



LUK FOOK HOLDINGS (INTERNATIONAL) LIMITED

六福集團(國際)有限公司

(Incorporated in Bermuda with Limited Liability)

(於百慕達註冊成立之有限公司)

Annual Report 2006 年報

Stock Code 股份代號: 0590



喜喜

第四屆國際大溪地珍珠首飾設計比賽
珍珠串組 - 冠軍

Banquet

The Fourth Tahitian Pearl Trophy Asia
Pearl Row Category - Champion



CONTENTS

目錄

2	Corporate Information 公司資料
4	Chief Executive's Statement 行政總裁報告
12	Management Discussion and Analysis 管理層討論及分析
20	Corporate Governance Report 企業管治報告
35	Notice of Annual General Meeting 股東週年大會通告
41	Report of the Directors 董事會報告
57	Auditors' Report 核數師報告
59	Consolidated Income Statement 綜合損益表
60	Consolidated Balance Sheet 綜合資產負債表
61	Balance Sheet 資產負債表
62	Consolidated Statement of Changes in Equity 綜合權益變動表
63	Consolidated Cash Flow Statement 綜合現金流量表
64	Notes to the Financial Statements 財務報表附註
126	Business Structure 業務架構
127	Distribution of Luk Fook Jewellery PRC Licensee Shops 國內六福珠寶商標許可使用商分佈
128	Distribution of the Group's Retail Chain 本集團之零售店分佈

CORPORATE INFORMATION 公司資料

DIRECTORS

Executive Directors:

Mr. WONG Wai Sheung (*Chief Executive*)
Mr. TSE Moon Chuen
Mr. LAW Tim Fuk, Paul
Mr. LAU Kwok Sum

Non-executive Directors:

Mr. WONG Koon Cheung
Mr. CHAN Wai
Mr. LEE Shu Kuan
Miss YEUNG Po Ling, Pauline
Mr. HUI King Wai

Independent Non-executive Directors:

Mr. CHIU Wai Mo
Mr. HUI Chiu Chung
Mr. LO Mun Lam, Raymond (*Chairman*)

AUDIT COMMITTEE

Mr. CHIU Wai Mo
Mr. HUI Chiu Chung
Mr. LO Mun Lam, Raymond (*Committee Chairman*)

REMUNERATION COMMITTEE

Mr. WONG Wai Sheung
Mr. TSE Moon Chuen
Mr. CHIU Wai Mo
Mr. HUI Chiu Chung (*Committee Chairman*)
Mr. LO Mun Lam, Raymond

COMPANY SECRETARY

Mr. LAW Tim Fuk, Paul

QUALIFIED ACCOUNTANT

Mr. LAW Tim Fuk, Paul

LEGAL ADVISER

Preston Gates Ellis

AUDITORS

PricewaterhouseCoopers
Certified Public Accountants

董事

執行董事：

黃偉常先生 (*行政總裁*)
謝滿全先生
羅添福先生
劉國森先生

非執行董事：

黃冠章先生
陳偉先生
李樹坤先生
楊寶玲小姐
許競威先生

獨立非執行董事：

趙偉武先生
許照中先生
盧敏霖先生 (*主席*)

審核委員會

趙偉武先生
許照中先生
盧敏霖先生 (*委員會主席*)

薪酬委員會

黃偉常先生
謝滿全先生
趙偉武先生
許照中先生 (*委員會主席*)
盧敏霖先生

公司秘書

羅添福先生

合資格會計師

羅添福先生

法律顧問

普蓋茨律師事務所

核數師

羅兵咸永道會計師事務所
執業會計師

CORPORATE INFORMATION 公司資料

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Hamilton HM 12
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PRINCIPAL BANKERS

Hang Seng Bank Limited
The Hongkong and Shanghai Banking Corporation Limited
The Bank of East Asia Limited
Dah Sing Bank Limited

SHARE REGISTRAR

The Bank of Bermuda Limited

SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

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Both the English and Chinese versions of this Annual Report can be accessed through the internet at: <http://www.lukfook.com.hk>

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網址：http://www.lukfook.com.hk

主要往來銀行

恒生銀行有限公司
香港上海滙豐銀行有限公司
東亞銀行有限公司
大新銀行有限公司

股份登記處

The Bank of Bermuda Limited

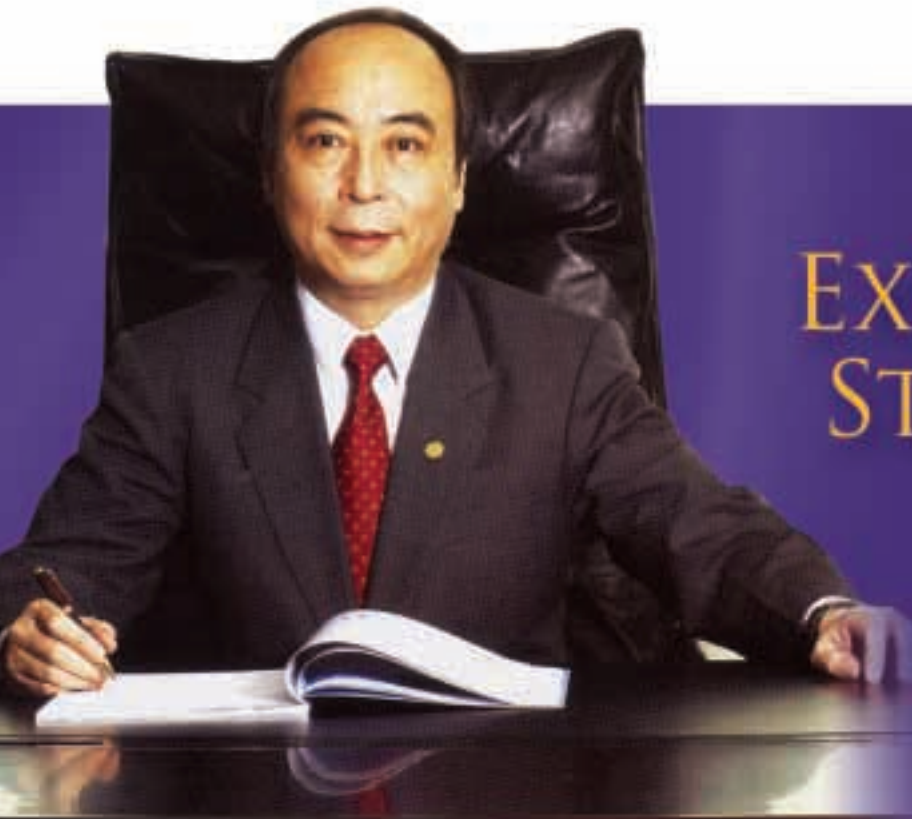
香港股份過戶登記處

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本年報之中英文版皆可於互聯網
<http://www.lukfook.com.hk>查閱。



CHIEF EXECUTIVE'S STATEMENT

行政總裁報告

WONG Wai Sheung

Chief Executive

黃偉常

行政總裁

“Wide recognition and customer support has made Luk Fook a leading jewellery retailer in Hong Kong and the PRC. Riding on the solid foundation we built, the Group will further expand our international foothold to become a renowned jewellery retailer worldwide.”

I am pleased to present you the results for the year ended 31st March 2006. During the year, the Group has accomplished the business objectives of strengthening the brand, enhancing corporate governance and improving internal control.

FINANCIAL POSITION

Profit for the year

For the year ended 31st March 2006, turnover was HK\$2,126,297,000, representing an 8.4% increase compared with HK\$1,961,720,000 in the previous year. Profit attributable to shareholders decreased 23.9% to approximately HK\$95,695,000 (2005 (restated): HK\$125,795,000). Earnings per share was HK19.7 cents (2005 (restated): HK26.1 cents).

Dividend

The Directors recommended the payment of a final dividend of HK7 cents per share (2005: HK6 cents per share) for the year ended 31st March 2006. This, together with the interim dividend of HK3 cents per share already paid, gives a total of HK10 cents per share for the year ended 31st March 2006 (2005: HK12 cents including HK2 cents of special dividend per share). The proposed dividend will be paid on 15th September 2006 following the shareholders' approval at the Annual General Meeting.

「各界的表揚及客戶的支持使六福成為香港及中國具知名度的珠寶首飾零售商。這些年來，憑藉我們所建立的穩固根基，本集團將繼續拓展國際市場，務求成為世界知名的珠寶首飾零售商。」

本人欣然提呈截至2006年3月31日止年度之業績。年內，本集團完成提升品牌、加強企業管治以及改善內部監控等業務目標。

財政表現

年內溢利

截至2006年3月31日止年度，營業額為2,126,297,000港元，較去年1,961,720,000港元增加8.4%。股東應佔溢利減少23.9%，跌至約95,695,000港元(2005年(重列)：125,795,000港元)。每股盈利為19.7港仙(2005年(重列)：26.1港仙)。

股息

董事擬就截至2006年3月31日止年度派發末期股息每股7港仙(2005年：每股6港仙)，連同已派發的中期股息每股3港仙，截至2006年3月31日止年度宣派的股息合共為每股10港仙(2005年：每股12港仙包括2港仙特別股息)。擬派股息於股東週年大會獲股東批准後，將於2006年9月15日支付。

CHIEF EXECUTIVE'S STATEMENT 行政總裁報告



Magnificent and luxurious design of the new image shop
新形象分店的裝潢精緻華麗

Analysis on the turnover and profit

Total turnover increased approximately 8.4% as compared with that of the previous year. In particular, turnover in the retail sector decreased approximately 1.5% mainly because of severe weather conditions that adversely affected the traffic of PRC tourists and the shopping appetite of consumers in the first half of the financial year ended 31st March 2006. During the second half of the year, retail sales improved owing to the increase in demand for jewellery products stimulated by the favorable marriage year. Besides, turnover in the wholesale sector increased approximately 36.5% owing to substantial increase in the quantity of gold jewellery items purchased by the Group from retail customers and then resold to gold merchants in bulk quantities, as a result of drastic surges in gold prices during the second half of the financial year.

The profit attributable to shareholders for the year ended 31st March 2006 in respect of normal operations decreased approximately 4.6%, as compared with the profit for the previous year excluding the non-recurring gain on disposal of properties amounted to approximately HK\$25 million for that year. Overall, the year ended 31st March 2006 proved to be a challenging year to the Group, with the rental levels of the Hong Kong shops reached its record high. During the year under review, the monthly shop rentals of several tenancy agreements renewed by the Group were greatly raised attributable to the "Disney effect". Hence, total rental expenses for the year increased approximately 35.8% and accounted for approximately 4.3% of total turnover. However, equipped with long-established relationships with the landlords and proven track records, the Group still managed to minimize the impact through successful negotiation for more favourable shop rental.

營業額及溢利分析

總營業額較上一年度增加約8.4%。其中是零售業務營業額下跌1.5%，主要因為截至2006年3月31日止財政年度上半年的惡劣天氣，不但令中國旅客人數減少，更打擊消費者的購物意欲。然而，由於下半年是宜嫁娶年，帶動珠寶首飾的需求，銷售表現理想，故此本集團零售額於下半年的表現有所改善。除此之外，批發業務之營業額增加約36.5%，由於金價於財政年度下半年急劇上升，而本集團自零售顧客購回金飾，並將其大量轉售至金商之數量大幅增加。

股東應佔溢利於截至2006年3月31日止年度就經常營運減少約4.6%，較上年度溢利(並不包括出售物業非經常收益約25,000,000港元)。整體而言，截至2006年3月31日止年度，香港店舖的租金屢創新高，對六福集團帶來重重挑戰。於回顧年度，「迪士尼效應」導致本集團續租賃數份租約時集團之店舖，月租大幅上升。因此，年度總租金開支增加約35.8%，佔總營業額約4.3%。然而，基於集團與業主長期建立的關係，以及過往良好的記錄，本集團仍能透過商定較相宜的租金，從而減少有關的影響。

CHIEF EXECUTIVE'S STATEMENT 行政總裁報告



The new decoration in the Mong Kok Branch
旺角分店內的新面貌

INDUSTRY REVIEW

During the year under review, Hong Kong enjoyed a continuous upturn in its economy. The decline in unemployment rate and the rise in salary and bonus of the working class during the year not only indicated the continued improvement on consumer's purchasing power, but also led to a strong domestic demand.

Though the opening of Disney did not make significant impact, the "Individual Visit Scheme", with more mainland cities opened up to allow more PRC tourists to travel to Hong Kong, continued to be the key driver of the growth in domestic retail sales. Among mainland tourists, many of them are especially fond of jewellery. Their visits to Hong Kong had made significant contributions to the turnover of the jewellery industry in Hong Kong.

Moreover, in line with the robust economic growth in the PRC, demand for luxury products such as gold and diamond jewellery continued to grow. The closer economic cooperation between Hong Kong and the PRC facilitated by Closer Economic Partnership Agreement (CEPA) brought benefits to the retailers. The Group believes that with its advanced technology, high-quality products and talented staff, the Group is confident of expanding its business more widely in the PRC market.

行業回顧

於回顧年度，香港經濟持續轉好。年內，失業率下降，勞動階層薪金及花紅增加，不單顯示消費者購買力回升，亦使內需增強。

儘管迪士尼樂園開幕後帶來的影響並不重大，惟於「個人遊計劃」下，更多國內城市陸續開放，容許更多內地旅客到香港旅遊，繼續為本地零售額增長之主要動力。不少內地旅客尤其鍾愛珠寶首飾，這些旅客訪港，對香港珠寶首飾業之營業額帶來重大貢獻。

此外，隨著中國經濟火速增長，市場對黃金、珠寶及鑽飾等高消費品的需求持續增加。更緊密經貿關係安排(CEPA)促進了香港與中國之間的緊密經濟合作，為零售商帶來裨益。本集團相信，憑藉先進的技術、優質的產品及具才幹的員工，必能在中國市場進一步擴展業務。

CHIEF EXECUTIVE'S STATEMENT 行政總裁報告



Office Building and production plant in Panyu, PRC
中國番禺行政大樓及生產廠房

BUSINESS PERFORMANCE

Hong Kong Market

During the year under review, Hong Kong recorded a steady economic growth. According to the figures of Hong Kong Trade Development Council (HKTDC), the real GDP increased above expectation in the past two years. The real GDP rose by 8.6% in 2004, 7.3% in 2005 and 8.2% in the first quarter of 2006. This continuous rise in the real GDP has favoured the retail market in Hong Kong and consumer spending has increased.

Benefiting from the prosperous growth in Hong Kong's economy during the 2005/06 financial year, turnover of the Group's business in Hong Kong rose in the second half year.

As at 30th June 2006, the Group has 31 retail outlets under the name of "Luk Fook" in Hong Kong, Macau, PRC and Canada. There are 2 under the name of Ice g. located in Hong Kong. During the year under review, Luk Fook has won a number of awards with regards to the company as a whole, as well as design, product quality and customer services. In June 2006, Luk Fook stood out from 100 enterprises and attained "The Best Brand Enterprise Award 2005-2006". In November 2005, Luk Fook was also selected as Asia and the Pacific's "Best Under A Billion" by Forbes Magazine. We are proud to be the only jewellery company on the winner's list. As a reputable jewellery brand in Hong Kong, the recognitions and awards obtained by Luk Fook have helped to sustain the Group's further development and strengthened its competitiveness.

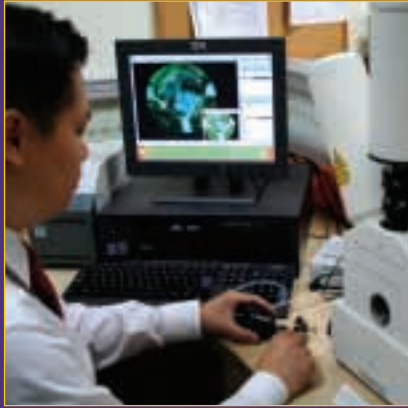
業務表現 香港市場

於回顧年度，香港錄得穩定經濟增長。根據香港貿易發展局（「貿發局」）的數據顯示，實質本地生產總值於過去兩年多以來錄得超過預期之增長，2004年上升8.6%，2005年上升7.3%及2006年第一季則上升8.2%。實質本地生產總值持續增長，令香港零售商受惠，而消費開支亦見增加。

受惠於2005／06財政年度香港經濟蓬勃的增長，本集團之香港業務營業額於下半年增加。

於2006年6月30日，本集團在香港、澳門、中國及加拿大共有31間六福分店，以及在香港有兩間Ice g.分店。於回顧年度，六福憑藉公司整體表現、設計、產品質素及客戶服務而獲頒發多個獎項。於2006年6月，六福在100間企業中脫穎而出，榮獲「最佳創建品牌企業獎2005-2006」。於2005年11月，六福亦獲「福布斯」雜誌選為200間「亞洲及太平洋區最佳中小型企業（每年營業額十億美元以下）」之一，更是唯一一間入選的珠寶首飾公司，本集團引以為榮。作為香港知名的珠寶首飾品牌，六福獲得之嘉許及獎項，有助本集團進一步發展及加強競爭力。

CHIEF EXECUTIVE'S STATEMENT 行政總裁報告



China Gems Laboratory Limited's professional authentication system

中華珠寶鑑定中心專業鑑証系統



The production line in the Panyu plant

中國番禺廠房的生產線

PRC Market

The Group has successfully expanded the PRC market through providing brand-licensing services. During the year under review, the number of the Group's licensee shops in the PRC has increased to over 180. The Group continues to provide technical support and consultancy services to licensed jewelers in the PRC, with an aim to further penetrate into the PRC market. In May 2006, the Group opened its retail outlet in Beijing, the capital city of the PRC, to further raise its awareness and interest among mainland Chinese and to grasp the enormous business opportunities brought by the Olympic Games in 2008.

According to a survey conducted by HKTDC, the sales of jewellery recorded an annual growth rate of 15.7% in the PRC market. The jewellery market is expected to reach RMB 150 billion in 2006. With the higher level of living standard in some cities of the PRC, the PRC consumers are more willing to spend money on luxuries such as jewellery. In addition, the steady rise in GDP in the PRC over the past years also favoured the retail industry. Thus, with the favourable factors, together with our fame, services and product quality, the Group believes that its business in the PRC will grow further.

中國市場

本集團透過提供商標許可使用服務，已成功擴展中國市場。於回顧年度，本集團的商標許可使用商數目增至超逾180間。本集團繼續向國內的特許珠寶商提供技術支援及顧問服務，旨在進一步滲透中國市場。於2006年5月，本集團在中國首都北京開設分店，以進一步提高內地人對本集團的認識及興趣，並把握2008年奧運會帶來的龐大商機。

根據貿發局進行的調查，中國市場的珠寶首飾銷售額錄得15.7%的年增長率，預計於2006年內，珠寶首飾市場市值將達人民幣1,500億元。隨著國內若干城市的生活水平提升，國內消費者更加樂意消費在珠寶首飾等高消費品上。此外，中國國內生產總值於過去數年穩步增長，亦使零售業受惠。因此，基於此等有利因素，加上本集團的名聲、服務及產品質素，本集團相信，其中國業務勢將進一步增長。

CHIEF EXECUTIVE'S STATEMENT 行政總裁報告



Award presentation of Asia and the Pacific's
"Best Under a Billion" by Forbes Magazine

福布斯「亞洲及太平洋最佳中小型企業」
頒獎典禮



Award presentation of "The Best Brand
Enterprises 2005-2006"

「最佳創建品牌企業2005-2006」頒獎典禮

Macau Market

Since the opening of gaming industry in Macau, Macau has become a popular hot spot for tourists. Mainland visitors are no exception. According to the Standard and Poor's Research, Macau may overtake Las Vegas's gaming market in a few years time. As the gaming business in Macau flourishes, the Group believes that tourists traveling to Macau will also increase. Together with the satisfactory performance of the first retail outlet in the past, the Group has set up another new shop on the main street of Macau in August 2005. The Group is confident of the business in Macau and will continue to facilitate and promote its jewellery business.

Overseas Market

Luk Fook never stops identifying any new growth driver. The next move for the Group will be exploring the global market. To realize the vision, subsequent to the penetration into the Canada market, Luk Fook will be setting up a retail outlet in San Jose of the United States in the later half of 2006 under the new brand name "Luvina Jewelers". The new shop will become the Group's first step to seize the jewellery market share in the United States and the new brand will signify the Group's objective of expanding brands under its umbrella branding strategies. Going forward, the Group also plans to open retail outlets in New York, Las Vegas and Southeast Asia in the future, aiming to attract more customers from overseas and promote Luk Fook Jewellery brands to other parts of the world.

澳門市場

自澳門博彩業開放市場以來，澳門已成為旅遊熱門地。國內旅客亦不例外。根據標準普爾研究的資料顯示，澳門可望於未來數年超越拉斯維加斯的博彩市場。由於澳門博彩業務發展蓬勃，本集團相信旅遊澳門的旅客亦將增加。加上本集團在澳門的首間分店過往表現令人滿意，本集團已於2005年8月在澳門主要街道開設第二間分店。本集團對澳門業務充滿信心，並將繼續促進及推廣其珠寶首飾業務。

海外市場

六福從不錯過任何新增長機會。本集團下一步將會拓展全球市場。為實現目標，於滲透加拿大市場後，六福將於2006年下半年較後時間，在美國聖荷西開設首間「Luvina Jewelers」店。新店將成為本集團涉足美國爭奪珠寶首飾市場份額的第一步，而這新品牌將標誌著本集團於其多元化的品牌策略下擴展品牌之目標。今後，本集團亦計劃在紐約、拉斯維加斯及東南亞開設分店，旨在吸引更多海外顧客及向世界其他地區推廣六福珠寶首飾品牌。

CHIEF EXECUTIVE'S STATEMENT 行政總裁報告

PROSPECTS

As there are more sight-seeing spots in Hong Kong such as the new attractions in Ocean Park, Ngong Ping 360 and the Hong Kong Wetland Park, they helped boost up domestic consumption as well the number of visitors. The Disneyland newly opened in September 2005 has also attracted tourists coming to Hong Kong from the PRC and Southeast Asia. Thus, more business opportunities are expected to bring to the retail industry and favour the demand for jewellery.

Meanwhile, from May 2006 onwards, the Individual Visit Scheme will be further applied to more parts of China such as those in Hunan, Hainan and Yunnan, etc. More PRC tourists will be able to visit Hong Kong. Thus, the spending from the PRC visitors is believed to bring Hong Kong's economy to another high.

Following the new shop that will soon be established in the United States, it means our market segment has been newly lengthened to the United States which will be a prominent milestone for Luk Fook's expansion into the United States market.

With wide support and recognition from the industry as well as customers, the group will continue to strengthen its brand and corporate image so as to build up customers' confidence towards the Group. In the coming years, the Group will participate in more international competitions, industry fairs, and exhibitions to increase the Group's publicity.

Meanwhile, the Group will proceed to promote the Ice g. brand and launch a set of products targeting younger consumers and endeavor to make the brand into a popular brand by offering delicate jewellery products at reasonable prices and of high qualities.

Looking ahead, Hong Kong will continue to enjoy favourable business conditions brought by the PRC. The progressive implementation of World Trade Organization (WTO) rules in China and the smooth execution of CEPA have brought to Hong Kong numerous business opportunities. As China gradually opens up its vast market to allow more individual travelers coming to Hong Kong, coupled with the rising income of its people as well as the demand for luxury, despite a moderate improvement of turnover in the past fiscal year, the Group holds an optimistic attitude towards our retail business in the coming year. Meanwhile, Luk Fook will remain committed to expanding its business and continue to grasp every chance to generate returns for our shareholders.

前景

隨著香港增添更多旅遊觀光景點，如海洋公園新設施、昂坪360及香港濕地公園等，均有助刺激本地消費及使旅客人數上升。迪士尼樂園於2005年9月開幕，亦吸引到更多內地及東南亞旅客來港。因此，預期將為零售業帶來更多商機，並有助提高珠寶首飾需求。

與此同時，自2006年5月開始，個人遊計劃將進一步應用於國內更多地區，如湖南、海南及雲南等，令更多內地旅客將可訪港。因此，相信內地旅客消費將把香港經濟推向另一高峰。

新店即將於美國開業，意味本集團的市場分部已延伸至美國，將為六福開拓美國市場的重大里程碑。

憑藉行業及客戶的廣泛支持及認同，本集團將繼續鞏固其品牌及企業形象，藉以建立客戶對本集團的信心。未來數年，本集團將參與更多國際比賽、行業展銷及展覽會，令更多人認識六福品牌。

同時，本集團將著力推廣Ice g.品牌及推出一系列以年青消費者為對象的產品，並致力發展該品牌成為受歡迎、價廉物美的珠寶首飾專門品牌。

展望將來，香港將繼續享有中國所締造的有利營商環境。隨着中國順利履行世界貿易組織(「世貿」)的規定，加上「CEPA」，香港已湧現大量商機。中國逐步開放其龐大市場，容許更多個人旅客遊港，加上內地人民收入不斷上升，對高消費品需求亦增加，儘管本集團上一財政年度營業額僅錄得溫和增長，本集團對未來一年的零售業務持樂觀態度。與此同時，六福將繼續致力擴展業務，繼續抓緊每個機會為股東帶來回報。

CHIEF EXECUTIVE'S STATEMENT 行政總裁報告

ACKNOWLEDGEMENTS

On behalf of the Board, I would like to take this opportunity to express our gratitude and appreciation to all of my staff and business partners for their hard work and dedication. I also wish to thank our customers and shareholders for their continuous support all these years. The Group will endeavor to strive for the best in the future to develop Luk Fook into an international brand.

By Order of the Board,

WONG Wai Sheung
Chief Executive

Hong Kong, 24th July 2006

致謝

本人謹藉此機會代表董事會，對全體員工及業務夥伴之竭誠服務及積極貢獻致以衷心感謝。本人亦感激各顧客及股東在多年來的支持。本集團今後將竭盡所能，將六福發展成為國際品牌。

承董事會命

黃偉常
行政總裁

香港，2006年7月24日

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

OPERATION REVIEW

Products

During the year under review, the Group delivered a great variety of new products into the market in the face of stiff competition and to cater to the different needs of customers. The new products, which successfully won hearts of the consumers, include:

- Launching a series of Italian K Gold, including famous Italian brand “Laura C.”, of which styles are elegant and fancy
- “Jewellery Temptation Diamond” Collection Series were launched during the 5•1 Golden Week and 10•1 Golden Week
- Adorable products such as “旺財寶寶”, “如意金狗” are designed to match up with the year of Dog
- “Close to you” Collection and “Courage” Collection are specially designed for Valentine’s Day. They are products that often create romantic feelings to lovers
- “Wedding Series” especially designed to match up with the favourable marriage year
- Cultured Pearl Jewellery “Love Mummy” Collection is especially designed for Mother’s Day
- Targeting the increasing Men’s Jewelry Market, a series of Titanium Steel Jewellery were introduced especially for men. Products are mainly using Titanium as key parts, matched with some other materials as designs, bringing out the muscularity of men
- Proudly South African Diamond Jewellery “Parfait” Collection
- “Legend” Collection which is made up of Cultured Tahiti Black Pearl
- “Shine Collection” based on the concept of “Jiang” from 2005 Platinum Guild International Jewellery Masterpiece
- “Blessing Collection” for Christmas

Customers are smart. They always seek for quality products at affordable prices. In this regard, Luk Fook will seek to provide customers with products that cater to their tastes.

業務回顧

產品

於回顧年度，本集團為了應付激烈的競爭及迎合顧客的不同需要，於市場推出多款新產品。新產品成功贏得客戶垂青，當中包括：

- 推出一系列意大利K金首飾，包括意大利著名品牌「Laura C.」，款式高貴時尚
- 於五•一黃金週及十•一黃金週推出「飾誘魅力鑽飾系列」
- 為配合狗年，特別設計趣緻可愛的「旺財寶寶」及「如意金狗」等產品
- 推出專為情人節而設的「繾綣心情系列」及「敢愛系列」，為情侶增添浪漫情懷
- 適逢本年乃適宜嫁娶的年度，特別推出「婚嫁系列」
- 為母親節精心設計的「媽咪萬歲」養殖珍珠系列
- 為配合日益增加的男仕首飾需求，推廣一系列的鈦鋼首飾。產品主要以鈦鋼作主體，配合其他物料作設計，突顯男仕的魅力
- 以南非美鑽設計而成的「唯美系列」
- 以養殖大溪地黑珍珠襯托出之「神話系列」
- 延續國際鉑金協會2005殿堂級作品「江」的「江映魅力系列」
- 於聖誕節推出「心意系列」

顧客是精明的。他們會挑選質量上乘而價錢相宜的產品，而六福亦會推出迎合顧客要求的首飾。

MANAGEMENT DISCUSSION AND ANALYSIS 管理層討論及分析

Sales Network

The year ended 31st March 2006 was a year for consolidating Luk Fook's pace of expansion, facilitating solid growth in the market outside Hong Kong. Apart from the newly renovated shops situated at the prime locations of Hong Kong that attract more shoppers, the Group realized its strategic expansion plan by setting up its own retail outlet in Beijing in May 2006. Meanwhile, during the year under review, the Group's licensee shops have increased to over 180, reflecting our strong growth momentum.

As at 30th June 2006, the Group has 31 retail outlets under the brand name of Luk Fook and 2 outlets under the brand name of Ice g. in Hong Kong, the PRC, Macau and Canada. The Group is also setting up a retail outlet in San Jose of the United States named "Luvina Jewelers". The Group will continue to identify new business opportunities in the international market in response to the Group's long-term development.

Marketing and Promotion

Advertising and promotion expenditures represent approximately 1.3% of the turnover. To facilitate the development of Hong Kong's jewellery industry, the Group also participated in various large-scale exhibitions and sponsorship of public activities during the year including:

- Sponsored the Diamond Crown and jewellery pieces for the winners of Miss Hong Kong Pageant for the 8th consecutive year
- Being the sole sponsor of the winner's jewellery pieces in "Miss Asia Pageant 2005"
- Sponsored the jewellery pieces for the winners of the "City Beauties Pageant 2005" in Guangzhou
- Being the title sponsor of Miss Stephanie Sun's concert in January 2006
- Participated in numerous worldwide jewellery exhibitions including: Shanghai, Shenzhen and Hong Kong
- Sponsored Miss Chinese in Vancouver and Toronto for several years
- Being a prize sponsor in various game shows at leading television channels

Luk Fook also participated in numerous large-scale exhibitions and worldwide jewellery exhibitions including: Shanghai, Shenzhen and Hong Kong:

- Hong Kong Brands & Products Expo, Shanghai
- "6th Shenzhen International Jewellery Fair" at China Hi Tech Fair Exhibition Centre, Shenzhen

銷售網絡

截至2006年3月31日止的年度為鞏固六福拓展步伐的一年，為六福在香港以外市場帶來理想增長。除位於香港黃金地段的新裝修店面吸引更多顧客外，本集團亦於2006年5月在北京開設分店，落實其拓展策略。同時，本集團的商標許可使用商數目在回顧年度增致逾180間，標示著本集團的強勁增長。

截至2006年6月30日，本集團於香港、中國、澳門及加拿大共有31間六福品牌的分店及於香港設有兩間Ice g.品牌的分店。本集團亦正於美國聖荷西開設名為「Luvina Jewelers」的分店。本集團將繼續在國際市場物色新商機，以配合本集團的長期發展。

市場推廣及宣傳

廣告及推廣支出約佔營業額的1.3%。為促進香港珠寶業的發展，本集團亦於年內參與多個大型展覽及贊助多個公開活動，包括：

- 連續8年贊助香港小姐冠軍的鑽石后冠及亞、季軍的名貴珠寶首飾
- 擔任2005年亞洲小姐的獨家珠寶贊助商
- 擔任廣州「2005美在花城」選美活動的珠寶贊助商
- 擔任孫燕姿小姐2006年1月演唱會的冠名贊助商
- 參與上海、深圳及香港等地的多個國際珠寶展覽
- 多年來贊助溫哥華及多倫多的華裔小姐選舉
- 擔任主要電視台的多個遊戲節目的獎品贊助商。

六福亦參與上海、深圳及香港等地的多個大型展覽及國際珠寶展覽：

- 香港工展會 • 上海
- 於深圳高交會展覽中心舉辦之「第六屆深圳國際珠寶展覽會」

MANAGEMENT DISCUSSION AND ANALYSIS 管理層討論及分析

- “Hong Kong Jewellery, Clock and Watch Fair” at the Hong Kong Convention and Exhibition Centre (September 2005)
- The 40th Hong Kong Brands & Products Expo at the Victoria Park
- Roadshow/Exhibition at the Jusco-Tseng Kwan O East Point City Story

The Group also organized and participated in a number of promotional activities:

- Splendid of Creativity – a cocktail reception and catwalk show displayed the awarded jewellery of the Group in December
- Actively participated in DTC Forevermark promotion
- Large scale promotion activities were held in important dates including Mother’s Day, Christmas, Lunar New Year and Valentine’s Day
- New advertising materials launched via different media channels
- Participated in the large-scale joint promotion activities organized by World Gold Council, Platinum Guild International and Perles De Tahiti

Brand Management

During the year, the Group won the sincere trademark of “Hong Kong and Macau Merchants Integrity Award” and “My Favourite Top Ten Brands Hong Kong” by the Guangzhou Daily, which symbolized the Group’s popularity among Mainland customers. The Group was also awarded by Forbes Magazine as one of Asia and the Pacific’s 200 best companies with annual revenues under US\$1 billion. Being the only jewellery retailer gaining such honour, it strengthened our outstanding position in the jewellery industry and marked our high quality of corporate management and sustained growth.

Luk Fook also expands its market segments with product line diversification. Apart from “Luk Fook” brand, the Group has established a younger product line under the brand “Ice g.”. The brand is now widely recognized by customers for its trendy design and craftsmanship. Furthermore, the new brand “Luvina Jewelers” which is to be established later this year is a new multi-branding strategy of the Group targeting mature and premium customers overseas.

