately safeguarded.

For safeguarding the interests of the Group, the independent Non-executive Directors and the Audit Committee of the Company would on a regular basis review the business and operational results of the Group to ensure, *inter alia*, that the Group's retailing businesses are and continue to be run on the basis that they are independent of, and at arm's length from, that of Wisdom Gateway group.

### (I) PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the laws or regulations of Bermuda (in which country the Company was incorporated) which, in the event of new shares being issued by the Company, would oblige the Company to offer new shares to existing Shareholders, or, in the event of any Shareholders intending to dispose of any of their shareholdings in the Company, would require such Shareholders to offer to sell the relevant shares to other Shareholders of the Company.

Disclosure of Further  
Corporate Information

**(J) INTEREST CAPITALISED**

No interest was capitalised by the Group during the financial year.

**(K) PURCHASE, SALE OR REDEMPTION OF SHARES**

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any listed securities of the Company during the financial year.

**(L) PUBLIC FLOAT**

Based on information that is publicly available to the Company and within the knowledge of the Directors as at the date of this report, the Company has maintained the prescribed public float under the Listing Rules throughout the financial year ended 31 March 2007.

**(M) DISCLOSURE OF CONTINUING CONNECTED TRANSACTIONS**

Set out below is information in relation to certain continuing connected transactions contemplated under the Master Concession Agreement (as defined below) involving the Company and/or its subsidiaries, particulars of which were previously disclosed in the press announcement of the Company dated 2 June 2006 and were required under the Listing Rules to be disclosed in the Annual Report and Accounts of the Company.

On 2 June 2006, a master concession agreement (the “Master Concession Agreement”) for a term from 2 June 2006 to 31 March 2008 was entered into between the Company and Lane Crawford (Hong Kong) Limited (“LCHK”) for the purpose of regulating the concession arrangements with LCHK for the use of premises by the Group at various retail space inside various Lane Crawford Stores operated by LCHK at different premises.

During the term of the Master Concession Agreement, the Company and any of its subsidiaries (the “Group”) may enter into individual concession agreement(s) (the “Individual Concession Agreement(s)”) with LCHK from time to time upon and subject to such terms and conditions as may be agreed between the Group and LCHK, in each case to be negotiated on a case-by-case and arm’s length basis and on normal commercial terms, provided that, *inter alia*, the annual aggregate amount of the rental payable under any and all Individual Concession Agreements must not exceed the aggregate annual cap amount as described below.

Pursuant to the Master Concession Agreement, the aggregate annual rental payable by the Group to LCHK under the concession agreements which existed before the date of the Master Concession Agreement and/or Individual Concession Agreements is subject to an annual cap amount of HK\$13.8 million in respect of each of the three financial years ending 31 March 2008.

LCHK is a wholly-owned subsidiary of Wisdom Gateway, which in turn is a substantial shareholder of the Company. Consequently, the Master Concession Agreement together with various concession agreements and/or Individual Concession Agreements governed by the Master Concession Agreement constitute continuing connected transactions for the Company.

#### CONFIRMATION FROM THE DIRECTORS ETC.

The Directors, including the independent Non-executive Directors, of the Company have reviewed the continuing connected transactions mentioned above (the “Transactions”) and confirmed that the Transactions were entered into:

- (a) by the Group in the ordinary and usual course of its business;
- (b) either on normal commercial terms or, if there are not sufficient comparable transactions to judge whether they are on normal commercial terms, on terms that are no less favourable than those available to or from (as appropriate) independent third parties; and
- (c) in accordance with the relevant agreements governing such Transactions on terms that are fair and reasonable and in the interests of the Shareholders of the Company as a whole.

In accordance with paragraph 14A.38 of the Listing Rules, the Board engaged the auditors of the Company to perform certain factual finding procedures on the above continuing connected transaction on a sample basis in accordance with Hong Kong Standard on Related Services 4400 “Engagements to Perform Agreed-Upon Procedures Regarding Financial Information” issued by the HKICPA. The auditors have reported their factual findings based on the agreed procedures to the Board and have reported that, *inter alia*:

- (1) the Transactions had received the approval of the Company’s Board of Directors;
- (2) the Transactions had been entered into in accordance with the relevant agreements governing the Transactions; and
- (3) the cap amount has not been exceeded during the financial year ended 31 March 2007.

## Corporate Governance Report

### (A) CORPORATE GOVERNANCE PRACTICES

During the financial year ended 31 March 2007, all the code provisions set out in the Code on Corporate Governance Practices in Appendix 14 (the “Code”) of the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited were met by the Company.

### (B) DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted the Model Code set out in Appendix 10 of the Listing Rules. Having made specific enquiry of all Directors of the Company who were in office during the financial year ended 31 March 2007, they have confirmed that they have complied with the Model Code during the financial year.

### (C) BOARD OF DIRECTORS

#### (I) COMPOSITION OF THE BOARD, NUMBER OF BOARD MEETINGS AND DIRECTORS’ ATTENDANCE

The Company’s Board has a balance of skills and experience and a balance composition of executive and non-executive directors. Four Board meetings were held during the financial year ended 31 March 2007. The composition of the Board and attendance of the Directors are set out below:

Directors	Attendance at Meetings
<i>Chairman</i>	
Walter K. W. Ma	4
<i>Chief Executive Officer</i>	
Joyce E. Ma	0
<i>President &amp; Managing Director</i>	
Adrienne M. Ma	2
<i>Non-executive Directors</i>	
Jeffrey L. Flowers	0
Doreen Y. F. Lee	0
Gonzaga W. J. Li	0
Yvette T. Ma	3
Stephen T. H. Ng	0
T. Y. Ng	0
Paul Y. C. Tsui	4
<i>Independent Non-executive Directors</i>	
Michael E. Brillhart	1
Antonio Chan	2
Eric F. C. Li	3
Eric K. K. Lo	4



Each Director of the Company has been appointed on the strength of his/her calibre, experience and stature, and his/her potential to contribute to the proper guidance of the Group and its businesses. Apart from formal meetings, matters requiring board approval were arranged by means of circulation of written resolutions.

## (II) OPERATION OF THE BOARD

The Company is headed by an effective Board which takes decisions objectively in the interests of the Company. The Company's management has closely monitored changes to regulations that affect its corporate affairs and businesses, and changes to accounting standards, and adopted appropriate reporting format in its interim report, annual report and other related documents to present a balanced, clear and comprehensible assessment of the Group's performance, position and prospects. Where these changes are pertinent to the Company or Directors' disclosure obligations, the Directors are either briefed during Board meetings or issued with regular updates and materials to keep them abreast of their responsibilities and of the conduct, business activities and development of the Group. Newly appointed Directors receive briefings and orientation on their legal and other responsibilities as a Director and the role of the Board. The Company has also provided appropriate information in a timely manner to the Directors to enable them to make an informed decision and to discharge their duties and responsibilities as Directors of the Company.

There is a clear division of responsibilities between the Board and the management. Decisions on important matters are specifically reserved to the Board while decisions on the Group's general operations are delegated to the management. Important matters include those affecting the Group's strategic policies, major investment and funding decisions and major commitments relating to the Group's operations.

## (D) CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The posts of Chairman and Chief Executive Officer are distinct and separate.

The Chairman, namely, Mr. Walter K. W. Ma, who is a Non-executive Director, is responsible for leading and managing the operation of the Board, focuses on Group strategies and Board issues, and ensures a cohesive working relationship between members of the Board and management. He also monitors the performance of the Chief Executive Officer. The Chief Executive Officer, namely, Mrs. Joyce E. Ma, is accountable to the Chairman and is responsible to the Board for managing the business of the Group. She has full executive responsibilities in the business directions and operational efficiency of the business units of the Group.

**(E) NON-EXECUTIVE DIRECTORS**

All existing Non-executive Directors of the Company have their respective terms of appointment coming to an end normally one year after re-election as Directors at previous Annual General Meetings.

**(F) REMUNERATION OF DIRECTORS**

The Company has set up a Remuneration Committee consisting of one Non-executive Director and two other independent Non-executive Directors.

Two Remuneration Committee meetings were held during the financial year ended 31 March 2007. Attendance of the Members is set out below:

Members	Attendance at Meetings
Paul Y. C. Tsui, <i>Chairman</i>	2
Antonio Chan	2
Eric K. K. Lo	2

The terms of reference of the Remuneration Committee are aligned with the provisions set out in the Code. Given below are the main duties of the Remuneration Committee:

- (a) to consider the Company's policy and structure for all remuneration of Directors and senior management;
- (b) to determine the specific remuneration packages of all executive Directors and senior management;
- (c) to review performance-based remuneration by reference to corporate goals and objectives resolved by the Board from time to time;
- (d) to review the compensation payable to executive Directors and senior management in connection with any loss or termination of their office or appointment; and
- (e) to review compensation arrangements relating to dismissal or removal of Directors for misconduct.

The work performed by the Remuneration Committee for the financial year ended 31 March 2007 is summarised below:

- (a) review of the Company's policy and structure for all remuneration of Directors and senior management;
- (b) consideration of the emoluments for all Directors and senior management; and
- (c) review of the level of fees for Directors and Audit Committee Members.

The basis of determining the emoluments payable to its Directors and senior management by the Company is by reference to the level of emoluments normally paid by a listed company in Hong Kong to directors and senior executives of comparable calibre and job responsibilities so as to ensure a fair and competitive remuneration package as is fit and appropriate. Apart from the basic salary and various allowances payable by the Company to its Chief Executive Officer and President & Managing Director, there was no other Director receiving any emoluments other than a fee at the rate of HK\$45,000 per annum payable to Mr. Antonio Chan by reason of his being a Member of the Audit Committee. The basis of determining such Audit Committee Member's fee is by reference to the level of fees of similar nature normally paid by a listed company in Hong Kong to its Audit Committee Members.

## **(G) NOMINATION OF DIRECTORS**

The Company does not have a nomination committee as the role and function of such committee are performed by the Board.

The Board is responsible for the formulation of the nomination policies, making recommendations to Shareholders on Directors standing for re-election, providing sufficient biographical details of Directors to enable Shareholders to make an informed decision on the re-election, and where necessary, nominate Directors to fill casual vacancies. The Chairman in conjunction with the Chief Executive Officer and the President & Managing Director from time to time review the composition of the Board with particular regard to ensuring that there is an appropriate number of Directors on the Board independent of management. They also identify and nominate qualified individuals for appointment as new Directors of the Company. New Directors of the Company will be appointed by Board. Any and all new Directors are subject to retirement from the Board at the Annual General Meeting of the Company immediately following his or her appointment and may stand for re-election at the Annual General Meeting.

## (H) AUDITOR'S REMUNERATION

The fees in relation to services, all related to the audit and taxation, provided by PricewaterhouseCoopers, the external auditors of the Company, amounted to HK\$0.8 million and HK\$0.1 million respectively.

## (I) AUDIT COMMITTEE

The Audit Committee of the Company consists of one Non-executive Director and three independent Non-executive Directors.

All Members have sufficient experience in reviewing audited accounts as aided by the auditors of the Group whenever required. In addition, Mr. Antonio Chan and Mr. Paul Y. C. Tsui have the appropriate professional qualifications and experience in financial matters.

Two Audit Committee meetings were held during the financial year ended 31 March 2007. Attendance of the Members is set out below:

Members	Attendance at Meetings
Michael E. Brillhart, <i>Chairman</i>	1
Antonio Chan	1
Eric K. K. Lo	2
Paul Y. C. Tsui	2

- (i) The terms of reference of the Audit Committee are aligned with the recommendations set out in "A Guide for Effective Audit Committees" issued by the Hong Kong Institute of Certified Public Accountants. Given below are the main duties of the Audit Committee:
- (a) to consider the appointment of the external auditors and any questions of resignation or dismissal;
  - (b) to discuss with the external auditors before the audit commences, the nature and scope of the audit;
  - (c) to review the half-year and annual accounts before submission to the Board, focusing particularly on:
    - (1) any changes in accounting policies and practices;

- (2) major judgmental areas;
  - (3) significant adjustments resulting from the audit;
  - (4) the going concern assumption;
  - (5) compliance with accounting standards; and
  - (6) compliance with stock exchange and legal requirements;
- (d) to discuss problems and reservations arising from the audits, and any matters the external auditors may wish to discuss (in the absence of management where necessary); and
- (e) to review the audit programme, and ensure co-ordination with external auditors and the internal audit function.
- (ii) The work performed by the Audit Committee for the financial year ended 31 March 2007 is summarised below:
- (a) approval of the remuneration and terms of engagement of the external auditors;
  - (b) review of the external auditors' independence and objectivity and the effectiveness of audit process in accordance with applicable standards;
  - (c) review of the half-year and annual accounts before submission to the Board, with particular consideration of the points mentioned in paragraph (i)(c) above regarding the duties of the Audit Committee;
  - (d) discussion with the external auditors before the audit commences, the nature and scope of the audit;
  - (e) review of the audit programme and co-ordination between the external auditors and the internal audit function;
  - (f) review of the Group's financial controls, internal control and risk management systems; and
  - (g) meeting with the external auditors without executive Board members present.

## **(J) INTERNAL CONTROL**

The Directors are ultimately responsible for the internal control system of the Group and, through the Audit Committee, have reviewed the effectiveness of the system. The internal control system comprises a well-defined organisational structure with specified limits of authority in place. Areas of responsibility of each business and operational units are also clearly defined to ensure effective checks and balances.

Procedures have been designed for safeguarding assets against unauthorised use or disposition, maintenance of proper accounting records, assurance of the reliability of financial information for internal use or publication and compliance with relevant legislation and regulations. Such procedures are designed to manage risks of failure in operational systems and can provide reasonable assurance against material errors, losses or fraud.

The internal audit function monitors compliance with policies and standards and the effectiveness of internal control structures across the whole Group. The internal audit function works independently under the Audit Committee. A full set of internal audit reports will also be provided to the external auditor.

A review of the effectiveness of the Group's internal control system and procedures covering all controls, including financial, operational and compliance and risk management, was conducted by the Audit Committee and subsequently reported to the Board during the financial year ended 31 March 2007. Based on the result of the review, in respect of the year ended 31 March 2007, the Directors considered that the internal control system and procedures of the Group were effective and adequate.

## **(K) DIRECTORS' RESPONSIBILITIES FOR THE ACCOUNTS**

The Directors are responsible for overseeing the preparation of accounts for the financial year ended 31 March 2007, which give a true and fair view of the affairs of the Company and of the Group and of the Group's results and cash flows for the year then ended and in compliance with the requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the Listing Rules.

In preparing the accounts for the financial year ended 31 March 2007:

- (i) appropriate accounting policies are selected, applied consistently and in accordance with the Hong Kong Financial Reporting Standards;
- (ii) prudent and reasonable judgements and estimates are made; and
- (iii) the reasons for any significant departure from applicable accounting standards are stated, if applicable.

#### **(L) COMMUNICATION WITH SHAREHOLDERS**

The Group uses several formal channels to ensure fair disclosure and comprehensive and transparent reporting of its performances and activities. Annual and interim reports are printed and sent to all Shareholders. As a standard part of the investor relations programme to maintain a constant dialogue on the Group's performance and objectives, senior executives hold regular briefings and attend conferences with institutional investors and financial analysts.

