

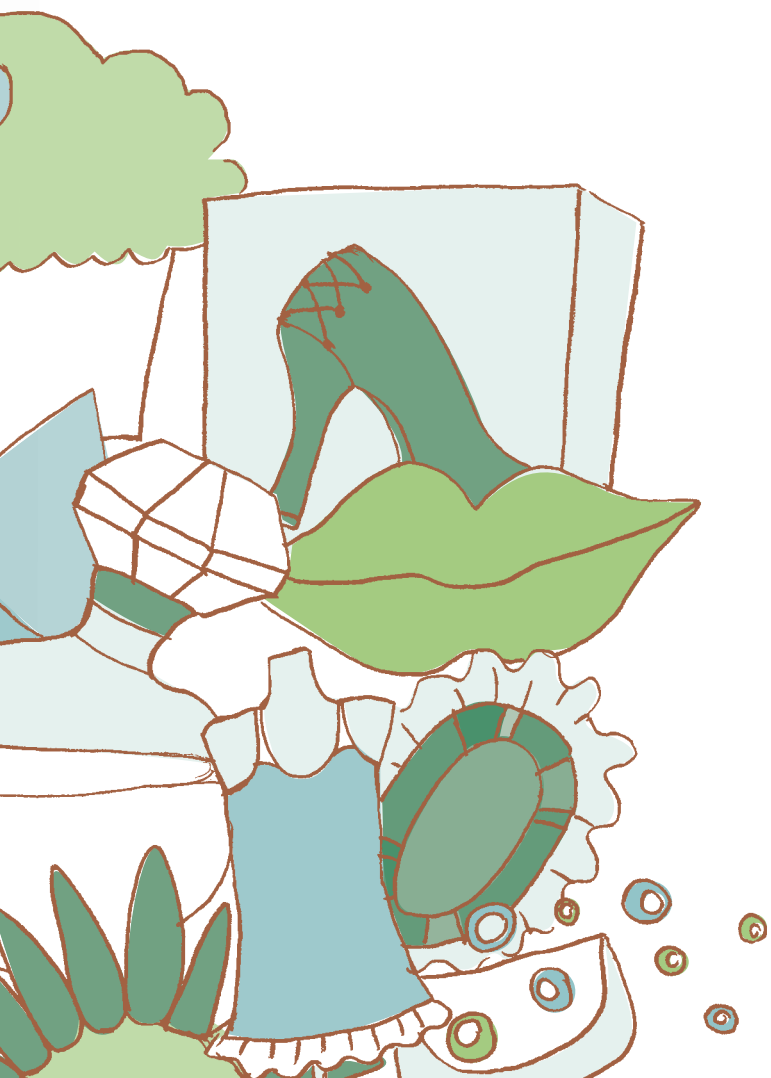


building for the
future
ANNUAL REPORT
2007 年報



CONTENTS 目錄

2	Corporate Information 企業資料
4	Corporate Profile 企業簡介
5	Financial Highlights 財務摘要
8	2007 Milestones 二零零七年大事回顧
10	Managing Director's Message 董事總經理報告
14	Management Discussion & Analysis 管理層討論及分析
24	Corporate Governance Report 企業管治報告
33	Directors' Profiles 董事簡介
37	Directors' Report 董事局報告
52	Independent Auditor's Report 獨立核數師報告書
54	Consolidated Income Statement 綜合收益表
55	Consolidated Balance Sheet 綜合資產負債表
57	Consolidated Statement of Changes in Equity 綜合權益變動表
58	Consolidated Cash Flow Statement 綜合現金流量表
60	Notes to the Financial Statements 財務報表附註
128	Group Financial Summary 集團財務摘要



Corporate Information

BOARD OF DIRECTORS

EXECUTIVE DIRECTORS

Mr. Lau Luen-hung, Thomas (Managing Director)
Mr. Doo Wai-hoi, William

NON-EXECUTIVE DIRECTORS

Dató Dr. Cheng Yu-tung (Chairman)
Dr. Cheng Kar-shun, Henry
Mr. Lau Luen-hung, Joseph
Ms. Lau Yuk-wai, Amy

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Lam Siu-lun, Simon (ACA, FTIHK)
Mr. Cheung Yuet-man, Raymond
The Hon. Shek Lai-him, Abraham
Mr. Hui Chiu-chung, Stephen

QUALIFIED ACCOUNTANT

Mr. Poon Fuk-chuen, Terry (CPA)

COMPANY SECRETARY

Ms. Siu Po-sim, Katherine (ACS, ACIS)

AUTHORISED REPRESENTATIVES

Mr. Lau Luen-hung, Thomas
Ms. Siu Po-sim, Katherine (ACS, ACIS)

AUDIT COMMITTEE

Mr. Lam Siu-lun, Simon (ACA, FTIHK) (Chairman of the Audit Committee)
Mr. Cheung Yuet-man, Raymond
The Hon. Shek Lai-him, Abraham
Mr. Hui Chiu-chung, Stephen

REMUNERATION COMMITTEE

Mr. Lau Luen-hung, Thomas (Chairman of the Remuneration Committee)
Mr. Lam Siu-lun, Simon (ACA, FTIHK)
The Hon. Shek Lai-him, Abraham
Mr. Hui Chiu-chung, Stephen

企業資料

董事局

執行董事

劉鑾鴻先生(董事總經理)
杜惠愷先生

非執行董事

拿督鄭裕彤博士(主席)
鄭家純博士
劉鑾雄先生
劉玉慧女士

獨立非執行董事

林兆麟先生(ACA, FTIHK)
張悅文先生
石禮謙議員
許照中先生

合資格會計師

潘福全先生(CPA)

公司秘書

蕭寶嬋女士(ACS, ACIS)

授權代表

劉鑾鴻先生
蕭寶嬋女士(ACS, ACIS)

審核委員會

林兆麟先生(ACA, FTIHK)(審核委員會主席)
張悅文先生
石禮謙議員
許照中先生

薪酬委員會

劉鑾鴻先生(薪酬委員會主席)
林兆麟先生(ACA, FTIHK)
石禮謙議員
許照中先生

REGISTERED OFFICE

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

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

20th Floor, East Point Centre
555 Hennessy Road
Causeway Bay
Hong Kong

PRINCIPAL BANKER

Bank of China (Hong Kong) Limited

AUDITOR

Deloitte Touche Tohmatsu

SOLICITORS

Richards Butler
Sit, Fung, Kwong & Shum

HONG KONG SHARE REGISTRAR AND TRANSFER OFFICE (BRANCH REGISTRAR)

Computershare Hong Kong Investor Services Limited
Rooms 1806–1807,
18th Floor, Hopewell Centre
183 Queen's Road East, Wanchai, Hong Kong

CAYMAN ISLANDS SHARE REGISTRAR AND TRANSFER OFFICE (REGISTRAR)

Butterfield Fund Services (Cayman) Limited
Butterfield House
68 Fort Street, P.O. Box 705
Grand Cayman KY1-1107
Cayman Islands

SHARE INFORMATION

Place of listing: Main Board of The Stock Exchange of Hong Kong Limited
Stock code: 1212
Board lot: 500 shares
Financial year end: 31st December
Share price at 31st December, 2007: HK\$21
Market capitalization at 31st December, 2007: HK\$35,807 million

WEBSITE ADDRESS

www.lifestylehk.com.hk

註冊辦事處

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

總辦事處及主要營業地點

香港
銅鑼灣
軒尼詩道555號
東角中心20樓

主要往來銀行

中國銀行(香港)有限公司

核數師

德勤•關黃陳方會計師行

律師

齊伯禮律師行
薛馮鄭岑律師行

香港股份過戶登記處(分處)

香港中央證券登記有限公司
香港灣仔皇后大道東183號
合和中心18樓1806至1807室

開曼群島股份過戶登記處(總處)

Butterfield Fund Services (Cayman) Limited
Butterfield House
68 Fort Street, P.O. Box 705
Grand Cayman KY1-1107
Cayman Islands

股份資料

上市地點：香港聯合交易所有限公司主板
股份代號：1212
每手買賣單位：500股
財政年度年結：十二月三十一日
於二零零七年十二月三十一日股價：21港元
於二零零七年十二月三十一日市值：358.07億港元

網址

www.lifestylehk.com.hk

Corporate Profile

Lifestyle International Holdings Limited (the “Company” or “Lifestyle International” together with its subsidiaries, collectively the “Group”) is a Hong Kong-based retail operator that specializes in the operation of high-end department stores through its two retailer brand names, SOGO and Jiuguang. The SOGO stores comprise its flagship store in Causeway Bay (“SOGO CWB”), the largest and leading department store in Hong Kong, and the Tsimshatsui store (“SOGO TST”) featuring a slightly different format that targets on a younger group of customers. Shanghai Jiuguang Department Store (“Shanghai Jiuguang”) was established with a similar business format to that of the SOGO CWB in Hong Kong, and has gained considerable popularity while building its brand as an upmarket department store in Shanghai since its grand opening in September 2004.

The success of the Group’s SOGO stores in Hong Kong over the years has provided the Group and its management team with concrete retail brand building and management expertise that is leveraged on to build a loyal customer base and strong business network. In December 2006, the Group announced the acquisition of two new sites for the development of fully-fledged retail complexes in Suzhou and Shengyang, which are due to be completed by 2008 to 2010 respectively. In April 2007, the Group announced the acquisition of four retail properties respectively in Dalian, Tianjin, Harbin and, Qingdao and the Dalian and Tianjin stores will be ready for business in 2008. These new projects will provide future growth drivers for the Group on top of its solid foundation that embodies its impressive track record.

企業簡介

利福國際集團有限公司(「本公司」或「利福國際」，連同其附屬公司統稱「本集團」)是紮根於香港的零售營運商，透過崇光及久光兩大零售品牌，專門經營高檔次百貨店。本集團的兩家崇光百貨分別為全港最大型位於銅鑼灣的旗艦店(「銅鑼灣店」)以及經營模式稍有不同、目標客戶為年青一族的尖沙咀店(「尖沙咀店」)。上海久光百貨(「上海久光」)的業務模式與香港銅鑼灣店相似，自二零零四年九月開幕以來，久光百貨已獲得顧客的廣泛認同，並於上海建立起高檔次百貨店的品牌地位。

本集團的崇光百貨多年來在香港取得卓越成就，使本集團及其管理人員在建立零售品牌方面獲得具體的知識及管理專才，令本集團能夠建立忠誠的客戶，並建立廣闊的業務網絡。二零零六年十二月，本集團宣佈收購兩幅位處蘇州及瀋陽的土地，發展為多功能零售綜合大樓。該兩個項目將分別於二零零八年至二零一零年間落成。於二零零七年四月，本集團宣佈收購四項分別位於大連、天津、哈爾濱及青島的零售物業，而大連店及天津店已準備就緒，可於二零零八年投入業務。這些新項目將為本集團在亮麗往績記錄的基礎上進一步奠定穩固根基，有助集團再創佳績。

Financial Highlights

財務摘要

Sales proceeds increased to (HK\$)
銷售所得款增加至 (港元)

6,780,518,000

On the back of record-breaking sales, turnover surged 20.5% to (HK\$)
受銷售額創新高所帶動·營業額增加20.5%至 (港元)

3,112,368,000

Net profit increased by 38.4% to (HK\$)
純利增加38.4%至 (港元)

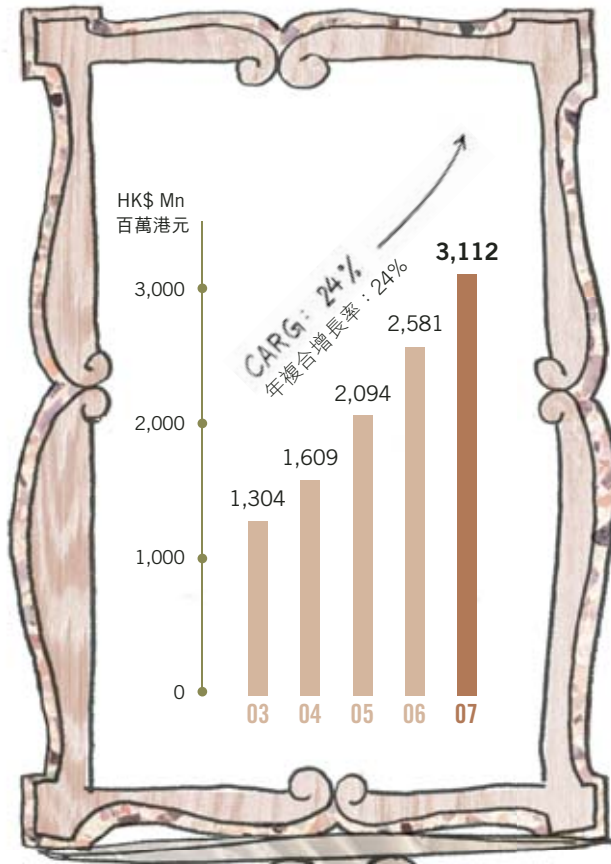
1,024,085,000

Earnings per share posted strong growth of 37.8% to (HK\$)
每股盈利亦大幅上升37.8%至每股 (港元)

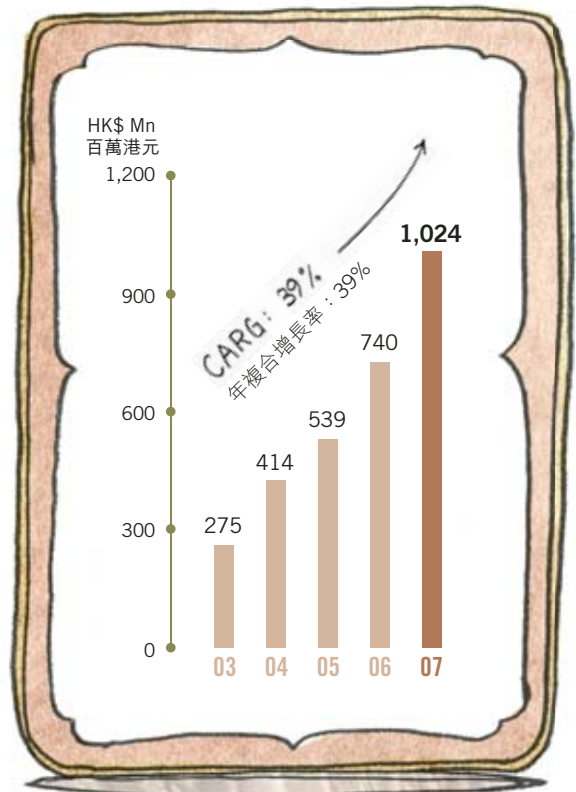
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Record-breaking Sales and Profit

銷售額及溢利同創新高

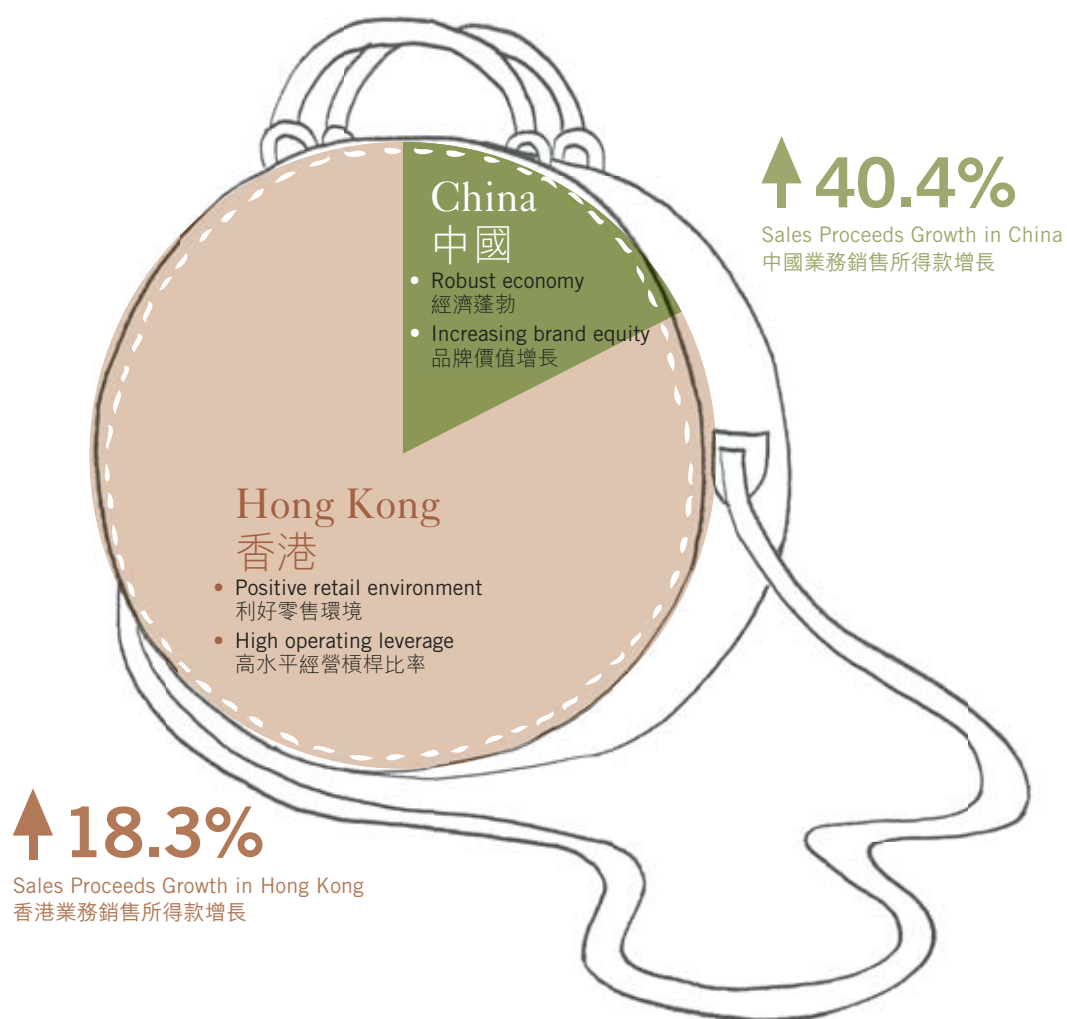


TURNOVER GROWTH
營業額增長



NET PROFIT GROWTH
純利增長

2007 TURNOVER BY MARKET 二零零七年按市場劃分之經營業績



OPERATING RESULTS 經營業績

HK'000 千港元	2007 二零零七年	2006 二零零六年	Change (%) 變動 (%)
Sales proceeds 銷售所得款	6,780,518	5,531,552	22.6
Turnover 營業額	3,112,368	2,581,962	20.5
Operating profit 經營溢利	1,241,953	862,435	44.0
Net profit 純利	1,024,085	740,170	38.4
Basic earnings per share (HK cents) 每股基本盈利(港仙)	60.22	43.69	37.8
Dividend per share (HK cents) 每股股息(港仙)	13.5	10.5	28.6

for the year ended 31st December 截至十二月三十一日止年度




2007 Milestones

二零零七年大事回顧



September

Subdivision of shares to
improve market circulation and
broaden investor base
通過股份拆細，提高市場流
通性及擴大投資者基礎



April

Acquisition of four retail properties in
Dalian, Tianjin, Harbin and Qingdao
收購位於大連、天津、哈爾濱
及青島的四項零售物業



October

Acquisition of Xian Tian Xia Square,
the largest retail shopping complex in
Shijiazhuang, Hebei

收購先天下廣場—河北省石家莊最大的零購物商場

Lifestyle International is included in Forbes
“200 Best Under A Billion” Asia list for 2007

利福國際獲「福布斯」雜誌評選為
二零零七年亞洲區銷售額十億美元
或以下的二百強企業之一

Participation in EganaGoldpfeil's
financial restructuring and share
acquisition

參與聯洲國際的財務重組
及股份收購



December

Included in the MSCI
Hong Kong index

納入MSCI香港指數



November

Celebrated the
14th Anniversary of Jumbo SOGO
慶祝Jumbo SOGO十四週年誌慶

SOGO CWB achieved record-
breaking daily sales of HK\$39.3
million during Thankful Week

銅鑼灣店於「感謝週」中
創下單日銷售額
39,300,000港
元的記錄



Managing Director's Message

董事總經理報告

Leading the industry and Building for the future

LAU Luen-hung, Thomas 劉鑾鴻
Managing Director 董事總經理

Benefiting by the robust economic growth in Hong Kong and mainland China, the year 2007 was another successful one for Lifestyle International. Once again, we delivered record results in both sales and profits at all our stores in operation, and we continued to maintain our leading position in Hong Kong's department store sector. SOGO in Causeway Bay ("SOGO CWB"), our flagship store in Hong Kong, continued making strong contributions to the Group's sales and profits during the year, while our SOGO in Tsim Sha Tsui ("SOGO TST") also demonstrated strong growth momentum, posting same-store-sales growth similar to its Causeway Bay counterpart in its second year of operation. Meanwhile, our Jiuguang Store in Shanghai is growing in popularity, thus bringing about more traffic. With its growth momentum continued, the store performed remarkably well during the year.

I am pleased to announce that for the year ended 31st December, 2007, the Group recorded a 20.5% increase in turnover and 38.4% surge in net profit compared with the previous year. The Board has recommended the payment of a final cash dividend of 13.5 HK cents per share.

In Hong Kong, the business of SOGO CWB and SOGO TST remained strong, with both stores outperforming the market average. This was due in part to the increase in inbound tourists, as well as the positive retail environment brought about by China's high-speed economic growth and improvement of local economies. Also driving our growth were the Group's successful marketing and promotion campaigns, adjustments to product mix, and our carefully designed segmentation strategy catering for different customers. The profit margin of both stores continued to expand, thanks to our operating leverage, strong growth in sales and the Group's effective control over operating costs.

領導零售市場 構建美好將來

受惠於中港兩地之強勁經濟增長，利福國際於二零零七年再創佳績。本集團旗下百貨店均錄得破記錄銷售額及溢利，繼續維持於香港百貨店業務之領導地位。本集團在香港的旗艦店銅鑼灣崇光(「銅鑼灣店」)於年內繼續為本集團帶來堅實的銷售額及盈利貢獻，而第二年經營的尖沙咀崇光(「尖沙咀店」)亦展現強勁增長勢頭，取得與銅鑼灣店相近的同店銷售額增長。與此同時，上海久光百貨之受歡迎程度日增，帶動人流更暢旺。在持續增長動力推動下，該店於年內之表現極為突出。

本人欣然宣佈，於截至二零零七年十二月三十一日止年度，本集團之營業額及純利分別較去年增加20.5%及急升38.4%。董事局建議派付現金末期股息每股13.5港仙。

香港方面，銅鑼灣店及尖沙咀店業務繼續強勁增長，兩店表現均超出同業平均水平，部分可歸因於訪港旅客人數上升，加上中國經濟高速增長及本地經濟改善帶來正面經濟環境。本集團成功的市場推廣及宣傳計劃、產品組合調整以及為迎合不同顧客需要而悉心設計之分類策略亦帶動了增長。銅鑼灣店及尖沙咀店之邊際利潤率不斷提升，全賴本集團之經營優勢、強勁銷售額增長以及有效控制經營成本。

As the leading department store operator in Hong Kong, we saw our market share continued to increase, reaching 2.2% of total retail sales and 21.3% of department store sales. In addition, our Hong Kong operations continued to outperform the industry average, posting a 18.3% growth, compared with 12.7% growth in department stores sales and 12.8% growth in overall retail sales in the territory.

During the year under review, the Group's business in Shanghai recorded remarkable growth. Three years into its operation, Shanghai Jiuguang achieved a 40.4% increase in sales and turned profitable during the year. This was the result of the Group's efforts in strengthening the Jiuguang brand name by offering better shopping experiences. So far we are satisfied with the results of our first store in the PRC and we are confident and ready to introduce the Jiuguang shopping experiences to consumers in other mainland cities.

We reported in 2006 the acquisition of two land sites respectively in Suzhou and Shenyang, and in April 2007, we also announced the acquisition of four retail properties respectively in Dalian, Tianjin, Harbin and Qingdao. More recently in October 2007, we acquired an effective 59.4% interest in the largest retail shopping complex in Shijiazhuang, Hebei Province.