- 於香港會議展覽中心舉辦之「香港珠寶鐘錶展」(於2005年9月)
- 於維多利亞公園舉辦之第40屆香港工展會
- 將軍澳東港城吉之島展銷會

本集團亦籌辦及參與多個宣傳活動：

- 「殿堂級創意典範」—於12月舉行的雞尾酒會及時裝表演，以展示本集團的獲獎珠寶
- 積極參與DTC Forevermark的宣傳活動
- 在重要節日，如母親節、聖誕節、農曆新年及情人節進行大型宣傳活動
- 在不同媒體頻道推出新宣傳
- 參與世界黃金協會、國際鉑金協會及大溪地珍珠國際宣傳協會舉辦的大型聯合宣傳活動

品牌管理

本集團於本年度榮獲廣州日報的「港澳優質誠信商號」及「我至喜愛香港十大名牌」的榮銜，顯示本集團廣受中國大陸顧客的歡迎。本集團亦獲福布斯選為亞洲及太平洋區200間最佳中小型企業(每年營業額於十億美元以下)之一。本集團是唯一一間獲此殊榮的珠寶零售商，入選可鞏固本集團於珠寶業的優越地位，突顯本集團的高質素企業管理及持續增長。

六福亦將產品系列多元化，以拓展其市場。除「六福」品牌外，本集團亦建立針對年輕人市場的「Ice g.」品牌。此品牌的產品設計新穎，手工精緻，深受顧客喜愛。此外，將於本年後期成立的新品牌「Luvina Jewelers」是本集團新制定的多品牌策略，主要對象為海外較成熟及高消費的顧客。



MANAGEMENT DISCUSSION AND ANALYSIS 管理層討論及分析

Production

In order to attain cost effectiveness and production efficiency, a portion of the gold ornaments and gem-set jewellery will be produced in its production facilities in Hong Kong and the PRC. The production facility in Panyu, Guangdong, the PRC has also enhanced the Group's production capacity, bringing to the Group a higher efficiency in manufacturing jewellery. The Panyu manufacturing plant has a total floor area of over 300,000 square feet. The plant commenced operation in the fourth quarter of 2004.

Portal Operation

The Group's jewellery portal "www.jewellworld.com" or "www.jw28.com" was established to be an electronic gateway for the global jewellery industry. It not only serves as a business-to-business trading platform among jewellery manufacturers, wholesalers and retailers worldwide, but also an additional promotion and distribution channel for the Group. The Group thus believes that viewing via internet product samples and purchasing jewellery has become popular and will enhance huge business potential.

ACHIEVEMENTS

Design

To adhere to the market and jewellery trend, the Group never stops pushing the limits of jewellery design. Our vivid appetite and passion on creative designs received a wide range of awards and recognitions from different design competitions including:



朱慧安
國際鉑金協會
殿堂級代表作品
「江」

Chu Wai On
Platinum Guild
International Jewellery
Masterpiece
"Jiang"



朱慧安
最受歡迎獎
最受歡迎組
「舞曲」

Chu Wai On
Buyer's Choice Winner
Buyer's Choice Group
"The Rhapsody"



朱慧安
冠軍
珍珠串
「赫」

Chu Wai On
Champion
Pearl Row
"Banquet"

生產

為增加成本效益及生產效率，本集團部份黃金裝飾品及鑽石首飾將在香港及中國生產設施生產。中國廣東省番禺的生產設施亦加強了本集團的生產能力，提高了本集團生產珠寶的效率。番禺製造廠的建築總面積超逾300,000平方呎，已於2004年第四季投入運作。

網站業務

本集團的珠寶網站「www.jewellworld.com」或「www.jw28.com」為通向國際珠寶業的電子門檻。網站不僅為全球珠寶製造商、批發商及零售商之間的業務交易平台，亦可額外為本集團宣傳及作為本集團的分銷渠道。因此本集團相信，從網頁瀏覽產品樣版及購買珠寶已日趨普遍，並將帶來龐大商機。

成就 設計

為緊貼市場及珠寶的發展，本集團不斷挑戰珠寶設計的界限。我們創意無窮的設計充滿無限熱情與誠意，在多個設計比賽中屢獲獎項及認同，其中包括：

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析



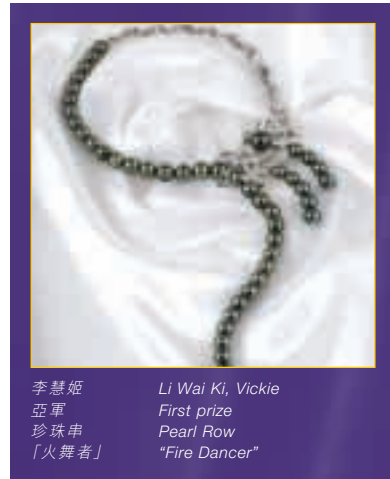
李慧姬
冠軍
三件套裝
「偶遇」

Li Wai Ki, Vickie
Champion
Parure
"The Fate"



蔡玉如
冠軍
項鍊
「刹那」

Tsoi Yuk Yu, Winny
Champion
Necklace
"Jiffy"



李慧姬
亞軍
珍珠串
「火舞者」

Li Wai Ki, Vickie
First prize
Pearl Row
"Fire Dancer"

- Platinum Guild International Jewellery Masterpiece: Jiang
- Chuk Kam Jewellery Design Competition 2006
Buyer's Choice Group: Buyer's Choice Winner – "The Rhapsody"
- The 4th Tahitian Pearl Trophy Asia
Necklace Category: Champion – "Jiffy"
Parure Category: Champion – "The Fate"
Pearl Row Category: Champion – "Banquet"
Pearl Row Category: First Prize – "Fire Dancer"
Ring: Second Prize – "Drops of Memories"
- The 7th Buyers' Favourite Jewellery Design Competition
Best of the Best Award: "Dandelion"
Bangle and Bracelet Section: "Meet" and "Part"
Earrings Category: Bronze Award – "Fire"
Earrings Category: Gold Prize – "Dandelion"
- The 7th Hong Kong Jewellery Design Competition
Bracelet/Necklace group: "Craftsmanship and Technology Award":
"Victoria Harbour"
Bracelet/Necklace group: Merit Award – "Sparkle Night"
Bracelet/Necklace group: Merit Award – "Rain Forest"
Others's group: Merit Award – "Mirror Flakes"
Ring's group: Merit Award – "Lolita"
- 國際鉑金協會殿堂級代表作品：江
- 足金首飾設計比賽2006
最受歡迎組：最受歡迎獎－「舞曲」
- 第四屆國際大溪地珍珠首飾設計比賽
項鍊組：冠軍－「刹那」
三件套裝組：冠軍－「偶遇」
珍珠串組：冠軍－「囍」
珍珠串組：亞軍－「火舞者」
戒指組：季軍－「點滴回憶」
- 第七屆最受買家歡迎首飾設計比賽
專業大獎：「蒲公英」
手鐲及手鍊組：冠軍－「聚散」
耳環組：季軍－「熊熊烈火」
耳環組：冠軍－「蒲公英」
- 第七屆香港珠寶設計比賽
項鍊／手鐲組：工藝技術獎：「維港」
項鍊／手鐲組：優異獎－「閃亮的港灣」
項鍊／手鐲組：優異獎－「熱帶雨林」
其他類別：優異獎－「魔鏡」
戒指組：優異獎－「Lolita」

MANAGEMENT DISCUSSION AND ANALYSIS 管理層討論及分析



廖慧怡
季軍
戒指
「點滴回憶」
Liu Wai Yi, Guri
Second Prize
Ring
"Drops of Memories"



蔡玉如
專業大獎
耳環：冠軍
「蒲公英」
Tsoi Yuk Yu, Winny
Best of the Best Award
Earrings: Gold Prize
"Dandelion"



朱慧安
冠軍
手鐲及手鍊
「聚散」
Chu Wai On
Gold Prize
Bracelet
"Meet & Part"

The Group will continue to launch new products in the market to offer customers more innovative designed jewellery.

Quality Assurance

The Group's wholly owned subsidiary gems laboratory "China Gems Laboratory Limited" was set up in 1996. It was established to ensure the quality of each product maintains good standard. Its scope of services includes authentication, grading of diamonds, and authentication of jades and coloured gemstones and quality assessment of jewellery. The Laboratory has employed a number of certified gemologists who have professional qualifications and rich experiences. Every year, it tests over 100,000 pieces of jewellery and gemstones on average. With the ISO 17025 qualification accredited by the Hong Kong Accreditation Service last year, the Laboratory continues to be the accredited laboratory of gemstones (Jadeite) testings and meet the principles of ISO 9001:2000 Quality Management Systems – Requirements this year. At present, the Group is the only jewellery retailer in Hong Kong receiving this qualification. The honour could undoubtedly raise customers' confidence in purchasing Luk Fook's jewellery.

Customer Service

Customer service is always an essential element to the success of Luk Fook. In this regard, Luk Fook has gained numerous awards during the year.

本集團將繼續在市場推出新產品，為顧客帶來更多設計創新的珠寶。

質量保證

本集團旗下全資附屬公司「中華珠寶鑑定中心」於1996年成立，目的為保障每件產品的質量均保持高水準。中華珠寶鑑定中心提供的服務範圍包括鑽石鑑定、評級，以及翡翠及有色寶石的鑑定及珠寶質量的評估。中心僱有多名具備專業資格及豐富經驗的認可寶石鑑定師，每年平均測試超過100,000件珠寶及寶石。中心去年獲香港認可處頒發ISO 17025認證，於今年繼續為進行寶石(硬玉)測試的認可化驗室，並符合ISO9001:2000品質管理系統的準則。現時，本集團為香港唯一一間獲取有關資格的珠寶零售商。此殊榮無疑可提高顧客於六福珠寶購買首飾的信心。



客戶服務

優質客戶服務一向是六福的致勝之道。六福於本年度在此方面獲得多個獎項。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析



區綺華
季軍
耳環
「熊熊烈火」
Au Yee Wa, Evelyn
Bronze Prize
Earrings
"Fire"



區綺華
工藝技術獎
項鍊／手鐲
「維港」
Au Yee Wa, Evelyn
Craftsmanship and
Technology Award
Bracelet/Necklace
"Victoria Harbour"



李慧姬
優異獎
項鍊／手鐲
「閃亮的港灣」
Li Wai Ki, Vickie
Merit Award
Bracelet/Necklace
"Sparkle night"

The Group has been the only jewellery brand being shortlisted in the "Emerging Service Award" of the "Hong Kong Top Services Brand Award" from The Chinese Manufacturers' Association of Hong Kong and Hong Kong Brand Development Council. The Group has also obtained the "2005 Hong Kong Awards for Industries": Customer Service Certificate of Merit from the Hong Kong Retailing Management Association.

Providing excellent customer service always tops our priority list. The group is dedicated to provide highly professional and quality service. The Group is proud of every award gained from the communities of Hong Kong and the PRC as all these acknowledgments are undeniably a significant recognition of our services.

FINANCIAL REVIEW

Liquidity and Financial Resources

The Group's core business is gold and jewellery retailing. As at 31st March 2006, the Group's bank balances and cash reached approximately HK\$109 million (2005: HK\$131 million). The Group's debt-to-equity ratio at the year-end, being the proportion of total debts of approximately HK\$171 million (2005: HK\$159 million) against total shareholders' equity of approximately HK\$715 million (2005 (restated): HK\$664 million), was 23.9% (2005: 23.9%).

The Group's income and expenditure streams are mainly denominated in Hong Kong dollars.

本集團獲香港中華廠商聯合總會及香港品牌發展局合辦「香港服務名牌選舉」選為「最具潛質服務品牌」的唯一一個珠寶品牌。本集團亦榮獲香港零售管理協會頒發的「2005香港工商業獎：顧客服務優異證書」。

本集團以提供優質客戶服務為首要任務，盡心提供專業及卓越服務。香港及中國各界所頒發的每項獎項是本集團的服務質素獲得認同的最佳證明，本集團對此深感驕傲。

財務回顧

流動資金及財務資源

本集團的主要業務是金飾及珠寶零售。截至2006年3月31日，本集團的銀行結存及現金約達109,000,000港元（2005年：131,000,000港元）。本集團之年終資本負債比率為23.9%（2005年：23.9%），此乃按總負債約171,000,000港元（2005年：159,000,000港元）相對股東權益總額約715,000,000港元（2005年（重列）：664,000,000港元）之比例計算。

本集團之收支項目主要以港元列值。

MANAGEMENT DISCUSSION AND ANALYSIS 管理層討論及分析

Capital Expenditure

During the year under review, the Group incurred capital expenditures of approximately HK\$34 million (2005: HK\$82 million), including the costs of leasehold improvements, furniture, fixture and equipment.

Contingent Liabilities

The Group did not have any significant contingent liabilities at 31st March 2006 (2005: Nil).

Employment, Training, Development and Remuneration Policy

As at 31st March 2006, the number of employees of the Group was approximately 1,726 (2005: 1,550). Remuneration policies are reviewed and approved by management on a regular basis. Remuneration packages are structured to take into account the comparable level of the market. Bonus and others merit payments are linked to success of the Group and performance of individual employee. The policy is to encourage employees to optimize business performance by providing them with financial incentives.

資本性開支

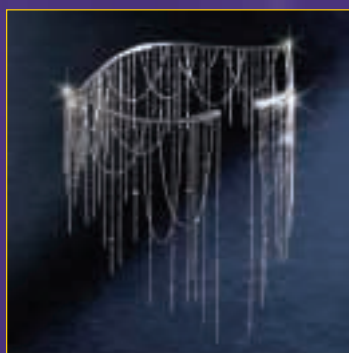
於回顧年內，本集團之資本性開支約為34,000,000港元(2005：82,000,000港元)，包括租賃物業裝修、傢俬、裝置及設備成本。

或然負債

本集團於2006年3月31日並無任何重大或然負債(2005年：無)。

招聘、培訓、發展及薪酬策略

截至2006年3月31日，本集團的員工數目約為1,726人(2005年：1,550人)。管理層定期檢討及制定薪酬政策。薪酬待遇乃經考慮市場相若水平後釐定。花紅及其他表現獎賞則與本集團及個別員工的表現掛鈎。此政策旨在以酬金獎賞提升員工之工作表現。



蔡玉如
優異獎
項鍊/手鐲
「熱帶雨林」
Tsoi Yuk Yu, Winny
Merit Award
Bracelet/Necklace
"Rain Forest"



朱慧安
優異獎
其他類別
「魔鏡」
Chu Wai On
Merit Award
Others
"Mirror Flakes"



蔡玉如
優異獎
戒指
「Lolita」
Tsoi Yuk Yu, Winny
Merit Award
Ring
"Lolita"

CORPORATE GOVERNANCE REPORT

企業管治報告

CORPORATE GOVERNANCE PRACTICES

For the year ended 31st March 2006, the Company had properly applied the principles of the Code on Corporate Governance Practices contained in Appendix 14 (the “Code”) included in the Rules governing the listing of securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) as follows:

A. Directors

- A.1 The Company is supervised by a Board of Directors who assumes responsibility for leadership and control of the Company and is collectively responsible for promoting the success of the Company by directing and strategising the Company’s affairs. They make decisions objectively in the interests of the Company.
- A.2 An independent non-executive Director acts as the Board Chairman while an executive Director acts as the Chief Executive. There is a clear division of responsibilities for the management of the Board and the day-to-day management of the Company’s business to ensure a balance of power and authority.
- A.3 The Board comprises 4 (5 up to 31st December 2005) executive Directors, 5 non-executive Directors and 3 independent non-executive Directors. They include persons with a wealth of practical experiences in the jewellery industry, accountancy profession, legal profession, general trading and the securities industry. It has a balance of skills and experiences appropriate for the requirements of the Company’s business. The Directors’ respective roles and biographies are set out on pages 45 to 50.
- A.4 All directors except the Chairman are subject to retirement by rotation and re-election at the Company’s annual general meeting Company in accordance with the Company’s Bye-laws. Deviation from the Code is explained in note (b) set out below. During the year, an executive Director resigned and the reasons were explained in the relevant Stock Exchange announcements made by the Company.
- A.5 Every Director is continuously-reminded of the requirement to keep abreast of his responsibility as a Director of the Company, with reference to the Listing Rules and the Company Laws inclusive, and of the conduct, business activities and development of the Company. Every independent non-executive Director also confirms annually his independence status to the Company pursuant to the Listing Rules.
- A.6 Directors are provided with appropriate information to enable them to make an informed decision and to discharge their duties and responsibilities as Directors of the Company.

企業管治常規

於截至2006年3月31日止年度，本公司已適當應用香港聯合交易所有限公司證券上市規則（「上市規則」）附錄十四所載之企業管治常規守則（「守則」）之原則，詳情如下：

A. 董事

- A.1 本公司由董事會監督，董事會負責領導及監管本公司，並集體負責管理及策劃本公司之事宜以促進本公司之營商成功。彼等以本公司之利益作出客觀決定。
- A.2 獨立非執行董事出任董事會主席及執行董事出任行政總裁。清楚劃分董事會管理及本公司日常業務管理之職責，以確保權力平均分配。
- A.3 董事會由四位（截至2005年12月31日，五位）執行董事、五位非執行董事及三位獨立非執行董事組成。當中包括於珠寶行業、會計專業、法律專業、一般貿易及證券行業具廣泛經驗之人士，符合本公司業務所需之技術及經驗。各董事之職責及履歷載於第45至50頁。
- A.4 全體董事（主席除外）須根據本公司之公司細則，於本公司股東週年大會上輪值告退及重選連任。有關偏離守則之說明見下文附註(b)所載。年內，一位執行董事辭任及其原因已由本公司於有關之聯交所公佈內說明。
- A.5 本公司已不斷提醒各董事謹遵上市規則及公司法之規定履行本公司董事之職責，並了解本公司之最新業務進展、業務活動及發展。各獨立非執行董事亦會根據上市規則每年確認彼等之獨立性。
- A.6 董事均獲提供適當之資料，以容許彼等作出知情決定及履行其作為本公司董事之義務及職責。

CORPORATE GOVERNANCE REPORT 企業管治報告

CORPORATE GOVERNANCE PRACTICES

(Continued)

B. Remuneration of Directors and senior management

B.1 Information relating to the Company's Directors' remuneration policy and other remuneration related matters are disclosed in the Company's annual report. The Remuneration Committee is responsible for setting policy on the remuneration of executive Directors and senior management and for fixing the remuneration packages. The level of remuneration is sufficient to attract and retain the Directors needed to run the Company successfully. No Director is involved in deciding his own remuneration.

C. Accountability and audit

- C.1 The Directors are responsible for preparing the financial statements of each financial period, which give a true and fair view of the state of affairs of the Company and of the Group as at the financial period end and of the result and cash flows of the Group for the year. In the Company's interim and annual reports which are issued within the time limits stipulated by the Listing Rules, the Board presents a balanced, clear and comprehensive assessment of the Company's performance, position and prospects. The published financial statements adopt, and consistently apply, suitable accounting policies complying with Hong Kong Financial Reporting Standards.
- C.2 The Board ensures the Company maintains sound and effective internal controls to safeguard the shareholders' interest and the Company's assets. The Audit Committee, with the assistance of the Internal Audit Team, regularly reviews the effectiveness of the Company's internal control system. The Head of the Internal Audit Team directly reports to the Audit Committee.
- C.3 The Board establishes monitoring and procedural guidelines for considering how it will apply the financial reporting and internal control principles and for maintaining an appropriate relationship with the Company's external auditors. The Audit Committee established by the Company pursuant to the Listing Rules has clear terms of reference.

企業管治常規 (續)

B. 董事及高級管理層薪酬

B.1 與本公司董事薪酬政策有關之資料及其他薪酬相關事宜已於本公司之年報內披露。薪酬委員會負責制訂執行董事及高級管理層之薪酬政策，以及釐訂薪酬組合。薪酬水平足以吸引及挽留董事，為本公司之營商成功作出努力。概無董事參與釐訂其本身之薪酬。

C. 責任及審核

- C.1 董事負責編製各財政期間之財務報表，以真實公平反映本公司及本集團於財政期末時之狀況，以及本集團於該年度結束時之業績及現金流量。於本公司按上市規則所規定之期限刊發之中期報告及年報內，董事會對本公司之表現、狀況及前景作出持平、清晰及全面之評估。已刊發之財務報表採納及持續應用符合香港財務報告準則之會計政策。
- C.2 董事會確保本公司維持健全及有效率之內部控制，以保障股東之權益及本公司之資產。審核委員會在內部審核小組之協助下，定期檢討本公司內部控制系統之效率。內部審核小組主管直接向審核委員會報告。
- C.3 董事會就如何應用財務報告及內部控制原則制定監管及程序指引，以及與本公司之外聘核數師保持適當關係。本公司根據上市規則成立之審核委員會具清晰之職權範圍。

CORPORATE GOVERNANCE REPORT

企業管治報告

CORPORATE GOVERNANCE PRACTICES

(Continued)

D. Delegation by the Board

- D.1 The Company has a formal schedule of matters specifically reserved to the Board for its decision. The Board gives clear directions to management as to the matters that must be approved by the Board before decisions are made on behalf of the Company.
- D.2 The Audit Committee and Remuneration Committee were formed with specific written terms of reference that deal clearly with the committees' authority and duties. Such terms of reference are made available to the public. Deviation from the Code during the year is explained in note (c) set out below.

E. Communication with shareholders

- E.1 The Board maintains an on-going dialogue with shareholders and in particular, endeavors to provide transparency and uses the annual general meetings to communicate with shareholders and invites their participation in certain marketing events. Besides, the Company's official website serves as a handy communication channel for the shareholders. Press releases and announcements about the Company's business affairs are made from time to time.
- E.2 The Company informs shareholders of the procedure for voting by poll in the circular to shareholders, and ensures compliance with the requirements about voting by poll contained in the Listing Rules and the Company's Bye-laws.

企業管治常規(續)

D. 董事會之授權

- D.1 本公司已制訂由董事會全權決定之事宜之列表，董事會已就須董事會批准方可代表本公司作出決定之事宜向管理層發出清楚指示。
- D.2 審核委員會及薪酬委員會具有明確書面職權範圍，清楚列明委員會之權力及責任。該等職權範圍可供公眾查閱。年內偏離守則之事宜於下文附註(c)闡述。

E. 與股東之通訊

- E.1 董事會與股東保持溝通，尤其致力提高透明度及透過股東週年大會與股東溝通及邀請彼等參與若干市場推廣活動。此外，本公司之網址亦是與股東溝通之方便渠道。本公司亦不時就本公司之業務發表新聞稿及公佈。
- E.2 本公司於股東通函內通知股東投票表決之程序，並確保符合上市規則及本公司之公司細則所載有關以投票表決方式之規定。

CORPORATE GOVERNANCE REPORT 企業管治報告

CORPORATE GOVERNANCE PRACTICES

(Continued)

None of the directors is aware of any information that would reasonably indicate that the Company is not, or was not for any part of the year ended 31st March 2006, in compliance with the Code except for the following deviations from certain Code Provisions:

Note (a) Code Provision A.4.1

Code: Non-executive directors should be appointed for a specific term, subject to re-election.

Deviation: Non-executive directors were not appointed for a specific term but subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Company's Bye-laws.

Remedy: All non-executive directors were re-appointed for a term of two years with effect from 1st April 2006 and subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Company's Bye-laws.

Note (b) Code Provision A.4.2

Code: All directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after their appointment. Every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

Deviation: In accordance with the Company's Bye-laws, all directors appointed to fill a casual vacancy is subject to election by shareholders at the next annual general meeting after their appointment. Moreover, one-third of the directors shall retire from office by rotation save any director holding office as Chairman or Managing Director.

Remedy: A special resolution will be proposed at the forthcoming annual general meeting to amend the Company's Bye-laws in order that one-third of all the directors shall retire from office by rotation, and that all directors appointed to fill a casual vacancy is subject to election by shareholders at the next general meeting after their appointment.

企業管治常規(續)

董事概不知悉任何資料可合理顯示本公司於截至2006年3月31日止年度任何時間並無或曾經無遵守守則，惟以下偏離若干守則條文者除外：

附註(a)守則條文A.4.1

守則： 非執行董事之委任應有指定任期，並須接受重新選舉。

偏離： 所有非執行董事均沒有固定任期，但彼等均須根據本公司之公司細則於本公司股東週年大會上輪值告退及膺選連任。

修正： 由2006年4月1日起，所有非執行董事將以兩年之任期獲重新委任，並須遵照本公司之公司細則於本公司股東週年大會上輪值告退及膺選連任。

附註(b)守則條文A.4.2

守則： 所有為填補臨時空缺而獲委任之董事應在彼等獲委任後之首次股東大會上接受股東選舉。每位董事包括按指定任期獲委任者須至少每三年輪值告退一次。

偏離： 根據本公司公司細則，所有獲委任以填補臨時空缺之董事須於其獲委任後舉行之股東週年大會上接受股東選舉。此外，除出任主席或董事總經理之任何董事外，三分之一之董事須輪值退任。

修正： 於即將舉行之股東週年大會上將提呈特別決議案以修訂本公司之公司細則，以使三分之一董事須輪值告退，以及獲委任填補臨時空缺之所有董事須於其獲委任後之股東大會上接受股東選舉。

CORPORATE GOVERNANCE REPORT

企業管治報告

CORPORATE GOVERNANCE PRACTICES

(Continued)

Note (c) Code Provisions B.1.4 & C.3.4

Code: The Remuneration Committee and the Audit Committee should make available their terms of reference, explaining their role and the authority delegated to them by the Board.

Deviation: During the year ended 31st March 2006, such terms of reference were not available to the public.

Remedy: At present, such terms of reference are displayed in the Company's official web site at www.lukfook.com.hk and are available to the public.

DIRECTORS' SECURITIES TRANSACTIONS

The Company adopts the Model Code set out in Appendix 10 of the Listing Rules as a code of conduct regarding directors' securities transactions. Having made specific enquiry of all directors, it is confirmed that they have complied with the required standard set out in the Model Code and its code of conduct regarding directors' securities transactions in relation to the year ended 31st March 2006.

企業管治常規(續)

附註(c)守則條文B.1.4及C.3.4

守則: 薪酬委員會及審核委員會須提供其職權範圍、解釋其作用及董事會向其授出之權力。

偏離: 於截至2006年3月31日止年度,該等職權範圍尚未提供予公眾查閱。

修正: 目前該等職權範圍已於本公司網站 www.lukfook.com.hk 上刊載以供公眾查閱。

董事證券交易

本公司已採納上市規則附錄十所載之標準守則作為董事進行證券交易之行為守則。經向全體董事作出具體查詢後,彼等確認彼等於截至2006年3月31日止年度已遵守標準守則所載之準則及有關董事進行證券交易之行為守則。

CORPORATE GOVERNANCE REPORT

企業管治報告

BOARD OF DIRECTORS

During the year ended 31st March 2006, the Company's board of directors comprised 5 executive directors, 5 non-executive directors and 3 independent non-executive directors. Individual directors' attendance at board meetings during the year were as follows:

董事會

於截至2006年3月31日止年度內，本公司董事會由五位執行董事、五位非執行董事及三位獨立非執行董事組成。年內各董事出席董事會會議之情況如下：

Total number of Board meetings: 9	召開董事會會議總次數：9次	Attendance 出席率	
<i>Executive Directors</i>			
Mr. WONG Wai Sheung (<i>Chief Executive</i>)	黃偉常先生 (行政總裁)	9/9	100%
Mr. TSE Moon Chuen	謝滿全先生	5/9	56%
Mr. LAW Tim Fuk, Paul	羅添福先生	9/9	100%
Mr. POON Kam Chi (resigned on 31st December 2005)	潘錦池先生 (於2005年12月31日辭任)	2/7	29%
Mr. LAU Kwok Sum	劉國森先生	5/9	56%
<i>Non-executive Directors</i>			
Mr. WONG Koon Cheung	黃冠章先生	9/9	100%
Mr. CHAN Wai	陳偉先生	9/9	100%
Mr. LEE Shu Kuan	李樹坤先生	9/9	100%
Miss YEUNG Po Ling, Pauline	楊寶玲小姐	4/9	44%
Mr. HUI King Wai	許競威先生	3/9	33%
<i>Independent Non-executive Directors</i>			
Mr. CHIU Wai Mo	趙偉武先生	6/9	67%
Mr. HUI Chiu Chung	許照中先生	5/9	56%
Mr. LO Mun Lam, Raymond (<i>Chairman</i>)	盧敏霖先生 (主席)	6/9	67%
Average	平均		70%

The Board's role is to provide entrepreneurial leadership of the Company within a framework of prudent and effective controls which enables risk to be assessed and managed. The Board controls the business but delegate day-to-day responsibility to the executive management. The Board sets the Company's strategic aims, values and standards and ensures that its obligations to its shareholders and others are understood and met. In the interests of the Company, a number of matters are reserved by the Board. Certain matters are the subject of recommendations by the Audit Committee or Remuneration Committee. The Company Secretary, referring to the list of reserved matters for the Board, assists the Chairman in establishing the agenda of Board meetings. Each director may also request inclusion of items in the agenda. Minutes of the Board/Committee meetings are open for inspection by the directors.

董事會之職責是為本公司提供審慎而有效之企業領導、評估及管理風險。董事會監管業務，日常業務運作則交由執行管理層負責。董事會制訂本公司之策略目標、價值及標準，確保股東及其他投資者明白及履行對彼等之責任。基於本公司之利益，若干事宜須由董事會決定。若干事宜由審核委員會或薪酬委員會提供建議。公司秘書經參考董事會議決事宜列表，協助主席制訂董事會會議議程。各董事可要求於議程內加入討論項目。董事會／委員會會議記錄可供董事查閱。

CORPORATE GOVERNANCE REPORT

企業管治報告

CHAIRMAN AND CHIEF EXECUTIVE

Mr. LO Mun Lam, Raymond, an independent non-executive director, acts as Chairman of the Board, while Mr. WONG Wai Sheung, an executive director, acts as the Chief Executive. Their roles are segregated and therefore are not exercised by the same individual. The Chairman is responsible for the leadership and effective running of the Board. The Chief Executive is delegated with the authority and responsible for running the Company's business, implementing the Company's strategies in achieving business objectives.

NON-EXECUTIVE DIRECTORS

All the non-executive directors are appointed for two years, and the existing appointments last until 31st March 2008. Deviation from the Code during the year is explained in note (a) set out above.

REMUNERATION OF DIRECTORS

In compliance with the Code, the Board on 7th April 2005 established a Remuneration Committee comprising 3 independent non-executive directors and 2 executive directors. The remuneration committee is to make recommendations to the Board on the Company's policy and structure for all remuneration of directors and senior management; to determine the specific remuneration packages; to review and approve performance-based remuneration; to review and approve the compensation payable in connection with any loss or termination of office or appointment of directors and senior management; to oversee any major changes in employee benefits structures throughout the Company or Group; and to review the ongoing appropriateness and relevance of the remuneration policy.

主席及行政總裁

獨立非執行董事盧敏霖先生出任董事會主席，執行董事黃偉常先生出任行政總裁。彼等之角色分開，並非由同一人士擔任。主席負責領導董事會及其運作。行政總裁負責本公司業務營運、落實本公司之策略以達致業務目標。

非執行董事

所有非執行董事之任期為兩年，現有任期於2008年3月31日屆滿。年內偏離守則詳情載於上文附註(a)。

董事酬金

為符合守則規定，董事會於2005年4月7日成立薪酬委員會，由三位獨立非執行董事及兩位執行董事組成。薪酬委員會就本公司之全體董事及高級管理層之薪酬政策及架構向董事會作出建議、釐訂具體薪酬組合、檢討及審批與績效表現掛鈎之薪酬、檢討及審批與離職或終止受聘或委任董事及高級管理層有關之應付補償、監管本公司或本集團僱員福利架構之任何主要變動；及檢討薪酬政策是否合適。

CORPORATE GOVERNANCE REPORT

企業管治報告

REMUNERATION OF DIRECTORS (Continued)

Individual committee members' attendance at Remuneration Committee meetings during the year were as follows:

董事酬金(續)

個別委員會成員於年內出席薪酬委員會會議之情況如下：

Total number of Remuneration Committee meetings: 1	召開薪酬委員會會議總次數：1次	Attendance 出席率
<i>Executive Directors</i>		
Mr. WONG Wai Sheung	執行董事 黃偉常先生	1/1 100%
Mr. TSE Moon Chuen	謝滿全先生	1/1 100%
<i>Independent Non-executive Directors</i>		
Mr. CHIU Wai Mo	獨立非執行董事 趙偉武先生	1/1 100%
Mr. HUI Chiu Chung (Committee Chairman)	許照中先生 (委員會主席)	1/1 100%
Mr. LO Mun Lam, Raymond	盧敏霖先生	1/1 100%
Average	平均	100%

In December 2005, the Remuneration Committee held a meeting to review the policies for determining annual salary increments for the calendar year 2006, to approve the payment of the discretionary year-end bonus for 2005, to consider the feasibility of setting up an incentive bonus scheme for all non-sales employees working at the Head Office, to review the enhanced scheme for granting employees' annual leave, and to approve the outsourcing of a group medical plan for all employees up to the supervisor level.

於2005年12月，薪酬委員會召開會議檢討政策，以釐訂2006年之年度薪金加幅、批准支付2005年年終酌情花紅、考慮為總辦事處所有非銷售僱員設立獎勵花紅計劃之可行性、檢討批授僱員年假之升級計劃，以及批准為全體僱員至主任級別外購團體醫療計劃。

Particulars of the Directors' emoluments disclosed pursuant to Appendix 16 of the Listing Rules are set out in note 15 to the financial statements.

根據上市規則附錄十六披露董事之酬金詳情載列於財務報表附註15。

NOMINATION OF DIRECTORS

The Board is directly responsible for the nomination procedures, process and criteria adopted to select and recommend candidates for directorship. No nomination of directors was processed during the year ended 31st March 2006.

董事提名

董事會直接負責董事之提名程序、採納董事人選之挑選及推薦過程及準則。截至2006年3月31日止年度內，概無處理董事提名程序。

AUDITORS' REMUNERATION

Analysis of remuneration in respect of audit and non-audit services provided by the external auditors, PricewaterhouseCoopers, Certified Public Accountants, are as follows:

核數師酬金

有關外聘核數師羅兵咸永道會計師事務所(執業會計師)提供審計及非審計服務之酬金分析，賬目如下：

		2006 HK\$'000 千港元	2005 HK\$'000 千港元
Audit services	審計服務	2,666	2,433
Non-audit services	非審計服務	350	174
Total	總計	3,016	2,607

The responsibilities of the external auditors with respect to financial reporting are stated in the Auditors' Report.