The Company encourages its Shareholders to attend Annual General Meetings to ensure a high level of accountability and to stay informed of the Group's strategy and goals.

The Company keeps Shareholders informed of the procedure for voting by poll in all circulars to Shareholders which are from time to time despatched to Shareholders together with notices of general meetings of the Company. The Board attends the Annual General Meetings to answer Shareholders' questions.

#### **(M) SHAREHOLDERS' RIGHTS TO CONVENE A SPECIAL GENERAL MEETING**

Pursuant to the Bermuda Companies Act, on requisition of one or more Shareholders in aggregate holding not less than 10% of the paid-up capital of the Company carrying the right to vote at general meetings, the Directors of the Company must convene a special general meeting.

## Report of the Directors

The Directors have pleasure in submitting their Report and the Audited Statement of Accounts for the financial year ended 31 March 2007.

### PRINCIPAL ACTIVITIES AND TRADING OPERATIONS

The principal activities of the Company are investment holding and provision of management services to Group companies and those of its principal subsidiaries are set out on page 122.

An analysis of the principal activities and geographical locations of trading operations of the Company and its subsidiaries during the financial year is set out in Note 5 to the Accounts on pages 96 to 98.

### RESULTS, APPROPRIATIONS AND RESERVES

The results of the Group and appropriations of profits for the financial year ended 31 March 2007 are set out in the Consolidated Profit and Loss Account on page 74.

Movements in reserves during the financial year are set out in Note 25 to the Accounts on pages 115 and 116.

### DIVIDENDS

The Directors have recommended for adoption at the Annual General Meeting to be held on Monday, 27 August 2007 the payment on 5 September 2007 to Shareholders on record as at 27 August 2007 of a final dividend of 1.4 cents per share in respect of the financial year ended 31 March 2007. This recommendation has been disclosed in the Accounts.

### PROPERTY, PLANT AND EQUIPMENT

Movements in property, plant and equipment during the financial year are set out in Note 14 to the Accounts on pages 105 to 107.

### BANK LOANS, OVERDRAFTS AND OTHER BORROWINGS

Particulars of all bank loans, overdrafts and/or other borrowings (if any) of the Group as at 31 March 2007, all being borrowings by subsidiaries of the Company and repayable on demand or within a period not exceeding one year, are set out in Note 23 to the Accounts on page 113.

### DIRECTORS

The Directors of the Company during the financial year were Mr. Walter K. W. Ma, Mrs. Joyce E. Ma, Ms. Adrienne M. Ma, Mr. Michael E. Brillhart, Mr. Antonio Chan, Mr. Jeffrey L. Flowers, Ms. Doreen Y. F. Lee, Mr. Eric F. C. Li, Mr. Gonzaga W. J. Li, Mr. Eric K. K. Lo, Ms. Yvette T. Ma, Mr. Stephen T. H. Ng, Mr. T. Y. Ng and Mr. Paul Y. C. Tsui.



In accordance with the Company's bye-laws, all Directors will retire and being eligible, offer themselves for re-election at the forthcoming Annual General Meeting.

None of the retiring Directors proposed for re-election at the forthcoming Annual General Meeting has a service contract with the Company which is not determinable by the employer within one year without payment of compensation (other than statutory compensation).

#### INTERESTS IN CONTRACTS

No contract of significance in relation to the Company's business to which the Company, any subsidiary or holding company of the Company or any subsidiary of the Company's holding company was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the financial year or at any time during the financial year.

#### MANAGEMENT CONTRACTS

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

#### ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

At no time during the financial year was the Company, any of its subsidiaries or its holding company or any subsidiary of that holding company a party to any arrangement to enable the Directors of the Company to acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate.

#### AUDITORS

The Accounts now presented have been audited by PricewaterhouseCoopers, Certified Public Accountants, who retire and being eligible, offer themselves for re-appointment.

By Order of the Board  
Wilson W. S. Chan  
*Secretary*

Hong Kong, 22 June 2007

## Independent Auditor's Report

### TO THE SHAREHOLDERS OF JOYCE BOUTIQUE HOLDINGS LIMITED

*(incorporated in Bermuda with limited liability)*

We have audited the consolidated accounts of Joyce Boutique Holdings Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 74 to 122, which comprise the consolidated and Company balance sheets as at 31 March 2007, and the consolidated profit and loss account, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

#### DIRECTORS' RESPONSIBILITY FOR THE ACCOUNTS

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

#### AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated accounts based on our audit and to report our opinion solely to you, as a body, in accordance with Section 90 of the Companies Act 1981 of Bermuda and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the accounts. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the

TO THE SHAREHOLDERS OF  
JOYCE BOUTIQUE HOLDINGS LIMITED *(continued)*  
*(incorporated in Bermuda with limited liability)*

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 accounts.

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

OPINION

In our opinion, the consolidated accounts give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2007 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, 22 June 2007

2006/2007 Audited Accounts  
二〇〇六／二〇〇七年已審核賬項

## Consolidated Profit and Loss Account 綜合損益賬

For the year ended 31 March 2007  
截至二〇〇七年三月三十一日止年度

		Note 附註	2007 二〇〇七年 HK\$'000 港幣千元	2006 二〇〇六年 HK\$'000 港幣千元
Turnover	營業額	5	790,395	755,684
Other income	其它收入	6	17,745	11,321
Direct costs and operating expenses	直接成本及營業費用		(646,254)	(584,219)
Selling and marketing expenses	銷售及推銷費用		(32,270)	(32,803)
Administrative expenses	行政費用		(65,805)	(75,894)
Other operating expenses	其它營業費用		(7,021)	(418)
Operating profit	營業盈利		56,790	73,671
Finance costs	融資成本	8	(19)	(100)
Share of profit of jointly controlled entity	所佔共同發展公司盈利	18	4,812	3,347
Profit before taxation	除稅前盈利		61,583	76,918
Taxation	稅項	10	(10,550)	(2,900)
<b>PROFIT ATTRIBUTABLE TO SHAREHOLDERS</b>	<b>股東應佔盈利</b>	<b>11</b>	<b>51,033</b>	<b>74,018</b>
Final dividend proposed after the balance sheet date	於結算日後擬派發的 末期股息	12	1.4 cents 仙	2.0 cents 仙
<b>EARNINGS PER SHARE</b>	<b>每股盈利</b>			
– Basic	– 基本	13	3.2 cents 仙	4.6 cents 仙
– Diluted	– 攤薄	13	N/A 不適用	4.6 cents 仙

## Consolidated Balance Sheet 綜合資產負債表

As at 31 March 2007  
於二〇〇七年三月三十一日

		Note 附註	2007 二〇〇七年 HK\$'000 港幣千元	2006 二〇〇六年 HK\$'000 港幣千元
<b>NON-CURRENT ASSETS</b>	<b>非流動資產</b>			
Property, plant and equipment	物業、廠房及設備	14	54,404	55,530
Rental deposits	租金訂金	15	42,659	28,257
Interest in jointly controlled entity	共同發展公司權益	18	8,209	3,397
Deferred income tax	遞延稅項	26	2,500	–
			107,772	87,184
<b>CURRENT ASSETS</b>	<b>流動資產</b>			
Inventories	存貨		183,150	157,124
Trade and other receivables	貿易及其它應收賬項	17	51,685	67,857
Deposits, prepayments and other assets	訂金、預付費用及其它資產	15	17,382	17,653
Financial derivative assets	衍生金融工具資產	19	4,445	1,303
Deferred income tax	遞延稅項	26	–	4,100
Bank balances and cash	銀行結存及現金	20	262,662	245,473
			519,324	493,510
<b>TOTAL ASSETS</b>	<b>資產總額</b>		627,096	580,694
<b>EQUITY</b>	<b>權益</b>			
<b>CAPITAL AND RESERVES</b>	<b>公司股東應佔股本及</b>			
<b>ATTRIBUTABLE TO THE</b>	<b>儲備</b>			
<b>COMPANY'S SHAREHOLDERS</b>				
Share capital	股本	24	162,005	162,005
Reserves	儲備	25	296,499	275,796
<b>TOTAL EQUITY</b>	<b>權益總額</b>		458,504	437,801
<b>CURRENT LIABILITIES</b>	<b>流動負債</b>			
Trade and bills payables	應付貿易賬項及應付票據	21	59,552	48,580
Other payables and accruals	其它應付賬項及應計項目	22	98,917	87,402
Amount due to jointly controlled entity	應付共同發展公司款項	18	6,893	5,406
Current income tax liabilities	本期所得稅負債		3,230	–
Short-term bank loans	短期銀行貸款	23	–	1,505
<b>TOTAL LIABILITIES</b>	<b>負債總額</b>		168,592	142,893
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>權益及負債總額</b>		627,096	580,694
<b>NET CURRENT ASSETS</b>	<b>流動資產淨值</b>		350,732	350,617
<b>TOTAL ASSETS LESS</b>	<b>資產總額減流動負債</b>			
<b>CURRENT LIABILITIES</b>			458,504	437,801

Walter King Wah MA  
*Chairman*  
馬景華  
主席

Adrienne Marie MA  
*President & Managing Director*  
馬美儀  
總裁兼董事總經理

## Company Balance Sheet 公司資產負債表

As at 31 March 2007  
於二〇〇七年三月三十一日

		Note 附註	2007 二〇〇七年 HK\$'000 港幣千元	2006 二〇〇六年 HK\$'000 港幣千元
<b>NON-CURRENT ASSETS</b>	<b>非流動資產</b>			
Property, plant and equipment	物業、廠房及設備	14	5,303	6,347
Interests in subsidiaries	所佔附屬公司權益	16	133,141	132,796
			138,444	139,143
<b>CURRENT ASSETS</b>	<b>流動資產</b>			
Deposits, prepayments and other receivables	訂金、預付費用及其它資產		197	365
Amounts due from subsidiaries	應收附屬公司款項	16	291,893	323,573
Bank balances	銀行結存	20	730	508
			292,820	324,446
<b>TOTAL ASSETS</b>	<b>資產總額</b>		<b>431,264</b>	<b>463,589</b>
<b>EQUITY</b>	<b>權益</b>			
<b>CAPITAL AND RESERVES</b>	<b>公司股東應佔股本及</b>			
<b>ATTRIBUTABLE TO THE</b>	<b>儲備</b>			
<b>COMPANY'S SHAREHOLDERS</b>				
Share capital	股本	24	162,005	162,005
Reserves	儲備	25	227,108	257,633
<b>TOTAL EQUITY</b>	<b>權益總額</b>		<b>389,113</b>	<b>419,638</b>
<b>CURRENT LIABILITIES</b>	<b>流動負債</b>			
Other payables and accruals	其它應付賬項及應計項目		5,295	7,095
Amounts due to subsidiaries	應付附屬公司款項	16	36,856	36,856
<b>TOTAL LIABILITIES</b>	<b>負債總額</b>		<b>42,151</b>	<b>43,951</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>權益及負債總額</b>		<b>431,264</b>	<b>463,589</b>
<b>NET CURRENT ASSETS</b>	<b>流動資產淨值</b>		<b>250,669</b>	<b>280,495</b>
<b>TOTAL ASSETS LESS</b>	<b>資產總額</b>			
<b>CURRENT LIABILITIES</b>	<b>減流動負債</b>		<b>389,113</b>	<b>419,638</b>

Walter King Wah MA  
*Chairman*  
馬景華  
主席

Adrienne Marie MA  
*President & Managing Director*  
馬美儀  
總裁兼董事總經理

## Consolidated Statement of Changes in Equity 綜合權益轉變報表

For the year ended 31 March 2007  
截至二〇〇七年三月三十一日止年度

		Attributable to Shareholders of the Company 本公司股東應佔									
		Note 附註	Share capital 股本 HK\$'000 港幣千元	Share premium 股份溢價 HK\$'000 港幣千元	Capital surplus 資本盈餘 HK\$'000 港幣千元	Contributed surplus 繳入盈餘 HK\$'000 港幣千元	Exchange fluctuation reserve 匯兌波動儲備 HK\$'000 港幣千元	Employee compensation reserve 僱員酬金儲備 HK\$'000 港幣千元	Hedging reserve 對沖儲備 HK\$'000 港幣千元	Retained profits 累積盈利 HK\$'000 港幣千元	Total 總額 HK\$'000 港幣千元
Balance at 1 April 2006	二〇〇六年四月一日結存		162,005	1,515	76	139,196	(7,253)	4,074	1,315	136,873	437,801
Exchange differences on translation of accounts of foreign entities	折算海外公司賬項所產生之匯兌差額		-	-	-	(55)	-	-	-	-	(55)
Fair value gains on cash flow hedge	現金流動對沖之公平價值收益		-	-	-	-	-	1,607	-	-	1,607
Profit attributable to shareholders	股東應佔盈利		-	-	-	-	-	-	-	51,033	51,033
Total recognised (loss)/income	確認的總(虧損)/收入		-	-	-	(55)	-	1,607	-	51,033	52,585
Employee share option scheme: - value of employees services	僱員認股權計劃: - 僱員服務的價值		-	-	-	-	-	519	-	-	519
Final dividend paid	已付末期股息	12	-	-	-	-	-	-	-	(32,401)	(32,401)
Balance at 31 March 2007	二〇〇七年三月三十一日結存		162,005	1,515	76	139,196	(7,308)	4,593	2,922	155,505	458,504

The comparative figures for 2006 are set out as follows:

二〇〇六年之比較數字如下：

		Attributable to Shareholders of the Company 本公司股東應佔									
		Note 附註	Share capital 股本 HK\$'000 港幣千元	Share premium 股份溢價 HK\$'000 港幣千元	Capital surplus 資本盈餘 HK\$'000 港幣千元	Contributed surplus 繳入盈餘 HK\$'000 港幣千元	Exchange fluctuation reserve 匯兌波動儲備 HK\$'000 港幣千元	Employee compensation reserve 僱員酬金儲備 HK\$'000 港幣千元	Hedging reserve 對沖儲備 HK\$'000 港幣千元	Retained profits 累積盈利 HK\$'000 港幣千元	Total 總額 HK\$'000 港幣千元
Balance at 1 April 2005	二〇〇五年四月一日結存		161,980	1,376	76	139,196	(7,248)	-	-	95,251	390,631
Exchange differences on translation of accounts of foreign entities	折算海外公司賬項所產生之匯兌差額		-	-	-	(5)	-	-	-	-	(5)
Fair value gains on cash flow hedge	現金流動對沖之公平價值收益		-	-	-	-	-	1,315	-	-	1,315
Profit attributable to shareholders	股東應佔盈利		-	-	-	-	-	-	-	74,018	74,018
Total recognised (loss)/income	確認的總(虧損)/收入		-	-	-	(5)	-	1,315	-	74,018	75,328
Employee share option scheme: - value of employees services	僱員認股權計劃: - 僱員服務的價值		-	-	-	-	-	4,138	-	-	4,138
- issue of new shares upon exercise of share options	- 因行使認股權而發行新股		25	75	-	-	-	-	-	-	100
- transfer of reserve upon exercise of share options	- 因行使認股權而轉賬至儲備		-	64	-	-	-	(64)	-	-	-
Final dividend paid	已付末期股息	12	-	-	-	-	-	-	-	(32,396)	(32,396)
Balance at 31 March 2006	二〇〇六年三月三十一日結存		162,005	1,515	76	139,196	(7,253)	4,074	1,315	136,873	437,801