Construction and renovation works of the Suzhou store has been well progressing as planned and we aim to open the store in the 2nd half of this year. Renovation works for the Dalian and Tianjin stores will commence soon and we aim to open these stores before the end of this year. Relocation and evacuation works for the Shenyang land is almost completed. We expect the development works will commence within the second half of 2008 and we target to open the store during the first half of 2010. The newly acquired shopping complex in Shijiazhuang is currently being leased as anchor tenant to a leading local retail group for rental purpose and the current lease will expire in April 2011. In the meantime, we are working to explore different means of cooperation with the tenant to maximize the opportunities.

The committed projects above will significantly increase the retail space of the Group, that is important for the Group to capture the fast-growing PRC retail market through effectively increasing our market presence in the mainland.



作為香港主要百貨店經營商，本集團市場佔有率不斷增加，佔總零售銷售額及百貨店銷售額分別達2.2%及21.3%。此外，本集團香港業務表現繼續領先業界平均水平，增長達18.3%，而本地百貨店銷售額及整體零售銷售額增長分別僅為12.7%及12.8%。

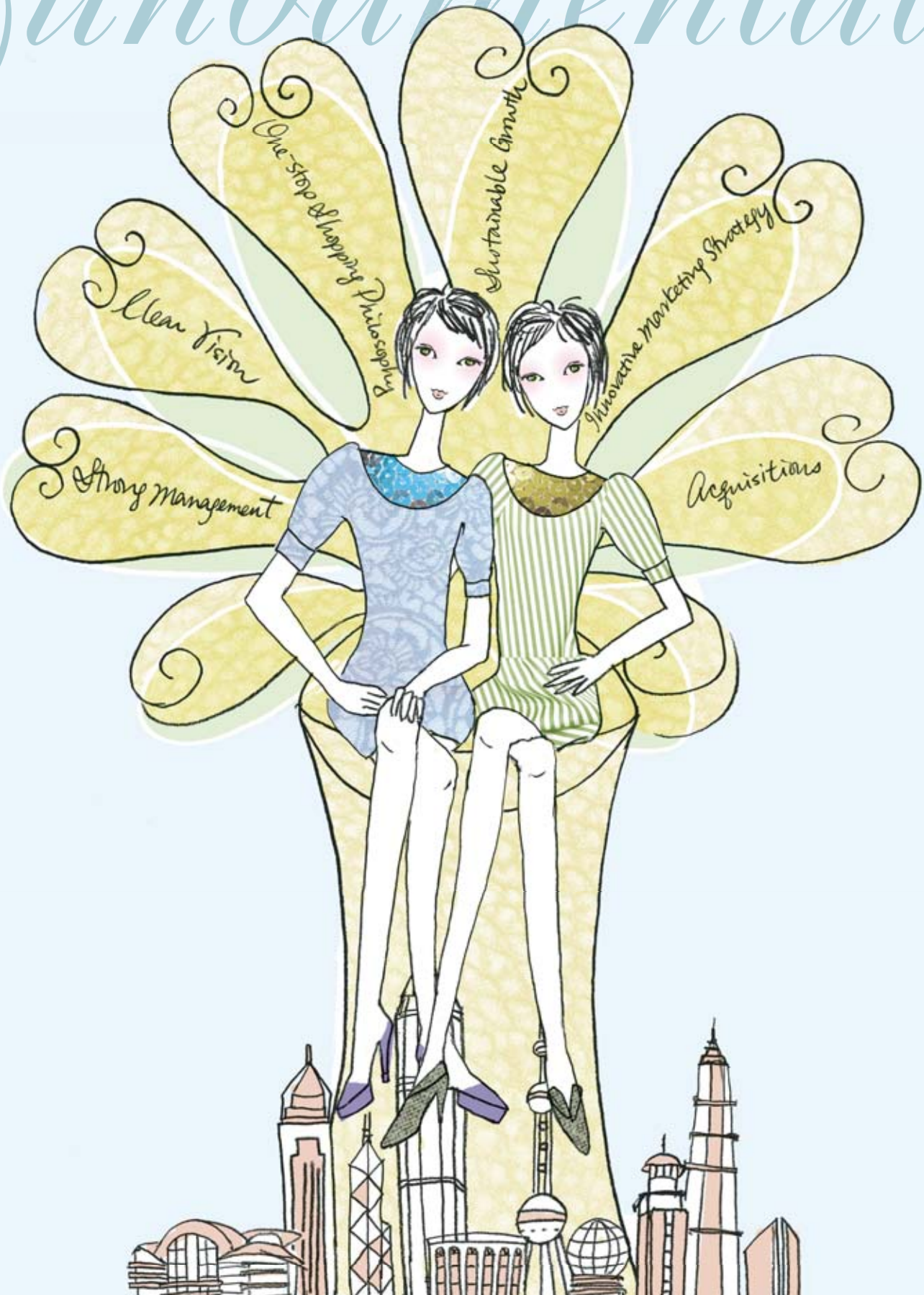
於回顧年內，本集團上海業務顯著增長。踏入經營第三年，上海久光百貨於年內錄得40.4%銷售額增長，轉虧為盈。此乃本集團致力提供更理想購物體驗，從而加強久光品牌之成果。直至目前為止，我們對首家中國店舖之業績表示滿意，並且充滿信心及作好準備將久光之購物體驗帶給其他國內城市的消費者。

本集團於二零零六年曾宣佈收購兩幅分別位於蘇州及瀋陽之土地，以及於二零零七年四月宣佈分別於大連、天津、哈爾濱及青島收購四項零售物業。二零零七年十月，我們亦購入河北省石家莊市內最大型零售購物中心之59.4%實際權益。

蘇州店之興建及粉飾工程按計劃順利進行，本集團目標為於下半年開業。大連及天津店之粉飾工程即將展開，本集團計劃於本年底開業。瀋陽地盤之遷徙工作已接近完成，本集團預期將於二零零八年下半年展開興建工程，目標為於二零一零年上半年開業。新購入位於石家莊之購物中心現時出租予當地具領導地位之零售集團作為主要租戶以收取租金，現有租約將於二零一一年四月屆滿。與此同時，本集團現正探討與該租戶的其他合作方式，藉此善用業務良機。

上述已落實之項目將大幅增加本集團之零售面積，這對本集團透過提升國內市場地位，以抓緊中國市場快速增長之機遇，極為重要。

leading the industry with solid
fundamentals



As a natural extension of our retail business that will broaden the Group's revenue base and help capture a slightly different type of growth potential in the branded goods distribution business in the PRC, we have been involved in the debt restructuring of EganaGoldpfeil (Holdings) Limited ("EganaGoldpfeil"), a Hong Kong-listed company that owns and leases a portfolio of German brands, which encompass products in the leather accessories, shoes, and timepieces and jewellery categories. The brands are relatively strong and well-known in Europe, especially in German-speaking countries, and over 80% of the Group's existing business is derived from Europe. The proposed transaction upon becoming effective — subject to approvals from regulators and shareholders — will enable Lifestyle International to get immediate access to a portfolio of internationally renowned brands in various product categories that we believe will be a good fit for the PRC market. In addition, we will have acquired EganaGoldpfeil's existing sales platform which will enable us to shorten any start-up time. We believe the transaction will bring about synergies and that we are well positioned to pursue the affordable luxury goods business in the flourishing mainland market.

Looking ahead, the Group will continue to maintain its leadership market position in Hong Kong while actively capturing more expansion opportunities in the PRC. We will continue widening our geographical reach in other mainland cities and we aim to launch larger-scale projects in the mainland that feature traditional department stores as well as other lifestyle formats. Such initiatives are founded on our commitment to bringing unique and fulfilling shopping experiences to our customers. We will also be committed to capturing the growing market demand for branded merchandises through the proposed transaction, which is in line with our mission to becoming a leading retail player in the PRC.

Despite a sense of uncertainty over the global economy, we believe China's economy will keep growing. With the surge in spending power of Chinese consumers and the rise of the middle class, China's domestic consumption and economic growth will continue. Therefore, we remain optimistic about the retail industry in the mainland and Hong Kong in the foreseeable future.

Our success lies in the hard work and efforts of our management and staff, as well as the continued supports of our customers, business partners and shareholders. On behalf of the board, I wish to thank the team for their indispensable contributions to the Group in 2007 and we look forward to your continuing trust and support in our endeavour to be the leading retail player in China.

Lau Luen-hung, Thomas
Managing Director

27th February, 2008

為讓本集團零售業務自然增長，從而擴大本集團收入基礎，以及協助抓緊於中國名牌產品分銷業務將提供不同的增長潛力，本集團已參與香港上市公司聯洲國際集團有限公司(「聯洲國際」)之債務重整，該公司擁有及代理一系列德國品牌，包括皮製配件、鞋類、鐘錶及珠寶之產品。該等品牌均為歐洲(尤其於德語國家)頗大規模及具名氣之品牌，而該集團超過80%之業務乃源自歐洲。待監管機構及股東批准後，建議交易於生效後，將有助利福國際即時取得一系列不同種類產品的國際知名品牌，而本集團相信該等品牌非常適合中國市場。此外，本集團亦可取得聯洲國際之現有銷售平台，從而加快本集團開展業務。本集團相信，是項交易將會締造協同效益。本集團已準備就緒，在內地興旺的品牌產品業務大展拳腳。

展望將來，本集團將繼續維持於香港之市場領導地位，並會積極把握更多於中國擴展機會。本集團將繼續擴大於其他國內城市之覆蓋範圍，致力於內地推出集傳統百貨店及其他生活時尚形式於一身的更大型項目，實踐本集團為顧客提供獨特而優質之購物體驗的承諾。本集團亦會致力透過建議交易抓緊品牌商品與日俱增之市場需求，貫徹本集團成為中國主要零售經營商之目標。

儘管全球經濟瀰漫不明朗因素，本集團相信中國經濟仍會繼續增長。隨著中國消費者之消費力急升以及中產階層掘起，中國本地消費及經濟將會持續增長。因此，本集團於可預見將來對國內及香港零售業仍然抱持樂觀態度。

本集團之成功有賴管理層及各員工不懈努力，以及顧客、業務夥伴及股東之長久支持。本人謹代表董事會對各員工於二零零七年為本集團作出的寶貴貢獻衷心致謝，並希望繼續得到閣下的信任及支持，成為中國具領導地位的零售經營商。

董事總經理
劉鑾鴻

二零零八年二月二十七日

Management Discussion & Analysis

管理層討論及分析

MARKET OVERVIEW

Hong Kong's retail sector saw remarkable growth in 2007, recording \$247.6 billion in sales that represents a staggering 12.8% year-on-year increase compared with 2006. The strong performance was the result of a multitude of factors, including rising income level, falling unemployment rate, a surge in the number of inbound visitors, and general wealth growth. Despite a general softening of the global consumer sentiment, Hong Kong people's consumption desire remained strong. According to the Global Consumer Confidence Study by the Nielsen Company, Hong Kong consumers were among the most confident out of people in 47 countries, with the confidence index registering a 7-point increase to 118 for the first six months of 2007.

In mainland China, the economy remained robust, as indicated by the 11.4% GDP growth and almost 17% retail sales growth in 2007 as compared to 2006. As more wealth is being created alongside with the economic growth, the amount of discretionary spending will also swell, with urban dwellers and the middle class demonstrating particularly stronger consumption power.

FINANCIAL REVIEW 2007

The year 2007 was another successful one for the Group. Our operations again achieved record-high turnover and continued to outperform the market average, posting a 22.6% growth in aggregate sales revenue. With the consistently outstanding performance of SOGO CWB and the increasing contribution from SOGO TST, the Group's Hong Kong sales accounted for 21.3% of the market share of Hong Kong's department store sector, an increase of 1 percentage point from 2006. The performance of our Shanghai Jiuguang store was equally impressive with sales (in RMB term) surged 40.4% and turned profitable.

市場概況

香港零售業於二零零七年錄得驕人增長，銷售額達247,600,000,000港元，與二零零六年相比，按年增長高達12.8%。強勁表現乃受到多項因素帶動，包括收入水平上升、失業率下降、訪港旅客人數急漲及整體財富增長。儘管全球消費景氣放緩，港人消費意慾仍然強勁。根據尼爾森公司進行的全球消費信心調查，香港消費者的信心指數為47個國家之冠，於二零零七年頭六個月內增長7點至118。

中國內地經濟繼續蓬勃發展，國民生產總值於二零零七年較二零零六年增長11.4%，而零售額則增加約17%。由於經濟增長創造更多財富，可支配個人開支數額亦將增加，以城市居民及中產人士的消費力尤其強勁。

二零零七年財務回顧

二零零七年，本集團續創佳績，旗下業務營業額再創新高，並繼續領先業界平均水平，銷售收益合共錄得22.6%增長。銅鑼灣崇光表現一向出色，加上尖沙咀崇光貢獻持續上升，本集團之香港銷售額佔香港百貨業市場份額21.3%，較二零零六年上升一個百分點。上海久光百貨之表現同樣出色，銷售額(以人民幣計)上升40.4%，並轉虧為盈。

TURNOVER AND SALES PROCEEDS

For the year under review, the Group's turnover grew to HK\$3,112.4 million, a 20.5% increase from HK\$2,582.0 million in 2006.

The Group's total sales proceeds (net of VAT) amounted to HK\$6,780.5 million from direct sales and concessionaire sales. SOGO CWB recorded sales proceeds of HK\$5,132.7 million, SOGO TST HK\$449.8 million and Shanghai Jiuguang HK\$1,198.0 million respectively accounting for 75.7%, 6.6% and 17.7% of the Group's total sales proceeds.

GROSS PROFIT AND GROSS MARGIN

The Group recorded gross profit margin of 55.7%, compared with 55.0% in 2006, and gross profit rose to HK\$1,734.6 million, up 22.1% from HK\$1,420.7 million in 2006.

EBITDA AND NET PROFIT

During the year, the Group's EBITDA (earnings before interest, taxation, depreciation and amortization) rose to HK\$1,348.4 million, an increase of 37.8% from HK\$978.6 million in 2006. The Group's EBITDA margin for the year, calculated based on turnover, was 43.3% compared with 37.9% for the previous year.

The significant growth in sales proceeds, coupled with the self-owned store business model at our Hong Kong flagship store and the relatively stable rental expense at the Shanghai Jiuguang and SOGO TST stores, the Group has benefited from the high operating leverage that saw the margin continued to expand.

Thanks to the stringent cost control measures and our mostly self-owned store business model, the Group's distribution costs and administration expenses increased mildly by approximately 5.9% during the year and such increase was mainly due to higher staff costs which is the result of a combination of wage rise and more headcounts to cope with the expansion. The additional share option charge of approximately HK\$12.8 million in relation the share options granted during the year also contributed to the increase in staff costs. The high operating leverage of the Hong Kong stores, together with the turnaround results of our Shanghai store, led the Group's net profit attributable to shareholders to reaching HK\$1,024.1 million, up 38.4% from HK\$740.2 million in 2006.

營業額及銷售所得款項

本集團回顧年度營業額增至3,112,400,000港元，較二零零六年錄得之2,582,000,000港元增加20.5%。

本集團的直接銷售或透過特許專櫃銷售所產生銷售所得款項(扣除增值稅)達6,780,500,000港元。銅鑼灣崇光、尖沙咀崇光及上海久光百貨的銷售所得款項分別為5,132,700,000港元、449,800,000港元及1,198,000,000港元，分別佔本集團總銷售所得款項75.7%、6.6%及17.7%。

毛利及毛利率

本集團錄得之毛利率為55.7%，而二零零六年為55.0%；毛利上升至1,734,600,000港元，較二零零六年錄得之1,420,700,000港元增加22.1%。

EBITDA及純利

於回顧年度，本集團之EBITDA(除利息收入及支出、稅項、折舊及攤銷前之盈利)升至1,348,400,000港元，較二零零六年之978,600,000港元增加37.8%。本集團按營業額計算之本年度EBITDA比率為43.3%，而去年則為37.9%。

銷售所得款項大幅增長，加上香港旗艦店之自置店舖業務模式以及上海久光百貨及尖沙咀崇光相對穩定之租金開支之帶動下，本集團受惠於高水平經營槓桿比率，毛利率繼續增長。

有賴嚴格執行之成本監控措施及本集團大部分自置經營店舖經營模式，本集團年內分銷成本及行政開支僅增加約5.9%，此項增幅主要由於提高工資加上配合業務擴充增聘人手導致員工成本增加所致。有關於年內授出購股權之額外購股權開支約12,800,000港元，亦導致員工成本增加。鑑於本集團香港百貨店之經營槓桿比率高企，加上本集團旗下上海百貨店的業績轉虧為盈，本集團於本年度之股東應佔純利達1,024,100,000港元，較二零零六年錄得之740,200,000港元增加38.4%。

FINANCE COSTS

Finance costs of HK\$81.8 million mainly comprised interest costs of the Group's bank loans and other finance charges. Increase in interest expense was mainly due to additional loans drawn during the year for funding the acquisition of the land use right in Shenyang, and development and construction costs of the Shenyang and Suzhou project. During the year, as part of the development costs of the Shenyang and Suzhou projects, an amount of approximately HK\$15.6 million of the interest incurred has been capitalized.

LIQUIDITY AND FINANCIAL RESOURCES

The Group was at net cash position as at 31st December, 2007, with approximately HK\$3,605.0 million of cash and bank balances, and approximately HK\$3,006.8 million of bank loans. The cash and bank balances, mostly in US dollars and Hong Kong dollars, were held mainly at banks as short-term deposits for earning interest income. The Group's bank loans included a Hong Kong dollar term loan of HK\$2,900.0 million, repayable semi-annually. This loan facility bears interest calculated with reference to the HIBOR. The remaining loan balance represents working capital Renminbi loans bearing interest calculated with reference to the PBOC one year working capital lending rate.

PLEDGE OF ASSETS

At 31st December, 2007, the Group has pledged certain leasehold land and buildings with carrying values of HK\$1,680.3 million (2006: HK\$1,724.6 million), together with certain shares of the Company's subsidiaries, to secure the banking facilities of HK\$4,000.0 million (2006: HK\$4,000.0 million) granted to the Group of which HK\$3,000.0 million (2006: HK\$1,200.0 million) has been utilised. In addition, the Group's investment property in the PRC with carrying value of approximately HK\$1,538.9 million (2006: nil) has been pledged to secure a loan of RMB300.0 million (equivalent to approximately HK\$320.4 million) advanced by a bank to a third party to whom the Group is indebted.

融資成本

融資成本81,800,000港元主要包括本集團銀行貸款之利息成本及其他融資費用。利息開支增加，主要因為年內就收購瀋陽土地使用權撥資，以及來自瀋陽及蘇州項目發展及建築成本。年內將所產生利息約15,600,000港元撥充資本，作為瀋陽及蘇州項目之部分發展成本。

流動資金及財務資源

於二零零七年十二月三十一日，本集團處於淨現金狀況，現金及銀行結存約為3,605,000,000港元，而銀行貸款則約為3,006,800,000港元。現金及銀行結存主要以美元及港元列值，大部分存放於銀行作為短期存款，以賺取利息收入。本集團銀行貸款包括港元定期貸款2,900,000,000港元，須每半年還款。該筆融資貸款按香港銀行同業拆息計息。其餘貸款結餘為營運資金人民幣貸款，參考中國人民銀行一年期營運資金借貸率計息。

資產抵押

於二零零七年十二月三十一日，本集團將賬面值為1,680,300,000港元(二零零六年：1,724,600,000港元)之若干租賃土地及樓宇，連同本公司附屬公司若干股份抵押，作為本集團獲授銀行融資額4,000,000,000港元(二零零六年：4,000,000,000港元)之抵押，其中3,000,000,000港元(二零零六年：1,200,000,000港元)已動用。另外，本集團賬面值約1,538,900,000港元(二零零六年：零)之一項位於中國的投資物業已為集團的第三方債權人人民幣300,000,000元(約相當於320,400,000港元)貸款作抵押。

making a strategic

presence



OPERATIONAL REVIEW

In Hong Kong, the buoyant property and stock markets, the record-low unemployment rate and the surge in inbound tourists served to boost consumers' confidence level and created a highly positive retail environment for the territory throughout 2007. Similarly, the continuously high-speed economic growth in China also produced a remarkably favourable retail environment across the border in the mainland. As a result, the Group once again delivered record results in terms of both sales and profits at all the stores, and same-store sales growth for SOGO CWB, SOGO TST and Shanghai Jiuguang outdid the respective market average.

SOGO CWB continued to perform well and remained the major contributor of the Group's revenue and profit. It saw increases in both the number of shoppers and ticket size. In addition, sales proceeds for the store reached record high during the two Thankful Week promotion periods held in May and November 2007. With its landmark location, SOGO CWB remained one of the top shopping destinations in the territory.

As for SOGO TST, 2007 was a year of consistent improvement in terms of its business, traffic flow and merchandise mix. It demonstrated strong growth momentum by posting same-store sales growth similar to SOGO CWB. Benefiting from operating leverage, the store recorded 37.0% profit growth on the back of 19.5% sales growth.

Overall, the two SOGO stores in Hong Kong together accounted for 2.2% of the total retail sales generated in the territory, taking our market share from 20.3% in 2006 to 21.3% of the local department store sales in 2007.

Shanghai Jiuguang has gradually developed into a widely popular department store in Shanghai, thus strengthening the "Jiuguang" brand equity and hastening the Group's business growth in the mainland. The store has started making positive profit contribution to the Group in 2007 after two years of start-up loss-making operation.

業務回顧

於香港，物業及股票市場暢旺、失業率創新低，加上訪港旅客大增，均有助帶動消費信心水平，於二零零七年整年為區內締造利好零售環境。同樣地，受惠於中國之持續高速經濟增長，內地零售環境亦大好。因此，本集團旗下所有營運中百貨店在銷售額及溢利方面再創新高。銅鑼灣崇光、尖沙咀崇光及上海久光百貨之同店銷售額增長均優於市場平均水平。

銅鑼灣崇光繼續取得理想表現，繼續為本集團收益及溢利主要貢獻來源。顧客人流及每宗銷售額均見增長。此外，於二零零七年五月及十一月舉行的兩次「感謝週」推廣期間均錄得創紀錄銷售所得款項。銅鑼灣崇光更憑藉其地標位置，穩居本港首選購物地點之一地位。



尖沙咀崇光的業務、人流及產品

組合於年內持續改善向好，同店銷售額增長更直逼銅鑼灣崇光，從中可見增長勢頭強勁。受惠於經營槓桿比率，該店舖繼去年取得19.5%銷售額增長後錄得37.0%溢利增長。

整體而言，香港兩家崇光百貨共佔本港零售銷售總額2.2%，而於本港百貨店的市場佔有率更由二零零六年20.3%提升至二零零七年21.3%。

上海久光逐步蛻變為上海廣受歡迎之百貨店，除有助加強「久光」之品牌價值外，還推動本集團於中國內地之業務增長。儘管首兩年營運出現虧損，惟該店舖於本年度開始為本集團作出正數溢利貢獻。

SOGO CWB

SOGO CWB owes much of its consistently outstanding performance to its high operating leverage. In addition to this strength, the store's effective marketing and promotion campaigns, appropriate merchandise mix, soaring consumer confidence, and a generally positive economic environment have contributed to the strong sales growth at SOGO CWB during 2007. The Hong Kong flagship store remained the premier department store for local consumers and visitors. Throughout the year, SOGO CWB consistently outperformed the market average and recorded a sharp same-store sales growth of over 20% during the latter part of the year. For the full year, sales of the store grew approximately 18.2% from the previous year.

The average daily traffic at SOGO CWB increased slightly to around 94,700, compared with 93,600 in the previous year. The stay-and-buy ratio was 30%, up from 28.5%, while the average ticket size was HK\$483, representing an approximately 10.8% increase from the previous year. During the November Thankful Week in celebration of the 14th Anniversary of Jumbo SOGO, the store saw record-breaking daily sales of HK\$39.3 million, compared with HK\$32.7 million record set during the 13th anniversary in the previous year.

SOGO TST

Targeting the relatively young and trend-loving customers, SOGO TST brought in a number of new brands and changed its merchandise mix during the year under review. This has helped boost the traffic and sales proceeds of the store. Merely two years since its inception, SOGO TST contributed in 2007 an impressive HK\$26.9 million to the Group's profit, representing a 37.0% increase from the previous year. The store reported a turnover of HK\$248.6 million in the year under review, representing 8.0% of the Group's turnover.

Thanks to the increase in inbound tourists and the growing popularity of the store, the traffic at SOGO TST has seen improvement. Same-store sales growth during the year was similar to that of SOGO CWB and average ticket size grew 10.6% to HK\$293.