外聘核數師於財務報告方面之職責，載於核數師報告內。

CORPORATE GOVERNANCE REPORT

企業管治報告

AUDIT COMMITTEE

In compliance with the Code of Best Practice applicable before 1st January 2005, the Board established an Audit Committee on 1st February 1999, comprising 3 independent non-executive directors, in order to monitor the accounting and financial reporting practices and internal control systems of the Company. During the year ended 31st March 2006, the Audit Committee held 3 meetings to consider matters including the 2005 annual report of the Company, internal controls, the unaudited interim condensed consolidated financial information for the six months ended 30th September 2005, and the Company's IT control environment.

Individual committee members' attendance at Audit Committee meetings during the year were as follows:

Total number of Audit Committee meetings: 3	審核委員會會議總次數: 3	Attendance 出席率	
<i>Independent Non-executive Directors</i>	<i>獨立非執行董事</i>		
Mr. CHIU Wai Mo	趙偉武	3/3	100%
Mr. HUI Chiu Chung	許照中	3/3	100%
Mr. LO Mun Lam, Raymond (<i>Committee Chairman</i>)	盧敏霖 (<i>委員會主席</i>)	3/3	100%
Average	平均		100%

INTERNAL CONTROL

The Board is responsible for the Company's system of internal controls and for reviewing its effectiveness through the Audit Committee.

The internal control system is designed to provide assurance on the effectiveness and efficiency of operations, reliability of business record, and the compliance with Company's policies and procedures.

The system aims to provide reasonable, but not absolute, assurance against material misstatement or loss rather than eliminate risks of failure in operational systems, and to ensure achievement of the Company's objectives.

審核委員會

為遵守於2005年1月1日前適用之最佳應用守則，董事會已於1999年2月1日成立由三名獨立非執行董事組成之審核委員會，藉以監察本公司之會計及財務報告實務及內部監控系統。於截至2006年3月31日止年度內，審核委員會共舉行三次會議，以考慮包括本公司2005年年報、內部監控、截至2005年9月30日止六個月之未經審核中期簡明綜合財務資料以及本公司之資訊科技控制環境等事宜。

於年內審核委員會個別委員會成員之會議出席率如下：

內部監控

董事會負責本公司的內部控制系統，並透過審核委員會檢討其成效。

內部控制系統是專為確保業務得以有效運作、如實作出營業記錄以及遵照本公司的政策及程序行事而設。

該系統的目的是在合理的範圍內防範重大失實陳述或損失，並非完全剔除營運系統風險，以及確保達致本公司的目標。

CORPORATE GOVERNANCE REPORT 企業管治報告

INTERNAL AUDIT

The internal audit is an independent function undertaken by the Internal Audit Team reporting administratively to the Company's management and functionally to the Audit Committee. The Internal Audit Team is authorized to obtain all information necessary to accomplish internal audit work.

A risk based audit approach has been adopted by the Internal Audit Team. Internal control reviews are arranged regularly while paying close attention to business or operation changes. Regular audit tests are carried out to ensure key controls are operational. The Internal Audit Team conducts other projects and investigating work as may be required.

Any significant internal audit findings are discussed with respective department heads to have actions agreed and subsequently followed up, in order to ensure that satisfactory control is maintained.

In each half-yearly work plan, manning levels of the Internal Audit Team are agreed with the Audit Committee. A summary of the internal audit activities and audit results are also submitted to the Audit Committee twice a year.

內部審核

內部審核為內部審核小組負責的獨立工作，並分別向本公司管理層及審核委員會作出行政及功能匯報。內部審核小組獲授權獲取為完成內部審核工作所需的一切資料。

內部審核小組採用以風險為本的審核方法，並定期檢討內部控制，密切注視業務或營運變動，定期進行審核測試，以確保主要控制正常運作。內部審核小組亦視乎需要進行其他項目及調查工作。

任何重大內部審核結果均與各有關部門主管討論，議定行動並作出跟進，以確保維持滿意控制。

於各半年工作計劃內，內部審核小組與審核委員會議定人員配備水平，並每年兩次向審核委員會提交內部審核活動概要及審核結果。

CORPORATE GOVERNANCE REPORT

企業管治報告

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SECURITIES

As at 31st March 2006, save as disclosed below, none of the director and chief executive of the Company had interests and short positions in the shares, underlying shares and debentures of the issuer or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which (a) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (b) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies to be notified to the Company and the Exchange:

I. Long positions in shares and underlying shares of the Company

Name of Director	Beneficial Owner	Child under 18 or Spouse 18歲以下子女或配偶	Controlled Corporation	Beneficiary of Trust	Share Option	TOTAL INTEREST	% of Shares
董事姓名	實益擁有人	子女或配偶	受控制法團	信託受益人	購股權	權益總額	股份百分比
Mr. WONG Wai Sheung 黃偉常先生	412,878		245,144,176 <i>note (a) & (b)</i> 附註(a)及(b)	2,511,050 <i>note (c)</i> 附註(c)	4,564,000	252,632,104	51.77%
Mr. TSE Moon Chuen 謝滿全先生	1,049,344		245,144,176 <i>note (a) & (b)</i> 附註(a)及(b)			246,193,520	50.46 %
Mr. WONG Koon Cheung 黃冠章先生	3,678,090		245,144,176 <i>note (a) & (b)</i> 附註(a)及(b)			248,822,266	50.99%
Mr. CHAN Wai 陳偉先生	4,299,022		245,144,176 <i>note (a) & (b)</i> 附註(a)及(b)			249,443,198	51.12%
Mr. LEE Shu Kuan 李樹坤先生	5,634,579	735,650 <i>note (f)</i> 附註(f)	247,730,800 <i>note (a), (b), (d) & (e)</i> 附註(a)、 (b)、(d)及(e)			254,101,029	52.08%

董事於證券之權益及淡倉

於2006年3月31日，除下文所披露者外，本公司董事及行政總裁概無於發行人或任何相聯法團(定義見證券及期貨條例(「證券及期貨條例」)第XV部)之股份、相關股份及債券中擁有權益及淡倉，而(a)根據證券及期貨條例第352條須記入該條所述登記冊；或(b)根據上市公司董事進行證券交易的標準守則須知會本公司及聯交所：

I. 於本公司股份及相關股份之好倉

CORPORATE GOVERNANCE REPORT 企業管治報告

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SECURITIES (Continued)

I. Long positions in shares and underlying shares of the Company (Continued)

Note (a)

Mr. WONG Wai Sheung, Mr. TSE Moon Chuen, Mr. CHAN Wai, Mr. LEE Shu Kuan and Mr. WONG Koon Cheung were also directors, and together with their associates collectively controlled over one-half of the voting power, of Luk Fook (Control) Limited which held 231,858,000 shares in the Company. These directors were deemed to be interested in the same shares, relevant disclosures were therefore duplicated for the purpose of SFO.

Note (b)

Mr. WONG Wai Sheung, Mr. TSE Moon Chuen, Mr. CHAN Wai, Mr. LEE Shu Kuan and Mr. WONG Koon Cheung were also directors, and together with their associates collectively controlled over one-third of the voting power, of Dragon King Investment Ltd. which held 13,286,176 shares in the Company. These directors were deemed to be interested in the same shares, relevant disclosures were therefore duplicated for the purpose of SFO.

Note (c)

Mr. WONG Wai Sheung and his family were discretionary beneficiaries of the WONG's Family Trust (the "Trust"). The Trust was the beneficial owner of the entire issued share capital of Kwai Kee Cheung Jewellery & Goldsmith Company Limited, which held 2,511,050 shares of the Company.

Note (d)

Mr. LEE Shu Kuan held 33.3% of the entire issued share capital of Wah Hang Kimon Investments Limited which in turn held 630,624 shares of the Company.

Note (e)

Mr. LEE Shu Kuan held 51% of the entire issued share capital of Wah Hang Kimon Holdings Limited which in turn held 1,956,000 shares of the Company.

Note (f)

The estate of Ms. FONG Chi Ling (deceased) held 735,650 shares of the Company. Ms. Fong was the spouse of Mr. LEE Shu Kuan.

董事於證券之權益及淡倉(續)

I. 於本公司股份及相關股份之好倉(續)

附註(a)

黃偉常先生、謝滿全先生、陳偉先生、李樹坤先生及黃冠章先生亦為董事，連同彼等之聯繫人士共同控制六福(控股)有限公司之過半數投票權，而六福(控股)有限公司則持有本公司231,858,000股股份。該等董事被視為於相同股份中擁有權益，因此，就證券及期貨條例而言，有關披露屬重複。

附註(b)

黃偉常先生、謝滿全先生、陳偉先生、李樹坤先生及黃冠章先生亦為董事，連同彼等之聯繫人士共同控制龍寶投資有限公司三分之一以上之投票權，而龍寶投資有限公司則持有本公司13,286,176股股份。該等董事被視為於相同股份中擁有權益，因此，就證券及期貨條例而言，有關披露屬重複。

附註(c)

黃偉常先生及彼之家屬為黃氏家族信託(「該信託」)之酌情受益人。該信託為桂記祥珠寶金行有限公司全部已發行股本之實益擁有人，而桂記祥珠寶金行有限公司則持有本公司2,511,050股股份。

附註(d)

李樹坤先生持有華亨錦安投資有限公司全部已發行股本之33.3%，而華亨錦安投資有限公司則持有本公司630,624股股份。

附註(e)

李樹坤先生持有華亨錦安控股有限公司全部已發行股本之51%，而華亨錦安控股有限公司則持有本公司1,956,000股股份。

附註(f)

(已故)方志玲女士之遺產持有本公司735,650股股份。方女士為李樹坤先生之配偶。

CORPORATE GOVERNANCE REPORT

企業管治報告

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SECURITIES (Continued)

II. Long positions in shares and underlying shares of Luk Fook (Control) Limited, the ultimate holding company

董事於證券之權益及淡倉(續)

II. 於六福(控股)有限公司(最終控股公司)股份及相關股份之好倉

Name of Director	Beneficial Owner	Child under 18 or Spouse 18歲以下 子女或配偶	Controlled Corporation	Beneficiary of Trust	TOTAL INTEREST	% of Shares
董事姓名	實益擁有人	子女或配偶	受控制法團	信託受益人	權益總額	股份百分比
Mr. WONG Wai Sheung 黃偉常先生	1,556,357			35,263,052 <i>note (a)</i> 附註(a)	36,819,409	36.82%
Mr. TSE Moon Chuen 謝滿全先生		82,853 <i>note (b)</i> 附註(b)	837,854 <i>note (c)</i> 附註(c)		920,707	0.92%
Mr. LAU Kwok Sum 劉國森先生	1,600				1,600	0.002%
Mr. WONG Koon Cheung 黃冠章先生			4,553,433 <i>note (d)</i> 附註(d)		4,553,433	4.55%
Mr. CHAN Wai 陳偉先生	6,606,643				6,606,643	6.61%
Mr. LEE Shu Kuan 李樹坤先生	6,613,544	645,307 <i>note (e)</i> 附註(e)	1,093,575 <i>note (f)</i> 附註(f)		8,352,426	8.35%
Miss YEUNG Po Ling, Pauline 楊寶玲小姐	60,000				60,000	0.06%

CORPORATE GOVERNANCE REPORT 企業管治報告

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SECURITIES (Continued)

II. Long positions in shares and underlying shares of Luk Fook (Control) Limited, the ultimate holding company (Continued)

Note (a)

Mr. WONG Wai Sheung and his family were discretionary beneficiaries of the WONG's Family Trust (the "Trust"). The Trust was the beneficial owner of the entire issued share capital of Kwai Kee Cheung Jewellery & Goldsmith Company Limited which held of 35,263,052 shares of Luk Fook (Control) Limited.

Note (b)

Mr. TSE Moon Chuen's spouse, Ms. FONG Anissa King, held 82,853 shares of Luk Fook (Control) Limited.

Note (c)

Mr. TSE Moon Chuen held 100% of the entire issued share capital of Moon Chuen Investment Limited which in turn held 837,854 shares of Luk Fook (Control) Limited.

Note (d)

Mr. WONG Koon Cheung together his spouse, Mrs. SO Lai Sheung, controlled the entire issued share capital of WKC Investments Limited which in turn held 4,553,433 shares of Luk Fook (Control) Limited.

Note (e)

The estate of Ms. FONG Chi Ling (deceased) held 645,307 shares of Luk Fook (Control) Limited. Ms. Fong was the spouse of Mr. LEE Shu Kuan.

Note (f)

Mr. LEE Shu Kuan held 33.3% of the entire issued share capital of Wah Hang Kimon Investments Limited which in turn held 1,093,575 shares of Luk Fook (Control) Limited.

董事於證券之權益及淡倉(續)

II. 於六福(控股)有限公司(最終控股公司)股份及相關股份之好倉(續)

附註(a)

黃偉常先生及彼之家屬為黃氏家族信託(「該信託」)之酌情受益人。該信託為桂記祥珠寶金行有限公司全部已發行股本之實益擁有人，而桂記祥珠寶金行有限公司則持有六福(控股)有限公司 35,263,052股股份。

附註(b)

謝滿全先生之配偶方惠瓊女士持有六福(控股)有限公司 82,853股股份。

附註(c)

謝滿全先生持有 Moon Chuen Investment Limited全部已發行股本，而 Moon Chuen Investment Limited則持有六福(控股)有限公司 837,854股股份。

附註(d)

黃冠章先生連同彼之配偶蘇麗湘女士控制 WKC Investments Limited全部已發行股本，而 WKC Investments Limited則持有六福(控股)有限公司 4,553,433股股份。

附註(e)

(已故)方志玲女士之遺產持有六福(控股)有限公司 645,307股股份。方女士為李樹坤先生之配偶。

附註(f)

李樹坤先生持有華亨錦安投資有限公司全部已發行股本之 33.3%，而華亨錦安投資有限公司則持有六福(控股)有限公司 1,093,575股股份。

CORPORATE GOVERNANCE REPORT

企業管治報告

SUBSTANTIAL SHAREHOLDER

As at 31st March 2006, save as disclosed below, so far as is known to any director or chief executive of the Company, no person, other than a director or chief executive of the Company, had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

主要股東

於2006年3月31日，除下文所披露者外，就本公司任何董事或行政總裁所知，除本公司董事或行政總裁外，概無任何人士於本公司股份及相關股份中擁有權益或淡倉而將須根據證券及期貨條例第XV部第2及3分部之條文向本公司披露。

Name of Shareholder 股東名稱	Beneficial Owner 實益擁有人	Controlled Corporation 受控制法團	TOTAL INTEREST 權益總額	% of Shares 股份百分比
Luk Fook (Control) Limited 六福(控股)有限公司	231,858,000	–	231,858,000	47.52%

By order of the Board,

承董事會命

LO Mun Lam, Raymond
Chairman

盧敏霖
主席

Hong Kong, 24th July 2006

香港，2006年7月24日

NOTICE OF ANNUAL GENERAL MEETING 股東週年大會通告

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at 25/F., BEA Tower, Millennium City 5, 418 Kwun Tong Road, Kwun Tong, Kowloon, Hong Kong on 24th August, 2006 (Thursday) at 11:30 a.m. for the following purposes:

1. To receive and consider the Audited Consolidated Financial Statements and the Reports of the Directors and Auditors for the year ended 31st March 2006.
2. To declare the final dividend for the year ended 31st March 2006.
3. To re-elect the retiring Directors, to authorise the Board to fix the remuneration of Directors and to appoint additional Directors.
4. To re-appoint Auditors and to authorise the Board to fix their remuneration.
5. As special business, to consider and, if thought fit, to pass with or without modifications the following resolution as an ordinary resolution:

“THAT:

- (a) subject to paragraph (c) below, the exercise by the Directors of the Company during the Relevant Period (as defined in paragraph (d) below) of all the powers of the Company to allot, issue and deal with additional shares in the capital of the Company and to make or grant offers, agreements and options which might require the exercise of such power be and it is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) above shall authorise the Directors of the Company during the Relevant Period to make or grant offers, agreements and options which might require the exercise of such power after the end of the Relevant Period;

茲通告本公司謹訂於2006年8月24日(星期四)上午11時30分假座香港九龍觀塘觀塘道418號創紀之城第五期東亞銀行中心25樓舉行股東週年大會，以處理下列事項：

1. 省覽截至2006年3月31日止年度經審核綜合財務報表、董事會報告及核數師報告。
2. 宣派截至2006年3月31日止年度末期股息。
3. 重選退任董事、授權董事會釐定董事酬金及委任額外董事。
4. 續聘核數師及授權董事會釐定其酬金。
5. 作為特別事項，考慮及酌情通過(無論有否修訂)下列決議案為普通決議案：

「動議：

- (a) 在下文第(c)段之規限下，一般及無條件批准本公司董事於有關期間(定義見下文(d)段)內行使本公司一切權力，以配發、發行及處理本公司股本中額外股份，以及作出或授出可能需要行使該等權力之售股建議、協議及購股權；
- (b) 上文第(a)段之批准將授權本公司董事於有關期間內作出或授出可能需於有關期間結束後行使該等權力之售股建議、協議及購股權；

NOTICE OF ANNUAL GENERAL MEETING 股東週年大會通告

(c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors of the Company pursuant to the approval in paragraph (a) above, otherwise than pursuant to a Rights Issue (as defined in paragraph (d) below) or pursuant to an issue of shares under any option scheme or similar arrangement for the time being adopted for the grant or issue to executives and/or employees of the Company and/or any of its subsidiaries of shares or rights to acquire shares of the Company or any script dividend or similar arrangement providing for the allotment of shares in lieu of the whole or part of a dividend on shares of the Company in accordance with the Bye-laws of the Company, shall not exceed 20% of the total nominal amount of the share capital of the Company in issue on the date of this Resolution and the said approval to the Directors in paragraph (a) above shall be limited accordingly; and

(d) for the purposes of this Resolution:

“Relevant Period” means the period from the passing of this Resolution until whichever is the earlier of:

- (i) the conclusion of the next Annual General Meeting of the Company;
- (ii) the expiration of the period within which the next Annual General Meeting of the Company is required by the Bye-laws of the Company or any applicable laws to be held; or
- (iii) the revocation or variation of the authority given under this Resolution by ordinary resolution of the shareholders in general meeting; and

“Rights Issue” means an offer of shares open for a period fixed by the Directors of the Company to the shareholders on the register of shareholders of the Company on a fixed record date in proportion to their shareholdings as at that date (subject to such exclusions or other arrangements as the Directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognized regulatory body or any stock exchange in, any territory outside Hong Kong applicable to the Company).”

(c) 本公司董事根據上文(a)段之批准所配發或有條件或無條件同意配發(不論根據購股權或其他方式)之股本面值總額,除根據配售新股(定義見下文(d)段)或根據當時已採納之任何購股權計劃或向本公司及/或其任何附屬公司之行政人員及/或僱員授出或發行股份或收購本公司股份之權利之類似安排而發行之股份或根據本公司之細則任何以股代息或規定配發股份以代替本公司股份之全部或部分股息之類似安排外,不得超過於本決議案獲通過當日本公司已發行股本總面值之20%,而上文(a)段之批准亦須以此為限;及

(d) 就本決議案而言:

「有關期間」指本決議案獲通過當日至下列最早日期止之期間:

- (i) 本公司下屆股東週年大會結束;
- (ii) 本公司之細則或任何適用法例規定本公司須舉行下屆股東週年大會之期限屆滿;或
- (iii) 於股東大會上以股東之普通決議案撤銷或修訂本決議案項下授權;及

「配售新股」指在本公司董事指定之期間內,向於指定記錄日期名列本公司股東名冊之股東按彼等當時之持股比例提呈發售股份,惟董事有權就零碎股權或顧及適用於本公司之香港以外任何地區之法例項下任何限制或責任,或任何認可監管機構或任何證券交易所之規定,按彼等認為必需或權宜者取消若干股東在此方面之權利或作出其他安排。」

NOTICE OF ANNUAL GENERAL MEETING 股東週年大會通告

6. As special business, to consider and, if thought fit, to pass with or without modifications the following resolution as an ordinary resolution:

“THAT:

- (a) subject to paragraph (b) below, the exercise by the Directors of the Company during the Relevant Period (as defined in paragraph (c) below) of all the powers of the Company to repurchase its own shares on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) or any other stock exchange on which the securities of the Company may be listed and recognized by the Securities and Futures Commission and the Stock Exchange for this purpose, subject to and in accordance with all applicable laws and/or the requirements of the Rules Governing the Listing of Securities on the Stock Exchange or of any other stock exchange as amended from time to time, be and it is hereby generally and unconditionally approved;
- (b) the aggregate nominal amount of share capital repurchased by the Company pursuant to the approval in paragraph (a) above shall not exceed 10% of the total nominal amount of the share capital of the Company in issue on the date of this Resolution and the said approval to the Directors of the Company in paragraph (a) above shall be limited accordingly; and
- (c) for the purpose of this Resolution:

“Relevant Period” means the period from the passing of this Resolution until whichever is the earlier of:

- (i) the conclusion of the next Annual General Meeting of the Company;
- (ii) the expiration of the period within which the next Annual General Meeting of the Company is required by the Bye-laws of the Company or any applicable laws to be held; or
- (iii) the revocation or variation of the authority given under this Resolution by ordinary resolution of the shareholders in general meeting.”

6. 作為特別事項，考慮及酌情通過（無論有否修訂）下列決議案為普通決議案：

「動議：

- (a) 在下文(b)段規限下，一般及無條件批准本公司董事於於有關期間（定義見下文(c)段）內行使本公司一切權力，以根據所有適用法例及／或香港聯合交易所有限公司（「聯交所」）證券上市規則或任何其他證券交易所經不時修訂之規定，於聯交所或本公司證券可能上市及就此而言為證券及期貨事務監察委員會認可之任何其他證券交易所購回本身股份；
- (b) 本公司根據上文(a)段購回之股本面值總額不得超過本決議案日期本公司已發行股本面值總額之10%，而上文(a)段授予本公司董事之批准亦受此限制；及
- (c) 就本決議案而言：

「有關期間」指本決議案獲通過當日至下列最早日期止之期間：

- (i) 本公司下屆股東週年大會結束；
- (ii) 本公司之細則或任何適用法例規定本公司須舉行下屆股東週年大會之期限屆滿；或
- (iii) 於股東大會上以股東之普通決議案撤銷或修訂本決議案項下授權。」

NOTICE OF ANNUAL GENERAL MEETING 股東週年大會通告

7. As special business, to consider and, if thought fit, to pass with or without modifications the following resolution as an ordinary resolution:
- “**THAT** conditional upon Resolutions Nos. 5 and 6 above being passed, the aggregate nominal amount of the number of shares in the capital of the Company which are repurchased by the Company under the authority granted to the Directors of the Company as mentioned in Resolution No. 6 above shall be added to the aggregate nominal amount of share capital that may be allotted or agreed conditionally or unconditionally to be allotted by the Directors of the Company pursuant to Resolution No. 5 above, provided that the amount of share capital repurchased by the Company shall not exceed 10% of the total nominal amount of the share capital of the Company in issue on the date of this Resolution.”
7. 作為特別事項，考慮及酌情批准(不論是否經修訂)以下決議案為普通決議案：
- 「**動議**待上文第5及第6項決議案獲通過後，將本公司根據上文第6項決議案所述授予本公司董事會之權力所購回本公司股本中股份數目之面值總額，加入本公司董事會根據上文第5項決議案而配發或同意有條件或無條件配發之股本面值總額內，惟本公司所購回股本之面值不得超過於本決議案日期本公司已發行股本面值總額之10%。」
8. As special business, to consider and, if thought fit, to pass the following resolution as a special resolution:
- “**THAT** the existing Bye-laws of the Company be and are hereby amended in the following manner, namely:
- (A) Bye-law 70
- THAT the full stop “.” at the end of clause (IV) of the existing Bye-law 70 be deleted and substituted by a semicolon “;” together with the word “or”.
- THAT following new clause (V) be inserted to the existing bye-law 70:
- “(V) if required the Listing Rules, by the Chairman of the meeting and/or directors who, individually or collectively, hold proxies in respect of shares representing 5% or more of the total voting rights at a particular meeting in certain circumstances where, on a show of hands, a meeting votes in the opposite manner to that instructed in those proxies.”
- (B) Bye-law 99
- THAT the words “save any Director holding office as Chairman or Managing Director” of the existing Bye-law 99 be deleted.
8. 作為特別事項，考慮及酌情批准以下決議案為特別決議案：
- 「**動議**本公司之現有細則修訂如下：
- (A) 細則第70條
- 動議將現有細則第70條第(IV)款句尾之句號「。」刪除及以分號「;」號取代，並加上「或」字。
- 動議於現有細則第70條加入新第(V)款：
- 「(V) 如上市規則規定，大會主席及／或於特定股東大會個別或共同持有佔該大會總投票權5%或以上之委任代表權之董事，在若干情況下(如在大會以舉手方式表決時，表決結果與該等委任代表表格所指示者相反)必須要求以股數投票方式表決。」
- (B) 細則第99條
- 動議將現有細則第99條「出任主席或董事總經理之任何董事除外」等字眼刪除。

NOTICE OF ANNUAL GENERAL MEETING 股東週年大會通告

- | | |
|--|---|
| <p>(C) Bye-law 100</p> <p>THAT the word “annual” and the words “from year to year” in the first sentence of the existing Bye-law 100 be deleted.</p> | <p>(C) 細則第100條</p> <p>動議將現有細則第100條第一句「週年」及「每年」等字眼刪除。</p> |
| <p>(D) Bye-law 102 (A)</p> <p>THAT the word “annual” of the existing Bye-law 102 (A) be deleted.</p> | <p>(D) 細則第102(A)條</p> <p>動議將現有細則第102(A)條之「週年」字眼刪除。</p> |
| <p>(E) Bye-law 102 (B)</p> <p>THAT the word “annual” of the existing Bye-law 102 (B) be deleted.</p> <p>THAT the following words be inserted after the words “of the Company” in the existing Bye-law 102 (B):</p> <p>“(in the case of casual vacancy) or until the next following annual general meeting (in the case of an addition to the Board)”</p> | <p>(E) 細則第102(B)條</p> <p>動議將現有細則第102(B)條之「週年」字眼刪除。</p> <p>動議在現有細則第102(B)條「本公司」後加入以下字眼：</p> <p>「(如屬臨時空缺)或直至下屆股東週年大會止(如屬新增董事會成員)」</p> |
| <p>(F) Bye-law 104</p> <p>THAT the word “annual” of the existing Bye-law 104 be deleted.</p> | <p>(F) 細則第104條</p> <p>動議將現有細則第104條之「週年」字眼刪除。</p> |
| <p>9. To transact any other business.</p> | <p>9. 處理任何其他事項。</p> |

By Order of the Board
LAW Tim Fuk, Paul
Company Secretary

承董事會命
羅添福
公司秘書

Hong Kong, 24th July 2006

香港，2006年7月24日

NOTICE OF ANNUAL GENERAL MEETING 股東週年大會通告

Notes:

1. Any member of the Company entitled to attend and vote at the Annual General Meeting of the Company shall be entitled to appoint another person as proxy to attend and vote instead of him. On a poll, votes may be given either personally or by proxy. A proxy need not be a member of the Company. A member may appoint more than one proxy to attend on the same occasion.
2. The instrument appointing a proxy together with any power of attorney or other authority (if any) under which it is signed or a notarially certified copy thereof must be deposited at the principal place of the Company in Hong Kong at 25/F., BEA Tower, Millennium City 5, 418 Kwun Tong Road, Kwun Tong, Kowloon, Hong Kong not less than 48 hours before the time appointed for holding the meeting or the adjourned meeting.
3. The Bye-laws of the Company are written in English. There is no Chinese version in respect thereof. Therefore, the Chinese version of the Special Resolution as set out in item 8 above on amendments to the Bye-laws is purely a translation only. Should there be any discrepancies, the English version will prevail. The purpose of the amendments is included in a separate circular to members of the Company dispatched to members with the Company's Annual Report 2006.

附註：

1. 凡有權出席本公司股東週年大會及於會上表決之股東，均有權委派其他人士作為其受委代表，代其出席大會及投票。於按股數投票表決時，股東可親身或由其受委代表投票。受委代表毋須為本公司股東。每名股東均可委派一名以上受委代表出席同一大會。
2. 委任代表之文據連同簽署文據之授權書或其他授權文件(如有)或經公證人簽署證明之該等授權書或授權文件副本，最遲須於大會或任何續會指定舉行時間48小時前送達本公司之香港主要營業地點，地址為香港九龍觀塘觀塘道418號創紀之城第五期東亞銀行中心25樓。
3. 本公司之公司細則以英文草擬，並無中文本。因此，上文第8項特別決議案所載之中文本純粹翻譯本而已。如有任何歧義，應以英文本為準。修訂目的已載於連同公司2006年報致本公司股東之通函內。

REPORT OF THE DIRECTORS 董事會報告

The directors submit their report together with the audited financial statements for the year ended 31st March 2006.

PRINCIPAL ACTIVITIES AND GEOGRAPHICAL ANALYSIS OF OPERATIONS

The principal activity of the Company is investment holding. The subsidiaries are principally engaged in the retailing and wholesaling of gold jewellery and gold ornaments, gem-set jewellery and gemstones, and other accessory items. Over 90% of the Group's revenues and results are derived from activities carried out in Hong Kong.

An analysis of the Group's performance by business segment is set out in note 6 to the financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year are set out in the consolidated income statement on page 59.

The directors have declared an interim dividend of HK3 cents per ordinary share, totalling HK\$14,638,000, which was paid on 13th January 2006.

The directors recommend the payment of a final dividend of HK7 cents per ordinary share, totalling HK\$34,156,000 and payable on 15th September 2006.

RESERVES

Movements in the reserves of the Group and of the Company during the year are set out in note 28 to the financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group are set out in note 16 to the financial statements.

DONATIONS

Donations made by the Group during the year amounted to approximately HK\$320,000 (2005: HK\$628,000).

董事會謹提呈彼等之董事會報告連同截至2006年3月31日止年度的經審核財務報表。

主要業務及經營分佈之分析

本公司乃一間投資控股公司，其附屬公司主要從事金飾與黃金裝飾品、鑲石首飾與寶石及其他配飾之零售及批發業務。本集團逾90%之收入及業績均源自在香港經營之業務。

本集團按業務分類之業績表現分析載於財務報表附註6。

業績及分派

本集團本年度之業績載於第59頁之綜合損益表內。

董事會已宣派中期股息每股普通股3港仙，合共14,638,000港元，已於2006年1月13日派發。

董事會現建議派發末期股息每股普通股7港仙，合共34,156,000港元，將於2006年9月15日派發。

儲備

年內本集團及本公司儲備之變動載於財務報表附註28。

物業、廠房及設備

本集團物業、廠房及設備之變動詳情載於財務報表附註16。

捐款

本集團於年內作出之捐款約320,000港元(2005年：628,000港元)。

REPORT OF THE DIRECTORS 董事會報告

SHARE CAPITAL

Details of the movements in share capital of the Company are set out in note 27 to the financial statements.

DISTRIBUTABLE RESERVES

Distributable reserves of the Company at 31st March 2006, calculated under the Companies Act of Bermuda, amounted to HK\$366,575,000 (2005: HK\$360,353,000).

FIVE YEAR FINANCIAL SUMMARY

The results, assets and liabilities of the Group for each of the last five financial years ended 31st March are as follows:

		2002	2003	2004	2005	2006
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元
		(Restated)	(Restated)	(Restated)	(Restated)	
		(重列)	(重列)	(重列)	(重列)	
Results	業績					
Turnover	營業額	<u>1,478,806</u>	<u>1,461,763</u>	<u>1,598,123</u>	<u>1,961,720</u>	<u>2,126,297</u>
Profit attributable to shareholders	股東應佔溢利	<u>64,907</u>	<u>48,867</u>	<u>73,816</u>	<u>125,795</u>	<u>95,695</u>
Assets and liabilities	資產及負債					
Total assets	總資產值	<u>607,674</u>	<u>667,437</u>	<u>709,189</u>	<u>832,084</u>	<u>898,941</u>
Total liabilities	總負債額	<u>91,867</u>	<u>98,147</u>	<u>120,451</u>	<u>158,775</u>	<u>170,749</u>
Shareholders' funds	股東資金	<u>511,858</u>	<u>564,822</u>	<u>580,902</u>	<u>664,060</u>	<u>715,164</u>

The comparative figures for the four years ended 31st March 2005 have been restated as a result of the adoption of Hong Kong Accounting Standard Number 17 "Leases" issued by the Hong Kong Institute of Certified Public Accountants. Details of the accounting policy are set out in note 2 to the financial statements.

股本

本公司股本之變動詳情載於財務報表附註27。

可供分派儲備

根據百慕達公司法計算，本公司於2006年3月31日之可供分派儲備為366,575,000港元(2005年：360,353,000港元)。

五年財務摘要

本集團截至3月31日止五個財政年度各年之業績、資產及負債如下：

採納香港會計師公會所頒佈之香港會計準則第17號「租賃」，截至2005年3月31日止四個年度之比較數字已作重列。會計政策詳情載於財務報表附註2內。

REPORT OF THE DIRECTORS 董事會報告

PURCHASE, SALE OR REDEMPTION OF SHARES

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

DIRECTORS

The directors during the year were:

Executive Directors

Mr. WONG Wai Sheung (*Chief Executive*)
Mr. TSE Moon Chuen
Mr. LAW Tim Fuk, Paul
Mr. POON Kam Chi (resigned on 31st December 2005)
Mr. LAU Kwok Sum

Non-executive Directors

Mr. WONG Koon Cheung
Mr. CHAN Wai
Mr. LEE Shu Kuan
Miss YEUNG Po Ling, Pauline
Mr. HUI King Wai

Independent Non-executive Directors

Mr. CHIU Wai Mo
Mr. HUI Chiu Chung
Mr. LO Mun Lam, Raymond (*Chairman*)

購入、出售或贖回股份

年內，本公司並無贖回其任何股份。年內，本公司或其任何附屬公司並無購入或出售任何本公司股份。

董事

於年內之董事如下：

執行董事

黃偉常先生 (*行政總裁*)
謝滿全先生
羅添福先生
潘錦池先生 (於2005年12月31日辭任)
劉國森先生

非執行董事

黃冠章先生
陳偉先生
李樹坤先生
楊寶玲小姐
許競威先生

獨立非執行董事

趙偉武先生
許照中先生
盧敏霖先生 (*主席*)

REPORT OF THE DIRECTORS 董事會報告

DIRECTORS (Continued)

Mr. LAU Kwok Sum, Mr. WONG Koon Cheung, Mr. CHAN Wai and Mr. LEE Shu Kuan retire by rotation in accordance with clause 99 of the Company's Bye-laws and, being eligible, offer themselves for re-election. Details of the proposed directors to be re-elected are set out in the circular sent together with this annual report.