## Company Statement of Changes in Equity 公司權益轉變報表

For the year ended 31 March 2007  
截至二〇〇七年三月三十一日止年度

		Attributable to Shareholders of the Company 本公司股東應佔					
	Note	Share capital	Share premium	Contributed surplus	Employee compensation reserve	Retained profits	Total
	附註	股本	股份溢價	繳入盈餘	僱員酬金儲備	累積盈利	總額
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元
Balance at 1 April 2006	二〇〇六年四月一日結存	162,005	1,515	159,375	4,074	92,669	419,638
Profit attributable to shareholders	股東應佔盈利	-	-	-	-	1,357	1,357
Total recognised income	確認的總收入	-	-	-	-	1,357	1,357
Employee share option scheme: - value of employees services	僱員認股權計劃： - 僱員服務的價值	-	-	-	519	-	519
Final dividend paid	已付末期股息	-	-	-	-	(32,401)	(32,401)
Balance at 31 March 2007	二〇〇七年三月三十一日結存	162,005	1,515	159,375	4,593	61,625	389,113

The comparative figures for 2006 are set out as follows:

二〇〇六年之比較數字如下：

		Attributable to Shareholders of the Company 本公司股東應佔					
	Note	Share capital	Share premium	Contributed surplus	Employee compensation reserve	Retained profits	Total
	附註	股本	股份溢價	繳入盈餘	僱員酬金儲備	累積盈利	總額
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元
Balance at 1 April 2005	二〇〇五年四月一日結存	161,980	1,376	159,375	-	61,752	384,483
Profit attributable to shareholders	股東應佔盈利	-	-	-	-	63,313	63,313
Total recognised income	確認的總收入	-	-	-	-	63,313	63,313
Employee share option scheme: - value of employees services	僱員認股權計劃： - 僱員服務的價值	-	-	-	4,138	-	4,138
- issue of new shares upon exercise of share options	- 因行使認股權而 發行新股	25	75	-	-	-	100
- transfer of reserve upon exercise of share options	- 因行使認股權而 轉賬至儲備	-	64	-	(64)	-	-
Final dividend paid	已付末期股息	-	-	-	-	(32,396)	(32,396)
Balance at 31 March 2006	二〇〇六年三月三十一日結存	162,005	1,515	159,375	4,074	92,669	419,638

## Consolidated Cash Flow Statement 綜合現金流量表

For the year ended 31 March 2007  
截至二〇〇七年三月三十一日止年度

		Note 附註	2007 二〇〇七年 HK\$'000 港幣千元	2006 二〇〇六年 HK\$'000 港幣千元
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>營業活動的現金流量</b>			
Cash generated from operations	營業產生的現金	(a)	72,626	15,100
Interest paid	已付利息		(19)	(100)
Income tax paid	已付所得稅		(5,720)	–
<b>NET CASH GENERATED FROM OPERATING ACTIVITIES</b>	<b>營業活動產生的淨現金</b>		<b>66,887</b>	<b>15,000</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>投資活動的現金流量</b>			
Purchase of property, plant and equipment	購買物業、廠房及設備		(29,672)	(43,594)
Proceeds from disposal of property, plant and equipment	出售物業、廠房及設備所得款項		1,847	3,067
Investment in jointly controlled entity	投資於共同發展公司		–	(50)
Interest received	已收利息		12,088	8,242
<b>Net cash used in investing activities</b>	<b>投資活動所用淨現金</b>		<b>(15,737)</b>	<b>(32,335)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>融資活動的現金流量</b>			
Issue of new shares upon exercise of share option	因行使認股權而發行新股		–	100
Dividend paid	已付股息		(32,401)	(32,396)
(Repayment of)/drawdown of short-term bank loans	(償還)/借貸短期銀行貸款		(1,505)	1,505
<b>Net cash used in financing activities</b>	<b>融資活動所用淨現金</b>		<b>(33,906)</b>	<b>(30,791)</b>
<b>INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>現金及現金等值項目增加/(減少)</b>		<b>17,244</b>	<b>(48,126)</b>
Effect of foreign exchange rate changes, net	匯兌調整淨額		(55)	13
Cash and cash equivalents at beginning of year	於年初之現金及現金等值項目		245,473	293,586
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>於年末之現金及現金等值項目</b>		<b>262,662</b>	<b>245,473</b>
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>	<b>現金及現金等值項目結存分析</b>			
Bank balances and cash	銀行結存及現金		262,662	245,473

Consolidated Cash Flow Statement  
綜合現金流量表

NOTE TO THE CONSOLIDATED CASH FLOW STATEMENT

綜合現金流量表附註

(a) Reconciliation of operating profit to cash generated from operations

(a) 營業盈利與營業產生的現金對賬

		2007 二〇〇七年 HK\$'000 港幣千元	2006 二〇〇六年 HK\$'000 港幣千元
Operating profit	營業盈利	56,790	73,671
Interest income	利息收入	(12,088)	(8,242)
Employee share options expenses	僱員股份認股權費用	519	4,138
Depreciation of property, plant and equipment	物業、廠房及設備折舊	22,227	22,769
Write back of provision for unfulfilled purchase commitment	未履行採購承諾的撥備回撥	-	(11,383)
Impairment charge of property, plant and equipment	物業、廠房及設備減值	7,997	6,191
(Gain)/loss on disposal and write-off of property, plant and equipment	出售及撇除物業、廠房及設備之(盈利)/虧損	(1,273)	96
Operating profit before working capital changes	營運資金變動前之營業盈利	74,172	87,240
Increase in inventories	存貨之增加	(27,561)	(20,857)
Decrease/(increase) in trade and other receivables	貿易及其它應收賬項之減少/(增加)	16,172	(27,226)
Increase in deposits, prepayments and other assets	訂金、預付費用及其它資產之增加	(14,131)	(12,096)
Increase/(decrease) in trade and bills payables	應付貿易賬項及應付票據之增加/(減少)	10,972	(12,068)
Increase/(decrease) in other payables and accruals	其它應付賬項及應計項目之增加/(減少)	11,515	(5,299)
Increase in amount due to jointly controlled entity	應付共同發展公司款項之增加	1,487	5,406
Cash generated from operations	營業產生的現金	72,626	15,100

## Notes to the Accounts 賬項附註

### 1. GENERAL INFORMATION

Joyce Boutique Holdings Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) is principally engaged in sales of designer fashion garments, cosmetics and accessories.

The Company is a limited liability company incorporated in Bermuda. The address of its registered office is Canon’s Court, 22 Victoria Street, Hamilton HM12, Bermuda. The Company has its primary listing on the Main Board of The Stock Exchange of Hong Kong Limited.

These consolidated accounts are presented in thousands of units of Hong Kong dollars (“HK\$’000”), unless otherwise stated. These consolidated accounts have been approved for issue by the Board of Directors on 22 June 2007.

### 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.

#### 2.1 Basis of preparation

The consolidated accounts of the Company have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”). The consolidated accounts have been prepared under the historical cost convention, as modified by the financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

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

### 1. 一般資料

Joyce Boutique Holdings Limited (本公司) 及其附屬公司 (統稱「本集團」) 主要從事名牌時裝、化妝品及飾物銷售。

本公司為一家於百慕達註冊成立的有限公司，其註冊辦事處位於Canon’s Court, 22 Victoria Street, Hamilton HM12, Bermuda。本公司的證券於香港聯合交易所有限公司主板以第一市場上市。

除特別註明外，本綜合賬項以港幣千元為單位。此綜合賬項已於二〇〇七年六月二十二日獲董事會通過。

### 2. 主要會計政策

編製本綜合賬項採用的主要會計政策載於下文。除另有說明外，此等政策在所呈報的所有年度內貫徹應用。

#### 2.1 編製基準

本綜合賬項是按照香港財務報告準則編製。本綜合賬項乃按歷史成本常規編製，並就按公平值透過損益記賬的財務資產和財務負債 (包括衍生工具) 的重估而作出修訂。

編製符合財務準則的財務報表需要使用若干關鍵會計估計。管理層需於採用本公司會計政策時作出評估。涉及高度的判斷或高度複雜性的範疇，或涉及對綜合賬項屬重大假設和估計的範疇，在附註 4 中披露。

Notes to the Accounts  
賬項附註

2. PRINCIPAL ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

The following standards, amendments and interpretation are mandatory for accounting periods beginning on or after 1 January 2006.

HKAS 19 (Amendment)	Actuarial Gains and Losses, Group Plans and Disclosures
HKAS 21 (Amendment)	Net Investment in a Foreign Operation
HKAS 39 (Amendment)	Cash Flow Hedge Accounting of Forecast Intragroup Transactions
HKAS 39 (Amendment)	The Fair Value Option
HKAS 39 & HKFRS 4 (Amendment)	Financial Guarantee Contracts
HKFRS 6	Exploration for and Evaluation of Mineral Resources
HKFRS 1 & 6 (Amendments)	First-time Adoption of Hong Kong Financial Reporting Standards and Exploration for and Evaluation of Mineral Resources
HKFRS – Int 4	Determining whether an Arrangement contains a Lease
HKFRS – Int 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
HK(IFRIC) – Int 6	Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment
HK(IFRIC) – Int 7	Applying the Restatement Approach under HKAS 29 Financial Reporting in Hyperinflationary Economies

The adoption of the above standards, amendments and interpretations did not have significant impact to the Group.

2. 主要會計政策(續)

2.1 編製基準(續)

下列準則、修訂及詮釋必須於二〇〇六年一月一日或之後開始的會計期間採納。

香港會計準則第19號 (修訂)	精算盈虧、集體界定福利計劃和披露
香港會計準則第21號 (修訂)	海外業務之投資淨額
香港會計準則第39號 (修訂)	預測集團內公司間交易之現金流量對沖會計處理
香港會計準則第39號 (修訂)	公平價值選擇
香港會計準則第39號 及香港財務報告準則 第4號(修訂)	財務擔保合約
香港財務報告準則 第6號	礦產資源之勘探與評估
香港財務報告準則 第1號及第6號(修訂)	首次採納香港財務報告準則 及礦產資源之勘探與評估
香港財務報告準則 — 詮釋第4號	釐定一項安排是否包含租賃
香港財務報告準則 — 詮釋第5號	終止運作、復原及環境修復 基金所產生權益之權利
香港(國際財務報告 詮釋委員會) — 詮釋第6號	參與特定市場所產生之負債 — 廢棄電力及電子設備
香港(國際財務報告 詮釋委員會) — 詮釋第7號	根據香港會計準則第29號惡 性通貨膨脹經濟中之財務 報告應用重列法

採納上述準則、修訂及詮釋對本集團並無重大影響。

## 2. PRINCIPAL ACCOUNTING POLICIES (continued)

### 2.1 Basis of preparation (continued)

The following standards, amendments and interpretations have been published and are mandatory for the Group's accounting periods beginning on or after 1 May 2006 or later periods. Management considers the adoption of these standards, amendments and interpretations will not have significant impact to the Group.

HKAS 1 (Amendment)	Presentation of Financial Statements: Capital Disclosures
HKFRS 7	Financial Instruments: Disclosures
HKFRS 8	Operating Segments
HK(IFRIC) – Int 8	Scope of HKFRS 2
HK(IFRIC) – Int 9	Reassessment of Embedded Derivatives
HK(IFRIC) – Int 10	Interim Financial Reporting and Impairment
HK(IFRIC) – Int 11	HKFRS 2 – Group and Treasury Share Transactions
HK(IFRIC) – Int 12	Service Concession Agreements

### 2.2 Consolidation

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

#### *Subsidiaries*

Subsidiaries are all entities (including special purpose 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.

## 2. 主要會計政策 (續)

### 2.1 編製基準 (續)

下列準則、修訂及詮釋已經頒布，本集團必須於二〇〇六年五月一日或之後開始的會計期間採納。管理層認為採納此等準則、修訂及詮釋對本集團並無重大影響。

香港會計準則第1號 (修訂)	財務報表呈報：資本披露
香港財務報告準則第7號	金融工具：披露
香港財務報告準則第8號	營運分部
香港 (國際財務報告 詮釋委員會) — 詮釋第8號	香港財務報告準則第2號之 範圍
香港 (國際財務報告 詮釋委員會) — 詮釋第9號	重新評估內含衍生工具
香港 (國際財務報告 詮釋委員會) — 詮釋第10號	中期財務報告和減值
香港 (國際財務報告 詮釋委員會) — 詮釋第11號	香港財務報告準則第2號 – 集團和庫存股交易
香港 (國際財務報告 詮釋委員會) — 詮釋第12號	服務經營權協議

### 2.2 綜合賬目

綜合賬目包括本公司及其所有附屬公司截至三月三十一日止的賬項。

#### *附屬公司*

附屬公司指本集團有權管控其財政及營業政策的所有實體 (包括特殊目的實體)，一般附帶超過半數投票權的股權。在評定本集團是否控制另一實體時，目前可行使或可兌換的潛在投票權的存在及影響均予考慮。

Notes to the Accounts  
賬項附註

2. PRINCIPAL ACCOUNTING POLICIES (continued)

2.2 Consolidation (continued)

*Subsidiaries (continued)*

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.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

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

2.3 Jointly controlled entities

Jointly controlled entities are those entities held for the long-term, over which the Group is in a position to exercise joint control with other venturers in accordance with contractual arrangements, and where none of the participating parties has unilateral control over the economic activity of the joint venture.

The consolidated profit and loss account includes the Group's share of the results of jointly controlled entities for the year, and the consolidated balance sheet includes the Group's share of the net assets of the jointly controlled entities and goodwill/negative goodwill (net of accumulated amortisation) on acquisition.

2.4 Segment reporting

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

2. 主要會計政策 (續)

2.2 綜合賬目 (續)

*附屬公司 (續)*

附屬公司在控制權轉移至本集團之日全面綜合入賬。附屬公司在控制權終止之日起停止綜合入賬。

集團內公司之間的交易、交易的結餘及未實現收益予以對銷。除非交易提供所轉讓資產減值之憑證，否則未實現虧損亦予以對銷。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。

在本公司之資產負債表內，於附屬公司之投資按成本值扣除減值虧損準備列賬。附屬公司之業績由本公司按已收及應收股息入賬。

2.3 共同發展公司

共同發展公司乃集團長期持有、有權根據合約安排與其它合營者共同行使控制權的公司，各合營者均不可單方面控制該合營企業的經濟活動。

於綜合損益賬內包括本集團所佔共同發展公司於年內的所佔業績，並於綜合資產負債表內包括本集團所佔共同發展公司的所佔淨資產及於收購時確定的商譽(扣除任何累積減值虧損)。

2.4 分部匯報

業務分部指從事提供產品或服務的一組資產和業務，而產品或服務的風險和回報与其它業務分部的不同。地區分部指在某個特定經濟環境中從事提供產品或服務，其產品或服務的風險和回報與在其它經濟環境中營業的分部的不同。

## 2. PRINCIPAL ACCOUNTING POLICIES (continued)

### 2.4 Segment reporting (continued)

In accordance with the Group's internal financial reporting, the Group has chosen geographical segment information as the primary reporting format and business segment information as the secondary reporting format. No business segment analysis is provided as over 90% of the Group's turnover and profit contribution came from the retail business during the year.