銅鑼灣崇光

銅鑼灣崇光始終如一之理想表現可歸因於其高水平經營槓桿比率。除了此項優勢外，該店舖之市場推廣及宣傳活動亦行之有效，加上產品組合得宜、消費信心增強及經濟環境普遍向好，均有助銅鑼灣崇光於二零零七年取得強勁增長。該香港旗艦依然為本地顧客及遊客之首選百貨店。銅鑼灣崇光於本年度一直領先市場平均水平，同店銷售額增長更於本年度下旬急增，超越20%。該店舖之全年銷售額較去年增長約18.2%。

銅鑼灣崇光平均每日人流略升至約94,700人次，而去年則為93,600人次。逗留購買比率由28.5%增至30%，平均每宗交易額為483港元，較去年升約10.8%。於十一月為慶祝Jumbo SOGO十四週年紀念舉行之「感謝週」中，創下單日銷售額39,300,000港元之紀錄，去年十三週年紀念之紀錄則為32,700,000港元。

尖沙咀崇光

尖沙咀崇光對準年輕時尚顧客，於回顧年度引入多個新品牌，並改變產品組合，因而帶動該店舖之人流及銷售所得款項。開業短短兩年間，尖沙咀崇光已於二零零七年為本集團帶來驕人溢利貢獻26,900,000港元，較去年上升37.0%。該店舖於回顧年度錄得營業額248,600,000港元，佔本集團營業額8.0%。

隨著訪港旅客增加及該店舖受歡迎程度日增，尖沙咀崇光的人流有見改善。本年度內同店銷售額增長迎頭趕上銅鑼灣崇光，平均每宗銷售額上升10.6%至293港元。

SHANGHAI JIUGUANG

Three years since it commenced operation, Shanghai Jiuguang continued to thrive and grow in popularity, recording approximately 40.4% year-on-year same-store growth in 2007 in local currency term. During the year under review, daily traffic rose to approximately 45,700 from 39,600 in 2006.

In a bid to maximize the efficiency of the store building and to make Shanghai Jiuguang the ultimate shopping destination for the customers, the Group carried out a series of renovation initiatives during the year, including the introduction of the “YES” section that specialising in audio and video products and targets the young and trend-loving population. To simulate buying interests, a unique jewellery zone housing famous goldsmiths and jewellery retailers has also been created which has received good response. Meanwhile, Freshmart at the basement continued to perform well. Apart from contributing to the Group’s sales and profit, Freshmart also serves as a trendsetter for Shanghai Jiuguang thanks to its premium supermarket image.

In sum, the Group is satisfied with the results of its first store in the mainland and is confident and ready to introduce the unique Jiuguang shopping experiences to consumers in other mainland cities.

EXPANSION IN MAINLAND CHINA

Construction and fit-out work of the Suzhou store, a one-stop shopping complex that will bring a department store, entertainment and dining facilities under one roof, has been progressing as planned and we aim to open the store in the 2nd half of 2008. Leasing and marketing is now underway and has received favourable response. While relocation and evacuation works for the Shenyang site is nearing completion, we expect major development and construction work will commence in the second half of 2008 and we target to open the store during the first half of 2010.

上海久光

上海久光百貨開業三年，一直茁壯成長，受歡迎程度與日俱增，以當地貨幣計算，二零零七年之同店銷售額增長約40.4%。回顧年度內，每日人流由二零零六年之39,600人次增至約45,700人次。

為盡可能優化百貨店大樓效益及為使上海久光百貨成為顧客之必然購物點，本集團於去年度推出一連串革新計劃，包括引進以年青潮流一族為對象，專門售賣影音產品之「YES」部門。為引起顧客的購買慾，本集團亦設立飾品部出售著名品牌金飾及其他配飾，且獲得良好反應。此外，地庫之Freshmart繼續取得理想表現，除為本集團銷售額及溢利帶來貢獻外，其優質超市形象更為上海久光百貨奠定潮流領導者地位。

概括而言，本集團對旗下中國內地首家店舖之業績感到滿意，並有信心且已準備就緒為中國內地其他城市之消費者帶來獨一無二之上海久光百貨購物體驗。

於中國內地拓展業務

蘇州百貨店為一站式購物中心，除百貨店外，更將附設娛樂及餐飲設施，其建築及裝修工程如期進展，本集團計劃於二零零八年下半年開業。而租務及市場推廣工作已經展開，反應理想。瀋陽地盤之拆遷工作已接近完成階段，本集團預期將於二零零八年下半年展開主要發展及建築工程，可望於二零一零年上半年度開業。

In addition to the two projects in Suzhou and Shenyang mentioned above, during the year under review, we also made a number of acquisitions that will effectively strengthen our presence and brand equity in the mainland market. We announced in April 2007 the acquisition of four retail properties situated respectively in Dalian, Tianjin, Harbin and Qingdao. Renovation and improvement works for the Dalian and Tianjin stores will commence very soon and we aim to open the two stores before the end of 2008. In October 2007, we acquired an effective 59.4% interest in the largest retail shopping complex in Shijiazhuang, Hebei Province. This property is currently being leased as an anchor tenant to a leading local retail group, for rental income purpose and the current lease will expire in April 2011. In the meantime, the Group is exploring different means of cooperation with the tenant to maximize the business opportunities in the area.

The above acquisitions and projects, upon completion and when put into operation, will significantly increase the retail space of the Group. These additions are significant and important for the Group to capture the fast-growing PRC retail market through increasing our market presence. We are confident that these new projects will follow the success of our Shanghai store in mainland's flourishing retail market.

EXTENSION OF RETAIL BUSINESS

As a natural extension of our retail business to broaden the Group's revenue base and enable it to capture a different growth potential in the branded goods distribution business in the PRC, we have been involved since September 2007 in the rescue of EganaGoldpfeil (Holdings) Limited ("Egana" or together with its subsidiaries the "Egana Group") ("Proposed Restructuring").

Subject to approval of relevant regulatory bodies and shareholders of both the Egana Group and the Group, the Proposed Restructuring upon becoming effective will enable Lifestyle International to get immediate access to a portfolio of internationally renowned brands in various product categories that we believe will be a good fit for the PRC consumer products market. And by then, we will have acquired Egana's existing sales business platform that will spare us the time to start the business from scratch. We believe the transaction will bring about synergies and that we are well positioned to pursue the affordable luxury goods business in the flourishing mainland market.

除上述蘇州及瀋陽兩個項目外，於回顧年度內，本集團亦作出多項收購，有效鞏固我們於中國內地的位置及品牌價值。本集團於二零零七年四月宣佈收購位於大連、天津、哈爾濱及青島之四項零售物業。大連及天津店舖之粉飾改善工程即將展開，計劃於二零零八年底開業。於二零零七年十月，本集團收購河北省石家莊最大零售購物中心59.4%實際權益。該物業現正出租予當地零售集團作為主要租戶以收取租金，現有租約將於二零一一年四月屆滿。與此同時，本集團現正探討與該租戶的其他合作方式，以善用區內的業務良機。

上述收購及項目完成並投入營運後，將令本集團零售面積大大增加。對本集團透過擴大市場覆蓋面爭取中國快速增長之零售市場而言，該等新增面積別具意義，且重要尤關。本集團深信，依循上海久光百貨的成功經驗，此等新項目將於中國欣欣向榮的零售市場創下佳績。

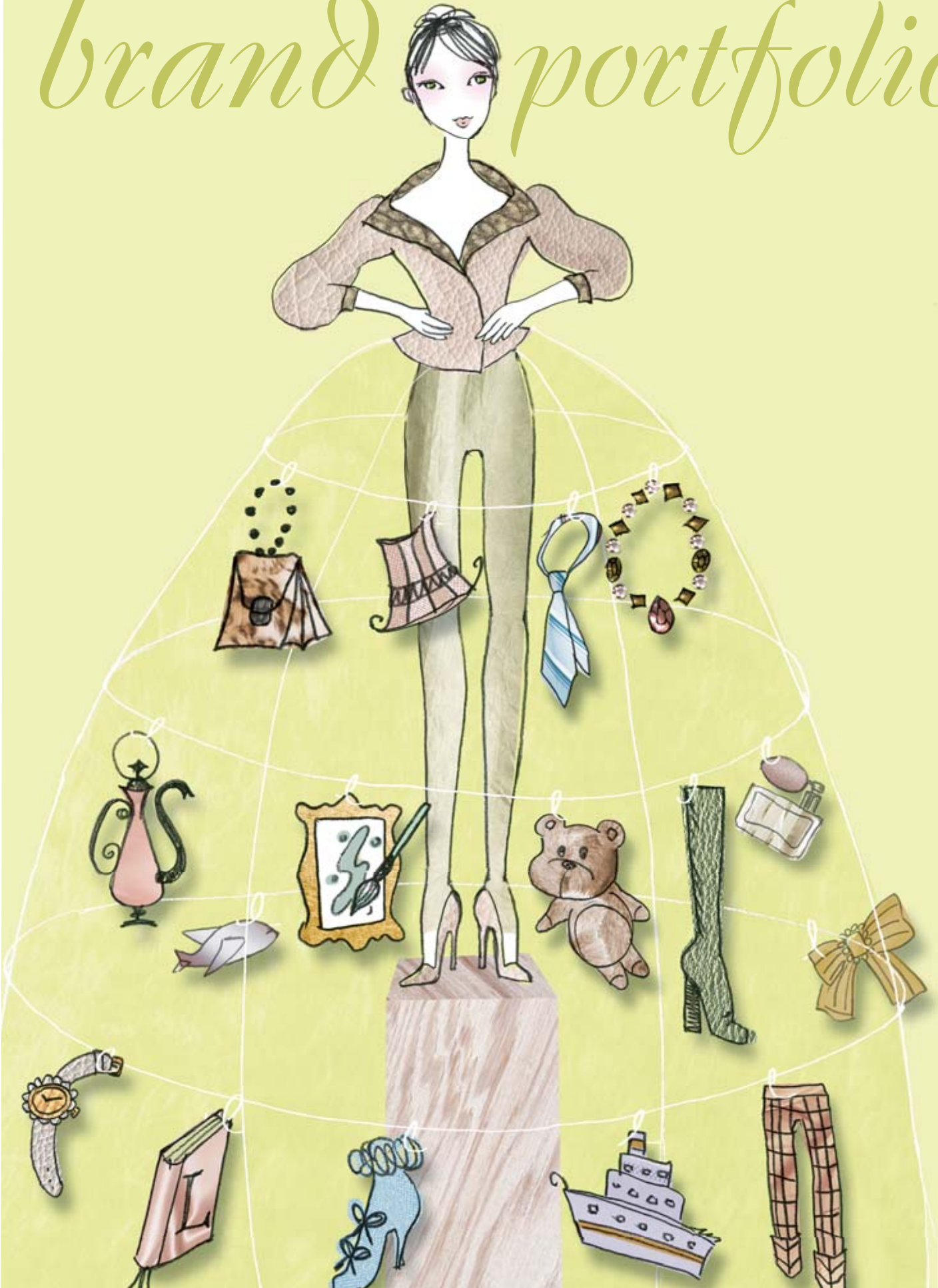
擴展零售業務

為擴闊本集團的收入基礎及抓緊與於中國名牌產品分銷業務將提供的不同增長潛力，本集團自二零零七年九月起參與挽救聯洲國際集團有限公司（「聯洲國際」或連同其附屬公司統稱「聯洲國際集團」）（「建議重組」），以擴展零售業務。

待有關監管機構及聯洲國際集團及本集團股東批准後，建議重組於生效後將有助利福國際即時取得多種產品類別的國際知名品牌組合，且我們相信該組合極適合中國消費品市場。屆時，本集團將取得聯洲國際之現有銷售業務平台，省卻由零開始所需時間。我們相信有關交易將帶來協同效益，我們已作好部署，於蓬勃發展的國內市場抓緊名貴品牌產品業務之機遇。

building a strong

brand portfolio



FUTURE PROSPECTS

While striving to maintain the consistently good performance of our existing department store operations, we also attach great importance to the sustainability of our business growth in the long run.

We are confident that the gradual roll-outs of our new mainland department store operations will soon thrive with contributions to the Group's profit and become new growth drivers of the Group in the near future. The new store complexes will strengthen our brand equity and significantly stretch our tentacles in mainland China. We will continue to look for attractive opportunities and acquire new properties or land sites where appropriate.

Upon successful completion of the Egana Proposed Restructuring, the Group will have access to Egana's internationally renowned brand portfolio, its experienced management team and branded goods business platform, we will be able to meet the market's growing appetite for mid- to high-end brands that will create opportunities for us to pursue the affordable luxury goods business in the mainland market.

Notwithstanding the uncertainty casting over the prospect of the US and Europe economy, we remain cautiously optimistic about the economy and retail market in Hong Kong and the mainland in the foreseeable future. Given the surge in consumption power of the Chinese consumers, the growth of the already high net worth individuals and the rise of the middle-class population, China's domestic consumption and economic growth will continue that will bring positive effects to the Hong Kong economy and retail market. With our solid foundation becoming even stronger, we are in a process that leads us step-by-step towards the goal of becoming the leading retail player in the PRC within the coming decade.

前景展望

在致力維持現有百貨店業務一向良好表現的同時，本集團亦十分著重長遠業務持續增長。

本集團深信，隨著中國內地新百貨店陸續開業，該等店舖將蓬勃發展，為本集團作出溢利貢獻，並成為日後新增長源頭。新百貨購物中心將加強本集團品牌價值，大大擴闊本集團於中國內地之覆蓋面。我們將繼續物色具吸引力機會，於適當時機購入新物業或土地。

隨着成功完成聯洲國際建議重組，本集團將可利用聯洲國際蜚聲國際的品牌組品、其經驗豐富之管理隊伍及品牌產品業務平台，滿足市場對中高檔產品日益增長之需求，從而締造機會，於中國內地之品牌產品業務大展拳腳。

儘管美國及歐洲市場之前景不明朗，本集團仍對香港及中國內地於可見將來之經濟及零售市場審慎樂觀。鑑於中國消費者之消費力急增、高淨值人士增加及中產壯大，中國本土消費及經濟增將歷久不衰，並為香港經濟及零售市場帶來正面影響。隨着本集團之基礎愈加穩固，相信距離成為中國領先零售商的目標指日可待。

Corporate Governance Report 企業管治報告

The Group believes in the principle that maintaining a high standard of corporate governance benefits all stakeholders, investors, and is good for its business.

COMMITMENT TO TRANSPARENCY

The Board emphasizes in creating and maintaining a high level of transparency through timely disclosure of relevant information on our activities to our shareholders, investors, media and investment public, through regular press releases, analysis's briefings, press conferences, as well as timely updating of the Company's website, availability of designated investor relationship agent to handle enquiries. Our Executive Directors and senior management, who looks after the business operation, are committed to response to enquiries from shareholders and business partners.

COMMITMENT TO GOOD

CORPORATE GOVERNANCE PRACTICES

Our management commits to good corporate governance practices as our corporate culture. We instill this corporate culture into our internal procedures and control structures, which are supervised and headed by the Board of Directors and its various committees. All efforts and measures are aimed at improving the quality and standards of governance practices for greater accountability towards our stakeholders and the public.

Throughout the year under review, the Group had complied with all the code provisions of the Code on Corporate Governance Practices (the "CG Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

本集團相信維持高企業管治水平可讓全體股東及投資者受惠，並對其業務有重大裨益。

提高企業透明度

董事局著重透過定期報章公佈、分析簡介、記者招待會、即時更新公司的網站及指派投資關係代理處理查詢，適時向股東、投資者、媒體及公眾投資人士披露業務相關資料，以締造及維持高透明度。此外，執行董事及負責業務運作的高級管理層樂意對股東及業務夥伴提出之查詢作積極回應。

遵守良好企業管治常規

本公司管理層致力以良好企業管治常規作為本公司企業文化。本公司將有關企業文化注入由董事局及各委員會監督及領導之內部程序與監控架構。所有努力及措施旨在改善管治常規之質素及標準，以向股東及公眾人士承擔責任。

於整個回顧年度，本集團一直遵守聯交所證券上市規則(「上市規則」)附錄14所載企業管治常規守則(「企業管治守則」)的所有守則條文。

THE BOARD AND BOARD PROCESS

All executive members of the Board are responsible for reviewing, evaluating and finalizing the Company's strategies and policies, annual budgets, business plans and performance, and all board members have full access to and are provided with adequate, reliable and timely information of the Group and its operation so as to enable them to make timely decision. Such information analysis can be accessed directly through briefing and reporting by the Executive Directors and senior management. Access to independent professional and legal advice on issues is available to all Board members whenever they consider it necessary.

Currently the Board comprises two Executive Directors, four Non-executive Directors and four Independent Non-executive Directors. Each one of them has different professional and industrial experience, which enable them to make valuable and diversified advice and guidance to the Group's activities and development. Within the Board, more than one-third of the members are Independent Non-executive Directors with one of whom being a qualified accountant.

Our Board members meet on a regular basis to discuss strategic and main business issues, and to evaluate the financial performance of the Group. During the Year, there were four physical full board meetings, a physical meeting for our Remuneration Committee, two Audit Committee meetings, and six full Board written consents.

Regular quarterly board meetings were held for review of the Group's activities, financial performance and data. In our regular board meetings, Directors discussed and reviewed the Group's operations, its activities, future directions, financial performance, budgeting, control and relevant matters having been identified by the Directors. Board members attended either in person or through telephone conferencing means in accordance with provision in the Company's Articles of Association. Additional board meetings will be organized upon request and demand by Directors. Our Company Secretary will ensure the proper convening and conducting of the Board meetings, with relevant information and material being provided to the Directors in a timely manner before the meetings.

董事局及董事會議程序

董事局全體行政成員負責審閱、評估及落實本公司策略及政策、年度預算案、業務計劃及表現，而董事局全體成員均可全面取得及獲提供有關本集團及其營運之足夠而可靠的最新資料，以便彼等作出適時決策。透過由執行董事及高級管理層簡單匯報及報告，可直接取得有關資料或分析。董事局全體成員可於彼等認為有需要時就有關事項諮詢獨立專業及法律意見。

董事局現時由兩名執行董事、四名非執行董事及四名獨立非執行董事組成。董事局各成員擁有不同專業及行業經驗，可為本集團業務及發展帶來寶貴貢獻及提供不同意見與指引。超過三分之一董事局成員為獨立非執行董事，其中一人為合資格會計師。

董事局成員會定期會面，討論策略及主要業務事宜，並評估本集團之財務表現。於本年度，董事局曾舉行四次董事局全體成員會議、一次薪酬委員會會議、兩次審核委員會會議以及六次透過董事局全體成員書面決議。

董事局定期每季舉行會議，以審閱本集團業務、財務表現及數據。於定期董事局會議中，董事商討及審閱本集團營運、其業務、未來方向、財務表現、財政預算、監控及經董事發現之相關事宜。根據本公司之組織章程細則條文規定，董事局成員可親身或以電話會議方式參與席會議。本公司亦將應董事要求另行舉行董事局會議。公司秘書將確保正式召開及舉行董事局會議，並將於舉行會議前適時向董事提供相關資料及材料。

RESPONSIBILITIES OF MEMBERS OF THE BOARD

The Chairman of the Board is responsible for setting and leading the overall strategic plan and development of the Group whereas our Managing Director is responsible, in addition to assisting in setting the Group's strategic planning, for implementing the Board's decisions, monitoring and supervising the Group's overall performance, ensuring adequate capital and managerial resources to implement the business strategies adopted, setting out and monitoring targets, plans and direction for the senior management, reporting to the Board on the Group's overall performance and proposing business plans and future strategic directions for the Board to evaluate and to conclude. We have distinctive role for our Chairman and Managing Director but they are often complementing to each other. Other Board members review and discuss various key issues and put forward directions and suggestions to the Board.

Pursuant to Rule 3.13 of the Listing Rules, each of the Independent Non-executive Directors has made an annual confirmation of independence. The Company is of the view that all our Independent Non-executive Directors meet the independence guidelines as set out in Rule 3.13 of the Listing Rules and are independent in accordance with the terms of the guidelines.

DIRECTORS' RESPONSIBILITY FOR THE GROUP'S FINANCIAL REPORTING

Directors are responsible to ensure the financial statements of the Group are prepared in accordance with the relevant statutory requirements and applicable accounting and financial reporting standards in force, and to ensure that the financial statements are published in a timely manner and give a true and fair view of the Group's state of affairs, the results and cash flow for the year.

Directors are responsible to select and to timely apply, on a consistent basis, suitable accounting policies of the Hong Kong Accounting Standards and Hong Kong Financial Reporting Standards in our financial reporting. Thus, the Group's financial statements are prepared in accordance with the Listing Rules, regulations, accounting principles and practices generally accepted in Hong Kong.

董事局成員之責任

董事局主席負責制定及領導本集團整體策略規劃及發展，而董事總經理除協助制定本集團的策略規劃外，亦負責執行董事局決策、監察與監督本集團整體表現、確保具備充裕資金及管理資源執行所採納業務策略、為高級管理層制定及監察目標、計劃及方向、就本集團整體表現向董事局匯報以及提呈業務計劃及日後策略方向以供董事局評估及總結。本公司主席及董事總經理履行之職責有所區分，但他們經常互相補足。其他董事局成員則審閱及商討各項主要事項，並向董事局提供指示及建議。

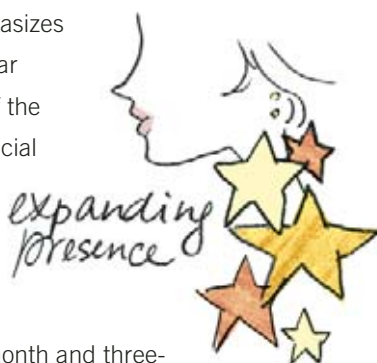
根據上市規則第3.13條，各獨立非執行董事已作出年度獨立身分確認。本公司認為，全體獨立非執行董事均符合上市規則第3.13條所載獨立身分指引，而根據有關指引條款，彼等均屬獨立人士。

董事對本集團財務報告之責任

董事須負責確保根據有關法定規定及適用有效會計及財務申報準則編製本集團財務報表，並確保適時刊發財務報表，就本集團年內之財務狀況、業績及現金流量提供真實公平之意見。

董事負責就本集團財務申報選用並適時貫徹應用香港會計準則及香港財務報告準則之合適會計政策。因此，本集團之財務報表乃根據上市規則、規例、香港普遍採納的會計原則及慣例編製。

The Board understands and emphasizes the importance of presenting a clear and comprehensive assessment of the Group's overall performance, financial positions and prospects to the stakeholders and investment public in a timely manner. Our annual and interim results have been announced within the four-month and three-month limits, respectively, after the end of the relevant periods.



MODEL CODE FOR SECURITIES TRANSACTIONS

The Company adopts the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as set out in Appendix 10 of the Listing Rules as its own code of conduct in regarding to our Directors' securities transactions on the Company's shares.

Specific enquiries have been made to all Directors about their securities transactions, and all of them have confirmed that they have complied with all the relevant codes and requirements as set out in the Model Code adopted during the Year.

CONTROL MECHANISMS

The Board acknowledges its responsibility in maintaining a sound and effective internal control system for the Group to safeguard investments of the shareholders and assets of the Company at all times.

INTERNAL CONTROL AND INTERNAL AUDIT

The system of internal controls aims to help achieve the Group's business objectives, safeguard assets and maintain proper accounting records for provision of reliable financial information. The system is designed to provide reasonable, but not absolute, assurance against material misstatement in the financial statements or loss of assets and to manage rather than eliminate risks of failure when business objectives are being sought.

董事局深明及強調按時向股東及公眾投資者呈報就本集團整體表現、財務狀況及前景所作清晰而全面評估的重要性。本集團全年及中期業績分別於有關期間結束後四個月及三個月限期內作公佈。

證券交易的標準守則

本公司已採納上市規則附錄10所載上市公司董事進行證券交易的標準守則(「標準守則」)作為其有關董事就本公司股份進行證券交易的操守準則。

經就證券交易向全體董事作出具體查詢後，彼等確認，彼等於本年度均已遵守所採納標準守則所載所有有關守則及規定。

監控機制

董事局知悉其有責任維持本集團良好及有效之內部監控制度，使股東投資及本公司資產在任何時間均得到保障。

內部監控及內部審核

內部監控制度旨在幫助本集團達致業務目標、保障資產及維持良好會計記錄以提供可靠財務資料。有關制度乃為避免財務報表出現重大錯誤陳述或資產損失提供合理而非絕對保證並管理而非消除業務風險而設。

Management has conducted regular reviews during the Year on the effectiveness of the internal control system covering all material factors related to financial, operational and compliance controls, various functions for risk management and physical and information systems security. Audit Committee had reported during the Audit Committee Meetings key findings identified both by the external and internal auditors, discussed findings and actions or measures taken in addressing those findings relating to the Group's internal controls. No material issue during the Year has been reported to the Board by the Audit Committee.