By an ordinary resolution passed at the Annual General Meeting held on 25th August 2005, the Board was authorized to appoint additional directors up to a maximum of 20 directors.

In order to comply with the Code Provisions of the Code on Corporate Governance Practices newly included in the Listing Rules, which require that the roles of Chairman and Chief Executive should be separated and should not be performed by the same individual, Mr. LO Mun Lam Raymond, an independent non-executive director has been appointed as the Chairman of the Board with effect from 12th April 2005 as a replacement of Mr. WONG Wai Sheung, the former Chairman and Chief Executive, who has been re-designated as the Chief Executive.

On 7th April 2005 the Board approved the establishment of the Remuneration Committee comprising 3 independent non-executive directors (Mr. HUI Chiu Chung, Mr. CHIU Wai Mo and Mr. LO Mun Lam, Raymond) and 2 executive directors (Mr. WONG Wai Sheung and Mr. TSE Moon Chuen), in compliance with the revised Listing Rules.

董事(續)

根據本公司之公司細則第99條之規定，劉國森先生、黃冠章先生、陳偉先生及李樹坤先生須輪值告退，惟彼等均符合資格並願意膺選連任。建議重選董事之詳情刊載於連同本年報一併寄出之通函內。

根據於2005年8月25日舉行之股東週年大會通過之普通決議案，董事會獲授權委任最多20名額外董事。

為遵守上市規則當中最新頒佈之企業管治常規守則規定(該守則規定主席及行政總裁之職責須獨立分開，且不應由同一人士出任)，獨立非執行董事盧敏霖先生獲委任為董事會主席，自2005年4月12日起生效，以取代以往出任主席兼行政總裁而現已調任行政總裁之黃偉常先生。

於2005年4月7日，為遵照經修訂上市規則，董事會批准成立薪酬委員會，並由三名獨立非執行董事(許照中先生、趙偉武先生及盧敏霖先生)及兩名執行董事(黃偉常先生及謝滿全先生)組成。

REPORT OF THE DIRECTORS 董事會報告

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

Mr. WONG Wai Sheung, aged 56, is the founder and Chief Executive of the Group. He is also a member of the Remuneration Committee. He has over 39 years of experience in the jewellery industry in Hong Kong. He is responsible for the overall strategic planning and management of the Group. He has been an associate director of The Kowloon Gold Silver and Jewel Merchant's Staff Association since November 1993. Mr. Wong was invited to act as honorary permanent chairman of Jewellery Traders Industry & Commerce Association since April 2001. He was elected as honorary chairman of Macau Goldsmith's Guild in 2005. He was also elected as Honorary Chairman of the First General Committee of Guangdong Golden Jewelry and Jade Industry's Association in 2006.

Mr. TSE Moon Chuen, aged 56, is the co-founder of the Group. Presently, he is the Director & Deputy General Manager and also a member of the Remuneration Committee. He has over 33 years of experience in jewellery retailing business and is responsible for the sales operations and administration of the Group's retail shops. He has been appointed to various positions over the years including: an executive committee member of the Diamond Federation of Hong Kong, China Ltd. since 2000; an alternate committee member of the Chinese Gold & Silver Exchange Society since July 2004 and the Vice-Chairman of Kowloon Pearls, Precious Stones, Jade, Gold and Silver Ornament Merchants Association since 2005. Moreover, he was the Vice-President of Hong Kong Tsuen Wan Industries and Commerce Association Limited for 10 years and was elected the Chairman of the fifth session in 2006; executive committee member of the Tsuen Wan Trade Association Limited since 1996 and was appointed as a co-opted member of the Tsuen Wan District Council, Industry & Commerce Committee in 1997 for a 10-year term. He is also a committee member of the Tsuen Wan District Fight Crime Committee since 2003 and the Vice-Chairman of the Tsuen Wan District Economy Promotion Committee from the year 2005 to 2007. Mr. Tse was appointed as the Chairman of the Tsuen Wan Festival Lightings Organizing Committee for 7 consecutive years between 1999 and 2005 and became the Vice President in 2006. He also served as the honourable President of the 32nd session of Hong Kong Kwun Tong Junior Police Call in the same year. On 1st July 2006, Mr. Tse was awarded the "Chief Executive's Commendation for Community Service" by the Government of the Hong Kong SAR.

董事及高層管理人員之履歷詳情

執行董事

黃偉常先生，56歲，為本集團創辦人兼行政總裁。彼亦為薪酬委員會成員之一。黃先生具備逾39年香港珠寶業經驗，負責本集團整體企業策劃及行政管理事宜。彼自1993年11月為九龍首飾業文員會之理事長。自2001年4月起獲邀出任玉器業工商會永遠名譽會長。彼亦於2005年獲選為澳門金業同業公會名譽會長。於2006年，彼獲委任為廣東省金銀珠寶玉器業廠商會首屆名譽會長。

謝滿全先生，56歲，為本集團之共同創辦人，現職董事兼副總經理及薪酬委員會成員之一。謝先生具備逾33年珠寶零售業經驗，負責本集團零售店之銷售、營運及行政事宜。謝先生於過往年度兼任多項職務，彼於2000年為香港鑽石總會有限公司之執行委員，由2004年7月起出任金銀貿易場之候補理監事，及於2005年度起任九龍珠石玉器金銀首飾業商會副理事長。此外，彼亦出任香港荃灣工商業聯合會副會長達10年及於2006年被選為第五屆會長，由1996年至現在出任荃灣商會有限公司理監事，於1997年獲委任為荃灣區議會轄下工商業委員會增選委員，為期10年；自2003年起出任荃灣區減罪委員會委員，於2005年至2007年期間出任荃灣促進經濟委員會副主席。謝先生由1999年至2005年連續7屆獲委任為荃灣區節日燈飾籌備委員會主席，並於2006年度出任副會長；同年，彼亦出任香港觀塘少年警訊第32屆名譽會長。於2006年7月1日，謝先生獲香港特別行政區政府頒授「行政長官社區服務獎狀」。

REPORT OF THE DIRECTORS 董事會報告

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT (Continued)

Executive Directors (Continued)

Mr. LAW Tim Fuk, Paul, aged 53, joined the Group in 1996. Presently, he is a Director, Company Secretary, Qualified Accountant, and Financial Controller of the Group. He is a member of The Association of Chartered Certified Accountants, the Chartered Institute of Management Accountants, the Hong Kong Institute of Certified Public Accountants and the Institute of Chartered Secretaries and Administrators. Mr. Law holds a Bachelor's Degree with honours in Accountancy. He has over 15 years of accounting and auditing experience and over 15 years of experience in commerce. He is responsible for the accounting and finance of the Group.

Mr. POON Kam Chi, aged 58, joined the Group as a Branch Manager in 1994. He was a Director and Operations Director. Mr. Poon has over 38 years of experience in the jewellery retailing business in Hong Kong. He resigned on 31st December 2005.

Mr. LAU Kwok Sum, aged 64, joined the Group as a Branch Manager in 1995. Presently, he is a Director & Zone Manager (Yaumatei & Mongkok). Prior to joining the Group, Mr. Lau worked as a regional manager in a listed jewellery company in Hong Kong. Mr. Lau has more than 36 years of experience in retailing, purchasing and wholesaling of jewellery products.

Non-Executive Directors

Mr. WONG Koon Cheung, aged 73, has over 54 years of experience in retailing and manufacturing of jewellery in Hong Kong. He joined the Group in 1992.

Mr. CHAN Wai, aged 76, has over 59 years of experience in retailing and manufacturing of jewellery in Hong Kong. He joined the Group in 1992.

Mr. LEE Shu Kuan, aged 79, has over 39 years of experience in property development in Hong Kong. He joined the Group in 1991.

Miss YEUNG Po Ling, Pauline, aged 39, is the co-founder of the Group. Miss Yeung has over 18 years of experience in public relations. Miss Yeung was the winner of Miss Hong Kong and Miss International of Goodwill in 1987. Miss Yeung was also the president of the Wai Yin Club for the year 1995-1996. She received the GIA Diamonds Graduate title in 2005.

Mr. HUI King Wai, aged 56, is a solicitor practising in Hong Kong and joined the Group in 1999. He was admitted solicitor of the Supreme Court of England and Wales and of the Supreme Court of Hong Kong in 1981 and 1982 respectively.

董事及高層管理人員之履歷詳情 (續)

執行董事 (續)

羅添福先生，53歲，1996年加入本集團，現職董事、公司秘書、合資格會計師及本集團財務總監。羅先生為英國特許公認會計師公會、英國特許管理會計師公會、香港會計師公會及特許秘書及行政人員公會之會員。羅先生持有會計系榮譽學士學位，具備逾15年會計及核數經驗及逾15年商貿經驗。彼負責本集團會計及財務事宜。

潘錦池先生，58歲，於1994年出任本集團分行經理，曾任職董事兼營運總監。彼具備逾38年香港珠寶零售業經驗。彼於2005年12月31日辭任。

劉國森先生，64歲，於1995年出任本集團分行經理，現職董事兼區域經理(油麻地及旺角區)。彼於加入本集團前，曾於香港一間上市珠寶公司任職區域經理。劉先生擁有逾36年零售、採購及批發珠寶產品經驗。

非執行董事

黃冠章先生，73歲，具備逾54年香港零售及珠寶製造業經驗。彼於1992年加入本集團。

陳偉先生，76歲，具備逾59年香港零售及珠寶製造業經驗。彼於1992年加入本集團。

李樹坤先生，79歲，具備逾39年香港物業發展經驗。彼於1991年加入本集團。

楊寶玲小姐，39歲，為本集團之共同創辦人。楊小姐具備逾18年公關工作經驗。楊小姐為1987年度香港小姐冠軍及國際親善大使。楊小姐亦曾任1995至1996年度慧妍雅集主席。彼於2005年獲取GIA Diamonds Graduate銜頭。

許競威先生，56歲，香港執業律師。彼於1999年加入本集團。許先生分別於1981年及1982年獲英格蘭及威爾斯最高法院以及香港最高法院認可為執業律師。

REPORT OF THE DIRECTORS 董事會報告

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT (Continued)

Independent Non-Executive Directors

Mr. CHIU Wai Mo, aged 56, has over 39 years of experience in general trading, property investment and management consultancy in Hong Kong and Japan. Mr. Chiu holds directorships in a number of companies in Hong Kong and Japan. He joined the Group in 1997 and is a member of both the Audit Committee and the Remuneration Committee.

Mr. HUI Chiu Chung, Stephen J.P. Aged 59, joined the Group in 1997 and is the chairman of Remuneration Committee and a member of the Audit Committee. Group Managing Director, OSK Asia Holdings Limited, was appointed to the Listing Committee on 16 May 2003. He was previously Managing Director of UOB Kay Hian (Asia) Limited. He is an Independent Non Executive Director of Lifestyle International Holdings Limited, Chun Wo Holdings Limited, New World Mobile Holdings Limited, Frasers Property (China) Limited (previously known as Vision Century Corporation Limited), Jiuzhou Development Company Limited; and a former Independent Non Executive Director of Wing Lee Holdings Limited – all of which are listed on the Exchange. Mr. Hui was appointed a Justice of the Peace in 2004 and was a member of the Election Committee for the HKSAR. He is a member of the Zhuhai Municipal Committee of the Chinese People's Political Consultative Conference. He is an appointed member of the Securities and Futures Appeals Tribunal, a member of the Committee on Real Estate Investment Trusts and a former member of the Advisory Committee of the SFC. Mr. Hui is also a member of the Standing Committee on Company Law Reform, an appointed member of the Hong Kong Institute of Certified Public Accountants Investigation Panel A and a vice chairman of the Committee of the Hong Kong Stockbrokers Association. From 1991 to 1996 and from 1997 to 2000 Mr. Hui was a member of the Council of the Stock Exchange of Hong Kong Limited and was a director of the Hong Kong Securities Clearing Co, Ltd.

Mr. LO Mun Lam, Raymond, aged 53, joined the Group since 2004. He was elected Chairman of the Board on 12th April 2005 and is the Chairman of the Audit Committee and a member of the Remuneration Committee. Mr. Lo is the Chairman of a private equity firm with interest in various business sectors. He has previously served as advisor, director and financial strategist in many multidisciplinary listed and major companies. Professionally, Mr. Lo is a Fellow member and a Corporate Finance designate of the Institute of Chartered Accountants in England & Wales, a Counselor of Real Estate, USA and a Fellow member of the Royal Institute of Chartered Surveyors, UK. He is also a member of the International Bar Association and the Hotel & Catering International Management Association. Mr. Lo is currently director of three other listed companies in Hong Kong.

董事及高層管理人員之履歷詳情 (續)

獨立非執行董事

趙偉武先生，56歲，具備逾39年香港及日本一般貿易、物業投資及管理顧問工作經驗。趙先生出任多間香港及日本公司之董事。彼於1997年加入本集團，同時為審核委員會及薪酬委員會成員之一。

許照中先生，太平紳士，59歲，於1997年加入本集團，現為薪酬委員會主席及審核委員會委員，萬信金融集團有限公司集團董事總經理，於2003年5月16日獲委任為上市委員會成員。許先生曾出任大華繼顯(亞洲)有限公司董事總經理，現為聯交所上市公司利福國際集團有限公司、俊和集團有限公司、新世界移動控股有限公司、星獅地產(中國)有限公司(前稱威新集團有限公司)及九州發展有限公司的獨立非執行董事，以及曾任永利控股有限公司的獨立非執行董事。許先生於2004年獲授太平紳士名銜，曾為香港特區選舉委員會成員，現為中國人民政治協商會議珠海市委員會委員、證券及期貨事務上訴審裁處委任成員及房地產投資信託基金委員會成員，過去亦曾擔任證監會諮詢委員會成員。另外，許先生亦是公司法改革常務委員會成員、香港會計師公會調查小組A組的委任成員及香港證券經紀業協會委員會副主席。由1991年至1996年及由1997年至2000年，許先生為香港聯合交易所有限公司理事會理事及香港中央結算有限公司董事。

盧敏霖先生，53歲，於2004年加入本集團，並於2005年4月12日獲選為董事會主席，亦為審核委員會主席及薪酬委員會成員。盧先生現於一家在多個行業擁有權益之私人公司擔任主席，並曾於多家從事多種業務之大型上市公司擔任顧問、董事及財務策劃主管。在專業資格方面，盧先生為英格蘭及威爾斯特許會計師公會資深會員及企業融資專業資格，美國註冊資深地產顧問及英國皇家特許測量師資深會員，國際律師公會會員及英國酒店及膳食國際管理學會會員。盧先生現為三間上市公司之董事。

REPORT OF THE DIRECTORS 董事會報告

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT (Continued)

Senior Management

Mr. AU Kwok Kau, aged 57, is the co-founder and Group General Manager of the Group since 1991. He is responsible for overall administration of the Group. He has over 34 years of experience in the jewellery industry in Hong Kong.

Miss Irene CHEUNG, aged 29, is the Assistant Legal Affairs Manager of the Group. She holds a Bachelor of Arts Degree from the University of Toronto and a Law Degree from Osgoode Hall of Canada. She was admitted as solicitor and barrister in Ontario, Canada in 2003, where she practised Commercial and Family Law. She joined the Group in 2005 and is responsible for the administration and coordination of the Group's legal affairs. Miss Cheung is a member of the Law Society of Upper Canada. She is the daughter-in-law of Mr. WONG Wai Sheung, the Chief Executive of the Group.

Miss CHUNG Vai Ping, Icy, aged 36, is the Product Development Manager of the Group. She joined the Group in 1990 and is responsible for the product development of the Group. She has won the Best of Show Award with her design "Flashing" in the 2nd Hong Kong Jewellery Design Competition. She received the GIA Diamonds Graduate title in 2004.

Mr. FUNG Chi Ming, Fergus, aged 52, joined the Group in 2004 as Senior Manager in Administration and Human Resources. Mr. Fung obtained a Master's Degree in Business Administration and a Bachelor's Degree in Social Science through education in Hong Kong. Prior to joining the Group, Mr. Fung has acquired extensive experience in people, business and project management in various industries and also has substantial exposure for operations in Hong Kong and China.

Mr. LEUNG Tak Fai, aged 43, joined the Group as Internal Audit Manager since 2002. He is a member of the Hong Kong Institute of Certified Public Accountants, the Association of Chartered Certified Accountants and the Information Systems Audit and Control Association. Being a Certified Information Systems Auditor, he holds a Master Degree in Business Administration. He has over 13 years of internal auditing experience of retailing industry in Hong Kong.

董事及高層管理人員之履歷詳情 (續)

高級管理人員

區國球先生，57歲，本集團之共同創辦人，自1991年起出任本集團集團總經理，負責本集團整體行政運作。彼具備逾34年香港珠寶業經驗。

張雅玲小姐，29歲，本集團助理法律事務經理，張小姐為多倫多大學文學士，持有加拿大Osgoode Hall法律學位。2003年，張小姐於加拿大安大略省獲得事務律師及訟務律師資格，主要從事商業法及家庭法。張小姐於2005年加入本集團及負責統籌及協調本集團之法律事務。張小姐為Law Society of Upper Canada之會員。張小姐為本集團行政總裁黃偉常先生之媳婦。

鍾惠冰小姐，36歲，本集團產品拓展經理，於1990年加入本集團，負責本集團之產品開發事宜。鍾小姐設計的作品「煙花」曾贏取第二屆香港珠寶設計比賽大獎。彼於2004年獲取GIA Diamonds Graduate銜頭。

馮志明先生，52歲，於2004年加入本集團，現職行政及人力資源高級經理。馮先生於香港接受教育，持有工商管理碩士學位及社會科學學士學位。於加入本集團前，馮先生於不同行業累積豐富人力資源、業務及項目管理經驗。彼亦對香港及國內之公司運作具透徹了解。

梁德輝先生，43歲，於2002年加入本集團出任內部審計經理。梁先生為香港會計師公會、英國特許公認會計師公會及電腦稽核師協會會員，持有國際電腦稽核師認證及工商管理碩士學位。梁先生具備逾13年香港零售業內部審計經驗。

REPORT OF THE DIRECTORS 董事會報告

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT (Continued)

Senior Management (Continued)

Miss LEUNG Wai Sheung, Garry, aged 38, is the Corporate Affairs Manager of the Group. She holds a professional Diploma in China Economy and Finance, a Bachelor's Degree in Business Administration and a Master Degree in Business Administration. She joined the Group in 1994 and is responsible for the Group's co-ordination of project development and corporate affairs. She is a member of the Youth Committee of the Federation of Hong Kong Guangdong Committee Organisations Limited.

Miss LI Wai Ki, Vickie, aged 50, is the Chief Jewellery Designer of the Group. She joined the Group in 1996 and is responsible for product design and development. Miss Li has over 30 years of experience in jewellery design. Prior to joining the Group, she had worked for a listed jewellery company in Hong Kong for 4 years. Miss Li also won several international design awards in the year of 2005 to 2006, namely:

The 4th Tahitian Pearl Trophy Asia
Parure Category: Champion
Pearl Row: 1st Prize

The 5th International South Sea Pearl Jewellery Design Competition
Bracelet Category: Merit Award

The 7th Hong Kong Jewellery Design Competition
Bracelet/Necklace Category: Merit Award

Mr. LING Hay Ming, Derek, aged 39, joined the Group in 2001 as I.T. Manager and the Project Manager of Jewellworld.com Limited, a subsidiary of the Company. He obtained his Master's Degree in Business Administration and Bachelor's Degree in Computer Engineering from Santa Clara University in California, U.S.A. Prior to joining the Group, Mr. Ling had over 9 years of business consulting and management experience in U.S.A. and Hong Kong.

董事及高層管理人員之履歷詳情 (續)

高級管理人員(續)

梁偉霜小姐，38歲，為本集團之企業事務經理，彼持有中國財經專業文憑、工商管理學士學位及工商管理碩士學位。彼於1994年加入本集團，現負責本集團之項目發展與企業事務之統籌工作。彼為香港廣東社團總會青年委員會會員。

李慧姬小姐，50歲，本集團首席珠寶設計師，彼於1996年加入本集團，負責產品設計及發展。李小姐擁有逾30年珠寶設計經驗。加入本集團前，曾於香港一間上市珠寶公司任職4年。李小姐另於2005至2006年度獲取下列國際性設計獎項：

第四屆國際大溪地珍珠首飾設計比賽
三件套裝組別：冠軍
珍珠串組別：亞軍

第五屆國際南洋珠寶首飾設計比賽
手鐲組別：優異獎

第七屆香港珠寶設計比賽
項鍊／手鐲組別：優異獎

林曦明先生，39歲，於2001年加入本集團，為本公司之資訊科技經理及附屬公司珠寶世界(香港)有限公司之項目經理。彼畢業於美國加州聖克拉拉大學，獲頒工商管理碩士學位及電腦工程學士學位。於加入本集團前，林先生在美國及香港累積逾9年商業顧問及管理經驗。

REPORT OF THE DIRECTORS 董事會報告

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT (Continued)

Senior Management (Continued)

Mr. TSUI Kin Wah, Tommy, aged 48, is the Chief Gemologist of the Group. Mr. Tsui joined the Group in 1995 and has over 16 years of experience in purchasing and authentication of diamonds. Mr. Tsui is an Executive Committee member of the Hong Kong Gemological Association and a fellow member of Gemmological Association of Great Britain. Besides, Mr. Tsui is an authorized representative and approved signatories under the Hong Kong Laboratory Accreditation Scheme.

Mr. WONG Ho Lung, Danny, aged 29, is the Operations Manager of the Group. He joined the Group in 2002 and is responsible for the execution and implementation of the corporate decisions and directions of the Group. With his experiences and background overseas, Mr. Wong was chiefly involved in the set up and opening of the Group's North American branches in Canada and the USA. He was also primarily responsible for the recent rebranding of the Group's new corporate image, and the redesign of the Group's retail shops. Mr. Wong is also involved in integration and software development of the Group. He is the son of Mr. WONG Wai Sheung, the Chief Executive of the Group.

Mr. WONG Wai Tong, aged 45, joined the Group in 1998. Presently, he is the Business Director. He has over 29 years of manufacturing and purchasing experience in jewellery and gold industry. He is responsible for the purchasing of diamonds, gems and gold products of the Group and the operation of the Company. Mr. Wong is the brother of Mr. WONG Wai Sheung, Chief Executive of the Group.

Mr. YEUNG Wai Hing, aged 41, joined the Group as the Finance & Accounting Manager in 2002. Mr. Yeung is a member of the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants, he has over 17 years of finance and accounting experience at a variety of business organizations including listed groups.

董事及高層管理人員之履歷詳情 (續)

高級管理人員(續)

徐建華先生，48歲，為本集團首席寶石鑑定師。徐先生於1995年加入本集團，擁有逾16年採購及鑑定寶石經驗。徐先生為香港寶石學協會理事及英國寶石學協會院士。此外，徐先生為香港實驗所認可計劃的委任代表及核准簽署人。

黃浩龍先生，29歲，本集團營運經理，於2002年加入本集團，負責執行及落實本集團營運決策及方向。黃先生以其豐富之海外經驗及背景，主要負責開設本集團位於加拿大及美國之北美洲分行，同時亦是近期本集團塑造新企業形象及重新設計本集團零售店之主要負責人。黃先生亦參與本集團之整合及軟件開發。黃先生為本集團行政總裁黃偉常先生之兒子。

黃偉棠先生，45歲，於1998年加入本集團，現職業務總監，具備逾29年珠寶黃金業製造及採購經驗。黃先生負責監管本集團採購鑽石、寶石及金飾產品以及公司營運之事宜，黃先生為本集團行政總裁黃偉常先生之胞弟。

楊位慶先生，41歲，於2002年加入本集團出任財務及會計經理一職。楊先生為英國特許公認會計師公會及香港會計師公會會員，具備逾17年之商業機構財務及會計經驗，當中包括上市集團。

REPORT OF THE DIRECTORS 董事會報告

RETIREMENT SCHEME

Details of the retirement scheme operated by the Group are set out in note 14 to the financial statements.

DIRECTORS' SERVICE CONTRACTS

None of the Directors' service contracts requires the Company to give a period of notice of more than one year or to pay compensation or make other payments equivalent to more than one year's emoluments (other than statutory compensation). Pursuant to the Bye-laws, one-third of the Directors shall retire from office by rotation at each annual general meeting of the Company save any Director holding office as Chairman or Managing Director.

The fees and other emoluments of Directors are determined by reference to industry norm and market conditions, with discretionary bonus on performance awarded to Executive Directors.

DIRECTORS' INTERESTS IN CONTRACTS

Save as disclosed in note 33 to the financial statements, no other contracts of significance in relation to the Group's business to which the Company, its subsidiaries or its holding company was a party, and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

MANAGEMENT CONTRACTS

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

CONNECTED TRANSACTIONS

The related party transaction entered into by the Group during the year ended 31st March 2006 as disclosed in note 33(b) & (c) to the financial statements does not constitute a connected transaction under the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

The related party transactions, which also constitute connected transaction under the Listing Rules are set out in note 33(a) to the financial statements and disclosed in accordance with the Chapter 14A of the Listing Rules as follows:

The connected transaction in respect of the tenancy agreement entered into with Mr. WONG Wai Sheung's father, for the lease of a retail shop of the Group was, in the opinion of the directors, entered into on normal commercial terms which are fair and reasonable so far as the shareholders of the Company are concerned.

退休金計劃

本集團所推行退休金計劃之詳情載於財務報表附註14。

董事服務合約

概無董事服務合約規定本公司須發出超過一年通知或支付或作出其他相當於超過一年酬金之賠償或其他付款(法定賠償除外)。根據公司細則,除出任主席或董事總經理之任何董事外,三分之一董事須於本公司每屆股東週年大會輪值告退。

董事袍金及其他酬金乃參考業內慣例及市況釐定,執行董事另可按表現獲發酌情花紅。

董事之合約權益

除財務報表附註33所披露外,於年結日或年內任何時間內,本公司、其附屬公司或其控股公司概無訂立任何其他與本集團業務有關而本公司董事直接或間接擁有重大權益之重大合約。

管理合約

本年度內,本公司概無訂立或訂有任何與本公司整體業務或任何主要部分管理及行政有關之合約。

關連交易

財務報表附註33(b)及(c)所披露本集團於截至2006年3月31日止年度訂立之有關連人士交易並不構成聯交所證券上市規則(「上市規則」)項下之關連交易。

財務報表附註33(a)所載有關連人士交易亦構成上市規則項下的關連交易,並根據上市規則第14A章披露如下:

本集團就租賃一間零售店舖而與黃偉常先生之父親訂立之租賃協議之關連交易,乃按董事認為對本公司股東而言屬公平合理之一般商業條款訂立。

REPORT OF THE DIRECTORS 董事會報告

DIRECTORS' BENEFITS FROM RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Details of the directors' benefits from rights to acquire shares or debentures are set out in the following section regarding the Company's Share Option Scheme.

Apart from the above, at no time during the year was the Company, its subsidiaries or its holding company a party to any arrangement to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

SHARE OPTION SCHEME

On 17th April 1997, a share option scheme ("the Scheme") was approved at a Special General Meeting of the Company under which the directors may, at their discretion, grant employees, including any executive directors, of the Company and any of its subsidiaries options to subscribe for shares in the Company subject to the terms and conditions stipulated therein. A summary of the Scheme is as follows:

(1) Purpose

The purpose of the Scheme is to provide an employee incentive compensation plan that is based on corporate performance and is tied to the Company's share value with the goal of increasing shareholders' wealth.

(2) Eligible persons

Any employees, including any executive directors, of the Company and any of its subsidiaries.

(3) Number of shares available for issue

At 31st March 2006, the maximum number of shares available for issue is 13,657,000, representing approximately 2.8% of the issued share capital of the Company as at 31st March 2006.

(4) Maximum entitlement of each eligible person

No option shall be granted to an eligible person which would cause, at the date of grant, the aggregate number of shares over which that options is granted, together with the aggregate number of shares the subject of any other options granted to that eligible person under the scheme (whether such options have or have not been exercised at the date of grant) to exceed 25% of the aggregate number of shares already issued and issuable under the scheme.

董事藉收購股份或債券權利而獲之利益

董事藉收購股份或債券權利而獲得利益之詳情載於下文有關本公司購股權計劃一節。

除以上所述者外，本公司、其附屬公司或其控股公司於年內任何時間概無訂立任何安排，使本公司董事能藉收購本公司或任何其他法人團體之股份或債券而獲得利益。

購股權計劃

1997年4月17日，本公司股東特別大會批准一項購股權計劃（「該計劃」），據此，董事可酌情授予本公司及其任何附屬公司之僱員（包括任何執行董事）購股權，可在該計劃條款及條件之規限下認購本公司股份。該計劃概述如下：

(1) 目的

該計劃旨在提供一個以公司表現為依據之僱員獎賞計劃，該計劃與本公司股份價值息息相關，故可達到增加股東財富之目標。

(2) 合資格人士

本公司及其任何附屬公司任何僱員，包括任何執行董事。

(3) 可發行股份最高數目

於2006年3月31日可供發行之股份最高數目為13,657,000股，相當於本公司於2006年3月31日已發行股本約2.8%。

(4) 每名合資格人士之最高配額

在授出購股權當天，向合資格人士授出之購股權，連同該計劃授予該名合資格人士之任何其他購股權（不論該等購股權於授出日期已行使與否）所涉及之股份總數，不得超過該計劃已發行及可予發行之股份總數之25%。

REPORT OF THE DIRECTORS 董事會報告

SHARE OPTION SCHEME (Continued)

(5) *Time of exercise of option*

An option may be exercised in accordance with the terms of the Scheme at any time during a period commencing on the date of grant of an option and expiring at 5:01 p.m. on the business day preceding the 10th anniversary of the date of grant.

(6) *Exercise price*

The option price per share payable on the exercise of an option:

- (a) granted before 1st September 2001 was determined by the directors as being in no event less than the higher of:
 - (i) the nominal value of the shares; and
 - (ii) 80% of the average of the closing price of the shares as stated in the Stock Exchange's daily quotation sheets for the 5 business days immediately preceding the date of offer of an option.
- (b) granted on or after 1st September 2001 is determined by the directors, in compliance with the requirements of Chapter 17 of the Listing Rules, as being 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 5 business days immediately preceding the date of grant.

購股權計劃 (續)

(5) 行使購股權之時間

購股權可由購股權授出日期起至授出日期十週年日前一個營業日下午5時1分止期間任何時間按照該計劃之條款行使。

(6) 行使價

行使購股權時應付之每股購股權價格：

- (a) 於2001年9月1日前授出之購股權，由董事釐定，惟在任何情況均不得低於以下兩者之較高者：
 - (i) 股份之面值；及
 - (ii) 緊接購股權授出日期前5個營業日，在聯交所每日報價表所列股份之平均收市價之80%。
- (b) 於2001年9月1日或之後授出之購股權，由董事釐定，並須符合上市規則第17章之規定，至少是以下兩者之較高者：
 - (i) 授出日期(須為營業日)聯交所每日報價表所列股份之收市價；及
 - (ii) 緊接授出日期前5個營業日，聯交所每日報價表所列股份之平均收市價。

REPORT OF THE DIRECTORS 董事會報告

SHARE OPTION SCHEME (Continued)

(7) Remaining life of the Scheme

The Scheme will remain in force until 16th April 2007.

The following table discloses movements in the Company's share options during the year:

	Options held at 1st April 2005 於2005年 4年1日 合資格人士 持有之購股權
Eligible persons	

Executive directors

執行董事

Mr. WONG Wai Sheung 黃偉常	7,064,000
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All the options above were granted on 14th June 2000 and are exercisable at any time during the period from 14th June 2000 to 13th June 2010 at an exercise price of HK\$0.34 per share.

The weighted average closing prices of the shares immediately before the dates on which options were exercised were HK\$1.80 in relation to the options exercised by an executive director.

During the year, no options were granted, cancelled or lapsed. The share options granted are not recognised in the financial statements until they are exercised.

Apart from the share option scheme mentioned above, none of the directors or chief executives (including their spouse and children under 18 years of age) had been granted, or exercised, any rights to subscribe for shares in the Company or any other body corporate.

購股權計劃 (續)

(7) 該計劃之餘下年期

該計劃將仍然生效，直至2007年4月16日。

下表披露本公司購股權於年內之變動：

Options exercised during the year 年內行使 之購股權	Options held at 31st March 2006 於2006年 3月31日 持有之購股權	Exercise date 行使日期
2,500,000	4,564,000	23rd September 2005 2005年9月23日

以上所有購股權於2000年6月14日授出，可於2000年6月14日至2010年6月13日期間任何時間按每股0.34港元之行使價行使。

對於執行董事行使之購股權，股份於緊接購股權行使日期前之加權平均收市價為1.80港元。

年內，並無購股權授出、註銷或失效。授出之購股權於行使時方會在財務報表內確認。

除以上所述購股權計劃外，並無任何董事或行政總裁(包括彼等之配偶及未滿18歲之子女)獲授予或行使可認購本公司或其任何法人團體股份之權利。

REPORT OF THE DIRECTORS 董事會報告

MAJOR CUSTOMERS

During the year under review, the percentages of sales for the year attributable to the Group's major customers are as follows:

		2006	2005
The largest customers	最大客戶	20.9%	15.3%
Five largest customers combined	五名最大客戶合計	34.6%	25.5%

None of the directors, their associates or any shareholders (which to the knowledge of the directors owns more than 5% of the Company's share capital) had interest in the major customers noted above.

MAJOR SUPPLIERS

The percentages of purchases for the year attributable to the Group's major suppliers are as follows:

		2006	2005
The largest supplier	最大供應商	25%	19%
Five largest suppliers combined	五名最大供應商合計	37%	36%

None of the directors, their associates or any shareholders (which to the knowledge of the directors owns more than 5% of the Company's share capital) had interest in the major suppliers noted above.

BANK LOANS, OVERDRAFTS AND OTHER BORROWINGS

At 31st March 2006, the Group did not have any bank loans, overdrafts or other borrowings (2005: HK\$21,420,000).