Segment assets consist primarily of property, plant and equipment, inventories, trade and other receivables, and cash and cash equivalents. Unallocated assets comprise deferred taxation. Segment liabilities comprise trade and bills payable, and other operating liabilities. Unallocated liabilities comprise taxation.

### 2.5 Foreign currency translation

#### (a) Functional and presentation currency

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 dollars, which is the Company's functional and presentation currency.

#### (b) 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, except when deferred in equity as qualifying cash flow hedges.

#### (c) 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:

- (i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- (ii) income and expenses for each profit and loss account are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

## 2. 主要會計政策 (續)

### 2.4 分部匯報 (續)

按照本集團的內部財務匯報方式，本集團選擇首先按地域分部作出資料匯報，其次才按業務分部作出資料匯報。由於是年內超過90%的集團營業額及盈利貢獻乃來自零售業務，因此並無提供業務分部之分析。

分部資產主要包括物業、廠房及設備、存貨、貿易及其它應收賬項及現金及現金等值項目。未分配資產包括遞延稅項。分部負債包括應付貿易賬項及應付票據及其它營運負債。未分配負債則包括稅項。

### 2.5 外幣換算

#### (a) 功能和列賬貨幣

本集團每個實體的賬項所列項目均以該實體營業所在的主要經濟環境的貨幣計量（「功能貨幣」）。綜合賬項以港幣呈報，港幣為本公司的功能及列賬貨幣。

#### (b) 交易及結餘

外幣交易採用交易日的匯率換算為功能貨幣。除了符合在權益中遞延入賬的現金流量對沖和淨投資對沖外，結算此等交易產生的匯兌盈虧以及將外幣計值的貨幣資產和負債以年終匯率換算產生的匯兌盈虧在損益賬確認。

#### (c) 集團公司

功能貨幣與列賬貨幣不同的所有集團實體（當中沒有嚴重通脹貨幣）的業績和財務狀況按如下方法換算為列賬貨幣：

- (i) 每份呈報的資產負債表內的資產和負債按該資產負債表日期的收市匯率換算；
- (ii) 每份損益賬內的收入和費用按平均匯率換算（除非此匯率並不代表交易日期匯率的累計影響的合理約數；在此情況下，收支項目按交易日期的匯率換算）；及



Notes to the Accounts  
賬項附註

2. PRINCIPAL ACCOUNTING POLICIES (continued)

2.5 Foreign currency translation (continued)

(c) Group companies (continued)

- (iii) 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 are taken to shareholders' equity. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the consolidated profit and loss account as part of the gain or loss on sale.

2.6 Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses. 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.

Depreciation is calculated using the straight-line method to allocate their costs over their estimated useful lives, as follows:

Leasehold improvements	3 to 6 years
Furniture, fixtures and equipment	3 to 6 years
Motor vehicles	4 years

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.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount and are recognised in the profit and loss account.

2. 主要會計政策(續)

2.5 外幣換算(續)

(c) 集團公司(續)

- (iii) 所有由此產生的匯兌差額確認為權益的獨立組成項目。

在綜合賬目時，換算海外業務的淨投資所產生的匯兌差額列入股東權益。當售出或清理部份海外業務時，該等計入權益內的匯兌差額在損益表確認為出售盈虧的一部分。

2.6 物業、廠房及設備

物業、廠房及設備乃以歷史成本值減除累計折舊及減值虧損後入賬。歷史成本包括收購該項目直接應佔的開支。

其後成本只有在與該項目有關的未來經濟利益有可能流入本集團，而該項目的成本能可靠計量時，才包括在資產的賬面值或確認為獨立資產(按適用)。已更換零件的賬面值已被剔除入賬。所有其它維修及保養在產生的財政期間內於損益賬支銷。

折舊乃按以下的估計可使用年期將成本依直線法計算：

租賃物業裝修	3 至 6 年
傢俬、裝置及設備	3 至 6 年
汽車	4 年

資產的剩餘價值及可使用年期在每個結算日進行檢討，及在適當時調整。

若資產的賬面值高於其估計可收回價值，其賬面值即時撇減至可收回金額。

出售之盈虧取決於銷售所得款項與賬面數額之比較，並於損益賬入賬。

## 2. PRINCIPAL ACCOUNTING POLICIES (continued)

### 2.7 Impairment of investments in subsidiaries, jointly controlled entities and non-financial assets

Assets that have an indefinite useful life 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 reporting date.

### 2.8 Derivative financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates derivatives as hedges of highly probable forecast transactions (cash flow hedge).

The Group documents, at the inception of the transactions, the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

The fair values of derivative instruments used for hedging purposes are disclosed in Note 19. Movements on the hedging reserve are shown in Consolidated Statement of Changes in Equity. The full fair value of hedging derivative is classified as a non-current asset or liability if the remaining maturity of the hedge item is more than 12 months, and as a current asset or liability, if the remaining maturity of the hedged item is less than 12 months.

## 2. 主要會計政策(續)

### 2.7 所佔附屬公司權益、所佔共同發展公司及非金融資產的減值

沒有確定使用年期之資產毋須攤銷，但最少每年就減值進行測試。須作攤銷之資產，當有事件出現或情況改變顯示賬面值可能無法收回時就減值進行檢討。減值虧損按資產之賬面值超出其可收回金額之差額於損益賬內確認。可收回金額以資產之公平值扣除銷售成本或使用價值兩者之較高者為準。於評估減值時，資產將按可識辨現金流量(現金產生單位)的最低層次組合。除商譽以外的資產減值將於每個財務報告日評估其逆轉的可能性。

### 2.8 衍生金融工具及對沖活動

衍生工具初步按於衍生工具合約訂立日之公平值確認，其後按公平值重新計量。確認所產生之收益或虧損的方法取決於該衍生工具是否指定作對沖工具，如指定為對沖工具，則取決於其所對沖項目之性質。本集團指定衍生工具作為對沖非常可能的預測交易(現金流量對沖)。

本集團於訂立交易時就對沖工具與對沖項目之關係，以至其風險管理目標及執行多項對沖交易之策略作檔記錄。本集團亦於訂立對沖交易時和按持續經營基準，記錄其對於該等用於對沖交易之衍生工具，是否高度有效地抵銷對沖項目公平值或現金流量變動的評估。

作對沖用途的衍生工具的公平值在附註19中披露。對沖儲備變動載於綜合權益轉變報表。假若對沖衍生工具的公平價值餘下至到期日超過12個月，將會被分類為非流動資產或負債，但餘下至到期日少於12個月，則被分類為流動資產或負債。

2. PRINCIPAL ACCOUNTING POLICIES (continued)

2.8 Derivative financial instruments and hedging activities (continued)

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in the profit and loss account.

Amounts accumulated in hedging reserve are recycled in the profit and loss account in the periods when the hedged item affects profit or loss. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset (for example, inventory), the gains and losses previously deferred in hedging reserve are transferred from hedging reserve and included in the initial measurement of the cost of the asset. The deferred amounts are ultimately recognised in cost of goods sold in case of inventory.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in hedging reserve at that time remains in hedging reserve and is recognised when the forecast transaction is ultimately recognised in the profit and loss account. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in hedging reserve is immediately transferred to the profit and loss account.

Certain derivative instruments do not qualify for hedge accounting and are accounted for at fair value through profit and loss. Changes in the fair value of these derivative instruments that do not qualify for hedge accounting are recognised immediately in the profit and loss account.

2.9 Inventories

Inventories comprise merchandises for resale and are stated at the lower of cost and net realisable value. Cost is determined on a weighted average basis and includes all costs of purchases, costs of conversion, and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling prices in the ordinary course of business, less applicable variable selling expenses. Costs of inventories include the transfer from hedging reserve of any gains/losses on qualifying cash flow hedges relating to purchases of merchandises for resale.

2. 主要會計政策(續)

2.8 衍生金融工具及對沖活動(續)

被指定並符合資格作為現金流量對沖之衍生工具之公平值變動的有效部分於對沖儲備中確認。與無效部份有關的盈虧即時在損益賬確認。

在對沖儲備累計的金額當被對沖項目將影響盈利或虧損時於損益賬中確認。然而，當被對沖的預測交易導致一項非金融資產(例如：存貨)的確認，之前在對沖儲備中遞延入賬的收益和虧損自對沖儲備中撥出，並列入該資產成本的初步計量中。遞延金額最終在已售貨品成本(如屬存貨)中確認。

當一項對沖工具到期或售出後，或當對沖不再符合對沖會計處理的條件時，其時在對沖儲備中存有的任何累計盈虧仍保留在對沖儲備內，並於未來交易最終在損益賬內確認時確認入賬。當某項未來交易預期不會再出現時，在對沖儲備中申報的累計盈虧即時轉撥入損益賬。

若干衍生工具不符合採用對沖會計處理，並按公平值透過損益記賬。任何不符合對沖會計處理的衍生工具的公平值變動，即時於損益賬內確認。

2.9 存貨

存貨包括作轉售的商品，按照成本值與可變現淨值兩者中的較低數額報值。成本乃按照加權平均法計算，包括所有購買成本，加工成本及將存貨付運至現址及達至現狀之其它成本。可變現淨值為在通常業務過程中的估計銷售價，減適用的變動銷售費用。存貨成本包括自對沖儲備轉撥的與購買作轉售的商品有關的合資格現金流量對沖的任何收益／損失。

## 2. PRINCIPAL ACCOUNTING POLICIES (continued)

### 2.10 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. 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 effective interest rate. The carrying amount of the assets is reduced through the use of an allowance account, and the amount of the loss is recognised in the profit and loss account. When trade and other receivable are uncollectible, they are written off against the allowance account for trade and other receivables. Subsequent recoveries of amounts previously written off are credited against profit and loss account.

### 2.11 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturity of 3 months or less and bank overdrafts.

### 2.12 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

### 2.13 Trade payable

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

### 2.14 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.

## 2. 主要會計政策(續)

### 2.10 貿易及其它應收賬項

貿易及其它應收款初步以公平值確認，其後利用實際利息法按攤銷成本扣除減值撥備計量。當有客觀證據證明本集團將無法按應收款的原有條款收回所有款項時，即就貿易及其它應收款設定減值撥備。撥備金額為資產賬面值與按實際利率貼現的估計未來現金流量的現值兩者的差額。資產的賬面值透過使用備付賬戶削減，而有關的虧損數額則在損益賬中確認。如一項貿易應收款無法收回，其會與貿易應收款內的備付賬戶撇銷。之前已撇銷的款項如其後收回，將撥回損益賬內。

### 2.11 現金及現金等值項目

現金及現金等價物包括現金、銀行通知存款、原到期日為三個月或以下的其它短期高流動性投資，以及銀行透支。銀行透支在資產負債表的流動負債內貸款中列示。

### 2.12 股本

普通股被列為權益。直接歸屬於發行新股或認股權的新增成本在權益中列為所得款的減少(扣除稅項)。

### 2.13 應付貿易賬項

應付貿易賬項初步以公平值確認，其後利用實際利息法按攤銷成本計量。

### 2.14 借貸成本

貸款初步按公平值並扣除產生的交易成本確認。貸款其後按攤銷成本列賬；所得款(扣除交易成本)與贖回價值的任何差額利用實際利息法於貸款期間內在損益賬確認。

除非本集團有無條件權利將負債的結算遞延至結算日後最少12個月，否則貸款分類為流動負債。

Notes to the Accounts  
賬項附註

2. PRINCIPAL ACCOUNTING POLICIES (continued)

2.15 Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated accounts. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred income tax assets are recognised 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 jointly controlled entities, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

2.16 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provision are not recognised for future operating losses. The Group makes provision on onerous contract when the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from it.

2.17 Employee benefits

(a) *Employee leave entitlements*

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

2. 主要會計政策(續)

2.15 遞延所得稅

遞延所得稅採用負債法就資產及負債之稅基與它們在綜合賬項之賬面值兩者之短暫時差作全數撥備。遞延所得稅採用在結算日前已頒布或實質頒布，並在有關之遞延所得稅資產實現或遞延所得稅負債結算時預期將會適用之稅率(及法例)而釐定。

遞延所得稅資產乃就有可能將未來應課稅溢利與可動用之短暫時差抵銷而確認。

遞延所得稅乃就向附屬公司及所佔共同發展公司所作投資之短暫時差而撥備，但假若可以控制時差之撥回，並有可能在可預見未來不會撥回則除外。

2.16 撥備

倘若本集團須就已發生的事件承擔法律或推定責任，而且履行責任可能涉及經濟效益的流出，並可作出可靠的估計，便會就不肯定時間或數額的負債確認撥備。不就未來營業虧損確認撥備。當履行某合約承擔所引致之不可避免的成本高於預期所產生之經濟利益時，集團會就此虧損性合約確立撥備。

2.17 僱員福利

(a) *僱員應享假期*

僱員在年假之權利在僱員應享有時確認。本集團為截至結算日止僱員已提供之服務而產生之年假之估計負債作出撥備。

僱員之病假及產假不作確認，直至僱員正式休假為止。

## 2. PRINCIPAL ACCOUNTING POLICIES (continued)

### 2.17 Employee benefits (continued)

#### (b) Bonus plan

Provision for bonus plan due wholly within 12 months after balance sheet date is recognised where contractually obliged or where there is a past practice that has created a constructive obligation.

#### (c) Pension schemes

The Group operates the following principal pension schemes:

##### Defined contribution schemes

Contributions to the schemes are expensed as incurred and are reduced by contributions forfeited by those employees who leave the schemes prior to vesting fully in the contributions. The assets of the schemes are held separately from those of the Group in independently administered funds.

##### Mandatory provident funds

Contributions to the Mandatory Provident Fund as required under the Hong Kong Mandatory Provident Fund Schemes Ordinance are charged to the profit and loss account when incurred.