The Board also sets targets for and reviews plans and progress on continuous improvement work of the Company's internal control system, working in conjunction with senior management and the Audit Committee.

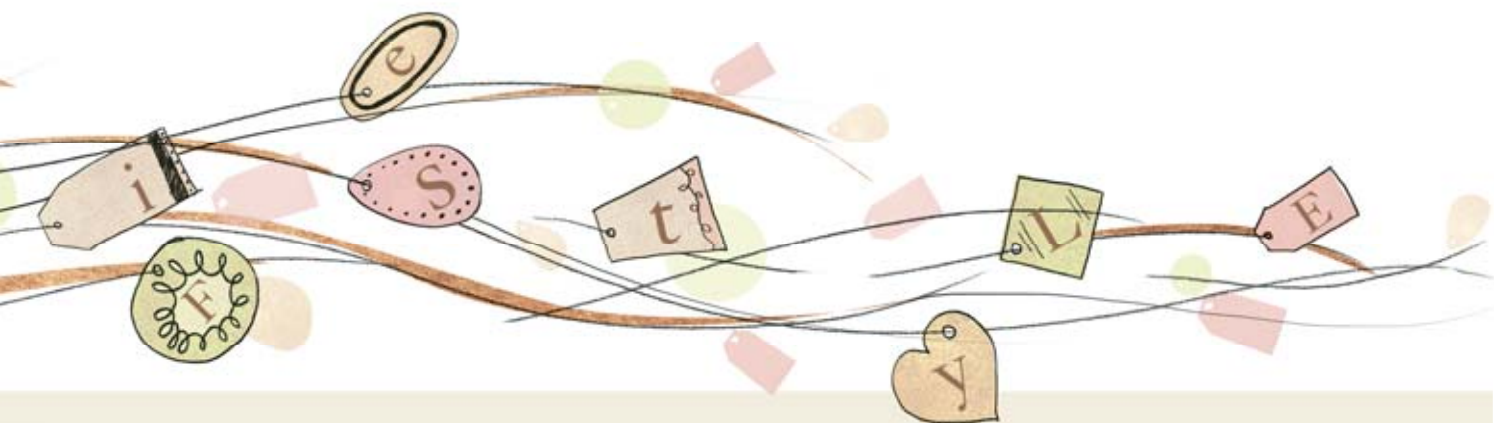
於本年度，管理層定期檢討內部監控制度之效能，該制度涵蓋一切有關財務、營運及守章監控、風險管理工作以及實際及資訊系統保安等重要因素。審核委員會於審核委員會會議匯報有關內部監控之結果，連同外聘核數師及內部審核提出的主要發現以及就有關本集團內部監控之發現所採取行動或措施。審核委員會於本年度並無向董事局報告任何重大事項。

董事局亦與高級管理層及審核委員會就持續改善本公司內部監控制度訂定目標，並就此檢討計劃及進度。



The Group keeps an internal audit team within the Group's finance team headquartered in Hong Kong, that works together with the finance team members for conducting regular review of the Group's internal control procedures, including accounting system and operational procedures. Although the current internal audit team is not working totally independent from the finance team, the management considers the present arrangement is adequate and effective having taking into account the current organizational structure, lines of responsibility, authority of the management team and the risks associated with the operations of the Group. The senior management and Audit Committee however are reviewing and monitoring on a regular basis the situation, and will strengthen independence of the Group's internal auditing functions should the circumstances arise.

本集團在總部設於香港之本集團財務隊伍旗下設立內部審核隊伍，該隊伍與財務隊伍合作，負責定期審閱本集團內部監控程序，包括會計制度及營運程序。儘管內部審核隊伍並非完全獨立於財務隊伍，惟在經考慮現行組織架構、管理層隊伍之職責與權力的分工以及本集團業務所涉及風險後，管理層認為現行安排屬足夠及有效。然而，高級管理層與審核委員會現正定期檢討及監管情況，於有需要時將加強本集團內部審核職能的獨立性。



excel to become a key

audit player

EXTERNAL AUDITORS

The Report of the Auditors of the Company, Messrs. Deloitte Touche Tohmatsu, in respect of the audit of the Group's financial statements for the Year is set out on page 52 of the annual report. The Board takes steps to ensure the continued objectivity and independence of the auditors.

For the Year under review, the auditors of the Company received approximately HK\$2.6 million in respect of audit services provided to the Group.

In addition, the auditors also received approximately HK\$4.5 million for providing financial due diligence services on EganaGoldpfeil (Holdings) Limited and its subsidiaries (collectively as "Egana Group") prior to the Group's participation in the financial restructuring of Egana Group.

AUDIT COMMITTEE

The Company's Audit Committee was established with terms of reference to "A Guide For Effective Audit Committees" issued by Hong Kong Institute of Certified Public Accountants ("HKICPA"), (formerly known as Hong Kong Society of Accountants) in 2002; and a version of the terms of reference is available on the Company's website.

In compliance with the CG Code, Audit Committee members comprise solely of our four Independent Non-executive Directors, namely, Mr. Lam Siu-lun, Simon, Mr. Cheung Yuet-man, Raymond, The Hon. Shek Lai-him, Abraham and Mr. Hui Chiu-chung, Stephen. None of them is, or has previously been, a member of the Company's current or previous external auditors. The Audit Committee is chaired by Mr. Lam Siu-lun, Simon, who is a certified public accountant.

The principal duties of the Audit Committee are as follows:

1. to consider the service and appointment of the Company's external auditors, nature and scope of auditing, and the related audit fee;
2. to review and approve changes in accounting policies and practices, to review the effectiveness of the financial reporting process, its compliance with accounting standards, the Listing Rules and legal requirements of the financial reporting system and process;
3. to oversee the adequacy of the Group's financial reporting process, internal control procedures and risk management system;
4. to review internal control programme and to ensure adequate responses to internal audit functions, to consider and discuss audit findings, for any significant or unusual terms thereof, directly with external auditors; and
5. to assist the Board in overseeing the proper preparation of the Group's financial statements and reports.

外聘核數師

本公司核數師德勤•關黃陳方會計師行有關審核本集團本年度之財務報表之報告載於年報第52頁。董事局已採取措施，確保核數師繼續保持客觀及獨立。

於回顧年度，本公司核數師就向本集團提供核數服務收取約2,600,000港元。

此外，核數師亦就本集團參與聯洲國際集團有限公司及其附屬公司(稱統「聯洲國際集團」)財務重組前提供有關財務狀況的盡職審查收取約4,500,000港元。

審核委員會

本公司成立審核委員會，並按香港會計師公會於二零零二年頒佈之「有效運作審核委員會指引」制定職範圍，其職權範圍已於本公司網站刊載。

為符合企業管治守則，審核委員會僅由四名獨立非執行董事林兆麟先生、張悅文先生、石禮謙議員及許照中先生組成。彼等並非亦不曾出任本公司現任或先前外聘核數師成員。審核委員會由林兆麟先生出任主席，彼為執業會計師。

審核委員會之主要職責如下：

1. 考慮本公司外聘核數師之服務及委任以及核數性質與範疇及相關審核費用；
2. 審閱及批准會計政策與慣例之變動，檢討財務申報程序之效能，並遵守會計準則、上市規則及財務申報制度與程序之法例規定；
3. 監察本集團之財務申報程序、內部監控程序及風險管理制度是否恰當；
4. 檢討內部監控程序，並確保充分回應內部審核職能；直接與外聘核數師考慮及商討審核結果以及任何重大或不尋常條款；及
5. 協助董事局監察適當編製本集團財務報表及報告。

The Audit Committee held two committee meetings during the Year. All committee members attended both meetings. In the meetings, the committee reviewed and discussed with the external auditors on the Group's financial statements before they were submitted to the Board for consideration and approval.

REMUNERATION COMMITTEE

The Company's Remuneration Committee was established with terms of reference specifying its authority and duties. A version of the terms of reference is posted on the Company's website.

In compliance with the CG Code, the Remuneration Committee members comprise as majority three Independent Non-executive Directors, namely, Mr. Lam Siu-lun, Simon, The Hon. Shek Lai-him, Abraham and Mr. Hui Chiu-chung, Stephen, and one Executive Director, Mr. Lau Luen-hung, Thomas, who is our Managing Director and Chairman of the Remuneration Committee.

Under the terms of reference, the principal role of this Committee is to provide advice and recommendation to the Board on the remuneration package of Directors and senior management, on any specific remuneration package with reference to market conditions, performance of the Group and the individuals against preset goals and targets as set by the Board from time to time, and if necessary, on any compensation policy for termination of office of Directors or senior management.



Besides putting forward recommendation for the Board's approval, the Remuneration Committee has to make advice and recommendation to shareholders for approval if required under the Listing Rules and applicable legislation from time to time. The Remuneration Committee met once in the Year, with all committee members attended the meeting.

於本年度，審核委員會曾舉行兩次委員會會議。四名委員會成員均有出席兩次會議。委員會於會上與外聘核數師審閱及商討本集團財務報表後始呈交董事局以供考慮及批准。

薪酬委員會

本公司成立薪酬委員會，並制定職權範圍說明其職權及職責，其職權範圍已於本公司網站刊載。

為符合企業管治守則，薪酬委員會由三名獨立非執行董事林兆麟先生、石禮謙議員及許照中先生以及執行董事劉鑾鴻先生組成。劉鑾鴻先生為本公司董事總經理及薪酬委員會主席。

根據職權範圍，本委員會之主要職責為就董事以及高級管理層之薪酬待遇，向董事局提供建議及推薦意見，並就經參考市場情況、本集團及個人表現以及董事局不時制定之目標後，對任何具體薪酬待遇作出檢討，且於必要時就董事或高級管理層終止任期之任何賠償政策作出檢討。

除提出推薦意見供董事局批准外，倘上市規則及不時適用之法例規定，則薪酬委員會須向股東提供建議及推薦意見以供批准。於本年度，薪酬委員會曾舉行一次會議，全體委員會成員均有出席該次會議。

INVESTOR RELATIONS AND COMMUNICATION WITH SHAREHOLDERS

The Company regards high quality reporting as an essential element in building successful relationships with its shareholders. The Company always seeks to provide relevant information to existing and potential investors, not only to comply with the different requirements in force but also to enhance transparency and communications with shareholders and the investing public. This is part of a continuous communication program that encompasses meetings and relevant announcements to the market in addition to periodic written reports in the form of preliminary announcement of results and interim and annual reports.

The Company also maintains a corporate website on which comprehensive information about the Group is provided. Regular meetings are also held with institutional investors and research analysts to provide them with timely updates on the Group's latest business developments and non-price sensitive information. These activities keep the public informed of the Group's activities and foster effective communications.

The Group also participated in investment conferences and forums organized by leading investment banks during the year in order to enhance the awareness of the investing public of the Group's vision and strategies.

The Company is committed to ensuring that it is fully compliant with disclosure obligations stipulated under the Listing Rules and other applicable laws and regulations, and that all shareholders and potential investors have an equal opportunity to receive and obtain externally available information that is released by the Group.

投資者關係及與股東之溝通

本公司認為高質素的通訊為與股東成功建立關係之重要元素。本公司一直致力向現有及潛在投資者提供有關資料，所提供資料不單符合不同的生效規定，亦同時提高透明度及加強與股東及公眾投資者之溝通。持續的溝通除以初步業績公佈以及按中期報告及年報形式定期刊發報告書外，還包括舉行會議及向市場作出有關公佈。

本公司亦設有公司網站，提供有關本集團之全面資料。本公司亦定期與機構投資者及證券分析員會面，以提供有關本集團業務之最新發展及非股價敏感資料。該等活動可讓大眾得知本集團業務狀況，並促進有效溝通。

本集團在本年度亦出席由具領導地位之投資銀行舉辦之投資會議及論壇，以提高公眾投資者對本集團目標及策略之認識。

本公司致力確保全面遵守上市規則及其他適用法例與法規訂明之披露責任，而全體股東及潛在投資者均同樣可獲得及取得本集團公佈之公開資料。

Directors' Profiles

EXECUTIVE DIRECTORS

MR. LAU LUEN-HUNG, THOMAS (BA, MBA)

Managing Director

Mr. Lau, aged 53, is the Managing Director of the Company who leads the management of the whole Group. He is also the Chairman of Remuneration Committee of the Company. Mr. Lau holds a Bachelor degree and a Master degree of Business Administration. Mr. Lau is responsible for implementing overall strategic development, setting policies and monitoring targets of the retailing business of the Group. He has over 29 years of successful entrepreneurial experience in manufacturing, corporate finance, property investment and development, retailing business and the technology industry. Mr. Lau was the co-founder and is an investor of Gemstar-TV Guide International Group Inc., a NASDAQ listed multimedia company in which he was involved in its early years of strategic development and planning. Currently, he has devoted much of his effort to manage the business of the Group. He is the younger brother of Mr. Lau Luen-hung, Joseph ("Mr. Joseph Lau") and Ms. Lau Yuk-wai, Amy.

MR. DOO WAI-HOI, WILLIAM (JP)

Mr. Doo, aged 63, joined the Group in March 2005. He is currently the Vice-Chairman of New World China Land Limited and the Deputy Chairman of NWS Holdings Limited and Taifook Securities Group Limited, and an Independent Non-executive Director of The Bank of East Asia, Limited, the shares of which are all listed on the Stock Exchange. Mr. Doo also acts as a director of New World Hotels (Holdings) Limited and Fung Seng Diamond Company Limited. Mr. Doo has been appointed as Justice of the Peace by the Government of the Hong Kong Special Administrative Region since 1st July, 2004. He has also served as a Governor of the Canadian Chamber of Commerce in Hong Kong since 1995. In addition, Mr. Doo is a Member of the Executive Committee of the Eleventh Chinese People's Political Consultative Conference in Shanghai, and the Convener of the Shanghai Committee in Hong Kong and Macau. He has been appointed as the Honorary Consul of the Kingdom of Morocco in Hong Kong since June 2005. Mr. Doo is the son-in-law of Dató Dr. Cheng Yu-tung and brother-in-law of Dr. Cheng Kar-shun, Henry.

董事簡介

執行董事

劉鑾鴻先生 (BA, MBA)

董事總經理

劉先生現年53歲，為本公司董事總經理，負責領導本集團管理層。彼為本公司薪酬委員會主席。劉先生持有學士學位及工商管理碩士學位。劉先生負責執行本集團零售業務之整體策略發展、制定政策及監督業務目標。彼為成功企業家，在製造業、企業融資、物業投資及發展、零售業務和科技業方面擁有逾29年經驗。劉先生為納斯達克上市多媒體公司Gemstar-TV Guide International Group Inc. 之共同創辦人兼投資者，參與該公司早期策略發展及規劃。彼目前致力管理本集團業務。彼為劉鑾雄先生（「劉鑾雄先生」）及劉玉慧女士之胞弟。

杜惠愷先生 (太平紳士)

杜先生現年63歲，於二零零五年三月加盟本集團。彼現為股份於聯交所上市之新世界中國地產有限公司、新創建集團有限公司及大福證券集團有限公司之副主席，以及東亞銀行有限公司之獨立非執行董事。彼亦為新世界酒店(集團)有限公司及豐盛珠寶有限公司之董事。杜先生於二零零四年七月一日獲香港特別行政區政府頒授太平紳士榮銜。自一九九五年起，彼出任加拿大商會駐港總監之職。此外，杜先生為第十一屆中國人民政治協商會議上海市常務委員以及上海市政協委員會之港澳委員召集人。彼自二零零五年六月起獲摩洛哥王國委為駐港名譽領事。杜先生為拿督鄭裕彤博士之女婿及鄭家純博士之妹夫。

NON-EXECUTIVE DIRECTORS

DATÓ DR. CHENG YU-TUNG, (DPMS, LLD(HON), DBA(HON), DSSC(HON))

Chairman

Dató Dr. Cheng, aged 82, is the non-executive Chairman of the Company. He joined the Group in March 2004. Dató Dr. Cheng is also the Chairman of Chow Tai Fook Enterprises Limited, Chow Tai Fook Jewellery Company Limited, New World Development Company Limited, a conglomerate listed on the Stock Exchange, and New World Hotels (Holdings) Limited, and an independent non-executive director of Hang Seng Bank Limited and non-executive director of Shun Tak Holdings Limited. He has been appointed as the Honorary Consul of Bhutan in Hong Kong since May 2004. Dató Dr. Cheng is the father of Dr. Cheng Kar-shun, Henry and the father-in-law of Mr. Doo Wai-hoi, William.

DR. CHENG KAR-SHUN, HENRY (BA, MBA, DBA(HON), LLD(HON), GBS)

Dr. Cheng, aged 61, joined the Group in May 2001. Dr. Cheng is a director of Chow Tai Fook Enterprises Limited and Chow Tai Fook Jewellery Company Limited. He is the Managing Director of New World Development Company Limited, a conglomerate listed on the Stock Exchange. Dr. Cheng is also the Chairman and Managing Director of New World China Land Limited, which is listed on the Stock Exchange; the Chairman of NWS Holdings Limited, New World Department Store China Limited and Taifook Securities Group Limited, all listed on the Stock Exchange. He is the Managing Director of New World Hotels (Holdings) Limited and an independent non-executive director of HKR International Limited, which is listed on the Stock Exchange. Dr. Cheng is the Chairman of the Advisory Council for The Better Hong Kong Foundation and a Committee Member of the Tenth Chinese People's Political Consultative Conference of the PRC. In 2001, Dr. Cheng was awarded the Gold Bauhinia Star by the Government of the Hong Kong Special Administrative Region. Dr. Cheng is the son of Dató Dr. Cheng Yu-tung and brother-in-law of Mr. Doo Wai-hoi, William.

非執行董事

拿督鄭裕彤博士 (DPMS, LLD(HON), DBA(HON),

DSSC(HON))

主席

拿督鄭裕彤博士現年82歲，為本公司非執行董事主席，於二零零四年三月加盟本集團。拿督鄭博士亦為周大福企業有限公司、周大福珠寶金行有限公司、於聯交所上市之綜合企業新世界發展有限公司、新世界酒店(集團)有限公司之主席以及恒生銀行有限公司獨立非執行董事及信德集團有限公司非執行董事。彼自二零零四年五月起獲不丹國委任為駐港名譽領事。彼為鄭家純博士之父親及杜惠愷先生之岳父。

鄭家純博士 (BA, MBA, DBA(HON), LLD(HON), GBS)

鄭博士現年61歲，於二零零一年五月加盟本集團。鄭博士為周大福企業有限公司及周大福珠寶金行有限公司之董事，亦為於聯交所上市之綜合企業新世界發展有限公司董事總經理，於聯交所上市之新世界中國地產有限公司主席兼董事總經理及於聯交所上市之新創建集團有限公司、新世界百貨中國有限公司以及大福證券集團有限公司主席，彼亦為新世界酒店(集團)有限公司董事總經理及聯交所上市公司香港興業國際集團有限公司獨立非執行董事。鄭博士為香港明天更好基金顧問委員會主席，亦為第十屆中國人民政治協商會議委員。鄭博士於二零零一年獲香港特別行政區政府頒授金紫荊星章。鄭博士為拿督鄭裕彤博士之兒子及杜惠愷先生之大舅。

MR. LAU LUEN-HUNG, JOSEPH

Mr. Lau, aged 56, joined the Group in May 2001. Mr. Joseph Lau is also the chairman and an executive director of Chinese Estates Holdings Limited which is a company listed on the Stock Exchange. He has over 32 years of experience in corporate finance, manufacturing and property investment and development. Mr. Joseph Lau is the elder brother of Mr. Lau Luen-hung, Thomas (“Mr. Thomas Lau”) and Ms. Lau Yuk-wai, Amy.

MS. LAU YUK-WAI, AMY

Ms. Lau, aged 54, joined the Group in March 2004. Ms. Lau holds a Bachelor degree in Science and a Doctor degree in Dental Surgeon from the University of Toronto in Canada. She is also a non-executive director of Chinese Estates Holdings Limited, which is a company listed on the Stock Exchange. Ms. Lau is the sister of Mr. Thomas Lau and Mr. Joseph Lau.

劉鑾雄先生

劉先生現年56歲，於二零零一年五月加盟本集團。劉先生亦為聯交所上市公司華人置業集團之主席及執行董事。彼於企業融資、製造及物業投資與發展方面擁有逾32年經驗。劉鑾雄先生為劉鑾鴻先生（「劉鑾鴻先生」）及劉玉慧女士之胞兄。

劉玉慧女士

劉女士現年54歲，於二零零四年三月加盟本集團。劉女士持有加拿大多倫多大學之理學士學位及牙科博士學位。彼亦為聯交所上市公司華人置業集團之非執行董事。劉女士為劉鑾雄先生之胞妹及劉鑾鴻先生之胞姊。

INDEPENDENT NON-EXECUTIVE DIRECTORS

MR. LAM SIU-LUN, SIMON (BA, ACA, FTIHK)

Mr. Lam, aged 58, joined the Group in March 2004. He is also the Chairman of Audit Committee of the Company. Mr. Lam graduated from the University of Hong Kong in 1973. After graduation, he worked at KPMG Peat Marwick London and Hong Kong and obtained his qualification as a Certified Public Accountant from HKICPA in 1979. Mr. Lam has been a practicing accountant for over 18 years and is the proprietor of Messrs. S.L. Lam & Company. He has served as a member of the Insider Dealing Tribunal on a number of occasions. He is an independent non-executive director and audit committee member of Le Saunda Holdings Limited, a company whose shares are listed on the main board of the Stock Exchange.

MR. CHEUNG YUET-MAN, RAYMOND

Mr. Cheung, aged 53, joined the Group in March 2004. Mr. Cheung was an entrepreneur and has over 15 years of experience in the textile and garment manufacturing industries and has over 13 years of experience in property investment.

獨立非執行董事

林兆麟先生(BA, ACA, FTIHK)

林先生現年58歲，於二零零四年三月加盟本集團。彼為本公司審核委員會主席。林先生於一九七三年在香港大學畢業後，曾於倫敦及香港畢馬威會計師事務所工作，並於一九七九年獲取香港會計師公會確認之執業會計師資格。林先生從事執業會計師超過18年，並為林兆麟會計師事務所東主。彼曾多次擔任內幕交易審裁處成員。彼為利信達集團有限公司之獨立非執行董事兼審核委員會成員，該公司之股份於聯交所主板上市。

張悅文先生

張先生現年53歲，於二零零四年三月加盟本集團。張先生為企業家，擁有逾15年紡織及成衣製造業經驗及逾13年物業投資經驗。

THE HON. SHEK LAI-HIM, ABRAHAM (BA, DIP. ED., JP)

Mr. Shek, aged 62, joined the Group in March 2004. Mr. Shek obtained his Bachelor degree of Arts in 1969 and has extensive experience in the property development field. Mr. Shek is a member of the Legislative Council of Hong Kong. He is also a member of the Council of The Hong Kong University of Science & Technology and Court of The University of Hong Kong. He is an independent non-executive director and audit committee member of each of Midas International Holdings Limited, Paliburg Holdings Limited, Chuang's Consortium International Limited, NWS Holdings Limited, ITC Corporation Limited, See Corporation Limited, Titan Petrochemicals Group Limited and Country Garden Holdings Company Limited and an independent non-executive director of Hsin Chong Construction Group Ltd., Hop Hing Holdings Limited and MTR Corporation Limited whose shares are listed on the main board of the Stock Exchange. He is also an independent non-executive director of SJM Holdings Limited and an independent non-executive director and audit committee member of Regal Portfolio Management Limited. He is also an independent non-executive director and audit committee member of Eagle Asset Management (CP) Limited, the manager of Champion Real Estate Investment Trust which is listed on the Stock Exchange. Mr. Shek is also a director to The Hong Kong Mortgage Corporation Limited.