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Bye-laws although there are no restrictions against such rights under the laws of Bermuda.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES OF THE LISTING RULES

Throughout the year, the Company was in compliance with the Code on Corporate Governance Practices as set out in the Listing Rules except for certain deviations as described in the Corporate Governance Report set out on pages 20 to 34.

主要客戶

年內，本集團主要客戶所佔銷貨額之百分比如下：

	2006	2005
最大客戶	20.9%	15.3%
五名最大客戶合計	34.6%	25.5%

各董事、彼等之聯繫人士或任何股東(據董事所知擁有本公司5%以上股本者)概無擁有上述主要客戶之權益。

主要供應商

年內，本集團主要供應商所佔購貨額之百分比如下：

	2006	2005
最大供應商	25%	19%
五名最大供應商合計	37%	36%

各董事、彼等之聯繫人士或任何股東(據董事所知擁有本公司5%以上股本者)概無擁有上述主要供應商之權益。

銀行貸款、透支及其他借貸

於2006年3月31日，本集團並無任何銀行貸款、透支或其他借款(2005年：21,420,000港元)。

優先購買權

本公司之公司細則並無載列有關優先購買權之規定，惟百慕達法例對該等權利並無限制。

遵守上市規則之企業管治常規守則

本年內，本公司一直遵照適用於上市規則所載列企業管治常規守則，惟第20至34頁企業管治報告所載年內若干期間除外。

REPORT OF THE DIRECTORS 董事會報告

AUDIT COMMITTEE

In compliance with paragraph 14 of the Code of Best Practice (applicable before 1st January 2005), the Board has established an audit committee comprising all independent non-executive directors, to monitor the accounting and financial reporting practices and internal control systems of the Company. Since 1st April 2005, the audit committee has held several meetings to consider matters including the 2005 annual report of the Company, internal controls, the unaudited interim condensed consolidated financial information for the six months ended 30th September 2005, the 2006 annual report of the Company and the Group's IT control environment.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from 21st August 2006 to 24th August 2006, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the final dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's Share Registrars in Hong Kong, Computershare Hong Kong Investor Services Limited, 46th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:00 p.m. on 18th August 2006.

AMENDMENTS TO BYE-LAWS

In order to align the Company's Bye-laws with certain amendments to the Listing Rules, the Directors propose that the Bye-laws be amended in the manner as set out in the Proposed Special Resolutions. The Circular containing, amongst other things, information on the proposed amendments to the Bye-laws, will be sent to Shareholders together with this Annual Report.

SUFFICIENCY OF PUBLIC FLOAT

Based on information publicly available to the Company and within the knowledge of its directors as at 22nd July 2006, being the latest practicable date prior to the issue of the annual report, the public float of shares in the Company has remained above the minimum percentage required by The Stock Exchange throughout the year.

AUDITORS

The financial statements have been audited by PricewaterhouseCoopers who retire and, being eligible, offer themselves for re-appointment.

By Order of the Board

LO Mun Lam, Raymond
Chairman

Hong Kong, 24th August 2006

審核委員會

董事會已成立一個由所有獨立非執行董事組成之審核委員會，以符合(適用於2005年1月1日前)最佳應用守則第14段之規定。審核委員會之主要職責包括監督本公司之會計及財務匯報程序和內部監控。自2005年4月1日起以來，審核委員會召開多個會議以省覽包括本公司2005年度年報、內部監控，審閱有關截至2005年9月30日止六個月之未經審核中期簡明綜合財務資料、本公司2006年度年報及本集團之資訊科技控制之環境等事宜。

暫停辦理股份過戶登記

本公司將由2006年8月21日至2006年8月24日(首尾兩天包括在內)暫停辦理股份過戶登記手續。為符合資格享有末期股息，所有過戶文件連同有關股票最遲須於2006年8月18日下午4時正送達本公司在香港之股份過戶登記處香港中央證券登記有限公司，地址為香港皇后大道東183號合和中心46樓。

修訂公司細則

為使本公司的公司細則與上市規則若干修訂一致，董事建議公司細則按建議特別決議案所載作出修訂。載有(其中包括)修訂公司細則建議資料的通函將連同本年報寄發予股東。

充裕的公眾持股量

根據本公司獲得之公開資料及據董事所知，於本年報刊發前的最後實際可行日期2006年7月22日，本公司股份之公眾持股量全年維持於聯交所要求的最低百分比之上。

核數師

本財務報表已經由羅兵咸永道會計師事務所審核，該核數師任滿告退，但表示願意膺聘連任。

承董事會命

盧敏霖
主席

香港，2006年8月24日

AUDITORS' REPORT 核數師報告

PRICEWATERHOUSECOOPERS 

羅兵咸永道會計師事務所

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

**TO THE SHAREHOLDERS OF
LUK FOOK HOLDINGS (INTERNATIONAL) LIMITED**
(incorporated in Bermuda with limited liability)

We have audited the financial statements on pages 59 to 125 which have been prepared in accordance with accounting principles generally accepted in Hong Kong.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The directors of the Company are responsible for the preparation of financial statements which give a true and fair view. In preparing financial statements which give a true and fair view it is fundamental that appropriate accounting policies are selected and applied consistently.

It is our responsibility to form an independent opinion, based on our audit, on those financial statements 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.

BASIS OF OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the circumstances of the Company and the Group, consistently applied and adequately disclosed.

致六福集團(國際)有限公司
(於百慕達註冊成立之有限公司)
全體股東

本核數師已完成審核第59至第125頁之財務報表，該等財務報表乃按香港普遍採納之會計原則編製。

董事及核數師各自之責任

編製真實兼公平之財務報表乃貴公司董事之責任。在編製該等真實兼公平之財務報表時，董事必須採用適當之會計政策，並且貫徹應用該等會計政策。

本核數師之責任是根據審核之結果，對該等財務報表出具獨立意見，並按照百慕達1981年《公司法》第90條僅向整體股東報告，除此之外本報告別無其他目的。本核數師不會就本報告的內容向任何其他人士負上或承擔任何責任。

意見之基礎

本核數師已按照香港會計師公會所頒佈的核數準則進行審核工作。審核範圍包括以抽查方式查核與財務報表所載數額及披露事項有關之憑證，亦包括評審董事於編製財務報表時所作之重大估計和判斷，所採用之會計政策是否適合貴公司與貴集團之具體情況，及有否貫徹應用並足夠披露該等會計政策。

AUDITORS' REPORT

核數師報告

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the financial statements are free from material misstatement. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements. We believe that our audit provides a reasonable basis for our opinion.

OPINION

In our opinion the financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31st March 2006 and of the profit and cash flows of the Group for the year then ended and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 24th July 2006

本核數師在策劃和進行審核工作時，均以取得所有本核數師認為必需之資料及解釋為目標，以便獲得充分憑證，就該等財務報表是否存有重大錯誤陳述，作出合理之確定。在作出意見時，本核數師亦已評估該等財務報表所載之資料在整體上是否足夠。本核數師相信我們之審核工作已為下列意見提供合理之基礎。

意見

本核數師認為，上述財務報表足以真實兼公平地顯示貴公司與貴集團於2006年3月31日結算時之財務狀況，及貴集團截至該日止年度之溢利及現金流量，並按照《香港公司條例》之披露規定妥為編製。

羅兵咸永道會計師事務所
執業會計師

香港，2006年7月24日

CONSOLIDATED INCOME STATEMENT

綜合損益表

For the year ended 31st March 2006
截至2006年3月31日止年度

			2006 HK\$'000 千港元	2005 HK\$'000 千港元 (Restated) (重列) (Note 2) (附註2)
Turnover	營業額	6	2,126,297	1,961,720
Cost of sales	銷售成本		(1,663,447)	(1,545,748)
Gross profit	毛利		462,850	415,972
Other income	其他收入	7	26,201	23,080
Selling and distribution costs	銷售及分銷費用		(332,311)	(274,067)
Administrative expenses	行政費用		(39,243)	(33,927)
Other operating expenses	其他經營費用		(3,768)	(3,977)
Gain on disposal of properties	出售物業收入		-	25,449
Operating profit	經營溢利	8	113,729	152,530
Finance costs	財務費用	9	(1,309)	(425)
Profit before taxation	除稅前溢利		112,420	152,105
Taxation	稅項	10	(15,891)	(25,146)
Profit for the year	年內溢利		96,529	126,959
Profit attributable to:	應佔溢利：			
Equity holders of the Company	本公司權益持有人	11	95,695	125,795
Minority interests	少數股東權益		834	1,164
			96,529	126,959
Earnings per share for profit attributable to the equity holders of the Company	本公司權益持有人應佔溢利之每股盈利	12		
Basic	基本		HK19.7 cents	HK26.1 cents
Diluted	攤薄		HK19.5 cents	HK25.8 cents
Dividends	股息	13	48,794	58,254

The notes on pages 64 to 125 are an integral part of these consolidated financial statements.
第64至125頁之附註乃該等綜合財務報表之組成部分。

CONSOLIDATED BALANCE SHEET

綜合資產負債表

As at 31st March 2006
於2006年3月31日

	Note 附註	2006 HK\$'000 千港元	2005 HK\$'000 千港元 (Restated) (重列) (Note 2) (附註2)
ASSETS			
Non-current assets			
Property, plant and equipment	16	105,107	85,972
Leasehold land and land use rights	17	12,835	14,309
Other investments	18	-	2,147
Available-for-sale financial asset	19	-	-
Trading licence	20	1,080	-
Rental deposits		19,575	15,690
Deferred tax assets	30	6,257	6,380
		144,854	124,498
Current assets			
Inventories	22	611,986	544,828
Trade receivables	24	12,144	15,206
Deposits, prepayments and other receivables		20,369	16,146
Non-current asset held for sale	25	850	-
Bank balances and cash	31(c)	108,738	131,406
		754,087	707,586
Total assets		898,941	832,084
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital	27	48,794	48,544
Reserves	28	201,266	192,633
Retained earnings			
- Proposed dividends	13	34,156	38,836
- Others		430,948	384,047
		715,164	664,060
Minority interests	29	13,028	9,249
Total equity		728,192	673,309
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities	30	623	1,945
Current liabilities			
Trade and other payables	26	161,641	121,493
Taxation payable		8,485	13,917
Short-term bank loan, unsecured		-	21,420
		170,126	156,830
Total equity and liabilities		898,941	832,084
Net current assets		583,961	550,756
Total assets less current liabilities		728,815	675,254

WONG Wai Sheung

黃偉常
Director
董事

TSE Moon Chuen

謝滿全
Director
董事

The notes on pages 64 to 125 are an integral part of these consolidated financial statements.
第64至125頁之附註乃該等綜合財務報表之組成部分。

BALANCE SHEET
資產負債表As at 31st March 2006
於2006年3月31日

		Note 附註	2006 HK\$'000 千港元	2005 HK\$'000 千港元
ASSETS	資產			
Non-current assets	非流動資產			
Interests in subsidiaries	附屬公司權益	21	419,408	419,408
Current assets	流動資產			
Amount due from a subsidiary	應收一家附屬公司賬項	23	60,000	60,000
Taxation recoverable	可收回稅項		18	30
Bank balances and cash	銀行結餘及現金		1,127	155
			61,145	60,185
Total assets	總資產		480,553	479,593
EQUITY	權益			
Capital and reserves attributable to the Company's equity holders	本公司權益持有人應佔資本及儲備			
Share capital	股本	27	48,794	48,544
Reserves	儲備	28	390,208	378,706
Proposed dividends	擬派股息	13	34,156	38,836
Total equity	股本總額		473,158	466,086
LIABILITIES	負債			
Current liabilities	流動負債			
Amounts due to subsidiaries	應付附屬公司賬項	23	6,851	12,486
Other payables	其他應付賬項		544	1,021
			7,395	13,507
Total equity and liabilities	權益總額及負債		480,553	479,593
Net current assets	流動資產淨額		53,750	46,678
Total assets less current liabilities	總資產減流動負債		473,158	466,086

WONG Wai Sheung
黃偉常
Director
董事

TSE Moon Chuen
謝滿全
Director
董事

The notes on pages 64 to 125 are an integral part of these consolidated financial statements.
第64至125頁之附註乃該等綜合財務報表之組成部分。

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

綜合權益變動表

For the year ended 31st March 2006
截至2006年3月31日止年度

	Note 附註	2006 HK\$'000 千港元	2005 HK\$'000 千港元 (Restated) (重列) (Note 2) (附註2)
At 1st April, as previously reported as equity		674,028	583,157
At 1st April, as previously separately reported as minority interest		9,249	7,836
Effect of adoption of HKAS 17 (Note 2)		(9,968)	(2,819)
At 1st April, as restated		673,309	588,174
Exchange differences	28	1,875	(126)
Surplus on revaluation of other properties	28	6,158	–
Profit for the year		96,529	126,959
Dividends paid	28	(53,474)	(43,467)
Issue of shares	27, 28	850	1,520
Loan from a minority shareholder of a subsidiary		–	490
Repayment of loan from a minority shareholder of a subsidiary		–	(241)
Investment in a subsidiary by a minority shareholder		2,945	–
At 31st March		728,192	673,309

The notes on pages 64 to 125 are an integral part of these consolidated financial statements.
第64至125頁之附註乃該等綜合財務報表之組成部分。

CONSOLIDATED CASH FLOW STATEMENT

綜合現金流量表

For the year ended 31st March 2006
截至2006年3月31日止年度

			2006 HK\$'000 千港元	2005 HK\$'000 千港元 (Restated) (重列)
Cash flows from operating activities	經營活動之現金流量			
Net cash generated from operations	經營產生之現金淨額	31(a)	103,174	88,008
Hong Kong profits tax paid	已付香港利得稅		(20,062)	(16,553)
Overseas income taxes paid	已付海外所得稅		(2,460)	-
			80,652	71,455
Net cash generated from operating activities	經營活動產生之現金淨額		80,652	71,455
Cash flows from investing activities	投資活動之現金流量			
Purchase of property, plant and equipment and payment for leasehold land and land use rights	購置物業、廠房及設備及支付租賃土地及土地使用權		(33,803)	(81,600)
Disposal of property, plant and equipment and leasehold land and land use rights	出售物業、廠房及設備及租賃土地及土地使用權		264	89,342
Interest received	已收利息		835	95
Repayment of loan from investee	償還投資公司之貸款		25	-
			(32,679)	7,837
Net cash (used in)/generated from investing activities	投資活動(所用)/產生之現金淨額		(32,679)	7,837
Cash flows from financing activities	理財活動之現金流量			
Proceeds from short-term bank loan	短期銀行貸款所得款項	31(b)	-	25,200
Repayment of short-term bank loan	償還短期銀行貸款	31(b)	(21,420)	(3,780)
Interest on bank loan and overdrafts	銀行貸款及透支之利息		(1,309)	(425)
Proceeds from issue of ordinary shares	發行普通股所得款項		850	1,520
Dividends paid	已派股息		(53,474)	(43,467)
Loan from a minority shareholder	一名少數股東提供之貸款	31(b)	-	490
Repayment of loan from a minority shareholder	償還一名少數股東之貸款	31(b)	-	(241)
Investment in a subsidiary by a minority shareholder	一名少數股東於一家附屬公司之投資	31(b)	2,945	-
			(72,408)	(20,703)
Net cash used in financing activities	用於理財活動之現金淨額		(72,408)	(20,703)
Net (decrease)/increase in cash and cash equivalents	現金及現金等值項目之(減少)/增加淨額		(24,435)	58,589
Cash and cash equivalents at 1st April	於4月1日之現金及現金等值項目		131,406	73,126
Exchange differences	匯兌差額		1,767	(309)
Cash and cash equivalents at 31st March	於3月31日之現金及現金等值項目	31(c)	108,738	131,406

The notes on pages 64 to 125 are an integral part of these consolidated financial statements.
第64至125頁之附註乃該等綜合財務報表之組成部分。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

1 GENERAL INFORMATION

Luk Fook Holdings (International) Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) are principally engaged in the retailing and wholesaling of gold jewellery and gold ornaments, gem-set jewellery and gemstones and other accessory items.

The Company was incorporated in Bermuda on 3rd September 1996 as a company with limited liability under the Companies Act of Bermuda. The address of its Registered office is Canon’s Court, 22 Victoria Street Hamilton HM 12 Bermuda.

These consolidated financial statements are presented in thousands of Hong Kong dollars (“HK\$’000”), unless otherwise stated.

2 BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”), including Hong Kong Accounting Standards (“HKAS”) and Interpretations. These consolidated financial statements have been prepared under the historical cost convention as modified by the revaluation of buildings, financial assets and financial liabilities (including derivative instruments) at fair value through profit and loss (if any), and available-for-sale financial assets, which are stated at fair value.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 5.

1 一般資料

六福集團(國際)有限公司(「本公司」)及其附屬公司(統稱「本集團」)主要從事黃金首飾及黃金飾物、鑲石首飾及寶石和其他配件之零售及批發業務。

本公司於1996年9月3日在百慕達根據百慕達公司法註冊成立為有限公司。其註冊辦事處地址為Canon's Court, 22 Victoria Street Hamilton HM 12 Bermuda。

除另有說明外，該等綜合財務報表均以千港元呈列。

2 呈報基準

綜合財務報表乃根據香港財務報告準則(「香港財務報告準則」，包括香港會計準則(「香港會計準則」)及詮釋)編製。該等綜合財務報表按歷史成本慣例編製，惟樓宇重估、按公平值記入損益表之財務資產及財務負債(包括衍生工具)(若有)，及可供出售財務資產，均按公平值列賬。

編製與香港財務報告準則貫徹一致之財務報表規定採用若干重要會計估算，這需要管理層於應用本公司會計政策時行使其判斷。涉及較多判斷或較複雜之範疇，或假設項目與估值對綜合財務報表而言屬重大之範疇，均於附註5披露。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

2 BASIS OF PREPARATION (Continued)

The adoption of new/revised HKFRS

In 2005/06, the Group adopted the new/revised standards and interpretations of HKFRS below, which are relevant to its operations. The 2004/05 comparatives have been restated as appropriate, in accordance with the relevant requirements.

HKAS 1	Presentation of Financial Statements
HKAS 2	Inventories
HKAS 7	Cash Flow Statements
HKAS 8	Accounting Policies, Changes in Accounting Estimates and Errors
HKAS 10	Events after the Balance Sheet Date
HKAS 12	Income Taxes
HKAS 14	Segment Reporting
HKAS 16	Property, Plant and Equipment
HKAS 17	Leases
HKAS 18	Revenue
HKAS 19	Employee Benefits
HKAS 21	The Effects of Changes in Foreign Exchange Rates
HKAS 23	Borrowing Costs
HKAS 24	Related Party Disclosures
HKAS 27	Consolidated and Separate Financial Statements
HKAS 32	Financial Instruments: Disclosure and Presentation
HKAS 33	Earnings per Share
HKAS 36	Impairment of Assets
HKAS 37	Provisions, Contingent Liabilities and Contingent Assets
HKAS 38	Intangible Assets
HKAS 39	Financial Instruments: Recognition and Measurement
HKAS Int 15	Operating Leases – Incentives
HKFRS 2	Share-based Payment
HKFRS 3	Business Combinations
HKFRS 5	Non-current Assets Held for Sale and Discontinued Operations

2 呈報基準(續)

採納新訂／經修訂香港財務報告準則

於2005／06年度，本集團已採納以下與其業務相關之新訂或經修訂香港財務報告準則及詮釋。同時，2004／05年度之比較數字已在有需要時予以重列。

香港會計準則第1號	財務報表之呈列
香港會計準則第2號	存貨
香港會計準則第7號	現金流量表
香港會計準則第8號	會計政策、會計估計之變更及誤差
香港會計準則第10號	結算日後事項
香港會計準則第12號	利得稅
香港會計準則第14號	分部報告
香港會計準則第16號	物業、廠房及設備
香港會計準則第17號	租賃
香港會計準則第18號	收入
香港會計準則第19號	僱員福利
香港會計準則第21號	外幣匯率變動之影響
香港會計準則第23號	借貸成本
香港會計準則第24號	關連人士披露
香港會計準則第27號	綜合及獨立財務報表
香港會計準則第32號	金融工具：披露及呈列
香港會計準則第33號	每股盈利
香港會計準則第36號	資產減值
香港會計準則第37號	撥備、或然負債及或然資產
香港會計準則第38號	無形資產
香港會計準則第39號	金融工具：確認及計量
香港會計準則	經營租賃－優惠
－詮釋第15號	
香港財務報告準則第2號	以股份支付之支出
香港財務報告準則第3號	業務合併
香港財務報告準則第5號	持作出售之非流動資產及已終止經營業務

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

2 BASIS OF PREPARATION (Continued)

The adoption of new/revised HKFRS

(Continued)

The adoption of HKASs 1, 2, 7, 8, 10, 12, 14, 16, 18, 19, 21, 23, 24, 27, 33, 36, 37, 38, HKAS-Int 15, HKFRS 3 and HKFRS 5 did not result in substantial changes to the Group's accounting policies. In summary:

- HKAS 1 has affected the presentation of minority interest and other disclosures.
- HKASs 2, 7, 8, 10, 12, 14, 16, 18, 19, 23, 27, 33, 36, 37, 38, HKAS-Int 15, HKFRS 3 and HKFRS 5 had no material effect on the Group's policies.
- HKAS 21 had no material effect on the Group's policy. The functional currency of each of the consolidated entities has been re-evaluated based on the guidance in the revised standard.
- HKAS 24 has affected the identification of related parties and some other related-party disclosures.

Adoption of HKAS 17

The adoption of revised HKAS 17 has resulted in a change in the accounting policy relating to the reclassification of leasehold land and land use rights from property, plant and equipment to operating leases. The up-front prepayments made for the leasehold land and land use rights are expensed in the income statement on a straight-line basis over the period of the lease or when there is impairment, the impairment is immediately expensed in the income statement. In prior years, the leasehold land and land use rights were accounted for at valuation/cost less accumulated depreciation and accumulated impairment.

The adoption of HKAS 17 resulted in a decrease in opening reserves at 1st April 2004 by HK\$1,796,000.

2 呈報基準(續)

採納新訂／經修訂香港財務報告準則(續)

採納香港會計準則第1、2、7、8、10、12、14、16、18、19、21、23、24、27、33、36、37、38號、香港會計準則—詮釋第15號、香港財務報告準則第3號及香港財務報告準則第5號並無導致本集團之會計政策出現重大變動。簡略而言：

- 香港會計準則第1號影響少數股東權益及其他披露之呈列。
- 香港會計準則第2、7、8、10、12、14、16、18、19、23、27、33、36、37、38號、香港會計準則—詮釋第15號、香港財務報告準則第3號及香港財務報告準則第5號對本集團之政策並無重大影響。
- 香港會計準則第21號對本集團之政策並無重大影響。各綜合實體之功能貨幣已根據經修訂準則之指引再度評估。
- 香港會計準則第24號影響關連人士之確認及若干其他關連人士之披露。

採納香港會計準則第17號

採納經修訂香港會計準則第17號導致有關將租賃土地及土地使用權由物業、廠房及設備重新分類為經營租賃之會計政策變動。租賃土地及土地使用權之首次預付款於租期內以直線法在損益表支銷，或倘出現減值時，減值乃在損益表支銷。於過往年度，租賃土地及土地使用權乃按估值/成本減累計折舊及累計減值列賬。

採納香港會計準則第17號導致於2004年4月1日之期初儲備減少1,796,000港元。

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

2 BASIS OF PREPARATION (Continued)

The adoption of new/revised HKFRS

(Continued)

Adoption of HKAS 17 (Continued)

Decrease in property, plant and equipment	物業、廠房及設備 減少
Increase in leasehold land and land use rights	租賃土地及土地 使用權增加
Decrease in revaluation reserve	重估儲備減少

2 呈報基準 (續)

採納新訂／經修訂香港財務報告準則 (續)

採納香港會計準則第17號 (續)

		As at 31st March 2006 於2006年3月31日 HK\$'000 千港元	As at 31st March 2005 於2005年3月31日 HK\$'000 千港元
		(12,835)	(14,309)
		12,835	14,309
		—	(6,956)
		333	(193)
		HK 0.07 cents	HK (0.04) cents
		HK 0.07 cents	HK (0.04) cents

Adoption of HKAS 32 and HKAS 39

The adoption of HKAS 32 and HKAS 39 has resulted in a change in the accounting policy relating to the classification of financial assets at fair value through profit and loss and available-for-sale financial assets. It has also resulted in the recognition of derivative financial instruments at fair value and a change in the recognition and measurement of hedging activities.

採納香港會計準則第32號及香港會計準則第39號

採納香港會計準則第32號及香港會計準則第39號導致有關按公平值記入損益表之財務資產及可供出售財務資產之分類方法之會計政策出現變動，同時亦導致按公平值確認衍生金融工具，以及使對沖活動之確認及計量方法出現變動。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

2 BASIS OF PREPARATION (Continued)

The adoption of new/revised HKFRS

(Continued)

Adoption of HKAS 32 and HKAS 39 (Continued)

The adoption of HKAS 32 and HKAS 39 had no effect on opening reserves at 1st April 2005 and the details of the adjustments to the balance sheet at 31st March 2006 are as follows:

		As at 31st March 2006 於2006年3月31日 HK\$'000 千港元	As at 31st March 2005 於2005年3月31日 HK\$'000 千港元
Increase in available-for-sale financial asset	可供出售財務資產增加	1,042	-
Decrease in other investment	其他投資減少	(1,042)	-

Adoption of HKFRS 2

The adoption of HKFRS 2 has resulted in a change in the accounting policy for share-based payments. Until 31st December 2004, the provision of share options to employees did not result in a charge to the income statement. Effective 1st January 2005, the Group expenses the cost of share options in the income statement. As a transitional provision, the cost of share options granted after 7th November 2002 which had not yet vested on 1st January 2005, if any, was expensed retrospectively in the income statement of the respective periods. The adoption of HKFRS 2 had no impact on the Group's profit and loss and opening reserves.

All relevant changes in the accounting policies have been made in accordance with the transitional provisions of the respective standards, which require retrospective application to prior year comparatives other than:

- HKAS 39 – recognises all derivatives at fair value in the balance sheet on 1st April 2005 and adjusts the balance to retained earnings as at that date;
- HKAS-Int 15 – does not require recognition of incentives for leases commencing before 1st January 2005;
- HKFRS 3 – prospectively after the adoption date.

2 呈報基準(續)

採納新訂／經修訂香港財務報告準則(續)

採納香港會計準則第32號及香港會計準則第39號(續)

採納香港會計準則第32號及香港會計準則第39號對2005年4月1日之期初儲備並無影響，於2006年3月31日資產負債表之調整詳情如下：

	As at 31st March 2006 於2006年3月31日 HK\$'000 千港元	As at 31st March 2005 於2005年3月31日 HK\$'000 千港元
Increase in available-for-sale financial asset	1,042	-
Decrease in other investment	(1,042)	-

採納香港財務報告準則第2號

採納香港財務報告準則第2號導致有關以股份支付之支出之會計政策有所變動。直至2004年12月31日，向僱員提供購股權並不會產生損益表項下之支出。自2005年1月1日起，本集團須將購股權之成本於損益表列為支出。根據過渡性條文，於2002年11月7日後授出並於2005年1月1日尚未歸屬之購股權之成本(如有)，乃以追溯方式於相關期間之損益表列為支出。採納香港財務報告準則第2號對本集團之損益及期初儲備並無影響。

會計政策之所有相關變動乃根據各項準則之過渡條文作出，並須追溯應用於過往年度之比較數字，惟以下各項除外：

- 香港會計準則第39號－於2005年4月1日將所有衍生工具按公平值在資產負債表內確認，並將結餘調整至該日之保留盈利；
- 香港會計準則－詮釋第15號－並無規定於2005年1月1日前開始之租賃優惠須予確認；
- 香港財務報告準則第3號－預期於採納日期後應用。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

2 BASIS OF PREPARATION (Continued)

The adoption of new/revised HKFRS

(Continued)

There has been no early adoption by the Group of the following new standards or interpretations that have been issued but are not yet effective. The adoption of such standards or interpretations will not result in substantial changes to the Group's accounting policies.

HKAS 1 (Amendment)	Capital Disclosures
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 and HKFRS 4 (Amendments)	Financial Guarantee Contracts
HKFRS 6	Exploration for and Evaluation of Mineral Resources
HKFRS 7	Financial Instruments : Disclosures
HKFRS Interpretation 4	Determining whether an Arrangement contains a Lease
HKFRS Interpretation 5	Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
HKFRS Interpretation 6	Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment
HKFRS Interpretation 7	Applying the Restatement Approach under HKAS 29 Financial Reporting in Hyperinflationary Economies
HKFRS Interpretation 8	Scope of HKFRS 2
HKFRS Interpretation 9	Reassessment of Embedded Derivatives

2 呈報基準 (續)

採納新訂／經修訂香港財務報告準則 (續)

本集團並未提前採納以下已頒佈但尚未生效之新準則或詮釋。採納此等準則或詮釋將不會對本集團會計政策產生重大改變。

香港會計準則第1號 (經修訂)	資本披露
香港會計準則第19號 (經修訂)	精算收益及虧損、集團計劃及披露
香港會計準則第21號 (經修訂)	海外業務淨投資
香港會計準則第39號 (經修訂)	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 (經修訂)	公平值選擇權
香港會計準則第39號及香港財務報告準則第4號 (經修訂)	財務擔保合約
香港財務報告準則第6號	開採及評估礦物資源
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－詮釋第4號	確定安排是否包括租賃
香港財務報告準則－詮釋第5號	享有解除運作、修復及環境修復基金所產生權益之權利
香港財務報告準則－詮釋第6號	參與電器電子設備特定回收市場而產生的負債
香港財務報告準則－詮釋第7號	於香港會計準則第29號惡性通脹經濟中的財務報告中應用重列方式
香港財務報告準則－詮釋第8號	香港財務報告準則第2號之範疇
香港財務報告準則－詮釋第9號	重估附帶衍生工具

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

2 BASIS OF PREPARATION (Continued)

The adoption of new/revised HKFRS

(Continued)

Amendments as a consequence of the effective of Hong Kong Companies (Amendment) Ordinance 2005:

HKAS 1 (Amendment)	Presentation of Financial Statements
HKAS 27 (Amendment)	Consolidated and Separate Financial Statements
HKFRS 3 (Amendment)	Business Combinations

3 PRINCIPAL ACCOUNTING POLICIES

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

(a) Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31st March.

(i) 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. 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.

2 呈報基準(續)

採納新訂／經修訂香港財務報告準則(續)

因2005年香港公司條例(經修訂)頒佈而作出之修訂:

香港會計準則 第1號(經修訂)	呈報財務報表
香港會計準則 第27號(經修訂)	綜合及獨立 財務報表
香港財務報告準則 第3號(經修訂)	業務合併

3 主要會計政策

編製此等綜合財務報表所採用之主要會計政策載列如下。除另有說明者外，該等政策已於所有呈報年度貫徹應用。

(a) 集團會計

綜合財務報表包括本公司及其附屬公司編製至3月31日之財務報表。

(i) 附屬公司

附屬公司指本集團有權監管其財務及營運決策並通常擁有其過半數投票權持股量之一切實體(包括特別目的實體)。於評估本集團是否控制另一實體時，會考慮是否存在現時可行使或可轉換之潛在投票權及其影響。附屬公司自其控制權轉移至本集團當日起全面綜合入賬。附屬公司自其控制權終止當日起取消綜合入賬。

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

3 PRINCIPAL ACCOUNTING POLICIES

(Continued)

(a) Consolidation (Continued)

(i) Subsidiaries (Continued)

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interests. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, including any contingent liabilities assumed, the difference is recognised directly in the consolidated income statement.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated but considered an impairment indicator 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 dividends received and receivable.

3 主要會計政策(續)

(a) 集團會計(續)

(i) 附屬公司(續)

本集團採用收購會計法為其所收購之附屬公司入賬。收購成本按於交易當日所獲資產之公平值、已發行股本工具及已產生或承擔之負債加上直接源自收購之成本計量。在商務合併過程中所收購之可識別資產、所承擔之負債及或然負債，均於收購當日按其公平值作初步計量，而毋須計及任何少數股東權益。收購成本超出本集團應佔所收購之可識別淨資產公平值之差額列作商譽。倘收購成本低於所收購附屬公司淨資產(包括已承擔之任何或然負債)之公平值，則有關差額將直接在綜合收益表內確認。

公司間交易、集團公司間之結餘及未變現盈利已對銷。未變現虧損亦會對銷，惟被當作已轉讓資產之減值指標。已就附屬公司之會計政策作出必要變動，以確保與本集團採納之會計政策一致。

於本公司之資產負債表內，於附屬公司之投資乃按成本值扣除減值虧損撥備列賬。附屬公司業績乃由本公司按已收及應收股息基準列賬。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

3 PRINCIPAL ACCOUNTING POLICIES

(Continued)

(a) Consolidation (Continued)

(ii) Transactions and minority interests

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

(b) Segment reporting

A business segment is a distinguishable component of the Group that is engaged and operated either in providing particular products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), and which is subject to risks and returns that are different from those of other segments.

In accordance with its internal financial reporting, the Group has determined that business segment information be presented as the primary reporting format and geographical segment information as the secondary reporting format.

(c) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements 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 financial statements are presented in Hong Kong dollars ("HK\$"), which is the Company's functional and presentation currency.