#### (d) Share-based compensation

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

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

## 2. 主要會計政策(續)

### 2.17 僱員福利(續)

#### (b) 獎金計劃

獎金計劃之負債於結算日後12個月內償付。本集團如有合約責任或依據過往做法產生推定責任，則確認撥備。

#### (c) 退休金計劃

本集團設有下列主要的退休金計劃：

##### 界定供款計劃

本集團向該等計劃作出的供款均在產生時列支。倘若部分僱員在可全數獲享供款的利益前退出計劃而被沒收供款，則供款額或會減少。該等計劃的資產與本集團的資產是透過獨立管理的基金分開持有。

##### 強制性公積金

根據香港《強制性公積金計劃條例》的規定作出的強制性公積金供款，均於產生時在綜合損益賬列支。

#### (d) 以股份為基礎的補償

本集團設有一項以權益償付、以股份為基礎的補償計劃。僱員為獲取授予認股權而提供的服務的公平值確認為費用。在歸屬期間內將予支銷的總金額參考授予的認股權的公平值釐定，不包括任何非市場既定條件(例如盈利能力和銷售增長目標)的影響。非市場既定條件包括在有關預期可予以行使的認股權數目的假設中。在每個結算日，本集團修訂其對預期可予以行使認股權數目的估計。本集團在損益表確認對原估算修訂(如有)的影響，並對權益作出相應調整。

在認股權行使時，所收到的款項扣除任何直接應佔的交易成本後，撥入股本(賬面值)和股本溢價。

Notes to the Accounts  
賬項附註

2. PRINCIPAL ACCOUNTING POLICIES (continued)

2.18 Revenue recognition

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

(a) *Sales of goods – retail*

Sales of goods are recognised when a group company sells a product to the customer. Retail sales are usually in cash or credit card.

(b) *Sales of goods – wholesale*

Sales of goods are recognised when a group company has delivered products to the customer, the customer has accepted the products and collectibility of the related receivables is reasonably assured.

(c) *Interest income*

Interest income is recognised on a time-proportion basis using the effective interest method.

(d) *Management fee income*

Management fee income is recognised in the accounting period in which the services are rendered.

(e) *Franchise fee income*

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

2.19 Leases (as the lessee for operating leases)

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases net of any incentives received from the lessor are charged to the profit and loss account on the straight-line basis over the period of the lease.

2.20 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's accounts in the period in which the dividends are approved by the Company's shareholders.

2. 主要會計政策(續)

2.18 收入確認

收益指本集團在日常業務過程中出售貨品及服務的已收或應收代價的公平值。收益在扣除增值稅、退貨、回扣和折扣，以及對銷集團內部銷售後列賬。

(a) 貨品銷售 – 零售

貨品銷售在本集團公司向顧客出售產品後確認。零售銷售一般以現金或信用卡結賬。

(b) 貨品銷售 – 批發

貨品銷售在本集團公司已將貨品交付予顧客，顧客接收產品後，以及有關應收款的收回可合理確保時確認。

(c) 利息收入

利息收入乃按時間比例使用實際利率法確認。

(d) 管理費收入

管理費收入在提供服務時按該會計期間確認。

(e) 專利費收入

專利費收入根據相關協議的實質內容按應計基準確認。

2.19 租賃(作為營業租賃的承租人)

如租賃擁有權的重大部分風險和回報由出租人保留，分類為經營租賃。根據經營租賃支付的款項，扣除自出租人收取之任何優惠後，於租賃期內以直線法在損益賬支銷。

2.20 股息分派

向本公司股東分派的股息在股息獲本公司股東批准的期間內於本集團的賬項內列為負債。

## 2. PRINCIPAL ACCOUNTING POLICIES (continued)

### 2.21 Related parties

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

## 3. FINANCIAL RISK MANAGEMENT

### 3.1 Financial risk factors

The Group's activities expose it mainly to foreign exchange risk and credit risk. The Group's overall risk management programme seeks to minimise potential adverse effects on the Group's financial performance. It is the policy of the Group not to enter into derivative transactions for speculative purposes.

#### (i) Foreign exchange risk

The Group operates mainly in Hong Kong and the People's Republic of China, and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Euro dollars. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

Exposure to movements in exchange rates on individual transactions in the Group is minimised using forward foreign exchange contracts where active markets for the relevant currencies exist.

The Group's risk management policy is to hedge all highly probable transactions in each major currency, provided that the cost of the foreign exchange forward or derivative contract is not prohibitively expensive in comparison to the underlying exposure.

## 2. 主要會計政策(續)

### 2.21 連繫人士

就本賬項而言，如果本集團能夠直接或間接監控另一方人士或對另一方人士的財務及經營決策發揮重大的影響力，或另一方人士能夠直接或間接監控本集團或對本集團的財務及經營決策發揮重大的影響力，或本集團與另一方人士均受制於共同的監控或共同的重大的影響下，有關人士即被視為本集團的連繫人士。連繫人士可以是個別人士或其它實體。

## 3. 金融風險管理

### 3.1 金融風險因素

本集團之業務使其主要受到貨幣及信貸風險之影響。本集團的整體風險管理計劃尋求盡量減低對本集團財務表現的潛在不利影響。本集團的政策是不作投機性的衍生工具交易。

#### (i) 外匯風險

本集團主要於香港及中華人民共和國經營，故此承受多種不同貨幣產生的外匯風險，而主要涉及歐元的風險。外匯風險來自未來商業交易、已確認資產和負債以及海外業務的淨投資。

當個別交易承受匯率變動影響的風險，而有關貨幣有活躍市場時，本集團會以外匯期貨合約把有關風險減至最低。

集團的風險管理政策是假若期貨或衍生外匯合約的成本與基本風險比較並非異常高昂，則會對每種主要貨幣所有可能性甚高的交易作對沖。



3. FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

(ii) *Credit risk*

The Group has no significant concentration of credit risk. It has policies in place to ensure that wholesale of products are made to customers with an appropriate credit history. Sales to retail customers are made in cash or via major credit cards. Cash deposits are limited to high-credit-quality financial institutions.

(iii) *Liquidity risk*

Prudent liquidity risk management implies maintaining sufficient cash, availability of funding through an adequate amount of credit facilities from banks and the ability to settle all current liabilities. The Group's management aims to maintain flexibility in funding by keeping committed credit lines available.

(iv) *Interest rate risk*

As the Group has no significant interest-bearing borrowings, the Group's operating cash flows are substantially independent of changes in market interest rates.

3.2 Fair value estimation

The fair value of forward foreign exchange contracts is determined using quoted forward exchange rates at the balance sheet date.

The carrying value less impairment provision of trade receivables and payables are a reasonable approximation of their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

3. 金融風險管理(續)

3.1 金融風險因素(續)

(ii) 信貸風險

本集團並無重大集中的信貸風險。本集團有政策確保產品的批發銷售是向擁有適當信貸歷史的客戶銷售。向零售客戶作出的銷售以現金或透過主要的信用卡結賬。現金存款只存放於具有良好信貸之金融機構。

(iii) 流動資金風險

審慎之流動資金風險管理透過維持足夠現金、銀行信貸所提供的金額和償還所有流動負債的能力而顯示。本集團管理層致力透過已承諾的可用信貸額度維持資金的靈活性。

(iv) 利率風險

由於本集團並無重大計息資產，故本集團的營業現金流量基本上不受市場利率波動的影響。

3.2 公平值估計

外匯期貨合約的公平值利用結算日期貨市場匯率釐定。

貿易應收款和應付款的賬面值減減值準備，被假定接近其公平值。作為披露目的，金融負債公平值的估計按未來合約現金流量以本集團類似金融工具可得的現有市場利率貼現計算。

#### 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

##### Critical accounting estimates and assumptions

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

##### (a) *Estimated impairment of property, plant and equipment*

The Group assesses annually whether property, plant and equipment have any indication of impairment. The recoverable amounts have been determined based on value-in-use calculations. These calculations require the use of judgement and estimates.

##### (b) *Income taxes*

The Group is subject to income taxes in Hong Kong, the People's Republic of China and Taiwan. Significant judgement is required in determining the worldwide 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 income tax and deferred tax provisions in the period in which such determination is made.

#### 4. 關鍵會計估計及判斷

估計和判斷會被持續評估，並根據過往經驗和其它因素進行評價，包括在有關情況下相信對未來事件的合理預測。

##### 關鍵會計估計及假設

本集團對未來作出估計和假設。所得的會計估計如其定義，很少會與其實際結果相同。很大機會導致下個財政年度的資產和負債的賬面值作出重大調整的估計和假設討論如下。

##### (a) *商譽物業、廠房及設備的估計減值*

本集團每年審閱物業、廠房及設備是否出現減值。可收回數額按照使用價值計算而釐定。此等計算需要利用判斷及估計。

##### (b) *所得稅*

本集團需要在香港、中華人民共和國及台灣繳納所得稅。在釐定全球所得稅撥備時，需要作出重大判斷。在一般業務過程中，有許多交易和計算所涉及的最終稅務釐定都是不確定的。本集團根據對是否需要繳付額外稅款的估計，就預期稅務審計項目確認負債。如此等事件的最終稅務後果與最初記錄的金額不同，此等差額將影響作出此等釐定期間的所得稅和遞延稅撥備。

Notes to the Accounts  
賬項附註

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS  
(continued)

(c) *Provision for inventories*

The Group makes provision for inventories based on an assessment of the net realisable value of inventories. Provision for inventories is recorded where events or changes in circumstances indicate that the carrying cost of inventories will not be fully realised. The identification and quantification of inventory provisions requires the use of judgement and estimates. Where the outcomes are different from the original estimates, such differences will impact the carrying value of inventories and provisions for inventories in the years in which such estimates have been changed.

(d) *Provision for onerous contract*

The Group makes provision for onerous contract based on the estimated unavoidable costs of fulfilling the contract. The unavoidable costs reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it.

5. TURNOVER AND SEGMENT INFORMATION

The Group is principally engaged in sales of designer fashion garments, cosmetics and accessories. Turnover recognised during the year are as follows:

4. 關鍵會計估計及判斷(續)

(c) 存貨撥備

本集團按存貨的可變現淨值評估作出存貨撥備。存貨撥備會於當有事件出現或情況改變顯示存貨賬面值會無法完全變現時記錄。存貨撥備的確認及量化需要運用判斷及估計。當結果與原來的估計不同，此等差額將會影響該估計轉變年度的存貨賬面值及存貨撥備。

(d) 虧損性合約撥備

本集團為履行某合約而導致的估計不可避免成本作出虧損性合約撥備。不可避免成本反映退出現存合約的最低淨成本值，亦即按照履行合約而產生的成本與未能履行而產生的任何補償或懲罰兩者中的較低數額報值。

5. 營業額及分部資料

本集團主要從事名牌時裝、化妝品及配飾銷售。年內營業額確認如下：

		2007 二〇〇七年 HK\$'000 港幣千元	2006 二〇〇六年 HK\$'000 港幣千元
Sale of goods	貨品銷售	790,395	755,684

5. TURNOVER AND SEGMENT INFORMATION (continued)

An analysis of the Group's turnover and segment information for the year by geographical segment is as follows:

5. 營業額及分部資料(續)

茲將本集團是年內按地域分部而劃分的營業額及分部資料分析列述如下：

		Hong Kong 香港 HK\$'000 港幣千元	Taiwan 台灣 HK\$'000 港幣千元	2007 二〇〇七年 China 中國 HK\$'000 港幣千元	Others 其它 HK\$'000 港幣千元	Total 總額 HK\$'000 港幣千元
Turnover	營業額	743,472	19,706	26,368	849	790,395
Operating profit /(loss)	營業盈利 / (虧損)	59,672	6,027	(8,895)	(14)	56,790
Finance costs	融資成本					(19)
Share of profit of jointly controlled entity	所佔共同發展公司盈利					4,812
Profit before taxation	除稅前盈利					61,583
Taxation charge	稅項					(10,550)
Profit attributable to shareholders	股東應佔盈利					51,033
Segment assets	分部資產	547,452	7,634	60,921	380	616,387
Interest in jointly controlled entity	共同發展公司權益					8,209
Unallocated assets	未分配資產					2,500
Total assets	資產總額					627,096
Segment liabilities	分部負債	126,236	4,760	26,107	1,366	158,469
Amount due to jointly controlled entity	應付共同發展公司款項					6,893
Unallocated liabilities	未分配負債					3,230
Total liabilities	負債總額					168,592
Segment capital expenditures	分部資本性開支	26,573	—	3,099	—	29,672
Segment depreciation of property, plant and equipment	分部物業、廠房及設備折舊	21,268	444	515	—	22,227
Segment impairment charge of property, plant and equipment	分部物業、廠房及設備減值	6,809	—	1,188	—	7,997

Notes to the Accounts  
賬項附註

5. TURNOVER AND SEGMENT INFORMATION (continued)

5. 營業額及分部資料(續)

		Hong Kong 香港 HK\$'000 港幣千元	Taiwan 台灣 HK\$'000 港幣千元	2006 二〇〇六年 China 中國 HK\$'000 港幣千元	Others 其它 HK\$'000 港幣千元	Total 總額 HK\$'000 港幣千元
Turnover	營業額	676,560	51,659	26,925	540	755,684
Operating profit /(loss)	營業盈利/(虧損)	79,083	(7,888)	1,962	514	73,671
Finance costs	融資成本					(100)
Share of profit of jointly controlled entity	所佔共同發展 公司盈利					3,347
Profit before taxation	除稅前盈利					76,918
Taxation charge	稅項					(2,900)
Profit attributable to shareholders	股東應佔盈利					74,018
Segment assets	分部資產	525,785	22,485	24,217	710	573,197
Interest in jointly controlled entity	共同發展公司權益					3,397
Unallocated assets	未分配資產					4,100
Total assets	資產總額					580,694
Segment liabilities	分部負債	105,014	18,739	12,631	1,103	137,487
Amount due to jointly controlled entity	應付共同發展 公司款項					5,406
Total liabilities	負債總額					142,893
Segment capital expenditures	分部資本性開支	41,179	1,616	799	-	43,594
Segment depreciation of property, plant and equipment	分部物業、廠房及 設備折舊	19,265	3,418	86	-	22,769
Segment impairment charge of property, plant and equipment	分部物業、廠房及 設備減值	5,072	406	713	-	6,191

There are no sales or other transactions between the geographical segments.

在地域分部之間並無進行任何銷售或其它交易。

No business segment analysis is provided as over 90% of the Group's turnover and profit contribution came from the retail business during the year.