石禮謙議員 (BA, DIP. ED., 太平紳士)

石先生現年62歲，於二零零四年三月加盟本集團。石先生於一九六九年取得文學士學位，於物業發展方面擁有豐富經驗。石先生為香港立法會議員。彼亦為香港科技大學及香港大學校董會成員。彼為勤達集團國際有限公司、百利保控股有限公司、莊士機構國際有限公司、新創建集團有限公司、德祥企業集團有限公司、漢傳媒集團有限公司、泰山石化集團有限公司及碧桂園控股有限公司之獨立非執行董事兼審核委員會成員，彼亦為新昌營造集團有限公司、合興集團有限公司及香港鐵路有限公司之獨立非執行董事，該等公司之股份於聯交所主板上市。彼亦為SJM澳門博彩控股有限公司之獨立非執行董事及富豪資產管理有限公司之獨立非執行董事兼審核委員會成員。彼亦為於聯交所上市之冠君產業信託之管理人鷹君資產管理(冠君)有限公司之獨立非執行董事兼審核委員會成員。石先生亦為香港按揭證券有限公司董事。

MR. HUI CHIU-CHUNG, STEPHEN (JP)

Mr. Hui, aged 60, joined the Group in July 2005. Mr Hui is currently the Chief Executive Officer of OSK Asia Holdings Limited. He has 37 years of experience in the securities and investment industry. Mr. Hui had for years been served as a Council Member and Vice Chairman of the Stock Exchange, member of the Advisory Committee of the Hong Kong Securities and Futures Commission, and was also a director of the Hong Kong Securities Clearing Company Limited. Mr. Hui was appointed by the Government of the HKSAR a Justice of the Peace in 2004 and was also appointed a member of the Zhuhai Municipal Committee of the Chinese People's Political Consultative Conference in 2006. He is at present a member of the Listing Committee of The Hong Kong Exchanges & Clearing Company Limited, an appointed member of the Securities and Futures Appeals Tribunal and a member of the Committee on Real Estate Investment Trusts of the Hong Kong Securities and Futures Commission. 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. Mr. Hui also serves as independent non-executive director of Luk Fook Holdings (international) Limited, Jiuzhou Development Company Limited, Chun Wo Holdings Limited and Frasers Property (China) Limited whose shares are listed on the Stock Exchange.

許照中先生 (太平紳士)

許先生現年60歲，於二零零五年七月加盟本集團。許先生現為僑豐金融集團有限公司之行政總裁，具備37年之證券及投資經驗，曾出任聯交所理事及副主席以及香港證券及期貨事務監察委員會諮詢委員，亦曾擔任香港中央結算有限公司董事。許先生於二零零四年獲香港特區政府頒授太平紳士榮銜，另於二零零六年獲委任為中華人民共和國人民政治協商會議珠海市委員會委員。彼現為香港交易及結算所有限公司上市委員會委員、證券及期貨事務上訴審裁處委員以及證券及期貨事務監理處房地產投資信託基金委員會委員。許先生亦為公司法改革常務委員會委員、香港會計師公會調查小組A組會員。許先生亦為股份於聯交所上市之公司六福集團(國際)有限公司、九洲發展有限公司、俊和集團有限公司及星獅地產(中國)有限公司之獨立非執行董事。

Directors' Report

董事局報告

The Directors of the Company present their annual report and the audited financial statements for the year ended 31st December, 2007.

Principal activities

The principal activity of the Company is investment holding and the principal activities of its subsidiaries are the operation of "lifestyle" department stores and property holding. Particulars of the Company's principal subsidiaries are set out in note 45 to the financial statements.

Results and appropriations

The results of the Group for the year ended 31st December, 2007 (the "Year") are set out in the consolidated income statement on page 54.

An interim dividend of HK cents 10.5* per share was paid during the Year. The Directors has recommended the payment of a final dividend of HK cents 13.5 in cash per share, to the shareholders on the register of members on 28th April, 2008, amounting to a total of HK cents 24.0 in cash per share for the Year. (Note: *adjusted for subdivision of shares)

Fixed assets

During the Year, the Group revalued all of its investment properties at the year end date. The net increase in fair value of investment properties amounting to HK\$3.7 million has been credited directly to the income statement.

The Group continued its leasehold improvements replacement policy and expended HK\$38.9 million on new leasehold improvements during the Year.

Details of these and other movements during the Year in the fixed assets of the Group are set out in notes 17 and 18 to the financial statements.

Share capital

Details of movements during the Year in the share capital of the Company are set out in note 36 to the financial statements. During the Year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's shares.

本公司董事謹此提呈其年報及截至二零零七年十二月三十一日止年度之經審核財務報表。

主要業務

本公司主要業務為投資控股，其附屬公司之主要業務則為經營「生活時尚」百貨店及持有物業。本公司主要附屬公司詳情載於財務報表附註45。

業績及分配

本集團截至二零零七年十二月三十一日止年度（「本年度」）之業績載於第54頁綜合收益表。

於本年度，本公司派付中期股息每股10.5港仙*。董事建議向於二零零八年四月二十八日名列股東名冊之股東，派付現金末期股息每股13.5港仙，本年度股息合共現金每股24.0港仙。（附註：*就股份拆細調整）

固定資產

於本年度，本集團於年結日重估其所有投資物業。直接計入收益表之投資物業公平值增加淨額為3,700,000港元。

本集團秉持其物業裝修重置政策，於本年度就新物業裝修耗用38,900,000港元。

有關本集團固定資產於本年度之該等及其他變動詳情，載於財務報表附註17及18。

股本

本公司股本於本年度之變動詳情載於財務報表附註36。於本年度，本公司或其任何附屬公司概無購買、出售或贖回任何本公司股份。

Directors

The Directors of the Company during the Year and up to the date of this report were:

Executive Directors:

Mr. Lau Luen-hung, Thomas (*Managing Director*)
Mr. Doo Wai-hoi, William

Non-executive Directors:

Dató Dr. Cheng Yu-tung (*Chairman*)
Dr. Cheng Kar-shun, Henry
Mr. Lau Luen-hung, Joseph
Ms. Lau Yuk-wai, Amy

Independent Non-executive Directors:

Mr. Lam Siu-lun, Simon
Mr. Cheung Yuet-man, Raymond
The Hon. Shek Lai-him, Abraham
Mr. Hui Chiu-chung, Stephen

In accordance with Article 87 of the Articles of the Company, Dató Dr. Cheng Yu-tung, Mr. Lau Luen-hung, Thomas, Mr. Cheung Yuet-man, Raymond, The Hon. Shek Lai-him, Abraham shall retire by rotation and, being eligible, offer themselves for re-election.

The term of office of each Non-executive Director and Independent Non-executive Director is appointed for a specific term of one year and is subject to retirement and re-election at annual general meeting in accordance with the Company's articles of association.

Mr. Lau Luen-hung, Thomas and Mr. Doo Wai-hoi, William entered into service contract with the Company for an initial fixed term of three years commencing from 1st April, 2004 and 2nd March, 2005 respectively, and is subject to renewal and extension automatically for further three years unless terminated by either party in writing. There is no specific clause in both service contracts providing for the amount of compensation in case of early termination of office.

Other than as disclosed above, no Director proposed for re-election at the forthcoming annual general meeting has a service contract which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

董事

於本年度及截至本報告日期期間，本公司董事如下：

執行董事：

劉鑾鴻先生(*董事總經理*)
杜惠愷先生

非執行董事：

拿督鄭裕彤博士(*主席*)
鄭家純博士
劉鑾雄先生
劉玉慧女士

獨立非執行董事：

林兆麟先生
張悅文先生
石禮謙議員
許照中先生

根據本公司之章程細則第87條規定，拿督鄭裕彤博士、劉鑾鴻先生、張悅文先生及石禮謙議員須輪值告退，惟合資格並願意膺選連任。

各非執行董事及獨立非執行董事乃按指定年期一年委任，且須根據本公司之公司組織章程細則於股東週年大會告退並膺選連任。

劉鑾鴻先生及杜惠愷先生與本公司訂有服務合約，分別自二零零四年四月一日及二零零五年三月二日起計，首個固定年期為三年，任期另將自動重續及延展三年，除非任何一方發出不續約之書面通知。該等服務合約並無載有規定提早終止任期補償金額之特定條款。

除上文披露者外，概無擬於應屆股東週年大會膺選連任之董事訂有本集團不作賠償(法定賠償除外)則不可於一年內終止之服務合約。

Directors' and chief executives' interests in shares and underlying shares

At 31st December, 2007, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”)) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or were required pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers of the Listing Rules to be notified to the Company and the Stock Exchange were as follows:

(1) Long positions in the shares and underlying shares of the Company

Name of Director 董事姓名	Nature of interest and capacity 權益性質及身分	Total number of ordinary shares 普通股總數	Total number of underlying shares 相關股份總數	Approximate percentage of interest 概約權益百分比
Mr. Thomas Lau 劉鑾鴻先生	Corporate (Note 1) 公司(附註1)	1,080,000,000	–	63.34%
	Corporate (Note 2) 公司(附註2)	40,000,000	–	2.35%
	Beneficial owner 實益擁有人	7,910,500	27,184,000 (Note 3) (附註 3)	2.06%
Note 1: Real Reward Limited (“Real Reward”), which is jointly owned by United Goal Resources Limited (“United Goal”) and Go Create Limited (“Go Create”) in equal shares, holds 1,080,000,000 shares. United Goal, a company incorporated in the British Virgin Islands, is ultimately owned by Mr. Lau Luen Hung, Thomas (“Mr. Thomas Lau”) and a family trust with certain family members of Mr. Lau Luen Hung, Joseph (“Mr. Joseph Lau”) as eligible beneficiaries. By virtue of the SFO, Mr. Thomas Lau is deemed to be interested in the 1,080,000,000 Shares held by Real Reward.		附註 1: United Goal Resources Limited (「United Goal」) 及 Go Create Limited (「Go Create」) 共同平均擁有之 Real Reward Limited (「Real Reward」) 持有 1,080,000,000 股份。United Goal 為於英屬維爾京群島註冊成立之公司，由劉鑾鴻先生 (「劉鑾鴻先生」) 及合資格受益人為劉鑾雄先生 (「劉鑾雄先生」) 若干家屬成員之家族信託最終擁有。根據證券及期貨條例，劉鑾鴻先生被視作於 Real Reward 所持 1,080,000,000 股股份中擁有權益。		
Note 2: Dynamic Castle Limited (“Dynamic Castle”), which is wholly owned by Mr. Thomas Lau, holds 40,000,000 shares. By virtue of the SFO, Mr. Thomas Lau is deemed to be interested in 40,000,000 shares held by Dynamic Castle.		附註 2: 由劉鑾鴻先生全資擁有之 Dynamic Castle Limited (「Dynamic Castle」) 持有 40,000,000 股股份。根據證券及期貨條例，劉鑾鴻先生被視作於 Dynamic Castle 所持 40,000,000 股股份中擁有權益。		
Note 3: These interests represent the interests in underlying shares in respect of share options granted by the Company to Mr. Thomas Lau as beneficial owners, the details of which are set out in the Section “Details of options granted by the Company” below.		附註 3: 該等權益指有關本公司授予劉鑾鴻先生作為實益擁有人之購股權之相關股份權益，有關詳情載於下文「本公司授出購股權之詳情」一節。		

董事及行政總裁於股份及相關股份之權益

於二零零七年十二月三十一日，本公司董事及行政總裁於本公司或其任何相聯法團(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，擁有根據證券及期貨條例第XV部第7及8分部之規定須知會本公司及聯交所的權益及淡倉(包括彼等根據證券及期貨條例該等條文被當作或視為擁有的權益及淡倉)；或根據證券及期貨條例第352條之規定載入該條所述登記冊之權益及淡倉；或根據上市規則之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之權益及淡倉載列如下：

(1) 本公司股份及相關股份之好倉

Directors' and chief executives' interests in shares and underlying shares (continued)

(2) Interests in the shares of associated corporation

董事及行政總裁於股份及相關股份之權益(續)

(2) 相聯法團股份之權益

Name of Director 董事姓名	Name of associated corporation 相聯法團名稱	Nature of interest and capacity 權益性質及身分	Total number of shares held 所持股份總數	Percentage of interest 權益百分比
Mr. Thomas Lau 劉鑾鴻先生	Real Reward	Corporate (Note 1) 公司(附註 1)	1	50%
	Crystal Key Investment Limited	Corporate (Note 2) 公司(附註 2)	1	100%
	Grandville Venture Corp.	Corporate (Note 2) 公司(附註 2)	50,000	100%
	Global Centre Investments Limited	Corporate (Note 2) 公司(附註 2)	1	100%
	Leeson Limited	Corporate (Note 2) 公司(附註 2)	1	100%
	Wise Ocean Limited	Corporate (Note 2) 公司(附註 2)	1	100%

Note 1: United Goal, a company incorporated in the British Virgin Islands and ultimately owned by Mr. Thomas Lau and a family trust with certain family members of Mr. Joseph Lau as eligible beneficiaries, has 50% interest in Real Reward. By virtue of the SFO, Mr. Thomas Lau is deemed to be interested in the one share in Real Reward.

Note 2: United Goal, owned by Mr. Thomas Lau and a family trust with certain family members of Mr. Joseph Lau as eligible beneficiaries, has 50% interest in Real Reward. Crystal Key Investment Limited, Grandville Venture Corp., Global Centre Investments Limited, Leeson Limited and Wise Ocean Limited are, either direct or indirect, wholly owned subsidiaries of Real Reward. By virtue of SFO, Mr. Thomas Lau is deemed to be interested in the shares held by Real Reward in Crystal Key Investment Limited, Grandville Venture Corp., Global Centre Investments Limited, Leeson Limited and Wise Ocean Limited.

附註 1: United Goal為於英屬維爾京群島註冊成立之公司，擁有Real Reward 50%權益，並由劉鑾鴻先生及合資格受益人為劉鑾雄先生若干家屬成員之家族信託最終擁有。根據證券及期貨條例，劉鑾鴻先生被視作於Real Reward 1股股份中擁有權益。

附註 2: United Goal擁有Real Reward 50%權益，並由劉鑾鴻先生及合資格受益人為劉鑾雄先生若干家屬成員之家族信託擁有。Crystal Key Investment Limited、Grandville Venture Corp.、Global Centre Investments Limited、Leeson Limited及Wise Ocean Limited為Real Reward直接或間接全資附屬公司。根據證券及期貨條例，劉鑾鴻先生被視作於Real Reward在Crystal Key Investment Limited、Grandville Venture Corp.、Global Centre Investments Limited、Leeson Limited及Wise Ocean Limited持有股份中擁有權益。

All the interests stated above represented long positions. As at 31st December, 2007, the Directors and chief executives had no short positions recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

上述全部權益均為好倉。於二零零七年十二月三十一日，本公司根據證券及期貨條例第336條規定存置之登記冊並無記錄董事及行政總裁擁有任何淡倉。

Substantial shareholders

As at 31st December, 2007, as far as was known to any Director or chief executive of the Company, the following persons (other than a Director or the chief executive of the Company) had 5% or more interests or short position in the shares and the underlying shares in respect of equity derivatives of the Company that would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Long position in the shares of the Company

Name of shareholder 股東名稱	Nature of interest and capacity 權益性質及身分	Total number of shares held 所持股份總數	Approximate percentage of interest 概約權益百分比
Real Reward	Beneficial owner 實益擁有人	1,080,000,000	63.34%
United Goal	Corporate (Note 1) 公司(附註 1)	1,080,000,000	63.34%
Asia Prime Assets Limited (“Asia Prime”)	Corporate (Note 1) 公司(附註 1)	1,080,000,000	63.34%
Go Create Limited (“Go Create”)	Corporate (Note 2) 公司(附註 2)	1,080,000,000	63.34%
Chow Tai Fook Enterprises Limited (“CTF”) 周大福企業有限公司(「周大福」)	Corporate (Note 2) 公司(附註 2)	1,080,000,000	63.34%
JPMorgan Chase & Co.	Investment Manager/Custodian 投資經理/託管人	85,253,018	5.00%

Note 1: Asia Prime, a company wholly owned by Mr. Thomas Lau, holds more than one-third of the entire issued share capital of United Goal, a 50% shareholder of Real Reward. By virtue of the SFO, Asia Prime and United Goal are deemed to be interested in the 1,080,000,000 shares held by Real Reward. Mr. Thomas Lau and Mr. Joseph Lau, being Directors, are directors of United Goal and Mr. Thomas Lau is also the sole director of Asia Prime.

Note 2: Go Create, a company incorporated in the British Virgin Islands and wholly owned by CTF of which family members of Dató Dr. Cheng Yu-tung have controlling interests, has 50% interest in Real Reward. By virtue of the SFO, CTF and Go Create are deemed to be interested in the 1,080,000,000 shares held by Real Reward. Dató Dr. Cheng Yu-tung and Dr. Cheng Ka-shun, Henry, being Directors, are directors of CTF and Dr. Cheng Ka-shun, Henry is also a director of Go Create.

Note 3: Mr. Thomas Lau is deemed to be a substantial shareholder who is interested in 1,080,000,000 shares of the Company (approximately 63.34%) and 40,000,000 shares (approximately 2.35%) of the Company held by Real Reward and Dynamic Castle respectively. Mr. Thomas Lau also beneficially holds 7,910,500 shares and holds 27,184,000 share options (approximately 2.06%) granted by the Company as beneficial owners. Details of his interests are set out in Section under “Directors’ and chief executives’ interests in shares and underlying shares”.

主要股東

於二零零七年十二月三十一日，據董事或本公司行政總裁所知，按本公司根據證券及期貨條例第336條存置的登記冊所記錄，除董事或本公司行政總裁外，下列人士於本公司股份及股本衍生工具相關股份中擁有5%或以上權益或淡倉，而該等權益或淡倉須根據證券及期貨條例第XV部第2及3分部之規定向本公司披露如下：

本公司股份之好倉

Name of shareholder 股東名稱	Nature of interest and capacity 權益性質及身分	Total number of shares held 所持股份總數	Approximate percentage of interest 概約權益百分比
Real Reward	Beneficial owner 實益擁有人	1,080,000,000	63.34%
United Goal	Corporate (Note 1) 公司(附註 1)	1,080,000,000	63.34%
Asia Prime Assets Limited (“Asia Prime”)	Corporate (Note 1) 公司(附註 1)	1,080,000,000	63.34%
Go Create Limited (“Go Create”)	Corporate (Note 2) 公司(附註 2)	1,080,000,000	63.34%
Chow Tai Fook Enterprises Limited (“CTF”) 周大福企業有限公司(「周大福」)	Corporate (Note 2) 公司(附註 2)	1,080,000,000	63.34%
JPMorgan Chase & Co.	Investment Manager/Custodian 投資經理/託管人	85,253,018	5.00%

附註1：由劉鑾鴻先生全資擁有之公司Asia Prime持有United Goal全部已發行股本三分之一以上，而United Goal為Real Reward 50%權益股東。根據證券及期貨條例，Asia Prime及United Goal被視作於Real Reward所持1,080,000,000股股份中擁有權益。董事劉鑾鴻先生及劉鑾雄先生均為United Goal之董事，劉鑾鴻先生亦為Asia Prime之唯一董事。

附註2：Go Create為於英屬維爾京群島註冊成立之公司，擁有Real Reward 50%權益，且為拿督鄭裕彤博士家屬擁有控股權益的周大福全資擁有。根據證券及期貨條例，周大福及Go Create被視作於Real Reward所持1,080,000,000股股份中擁有權益。董事拿督鄭裕彤博士及鄭家純博士均為周大福之董事，鄭家純先生亦為Go Create之董事。

附註3：劉鑾鴻先生被視為主要股東，於Real Reward及Dynamic Castle分別所持1,080,000,000股(約63.34%)及40,000,000股(約2.35%)本公司股份中擁有權益。劉鑾鴻先生亦以實益擁有人身分實益持有7,910,500股股份及持有本公司所授予之27,184,000份購股權(約2.06%)。有關彼之權益詳情，載於「董事及行政總裁於股份及相關股份之權益」一節。

Substantial shareholders (continued)

All the interests stated above represented long positions. As at 31st December, 2007, the substantial shareholders of the Company had no short positions recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

Share option scheme

The Company's share option scheme (the "Scheme") was adopted for a period of 10 years commencing 27th March, 2004 pursuant to a written resolution of the sole shareholder for the purpose of providing incentives or rewards to selected full-time employees and Directors for their contribution to the Group.

Under the Scheme, the Company may grant options to selected full-time employees and Directors of the Company and its subsidiaries, to subscribe for shares in the Company. Additionally, the Company may, from time to time, grant share options to eligible advisors and consultants to the Company and its subsidiaries at the discretion of the Board of Directors.

The total number of shares in respect of which options may be granted under the Scheme is not permitted to exceed 10% of the shares of the Company in issue at any point of time, without prior approval from the Company's shareholders. The number of shares issued and to be issued in respect of which options granted and may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. Options granted to substantial shareholders, Independent Non-executive Directors, or any of their respective associates (including a discretionary trust whose discretionary objects include a substantial shareholder or an Independent Non-executive Director or any of their respective associates) in excess of 0.1% of the Company's share capital or with a value in excess of HK\$5,000,000 must be also approved by the Company's shareholders.

Option granted must be taken up within the time limit specified in the offer letter (which shall not be later than 5 days from the date of offer), upon payment of HK\$1 per option. Options may be exercised at any time during a period commencing on or after the date on which the option is accepted and deemed to be granted and expiring on a date to be notified by the Board to each grantee which shall not be more than 10 years from the date on which the option is accepted and deemed to be granted. The exercise price is determined by the Directors of the Company, and will not be less than the highest of (i) the closing price of the Company's shares on the date of grant, (ii) the average closing price of the shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Company's share.