3 主要會計政策 (續)

(a) 集團會計 (續)

(ii) 交易及少數股東權益

本集團其中一項政策為將與少數股東權益之交易視作與本集團外部人士之交易。因向少數股東權益出售而產生之本集團盈虧，會記入綜合收益表內。於從少數股東權益進行購買時，其已付代價與有關應佔所收購之附屬公司淨資產之賬面值存在差額，即為商譽。

(b) 分部呈報

分部指本集團從事及經營提供特定產品或服務(業務分部)或於特定經濟環境內提供產品或服務(地區分部)且風險及回報有別於其他分部之明顯組成部分。

根據本集團之內部財務申報，本集團決定將業務分部資料呈列為主要呈報方式而地區分部為從屬呈報方式。

(c) 外幣換算

(i) 功能貨幣及列賬貨幣

本集團旗下公司之財務報表所列項目均採用有關公司經營所在之主要經濟環境之通用貨幣(「功能貨幣」)為計算單位。綜合財務報表以港元列賬。港元為本公司之功能貨幣及列賬貨幣。

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

3 PRINCIPAL ACCOUNTING POLICIES

(Continued)

(c) Foreign currency translation (Continued)

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

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

(iii) Group companies

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

- (a) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- (b) income and expenses for each income statement 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

3 主要會計政策(續)

(c) 外幣換算(續)

(ii) 交易及結餘(續)

外幣交易按交易當日之匯率兌換為功能貨幣。因結算交易及按年結日匯率換算貨幣性資產及負債所產生之外匯損益均列入損益表。

非貨幣性財務資產及負債之換算差額(如按公平值計算損益之股權工具)於損益確認為部份公平值之損益。非貨幣性財務資產(如列為持作出售之股權工具)之換算差額列入公平值儲備。

(iii) 集團公司

集團旗下所有公司(全部均非採用高通脹經濟體系之貨幣)之功能貨幣倘有別於列賬貨幣,其業績及財務狀況須按如下方式兌換為列賬貨幣:

- (a) 各資產負債表所列之資產及負債按其結算日之收市匯率換算;
- (b) 各損益表所列之收支按平均匯率換算,除非此平均匯率不足以合理地概括反映交易日期適用匯率之累積影響,在此情況下,收支則按交易日期之匯率換算;及

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

3 PRINCIPAL ACCOUNTING POLICIES

(Continued)

(c) Foreign currency translation (Continued)

(iii) Group companies (Continued)

- (c) all resulting exchange differences are recognised as a separate component of equity.

(d) Property, plant and equipment

Buildings comprise retail shops and other properties such as office premises. Retail shops are stated at cost less accumulated depreciation and accumulated impairment losses. Properties other than retail shops ("other properties") are stated at valuation less subsequent accumulated depreciation. The valuation, being fair value at the date of valuation, is determined by the directors based on independent valuations which are performed annually. Increases in valuation are credited to the revaluation reserve in shareholders' equity. Decreases in valuation are first offset against previous increases of the same property and are thereafter expensed in the income statement. Each year the difference between depreciation based on the revaluated carrying amount of the asset expensed in the income statement and depreciation based on the asset's original cost is transferred from revaluation reserve to retained earnings, if material.

Buildings are depreciated on a straight-line basis over the unexpired period of the leases or the expected useful lives of the buildings to the Group, whichever is shorter.

Other tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes the purchase price of the asset and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

3 主要會計政策(續)

(c) 外幣換算(續)

(iii) 集團公司(續)

- (c) 一切因此而產生之匯兌差額均確認為權益之一個獨立組成部份入賬。

(d) 物業、廠房及設備

樓宇由零售商舖及其他物業(例如辦公室)組成。零售商舖乃按成本值扣除其後累積折舊及累積減值虧損列賬。零售商舖以外之物業(「其他物業」)乃按估值扣除其後累積折舊列賬。估值乃於估值日期之公平值,由董事根據每年進行一次之獨立估值釐定。估值增值將計入股東權益重估儲備。估值減少乃首先與先前同類物業增加相抵消,其後於損益表內支銷。每年,按資產經重估資產賬面值計算而於損益表內支銷之折舊與基於該項資產之原有成本之折舊間之差額部分(倘屬重大),會轉至留存收益。

樓宇以直線法按未屆滿之租約年期或按其對本集團之預計可使用年期(以較短者為準)計算折舊。

其他有形固定資產以成本值扣除累積折舊及累積減值虧損列賬。成本包括該項資產之購買價及將資產達至其工作狀況及地點作擬定用途之任何直接應佔成本。

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

3 PRINCIPAL ACCOUNTING POLICIES

(Continued)

(d) Property, plant and equipment

(Continued)

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. All other repairs and maintenance are expensed in the income statement during the financial period in which they are incurred.

Depreciation is calculated on a straight-line basis to write off the cost less accumulated impairment losses of each asset to their residual values over their estimated useful lives as follows:

Leasehold improvements	20% or over the unexpired lease period, whichever is shorter
Furniture and fixtures and computer equipment	20%
Plant and machinery	20%
Motor vehicles	20%

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 3 (g)).

Gains or losses on disposals are determined by comparing net proceeds with the carrying amount of the relevant assets and are included in the consolidated income statement.

3 主要會計政策 (續)

(d) 物業、廠房及設備 (續)

僅倘與項目相關之未來經濟利益可能會流入本集團，且該項目之成本能夠予以可靠地計量，則引致之成本方會計入該項資產之賬面值或確認為一項獨立資產（倘適用）。所有其他維修及保養費會於其發生之財務期間內在損益表中支銷。

折舊以直線法計算按各資產之預計可使用年期撇銷成本至預計殘值為止。預計可使用年期如下：

租賃物業裝修	20%或按租約尚餘期間（以較短者為準）
傢俬、裝置及電腦設備	20%
機器及設備	20%
汽車	20%

於各結算日，會對該項資產之殘值及可使用年期進行審閱，並作出適當之調整。

倘一項資產之賬面值較其估計可收回金額為高，則該項資產之賬面值會即時撇減至其可收回金額（附註3(g)）。

出售盈虧會透過將款項淨額與有關資產之賬面值相比較予以釐定，並計入綜合損益表內。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

3 PRINCIPAL ACCOUNTING POLICIES

(Continued)

(e) *Leasehold land and land use rights*

Leasehold land and land use rights are stated at cost less accumulated amortisation and accumulated impairment losses, if any. Cost represents consideration paid for the rights to use the land on which various plants and buildings are generally situated for a period from 50 to 70 years. Amortisation of leasehold land and land use rights is calculated on a straight-line basis over the period of the lease.

(f) *Trading licences*

Trading licences with indefinite useful lives are carried at cost less accumulated impairment losses, if any.

(g) *Impairment of 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). Non-financial assets other than goodwill that have suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

3 主要會計政策(續)

(e) *租賃土地及土地使用權*

租賃土地及土地使用權乃按成本值減累計攤銷及累計減值虧損(如有)列賬。成本指就使用通常建有各類廠房及樓宇之土地之權利(為期50至70年)所支付之代價。攤銷租賃土地及土地使用權乃按租賃年期以直線法攤銷。

(f) *交易執照*

沒有特定可使用年期之交易執照按成本減累計減值虧損(若有)列賬。

(g) *非財務資產之減值*

沒有特定可使用年期之資產無需攤銷，並每年進行減值測試。對進行攤銷之資產，乃於任何事件發生或環境變化預示其賬面價值無法收回時進行減值測試。若某項資產之賬面值超過其可收回金額時，會就其差額確認減值損失。資產之可收回金額為公平值減出售成本與其可使用價值中較高者。評估減值時，資產乃按最低水平之可單獨識別之現金流量(現金產生單位)予以分類。出現減值之非財務資產(商譽除外)將於每個報告日期進行檢討以確定其減值是否須撥回。

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

3 PRINCIPAL ACCOUNTING POLICIES

(Continued)

(h) *Financial assets*

In 2004, the Group classified its investments in securities, other than subsidiaries, as non-trading securities and trading securities, which were stated at cost less provision for impairment losses.

From 1st January 2005 onwards, the Group classifies its financial assets in the following categories: at fair value through profit and loss, loans and receivables, held-to-maturity and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date.

(i) *Financial assets at fair value through profit and loss*

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit and loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the balance sheet date. During the year, the Group did not hold any financial asset in this category.

3 主要會計政策 (續)

(h) *財務資產*

於2004年，本集團將其於證券(附屬公司除外)之投資分類為非買賣類證券及買賣類證券，並按成本減減值虧損撥備列賬。

由2005年1月1日起：本集團按下列類別將其財務資產分類：按公平值列賬及在損益表中處理之資產、貸款及應收款項、持至到期日資產以及可出售資產。視所收購財務資產之目的進行分類。管理層於初步確認時決定其財務資產分類及於各個申報日期重新評估此指定類別。

(i) *按公平值列賬及在損益表中處理之財務資產*

此類別共有兩個分類：持有作買賣用途及於開始時按公平值列賬及在損益表處理之財務資產。倘若財務資產被收購之主要目的是在短期內出售或由管理層指定出售，則須分類為此類別。衍生工具亦分類為持有作交易類工具，其被指定作對沖用途則除外。倘若此類別之資產乃持有作買賣用途或預期將會於結算日期起計十二個月內變現，則會被分類為流動資產。本集團於年內並無持有任何此類別之財務資產。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

3 PRINCIPAL ACCOUNTING POLICIES

(Continued)

(h) *Financial assets (Continued)*

- (ii) *Loans and receivables*
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. Loans and receivables are included in trade and other receivables in the balance sheet (Note 3(j)).
- (iii) *Held-to-maturity investments*
Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. During the year, the Group did not hold any financial asset in this category.
- (iv) *Available-for-sale financial assets*
Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are classified as non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

3 主要會計政策 (續)

(h) *財務資產 (續)*

- (ii) *貸款及應收款項 (續)*
貸款及應收款項指於並非活躍市場上市而具備固定或可釐定款項之非衍生財務資產。貸款及應收款項均會列入流動資產項下，惟到期日超過結算日期後十二個月者除外。有關貸款及應收款項則列入非流動資產。貸款及應收款項於資產負債表內列作貿易及其他應收款項(附註3(j))。
- (iii) *持至到期日之投資*
持至到期日之財務資產指具備固定或可釐定款項及固定到期日而本集團管理層有具體計劃及能力持至到期日之非衍生財務資產。於本年內，本集團並無持有此類別之任何財務資產。
- (iv) *可出售財務資產*
可出售財務資產乃被指定列為此類別或並無分類為任何其他類別之非衍生財務資產。除非管理層有意於結算日期起計十二個月內將投資出售，否則可出售財務資產會分類為非流動資產。

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

3 PRINCIPAL ACCOUNTING POLICIES

(Continued)

(h) *Financial assets (Continued)*

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

Gains and losses arising from changes in the fair value of the “financial assets at fair value through profit and loss” category, including interest and dividend income, are recognised in profit and loss in the period in which they arise.

3 主要會計政策 (續)

(h) *財務資產 (續)*

- (iv) *可出售財務資產 (續)*
投資之常規性買賣乃於交易日期確認，即本集團承諾購買或出售資產之日期。就並非按公平值列賬及並無在損益表處理之所有財務資產而言，投資會初步按公平值另加交易費用確認。按公平值列賬及在損益表中處理之財務資產初步按公平值確認，交易成本於損益表中支銷。當收取來自投資之現金流量之權利屆滿或已被轉讓，及本集團已將差不多所有擁有權風險及收益轉讓時，將不再確認有關投資。可出售財務資產及按公平值列賬及在損益表中處理之財務資產其後會按公平值列賬。貸款及應收款項及持至到期日之投資乃以實際利息方法按攤銷成本列賬。

因「按公平值列賬及在損益表處理之財務資產」類別（包括利息及股息收入）之公平值變動而產生之收益及虧損，會於其產生期內於損益表確認。

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

3 PRINCIPAL ACCOUNTING POLICIES

(Continued)

(h) Financial assets (Continued)

- (iv) *Available-for-sale financial assets (Continued)*
Changes in the fair value of monetary securities denominated in a foreign currency and classified as available-for-sale are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. The translation differences are recognised in profit and loss, and other changes in carrying amount are recognised in equity. Changes in the fair value of monetary securities classified as available-for-sale and non-monetary securities classified as available-for-sale are recognised in equity.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the income statement as “gains and losses from investment securities”. Interest on available-for-sale securities calculated using the effective interest method is recognised in the income statement. Dividends on available-for-sale equity instruments are recognised in the income statement when the Group’s right to receive payments is established.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted investments), the Group establishes fair value by using valuation techniques. These include the use of recent arm’s length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs. However, if the range of reasonable fair value estimates is significant and the probabilities of the various estimates cannot be reasonably assessed, such financial assets are carried at cost less accumulated impairment losses.

3 主要會計政策(續)

(h) 財務資產(續)

- (iv) 可出售財務資產(續)
以外幣計值並分類為可出售之貨幣證券之公平值變動，會按因證券之攤銷成本變動及證券賬面值之其他變動所產生之匯兌差異予以分析。匯兌差額於損益表確認，而賬面值之其他變動則在權益確認。分類為可出售之貨幣證券及分類為可出售之非貨幣證券之公平值變動於權益確認。

當被分類為可出售之證券於出售或減值時，於權益內確認之累計公平值調整乃於收益賬內列作「投資證券之收益或虧損」。按實際利息法計算之可出售之證券利息，乃於損益表確認。當本集團確立收款之權利時，可出售股本工具之股息在損益表確認。

上市投資之公平值乃按現行買入價列賬。倘一項財務資產之市場並不活躍及就非上市投資而言，則本集團會使用估值技巧計算公平值。估值技巧包括使用最近期按公平原則磋商之交易、參考其他大致上相同之工具、貼現現金流量分析，以及盡量使用市場數據及盡量減少依賴實體之特定數據之購股權定價模式。然而，倘合理公平值估計幅度甚大，且多項估計之可能性無法合理地評估，則該等財務資產按成本減累積減值虧損列賬。

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

3 PRINCIPAL ACCOUNTING POLICIES

(Continued)

(h) *Financial assets (Continued)*

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

(i) *Inventories*

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out basis. The cost of merchandise comprises raw materials, direct labour and other direct costs. It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

(j) *Trade receivables*

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Such provision for impairment of trade 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 cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the consolidated income statement.

3 主要會計政策(續)

(h) *財務資產(續)*

- (iv) *可出售財務資產(續)*
本集團會於各結算日期評估是否有客觀證據證明一項財務資產或一組財務資產出現減值。就分類為可供銷售之股本證券而言，倘若證券之公平值顯著或持續下跌至低於其成本，則視為證券出現減值之跡象。倘若可出售財務資產存在任何該類證據，累計虧損，相等於收購成本與現行公平值間之差額(減除先前該財務資產於損益表內已確認減值虧損)計算，將由權益移除及於損益表內確認。於損益表內確認之減值虧損不會經損益表撥回。

(i) *存貨*

存貨乃按成本及可變現淨值兩者之較低者列賬。成本採用先入先出法釐定。商品成本包括原材料、直接勞工成本及其他直接成本。商品成本不包括借貸成本。可變現淨值乃按於日常業務過程中之估計售價減適用之可變銷售費用。

(j) *貿易應收賬項*

貿易應收賬款最初按公平值予以確認，其後則按採用實際利息法之已攤銷成本減減值撥備計量。當有客觀證據證明本集團將無法按應收賬款之原訂條款收回全部欠款時，則作出貿易應收賬項減值撥備。撥備金額為有關資產之賬面值與估計現金流量按實際利率貼現之現值兩者間之差額。撥備金額在綜合損益表中予以確認。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

3 PRINCIPAL ACCOUNTING POLICIES

(Continued)

(k) *Cash and cash equivalents*

Cash and cash equivalents include cash on hand, deposits held at call with banks and bank overdrafts, if any.

(l) *Derivative financial instruments*

Derivative financial instruments, if any, are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value.

(m) *Financial liabilities and equity*

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

Ordinary shares are classified as equity. Non-mandatorily redeemable ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds.

(n) *Borrowings*

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated income statement 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.

3 主要會計政策(續)

(k) *現金及現金等價物*

現金及現金等價物包括手頭現金、銀行通知存款及銀行透支(如有)。

(l) *衍生金融工具*

衍生金融工具(若有)初步按衍生工具合約訂立日期之公平值確認,其後按其公平值重新計量。

(m) *財務負債及權益*

本集團所發行之財務負債及股本工具乃根據所訂立合約安排之內容,及財務負債及權益工具之定義予以分類。權益工具為證明於本集團資產之餘額權益經扣除其所有負債後之任何合約。

普通股分類為權益。非強制性可贖回普通股分類為權益。發行新股之直接應佔增加成本,乃於權益中列作所得款項之扣減項目。

(n) *借貸*

借貸最初按公平值(經扣除所產生之交易成本)予以確認。其後借貸按已攤銷成本列賬,所得款項(經扣除交易成本)與贖回價值兩者間之任何差額,會以實際利息法於借貸期間內在綜合損益表中確認。

除非本集團有無條件權利可將負債結清時間延遲至結算日後最少12個月,否則借貸須分類為流動負債。

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

3 PRINCIPAL ACCOUNTING POLICIES

(Continued)

(o) *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 financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit and loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

(p) *Employee benefits*

(i) *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.

3 主要會計政策(續)

(o) *遞延所得稅*

遞延所得稅採用負債法就資產與負債之稅基與其在綜合財務報表內賬面值兩者之暫時差異作全數撥備。然而，倘遞延所得稅乃源自進行交易(不包括企業合併)時不影響會計盈虧或應課稅盈虧之資產或負債之初始確認，則不會計算遞延所得稅。遞延所得稅以結算日制定或實質上制定之稅率(及法例)釐定，且該等稅率預期將於相關遞延所得稅資產變現或遞延所得稅負債結算時應用。

遞延所得稅資產乃在可能有未來應課稅溢利可予抵銷暫時差額時確認。

因投資附屬公司而產生之暫時差額將會計提遞延所得稅撥備，但若本集團可控制暫時差額撥回時間，以及暫時差額可能不會在可預見將來撥回時則除外。

(p) *僱員福利*

(i) *僱員休假權利*

僱員享有年假之權利於此等權利產生時確認。本集團就截至結算日止僱員提供服務而產生之年假之估計負債作出撥備。

僱員享有病假及分娩假之權利直至僱員正式休假方予確認。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

3 PRINCIPAL ACCOUNTING POLICIES

(Continued)

(p) *Employee benefits (Continued)*

- (ii) *Profit sharing and bonus plans*
Provisions for profit sharing and bonus plans are recognised when the Group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made.

- (iii) *Pension obligations*
The Group operates a defined contribution Mandatory Provident Fund Scheme (the “MPF Scheme”) which is registered under the Mandatory Provident Fund Schemes Ordinance in Hong Kong. The assets of the MPF Scheme are held in a separately administered fund. The MPF Scheme is generally funded by payments from employees and by the Group.

The Group’s contributions to the MPF Scheme are expensed as incurred and are reduced by the employer’s voluntary contribution forfeited from the MPF Scheme by those employees who leave the scheme prior to vesting fully in the contributions.

3 主要會計政策 (續)

(p) *僱員福利 (續)*

- (ii) *利潤分享及花紅計劃*
當本集團因為僱員已提供之服務而產生現有法律性或推定性責任，而責任金額能可靠估算時，則將確認利潤分享及花紅計劃之撥備。

- (iii) *退休金責任*
本集團推行一項定額供款強制性公積金退休計劃(「強積金計劃」)，計劃已根據香港強制性公積金計劃條例註冊。強積金計劃之資產乃以獨立管理之基金持有。強積金計劃之資金一般由僱員及本集團撥付。

本集團向強積金計劃作出之供款於產生時列作開支，並可以自供款全數撥歸前退出計劃之僱員沒收之強積金計劃僱主自願性供款扣減。

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

3 PRINCIPAL ACCOUNTING POLICIES

(Continued)

(p) *Employee benefits (Continued)*

(iv) *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 employee share option expense in the income statement. 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 become exercisable. At each balance sheet date, the Group revises its estimates of the number of options that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in the income statement, and a corresponding adjustment to employee share-based compensation reserve over the remaining vesting period.

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.

(q) *Provisions*

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

3 主要會計政策 (續)

(p) *僱員福利 (續)*

(iv) *以股份支付之酬金*

本集團設有一項以股本結算之股份支付酬金計劃。就僱員提供服務而授予購股權之公平值在損益表確認為僱員購股權開支。於歸屬期內支銷之總金額，乃參考所授購股權之公平值而釐定，惟不包括任何非市場性質之歸屬條件所產生之影響(例如溢利及銷售增長目標)。在假定預期可予以行使之購股權數目時，非市場性質之歸屬條件亦包括在內。於各結算日，本集團修訂其對預期可予以行使之購股權數目所作之估計，並在損益表確認修訂原有估計(如有)所產生之影響，以及於餘下歸屬期對僱員股份酬金儲備作相應調整。

所得款項扣除任何直接應佔交易成本後在行使購股權時撥入股本(面值)及股份溢價。

(q) *撥備*

本集團由於過往事項而負上現有法律性或推定性責任，而不太可能解除責任時有可能消耗資源，且該金額已作可靠之估計，便會確認撥備。對未來之營運虧損並無作出確認撥備。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

3 PRINCIPAL ACCOUNTING POLICIES

(Continued)

(r) Revenue recognition

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

Turnover represents revenues recognised on sales of goods, and is recognised as follows:

- (i) *Sales of goods – wholesale*
Sales of goods are recognised when a group entity has delivered products to the customer, the customer has accepted the products and collectibility of the related receivables is reasonably assured.
- (ii) *Sales of goods – retail*
Sales of goods are recognised when a group entity sells a product to the customer. Retail sales are usually settled in cash or by credit card. The recorded revenue is the gross amount of the sale, including credit card fees payable for the transaction. Such fees are included in selling expenses.

Consultancy fee income and service income in respect of technical support and consultancy services are recognised on an accrual basis and are determined in accordance with the terms of the service agreement.

Interest income from bank deposits is recognised on a time proportion basis using the effective interest method.

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

3 主要會計政策 (續)

(r) 收益確認

收益由本集團於日常活動中因出售貨物及服務而實收或應收對價之公平值構成。收益按減去增值稅、銷售回扣及折扣，及減去集團內部之可撤除銷售後列賬。

營業額指銷貨確認收益，並確認如下：

- (i) *銷貨 – 批發*
銷貨於一個集團實體交付貨物給客戶，客戶已經收到貨物及相關應收款可合理回收時確認。
- (ii) *銷貨 – 零售*
銷貨於一個集團實體銷售貨物給客戶時確認。零售通常以現金或信用卡結算。所記錄之收益為銷售總額，包括應付信用卡交易費，該等費用記入銷售費用。

有關提供技術支援及顧問服務之顧問費收入及服務收入按應計基準確認，並根據相關服務協議之條款釐訂。

銀行存款利息收入使用實際利率法按時間比例確認。

股息收入於收款權確立時確認。

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

3 PRINCIPAL ACCOUNTING POLICIES

(Continued)

(s) *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 consolidated income statement on a straight-line basis over the period of the lease.

(t) *Borrowing costs*

Borrowing costs incurred for the construction of property, plant and equipment (qualifying asset) are capitalised during the period of time that is required to complete and prepare the asset for its intended use. All other borrowing costs are expensed as incurred.

(u) *Dividend distribution*

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

4 FINANCIAL RISK MANAGEMENT

(a) *Financial risk factors*

The Group's activities expose it to a variety of financial risks, including foreign exchange risk, credit risk, liquidity risk, interest rate risk and commodity price risk. The use of financial derivatives to hedge certain risk exposures is governed by the Group's policies. The Group does not use derivative financial instruments for speculative purposes.

3 主要會計政策(續)

(s) *經營租賃*

經營租賃指擁有資產之絕大部分風險及回報仍屬於出租公司之租賃。根據經營租賃支付之租金(扣除租賃公司所給予之優惠後)以直線法按租期在綜合損益表支銷。

(t) *貸款成本*

貸款成本於構建物業、廠房及設備(合資格資產)在其按要求完成及為其意向使用期準備而資本化時產生。所有貸款成本於其產生記入費用。

(u) *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財務報表內列為負債。

4 財務風險管理

(a) *財務風險因素*

本集團業務承受各種財務風險,包括外匯風險、信貸風險、流動性風險、利率風險及商品價格風險。使用衍生財務工具以對沖某些風險受本集團之政策監管。本集團並無就投機目的而使用衍生財務工具。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

4 FINANCIAL RISK MANAGEMENT

(Continued)

(a) *Financial risk factors (Continued)*

(i) *Foreign exchange risk*

The Group mainly operates in Hong Kong with most of the transactions settled in HK\$. The Group also has retail operations in Canada, Macau and the People's Republic of China (the "PRC"), which are relatively insignificant to the Group. The Group's assets and liabilities, and transactions arising from its operations that are exposed to foreign exchange risk are primarily with respect to Renminbi ("RMB"). The Group has not used any forward contracts to hedge its exposure as foreign currency risk is considered minimal.

As at 31st March 2006, the Group had certain deposits in banks (Notes 31(c)) denominated in foreign currencies. The HK\$ has been relatively stable against the RMB over the past few years. Since July 2005, the RMB has appreciated against the HK\$. The directors are of the opinion that such appreciation did not have any material adverse impact on the Group's net assets.

(ii) *Credit risk*

The Group has no significant concentrations of credit risk. The carrying amount of trade receivables included in the consolidated balance sheet represents the Group's maximum exposure to credit risk in relation to its financial assets. The Group has policies in place to ensure that sales of products are made to customers with an appropriate credit history and the Group performs periodic credit evaluations of its customers. The Group's historical experience in collection of trade and other receivables falls within the recorded allowances and the directors are of the opinion that adequate provision for uncollectible trade receivables has been made in the financial statements.

4 財務風險管理(續)

(a) *財務風險因素(續)*

(i) *外匯風險*

本集團主要於香港經營業務，且大部份交易乃以港元結算。本集團亦於加拿大、澳門及中華人民共和國(「中國」)有零售業務，該等業務對本集團相對並不重要。本集團之資產及負債以及受外匯風險影響之業務所產生之交易，主要與人民幣有關。由於本集團認為外幣風險有限，本集團並無使用任何遠期合約以對沖此風險。

於2006年3月31日，本集團有若干以外幣計值之銀行存款(附註31(c))。過去幾年港元對人民幣之匯率相對穩定。自2005年7月以來，人民幣經過幾次升值。董事認為此等升值對於本集團之淨資產並無重大不利影響。

(ii) *信貸風險*

本集團並無任何重大之信貸風險集中情況。記入綜合資產負債表內之貿易應收賬項之賬面值乃本集團有關財務資產之最高信貸風險。本集團有既定政策以確保向信貸紀錄良好之客戶銷售產品，且本集團對客戶進行定期信用評估。本集團貿易及其他應收賬項之過往收款經驗乃處於記錄撥備幅度內，董事認為已於財務報表就不可收回之貿易應收賬項作出足夠撥備。

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

4 FINANCIAL RISK MANAGEMENT (Continued)

(a) *Financial risk factors (Continued)*

(iii) *Liquidity risk*

The Group's primary cash requirements have been for additions to and upgrades of property, plant and equipment, payment of debts and payment for purchases and operating expenses. The Group finances its working capital requirements through a combination of funds generated from operations and bank borrowings.

Due to the dynamic nature of the underlying businesses, the Group's policy is to maintain sufficient cash and cash equivalents or have available funding through adequate committed credit facilities to meet its working capital requirements. The directors believe that the Group has obtained sufficient general credit facilities from banks for financing capital commitments in the near future and for working capital purposes.

(iv) *Interest rate risk*

The Group's income and operating cash flows are substantially independent of changes in market interest rates and the Group has no significant interest-bearing assets except for the cash and cash equivalents, details of which have been disclosed in Notes 31(c). The Group has not used any interest rate swap to hedge its exposure to interest rate risk.

(v) *Commodity price risk*

The Group is engaged in the sale of gold and platinum ornaments. The gold and platinum markets are influenced by global as well as regional supply and demand conditions. A decline in prices of gold and platinum could adversely affect the Group's financial performance. The Group uses a limited number of future contracts to reduce its exposure to fluctuations in the price of gold and platinum.

4 財務風險管理(續)

(a) *財務風險因素(續)*

(iii) *流動性風險*

本集團之基本現金需求乃為支付物業、廠房及設備之添置及更新、債務付款、採購付款及經營開支。本集團同時透過經營產生之資金及銀行借貸以支付其營運資金需求。

由於相關業務之動態性質，本集團之政策乃維持足夠之現金及現金等價物或透過足夠之已承諾信貸融資取得備用資金，以應付其營運資金需要。董事相信，本集團已自銀行取得足夠一般信貸融資以撥付短期之資本承擔及作為營運資金用途。

(iv) *利率風險*

本集團之收入及經營現金流量實際上並不受市場利率變動之影響，惟除現金及現金等價物外，本集團並無任何重大計息資產，詳情已於附註31(c)披露。本集團並無使用任何利率掉期交易以對沖其所承受之利率風險。

(v) *商品價格風險*

本集團從事黃金及鉑金首飾之銷售業務。黃金及鉑金市場受地區以及全球供求狀況影響。黃金及鉑金價格下跌可能影響本集團之財務表現。本集團使用若干數量之期貨合約以減少黃金及鉑金價格波動所帶來之風險。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

4 FINANCIAL RISK MANAGEMENT

(Continued)

(b) Fair value estimation

The carrying amounts of the Group's current financial assets, including bank balances and cash, trade receivables, other receivables, prepayments and deposits and current financial liabilities, including trade and other payables and short-term bank loan approximate their fair values due to their short maturities. The fair value of the "non-current asset held for sale" is determined with reference to the estimated cash flows arising from the disposal of this asset.

The face value, less any estimated credit adjustments, of financial assets and liabilities with maturity of less than one year are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate available to the Group for similar financial instruments.

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

(i) Depreciation and amortisation

The Group's management determines the estimated useful lives and related deprecation/amortisation charges for property, plant and equipment and leasehold land and land use rights with reference to the estimated periods over which the Group intends to derive future economic benefits from the use of these assets. Management will revise the depreciation and amortisation charge where useful lives are different from those previously estimated, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

4 財務風險管理(續)

(b) 公平值估計

本集團流動財務資產(包括銀行結餘及現金、貿易應收賬項、其他應收賬項、預付賬項及按金)以及流動財務負債(包括貿易及其他應付賬項及短期銀行貸款)因期限較短,因此其賬面值與公平值相若。分類為「持有供出售之非流動資產」之公平值乃參考出售該等資產所產生估計現金流量而釐定。

任何於一年內到期之財務資產及負債之面值減任何估計信貸調整,均假設接近其公平值。就披露目的而言,財務負債之公平值乃按本集團就類似財務工具可獲得之現時市場利率貼現未來合約現金流量而估計。

5 關鍵會計估計及判斷

在編製本財務報表時所採用之估計及判斷,乃按過往經驗及其他因素(包括根據現況而對未來事件作出之合理預計)不斷作出評估。所得會計估算按其定義,甚少會與相關實際結果相同。以下為有重大風險導致下一財政年度資產及負債之賬面值須作出重大調整之估計及假設之討論。

(i) 折舊與攤銷

本集團管理層釐定物業、廠房及設備以及租賃土地及土地使用權之估計可使用年期及相關折舊/攤銷時,乃參考本集團計劃自使用該等資產而獲得未來經濟效益之估計期限。若可使用年期與先前估計不符,管理層將修訂折舊及攤銷費用,或將過時的技術已報廢或出售或將非策略資產撤銷或撤減。

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

(ii) Inventories

Management estimates the net realisable value of merchandise based primarily on the latest invoice prices and current market conditions. The Group carries out an inventory review on a product-by-product basis at each balance sheet date and makes provision for impairment on obsolete and slow-moving items to write-off or write-down inventories to their net realisable value.

(iii) Impairment of non-financial assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset exceeds its recoverable amount in accordance with the accounting policy stated in Note 3(g). The recoverable amount of an asset or a cash-generating unit is determined based on value-in-use calculations. The value-in-use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value, which is prepared on the basis of management's assumptions and estimates. Detailed sensitivity analyses are performed and management must be confident that the carrying amount of the relevant assets will be recovered in full.

(iv) Income taxes

The Group is subject to income taxes in Hong Kong and other jurisdictions. There are certain transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. 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.

5 關鍵會計估計及判斷(續)

(ii) 存貨

管理層主要根據最近期之發票價格及目前市況估計商品之可變現淨值。本集團於各結算日對每個產品進行盤點，對過時及滯銷項目作出減值撥備，以撇銷或撇減存貨至其可變現淨值。

(iii) 非財務資產減值

根據附註3(g)所述會計政策，倘有事件或情況變動顯示資產賬面值超過其可收回金額，則會檢討資產減值。資產之可收回金額或現金產生單位乃按使用價值之計算而釐定。該使用價值之計算要求本集團就預計由現金產生單位所得之未來現金流量以及合適之貼現率作出估計，以計算現值(根據管理層之假設及估計而編製)。管理層已作出詳細之敏感度分析，且確信相關資產之賬面值將可全數收回。

(iv) 所得稅

本集團需要在香港及其他司法權區繳納所得稅。在日常業務過程中，有若干交易和計算所涉及之最終稅務釐定都是不確定的。倘該等事項之最終稅務後果與最初記錄之金額不同，此等差額將影響作出有關釐定期間之所得稅及遞延稅項撥備。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

6 TURNOVER AND SEGMENT INFORMATION

The Group is principally engaged in the retailing and wholesaling of gold jewellery and gold ornaments, gem-set jewellery and gemstones, and other accessory items. The Group also provides technical support and consultancy services, and quality control of jewellery products to certain licensees. Revenues recognised during the year are as follows:

		2006 HK\$'000 千港元	2005 HK\$'000 千港元
Turnover	營業額		
Sale of goods (note)	銷售商品 (附註)	<u>2,126,297</u>	<u>1,961,720</u>

Note: Included in sale of goods is HK\$491,338,000 (2005: HK\$377,982,000) which was settled by the receipt of gold bullion. This gold bullion was in turn used for settlement of trade payables.

Primary reporting format – business segments

The Group is organised mainly in Hong Kong into two major business segments:

- Retailing of jewellery
- Manufacturing and wholesaling of jewellery

Other operations of the Group mainly comprise investments and services relating to internet and software development.