由於是年內超過90%的集團營業額及盈利貢獻乃來自零售業務，因此並無提供業務分部之分析。

## 6. OTHER INCOME

## 6. 其它收入

		2007 二〇〇七年 HK\$'000 港幣千元	2006 二〇〇六年 HK\$'000 港幣千元
Interest income	利息收入	12,088	8,242
Management fee income	管理服務收入	3,339	1,561
Consignment commission	寄銷佣金	2,107	933
Franchise fee income	專利權費用收入	113	205
Sample and sundry sales	樣辦及雜項銷售	98	380
		17,745	11,321

## 7. EXPENSES BY NATURE

## 7. 費用種類

		2007 二〇〇七年 HK\$'000 港幣千元	2006 二〇〇六年 HK\$'000 港幣千元
Cost of inventories (including provision for inventories)	存貨成本(包括存貨撥備)	393,009	363,516
(Write back)/provision for restructuring costs of retail shops	零售店舖重組成本(回撥)/撥備	(976)	5,610
Depreciation of property, plant and equipment	物業、廠房及設備減值	22,227	22,769
Impairment charge of property, plant and equipment	物業、廠房及設備折舊	7,997	6,191
Operating lease rentals in respect of land and buildings	土地及樓宇之經營租賃租金		
– minimum lease payments	– 最低租金付款	134,396	102,725
– contingent rents	– 或然租金	28,412	24,914
Auditor's remuneration	核數師酬金	800	712
(Gain)/loss on disposal of property, plant and equipment	出售物業、廠房及設備(盈利)/虧損	(1,273)	96
Net exchange losses	匯兌虧損淨額	667	125
Staff costs (including directors' remuneration (note 9))	職工成本(包括董事酬金 – 附註9)		
Wages and salaries	工資及薪酬	107,725	104,657
Share option – granted to directors and employee	股份認股權 – 賦授予董事及僱員	519	4,138
Pension costs – defined contribution schemes	退休金成本 – 界定供款計劃	3,790	3,148
		112,034	111,943
Write back of provision for unfulfilled purchase commitment	未履行的採購承諾的回撥	–	(11,383)
Other expenses	其它費用	54,057	66,116
		751,350	693,334

Notes to the Accounts  
賬項附註

8. FINANCE COSTS

		2007 二〇〇七年 HK\$'000 港幣千元	2006 二〇〇六年 HK\$'000 港幣千元
Interest on bank loans and overdrafts	銀行貸款及透支的利息	19	100

9. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS

(a) Directors' emoluments

The emoluments of every Director for the year ended 31 March 2007 are set out below:

Name of Director	董事名稱	Fee 袍金 HK\$'000 港幣千元	Salaries, allowances and benefits in kind	Discretionary bonuses and/ or performance- related bonuses	Employer's pension scheme contribution	2007 Total 二〇〇七年 總額 HK\$'000 港幣千元	2006 Total 二〇〇六年 總額 HK\$'000 港幣千元
			薪金、津貼及 實物福利 HK\$'000 港幣千元	非硬性及/或按 業績而定的花紅 HK\$'000 港幣千元	僱員退休金 計劃供款 HK\$'000 港幣千元		
Mrs. Joyce E. Ma	馬郭志清女士	-	3,480	170	-	3,650	8,781
Ms. Adrienne M. Ma	馬美儀女士	-	2,640	1,717	132	4,489	4,313
Mr. Antonio Chan*	陳思孝先生*	-	45	-	-	45	30
		-	6,165	1,887	132	8,184	13,124

\* Independent non-executive director

Except for the directors as disclosed above, no other directors of the Company received any emoluments for the year ended 31 March 2007 (2006: Nil).

8. 融資成本

9. 董事及高級管理人員酬金

(a) 董事酬金

截至二〇〇七年三月三十一日止年度內各董事的酬金詳列如下：

\* 獨立非執行董事

截至二〇〇七年三月三十一日止年度，除上述所列的董事外，本公司並無其他董事收取任何酬金（二〇〇六年：無）。

9. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS (continued)

(a) Directors' emoluments (continued)

The aggregate amounts of emoluments payable to directors of the Company during the year are as follows:

		Group 集團	
		2007 二〇〇七年 HK\$'000 港幣千元	2006 二〇〇六年 HK\$'000 港幣千元
Fees	袍金	-	-
Other emoluments: Salaries, allowances and benefits in kind	其它報酬： 薪金、津貼及 實物福利	6,165	5,994
Discretionary bonuses and/or performance-related bonuses	非硬性及／或按業績 而定的花紅	1,887	6,875
Pension scheme contributions	退休金計劃供款	132	255
		8,184	13,124
		8,184	13,124

(b) Five highest paid employees

The five employees whose emoluments were the highest in the Group for the year included 2 (2006: 2) directors, details of whose emoluments are set out in note 9(a) above. Emoluments payable to the remaining 3 (2006: 3) employees during the year are as follows:

		Group 集團	
		2007 二〇〇七年 HK\$'000 港幣千元	2006 二〇〇六年 HK\$'000 港幣千元
Salaries, allowances and benefits in kind	薪金、津貼及 實物福利	4,548	4,302
Discretionary bonuses and/or performance-related bonuses	非硬性及／或按業績 而定的花紅	1,438	1,515
Pension scheme contributions	退休金計劃供款	228	215
		6,214	6,032

9. 董事及高級管理人員酬金(續)

(a) 董事酬金(續)

年內本公司應付的董事酬金總額分述如下：

(b) 五名最高薪酬僱員

年內五名最高薪酬之僱員包括兩名(二〇〇六年：兩名)董事，其酬金詳情已載於上文附註9(a)。其餘三名(二〇〇六年：三名)最高薪酬僱員之酬金如下：



Notes to the Accounts  
賬項附註

9. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS  
(continued)

(b) Five highest paid employees (continued)

The emoluments of the remaining highest paid employees fell within the following bands:

		Number of employees 僱員人數	
		2007 二〇〇七年	2006 二〇〇六年
Bands	級別		
HK\$1,000,001 to HK\$1,500,000	1,000,001港元至1,500,000港元	1	1
HK\$2,000,001 to HK\$2,500,000	2,000,001港元至2,500,000港元	1	1
HK\$2,500,001 to HK\$3,000,000	2,500,001港元至3,000,000港元	1	1
		3	3

10. TAXATION

Hong Kong profits tax has been provided at the rate of 17.5% on the estimated assessable profit for the year. No provision for Hong Kong profits tax has been made for the year ended 31 March 2006 as the Group has unutilised available tax losses brought forward to offset the assessable profit for the year ended 31 March 2006.

No provision for overseas profits tax has been made as the Group has no estimated assessable profit in the current year (2006: Nil).

9. 董事及高級管理人員酬金(續)

(b) 五名最高薪酬僱員(續)

餘下最高薪酬僱員之酬金級別如下：

10. 稅項

香港利得稅撥備乃按是年估計應課稅盈利以17.5%稅率計算。由於本集團已使用稅項虧損轉結抵銷截至二〇〇六年三月三十一日止年度的應課稅盈利，因此並無就截至二〇〇六年三月三十一日止年度的香港利得稅作出任何撥備。

由於本集團於本年度並無產生任何估計應課稅海外盈利，因此並無就海外利得稅作出任何撥備(二〇〇六年：無)。

10. TAXATION (continued)

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

		Group 集團	
		2007 二〇〇七年 HK\$'000 港幣千元	2006 二〇〇六年 HK\$'000 港幣千元
Current income tax	本期所得稅		
– Hong Kong profits tax	– 香港利得稅	8,950	–
Deferred income tax	遞延所得稅	1,600	2,900
		10,550	2,900

- (b) The taxation on the Group's profit before taxation differs from the theoretical amount that would arise using the Hong Kong profits tax rate as follows:

		2007 二〇〇七年 HK\$'000 港幣千元	2006 二〇〇六年 HK\$'000 港幣千元
Profit before taxation	除稅前盈利	61,583	76,918
Calculated at a taxation rate of 17.5% (2006:17.5%)	按17.5% 稅率計算之稅項 (二〇〇六年：17.5%)	10,777	13,461
Effect of different taxation rate in other country	其它國家不同 稅率之影響	(483)	(598)
Effect of share of profit of jointly controlled entity	所佔共同發展公司 盈利之影響	(842)	(586)
Expenses not deductible for taxation purpose	不可扣稅之 支出	736	1,234
Income not subject to taxation	無須課稅之收入	(2,114)	(1,486)
Effect of tax losses unrecognised	未確認應課稅虧損之影響	5,878	671
Utilisation of unrecognised tax losses of previous years	使用前年度未有確認之 應課稅虧損	(3,495)	(9,755)
Others	其它	93	(41)
Taxation	稅項	10,550	2,900

10. 稅項(續)

- (a) 從綜合損益賬內扣除的稅項金額為：

- (b) 本集團有關除稅前盈利之稅項與採用香港利得稅稅率而計算之理論稅額之差額如下：

Notes to the Accounts  
賬項附註

11. PROFIT ATTRIBUTABLE TO SHAREHOLDERS

The profit attributable to shareholders is dealt with in the accounts of the Company to the extent of HK\$1,357,000 (2006: HK\$63,313,000).

11. 股東應佔盈利

股東應佔盈利港幣1,357,000元(二〇〇六年：港幣63,313,000元)已計入本公司賬項內。

12. DIVIDEND

12. 股息

		2007 二〇〇七年 HK\$'000 港幣千元	2006 二〇〇六年 HK\$'000 港幣千元
Final, proposed, of 1.4 cents (2006: 2.0 cents) per ordinary share	末期，擬派股息－普通股每股1.4仙 (二〇〇六年：2.0仙)	22,736	32,401

At a meeting held on 22 June 2007, the Directors proposed a final dividend of 1.4 cents per ordinary share.

於二〇〇七年六月二十二日舉行之會議上，董事會建議派發末期股息普通股每股1.4仙。

The proposed dividend is not reflected as dividend payable in these accounts, but will be reflected as an appropriation of retained earnings for the year ended 31 March 2008.

此項擬派股息並未於本賬項內當作應付股息，惟將呈列為截至二〇〇八年三月三十一日止年度之保留溢利分配。

13. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the consolidated profit attributable to shareholders for the year of HK\$51,033,000 (2006: HK\$74,018,000) and the weighted average number of ordinary shares of 1,620,050,000 (2006: 1,619,923,000) shares in issue during the year.

13. 每股盈利

每股基本盈利乃按是年股東應佔盈利港幣51,033,000元(二〇〇六年：港幣74,018,000元)及是年內一直皆已發行的1,620,050,000股(二〇〇六年：1,619,923,000股)普通股加權平均數而計算。

No disclosure of diluted earnings per share for the year ended 31 March 2007 is shown as the exercise price of the Company's outstanding share options were higher than the average market price of the Company's ordinary shares during the year, and thus there was no dilutive effect on the earnings per share for the current year.

由於本公司已授出而尚未行使的認股權之行使價較本公司普通股於年內平均市價為高，故認股權並無對年內的每股盈利造成任何攤薄影響，亦因此並無披露截至二〇〇七年三月三十一日止年度之每股攤薄盈利。

The diluted earnings per share for the year ended 31 March 2006 is based on 1,624,782,000 ordinary shares which is the weighted average number of ordinary shares in issue during the year plus the weighted average number of 4,859,000 ordinary shares deemed to be issued at no consideration if all outstanding options had been exercised.

截至二〇〇六年三月三十一日止年度每股攤薄盈利乃按年內一直皆已發行的1,624,782,000股普通股加權平均數及被當作並無收取任何代價(倘全部尚未行使的認股權皆當作已被行使)而發行的4,859,000股加權平均數計算。

## 14. PROPERTY, PLANT AND EQUIPMENT

## 14. 物業、廠房及設備

Group	集團	Leasehold improvements 租賃物業 裝修 HK\$'000 港幣千元	Furniture, fixtures and equipment 傢俬、裝置 及設備 HK\$'000 港幣千元	Motor vehicles 汽車 HK\$'000 港幣千元	Total 總額 HK\$'000 港幣千元
Cost:	成本值：				
At 1 April 2006	二〇〇六年四月一日	73,664	86,902	1,294	161,860
Additions	添置	14,509	14,694	469	29,672
Disposals/write-off	出售／撇銷	(13,526)	(5,720)	(477)	(19,723)
At 31 March 2007	二〇〇七年三月三十一日	74,647	95,876	1,286	171,809
Accumulated depreciation and impairment:	累計折舊及 減值：				
At 1 April 2006	二〇〇六年四月一日	44,870	60,563	897	106,330
Charge for the year	本年度折舊	11,373	10,536	318	22,227
Impairment charge	減值支出	3,538	4,459	–	7,997
Disposals/write-off	出售／撇銷	(13,414)	(5,258)	(477)	(19,149)
At 31 March 2007	二〇〇七年三月三十一日	46,367	70,300	738	117,405
Net book value:	賬面淨值：				
At 31 March 2007	二〇〇七年三月三十一日	28,280	25,576	548	54,404

Notes to the Accounts  
賬項附註

14. PROPERTY, PLANT AND EQUIPMENT (continued)

14. 物業、廠房及設備 (續)

Group	集團	Leasehold improvements 租賃物業裝修 HK\$'000 港幣千元	Furniture, fixtures and equipment 傢俬、裝置及設備 HK\$'000 港幣千元	Motor vehicles 汽車 HK\$'000 港幣千元	Total 總額 HK\$'000 港幣千元
Cost:		成本值：			
At 1 April 2005	二〇〇五年四月一日	56,998	78,926	1,295	137,219
Additions	添置	26,609	16,985	–	43,594
Disposals/write-off	出售／撇銷				
– Jointly controlled entity	– 所佔共同發展公司	(2,038)	(1,857)	–	(3,895)
– Third parties	– 第三者	(7,849)	(7,137)	–	(14,986)
Exchange adjustments	匯兌調整	(56)	(15)	(1)	(72)
At 31 March 2006	二〇〇六年三月三十一日	73,664	86,902	1,294	161,860
Accumulated depreciation and impairment:		累計折舊及減值：			
At 1 April 2005	二〇〇五年四月一日	36,464	56,038	640	93,142
Charge for the year	本年度折舊	12,745	9,766	258	22,769
Impairment charge	減值支出	3,897	2,294	–	6,191
Disposals/write-off	出售／撇銷				
– Jointly controlled entity	– 所佔共同發展公司	(439)	(389)	–	(828)
– Third parties	– 第三者	(7,754)	(7,136)	–	(14,890)
Exchange adjustments	匯兌調整	(43)	(10)	(1)	(54)
At 31 March 2006	二〇〇六年三月三十一日	44,870	60,563	897	106,330
Net book value:		賬面淨值：			
At 31 March 2006	二〇〇六年三月三十一日	28,794	26,339	397	55,530

The directors have reviewed the carrying value of the assets and an impairment charge of HK\$7,997,000 (2006: HK\$6,191,000) was made against the property, plant and equipment of certain retail shops with reference to their operating results.