主要股東(續)

上述全部權益均為好倉。於二零零七年十二月三十一日，本公司根據證券及期貨條例第336條規定存置之登記冊並無記錄本公司主要股東擁有任何淡倉。

購股權計劃

本公司根據唯一股東之書面決議案採納購股權計劃(「該計劃」)，由二零零四年三月二十七日起為期十年，旨在向經甄選之全職僱員及董事就彼等對本集團所作貢獻提供獎勵或獎賞。

根據該計劃，本公司可向本公司及其附屬公司經甄選之全職僱員及董事授出購股權，以認購本公司股份。此外，本公司可不時按董事局酌情權向本公司及其附屬公司之合資格顧問及諮詢顧問授出購股權。

如未經本公司股東事先批准，根據該計劃可授出購股權所涉及股份總數，不得超過本公司於任何時間已發行股份10%。如未經本公司股東事先批准，於任何一年，就任何個別人士所獲授及可獲授之購股權已發行及將發行之股份數目，不得超過本公司於任何時間已發行股份1%。授予主要股東、獨立非執行董事或任何彼等各自之聯繫人士(包括全權信託，而有關全權受益人包括主要股東或獨立非執行董事或任何彼等各自之聯繫人士)超過本公司股本0.1%或價值超過5,000,000港元之購股權，亦必須經本公司股東批准。

授出之購股權須於提呈函件所指定時限(不得遲於提呈日期起計5日)內接納，接納時須就每份購股權支付1港元。購股權可於接納及被視為已授出當日或之後起至董事局知會各承授人屆滿當日止期間內隨時行使，惟由接納及被視為已授出購股權當日起計不得超過10年。行使價由本公司董事釐定，將不低於(i)授出日期本公司股份收市價；(ii)緊接授出日期前五個營業日股份平均收市價；及(iii)本公司股份面值三者之較高者。

Details of options granted by the Company

As at 31st December, 2007, options to subscribe for an aggregate of 54,903,000 shares of the Company granted to a Director (as disclosed above) and certain full-time employees pursuant to the Scheme remained outstanding, details of which were as follows:

本公司授出購股權之詳情

於二零零七年十二月三十一日，誠如上文所披露，本公司根據該計劃向一名董事及若干全職僱員授出可供認購合共54,903,000股本公司股份且尚未行使之購股權詳情如下：

Date of grant	Outstanding as at 1st January, 2007	Granted during the year	Exercised during the year	Lapsed during the year	Cancelled during the year	Outstanding as at 31st December, 2007		Option period	Subscription price per share (Adjusted after subdivision of shares)
						Before subdivision of shares	After subdivision of shares		
授出日期	於二零零七年一月一日尚未行使	年內授出	年內行使	年內失效	年內註銷	於二零零七年十二月三十一日尚未行使	股份拆細後	購股權期限	每股認購價 (股份拆細後調整)
Director									
董事									
Mr. Thomas Lau 劉鑾鴻先生	7/10/2005 二零零五年十月七日	504,000	-	-	-	504,000	1,008,000	7/10/2006 – 26/3/2014 (Note 1) 二零零六年十月七日至 二零一四年三月二十六日 (附註1)	HK\$6.16 6.16港元
	16/03/2006 二零零六年三月十六日	7,630,000	-	(3,052,000)	-	4,578,000	9,156,000	16/3/2007 – 26/3/2014 (Note 2) 二零零七年三月十六日至 二零一四年三月二十六日 (附註2)	HK\$6.37 6.37港元
	31/08/2007 二零零七年八月三十一日	-	8,510,000	-	-	8,510,000	17,020,000	01/10/2008 – 26/03/2014 (Note 3) 二零零八年十月一日至 二零一四年三月二十六日 (附註3)	HK\$18.50 18.50港元
Employees									
僱員									
	7/10/2005 二零零五年十月七日	4,498,000	-	(1,521,500)	(102,000)	2,874,500	5,749,000	7/10/2006 – 26/3/2014 (Note 1) 二零零六年十月七日至 二零一四年三月二十六日 (附註1)	HK\$6.16 6.16港元
	31/08/2007 二零零七年八月三十一日	-	11,100,000	-	(115,000)	10,985,000	21,970,000	01/10/2008 – 26/03/2014 (Note 3) 二零零八年十月一日至 二零一四年三月二十六日 (附註3)	HK\$18.50 18.50港元
Total 總計		12,632,000	19,610,000	(4,573,500)	(217,000)	-	27,451,500	54,903,000	

Details of options granted by the Company (continued)

Notes:

1. The options, granted on 7th October, 2005, are exercisable from 7th October, 2006 to 26th March, 2014 (both days inclusive) subject to the following vesting period:
 - (i) up to 40% of the options commencing 7th October, 2006;
 - (ii) up to 70% of the options (including the options not exercised under the limit prescribed for in the previous period) commencing 7th October, 2007;
 - (iii) up to 100% of the options (including the options not exercised under the limit prescribed for in the previous periods) commencing 7th October, 2008.
2. The options, granted on 16th March, 2006, are exercisable from 16th March, 2007 to 26th March, 2014 (both days inclusive) subject to the following vesting period:
 - (i) up to 40% of the options commencing 16th March, 2007;
 - (ii) up to 70% of the options (including the options not exercised under the limit prescribed for in the previous period) commencing 16th March, 2008;
 - (iii) up to 100% of the options (including the options not exercised under the limit prescribed for in the previous periods) commencing 16th March, 2009.
3. The options, granted on 31st August, 2007, are exercisable from 1st October, 2008 to 26th March, 2014 (both days inclusive) subject to the following vesting period:
 - (i) up to 40% of the options commencing 1st October, 2008 or 1st October, 2009;
 - (ii) up to 70% of the options (including the options not exercised under the limit prescribed for in the previous period) commencing 1st October, 2009 or 1st October, 2010;
 - (iii) up to 100% of the options (including the options not exercised under the limit prescribed for in the previous period) commencing 1st October, 2010 or 1st October, 2011.

The closing price of the shares of the Company, immediately before the date on which the options were granted on 31st August, 2007 was HK\$16.90*. The grant of the options to Mr. Thomas Lau was subsequently approved by independent shareholders on 25th September, 2007.

(Note: *adjusted for subdivision of shares)

本公司授出購股權之詳情(續)

附註：

1. 該等於二零零五年十月七日授出之購股權可於二零零六年十月七日至二零一四年三月二十六日期間(包括首尾兩日)行使，有關歸屬期如下：
 - (i) 自二零零六年十月七日起最多40%之購股權；
 - (ii) 自二零零七年十月七日起最多70%之購股權(包括上個期間指定限額並未行使之購股權)；
 - (iii) 自二零零八年十月七日起最多100%之購股權(包括上個期間指定限額並未行使之購股權)。
2. 該等於二零零六年三月十六日授出之購股權可於二零零七年三月十六日至二零一四年三月二十六日期間(包括首尾兩日)行使，有關歸屬期如下：
 - (i) 自二零零七年三月十六日起最多40%之購股權；
 - (ii) 自二零零八年三月十六日起最多70%之購股權(包括上個期間指定限額並未行使之購股權)；
 - (iii) 自二零零九年三月十六日起最多100%之購股權(包括上個期間指定限額並未行使之購股權)。
3. 該等於二零零七年八月三十一日授出之購股權可於二零零八年十月一日至二零一四年三月二十六日期間(包括首尾兩日)行使，有關歸屬期如下：
 - (i) 自二零零八年十月一日或二零零九年十月一日起最多40%之購股權；
 - (ii) 自二零零九年十月一日或二零一零年十月一日起最多70%之購股權(包括上個期間指定限額並未行使之購股權)；
 - (iii) 自二零一零年十月一日或二零一一年十月一日起最多100%之購股權(包括上個期間指定限額並未行使之購股權)。

本公司股份緊接於二零零七年八月三十一日授出購股權當日之收市價為16.90港元*。授予劉鑾鴻先生之購股權其後獲獨立股東於二零零七年九月二十五日批准。

(附註：*就股份拆細調整)

Details of options granted by the Company (continued)

Notes: (continued)

4. According to the Black-Scholes pricing model (the "Model"), the fair value of the options granted during the year was estimated at HK\$179.1 million. The variables used in the model were as follows:

Share price on 31st August, 2007	HK\$16.90*	closing price on 31st August, 2007
25th September, 2007	HK\$21.90*	closing price on 24th September, 2007
Expected volatility	32%	historical volatility of the Company's share price over previous years
Expected life	1.5 – 4.6 years	based on management's best estimate, take into account non-transferability, exercise restrictions and other behavioural considerations
Risk-free rate	3.81 – 4.23%	reference to yield of Exchange Fund Notes in accordance with expected life of the option
Expected dividend yield	1.22%	based on historical dividend yield of the shares of the Company over 12-month period

(Note: *adjusted for subdivision of shares)

This Model was developed to estimate the fair value of publicly traded options that have no vesting restriction and are fully transferable. As the Company's share options have characteristics significantly different from those traded options, and the value of the share options varies with different variables of certain subjective assumptions, any change in the variables so used may materially affect the estimation of the fair value of the share options.

5. On 27th September, 2007, shares of HK\$0.01 each in the share capital of the Company were subdivided into two shares of HK\$0.005 each.

Arrangements to purchase shares or debentures

Other than as disclosed under the section "Details of options granted by the Company", at no time during the Year was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries, a party to any arrangements 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.

Directors' Interests in contracts of significance

Other than as disclosed under the section "Connected Transactions", no contracts of significance to which the Company, its holding company, subsidiaries or fellow subsidiaries was a party and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the Year or at any time during the Year.

本公司授出購股權之詳情(續)

附註：(續)

4. 根據柏力克－舒爾斯定價模式(「模式」)，年內授出購股權之公平值估計為179,100,000港元。模式所用變數如下：

於二零零七年八月三十一日之股價	16.90港元*	於二零零七年八月三十一日之收市價
於二零零七年九月二十五日之股價	21.90港元*	於二零零七年九月二十四日之收市價
預期波幅	32%	過往年度本公司股價之以往波幅
預計年期	1.5–4.6年	按管理層之最佳估計，並計及不得轉讓、行使限制及其他表現考慮因素
無風險利率	3.81–4.23%	經參考於根據購股權預計年期外匯基金票據孳息計算
預期股息率	1.22%	按本公司股份於過去十二個月之過往股息率計算

(附註：*就股份拆細調整)

釐定模式旨在估計並無歸屬限制及可悉數轉讓之公開買賣購股權之公平值。由於本公司購股權之特徵與該等公開買賣購股權有重大差異，以及購股權價值具備若干主觀假設不同變數，故所採納變數之任何變動或會對估計購股權公平值造成重大影響。

5. 於二零零七年九月二十七日，本公司股本中每股面值0.01港元之股份已拆細為兩股每股面值0.005港元之股份。

購買股份或債券之安排

除「本公司授出購股權之詳情」一節披露者外，於本年度任何時間，本公司、其控股公司或其任何附屬公司或同系附屬公司概無訂立任何安排，致使本公司董事藉收購本公司或任何其他法人團體股份或債券而獲益。

董事之重大合約權益

除「關連交易」一節披露者外，本公司董事概無於本公司、其控股公司、附屬公司或同系附屬公司所訂立且於本年度年結日或本年度任何時間仍然生效之重大合約中，直接或間接擁有重大權益。

Connected transactions

(1) CTF Jewellery's concessionaire counter at Sogo CWB (Continuing connected transaction)

Sogo Hong Kong Company Limited ("Sogo HK"), an indirect wholly owned subsidiary of the Company, and Chow Tai Fook Jewellery Company Limited ("CTF Jewellery") entered into a dealership agreement (the "HK Dealership Agreement") on 7th September, 2007 for a period from 1st December, 2005 to 29th February, 2008. Sogo HK agreed to make available a consignee counter of approximately 1,107.40 sq.ft. on the First Floor of Jumbo Sogo Department Store to CTF Jewellery for exhibiting and selling fine jewellery under the brand name of "Chow Tai Fook" at a monthly commission based on certain percentages of the gross turnover from sales by CTF Jewellery at the said counter, subject to an annual minimum commission of HK\$3,986,640.

During the Year, Sogo HK received a total of HK\$11,505,000 commission from CTF Jewellery. The cap of annual commission payable by CTF Jewellery to Sogo HK under the HK Dealership Agreement is set at HK\$13,000,000 and HK\$2,950,000 for each of the two financial years ending 31st December, 2007 and 2008 respectively. If the amount to be paid by CTF Jewellery exceeds the said cap, independent shareholders' approval would be required. The total of commission paid under the HK Dealership Agreement is within the annual cap of HK\$13,000,000 as stipulated in the Company's announcement dated 7th September, 2007.

Real Reward Limited ("Real Reward"), the Company's controlling shareholder, is owned as to 50% by United Goal Resources Limited ("United Goal") and the other 50% by Go Create Limited ("Go Create") which, in turn, is wholly owned by Chow Tai Fook Enterprises Limited ("CTF"). Being an associate of CTF, CTF Jewellery is a connected person of the Company under the Listing Rules.

(2) Operating JV's tenancy agreement (Continuing connected transaction)

On 26th November, 2004, 上海久光百貨有限公司 (the "Operating JV") entered into a tenancy agreement (the "JV Tenancy Agreement") with 上海九百城市廣場有限公司 (the "Property JV") in respect of the leasing of the entire building of Shanghai Joinbuy City Plaza (the "Shopping Complex") of approximately 92,000 sq.m. for a term of 20 years commencing from 1st October, 2004 to 30th September, 2024 at a basic annual rental of RMB125 million with an upward adjustment for additional rental at the rate of 3.5% on the amount over and above the annual revenue of RMB1,500 million for the whole Shopping Complex.

關連交易

(1) 位於銅鑼灣店之周大福珠寶特許專櫃(持續關連交易)

本公司間接全資附屬公司崇光(香港)百貨有限公司(「崇光香港」)與周大福珠寶金行有限公司(「周大福珠寶」)於二零零七年九月七日訂立專櫃經營協議(「香港專櫃經營協議」)，期限為二零零五年十二月一日至二零零八年二月二十九日。崇光香港同意向周大福珠寶提供Jumbo Sogo Department Store 1樓約1,107.40平方呎面積作陳列及銷售「周大福」品牌珠寶首飾之寄售人專櫃，每月佣金按周大福珠寶於上述專櫃銷售產生之總營業額若干百分比計算，而每年最低佣金則為3,986,640港元。

年內，崇光香港自周大福珠寶獲取佣金合共11,505,000港元。根據香港專櫃經營協議，周大福珠寶於截至二零零七年及二零零八年十二月三十一日止兩個財政年度分別向崇光香港應付之年度佣金上限金額設定為13,000,000港元及2,950,000港元。倘周大福珠寶支付之金額超過上述上限金額，則必須獲獨立股東批准。根據香港專櫃經營協議已付之佣金總額屬本公司日期為二零零七年九月七日之公佈所訂明年度上限金額13,000,000港元之範圍內。

本公司控股股東Real Reward Limited(「Real Reward」)分別由United Goal Resources Limited(「United Goal」)及Go Create Limited(「Go Create」)各自擁有50%權益。Go Create為由周大福企業有限公司(「周大福」)全資擁有之公司。根據上市規則，作為周大福之聯繫人，周大福珠寶為本公司之關連人士。

(2) 營運合營企業租賃協議(持續關連交易)

於二零零四年十一月二十六日，上海久光百貨有限公司(「營運合營企業」)與上海九百城市廣場有限公司(「物業合營企業」)就租賃整幢上海久百城市廣場(「購物廣場」)約92,000平方米訂立租賃協議(「合營企業租賃協議」)，自二零零四年十月一日起至二零二四年九月三十日止，為期20年，基本年租為人民幣125,000,000元，並可按整幢購物廣場年度營業額超逾人民幣1,500,000,000元之部分以3.5%計算的額外租金而上調。

Connected transactions (continued)

(2) Operating JV's tenancy agreement (Continuing connected transaction)

(continued)

Details of the terms of the JV Tenancy Agreement were disclosed in the Company's circular dated 14th December, 2004 which were subsequently confirmed and approved by independent shareholders of the Company on 30th December, 2004. During the Year, an amount of RMB125 million (equivalent to approximately HK\$127.9 million) of rental and RMB26.0 million (equivalent to approximately HK\$26.6 million) of management fee were paid by the Operating JV and both are within the annual cap of RMB125 million and RMB65 million respectively as stipulated in the Company's circular dated 14th December, 2004.

The Operating JV is a 65% indirectly owned subsidiary of the Company. As 上海九百(集團)有限公司 (Shanghai Joinbuy Group Co., Ltd.) and 上海九百股份有限公司 (Shanghai Joinbuy Co., Ltd.) (together the "Joinbuy Group") collectively own 35% and 50% interests in the Operating JV and Property JV respectively, the Property JV is an associate of the Joinbuy Group which is a connected person of the Company through their 35% controlling equity interest in the Operating JV, a non-wholly owned subsidiary of the Company. As such, the tenancy agreement between the Operating JV and the Property JV constitutes a connected transaction for the Group.

(3) JV Dealership Agreement at Jiuguang Department Store (Continuing connected transaction)

The Operating JV entered into a dealership agreement with 周大福珠寶金行(深圳)有限公司 ("CTFSZ Jewellery") for making available a consignee counter of about 140 sq.m. on the First Floor of the Jiuguang Department Store to CTFSZ Jewellery for selling jewellery for a period of three years commencing from 1st October, 2004. Monthly commission is payable by CTFSZ Jewellery to the Operating JV based on certain percentages of the gross turnover of CTFSZ Jewellery's sales in the relevant month.

On 7th September, 2007, the Operating JV also entered into another dealership agreement with 周大福珠寶金行(蘇州)有限公司 ("CTF(Suzhou) Jewellery") for making available a consignee counter of approximately 96 sq.m. on the Second Floor of Jiuguang Department Store to CTF(Suzhou) Jewellery for exhibiting and selling jewellery under the brand name of "Chow Tai Fook" for a period from 18th September, 2007 to 31st August, 2009. Monthly commission is payable by CTF(Suzhou) Jewellery to the Operating JV based on certain percentages of the gross turnover from sales (including tax) by CTF(Suzhou) Jewellery, subject to a monthly minimum commission of RMB86,400.

關連交易(續)

(2) 營運合營企業租賃協議(持續關連交易)

(續)

合營企業租賃協議條款之詳情於本公司日期為二零零四年十二月十四日之通函披露，有關協議其後於二零零四年十二月三十日獲本公司獨立股東確認及批准。於本年度，營運合營企業已支付租金及管理費分別為人民幣125,000,000元(約相當於127,900,000港元)及人民幣26,000,000元(約相當於26,600,000港元)，上述款額屬本公司日期為二零零四年十二月十四日之通函規定之年度上限人民幣125,000,000元及人民幣65,000,000元之範圍內。

營運合營企業為本公司擁有65%權益之間接附屬公司。由於上海九百(集團)有限公司及上海九百股份有限公司(統稱「九百集團」)共同分別於營運合營企業及物業合營企業擁有35%及50%權益，故物業合營企業為九百集團聯繫人士，而九百集團透過其於本公司非全資附屬公司營運合營企業之35%控股權益而屬本公司關連人士。因此，營運合營企業與物業合營企業進行之租賃協議構成本集團關連交易。

(3) 久光百貨合營企業專櫃經營協議(持續關連交易)

營運合營企業與周大福珠寶金行(深圳)有限公司(「周大福深圳珠寶」)訂立專櫃經營協議，於久光百貨1樓為周大福深圳珠寶寄售珠寶，提供佔地約140平方米之專櫃，協議自二零零四年十月一日起為期三年。周大福深圳珠寶應付營運合營企業之每月佣金按周大福深圳自銷售產生之總營業額若干百分比計算。

於二零零七年九月七日，營運合營企業亦與周大福珠寶金行(蘇州)有限公司(「周大福蘇州珠寶」)訂立另一份專櫃經營協議，內容有關久光百貨於二零零七年九月十八日至二零零九年八月三十一日期間，向周大福蘇州珠寶提供2樓約96平方米面積作陳列及銷售「周大福」品牌珠寶首飾之寄售人專櫃。周大福蘇州珠寶應付營運合營企業之每月佣金按周大福蘇州珠寶自銷售產生之總營業額(包括稅項)若干百分比計算，而每月最低佣金則為人民幣86,400元。

Connected transactions (continued)**(3) JV Dealership Agreement at Jiuguang Department Store (Continuing connected transaction)** (continued)

During the Year, the Operating JV received commission of RMB1.4 million (equivalent to approximately HK\$1.4 million) and RMB667,900 (equivalent to approximately HK\$683,600) from CTF SZ Jewellery and CTF(Suzhou) Jewellery respectively, which is within, in aggregate, the annual caps of RMB34 million and RMB668,000 as stipulated in the Company's announcement dated 13th December, 2004 and 7th September, 2007 respectively.

As mentioned in paragraph (1) above, CTF is a connected person of the Company and its associates, CTF SZ Jewellery and CTF(Suzhou) Jewellery, are also regarded as connected persons to the Company. Therefore, the above JV Dealership Agreements constitute a continuing connected transaction of the Company.

(4) Leasing of the premises for the Sogo TST Department Store (Continuing connected transaction)

Pursuant to the lease agreement dated 24th February, 2005 (the "Lease") entered into between the Group's Sogo HK as tenant and Hong Kong Island Development Limited ("HK Island"), an associate of CTF, as landlord for the leasing of the Portions of Ground Floor, Podium 1 and the entire Podium 2 of The Amazon at no. 12 Salisbury Road, Tsimshatsui, Kowloon to Sogo HK for a term of 15 years at a turnover rent, based on sales at the premises, of 6% for the 1st to the 10th years and 7% for the 11th to the 15th years. Details of other terms of the Lease were described in the Company's circular dated 11th March, 2005 which were subsequently approved by independent shareholders on 29th March, 2005. During the Year, a total of HK\$38.7 million of rental including air-conditioning charges, management fees, government rates and other outgoings was paid by the Group, the amount of which is within the annual cap of HK\$75 million as stipulated in the Company's circular dated 11th March, 2005.

HK Island is a subsidiary of New World Development Company Limited ("NWD") which in turn is an associate of CTF. As CTF is a connected person of the Company, the above Lease constitutes a continuing connected transaction of the Company under the Listing Rules.

關連交易(續)**(3) 久光百貨合營企業專櫃經營協議(持續關連交易)**(續)

於本年度，營運合營企業分別自周大福深圳珠寶及周大福蘇州珠寶取得人民幣1,400,000元(約相當於1,400,000港元)及人民幣667,900元(約相當於683,600港元)佣金，有關金額屬本公司日期分別為二零零四年十二月十三日及二零零七年九月七日之公佈所訂明年度上限金額人民幣34,000,000元及人民幣668,000元兩項總數之範圍內。

誠如上文第(1)段所述，周大福為本公司的關連人士，其聯繫人周大福深圳珠寶及周大福蘇州珠寶亦被視為本公司關連人士。因此，上述合營企業專櫃經營協議構成本公司之持續關連交易。

(4) 尖沙咀崇光百貨物業租賃(持續關連交易)

本集團之崇光(香港)作為租戶與周大福聯繫人士香島發展有限公司(「香島」)作為業主，就租賃九龍尖沙咀梳士巴利道12號亞瑪遜地下部分、地庫1之部分及地庫2全層予崇光(香港)訂立日期為二零零五年二月二十四日之租賃協議(「租約」)，為期15年，崇光(香港)須按在有關物業銷售額計算租金，租賃期內第1至10年及第11至15年分別按營業額的6%及7%計算租金。租約其他條款詳情於本公司日期為二零零五年三月十一日之通函中披露，該租約其後於二零零五年三月二十九日取得獨立股東批准。於本年度，本集團已付合共38,700,000港元租金，當中包括冷氣費、管理費、政府差餉及其他開支，有關金額屬本公司日期為二零零五年三月十一日之通函所規定年度限額75,000,000港元之範圍內。

香島為新世界發展有限公司(「新世界發展」)附屬公司，新世界發展則為周大福之聯繫人。由於周大福為本公司關連人士，因此，根據上市規則，上述租約構成本公司持續關連交易。

Connected transactions (continued)

(5) General cleaning and pest control services provided to Sogo TST Store and Sogo CWB Store (Continuing connected transactions)

On 10th November, 2006, Sogo HK entered into an agreement (“TST Agreement”) with Pollution & Protection Services Limited (“PPS”) for the provision of general cleaning and pest control services to its Sogo TST Store for a period from 1st October, 2006 to 7th January, 2008.

On 10th November, 2006, Sogo HK also entered into another agreement (“CWB Agreement”) with PPS for the provision of general cleaning and pest control services to its Sogo CWB Store for a period from 16th December, 2006 to 7th January, 2008.

During the Year, a total of HK\$9,522,000 for the said services to both Sogo TST Store and Sogo CWB Store was paid by the Group. The cap of annual fees payable by Sogo HK to PPS under the TST Agreement and CWB Agreement is set at HK\$1,130,000, HK\$11,460,000 and HK\$216,000 for each of the three financial years ending 31st December, 2006, 2007 and 2008 respectively. If the amount to be paid to PPS exceeds the said cap, independent shareholders’ approval would be required. The total of fees paid for the said services to PPS under the two agreements is within the annual cap of HK\$11,460,000 as stipulated in the Company’s announcement dated 10th November, 2006.

PPS, a subsidiary of NWD which in turn is deemed to be controlled by CTF, is an associate of a connected person of the Company under the Listing Rules.

Remuneration policy

The remuneration policy of the Group is set on basis of the employees’ merit, qualifications and competence.

The emoluments package of the Directors of the Company are reviewed and concluded by the Remuneration Committee, with consideration to the Company’s operating results, individual performance and comparable market statistics.

The Company has adopted a share option scheme as an incentive to Directors and eligible employees, details of the scheme is set out under the section headed “Share option scheme” above.