6 營業額及分部資料

本集團主要從事金飾與黃金裝飾品、鑽石首飾及寶石以及其他配飾之零售及批發業務。本集團亦向若干特許商提供技術支援及顧問服務以及首飾產品之品質監控。年內確認之收入如下：

		2006 HK\$'000 千港元	2005 HK\$'000 千港元
Turnover	營業額		
Sale of goods (note)	銷售商品 (附註)	<u>2,126,297</u>	<u>1,961,720</u>

附註： 銷售商品包括以純金磚結算之銷售為數 491,338,000 港元 (2005 年：337,982,000 港元)，而這些金磚乃用以結算貿易應付賬項。

主要呈報方式 – 業務分部

本集團主要於香港從事兩個主要業務分部：

- 首飾零售
- 首飾生產及批發

本集團其他業務主要包括投資以及有關互聯網及軟件開發之服務。

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

6 TURNOVER AND SEGMENT INFORMATION (Continued)

*Primary reporting format – business segments
(Continued)*

6 營業額及分部資料 (續)

主要呈報方式 – 業務分部 (續)

		Retailing		Manufacturing and wholesaling		Other operations		Eliminations		Group	
		零售		製造及批發		其他業務		撇銷		本集團	
		2006 HK\$'000 千港元	2005 HK\$'000 千港元 (Restated) (重列)	2006 HK\$'000 千港元	2005 HK\$'000 千港元 (Restated) (重列)	2006 HK\$'000 千港元	2005 HK\$'000 千港元 (Restated) (重列)	2006 HK\$'000 千港元	2005 HK\$'000 千港元 (Restated) (重列)	2006 HK\$'000 千港元	2005 HK\$'000 千港元 (Restated) (重列)
Sales to external customers	對外客戶銷售額	1,427,434	1,449,276	696,843	510,326	2,020	2,118	-	-	2,126,297	1,961,720
Inter-segment sales	分部間銷售額	40,292	44,167	435,700	454,993	23	-	(476,015)	(499,160)	-	-
Other income from external customers	來自對外客戶之其他收入	915	404	22,570	20,001	1,881	2,167	-	-	25,366	22,572
Inter-segment other income	分部間之其他收入	-	-	-	-	797	1,104	(797)	(1,104)	-	-
Total	總額	1,468,641	1,493,847	1,155,113	985,320	4,721	5,389	(476,812)	(500,264)	2,151,663	1,984,292
Segment results	分部業績	118,490	117,326	35,068	45,623	11	(2,706)	(2,811)	(3,271)	150,758	156,972
Interest income	利息收入									835	95
Unallocated costs	未分配成本									(37,864)	(29,986)
Gain on disposal of properties	出售物業收益	-	16,537	-	-	-	8,912	-	-	-	25,449
Operating profit	經營溢利									113,729	152,530
Finance costs	財務費用									(1,309)	(425)
Profit before taxation	除稅前溢利									112,420	152,105
Taxation	稅項									(15,891)	(25,146)
Profit after taxation	除稅後溢利									96,529	126,959
Segment assets	分部資產	550,222	485,041	579,997	551,356	15,370	59,441	(313,009)	(317,179)	832,580	778,659
Unallocated assets	未分配資產									66,361	53,425
Total assets	總資產									898,941	832,084

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

6 TURNOVER AND SEGMENT INFORMATION (Continued)

Primary reporting format – business segments
(Continued)

6 營業額及分部資料(續)

主要呈報方式 – 業務分部(續)

	Retailing 零售		Manufacturing and wholesaling 製造及批發		Other operations 其他業務		Eliminations 撇銷		Group 本集團	
	2006 HK\$'000 千港元	2005 HK\$'000 千港元	2006 HK\$'000 千港元	2005 HK\$'000 千港元	2006 HK\$'000 千港元	2005 HK\$'000 千港元	2006 HK\$'000 千港元	2005 HK\$'000 千港元	2006 HK\$'000 千港元	2005 HK\$'000 千港元
	(Restated) (重列)		(Restated) (重列)		(Restated) (重列)		(Restated) (重列)		(Restated) (重列)	
Segment liabilities 分部負債	(396,872)	(391,709)	(64,790)	(40,190)	(2,575)	(24,485)	313,009	317,179	(151,228)	(139,205)
Unallocated liabilities 未分配負債									(19,521)	(19,570)
Total liabilities 總負債									(170,749)	(158,775)
Depreciation 折舊										
– allocated – 已分配	8,545	5,815	6,256	2,676	308	717	–	–	15,109	9,208
– unallocated – 未分配									3,747	2,978
									18,856	12,186
Amortisation 攤銷										
– allocated – 已分配	1	23	122	135	15	126	–	–	138	284
– unallocated – 未分配									44	31
									182	315
Capital expenditure 資本開支										
– allocated – 已分配	12,750	8,219	18,336	27,462	911	38,188	–	–	31,997	73,869
– unallocated – 未分配									1,806	7,731
									33,803	81,600

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

6 TURNOVER AND SEGMENT INFORMATION (Continued)

Secondary reporting format – geographical segments

The geographical analysis is divided into three regions:

- Hong Kong
- PRC
- Others

6 營業額及分部資料(續)

從屬呈報方式 – 地區分部

地區分析乃分為三個地區：

- 香港
- 中國
- 其他

		Total assets 總資產		Capital expenditure 資本開支	
		2006 HK\$'000 千港元	2005 HK\$'000 千港元 (Restated) (重列)	2006 HK\$'000 千港元	2005 HK\$'000 千港元
Hong Kong	香港	653,202	631,105	13,432	52,628
PRC	中國	195,084	158,563	18,644	27,462
Others	其他	50,655	42,416	1,727	1,510
		898,941	832,084	33,803	81,600

No geographical analysis on segment revenue and result is presented as less than 10% of the Group's turnover and less than 10% of the Group's consolidated results were attributable to markets outside Hong Kong.

由於本集團少於10%營業額及少於10%綜合業績乃源自香港以外市場，故並無呈列分類收入及業績之地區分析。

7 OTHER INCOME

7 其他收入

		2006 HK\$'000 千港元	2005 HK\$'000 千港元
Other income	其他收入		
Service income	服務收入	15,458	12,759
Consultancy fee income	顧問費收入	7,098	5,729
Interest income	利息收入	835	95
Commission income	佣金收入	13	75
Others	其他	2,797	4,422
		26,201	23,080

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

8 OPERATING PROFIT

Operating profit is stated after crediting and charging the following:

		2006 HK\$'000 千港元	2005 HK\$'000 千港元 (Restated) (重列)
Crediting	計入		
Net exchange gain	匯兌收益淨額	920	1,181
Write back of provision for slow-moving inventories	撥回滯銷存貨撥備	3,168	385
Charging	扣除		
Auditors' remuneration	核數師酬金	2,666	2,433
Amortisation of leasehold land and land use rights	租賃土地及土地使用權攤銷	182	315
Cost of inventories sold	已售存貨成本	1,666,615	1,546,133
Deficit on revaluation of buildings	重估樓宇虧絀	22	-
Depreciation of property, plant and equipment	物業、廠房及設備折舊	18,856	12,186
Loss on disposal of other fixed assets	出售其他固定資產之虧損	1,572	1,562
Operating lease rentals in respect of land and buildings	土地及樓宇經營租賃之租金	91,156	67,135
Provision for permanent impairment of available-for-sale financial asset (Note 19)	可供出售財務資產永久減值撥備(附註19)	1,042	-
Provision for impairment of other investments (Note 18)	其他投資減值撥備(附註18)	-	1,073
Retirement benefit costs included in staff costs (Note 14)	計於職員成本內之退休福利成本(附註14)	5,480	5,410
Staff costs (including directors' emoluments)	職員成本(包括董事酬金)	155,076	142,344
Write-down of non-current asset held for sale to fair value (Note 25)	撇減持有供出售之非流動資產至其公平值(附註25)	662	-

9 FINANCE COSTS

		2006 HK\$'000 千港元	2005 HK\$'000 千港元
Interest on short-term bank loan	短期銀行貸款之利息	1,309	424
Interest on bank overdrafts	銀行透支之利息	-	1
		1,309	425

8 經營溢利

經營溢利已計入及扣除下列各項：

9 財務費用

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

10 TAXATION

The amount of taxation charged to the consolidated income statement represents:

		2006 HK\$'000 千港元	2005 HK\$'000 千港元
Hong Kong profits tax	香港利得稅		
– current	– 即期	17,448	21,226
– over-provision in prior years	– 往年度超額撥備	(3,728)	(1,305)
Overseas taxation	海外稅項	3,370	2,633
Deferred taxation (<i>Note 30</i>)	遞延稅項 (附註30)	(1,199)	2,592
		15,891	25,146

Hong Kong profits tax has been provided at the rate of 17.5% (2005: 17.5%) on the estimated assessable profit for the year. Taxation on overseas profits has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the countries in which the Group operates.

The taxation on the Group's profit before taxation differs from the theoretical amount that would arise using the taxation rate in Hong Kong as follows:

		2006 HK\$'000 千港元	2005 HK\$'000 千港元 (Restated) (重列)
Profit before taxation	除稅前溢利	112,420	152,105
Calculated at a taxation rate of 17.5% (2005: 17.5%)	按17.5% (2005年: 17.5%) 稅率計算之稅項	19,674	26,618
Effect of different taxation rates in other countries	其他國家不同稅率之影響	122	82
Income not subject to taxation	毋須課稅之收入	(3,007)	(1,806)
Expenses not deductible for taxation purposes	不可扣稅之支出	2,144	625
Unrecognised tax losses	未有確認之稅損	1,189	932
Utilisation of previously unrecognised tax losses	動用以往未確認之稅務虧損	(503)	–
Over-provision in prior years	往年度超額撥備	(3,728)	(1,305)
		15,891	25,146

10 稅項

在綜合損益表內支銷之稅項如下：

香港利得稅乃按照本年度估計應課稅溢利按稅率17.5% (2005年: 17.5%) 提撥準備。海外溢利之稅項乃按年內估計應課稅溢利以本集團業務所在國家當時稅率計算。

本集團除稅前溢利與使用香港稅率計算之理論稅項差異如下：

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

11 PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The profit attributable to equity holders of the Company is dealt with in the financial statements of the Company to the extent of HK\$59,696,000 (2005: HK\$59,956,000).

12 EARNINGS PER SHARE

The calculation of basic earnings per share is based on the Group's profit attributable to equity holders of the Company of HK\$95,695,000 (2005 (Restated): HK\$125,795,000) and the weighted average number of 486,738,371 (2005: 482,591,036) ordinary shares in issue during the year.

The calculation of diluted earnings per share is based on the Group's profit attributable to equity holders of the Company of HK\$95,695,000 (2005 (Restated): HK\$125,795,000) and the weighted average number of 490,458,067 (2005: 488,342,001) ordinary shares in issue during the year after adjusting for the effects of all potential dilutive ordinary shares deemed to be issued at no consideration if all outstanding share options granted under the share option scheme of the Company had been exercised.

11 本公司權益持有人應佔溢利

於本公司財務報表內處理之本公司權益持有人應佔溢利為59,696,000港元(2005年: 59,956,000港元)。

12 每股盈利

每股基本盈利乃根據年內本公司權益持有人應佔本集團溢利95,695,000港元(2005年(重列): 125,795,000港元)及年內已發行普通股之加權平均數486,738,371股(2005年: 482,591,036股)計算。

每股攤薄盈利乃根據本公司權益持有人應佔本集團溢利95,695,000港元(2005年(重列): 125,795,000港元)及年內就假設根據本公司購股權計劃授出之所有尚未行使購股權已獲行使而視為以零代價發行之所有潛在攤薄普通股之影響作出調整後之已發行普通股加權平均數490,458,067股(2005年: 488,342,001股)計算。

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

13 DIVIDENDS

13 股息

		2006 HK\$'000 千港元	2005 HK\$'000 千港元
2004/05 final, paid, of HK\$0.06 (2003/04 final: HK\$0.05) per ordinary share	已付2004/05年度末期股息 每股普通股0.06港元 (2003/04年度末期股息： 0.05港元)	<u>29,127</u>	<u>24,049</u>
2004/05 special, paid, of HK\$0.02 (2003/04 special: nil) per ordinary share	已付2004/05年度特別股息 每股普通股0.02港元 (2003/04年度特別股息： 無)	<u>9,709</u>	<u>—</u>
2005/06 interim, paid, of HK\$0.03 (2004/05 interim: HK\$0.04) per ordinary share	已付2005/06年度中期股息 每股普通股0.03港元 (2004/05年度中期股息： 0.04港元)	<u>14,638</u>	<u>19,418</u>
2005/06 final, proposed on 24th July 2006, of HK\$0.07 (2004/05 final: HK\$0.06) per ordinary share (note)	於2006年7月24日擬派 2005/06年度末期股息 每股普通股0.07港元 (2004/05年度末期股息： 0.06港元)(附註)	<u>34,156</u>	<u>29,127</u>
2005/06 special, proposed on 24th July 2006, of HK\$nil (2004/05 special: HK\$0.02) per ordinary share	於2006年7月24日擬派 2005/06年度特別股息 每股普通股零港元 (2004/05年度特別股息： 0.02港元)	<u>—</u>	<u>9,709</u>

Note:

At a meeting held on 24th July 2006, the directors declared a final dividend of HK\$0.07 per ordinary share. This proposed dividend is not reflected as dividends payable in these financial statements, but will be reflected as an appropriation of retained earnings for the year ending 31st March 2007.

附註：

於2006年7月24日舉行之會議上，董事宣派末期股息每股普通股0.07港元。此擬派股息並無於該等財務報表中反映為應付股息，但將於截至2007年3月31日止年度列作保留盈利分派。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

14 RETIREMENT BENEFIT COSTS

All statutory contributions under the MPF Scheme are immediately fully vested in the employees.

During the year, the Group's contributions to the retirement schemes were as follows:

	2006 HK\$'000 千港元	2005 HK\$'000 千港元
Net contributions charged to consolidated income statement	5,480	5,410

During the year, there were no forfeited contributions (2005: Nil).

At 31st March 2006 and 2005, there were no unutilised forfeited contributions.

15 DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS

(a) Directors' emoluments

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

	2006 HK\$'000 千港元	2005 HK\$'000 千港元
Fees	921	880
Salaries, housing allowances, other allowances and benefits-in-kind	11,962	10,743
Performance and discretionary bonuses	2,300	3,476
Contributions to pension plan	268	262
Total payable and expensed in the financial statements	15,451	15,361
Benefit from exercise of share options	3,650	-
	19,101	15,361

14 退休福利成本

強積金計劃項下所有法定供款已即時全數撥歸僱員所有。

年內，本集團向退休計劃作出之供款如下：

	2006 HK\$'000 千港元	2005 HK\$'000 千港元
Net contributions charged to consolidated income statement	5,480	5,410

年內並無被沒收之供款(2005年：無)。

於2006年及2005年3月31日，概無尚未動用之被沒收供款。

15 董事及高級管理人員酬金

(a) 董事酬金

年內應付本公司董事之酬金總額如下：

	2006 HK\$'000 千港元	2005 HK\$'000 千港元
Fees	921	880
Salaries, housing allowances, other allowances and benefits-in-kind	11,962	10,743
Performance and discretionary bonuses	2,300	3,476
Contributions to pension plan	268	262
Total payable and expensed in the financial statements	15,451	15,361
Benefit from exercise of share options	3,650	-
	19,101	15,361

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

15 DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS

(Continued)

(a) Directors' emoluments (Continued)

The remuneration of each director is set out below:

For the year ended 31st March 2006
截至2006年3月31日止年度

15 董事及高級管理人員酬金(續)

(a) 董事酬金(續)

各董事之酬金如下：

Name of Director	董事姓名	Fees 袍金 HK\$'000 千港元	Salaries 薪金 HK\$'000 千港元	Discretionary bonuses 酌情發放 之花紅 HK\$'000 千港元	Housing allowances 房屋津貼 HK\$'000 千港元	Employer's contribution to pension scheme 僱主對 退休金計劃 之供款 HK\$'000 千港元	Total payable and expensed in the financial statements 應付及 已計入財務 報表之總額 HK\$'000 千港元	Benefit from share options 行使購股權 所得利益 HK\$'000 千港元	Total emoluments 酬金總額 HK\$'000 千港元
WONG Wai Sheung	黃偉常	55	8,267	1,227	-	114	9,663	3,650	13,313
TSE Moon Chuen	謝滿全	55	669	307	251	40	1,322	-	1,322
LAW Tim Fuk, Paul	羅添福	55	1,057	613	-	49	1,774	-	1,774
POON Kam Chi	潘錦池	41	598	-	-	28	667	-	667
LAU Kwok Sum	劉國森	55	775	153	-	37	1,020	-	1,020
WONG Koon Cheung	黃冠章	55	115	-	-	-	170	-	170
CHAN Wai	陳偉	55	115	-	-	-	170	-	170
LEE Shu Kuan	李樹坤	55	115	-	-	-	170	-	170
YEUNG Po Ling, Pauline	楊寶玲	55	-	-	-	-	55	-	55
HUI King Wai	許競威	110	-	-	-	-	110	-	110
CHIU Wai Mo [#]	趙偉武 [#]	110	-	-	-	-	110	-	110
HUI Chiu Chung [#]	許照中 [#]	110	-	-	-	-	110	-	110
LO Mun Lam, Raymond [#]	盧敏霖 [#]	110	-	-	-	-	110	-	110
		921	11,711	2,300	251	268	15,451	3,650	19,101

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

15 DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS

(Continued)

(a) Directors' emoluments (Continued)

For the year ended 31st March 2005
截至2005年3月31止年度

Name of Director	董事姓名	Fees 袍金 HK\$'000 千港元	Salaries 薪金 HK\$'000 千港元	Discretionary bonuses 酌情發放 之花紅 HK\$'000 千港元	Employer's	Total	Benefit	Total emoluments 酬金總額 HK\$'000 千港元
					contribution to pension scheme 僱主對 退休金 計劃之 供款 HK\$'000 千港元	payable and expensed in the financial statements 應付及已 計入財務 報表之總額 HK\$'000 千港元	from exercise of share options 購股權 所得利益 HK\$'000 千港元	
WONG Wai Sheung	黃偉常	55	7,129	1,389	110	8,683	-	8,683
TSE Moon Chuen	謝滿全	55	825	459	38	1,377	-	1,377
LAW Tim Fuk, Paul	羅添福	55	1,021	695	47	1,818	-	1,818
POON Kam Chi	潘錦池	55	689	695	32	1,471	-	1,471
LAU Kwok Sum	劉國森	55	734	238	35	1,062	-	1,062
WONG Koon Cheung	黃冠章	55	115	-	-	170	-	170
CHAN Wai	陳偉	55	115	-	-	170	-	170
LEE Shu Kuan	李樹坤	55	115	-	-	170	-	170
YEUNG Po Ling, Pauline	楊寶玲	55	-	-	-	55	-	55
HUI King Wai	許競威	110	-	-	-	110	-	110
CHIU Wai Mo [#]	趙偉武 [#]	110	-	-	-	110	-	110
HUI Chiu Chung [#]	許照中 [#]	110	-	-	-	110	-	110
LO Mun Lam, Raymond [#]	盧敏霖 [#]	55	-	-	-	55	-	55
		880	10,743	3,476	262	15,361	-	15,361

Independent non-executive directors.

No directors waived their emoluments in respect of the years ended 31st March 2005 and 2006.

獨立非執行董事

截至2005年及2006年3月31日止年度，並無董事放棄收取酬金。

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

15 DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS

(Continued)

(b) Five highest paid individuals

Among the five highest paid individuals, 4 (2005: 4) of them are directors of the Company and the details of their remuneration have been disclosed in the preceding paragraph. The emoluments of the remaining highest paid individual are as follows:

15 董事及高級管理人員酬金(續)

(b) 五名最高薪酬人士

五名最高薪酬人士當中，四名(2005年：四名)為本公司董事，彼等之酬金詳情已於上段披露。其餘最高薪人士之酬金載列如下：

		2006 HK\$'000 千港元	2005 HK\$'000 千港元
Salaries, housing allowances, other allowances and benefits-in-kind	薪金、房屋津貼、其他津貼及實物利益	1,381	1,141
Performance and discretionary bonuses	按表現及酌情發放之花紅	575	825
Contributions to pension plan	退休計劃供款	51	49
Total payable and expensed in the financial statements	財務報表內應付賬項及支出總額	2,007	2,015
Benefit from exercise of share options	行使購股權所得利益	-	4,719
		2,007	6,734

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

16 PROPERTY, PLANT AND EQUIPMENT Group

16 物業、廠房及設備 集團

		Buildings		Furniture and fixtures and		Plant and machinery	Motor vehicles	Construction in progress	Total
		Retail shops	Other properties	Leasehold improvements	computer equipment				
		樓宇零售前舖	其他物業	租賃物業裝修	傢私、裝置及電腦設備	廠房及設備	汽車	在建工程	總額
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元
Cost or valuation	成本或估值								
At 1st April 2005	於2005年4月1日	-	52,489	57,388	32,052	8,442	4,209	-	154,580
Exchange adjustment	匯兌調整	-	-	135	35	-	-	-	170
Additions	添置	-	1,875	11,897	6,807	7,914	213	5,097	33,803
Revaluation adjustment	重估調整	-	5,015	-	-	-	-	-	5,015
Transfer between categories	分類間轉撥	-	-	-	9	(9)	-	-	-
Transfer to non-current asset held for sale	轉撥至持有出售之非流動資產	-	(220)	-	-	-	-	-	(220)
Disposals	出售	-	-	(9,661)	(3,359)	(93)	-	-	(13,113)
At 31st March 2006	於2006年3月31日	-	59,159	59,759	35,544	16,254	4,422	5,097	180,235
Accumulated depreciation	累積折舊								
At 1st April 2005	於2005年4月1日	-	-	41,927	21,130	3,949	1,602	-	68,608
Exchange adjustment	匯兌調整	-	-	54	8	-	-	-	62
Charge for the year	本年度折舊	-	1,121	9,171	4,950	2,799	815	-	18,856
Revaluation adjustment	重估調整	-	(1,121)	-	-	-	-	-	(1,121)
Transfer between categories	分類間轉撥	-	-	-	1	(1)	-	-	-
Disposals	出售	-	-	(8,466)	(2,733)	(78)	-	-	(11,277)
At 31st March 2006	於2006年3月31日	-	-	42,686	23,356	6,669	2,417	-	75,128
Net book value	賬面淨值								
At 31st March 2006	於2006年3月31日	-	59,159	17,073	12,188	9,585	2,005	5,097	105,107
Cost or valuation	成本或估值								
At 1st April 2004	於2004年4月1日	4,462	34,611	53,737	27,119	5,021	2,221	-	127,171
Exchange adjustment	匯兌調整	-	-	210	54	-	-	-	264
Additions	添置	-	23,868	12,442	6,599	4,269	2,437	-	49,615
Transfer between categories	分類間轉撥	-	-	-	33	(33)	-	-	-
Disposals	出售	(4,462)	(5,990)	(9,001)	(1,753)	(815)	(449)	-	(22,470)
At 31st March 2005	於2005年3月31日	-	52,489	57,388	32,052	8,442	4,209	-	154,580
Accumulated depreciation	累積折舊								
At 1st April 2004	於2004年4月1日	446	-	43,609	18,274	3,269	1,190	-	66,788
Exchange adjustment	匯兌調整	-	-	67	14	-	-	-	81
Charge for the year	本年度折舊	-	-	5,925	4,184	1,305	772	-	12,186
Transfer between categories	分類間轉撥	-	-	-	14	(14)	-	-	-
Disposals	出售	(446)	-	(7,674)	(1,356)	(611)	(360)	-	(10,447)
At 31st March 2005	於2005年3月31日	-	-	41,927	21,130	3,949	1,602	-	68,608
Net book value	賬面淨值								
At 31st March 2005	於2005年3月31日	-	52,489	15,461	10,922	4,493	2,607	-	85,972

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

16 PROPERTY, PLANT AND EQUIPMENT (Continued)

Group (Continued)

The analysis of the cost or valuation of the above assets is as follows:

		Other properties 其他物業	Leasehold improvements 租賃物業裝修	Furniture and fixtures and computer equipment 傢私、裝置及電腦設備	Plant and machinery 廠房及設備	Motor vehicles 汽車	Construction in progress 在建工程	Total 總額
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
At 31st March 2006	於2006年3月31日							
At cost	成本值	-	59,759	35,544	16,254	4,422	5,097	121,076
At professional valuation - 2006	專業估值 - 2006年	59,159	-	-	-	-	-	59,159
		<u>59,159</u>	<u>59,759</u>	<u>35,544</u>	<u>16,254</u>	<u>4,422</u>	<u>5,097</u>	<u>180,235</u>
At 31st March 2005	於2005年3月31日							
At cost	成本值	-	57,388	32,052	8,442	4,209	-	102,091
At professional valuation - 2005	專業估值 - 2005年	52,489	-	-	-	-	-	52,489
		<u>52,489</u>	<u>57,388</u>	<u>32,052</u>	<u>8,442</u>	<u>4,209</u>	<u>-</u>	<u>154,580</u>

Net book value of buildings is analysed as follows:

樓宇之賬面淨值之分析如下：

		Group 集團	
		2006 HK\$'000 千港元	2005 HK\$'000 千港元
In Hong Kong, held on:	在香港按下列方式持有：		
- Leases of over 50 years	- 50年以上租約	2,760	2,700
- Leases of between 10 to 50 years	- 10至50年租約	530	720
		<u>3,290</u>	<u>3,420</u>
Outside Hong Kong, held on:	在香港以外地區按下列方式持有：		
- Leases of over 50 years	- 50年以上租約	505	430
- Leases of between 10 to 50 years	- 10至50年租約	55,364	48,639
		<u>55,869</u>	<u>49,069</u>
		<u>59,159</u>	<u>52,489</u>

Other properties were revalued on 31st March 2006 on the basis of open market value by DTZ Debenham Tie Leung Limited, an independent professional valuer.

The carrying amount of these revalued other properties would have been HK\$53,883,000 (2005: HK\$53,458,000) had they been stated at cost less accumulated depreciation and accumulated impairment losses.

其他物業已於2006年3月31日由獨立專業估值師戴德梁行有限公司按公開市值基準重估。

倘其他重估物業以成本值減累積折舊及累積減值虧損列賬，則其賬面值應為53,883,000港元(2005年：53,458,000港元)。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

17 LEASEHOLD LAND AND LAND USE RIGHTS

17 租賃土地及土地使用權

		2006 HK\$'000 千港元	2005 HK\$'000 千港元
Cost	成本		
At 1st April	於4月1日	15,656	39,486
Additions	添置	-	31,985
Transfer to non-current asset held for sale	轉撥至持有供出售之非流動資產	(1,630)	-
Disposals	出售	-	(55,815)
At 31st March	於3月31日	<u>14,026</u>	<u>15,656</u>
Accumulated amortisation	累積攤銷		
At 1st April	於4月1日	1,347	3,415
Amortisation for the year	年內攤銷	182	315
Transfer to non-current asset held for sale	轉撥至持有供出售之非流動資產	(338)	-
Disposals	出售	-	(2,383)
At 31st March	於3月31日	<u>1,191</u>	<u>1,347</u>
Net book amount	賬面淨值		
At 31st March	於3月31日	<u>12,835</u>	<u>14,309</u>

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

17 LEASEHOLD LAND AND LAND USE RIGHTS (Continued)

The net book value of leasehold land and land use rights is analysed as follows:

		2006 HK\$'000 千港元	2005 HK\$'000 千港元
In Hong Kong, held on:	在香港按下列方式持有：		
Leases of over 50 years	50年以上租約	6,094	6,102
Leases of between 10 to 50 years	10年至50年租約	313	1,643
Outside Hong Kong, held on:	在香港以外按下列方式持有：		
Leases of over 50 years	50年以上租約	804	817
Leases of between 10 to 50 years	10年至50年租約	5,624	5,747
		12,835	14,309

17 租賃土地及土地使用權(續)

租賃土地及土地使用權之賬面淨值分析如下：

18 OTHER INVESTMENTS

		Group 集團	
		2006 HK\$'000 千港元	2005 HK\$'000 千港元
Unlisted investments, at cost	非上市投資，按成本計	-	3,080
Less: Provision for impairment	減：減值撥備	-	(1,073)
Advance to an investee	向被投資單位提供之墊款	-	2,007
		-	140
		-	2,147

The advance to an investee is unsecured, interest-free and is not repayable in the next twelve months.

向被投資單位提供之墊款乃無抵押、免息及無須於未來12個月內償還。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

19 AVAILABLE-FOR-SALE FINANCIAL ASSET

19 可供出售財務資產

		HK\$'000 千港元
At 1st April 2005 and 31st March 2006, at cost	於2005年4月1日及 2006年3月31日，按成本計	1,067
Repayment from investee	被投資單位之還款	(25)
Provision for permanent impairment	永久減值撥備	(1,042)
		<u>—</u>

20 TRADING LICENCE

20 交易執照

		HK\$'000 千港元
As at 1st April 2005 and 31st March 2006, at cost	於2005年4月1日及 2006年3月31日，按成本計	<u>1,080</u>

21 INTERESTS IN SUBSIDIARIES

21 附屬公司權益

		Company 公司	
		2006 HK\$'000 千港元	2005 HK\$'000 千港元
Unlisted investments, at cost	非上市投資，按成本計	298,887	298,887
Loans to subsidiaries	向附屬公司提供貸款	120,521	120,521
		<u>419,408</u>	<u>419,408</u>

Particulars of the principal subsidiaries are set out in Note 36 to the financial statements.

Loans to subsidiaries are unsecured, interest-free and repayable on demand.

主要附屬公司之詳情載於財務報表附註36。

向附屬公司提供之貸款乃無抵押、免息及須按的要求償還。

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

22 INVENTORIES – GROUP

At 31st March 2006, inventories carried at net realisable value amounted to HK\$933,000 (2005: HK\$3,106,000).

23 AMOUNTS DUE FROM/TO SUBSIDIARIES – COMPANY

The balances are unsecured, interest-free and repayable on demand.

24 TRADE RECEIVABLES

The majority of the Group's sales are on a cash basis. Credit sales are mainly for the Group's wholesale customers with terms of 0 to 90 days.

The ageing analysis of trade receivables is as follows:

0 – 30 days	0-30日
31 – 60 days	31-60日
61 – 90 days	61-90日
91 – 120 days	91-120日
Over 120 days	超過 120日

The carrying amounts of trade receivables approximate their fair value.

22 存貨 – 集團

於2006年3月31日，按可變現淨值列賬之存貨為933,000港元（2005年：3,106,000港元）。

23 應收／應付附屬公司賬項 – 公司

該等餘額乃無抵押、免息及須按要求償還。

24 貿易應收賬項

本集團大部分銷售乃以現金進行。除售主要為本集團之批發客戶而設，信貸期為0至90日。

貿易應收賬項之賬齡分析如下：

		Group 集團	
		2006 HK\$'000 千港元	2005 HK\$'000 千港元
0 – 30 days	0-30日	11,885	13,090
31 – 60 days	31-60日	–	1,072
61 – 90 days	61-90日	–	70
91 – 120 days	91-120日	6	122
Over 120 days	超過 120日	253	852
		12,144	15,206

貿易應收賬項之賬面值與其公平值相若。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

25 NON-CURRENT ASSET HELD FOR SALE 25 持有供出售之非流動資產

		HK\$'000 千港元
At 1st April 2004 and 31st March 2005	於2004年4月1日及 2005年3月31日	—
Transfer from property, plant and equipment and leasehold land and land use rights	轉自物業、廠房及設備 及租賃土地及 土地使用權	1,512
Write-down to fair value (Note 8)	撇減至公平值 (附註8)	(662)
At 31st March 2006	於2006年3月31日	<u>850</u>

26 TRADE AND OTHER PAYABLES

Included in trade and other payables are trade payables and their ageing analysis is as follows:

0 – 30 days	0-30日
31 – 60 days	31-60日
61 – 90 days	61-90日
91 – 120 days	91-120日
Over 120 days	超過120日

The carrying amounts of trade and other payables approximate their fair value.

26 貿易及其他應付賬項

包括在貿易及其他應付賬項內的貿易應付賬項之賬齡分析如下：

		Group 集團	
		2006 HK\$'000 千港元	2005 HK\$'000 千港元
0 – 30 days	0-30日	50,000	44,530
31 – 60 days	31-60日	29,486	19,220
61 – 90 days	61-90日	8,066	8,873
91 – 120 days	91-120日	4,186	2,070
Over 120 days	超過120日	722	217
		<u>92,460</u>	<u>74,910</u>

貿易及其他應付賬項之賬面值與其公平值相若。

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

27 SHARE CAPITAL

27 股本

	2006		2005	
	No. of shares 股份數目	HK\$'000 千港元	No. of shares 股份數目	HK\$'000 千港元
Authorised:				
Ordinary shares of HK\$0.1 each	800,000,000	80,000	800,000,000	80,000
Issued and fully paid:				
Ordinary shares of HK\$0.1 each				
At beginning of the year	485,443,850	48,544	480,974,850	48,097
Exercise of share options	2,500,000	250	4,469,000	447
At end of the year	487,943,850	48,794	485,443,850	48,544

The Company has a share option scheme under which the directors may, at their discretion, grant employees, including any executive directors, of the Company and/or any of its subsidiaries, options to subscribe for shares in the Company, subject to the terms and conditions stipulated in the share option scheme.

During the year, no such options were granted (2005: Nil).

Options to subscribe for 2,500,000 (2005: 4,469,000) ordinary shares in the Company were exercised at a price of HK\$0.34 (2005: HK\$0.34) per share during the year. The premium on the issue of the shares of HK\$600,000 (2005: HK\$1,073,000) was credited to the share premium account.

At 31st March 2006, there were 4,564,000 (2005: 7,064,000) share options outstanding which are exercisable at HK\$0.34 per share at any time prior to 13th June 2010.