董事已對資產的賬面值進行評估並以零售店舖的營運業績作為參考，因此為若干零售店舖的物業、廠房及設備作出減值為港幣7,997,000元(二〇〇六年：港幣6,191,000元)。

## 14. PROPERTY, PLANT AND EQUIPMENT (continued)

## 14. 物業、廠房及設備(續)

Company	公司	Leasehold improvements 租賃物業裝修 HK\$'000 港幣千元	Furniture, fixtures and equipment 傢俬、裝置及設備 HK\$'000 港幣千元	Total 總額 HK\$'000 港幣千元
Cost:	成本值：			
At 1 April 2006	二〇〇六年四月一日	11,838	16,537	28,375
Additions	添置	1,405	602	2,007
At 31 March 2007	二〇〇七年三月三十一日	13,243	17,139	30,382
Accumulated depreciation:	累計折舊：			
At 1 April 2006	二〇〇六年四月一日	6,441	15,587	22,028
Charge for the year	本年度折舊	2,473	578	3,051
At 31 March 2007	二〇〇七年三月三十一日	8,914	16,165	25,079
Net book value:	賬面淨值：			
At 31 March 2007	二〇〇七年三月三十一日	4,329	974	5,303
Company	公司	Leasehold improvements 租賃物業裝修 HK\$'000 港幣千元	Furniture, fixtures and equipment 傢俬、裝置及設備 HK\$'000 港幣千元	Total 總額 HK\$'000 港幣千元
Cost:	成本值：			
At 1 April 2005	二〇〇五年四月一日	11,791	15,805	27,596
Additions	添置	47	732	779
At 31 March 2006	二〇〇六年三月三十一日	11,838	16,537	28,375
Accumulated depreciation:	累計折舊：			
At 1 April 2005	二〇〇五年四月一日	4,222	15,003	19,225
Charge for the year	本年度折舊	2,219	584	2,803
At 31 March 2006	二〇〇六年三月三十一日	6,441	15,587	22,028
Net book value:	賬面淨值：			
At 31 March 2006	二〇〇六年三月三十一日	5,397	950	6,347

Notes to the Accounts  
賬項附註

15. DEPOSITS, PREPAYMENTS AND OTHER ASSETS

		Group 集團	
		2007 二〇〇七年 HK\$'000 港幣千元	2006 二〇〇六年 HK\$'000 港幣千元
Rental deposits	租賃按金	51,212	38,352
Deposits, prepayments and other assets	訂金、預付費用及其它資產	8,829	7,558
		60,041	45,910
Less: Current portion	減：本期部分	(17,382)	(17,653)
Long-term portion	長期部分	42,659	28,257

15. 訂金、預付費用及其它資產

16. INTERESTS IN SUBSIDIARIES

		Company 公司	
		2007 二〇〇七年 HK\$'000 港幣千元	2006 二〇〇六年 HK\$'000 港幣千元
Unlisted shares, at cost	非上市股份，按成本值	133,141	132,796

16. 所佔附屬公司權益

The amounts due from/to subsidiaries are unsecured, interest-free, and repayable on demand.

Details of principal subsidiaries at 31 March 2007 are shown on page 122.

應收／應付附屬公司款項乃無抵押、免息及按要求還款。

於二〇〇七年三月三十一日各主要附屬公司之有關資料已詳列於第122頁。

## 17. TRADE AND OTHER RECEIVABLES

## 17. 貿易及其它應收賬項

		Group 集團	
		2007 二〇〇七年 HK\$'000 港幣千元	2006 二〇〇六年 HK\$'000 港幣千元
Trade receivables	貿易應收賬項	36,518	57,197
Other receivables	其它應收賬項	15,167	10,660
		51,685	67,857

Included in trade and other receivables are trade receivables which are mainly denominated in Hong Kong dollars with an ageing analysis at 31 March 2007 as follows:

於二〇〇七年三月三十一日的貿易及其它應收賬項內所包括的應收貿易賬項主要以港幣作為單位而其賬齡的分析列述如下：

		Group 集團	
		2007 二〇〇七年 HK\$'000 港幣千元	2006 二〇〇六年 HK\$'000 港幣千元
Within 30 days	三十日內	29,893	31,834
Between 31 to 60 days	三十一日至六十日	6,625	9,027
Between 61 to 90 days	六十一日至九十日	-	16,308
Over 90 days	九十日以上	-	28
		36,518	57,197

The Group has established credit policies for each of its core businesses. The general credit terms allowed range from 0 to 60 days.

本集團每一項核心業務均有既定的信貸政策，一般允許的信用期為零至六十日不等。

Included in trade receivables is HK\$16,483,000 (2006: HK\$ 27,040,000) being amount due from a fellow subsidiary. The amount is unsecured, interest free and repayable in accordance to our Group's established credit policies.

包括在貿易應收賬項中的港幣16,483,000元(二〇〇六年：港幣27,040,000元)乃屬應收同系附屬公司款項。該款項乃無抵押、免息及按本集團既定的信貸政策還款。



Notes to the Accounts  
賬項附註

18. INTEREST IN JOINTLY CONTROLLED ENTITY

At 31 March 2007, the Group had 50% equity shareholdings in jointly controlled entity:

Name of jointly controlled entity 共同發展公司名稱	Place of incorporation 註冊成立地方	Percentage of equity holding 所持權益百分比	Issued and fully paid share capital 已發行及繳足股本	Principal activities 主要業務
Marni (Hong Kong) Limited	Hong Kong 香港	50	100 ordinary shares of HK\$1,000 each 100股普通股 每股港幣1,000元	Designer fashion retailing 零售名牌時裝

The following amounts, representing the Group's share of the assets, liabilities and results of jointly controlled entity, were included in the Group's consolidated balance sheet and consolidated profit and loss account:

18. 共同發展公司權益

於二〇〇七年三月三十一日，本集團持有50%共同發展公司權益：

以下為本集團所佔共同發展公司之資產、負債及業績，並已包括在本集團資產負債表及綜合損益賬內：

		2007 二〇〇七年 HK\$'000 港幣千元	2006 二〇〇六年 HK\$'000 港幣千元
Current assets	流動資產	21,223	12,817
Current liabilities	流動負債	(16,627)	(12,459)
Non-current assets	非流動資產	3,613	3,039
Share of net assets	所佔資產淨值	8,209	3,397
Income	收入	51,208	21,339
Expense	支出	(45,078)	(17,240)
Profit before taxation	除稅前盈利	6,130	4,099
Taxation	稅項	(1,318)	(752)
Share of profit after taxation	除稅後盈利	4,812	3,347
Proportionate interest in jointly controlled entity's operating lease commitments	按比例應佔共同發展公司經營租賃承擔	4,175	7,966

At the balance sheet date, there are no contingent liabilities relating to the Group's interest in the jointly controlled entity, and no contingent liabilities of the entity itself.

截至結算日止，本集團所持有之共同發展公司之權益並沒有涉及任何或然負債，而該等共同發展公司本身亦無任何或然負債。

18. INTEREST IN JOINTLY CONTROLLED ENTITY (continued)  
Amount due to jointly controlled entity is unsecured, interest-free, and repayable on demand.

18. 共同發展公司權益(續)  
應付共同發展公司款項乃無抵押、免息及按要求還款。

19. FINANCIAL DERIVATIVE ASSETS

19. 衍生金融工具資產

		2007 二〇〇七年 HK\$'000 港幣千元	2006 二〇〇六年 HK\$'000 港幣千元
Forward foreign exchange contracts – cash flow hedges	外匯期貨合約 – 現金流量對沖	4,445	1,303

Gains and losses in equity on forward foreign exchange contracts as of 31 March 2007 will be released to the consolidated profit and loss account at various dates within five months from the balance sheet date.

於二〇〇七年三月三十一日，外匯期貨合約的權益盈虧將於結算日起計五個月內的多個不同日期撥回損益賬。

20. BANK BALANCES AND CASH

20. 銀行結存及現金

		Group 集團		Company 公司	
		2007 二〇〇七年 HK\$'000 港幣千元	2006 二〇〇六年 HK\$'000 港幣千元	2007 二〇〇七年 HK\$'000 港幣千元	2006 二〇〇六年 HK\$'000 港幣千元
Cash at bank and in hand	銀行及庫存現金	32,662	16,473	730	508
Short-term bank deposits	短期銀行存款	230,000	229,000	–	–
		262,662	245,473	730	508

The effective interest rate on short-term bank deposits was 5.1% (2006: 4.4%); these deposits had an average maturity of 27 days (2006: 28 days).

短期銀行存款的實際利率為5.1厘(二〇〇六年：4.4厘)；此等存款的平均到期日為27天(二〇〇六年：28天)。

Notes to the Accounts  
賬項附註

20. BANK BALANCES AND CASH (continued)

The Group's bank balances and cash are denominated in the following currencies:

		2007 二〇〇七年 HK\$'000 港幣千元	2006 二〇〇六年 HK\$'000 港幣千元
United States dollars	美元	218,098	206,704
Hong Kong dollars	港元	38,369	36,388
Others	其它	6,195	2,381
		262,662	245,473

All the Company's bank balances and cash are denominated in Hong Kong dollars.

20. 銀行結存及現金(續)

本集團的銀行結存及現金以下列貨幣為單位：

所有公司的銀行結存及現金均以港幣作為單位。

21. TRADE AND BILLS PAYABLES

The ageing analysis of trade and bills payables at 31 March 2007 is as follows:

		Group 集團	
		2007 二〇〇七年 HK\$'000 港幣千元	2006 二〇〇六年 HK\$'000 港幣千元
Due within 30 days	三十日內到期	48,921	37,669
Due between 31 to 60 days	三十一日至六十日到期	7,619	7,654
Due between 61 to 90 days	六十一日至九十日到期	1,598	2,516
Due after 90 days	九十日以上到期	1,414	741
		59,552	48,580

21. 應付貿易賬項及應付票據

於二〇〇七年三月三十一日的應付貿易賬項及應付票據的賬齡分析列述如下：

21. TRADE AND BILLS PAYABLES (continued)

The carrying amounts of the Group's trade and bills payables are denominated in the following currencies:

		2007 二〇〇七年 HK\$'000 港幣千元	2006 二〇〇六年 HK\$'000 港幣千元
Euro dollars	歐元	27,573	19,943
Hong Kong dollars	港元	11,843	12,478
United States dollars	美元	8,589	7,178
Japanese Yen	日元	5,345	4,539
Renminbi	人民幣	4,272	-
Others	其它	1,930	4,442
		59,552	48,580

22. OTHER PAYABLES AND ACCRUALS

Other payables and accruals at 31 March 2007 included a provision for onerous contract of HK\$12,536,000 in respect of a purchase commitment to a vendor.

21. 應付貿易賬項及應付票據(續)

本集團的應付貿易賬項及應付票據的賬面值以下列貨幣為單位：

22. 其它應付賬項及應計項目

截至二〇〇七年三月三十一日，其它應付賬項及應計項目中包括一項為數港幣12,536,000元有關對某供應商作出的採購承諾的虧損性合約撥備。

23. SHORT-TERM BANK LOANS

23. 短期銀行貸款

		Group 集團	
		2007 二〇〇七年 HK\$'000 港幣千元	2006 二〇〇六年 HK\$'000 港幣千元
Trust receipt loans, unsecured	無抵押信託收據貸款	-	1,255
Bank loans, unsecured	無抵押銀行貸款	-	250
		-	1,505

The borrowings of the Group at 31 March 2006 were in Taiwan dollars and interest was payable at a floating rate. The average effective interest rate per annum of the borrowings at 31 March 2006 was 3.0%.

本集團於二〇〇六年三月三十一日的貸款均來自台幣，其應付利息乃按浮息計算，於二〇〇六年三月三十一日的貸款平均實際年利率為3.0厘。

24. SHARE CAPITAL AND SHARE OPTIONS

24. 股本及認股權

		Number of shares 股份數目	HK\$'000 港幣千元
Authorised:	法定：		
Ordinary shares of HK\$0.10 each	每股面值港幣0.10元之普通股		
Balance at 31 March 2006 and 2007	二〇〇六年及二〇〇七年 三月三十一日結存	3,000,000,000	300,000
Issued and fully paid:	已發行及繳足：		
Ordinary shares of HK\$0.10 each	每股面值港幣0.10元之普通股		
Balance at a April 2005	二〇〇五年四月一日結存	1,619,800,000	161,980
Issue of new shares upon exercise of share options	因行使認股權而發行新股	250,000	25
Balance at 31 March 2006 and 2007	二〇〇六年及二〇〇七年 三月三十一日結存	1,620,050,000	162,005

Share options

At the Annual General Meeting of the Company held on 27 August 2004, the Shareholders of the Company approved the adoption of an executive share incentive scheme (the "New Share Scheme") which has since co-existed with the share option scheme (the "Old Share Scheme") approved by the Shareholders of the Company in 1997.

(i) *Old Share Scheme*

No share option of the Company was issued, exercised, cancelled, lapsed or outstanding under the Old Share Scheme throughout the year.

(ii) *New Share Scheme*

Details of share options granted by the Company pursuant to the New Share Scheme and the share options outstanding at 31 March 2007 are as follows:

認股權

於二〇〇四年八月二十七日舉行的本公司股東週年大會上，本公司股東批准採納一項行政人員認股獎勵計劃（「新認股權計劃」）。自該日起，新認股權計劃與本公司股東於一九九七年所批准的認股權計劃（「舊認股權計劃」）同時並存。

(i) *舊認股權計劃*

年內並無任何本公司的認股權根據舊認股權計劃而被發行、行使、取消、期滿失效或尚未行使。

(ii) *新認股權計劃*

截至二〇〇七年三月三十一日，本公司根據新認股權計劃所賦授的認股權及尚未行使的認股權詳列如下：

Grant Date Day/Month/Year 賦授日期 日/月/年	Exercise Price HK\$ 行使價 港幣	Exercisable period Day/Month/Year 行使期 日/月/年	Number of Share Options 認股權數量				
			As at 01/04/2006 於二〇〇六年 四月一日	Granted 已賦授	Exercised 已行使	Lapsed 已期滿 或失效	As at 31/03/2007 於二〇〇七年 三月三十一日
17/09/2004	0.405	01/09/2005– 31/08/2009	18,000,000	–	–	–	18,000,000

24. SHARE CAPITAL AND SHARE OPTIONS (continued)

Employee share option expenses charged to the consolidated profit and loss account are determined with the Black-Scholes valuation model based on the following assumptions:

Date of grant	17/09/2004
Option value	HK\$0.25
Share price at date of grant	HK\$0.39
Exercisable price	HK\$0.405
Standard deviation	72%
Annual risk-free interest rate	3.05%
Life of options	5 years
Dividend yield	0%

25. RESERVES

The reserves of the Group and the Company as at 31 March 2007 are analysed as follows:

24. 股本及認股權 (續)

於綜合損益賬中扣除之僱員認股權費用乃根據以下假設按「柏力克－舒爾斯」估值模式計算：

賦授日期	17/09/2004
認股權價值	港幣0.25元
於賦授日股份價值	港幣0.39元
行使價	港幣0.405元
標準差	72%
無風險年利率	3.05%
認股權有效年期	5年
股息率	0%

25. 儲備

於二〇〇七年三月三十一日，本集團及本公司之儲備分析如下：

		Group 集團		Company 公司	
		2007 二〇〇七年 HK\$'000 港幣千元	2006 二〇〇六年 HK\$'000 港幣千元	2007 二〇〇七年 HK\$'000 港幣千元	2006 二〇〇六年 HK\$'000 港幣千元
Share premium	股份溢價	1,515	1,515	1,515	1,515
Capital surplus	資本盈餘	76	76	–	–
Contributed surplus	繳入盈餘	139,196	139,196	159,375	159,375
Exchange fluctuation reserve	匯兌波動儲備	(7,308)	(7,253)	–	–
Employee compensation reserve	僱員酬金儲備	4,593	4,074	4,593	4,074
Hedging reserve	對沖儲備	2,922	1,315	–	–
Retained profits	累積盈利	155,505	136,873	61,625	92,669
Total reserves	儲備總額	296,499	275,796	227,108	257,633
Proposed final dividends (note 12)	擬派發末期股息 (附註 12)	(22,736)	(32,401)	(22,736)	(32,401)
		273,763	243,395	204,372	225,232

Notes to the Accounts  
賬項附註

25. RESERVES (continued)

- (a) The Group's contributed surplus represents the excess of the nominal value of the subsidiaries' shares acquired over the nominal value of the Company's shares issued in exchange therefor during the group reorganisation in 1990.