關連交易(續)

(5) 向尖沙咀崇光百貨及銅鑼灣崇光百貨提供一般清潔及滅蟲服務(持續關連交易)

於二零零六年十一月十日，崇光香港與寶聯防污服務有限公司(「寶聯防污」)就寶聯防污於二零零六年十月一日至二零零八年一月七日期間向尖沙咀崇光百貨提供一般清潔及滅蟲服務訂立協議(「尖沙咀協議」)。

於二零零六年十一月十日，崇光香港亦與寶聯防污就寶聯防污於二零零六年十二月十六日至二零零八年一月七日期間向銅鑼灣崇光百貨提供一般清潔及滅蟲服務訂立另一份協議(「銅鑼灣協議」)。

於本年度，本集團已就尖沙咀崇光百貨及銅鑼灣崇光百貨之上述服務支付合共9,522,000港元。根據尖沙咀協議及銅鑼灣協議，於截至二零零六年、二零零七年及二零零八年十二月三十一日止三個財政年度各年，崇光香港應付寶聯防污之年度費用限額分別設定為1,130,000港元、11,460,000港元及216,000港元。倘向寶聯防污支付之金額超出所述限額，則須取得獨立股東批准。根據該兩份協議就所述服務已付寶聯防污之費用總額屬本公司日期為二零零六年十一月十日之公佈所規定年度限額11,460,000港元之範圍內。

寶聯防污乃視作由周大福控制之新世界發展的附屬公司，根據上市規則，屬本公司關連人士之聯繫人士。

薪酬政策

本集團之薪酬政策按僱員之表現、資歷及能力而制定。

本公司董事之酬金待遇乃由薪酬委員會經考慮本公司經營業績、個別表現及比較市場數據而作出檢討及總結。

本公司已採納購股權計劃以獎勵董事及合資格僱員，計劃詳情載於上文「購股權計劃」一節。

Competing business interests of Directors

CTF, of which the family members of Dató Dr. Cheng Yu Tung (including Dató Dr. Cheng Yu Tung himself and Dr. Cheng Kar Shun, Henry, non-executive Directors of the Company) had controlling interests, owned about 36.88% of the issued share capital of New World Development Company Limited (“**NWD**”), which in turn about 72.29% of the issued share capital of New World Department Stores China Limited (Stock Code: 825) (“**NWDS**”). Both NWD and NWDS are companies whose shares are listed on the Main Board of the Stock Exchange. NWDS, which was founded in 1993 and listed in July 2007, currently operates and/or manages a department store business selling merchandise, from direct purchase and through concessionaire counters. As at 31st December, 2007, NWDS operated and manages 31 department stores with an aggregate gross floor area of about 932,180 square meters in Hong Kong and seventeen cities in the PRC (namely Wuhan, Shenyang, Wuxi, Harbin, Tianjin, Ningbo, Beijing, Shanghai, Dalian, Kunming, Lanzhou, Xiamen, Chongqing, Changsha, Chengdu Anshan and Nanjing). As such, the business of NWDS may compete directly or indirectly with the business of the Group in Hong Kong and the PRC.

The senior management of NWDS is currently led by Mr. Philip Cheung, executive director and managing director of NWDS. Dató Dr. Cheng Yu Tung is not a director of, and is not involved in the daily operations of, NWDS. Dr. Cheng Kar Shun, Henry, chairman and non-executive director of NWDS, also is not involved in the day-to-day operations of NWDS which are supervised and run by Mr. Philip Cheung. The management of NWDS and the management of the Group are separate and distinct. There has never been any exchange of information nor communication between the two managements. The management of NWDS only participates in the management and operations of NWDS but not that of the Company. In relation to NWD, two of its directors, Dató Dr. Cheng Yu Tung and Dr. Cheng Kar Shun, Henry, are also the Non-executive Directors of the Company. Since the completion of the acquisition of Sogo Hong Kong Company Limited in May 2001, neither CTF nor any of these two Directors has participated in the daily operations and management of the Group. As Non-executive Directors, it is not intended that they will participate in the daily operations and management of the Group.

Save as disclosed herein, none of the Directors and their respective associates had any interest in a business which competes or may compete with the business of the Group.

Purchase, sale or redemption of the Company's securities

There was no purchase, sale or redemption of shares of the Company by the Company or any of its subsidiaries during the Year.

Pre-emptive rights

There are no provisions for pre-emptive rights under the Company's Articles although there are no restrictions against such rights under the laws in the Cayman Islands.

董事於競爭業務之權益

拿督鄭裕彤博士之家屬(包括本公司非執行董事拿督鄭裕彤博士本人及鄭家純博士)擁有控股權益之周大福擁有新世界發展有限公司(「**新世界發展**」)已發行股本約36.88%，而新世界發展則擁有新世界百貨中國有限公司(股份代號：825，「**新世界百貨**」)約72.29%已發行股本。新世界發展及新世界百貨均為股份於聯交所主板上市之公司。新世界百貨於一九九三年創立及於二零零七年七月上市，現透過直接採購及特許經營專櫃售賣貨品經營及／或管理百貨公司業務。於二零零七年十二月三十一日，新世界百貨在香港及中國十七個城市(分別為武漢、瀋陽、無錫、哈爾濱、天津、寧波、北京、上海、大連、昆明、蘭州、廈門、重慶、長沙、成都、鞍山及南京)經營及管理31間百貨公司，總樓面面積約為932,180平方米。因此，新世界百貨之業務或會與本集團在香港及中國之業務直接或間接構成競爭。

新世界百貨之高級管理層現由執行董事兼董事總經理張輝熱先生領導。拿督鄭裕彤博士並非新世界百貨之董事，亦無參與新世界百貨之日常業務。鄭家純博士為新世界百貨之主席兼非執行董事，並無參與新世界百貨之日常業務。新世界百貨乃由張輝熱先生監督及領導。新世界百貨及本集團乃分開獨立管理。兩間公司之管理層之間從來沒有交換任何資料或任何通訊聯繫。新世界百貨之管理層只參與新世界百貨之管理及營運，而不會涉足本公司之管理及營運。關於新世界發展方面，其兩名董事拿督鄭裕彤博士及鄭家純博士亦為本公司之非執行董事。自二零零一年五月完成收購崇光(香港)百貨有限公司後，周大福或上述兩名董事並無參與本集團之日常業務及管理。彼等作為非執行董事，無意參與本集團之日常業務及管理。

除本文披露者外，概無董事及彼等各自之聯繫人士於任何與或可能與本集團業務構成競爭之業務中擁有任何權益。

購買、出售或贖回本公司證券

本公司或其任何附屬公司於本年度概無購買、出售或贖回本公司任何股份。

優先購買權

儘管開曼群島法例並無有關優先購買權之限制，惟本公司之章程細則並無限制有關權利之條文。

Employees

As at 31st December, 2007, the Group had a total of about 1,000 employees in Hong Kong and 450 employees in the PRC. The cost of employees (excluding directors' emoluments) amounted to HK\$223.6 million (2006: HK\$205.8 million). The Group ensures that the pay levels of its employees are competitive according to market trend and its employees are rewarded on a performance related basis within the general framework of the Group's salary and bonus system. During the year, 22,200,000 (2006: NIL) stock options were granted to certain employees at exercise price of HK\$18.5 per share.

Major customers and suppliers

The Group is principally involved in retail business. The five largest customers and the five largest suppliers of the Group accounted for less than 30% of the Group's turnover and purchases respectively during the Year.

Sufficiency of public float

Based on information available to the Company and within the knowledge of the Directors, at least 25% of the Company's total issued share capital was held by the Public as of the date of this report.

Post balance sheet event

Details of post balance sheet event are set out in note 43 to the financial statements.

Auditor

A resolution will be submitted to the annual general meeting to reappoint Messrs. Deloitte Touche Tohmatsu as auditor of the Company.

On behalf of the Board

Lau Luen-hung, Thomas
Managing Director

27th February, 2008

僱員

於二零零七年十二月三十一日，本集團分別於香港及中國共僱用約1,000名及450名員工。僱員成本(不包括董事酬金)為223,600,000港元(二零零六年：205,800,000 港元)。本集團按照市場水平確保其僱員薪酬具競爭力，而其僱員可按其表現在本集團薪金及花紅體制之一般架構內獲取報酬。年內，已向某些僱員授出22,200,000份購股權(二零零六年：無)，行使價為每股18.5港元。

主要客戶及供應商

本集團主要從事零售業務。於本年度，本集團五大客戶及五大供應商分別佔本集團營業額及採購額不足30%。

足夠公眾持股量

根據本公司所獲提供資料及據董事所知悉，於本報告日期，公眾人士最少持有本公司已發行股本總額25%。

結算日後事項

結算日後事項詳情載於財務報表附註43。

核數師

本公司將於股東週年大會提呈續聘德勤•關黃陳方會計師行為本公司核數師之決議案。

代表董事局

董事總經理
劉鑾鴻

二零零八年二月二十七日

Independent Auditor's Report

獨立核數師報告書

Deloitte.

德勤

TO THE MEMBERS OF LIFESTYLE INTERNATIONAL HOLDINGS LIMITED

(incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Lifestyle International Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 54 to 127, which comprise the consolidated balance sheet as at 31st December, 2007, and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the consolidated financial statements

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

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements are free from material misstatement.

致：利福國際集團有限公司各位股東

(於開曼群島註冊成立的有限公司)

本行已完成審核載於第54至127頁利福國際集團有限公司(「貴公司」)及其附屬公司(以下統稱「貴集團」)的綜合財務報表，此等綜合財務報表包括於二零零七年十二月三十一日的綜合資產負債表與截至該日止年度的綜合收益表、綜合權益變動表及綜合現金流量表，以及主要會計政策概要及其他附註解釋。

董事就綜合財務報表須承擔的責任

貴公司董事須負責根據香港會計師公會頒佈的香港財務報告準則及香港公司條例之披露規定編製及真實而公平地呈列該等綜合財務報表。有關責任包括設計、實施及維護與編製及真實而公平地呈列綜合財務報表相關的內部監控，以使綜合財務報表不存在由於欺詐或錯誤而導致的重大錯誤陳述；選擇和應用適當的會計政策；及按情況作出合理的會計估計。

核數師的責任

本行的責任是根據本行的審核對該等綜合財務報表作出意見，且本行的意見僅按照協定委聘條款，為股東(作為一個團體)而報告，並不為其他任何目的。本行並不就本報告之內容對任何其他人士承擔任何義務或接受任何責任。本行已根據香港會計師公會頒佈的香港審計準則進行審核。該等準則規定本行遵守道德規範，並規劃及執行審核，以合理確定綜合財務報表是否不存有任何重大錯誤陳述。

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 31st December, 2007 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Emphasis of matters

Without qualifying our opinion, we draw attention to note 23(b) to the consolidated financial statements which indicates that the Group has extended a bridging loan of HK\$300 million ("Bridging Loan") to EganaGoldpfeil (Holdings) Limited (together with its subsidiaries the "Egana Group") during the year and which remains outstanding as at the date of this report. The Company has been participating in negotiations with the bank creditors of the Egana Group on the proposed financial restructuring of the indebtedness of the Egana Group (the "Proposed Restructuring") which may result in the Group becoming the controlling shareholder of the Egana Group. The Proposed Restructuring is subject to the approvals of the relevant regulatory bodies and shareholders of both the Group and the Egana Group. The Bridging Loan will be fully repaid upon the Proposed Restructuring becoming effective at which time it is proposed to be replaced with additional funding from the Group of approximately HK\$1.2 billion. The ultimate recovery of the Bridging Loan and subsequent proposed investment depends on the long-term success of the Proposed Restructuring. No provision for impairment losses has been made in the consolidated financial statements.

Deloitte Touche Tohmatsu

Certified Public Accountants
Hong Kong
27th February, 2008

審核涉及執程序以獲取有關綜合財務報表所載金額及披露資料的審核憑證。所選定程序取決於核數師的判斷，包括評估由於欺詐或錯誤而導致綜合財務報表存有重大錯誤陳述的風險。在評估該等風險時，核數師考慮與該實體編製及真實而公平地呈列綜合財務報表相關的內部監控，以設計適當的審核程序，惟並非為對實體的內部監控的效能發表意見。審核亦包括評價董事所採用會計政策的合適性及所作出會計估計的合理性，以及評價綜合財務報表的整體呈列方式。

本行相信，本行所獲得審核憑證已充足和適當地為本行的審核意見提供基礎。

意見

本行認為，綜合財務報表已根據香港財務報告準則真實與公平地反映 貴集團於二零零七年十二月三十一日的財政狀況及 貴集團於截至該日止年度的溢利和現金流量，並已按照香港公司條例之披露規定妥善編製。

強調事項

儘管吾等並無保留意見，務請垂注綜合財務報表附註23(b)，當中顯示 貴集團於年內向聯洲國際集團有限公司(連同其附屬公司統稱「聯洲國際集團」)提供過渡貸款3億港元(「過渡貸款」)，而過渡貸款於本報告日期仍未償還。 貴公司已就建議財務重整聯洲國際集團之債項(「建議重整」)與聯洲國際集團之債權銀行磋商，此舉或會使 貴集團成為聯洲國際集團之控股股東。建議重整須待有關監管機構及 貴集團及聯洲國際集團股東批准。過渡貸款將會在建議重整生效後全部歸還，建議到時過渡貸款會由 貴集團提供的約12億港元額外資金代替。過渡貸款及其後的建議投資最終能否收回，取決於建議重整取得長期佳績。綜合財務報表內並無作出減值撥備。

德勤•關黃陳方會計師行

執業會計師
香港
二零零八年二月二十七日

Consolidated Income Statement

綜合收益表

for the year ended 31st December, 2007 截至二零零七年十二月三十一日止年度

		NOTES 附註	2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元 (Restated) (重列)
Turnover	營業額	7	3,112,368	2,581,962
Cost of sales	銷售成本	7	(1,377,795)	(1,161,215)
Gross profit	毛利		1,734,573	1,420,747
Other operating income	其他經營收入	9	73,794	43,385
Selling and distribution costs	銷售及分銷成本		(600,091)	(587,859)
Administrative expenses	行政開支		(140,447)	(111,787)
Investment income	投資收入	10	245,396	159,158
Change in fair value of investment property	投資物業之公平值變動		3,648	7,648
Share of profit of a jointly controlled entity	應佔一家共同控制實體溢利		6,926	6,768
Finance costs	融資成本	11	(81,846)	(75,625)
Profit before taxation	除稅前溢利	12	1,241,953	862,435
Taxation	稅項	14	(190,739)	(124,265)
Profit for the year	本年度溢利		1,051,214	738,170
Attributable to:	應佔部分：			
Equity holders of the Company	本公司股東		1,024,085	740,170
Minority interests	少數股東權益		27,129	(2,000)
			1,051,214	738,170
Dividends	股息	15	357,088	275,275
Earnings per share	每股盈利			
– basic	– 基本	16	HK\$0.6022	HK\$0.4369
– diluted	– 攤薄	16	HK\$0.5982	HK\$0.4365

Consolidated Balance Sheet

綜合資產負債表

at 31st December, 2007 於二零零七年十二月三十一日

			2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
		NOTES 附註		
Non-current assets	非流動資產			
Investment properties	投資物業	17	19,620	30,948
Property, plant and equipment	物業、廠房及設備	18	2,727,584	2,300,865
Deposit paid for prepaid lease payments	就預付租賃款項所支付按金	19	1,085,016	227,179
Interests in a jointly controlled entity	於一家共同控制實體權益	20	468,938	449,324
Deferred tax assets	遞延稅項資產	32	5,611	10,139
Available-for-sale investments	可供出售投資	21	31,918	102,903
Financial assets at fair value through profit or loss	按公平值計入損益之金融資產	22	154,285	311,703
Club debenture	會所債券		1,350	-
Loan receivables	應收貸款	23	467,718	37,050
			4,962,040	3,470,111
Current assets	流動資產			
Inventories	存貨	24	60,309	63,948
Trade and other receivables	應收賬款及其他應收款項	25	181,470	148,714
Amount due from a jointly controlled entity	應收一家共同控制實體款項	26	46,046	12,143
Financial assets at fair value through profit or loss	按公平值計入損益之金融資產	22	36,531	-
Loan receivable	應收貸款	23	2,000	-
Bank balances and cash	銀行結存及現金	27	3,598,388	2,584,087
			3,924,744	2,808,892
Assets of disposal group classified as held for sale	分類作持作出售之出售集團資產	28	1,547,459	-
			5,472,203	2,808,892
Current liabilities	流動負債			
Trade and other payables	應付賬款及其他應付款項	29	1,411,958	982,797
Tax payable	應繳稅項		94,137	53,097
Obligations under finance leases	融資租約承擔			
– due within one year	– 一年內到期	30	-	10
Bank borrowings - due within one year	銀行借貸 – 一年內到期	31	406,810	249,379
			1,912,905	1,285,283
Liabilities of disposal group classified as held for sale	分類作持作出售之出售集團負債	28	615,773	-
			2,528,678	1,285,283
Net current assets	流動資產淨值		2,943,525	1,523,609
			7,905,565	4,993,720

CONSOLIDATED BALANCE SHEET 綜合資產負債表

at 31st December, 2007 於二零零七年十二月三十一日

		NOTES	2007	2006
		附註	二零零七年 HK\$'000 千港元	二零零六年 HK\$'000 千港元
Non-current liabilities	非流動負債			
Bank borrowings – due after one year	銀行借貸 – 一年後到期	31	2,600,000	1,100,000
Deferred tax liabilities	遞延稅項負債	32	26,883	34,811
Derivative instrument	衍生工具	33	1,002	–
Other payable	其他應付款項	34	60,000	–
			2,687,885	1,134,811
			5,217,680	3,858,909
Capital and reserves	資本及儲備			
Share capital	股本	36	8,525	8,480
Reserves	儲備		4,648,193	3,845,500
Equity attributable to equity holders of the Company	本公司股東應佔權益		4,656,718	3,853,980
Minority interests	少數股東權益		560,962	4,929
			5,217,680	3,858,909

The financial statements on pages 54 to 127 were approved and authorised for issue by the Board of Directors on 27th February, 2008 and are signed on its behalf by:

第54至127頁財務報表獲董事局於二零零八年二月二十七日批准及授權刊發，並由下列董事代表簽署：

Lau Luen-hung, Thomas
Managing Director

劉鑾鴻
董事總經理

Doo Wai-hoi, William
Executive Director

杜惠愷
執行董事

Consolidated Statement of Changes in Equity

綜合權益變動表

for the year ended 31st December, 2007 截至二零零七年十二月三十一日止年度

Attributable to equity holders of the Company
本公司股東應佔部分

		Share capital 股本	Share premium 股份溢價	Asset revaluation reserve 資產重估儲備	Exchange reserve 匯兌儲備	Share-based payment reserve 股份付款儲備	Investment reserve 投資儲備	Retained profits (accumulated losses) 保留溢利 (累計虧損)	Total 總計	Minority interests 少數股東權益	Total 總計
At 1st January, 2006	於二零零六年一月一日	8,470	3,463,307	3,680	2,335	1,400	10,559	(163,813)	3,325,938	41,255	3,367,193
Fair value changes on available-for-sale investments	可供出售投資公平值變動	-	-	-	-	-	43,761	-	43,761	-	43,761
Deferred tax liability arising on fair value changes on available-for-sale investments	可供出售投資公平值變動產生之遞延稅項負債	-	-	-	-	-	(7,658)	-	(7,658)	-	(7,658)
Exchange differences arising on translation of foreign operations	換算海外業務產生之匯兌差額	-	-	-	6,477	-	-	-	6,477	176	6,653
Net income recognised directly in equity	直接於權益確認之收入淨額	-	-	-	6,477	-	36,103	-	42,580	176	42,756
Profit for the year	本年度溢利	-	-	-	-	-	-	740,170	740,170	(2,000)	738,170
Transfer to profit or loss on sale of available-for-sale investments (net of deferred tax)	出售可供出售投資時轉撥至損益 (扣除遞延稅項)	-	-	-	-	-	(10,559)	-	(10,559)	-	(10,559)
Total recognised income and expense for the year	本年度已確認收入及開支總額	-	-	-	6,477	-	25,544	740,170	772,191	(1,824)	770,367
Recognition of equity-settled share based payments	確認股本結算股份付款	-	-	-	-	19,200	-	-	19,200	-	19,200
Contribution from minority shareholders	少數股東注資	-	-	-	-	-	-	-	-	15,715	15,715
Repayment of capital contribution	償還注資	-	-	-	-	-	-	-	-	(50,217)	(50,217)
Exercise of share options	行使購股權	10	11,916	-	-	-	-	-	11,926	-	11,926
Dividends paid	已派付股息	-	(275,275)	-	-	-	-	-	(275,275)	-	(275,275)
At 31st December, 2006	於二零零六年十二月三十一日	8,480	3,199,948	3,680	8,812	20,600	36,103	576,357	3,853,980	4,929	3,858,909
Exchange differences arising on translation of foreign operations	換算海外業務產生之匯兌差額	-	-	-	82,183	-	-	-	82,183	9,072	91,255
Net income recognised directly in equity	直接於權益確認之收入淨額	-	-	-	82,183	-	-	-	82,183	9,072	91,255
Profit for the year	本年度溢利	-	-	-	-	-	-	1,024,085	1,024,085	27,129	1,051,214
Transfer to profit or loss on sale of available-for-sale investments (net of deferred tax)	可供出售投資時轉撥至損益 (扣除遞延稅項)	-	-	-	-	-	(36,103)	-	(36,103)	-	(36,103)
Total recognised income and expense for the year	本年度已確認收入及開支總額	-	-	-	82,183	-	(36,103)	1,024,085	1,070,165	36,201	1,106,366
Recognition of equity-settled share based payments	確認股本結算股份付款	-	-	-	-	32,035	-	-	32,035	-	32,035
Acquisition of subsidiaries	收購附屬公司	-	-	-	-	-	-	-	-	519,832	519,832
Exercise of share option	行使購股權	45	70,362	-	-	(15,640)	-	2,859	57,626	-	57,626
Dividends paid	已派付股息	-	(357,088)	-	-	-	-	-	(357,088)	-	(357,088)
At 31st December, 2007	於二零零七年十二月三十一日	8,525	2,913,222	3,680	90,995	36,995	-	1,603,301	4,656,718	560,962	5,217,680

Consolidated Cash Flow Statement

綜合現金流量表

for the year ended 31st December, 2007 截至二零零七年十二月三十一日止年度

		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
OPERATING ACTIVITIES	經營業務		
Profit before taxation	除稅前溢利	1,241,953	862,435
Adjustments for:	經作出以下調整：		
Interest income on bank deposits	銀行存款之利息收入	(109,609)	(92,062)
Loan interests and other interest income	貸款利息及其他利息收入	(15,683)	-
Finance costs	融資成本	81,646	75,625
Depreciation of property, plant and equipment	物業、廠房及設備折舊	134,172	132,567
Dividend income from available-for-sale investments	可供出售投資之股息收入	(2,757)	(964)
Loss on disposal of property, plant and equipment	出售物業、廠房及設備虧損	1,001	395
Fair value changes in respect of index-linked notes and equity-linked note/derivative financial instruments	與指數掛鈎票據及與權益掛鈎票據／衍生金融工具之公平值變動	(28,152)	(16,568)
Impairment loss on available-for-sales investments	可供出售投資之減值虧損	7,472	-
Change in fair value of investment property	投資物業之公平值變動	(3,648)	(7,648)
Share of profit of a jointly controlled entity	應佔一家共同控制實體溢利	(6,926)	(6,768)
Write-down of obsolete inventories	滯銷存貨撇減	1,896	1,262
(Reverse of) allowance for bad and doubtful debts	呆壞賬(撥回)撥備	(1,381)	(5,109)
Gain on disposal of available-for-sale investments	出售可供出售投資之收益	(96,667)	(49,564)
Share-based payment expense	股份付款開支	32,035	19,200
Operating cash flows before movements in working capital	營運資金變動前經營現金流量	1,235,352	912,801
Decrease (increase) in inventories	存貨減少(增加)	3,776	(6,948)
Increase in trade and other receivables	應收賬款及其他應收款項增加	(7,179)	(23,569)
Increase in trade and other payables	應付賬款及其他應付款項增加	266,983	172,746
Cash generated from operations	經營業務所得現金	1,498,932	1,055,030
Interest received	已收利息	107,365	91,897
Hong Kong Profits Tax paid	已繳香港利得稅	(143,704)	(134,607)
PRC Enterprise Income Tax paid	已繳中國企業所得稅	(2,856)	-
Hong Kong Profits Tax refunded	香港利得稅退稅	52	7,166
NET CASH FROM OPERATING ACTIVITIES	經營業務所得現金淨額	1,459,789	1,019,486

		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
	NOTES 附註		
INVESTING ACTIVITIES	投資活動		
Purchase of index-linked notes	購買與指數掛鈎票據	(585,750)	(388,150)
Deposit paid for prepaid lease payment	已付預付租賃付款按金	(841,489)	(227,179)
Purchase of property, plant and equipment	購置物業、廠房及設備	(98,864)	(98,076)
Purchase of investment property	購買投資物業	(20,040)	-
Purchase of available-for-sale investments	購買可供出售投資	(103,452)	(243,608)
Purchase of equity-linked note	購買與權益掛鈎票據	(233,800)	(38,950)
Purchase of club debenture	購買會所債券	(1,350)	-
Increase in loan receivable	應收貸款增加	(432,668)	(37,050)
Proceeds from early redemption of index-linked notes	提早贖回與指數掛鈎票據所得款	697,954	116,700
Proceeds from early redemption of equity-linked notes	提早贖回與權益掛鈎票據所得款	233,950	-
Proceeds from disposal of available-for-sale investments	出售可供出售投資所得款	219,819	282,342
Decrease (increase) in amount due from a jointly controlled entity	應收一家共同控制實體款項減少(增加)	(33,903)	80,009
Decrease in structured bank deposit	結構性銀行存款減少	-	50,000
Interest received from index-linked notes and equity-linked notes	與指數掛鈎票據及與權益掛鈎票據之已收利息	37,737	16,064
Dividend received from available-for-sale investments	可供出售投資之已收股息	2,757	964
Proceeds from disposal of property, plant and equipment	出售物業、廠房及設備所得款	608	23
Acquisition of subsidiaries (net of cash and cash equivalents acquired)	收購附屬公司(扣除所收購現金及現金等價物)	35	(541,514)
NET CASH USED IN INVESTING ACTIVITIES	投資活動所用現金淨額	(1,700,005)	(486,911)
FINANCING ACTIVITIES	融資活動		
New bank borrowings raised	新借銀行借貸	1,800,000	1,343,482
Exercise of share options	行使購股權	57,626	11,926
Contribution from minority shareholders	少數股東注資	-	15,715
Repayment of bank borrowings	償還銀行借貸	(153,318)	(1,260,000)
Decrease in amount due to jointly controlled entity	應付一家共同控制實體款項減少	-	(101,500)
Dividends paid	已派付股息	(357,088)	(275,275)
Finance costs paid	已付融資成本	(97,831)	(80,504)
Repayment of capital contribution	償還注資	-	(50,217)
Repayment of obligations under finance leases	償還融資租約承擔	(10)	(39)
NET CASH FROM (USED IN) FINANCING ACTIVITIES	融資活動所得(所用)現金淨額	1,249,379	(396,412)
NET INCREASE IN CASH AND CASH EQUIVALENT	現金及現金等價物增加淨額	1,009,163	136,163
EFFECT OF FOREIGN EXCHANGE RATE DIFFERENCE	匯率差異之影響	11,706	(2,281)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	年初現金及現金等價物	2,584,087	2,450,205
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, REPRESENTING BANK BALANCES AND CASH	年終現金及現金等價物，即銀行結存及現金	38	3,604,956
		2,584,087	2,584,087

Notes to the Financial Statements

財務報表附註

for the year ended 31st December, 2007 截至二零零七年十二月三十一日止年度

1. General

The Company is a public limited company incorporated in the Cayman Islands with its shares listed on The Stock Exchange of Hong Kong Limited (“Stock Exchange”). The Company’s holding and ultimate holding company is Real Reward Limited (“Real Reward”), a company incorporated in the Cayman Islands. The addresses of the registered office and principal place of business of the Company are disclosed in the Corporate Information section to the annual report.