本公司推行購股權計劃，據此，董事可根據購股權計劃所載條款及條件，酌情向本公司及／或其任何附屬公司之僱員（包括任何執行董事）授出購股權以認購本公司股份。

年內，概無授出該等購股權（2005年：無）。

年內，可以0.34港元（2005年：0.34港元）之價格認購2,500,000股（2005年：4,469,000股）普通股之購股權獲行使。發行股份之溢價600,000港元（2005年：1,073,000港元）已計入股份溢價賬。

於2006年3月31日，共有4,564,000份（2005年：7,064,000份）可於2010年6月13日前任何時間以每股0.34港元行使之購股權尚未獲行使。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

28 RESERVES

(a) The reserves of the Group and the Company as at 31st March 2006 are analysed as follows:

28 儲備

(a) 本集團及本公司於2006年3月31日之儲備分析如下：

		Group 集團		Company 公司	
		2006 HK\$'000 千港元	2005 HK\$'000 千港元 (Restated) 重列	2006 HK\$'000 千港元	2005 HK\$'000 千港元
Reserves	儲備	632,214	576,680	390,208	378,706
Proposed final dividend (Note 13)	擬派末期股息 (附註13)	34,156	29,127	34,156	29,127
Proposed special dividend (Note 13)	擬派特別股息 (附註13)	—	9,709	—	9,709
Total reserves	總儲備	666,370	615,516	424,364	417,542

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

28 RESERVES (Continued) (b) Group

28 儲備(續) (b) 集團

		Share premium 股份溢價 HK\$'000 千港元	Capital reserve 資本儲備 HK\$'000 千港元	Revaluation reserve 重估儲備 HK\$'000 千港元	Exchange reserve 匯兌儲備 HK\$'000 千港元	Retained earnings 保留盈利 HK\$'000 千港元	Total 總額 HK\$'000 千港元
At 1st April 2005	於2005年4月1日	57,189	135,713	8,752	(269)	424,099	625,484
Reversal of revaluation reserve for leasehold land (Note 2)	租賃土地重估儲備撥回(附註2)	-	-	(8,752)	-	-	(8,752)
Effect of adoption of HKAS 17 (Note 2)	採納香港會計準則第17號之影響(附註2)	-	-	-	-	(1,216)	(1,216)
As at 1st April 2005, as restated	於2005年4月1日, 已重列	57,189	135,713	-	(269)	422,883	615,516
Exercise of share options (Note 27)	行使購股權(附註27)	600	-	-	-	-	600
Profit attributable to shareholders	股東應佔溢利	-	-	-	-	95,695	95,695
Exchange differences	匯兌差額	-	-	-	1,875	-	1,875
Surplus on revaluation of buildings	樓宇重估盈餘	-	-	6,158	-	-	6,158
2004/05 final dividend paid (Note 13)	已支付2004/05年末期股息(附註13)	-	-	-	-	(38,836)	(38,836)
2005/06 interim dividend paid (Note 13)	已支付2005/06年中期股息(附註13)	-	-	-	-	(14,638)	(14,638)
At 31st March 2006	於2006年3月31日	<u>57,789</u>	<u>135,713</u>	<u>6,158</u>	<u>1,606</u>	<u>465,104</u>	<u>666,370</u>
At 1st April 2004	於2004年4月1日	56,116	135,713	1,796	(143)	341,578	535,060
Reversal of revaluation reserve for leasehold land (Note 2)	租賃土地重估儲備撥回(附註2)	-	-	(1,796)	-	-	(1,796)
Effect of adoption of HKAS 17 (Note 2)	採納香港會計準則第17號之影響(附註2)	-	-	-	-	(1,023)	(1,023)
As at 1st April 2004, as restated	於2004年4月1日, 已重列	56,116	135,713	-	(143)	340,555	532,241
Exercise of share options (Note 27)	行使購股權(附註27)	1,073	-	-	-	-	1,073
Profit attributable to shareholders	股東應佔溢利	-	-	-	-	125,795	125,795
Exchange differences	匯兌差額	-	-	-	(126)	-	(126)
2003/04 final dividend paid (Note 13)	已支付2003/04年末期股息(附註13)	-	-	-	-	(24,049)	(24,049)
2004/05 interim dividend paid (Note 13)	已支付2004/05年中期股息(附註13)	-	-	-	-	(19,418)	(19,418)
At 31st March 2005	於2005年3月31日	<u>57,189</u>	<u>135,713</u>	<u>-</u>	<u>(269)</u>	<u>422,883</u>	<u>615,516</u>

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

28 RESERVES (Continued)

(c) Company

28 儲備(續)

(c) 公司

		Share premium 股份溢價 HK\$'000 千港元	Contributed surplus 實繳盈餘 HK\$'000 千港元	Retained earnings 保留盈利 HK\$'000 千港元	Total 總額 HK\$'000 千港元
At 1st April 2005	於2005年4月1日	57,189	298,687	61,666	417,542
Exercise of share options (Note 27)	行使購股權 (附註27)	600	–	–	600
Profit for the year	年度溢利	–	–	59,696	59,696
2004/05 final dividend paid (Note 13)	已支付2004/05年 末期股息(附註13)	–	–	(38,836)	(38,836)
2005/06 interim dividend paid (Note 13)	已支付2005/06年 中期股息(附註13)	–	–	(14,638)	(14,638)
At 31st March 2006	於2006年3月31日	<u>57,789</u>	<u>298,687</u>	<u>67,888</u>	<u>424,364</u>
At 1st April 2004	於2004年4月1日	56,116	298,687	45,177	399,980
Exercise of share options (Note 27)	行使購股權 (附註27)	1,073	–	–	1,073
Profit for the year	年度溢利	–	–	59,956	59,956
2003/04 final dividend paid (Note 13)	已支付2003/04年 末期股息(附註13)	–	–	(24,049)	(24,049)
2004/05 interim dividend paid (Note 13)	已支付2004/05年 中期股息(附註13)	–	–	(19,418)	(19,418)
At 31st March 2005	於2005年3月31日	<u>57,189</u>	<u>298,687</u>	<u>61,666</u>	<u>417,542</u>

(d) The contributed surplus of the Company represents the difference between the nominal value of the shares issued by the Company in exchange for all the issued ordinary shares of Luk Fook Investment (B.V.I.) Limited and the value of net assets of the underlying subsidiaries acquired by the Company as at 17th April 1997. Under the Companies Act 1981 of Bermuda (as amended), the contributed surplus is distributable to the shareholders, provided that the Company would, after the payment of dividends out of the contributed surplus, be able to pay its liabilities as they become due; or the realisable value of the Company's assets would thereby not be less than the aggregate of its liabilities, its issued share capital and its share premium. At the Group level, the contributed surplus is reclassified into its component of reserves of the underlying subsidiaries.

(e) At 31st March 2006, goodwill written off against the Group's capital reserve as a result of the acquisition of subsidiaries prior to 1st April 2001 amounted to HK\$4,147,000 (2005: HK\$4,147,000).

(d) 本公司之實繳盈餘指本公司為交換Luk Fook Investment (B.V.I.) Limited全部已發行普通股而發行之股份面值與於1997年4月17日本公司所收購之有關附屬公司資產淨值兩者之差額。根據百慕達1981年公司法(經修訂),實繳盈餘可派發予各股東,惟本公司從實繳盈餘派付股息後,必須能於負債到期時清償債務或於作出宣派後,本公司資產之可變現值將不會少於其債務、已發行股本及其股份溢價賬之總和。於集團財務報表內,此實繳盈餘經重新分類為各有關附屬公司之各項儲備。

(e) 於2006年3月31日,由於在2001年4月1日之前收購附屬公司而與本集團之資本儲備對銷之商譽為4,147,000港元(2005年:4,147,000港元)。

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

29 MINORITY INTERESTS

		Group 集團	
		2006 HK\$'000 千港元	2005 HK\$'000 千港元
Equity interests	股本權益	11,989	8,210
Loans from minority shareholders of a subsidiary	附屬公司少數 股東貸款	1,039	1,039
		13,028	9,249

The loans from minority shareholders of a subsidiary are unsecured, interest-free and have no fixed terms of repayment.

附屬公司少數股東貸款乃無抵押、免息及無固定還款期。

30 DEFERRED TAXATION

The movement on the net deferred taxation account is as follows:

		Group 集團	
		2006 HK\$'000 千港元	2005 HK\$'000 千港元
At 1st April 2005/04	於2005/04年4月1日	4,435	7,027
Credited/(charged) to consolidated income statement	於綜合損益表計入 ／(扣除)	1,199	(2,592)
At 31st March 2006/05	於2006/05年3月31日	5,634	4,435

29 少數股東權益

30 遞延稅項

遞延稅項賬目淨額之變動如下：

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

30 DEFERRED TAXATION (Continued)

Deferred taxation is provided in respect of:

30 遞延稅項(續)

遞延稅項之撥備乃有關：

		Tax depreciation allowances		Unrealised profit on closing inventories		Total	
		2006	2005	2006	2005	2006	2005
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元
At 1st April 2005/04	於2005/04年4月1日	1,359	4,523	3,076	2,504	4,435	7,027
Credited/(charged) to consolidated income statement	於綜合損益表計入/(扣除)	707	(3,164)	492	572	1,199	(2,592)
At 31st March 2006/05	於2006/05年3月31日	2,066	1,359	3,568	3,076	5,634	4,435

Representing:

代表：

		2006	2005
		HK\$'000	HK\$'000
		千港元	千港元
Deferred tax assets	遞延稅項資產	6,257	6,380
Deferred tax liabilities	遞延稅項負債	(623)	(1,945)
		5,634	4,435

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

31 CONSOLIDATED CASH FLOW STATEMENT

(a) Reconciliation of profit before taxation to net cash generated from operations:

31 綜合現金流量表

(a) 除稅前溢利與經營產生之現金淨額調整如下：

		2006 HK\$'000 千港元	2005 HK\$'000 千港元 (Restated) (重列)
Profit before taxation	除稅前溢利	112,420	152,105
Amortisation of leasehold land and land use rights	租賃土地及土地使用權攤銷	182	315
Depreciation of property, plant and equipment	物業、廠房及設備折舊	18,856	12,186
Loss/(gain) on disposal of property, plant and equipment	出售物業、廠房及設備之虧損/(收益)	1,572	(23,887)
Interest income	利息收入	(835)	(95)
Interest paid	已付利息	1,309	425
Provision for permanent impairment of available-for-sale financial asset	可供出售財務資產永久減值撥備	1,042	-
Provision for impairment of other investments	其他投資之減值撥備	-	1,073
Deficit/(surplus) on revaluation of other properties	其他物業重估虧絀/(盈餘)	22	(564)
Write-down of non-current asset held for sale to fair value	撇減持有供出售之非流動資產至公平值	662	-
Operating profit before working capital changes	營運資金變動前之經營溢利	135,230	141,558
Increase in rental deposits	預付租金按金增加	(3,885)	(1,563)
Increase in inventories	存貨之增加	(67,158)	(56,740)
Increase in trade and other receivables, deposits and prepayments	貿易及其他應收賬項、按金及預付賬項增加	(1,161)	(4,337)
Increase in trade and other payables	貿易及其他應付賬項之增加	40,148	9,090
Net cash generated from operations	經營產生之現金淨額	<u>103,174</u>	<u>88,008</u>

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

31 CONSOLIDATED CASH FLOW STATEMENT (Continued)

(b) Analysis of changes in financing during the year

		Minority interests 少數股東權益		Short-term bank loan 短期銀行貸款	
		2006	2005	2006	2005
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
At 1st April	於4月1日	9,249	7,836	21,420	–
Minority interests' share of net profits	少數股東應佔溢利淨額	834	1,164	–	–
Investment in a subsidiary	於一家附屬公司之投資	2,945	–	–	–
Loan from a minority shareholder	一名少數股東提供之貸款	–	490	–	–
Repayment of loan from a minority shareholder	償還一名少數股東之貸款	–	(241)	–	–
Proceeds from short-term bank loan	短期銀行貸款所得款項	–	–	–	25,200
Repayment of short-term bank loan	償還短期銀行貸款	–	–	(21,420)	(3,780)
At 31st March	於3月31日	13,028	9,249	–	21,420

(c) Bank balances and cash

		2006	2005
		HK\$'000 千港元	HK\$'000 千港元
Denominated in:	計值貨幣：		
HK\$	港元	70,916	113,388
RMB	人民幣	32,423	11,086
Other currencies	其他貨幣	5,399	6,932
		108,738	131,406

Cash at bank earns interest at floating rates based on daily bank deposit rates. The conversion of the RMB denominated balances into foreign currencies is subject to the rules and regulations of foreign exchange control promulgated by the PRC Government.

銀行存款按每日銀行浮動存款利率賺取利息。人民幣結餘兌換為外幣須受中國政府頒佈之外幣管制規則及法規之規限。

31 綜合現金流量表(續)

(b) 年內理財活動之變動分析

(c) 銀行結餘及現金

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

31 CONSOLIDATED CASH FLOW STATEMENT (Continued)

Cash and cash equivalents include the following for the purposes of the cash flow statement:

		2006 HK\$'000 千港元	2005 HK\$'000 千港元
Cash and bank balances	現金及銀行結餘	108,738	131,406

32 COMMITMENTS

(a) Capital commitments

		Group 本集團	
		2006 HK\$'000 千港元	2005 HK\$'000 千港元
Contracted but not provided for property, plant and equipment	已訂約但未作出撥備之物業、機器及設備	8,580	11,234

(b) Commitments under operating leases

At 31st March 2006, the Group had future aggregate minimum lease payments under non-cancellable operating leases in respect of land and buildings as follows:

		Group 本集團	
		2006 HK\$'000 千港元	2005 HK\$'000 千港元
Not later than one year	一年內	87,315	88,950
Later than one year and not later than five years	一年以上但不超過五年	97,073	126,006
		184,388	214,956

The actual payments in respect of certain operating leases are calculated at the higher of the minimum commitments as noted above and the amounts determined based on a percentage of the sales of the related outlets.

31 綜合現金流量表(續)

就現金流量表而言，現金及現金等價物包括：

		2006 HK\$'000 千港元	2005 HK\$'000 千港元
Cash and bank balances	現金及銀行結餘	108,738	131,406

32 承擔

(a) 資本承擔

		Group 本集團	
		2006 HK\$'000 千港元	2005 HK\$'000 千港元
Contracted but not provided for property, plant and equipment	已訂約但未作出撥備之物業、機器及設備	8,580	11,234

(b) 經營租賃承擔

於2006年3月31日，本集團就土地及樓宇根據不可撤銷之經營租賃而於未來支付之最低租賃付款總額如下：

		Group 本集團	
		2006 HK\$'000 千港元	2005 HK\$'000 千港元
Not later than one year	一年內	87,315	88,950
Later than one year and not later than five years	一年以上但不超過五年	97,073	126,006
		184,388	214,956

若干經營租約實際付款乃按上文所述最低承擔與根據相關商舖銷售額某一百分比所釐定金額之較高者計算。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

32 COMMITMENTS (Continued)

- (c) At 31st March 2006 and 2005, the Company did not have any material capital and financial commitments.

33 RELATED PARTY TRANSACTIONS

The Group is controlled by Luk Fook (Control) Limited, the ultimate parent company of the Group, incorporated in the British Virgin Islands (“BVI”), which owns 47.52% of the Company’s shares. The remaining shares are widely held. Set out below are the significant related party transactions during the year in addition to the related party information shown elsewhere in the financial statements.

- (a) A subsidiary of the Company entered into a tenancy agreement with Mr. WONG Kwai Sang, Mr. WONG Wai Sheung’s father, for the lease of a retail shop of the Group for a period of 1 year (2005: 1 year), expiring on 31st December 2006. During the year ended 31st March 2006, rental payable to Mr. WONG Kwai Sang amounted to HK\$1,800,000 (2005: HK\$1,530,000).
- (b) A subsidiary of the Company entered into a service contract (“Service Contract”) with Miss YEUNG Po Ling, Pauline and Topone Investments Limited (“Topone”) for a period of 1 year (2005: 1 year) expiring on 31st March 2006. Pursuant to the Service Contract, Topone agreed to make available Miss Yeung’s exclusive services for the promotion of the products and services of the Group in consideration of an annual fee of HK\$395,000 (2005: HK\$380,000).

Both Mr. WONG Wai Sheung and Miss YEUNG Po Ling, Pauline are directors of the Company and have beneficial interests in the Company.

32 承擔(續)

- (c) 於2006及2005年3月31日，本公司並無任何重大資本及財務承擔。

33 有關連人士之交易

本集團之控股公司為六福(控股)有限公司，即本集團之最終母公司，該公司於英屬維爾京(「英屬維爾京」)註冊成立，擁有本公司47.52%股份。其餘股份分散持有。年內，重大的有關連人士之交易(除財務報表其他部份所披露之有關連人士之資料外)載列如下：

- (a) 本公司一家附屬公司與黃偉常先生之父親黃桂生先生訂立租賃協議，將物業租予本集團作零售商舖用途，為期1年(2005年：1年)，將於2006年12月31日屆滿。截至2006年3月31日止年度，應向黃桂生先生支付之租金為1,800,000港元(2005年：1,530,000港元)。
- (b) 本公司之一間附屬公司已與楊寶玲小姐及泰一投資有限公司(「泰一」)訂立服務合約，該服務合約為期1年(2005年：1年)，於2006年3月31日屆滿。根據服務合約，泰一已同意楊小姐提供獨家服務予本集團，以推廣本集團的產品及服務，代價為每年395,000港元(2005年：380,000港元)。

黃偉常先生及楊寶玲小姐均為本公司董事，及於本公司擁有實益權益。

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

33 RELATED PARTY TRANSACTIONS (Continued)

(c) Key management compensation

33 有關連人士之交易(續)

(c) 主要管理層酬金

		2006 HK\$'000 千港元	2005 HK\$'000 千港元
Directors' fees	董事袍金	261	275
Salaries, housing allowances, other allowances and benefits-in-kind	薪金、房屋津貼、其他津貼及實物利益	12,998	11,539
Performance and discretionary bonuses	按表現及酌情發放之花紅	2,875	4,301
Contributions to pension plan	退休計劃供款	319	311
		16,453	16,426

34 ULTIMATE HOLDING COMPANY

The directors regard Luk Fook (Control) Limited, a company incorporated in the BVI, as being the ultimate holding company.

34 最終控股公司

董事視於英屬維爾京群島註冊成立之 Luk Fook (Control) Limited 為最終控股公司。

35 APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the board of directors on 24th July 2006.

35 財務報表通過

財務報表已於2006年7月24日由董事會通過。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

36 PARTICULARS OF SUBSIDIARIES

At 31st March 2006, the Company had the following principal subsidiaries:

36 附屬公司詳情

於2006年3月31日，本公司之主要附屬公司如下：

	Place of incorporation/ establishment 註冊成立/ 成立地點	Particulars of issued share capital/ registered capital 已發行股本/ 註冊資本詳情	Percentage of attributable interest held by the Company 本公司所持應佔權益百分比		Principal activities 主要業務
			2006	2005	
Interests held directly: 直接持有權益：					
Luk Fook Investment (B.V.I.) Limited	BVI 英屬維爾京群島	HK\$2 2港元	100	100	Investment holding 投資控股
Interests held indirectly: 間接持有權益：					
China Gems Laboratory Limited 中華珠寶鑑定中心有限公司	Hong Kong 香港	HK\$2 2港元	100	100	Authentication of gemstones 寶石鑑定
Great Cyber Investment Limited 浩維投資有限公司	Hong Kong 香港	HK\$100 100港元	100	100	Property holding 持有物業
Ice Collection (International) Limited 冰姿(國際)有限公司	Hong Kong 香港	HK\$100 100港元	100	100	Retailing of gold and jewellery products 珠寶金飾產品零售業務
Jewellworld.com Limited	BVI 英屬維爾京群島	HK\$8,000,000 8,000,000港元	51	51	Investment holding, and provision of software development and services relating to internet 投資控股、軟件開發及從事互聯網相關服務
Jewellworld.com Limited 珠寶世界(香港)有限公司	Hong Kong 香港	HK\$100 100港元	51	51	Investment holding, and provision of software development and services relating to internet 投資控股、軟件開發及從事互聯網相關服務

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

36 PARTICULARS OF SUBSIDIARIES (Continued)

36 附屬公司詳情(續)

	Place of incorporation/ establishment 註冊成立/ 成立地點	Particulars of issued share capital/ registered capital 已發行股本/ 註冊資本詳情	Percentage of attributable interest held by the Company 本公司所持應佔 權益百分比		Principal activities 主要業務
			2006	2005	
Luk Fook Bullions Dealers Limited 六福金號有限公司	Hong Kong 香港	HK\$14,000,000 14,000,000港元	100	100	Gold bullion trading 黃金買賣
Luk Fook Holdings Company Limited 六福集團有限公司	Hong Kong 香港	HK\$2 2港元	100	100	Provision of management services to group companies and wholesale distribution of gold and jewellery products 提供管理服務予集 團公司及批發分 銷珠寶金飾產品
Luk Fook Jewellery & Goldsmith (HK) Company Limited 六福珠寶金行(香港) 有限公司	Hong Kong 香港	HK\$100 100港元	100	100	Retailing of gold and jewellery products 珠寶金飾產品零售 業務
Luk Fook Jewellery & Goldsmith (Macao) Company Limited# 六福珠寶金行(澳門) 有限公司#	Macau 澳門	MOP 1,000,000 1,000,000澳門元	100	100	Retailing of gold and jewellery products in Macau 於澳門從事珠寶金 飾產品零售業務
Luk Fook Jewellery & Goldsmith (Canada) Limited 六福珠寶金行(加拿大) 有限公司	Canada 加拿大	CA\$ 100 100加拿大元	100	100	Retailing of gold and jewellery products in Canada 於加拿大從事珠寶 金飾產品零售業務
Max Forum Development Limited 溢富發展有限公司	Hong Kong 香港	HK\$100 100港元	100	100	Property holding 持有物業

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

36 PARTICULARS OF SUBSIDIARIES

(Continued)

36 附屬公司詳情(續)

	Place of incorporation/ establishment/ 註冊成立/ 成立地點	Particulars of issued share capital/ registered capital/ 已發行股本/ 註冊資本詳情	Percentage of attributable interest held by the Company/ 本公司所持應佔權益百分比		Principal activities/ 主要業務
			2006	2005	
Maxigood Enterprises Limited 萬利佳企業有限公司	Hong Kong 香港	HK\$3,000,000 3,000,000港元	93.3	93.3	Manufacturing and wholesale distribution of jewellery products 製造及批發分銷珠寶產品
Success Era Investments Limited 旭穎投資有限公司	Hong Kong 香港	HK\$3,000,000 3,000,000港元	51	51	Sales of electroplated gold ornament 銷售電鍍黃金飾品
六福珠寶(深圳)有限公司**	PRC 中國	HK\$15,000,000 15,000,000港元	100	100	Manufacturing, wholesale, retailing of gold and jewellery products and provision of quality examination services in the PRC 於中國從事製造、批發及零售黃金及珠寶產品以及提供品質鑑證服務
廣州利盈首飾有限公司**	PRC 中國	HK\$35,000,000 35,000,000港元	100	100	Property holding in the PRC 於中國持有物業

+ The subsidiaries were established as wholly foreign-owned enterprises in the PRC.

The subsidiaries have a financial year end date of 31st December in compliance with the respective local regulations.

+ 該等附屬公司為於中國成立之全外資企業。

該等附屬公司之財政年度年結日為12月31日，符合各地之法規。

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

36 PARTICULARS OF SUBSIDIARIES

(Continued)

Unless otherwise stated, all the above companies operate principally in Hong Kong.

The above list includes the subsidiaries of the Company which, in the opinion of the directors, principally affected the results of the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

36 附屬公司詳情(續)

除另有列明外，上述所有公司均主要於香港經營業務。

上表所列之本公司附屬公司乃董事認為對本年度業績有重大影響或構成本集團淨資產之主要部分。董事認為，提供其他附屬公司之詳情會令資料過於冗長。

BUSINESS STRUCTURE

業務架構

MANUFACTURE & WHOLESALE

Luk Fook Holdings Company Limited
Luk Fook Bullions Dealers Limited
Luk Fook Jewellery Manufacturing (Panyu) Company Limited
Maxigood Enterprises Limited
Success Era Investments Limited
Luk Fook Corporate Gift (International) Limited

PRC BUSINESS

RETAIL

Luk Fook Jewellery & Goldsmith (HK) Company Limited
Luk Fook Jewellery & Goldsmith (Canada) Limited
Luk Fook Jewellery & Goldsmith (Macao) Limited
Luk Fook Jewellery & Goldsmith (USA) Company Limited
Ice Collection (International) Limited

FINANCE

Luk Fook Finance Limited

AUTHENTICATION

China Gems Laboratory Limited

PORTAL BUSINESS

Jewellworld.com Limited

製造及批發

六福集團有限公司
六福金號有限公司
六福珠寶首飾(番禺)有限公司
萬利佳企業有限公司
旭穎投資有限公司
六福企業禮品(國際)有限公司

中國業務

六福珠寶(深圳)有限公司
廣州六福首飾有限公司
萬利佳(廣州)首飾有限公司
廣州利盈首飾有限公司

零售

六福珠寶金行(香港)有限公司
六福珠寶金行(加拿大)有限公司
六福珠寶金行(澳門)有限公司
六福珠寶金行(美國)有限公司
冰姿(國際)有限公司

財務

六福財務有限公司

鑑證

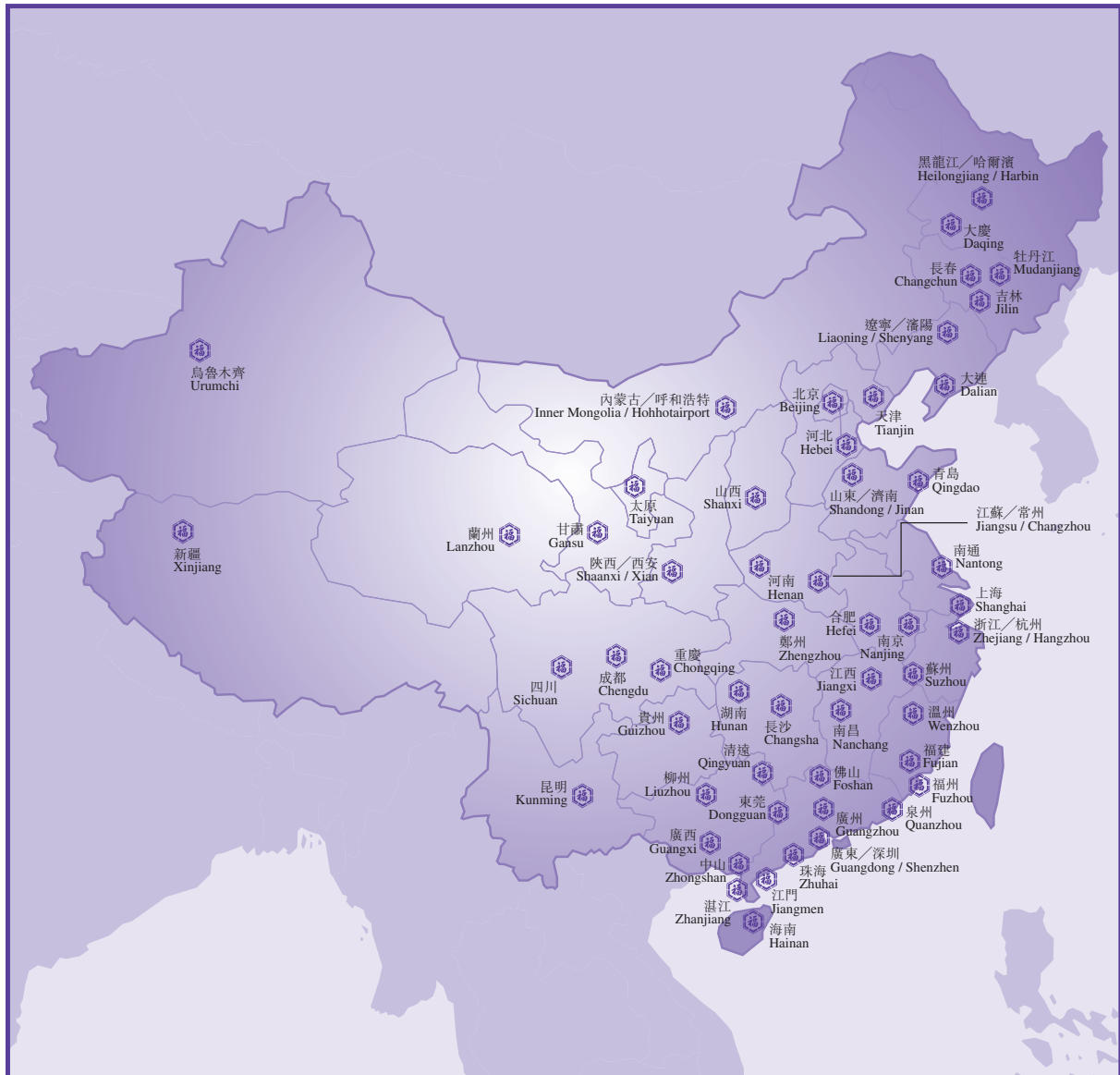
中華珠寶鑑定中心有限公司

入門網站業務

珠寶世界(香港)有限公司
致富略網域科技(深圳)有限公司

DISTRIBUTION OF LUK FOOK JEWELLERY PRC LICENSEE SHOPS 國內六福珠寶商標許可使用商分佈

PRC 中國



DISTRIBUTION OF THE GROUP'S RETAIL CHAIN

本集團之零售店分佈

LUK FOOK JEWELLERY 六福珠寶 HONG KONG 香港

1. Shop No. 14-17, G/F, 281 King's Road, North Point, H.K.
香港北角英皇道281號地下14-17號舖
2. G/F, Ming Yuen Centre, 400-404 King's Road, North Point, H.K.
香港北角英皇道400-404號明苑中心地下
3. Shop C, G/F, 479 Hennessy Road, Causeway Bay, H.K.
香港銅鑼灣軒尼詩道479號地下C舖
4. Shop B & C, G/F, Radio City, 505 Hennessy Rd., Causeway Bay, H.K.
香港銅鑼灣軒尼詩道505號電業城地下B及C舖
5. Shop G05, G/F., Melbourne Plaza,
33 Queen's Road Central, H.K.
香港中環皇后大道中33號萬邦行地下G05舖
6. Shop B, G/F., Manson House, 74-78 Nathan Road, T.S.T., Kln.
九龍尖沙咀彌敦道74-78號文遜大廈地下B舖
7. Shop G2, G/F, Hanford House, 221B-E Nathan Rd, Kln.
九龍彌敦道221B-E號恒福商業大廈地下G2舖
8. G/F, 687-689 Nathan Road, Mongkok, Kln.
九龍旺角彌敦道687-689號地下
9. G1-G2, G/F, Sun Hing Building, 603, 603A Nathan Road, Kln.
九龍彌敦道603、603A號新興大廈G1-G2地舖
10. Shop B, G/F, Rex House, 648 Nathan Road, Mongkok, Kln.
九龍旺角彌敦道648號皇上皇大廈地下B舖
11. Shop G1-G2 and G13, G/F, Nathan Centre, 580G-K Nathan Road,
Mongkok, Kln.
九龍旺角彌敦道580G-K彌敦中心地下G1-G2及G13舖
12. A-C, G/F, 53 Fung Tak Road, Fung Wong New Village,
Wong Tai Sin Kln.
九龍黃大仙鳳凰新村鳳德道53號A-C地下
13. G/F, 77-79 Mut Wah Street, Kwun Tong, Kln.
九龍觀塘物華街77-79號地下
14. Shop F4, Telford Plaza, Phase 1, Kowloon Bay, Kln.
九龍九龍灣德福廣場第1期F4舖
15. G/F, Shop 6, Emperor Plaza 1, 55 Chung On Street,
Tsuen Wan, N.T.
新界荃灣翠安街55號英皇娛樂廣場地下6號舖
16. G/F, 98 Chung On Street, Tsuen Wan, N.T.
新界荃灣翠安街98號地下
17. Shop 323A, L3, Phase 1, New Town Plaza, Shatin, N.T.
新界沙田新城市廣場第1期3樓323A號舖
18. Shop 12, KCRC Shatin Station, N.T.
新界沙田火車站12號舖
19. Shop 1141, L1, Tuen Mun Town Plaza, Tuen Mun, N.T.
新界屯門屯門市廣場第1期1層1141號舖
20. Shop 48, L1, Tuen Mun Town Plaza II,
3 Tuen Lung Street, Tuen Mun, New Territories
新界屯門屯隆街3號屯門市廣場第2期1樓48號舖
21. Shop No. 235-237, Level 2, No. 39 Lung Sum Avenue,
Landmark North, Sheung Shui, N.T.
新界上水龍琛路39號上水廣場2樓235-237號舖

22. G/F, 155 Castle Peak Road, Yuen Long, N.T.
新界元朗青山公路155號地下

23. Shop 6W548, Hong Kong International Airport, Chek Lap Kok, N.T.
新界赤鱗角香港國際機場6W548號舖

MACAU 澳門

1. No. 325 Avenida Almeida Ribeiro, Macau
澳門新馬路325號地下
2. Avenida Do Infante D. Henrique No. 12-18, Macau
澳門約翰四世大馬路48號及殷皇子大馬路12至18號地下

CANADA 加拿大

1. Shop No. 163, First Markham Place, 3255 Highway 7 East,
Markham, Greater Toronto, Ontario, L3R 3P9, Canada
加拿大安大略省多倫多萬錦市7號幹線東3255萬錦廣場
163號舖
2. Unit 1010, Aberdeen Centre, 4151 Hazelbridge Way, Richmond,
British Columbia, V6X 3L7, Canada
加拿大卑詩省烈治文哈茲橋路4151號時代坊1010舖
3. Unit #B72, Pacific Mall, 4300 Steeles Ave. Markham, Greater
Toronto, Ontario, L3R 0Y5
加拿大安大略省多倫多萬錦市士刁大道4300號太古廣場
B72號舖

USA 美國

1. Suite 1205, Oakridge Mall, 925 Blossom Hill Road, San Jose,
CA9512-1294, USA

PRC 中國

1. Outlet no. 02888, New Passenger Terminal, Guangzhou Baiyun
International Airport, Huadu District of Guangzhou, the PRC
中國廣州市花都區新白雲國際機場新航站樓主樓02888標段
- 1/F, Phase 1, New World Shopping Mall, 3 Chong Wen Men Da Jie,
Beijing, China
中國北京市崇文門大街3號北京新世界商場1期1層
3. Shop No. 119, Sun Dong An Shopping Mall, 138 Wang Fu Jing
Street, Beijing
中國北京市東城區王府井大街138號新東安市場L1層119號
店舖

ICE g. HONG KONG 香港

1. Shop No. 267, Level 2, No. 39 Lung Sum Avenue, Landmark
North, Sheung Shui, N.T.
新界上水龍琛路39號上水廣場2樓267號舖
2. Shop B246, Basement 2, No. 1 Matheson Street, Times Square,
Causeway Bay, H.K.
香港銅鑼灣勿地臣街1號時代廣場地庫2層B246舖



LUK FOOK HOLDINGS (INTERNATIONAL) LIMITED

六福集團(國際)有限公司

香港九龍觀塘觀塘道418號創紀之城第5期東亞銀行中心25樓

25th Floor, BEA Tower, Millennium City 5, 418 Kwun Tong Road, Kwun Tong, Kowloon, Hong Kong

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