The Company's contributed surplus represents the excess of the fair value of the subsidiaries' shares acquired pursuant to the Group reorganisation in 1990 over the nominal value of the Company's shares issued in exchange therefor.

At 31 March 2007, the Company had reserves of HK\$61,625,000 (2006: HK\$92,669,000) available for distribution. The Company's share premium account, in the amount of HK\$1,515,000 (2006: HK\$1,515,000), may be distributed in the form of fully paid bonus shares. The contributed surplus of HK\$159,375,000 (2006: HK\$159,375,000) is distributable subject to the requirements under section 54 of the Companies Act 1981 of Bermuda and Bye-law 134 of the Company.

- (b) After the balance sheet date, the directors proposed a final dividend of 1.4 cents per share (2006: 2.0 cents) amounting to HK\$22,736,000 (2006: 32,401,000). The dividend has not been recognised as a liability at the balance sheet date.

25. 儲備(續)

- (a) 本集團之繳入盈餘包括於一九九〇年集團重組時所購入之附屬公司之股份面值超出公司所發行以作交換之股份面值之金額。

本公司之繳入盈餘包括於一九九〇年集團重組時收購附屬公司之公允價超出本公司所發行以作交換之股份面值之金額。

於二〇〇七年三月三十一日，本公司可用作分派之儲備為港幣61,625,000元(二〇〇六年：港幣92,669,000元)。本公司可以繳足紅股方式分派之股份溢價賬則為港幣1,515,000元(二〇〇六年：港幣1,515,000元)。本公司的繳入盈餘可按照1981年百慕達《公司條例》第54條及本公司的公司細則第134條的條款分派，可分派金額為港幣159,375,000元(二〇〇六年：港幣159,375,000元)。

- (b) 於結算日後董事會建議派發末期股息每股1.4仙(二〇〇六年：2.0仙)，派息總額港幣22,736,000元(二〇〇六年：港幣32,401,000元)該項股息於結算日並不確認為負債。

26. DEFERRED INCOME TAX

Deferred income tax is calculated on temporary differences under the liability method using a principal taxation rate of 17.5% (2006: 17.5%).

- (a) Net deferred income tax assets recognised in the consolidated balance sheet:

26. 遞延稅項

遞延稅項採用負債法就短暫時差按主要稅率17.5% (二〇〇六年：17.5%) 作撥備。

- (a) 於綜合資產負債表中確認之遞延稅項資產淨額：

		Group 集團	
		2007 二〇〇七年 HK\$'000 港幣千元	2006 二〇〇六年 HK\$'000 港幣千元
Deferred income tax assets	遞延稅項資產	2,500	4,510
Deferred income tax liabilities	遞延稅項負債	-	(410)
Net deferred income tax assets	遞延稅項資產淨額	2,500	4,100
Deferred income tax assets to be recovered after more than 12 months	超過12個月後收回的遞延稅項資產	2,500	-
Deferred income tax assets to be recovered within 12 months	在12個月內收回的遞延稅項資產	-	4,100
		2,500	4,100



26. DEFERRED INCOME TAX (continued)

- (a) Net deferred income tax assets recognised in the consolidated balance sheet: (continued)

The movement in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of the balances within the same tax jurisdiction, is as follows:

		Future benefit of tax losses 稅項虧損 所產生之 未來稅務利益 HK\$'000 港幣千元	Tax depreciation 稅務折舊 HK\$'000 港幣千元	Others 其它 HK\$'000 港幣千元	Total 總額 HK\$'000 港幣千元
Balance at 1 April 2005	二〇〇五年四月一日 結存	7,000	-	-	7,000
(Charged)/credited to the consolidated profit and loss account (note 10)	於綜合損益賬 (記賬列支) / 計入 (附註10)	(2,525)	(410)	35	(2,900)
At 31 March 2006 and 1 April 2006	二〇〇六年三月三十一日 及二〇〇六年四月一日	4,475	(410)	35	4,100
(Charged)/credited to the consolidated profit and loss account (note 10)	於綜合損益賬 (記賬列支) / 計入 (附註10)	(4,475)	2,893	(18)	(1,600)
At 31 March 2007	二〇〇七年三月三十一日	-	2,483	17	2,500

- (b) Deferred income tax assets not recognised:

Deferred income tax assets are recognised for tax losses carried forward to the extent that realisation of the related tax benefit through the future taxable profits is probable.

The Group has potential unrecognised tax losses of HK\$139,092,000 (2006: HK\$135,290,000) to carry forward against future taxable income, HK\$43,783,000 of which will expire in or before 2011 (2006: HK\$26,364,000 of which will expire in or before 2010). There is no expiry period for other tax losses.

26. 遞延稅項 (續)

- (a) 於綜合資產負債表中確認之遞延稅項資產淨額：(續)

年內遞延稅項資產和負債沒有計入在同一徵稅區內抵銷結餘的變動如下：

- (b) 未確認之遞延稅項資產：

遞延所得稅資產乃因應相關稅務利益有機會透過未來應課稅溢利變現而就所結轉之稅務虧損作確認。

本集團為數港幣139,092,000元(二〇〇六年：港幣135,290,000元)的潛在未確認稅務虧損可結轉以抵銷未來應課稅收入；其中為數港幣43,783,000元的稅務虧損將於二〇一一年或以前屆滿(二〇〇六年：港幣26,364,000元將於二〇一〇年或以前屆滿)。其它稅務虧損並無期限。

26. DEFERRED INCOME TAX (continued)

(b) Deferred income tax assets not recognised: (continued)

The Group has not recognised potential deferred income tax assets in respect of the following:

26. 遞延稅項 (續)

(b) 未確認之遞延稅項資產：(續)

本集團潛在未確認遞延稅項資產列述如下：

		Group 集團	
		2007 二〇〇七年 HK\$'000 港幣千元	2006 二〇〇六年 HK\$'000 港幣千元
Future benefit of tax losses	稅項虧損所產生之未來稅務利益	27,626	25,653
Tax depreciation	稅務折舊	1,225	1,397
Other timing differences	其它暫時差異	491	504
		29,342	27,554

Deferred tax income assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same tax authority.

當法律上有權執行將現有之稅項資產用作抵銷現有之稅項負債及當遞延稅項是與同一機構有關時，遞延稅項資產及負債即可予抵銷。

Notes to the Accounts  
賬項附註

27. COMMITMENTS

(a) Operating lease commitments

At 31 March 2007, the Group had future aggregate minimum lease payments under non-cancellable operating leases as follows:

		Group 集團	
		2007 二〇〇七年 HK\$'000 港幣千元	2006 二〇〇六年 HK\$'000 港幣千元
Land and buildings:	土地及樓宇：		
Not later than one year	第一年內	155,500	118,082
Later than one year and not later than five years	第二至第五年內	270,290	277,140
Later than five years	五年後	110,165	213,178
		535,955	608,400

Payment obligations in respect of operating leases with rentals varied with gross revenues are not included as future minimum lease payment.

有關與總收入掛勾的租賃合約支付責任並不計入未來最低租賃支出。

(b) Capital commitments

Capital expenditure at the balance sheet date but not yet incurred is as follows:

		Group 集團	
		2007 二〇〇七年 HK\$'000 港幣千元	2006 二〇〇六年 HK\$'000 港幣千元
Property plant and equipment contracted but not provided for	已簽約但未撥備的物業、 廠房及設備	8,753	-

27. 承擔

(a) 經營租賃承擔

於二〇〇七年三月三十一日，本集團根據不可撤銷的經營租賃而應付之未來最低租賃付款總額如下：

(b) 資本承擔

於結算日但仍未產生的資本開支如下：

28. RELATED PARTY TRANSACTIONS

The ultimate parent of the Group is Wisdom Gateway Limited, a company incorporated in the British Virgin Islands.

During the year, the Group had the following significant related party transactions, which were carried out in the normal course of the Group's business, are as follows:

(a) Transactions with fellow subsidiary

		Group 集團	
		2007 二〇〇七年 HK\$'000 港幣千元	2006 二〇〇六年 HK\$'000 港幣千元
Rental expenses paid to fellow subsidiary	已支付予同系附屬公司的租金支出	13,800	13,595

(b) Transactions with jointly controlled entity

		Group 集團	
		2007 二〇〇七年 HK\$'000 港幣千元	2006 二〇〇六年 HK\$'000 港幣千元
Management fee received from jointly controlled entity	已收共同發展公司的管理服務費用	3,176	1,350

(c) Key management compensation  
Details of disclosure are shown in note 9(a).

(c) 主要管理人員酬金  
有關披露已詳列於附註9(a)。

29. APPROVAL OF THE ACCOUNTS

The accounts were approved by the board of directors on 22 June 2007.

28. 與連繫人士的交易

本集團的最終母公司為Wisdom Gateway Limited，於英屬處女群島成立之公司。

年內本集團所參與之與連繫人士的重大交易乃於正常業務運作情況下進行並分述如下：

(a) 與同系附屬公司的交易

		Group 集團	
		2007 二〇〇七年 HK\$'000 港幣千元	2006 二〇〇六年 HK\$'000 港幣千元
Rental expenses paid to fellow subsidiary	已支付予同系附屬公司的租金支出	13,800	13,595

(b) 與共同發展公司的交易

		Group 集團	
		2007 二〇〇七年 HK\$'000 港幣千元	2006 二〇〇六年 HK\$'000 港幣千元
Management fee received from jointly controlled entity	已收共同發展公司的管理服務費用	3,176	1,350

(c) 主要管理人員酬金  
有關披露已詳列於附註9(a)。

29. 賬項通過

本賬項已於二〇〇七年六月二十二日經董事會通過。

## Principal Subsidiaries 主要附屬公司

At 31 March 2007  
二〇〇七年三月三十一日

Name 公司名稱	Place of incorporation 註冊成立地方	Place of operations 經營地方	Proportion held 所持股份百分比		Nominal value of issued and fully paid-up share capital/ registered capital 已發行及繳足股本 面值 / 註冊資本	Principal activities 主要業務
			Direct 直接持有	Indirect 間接持有		
Joyce Boutique International Limited	British Virgin Islands 英屬處女群島	Asia 亞洲	100%	–	Ordinary US\$1,500 普通股 1,500美元	Investment holding 投資控股
Joyce Boutique Limited	Hong Kong 香港	Hong Kong 香港	100%	–	Ordinary HK\$100,000 普通股 港幣100,000元	Designer fashion retailing 零售名牌時裝
Joyce Boutique (Taiwan) Limited	Hong Kong 香港	Taiwan 台灣	–	90%	Ordinary HK\$1,000,000 普通股 港幣1,000,000元	Designer fashion retailing 零售名牌時裝
Joyce Beauty (Hong Kong) Limited	Hong Kong 香港	Hong Kong 香港	–	100%	Ordinary HK\$10,000 普通股 港幣10,000元	Cosmetics retailing 零售化妝品
Joyce Boutique (China) Limited	Hong Kong 香港	The People's Republic of China 中華人民共和國	–	100%	Ordinary HK\$2 普通股 港幣2元	Designer fashion retailing & distribution 零售及經銷 名牌時裝
載思(上海)商貿有限公司	The People's Republic of China 中華人民共和國	The People's Republic of China 中華人民共和國	–	100%	RMB20,000,000 人民幣20,000,000元	Designer fashion retailing 零售名牌時裝
Ad Hoc (Hong Kong) Limited	Hong Kong 香港	Hong Kong 香港	–	100%	Ordinary HK\$1,000,000 普通股 港幣1,000,000元	Designer fashion retailing 零售名牌時裝

## Five-year Summary Financial Information 五年財務摘要

A summary of the published results, assets and liabilities of the Group for the last five financial years, as extracted from the audited accounts and reclassified as appropriate, is set out below.

本集團過去五個財政年度之已公布業績及資產與負債概要乃摘錄自經審核賬項，並已重新作出適當之歸類如下。

		Year ended 31 March 2007 二〇〇七年 三月三十一日 止年度 HK\$'000 港幣千元	Year ended 31 March 2006 二〇〇六年 三月三十一日 止年度 HK\$'000 港幣千元	Year ended 31 March 2005 二〇〇五年 三月三十一日 止年度 HK\$'000 港幣千元	Year ended 31 March 2004 二〇〇四年 三月三十一日 止年度 HK\$'000 港幣千元	Year ended 31 March 2003 二〇〇三年 三月三十一日 止年度 HK\$'000 港幣千元
<b>RESULTS</b>	<b>業績</b>					
TURNOVER	營業額	790,395	755,684	633,065	543,911	511,141
PROFIT/(LOSS) FROM OPERATING ACTIVITIES	營業盈利/ (虧損)	56,790	73,671	54,243	32,974	(34,785)
Finance costs	融資成本	(19)	(100)	(84)	(251)	(260)
Share of profit of jointly controlled entity	所佔共同發展公司 盈利	4,812	3,347	-	-	-
PROFIT/(LOSS) BEFORE TAXATION	除稅前盈利/ (虧損)	61,583	76,918	54,159	32,723	(35,045)
Taxation (charge)/credit	稅項(扣除)/計入	(10,550)	(2,900)	7,000	(2,400)	-
PROFIT/(LOSS) ATTRIBUTABLE TO SHAREHOLDERS	股東應佔盈利/ (虧損)	51,033	74,018	61,159	30,323	(35,045)
Final proposed dividend	擬派發的末期股息	22,736	32,401	32,396	-	-
		As at 31 March 2007 於二〇〇七年 三月三十一日 HK\$'000 港幣千元	As at 31 March 2006 於二〇〇六年 三月三十一日 HK\$'000 港幣千元	As at 31 March 2005 於二〇〇五年 三月三十一日 HK\$'000 港幣千元	As at 31 March 2004 於二〇〇四年 三月三十一日 HK\$'000 港幣千元	As at 31 March 2003 於二〇〇三年 三月三十一日 HK\$'000 港幣千元
<b>ASSETS AND LIABILITIES</b>	<b>資產與負債</b>					
Property, plant and equipment	物業、廠房及設備	54,404	55,530	44,077	33,174	38,321
Deposits, prepayments and other assets	訂金、預付費用及其它資產	42,659	28,257	20,808	20,589	16,640
Interest in jointly controlled entity	共同發展公司權益	8,209	3,397	-	-	-
Deferred income tax	遞延稅項	2,500	-	-	-	-
Current assets	流動資產	519,324	493,510	490,478	399,281	354,049
<b>TOTAL ASSETS</b>	<b>總資產</b>	<b>627,096</b>	<b>580,694</b>	<b>555,363</b>	<b>453,044</b>	<b>409,010</b>
Current liabilities	流動負債	(168,592)	(142,893)	(164,732)	(127,339)	(114,072)
<b>TOTAL LIABILITIES</b>	<b>總負債</b>	<b>(168,592)</b>	<b>(142,893)</b>	<b>(164,732)</b>	<b>(127,339)</b>	<b>(114,072)</b>
<b>NET ASSETS</b>	<b>資產淨值</b>	<b>458,504</b>	<b>437,801</b>	<b>390,631</b>	<b>325,705</b>	<b>294,938</b>