The consolidated financial statements are presented in Hong Kong dollar, which is also the functional currency of the Company.

The Company acts as an investment holding company. The principal activities of its principal subsidiaries are the operation of “lifestyle” department stores and property holding.

2. Application of new and revised Hong Kong financial reporting standards

In the current year, the Group has applied, for the first time, a number of new Hong Kong Financial Reporting Standards (“HKFRS”s), Hong Kong Accounting Standards (“HKAS”s) and Interpretations (hereinafter collectively referred to as “new HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) that are effective for the Group’s financial year beginning 1st January, 2007. The application of the new HKFRSs had no material effect on how the results and financial position for the current or prior accounting periods are prepared and presented. Accordingly, no prior period adjustment has been required.

HKAS 1 (Amendment)	Capital disclosures
HKFRS 7	Financial instruments: Disclosures
HK(IFRIC) – INT 7	Applying the restatement approach under HKAS 29 Financial Reporting in Hyperinflationary Economies
HK(IFRIC) – INT 8	Scope of HKFRS 2
HK(IFRIC) – INT 9	Reassessment of embedded derivatives
HK(IFRIC) – INT 10	Interim financial reporting and impairment

1. 一般事項

本公司在開曼群島註冊成立為有限公司，其股份於香港聯合交易所有限公司（「聯交所」）上市。於開曼群島註冊成立之Real Reward Limited（「Real Reward」）為本公司之控股及最終控股公司。本公司之註冊辦事處及主要營業地點地址於年報企業資料一節披露。

綜合財務報表以本公司功能貨幣港元列值。

本公司為投資控股公司，其主要附屬公司之主要業務為經營「生活時尚」百貨店及持有物業。

2. 應用新訂及經修訂香港財務報告準則

於本年度，本集團首次應用由香港會計師公會（「香港會計師公會」）頒佈，並於本集團自二零零七年一月一日開始之財政年度生效之多項新訂香港財務報告準則（「香港財務報告準則」）、香港會計準則（「香港會計準則」）及詮釋（下文統稱「新訂香港財務報告準則」）。應用新訂香港財務報告準則對現時或先前會計期間業績及財務狀況之編製及呈報方式並無構成重大影響，故毋須作出前期調整。

香港會計準則第1號(修訂本)	資本披露
香港財務報告準則第7號	金融工具：披露
香港(國際財務報告詮釋委員會)－詮釋第7號	根據香港會計準則第29號嚴重通脹經濟中之財務報告應用重列方針
香港(國際財務報告詮釋委員會)－詮釋第8號	香港財務報告準則第2號之範圍
香港(國際財務報告詮釋委員會)－詮釋第9號	重估附帶衍生工具
香港(國際財務報告詮釋委員會)－詮釋第10號	中期財務報告及減值

2. Application of new and revised Hong Kong financial reporting standards (continued)

The Group has not early applied the following new and revised Standards and Interpretations that have been issued but are not yet effective.

HKAS 1 (Revised)	Presentation of financial statements ¹
HKAS 23 (Revised)	Borrowing Costs ¹
HKFRS 8	Operating segments ¹
HK(IFRIC) – INT 11	HKFRS 2: Group and treasury share transactions ²
HK(IFRIC) – INT 12	Service concession arrangements ³
HK(IFRIC) – INT 13	Customer loyalty programmes ⁴
HK(IFRIC) – INT 14	HKAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction ³

¹ Effective for annual periods beginning on or after 1st January, 2009.

² Effective for annual periods beginning on or after 1st March, 2007.

³ Effective for annual periods beginning on or after 1st January, 2008.

⁴ Effective for annual periods beginning on or after 1st July, 2008.

The directors of the Group anticipate that the application of the above Standards and Interpretations will have no material impact on the results and financial position of the Group.

3. Significant accounting policies

The consolidated financial statements have been prepared under the historical cost convention, as modified for investment properties and certain financial instruments, which are measured at fair value, as explained in accounting policies set out below.

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

2. 應用新訂及經修訂香港財務報告準則 (續)

本集團並無提早應用以下已頒佈惟尚未生效之新訂及經修訂準則以及詮釋。

香港會計準則第1號(經修訂)	財務報表呈列 ¹
香港會計準則第23號(經修訂)	借款成本 ¹
香港財務報告準則第8號	經營分部 ¹
香港(國際財務報告詮釋委員會)–詮釋第11號	香港財務報告準則第2號：集團及庫存股份交易 ²
香港(國際財務報告詮釋委員會)–詮釋第12號	服務經營權安排 ³
香港(國際財務報告詮釋委員會)–詮釋第13號	顧客長期支持計劃 ⁴
香港(國際財務報告詮釋委員會)–詮釋第14號	香港會計準則第19號–界定福利資產限額、最低資金規定及其相互關係 ³

¹ 於二零零九年一月一日或之後開始之年度期間生效。

² 於二零零七年三月一日或之後開始之年度期間生效。

³ 於二零零八年一月一日或之後開始之年度期間生效。

⁴ 於二零零八年七月一日或之後開始之年度期間生效。

本集團董事預期，應用上述準則及詮釋將不會對本集團之業績及財務狀況構成重大影響。

3. 主要會計政策

綜合財務報表乃根據歷史成本基準編製，誠如以下會計政策所闡釋，惟投資物業及若干金融工具則按公平值計算。

綜合財務報表乃根據香港會計師公會頒佈之香港財務報告準則編製。此外，綜合財務報表包括聯交所證券上市規則及香港公司條例規定之適用披露。

3. Significant accounting policies (continued)

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including special purpose entities) controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Minority interests in the net assets of consolidated subsidiaries are presented separately from the Group's equity therein. Minority interests in the net assets consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

Business combinations

The acquisition of businesses is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under HKFRS 3 Business Combinations are recognised at their fair values at the acquisition date.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in profit or loss.

3. 主要會計政策(續)

綜合基準

綜合財務報表涵蓋本公司及本公司控制之實體(包括具特殊目的之實體)(其附屬公司)之財務報表。於本公司有權控制實體之財務及營運政策以自其業務獲取利益，即達到控制目的。

年內所收購或出售附屬公司自實際收購日期起或直至實際出售日期止(視適用情況而定)之業績計入綜合收益表。

如需要，附屬公司財務報表會作出調整，以符合本集團其他成員公司所用會計政策。

集團內公司間所有交易、結存、收入及開支於綜合賬目時對銷。

綜合附屬公司資產淨值之少數股東權益與本集團股本分開呈列。於資產淨值之少數股東權益包括該等權益於原有業務合併日期之款額及少數股東自合併日期起應佔權益變動。少數股東權益之虧損超出附屬公司之少數股東權益之數額分配至本集團之權益內，惟少數股東權益具有約束責任及可作出額外投資以補償虧損之情況則除外。

業務合併

收購業務採用收購法入賬。收購成本按於交換日期本集團就換取被收購方控制權所給予資產、所產生或承擔負債以及所發行股本工具之公平值總額，加上業務合併任何直接應佔成本計算。符合香港財務報告準則第3號項下確認條件之被收購方可識別資產、負債及或然負債，乃於收購日期按有關公平值確認。

收購所產生商譽確認為資產，且初步按成本計算，成本即業務合併成本超出本集團於已確認可識別資產、負債及或然負債公平淨值之權益之差額。倘於重新評估後，本集團於被收購方之可識別資產、負債及或然負債公平淨值之權益超出業務合併成本，則超出數額即時於損益確認。

3. Significant accounting policies (continued)

Business combinations (continued)

The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of the assets' (disposal groups') previous carrying amount and fair value less costs to sell.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold and services provided in the normal course of business, net of discounts and sales related taxes.

Sales of goods are recognised when goods are sold and title has been passed.

Income from concessionaire sales is recognised upon sales of goods by the relevant shops.

Service income is recognised when services are rendered.

Minimum guaranteed sales commission is recognised in accordance with terms of contracts.

Interest income from a financial asset excluding financial assets at fair value through profit or loss is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Dividend income from investment is recognised when the shareholders' right to receive payment have been established.

Investment properties

On initial recognition, investment properties are measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair values using the fair value model. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise.

3. 主要會計政策(續)

業務合併(續)

少數股東於被收購方之權益，初步按已確認資產、負債及或然負債公平淨值之少數股東比例計算。

持作出售之非流動資產

如賬面金額將主要透過出售交易(而非透過持續使用)收回，則非流動資產及出售集團分類為持作出售。在出售很可能進行及資產(或出售集團)可按現況即時出售，此條件才被視作達成論。

分類為持作出售之非流動資產(及出售集團)按資產(出售集團)過往賬面金額及公平值減銷售成本之較低者入賬。

收益確認

收益乃按已收或應收代價之公平值計算，指於日常業務中就所提供貨品及服務之應收款項扣除折扣及銷售相關稅項。

貨品銷售於貨品售出及擁有權轉移時確認。

特許專櫃銷售收入於有關店舖出貨品時確認。

服務收入於提供服務時確認。

最低保證銷售佣金根據合約條款予以確認。

金融資產(不包括按公平值計入損益之金融資產)之利息收入乃按時間基準，經參考未償還本金及適用之實際利率計算，該利率為確實地將金融資產預計可用年期內之估計未來現金收入貼現至該資產之賬面淨值之貼現率。

投資所得股息收入乃於股東收取款項之權利確立時確認。

投資物業

於初步確認時，投資物業按成本計算，包括任何直接應佔開支。於初步確認後，投資物業之公平值採用公平值模式計算。投資物業公平值變動產生之收益或虧損計入產生期間之損益。

3. Significant accounting policies (continued)**Property, plant and equipment**

Property, plant and equipment other than construction in progress are stated at cost less subsequent accumulated depreciation and accumulated impairment losses.

Depreciation is provided to write off the cost of items of property, plant and equipment over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method.

Construction in progress includes property, plant and equipment in the course of construction for production or for its own use purposes. Construction in progress is carried at cost less any recognised impairment loss. Construction in progress is classified in the appropriate category of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Assets held under finance leases are depreciated over their estimated useful lives on the same basis as owned assets, or where shorter, the term of leases.

An investment property is transferred to property, plant and equipment when it is evidenced by the commencement of owner-occupation. The fair value, at the date of transfer, which is the deemed cost of the property for subsequent accounting is in accordance with HKAS 16 Property, plant and equipment. The property interest held under an operating lease which was previously classified as investment property under the fair value model is continued to account for as a finance lease after the transfer.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the income statement in the year in which the item is derecognised.

Club debenture

Club debenture is measured at cost less any impairment losses.

3. 主要會計政策 (續)**物業、廠房及設備**

物業、廠房及設備(在建工程除外)乃按成本減其後累計折舊及累計減值虧損列賬。

折舊乃按物業、廠房及設備估計可使用年期與經計及其估計剩餘價值後以直線法撇銷其成本計算。

在建工程包括建設中以供生產或供其本身使用之物業、廠房及設備。在建工程乃按成本減任何已確認減值虧損列賬。在建工程於落成及備妥作擬定用途時，分類為物業、廠房及設備之適當類別。該等資產按與其他物業資產相同之基準於資產可作擬定用途時開始折舊。

根據融資租約持有之資產按自置資產之相同基準，於估計可使用年期或按租期(倘屬較短期間)折舊。

當開始自用時，投資物業轉撥至物業、廠房及設備。於轉讓日期之公平值(就其後會計而言，為視作物業之成本)乃根據香港會計準則第16號「物業、廠房及設備」計算。原先分類為投資物業，根據經營租約持有之物業權益乃按公平值模式於轉讓後繼續入賬為融資租約。

物業、廠房及設備項目於出售時或預期日後將不會自持續使用資產獲得經濟利益時剔除確認。剔除確認資產產生之任何收益或虧損(按出售所得款淨額與有關項目賬面值之差額計算)於剔除確認有關項目之年度計入收益表。

會所債券

會所債券按成本減任何減值虧損計算。

3. Significant accounting policies (continued)

Jointly controlled entities

Joint venture arrangements that involve the establishment of a separate entity in which venturers have joint control over the economic activity of the entity are referred to as jointly controlled entities.

The results and assets and liabilities of jointly controlled entities are incorporated in the consolidated financial statements using the equity method of accounting. Under the equity method, investments in jointly controlled entities are carried in the consolidated balance sheet at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the jointly controlled entities, less any identified impairment loss. When the Group's share of losses of a jointly controlled entity equals or exceeds its interest in that jointly controlled entity (which includes any long-term interests that, in substance, form part of the Group's net investment in the jointly controlled entity), the Group discontinues recognising its share of further losses. An additional share of losses is provided for and a liability is recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that jointly controlled entity.

When a Group entity transacts with a jointly controlled entity of the Group, profits or losses are eliminated to the extent of the Group's interest in the jointly controlled entity.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other lease are classified as operating leases.

THE GROUP AS LESSOR

Rental income from operating leases is recognised in the consolidated income statement on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on a straight line basis over the lease term.

3. 主要會計政策 (續)

共同控制實體

涉及成立合營企業商對實體之經濟活動擁有共同控制權之個別實體之合營企業安排稱為共同控制實體。

共同控制實體業績及資產與負債採用權益會計法計入綜合財務報表。根據權益法，於共同控制實體之投資按成本減任何已識別減值虧損於綜合資產負債表列賬，並就本集團應佔共同控制實體資產之收購後變動作出調整。倘本集團應佔一家共同控制實體虧損相等於或超出其於該共同控制實體之權益（包括實際組成本集團於該共同控制實體投資淨值其中部分之任何長期權益），則本集團終止確認其應佔之進一步虧損。倘本集團產生法定或推定責任或代表該共同控制實體付款，方始就額外應佔虧損作出撥備及確認有關責任。

倘本集團旗下實體與本集團之共同控制實體進行交易，則於本集團在共同控制實體之權益撇銷損益。

租約

當租約條款將涉及擁有權之絕大部分風險及回報轉讓予承租人時，該租約乃分類為融資租約。所有其他租約均分類為經營租約。

本集團作為出租人

經營租約之租金收入乃按相關租約年期以直線法，於綜合收益表確認。於磋商及安排經營租約產生之初步直接成本，加上租賃資產之賬面值，按租約年期以直線法確認作開支。

3. Significant accounting policies (continued)

Leasing (continued)

THE GROUP AS LESSEE

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expense over the lease term on a straight-line basis.

Inventories

Inventories, which represent merchandise held for resale, are stated at the lower of cost and net realisable value. The cost of merchandise is determined by the retail method and is computed by reference to the retail selling price of goods less the average gross profit margins. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

Financial instruments

Financial assets and financial liabilities are recognised on the balance sheet when a group entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

FINANCIAL ASSETS

Financial assets are classified into one of the four categories, including financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. The Group's financial assets comprise of financial assets at fair value through profit or loss, loan and receivables and available-for-sale financial assets.

3. 主要會計政策(續)

租約(續)

本集團作為承租人

按融資租約持有之資產於租約開始時按其公平值或(如較低)最低租賃款項現值確認為本集團資產。出租人的相應負債計入資產負債表，列作融資租約承擔。租賃款項於融資開支與租賃承擔減少之間分配，以就承擔結餘得出固定利率。融資開支直接於損益扣除。

根據經營租約應付之租金於有關租約年期按直線法在損益扣除。已收及應收作為訂立經營租約優惠之利益，於租賃年期按直線法確認為租金開支減少。

存貨

存貨指持有作轉售的商品，以成本及可變現淨值較低者入賬。商品成本以零售法釐定，參考貨品零售價減平均毛利率計算。可變現淨值指在日常業務中估計售價減估計銷貨所需成本。

金融工具

當本集團旗下實體成為金融工具合約條文之訂約方時，於資產負債表確認金融資產及金融負債。金融資產及金融負債初步按公平值計算。收購或發行金融資產及金融負債(按公平值計入損益之金融資產及金融負債除外)產生之直接應佔交易成本，於初步確認金融資產或金融負債之公平值加入或扣除(視適用情況而定)。收購按公平值計入損益之金融資產或金融負債時產生之直接應佔交易成本則即時於損益確認。

金融資產

金融資產分為四類，包括按公平值計入損益之金融資產、貸款及應收款項、持有至到期日之投資及可供出售金融資產。所有以正常方式購買或出售之金融資產按交易日基準確認及剔除確認。正常購買或出售方式規定須於規例或市場慣例設定之時限內以交付資產方式購買或出售金融資產。本集團之金融資產包括按公平值計入損益之金融資產、貸款及應收款項以及可供出售金融資產。

3. Significant accounting policies (continued)

Financial instruments (continued)

FINANCIAL ASSETS (continued)

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period.

Income is recognised on an effective interest basis for debt instruments other than those financial assets designated as at fair value through profit or loss, of which interest income is included in net gains or losses.

Index-linked notes, equity-linked note

Financial assets at fair value through profit or loss has two subcategories, including financial assets held for trading and those designated at fair value through profit or loss on initial recognition.

A financial asset other than a financial asset held for trading may be designated as at fair value through profit or loss upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and HKAS 39 permits the entire combined contract (asset or liability) to be designated as at fair value through profit or loss.

Index-linked notes and equity-linked notes are hybrid instruments that contain embedded derivatives. The Group has designated the index-linked notes and equity linked notes as "financial assets at fair value through profit or loss" upon initial recognition in accordance with HKAS 39. The notes are carried at fair values, with changes in fair values recognised in profit or loss.

3. 主要會計政策(續)

金融工具(續)

金融資產(續)

實際利率法

實際利率法是一種計算相關期間內金融資產之攤銷成本以及分配利息收入之方法。實際利率是一種在金融資產之預期壽命或(如適用)更短期間內能夠精確計算預計未來現金收入(包括所有到期支付或收取並為實際利率、交易成本及其他溢價或折讓組成部分之費用)貼現額之利率。

利息乃就債券工具按實際利率基準確認，惟該等指定為「按公平值計入損益之金融資產」除外，其利息收入於收益或虧損淨額計入。

與指數掛鈎票據及與權益掛鈎票據

按公平值計入損益之金融資產分為兩個分類，包括持作買賣金融資產及該等於初步確認時指定按公平值計入損益之金融資產。

倘出現下列情況，持作買賣金融資產以外之金融資產可於初步確認時指定按公平值計入損益：

- 有關指定撇銷或大幅減低計量或確認可能出現不一致之情況；或
- 金融資產組成一組金融資產或金融負債或兩者其中部分，並根據本集團既定風險管理或投資策略，按公平值基準管理及評估其表現，而分類資料則按該基準由內部提供；或
- 金融資產組成包含一種或以上內含附帶衍生工具之合約其中部分，而香港會計準則第39號允許整份合併合約(資產或負債)將指定按公平值計入損益。

與指數掛鈎票據及與權益掛鈎票據指包括附帶衍生工具在內的複合式交易工具。根據香港會計準則第39號作出初步確認時，本集團指定將該等與指數掛鈎票據及與權益掛鈎票據當作「按公平值計入損益之金融資產」處理。票據乃按公平值列賬，而有關公平值變動則於損益確認。

3. Significant accounting policies (continued)**Financial instruments** (continued)**FINANCIAL ASSETS** (continued)*Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At each balance sheet date subsequent to initial recognition, loans and receivables (including deposit paid for prepaid lease payments, trade and other receivables, loan receivables, bank balances, and amount due from a jointly controlled entity) are carried at amortised cost using the effective interest method, less any identified impairment losses.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated or not classified as any of the other categories. At each balance sheet date subsequent to initial recognition, available-for-sale financial assets are measured at fair value. Changes in fair value are recognised in equity, until the financial asset is disposed of or is determined to be impaired, at which time, the cumulative gain or loss previously recognised in equity is removed from equity and recognised in profit or loss. Any impairment losses on available-for-sale financial assets are recognised in profit or loss. Impairment losses on available-for-sale financial assets will not reverse in subsequent periods in profit or loss.

IMPAIRMENT OF FINANCIAL ASSETS

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been impacted.

For an available-for-sale equity investment, a significant or prolonged decline in the fair value of that investment below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

3. 主要會計政策 (續)**金融工具** (續)**金融資產** (續)*貸款及應收款項*

貸款及應收款項為設有固定或待定付款金額之非衍生金融資產，且不會在活躍市場掛牌。於初步確認後各個結算日，貸款及應收款項(包括已付預付租賃款項按金、應收賬款及其他應收款項、應收貸款、銀行結存及應收一家共同控制實體款項)採用實際利率法按已攤銷成本減任何已識別減值虧損列賬。

可供出售金融資產

可供出售金融資產為指定或並未分類為任何其他類別之非衍生工具。於初步確認後各個結算日，可供出售金融資產按公平值計算。公平值變動於股本確認，直至金融資產出售或被釐定出現減值為止，屆時先於股本確認之累計收益或虧損會自股本剔除，並於損益確認。可供出售金融資產之任何減值虧損於損益確認。可供出售金融資產之減值虧損將不會於其後期間在損益撥回。

金融資產減值

金融資產(按公平值計入損益之金融資產除外)會於每個結算日評定是否有減值跡象。金融資產於有客觀證據顯示其估計未來現金流量因於初步確認該金融資產後發生之一項或多項事件而受到影響時作出減值。

就可供出售股本投資而言，該項投資之公平值大幅或持續下跌至低於成本，則視作減值之客觀證據。

就所有其他金融資產而言，減值之客觀證據可包括：

- 發行人或交易方出現重大財政困難；或
- 未能繳付或延遲償還利息或本金；或
- 借款人有可能面臨破產或財務重組。

3. Significant accounting policies (continued)

Financial instruments (continued)

IMPAIRMENT OF FINANCIAL ASSETS (continued)

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of within 30 days, observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, an impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Impairment losses on available-for-sale equity investments will not be reversed in profit or loss in subsequent periods. Any increase in fair value subsequent to impairment loss is recognised directly in equity. For available-for-sale debt investments, impairment losses are subsequently reversed if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

3. 主要會計政策(續)

金融工具(續)

金融資產減值(續)

就若干類別之金融資產(如應收賬款)而言, 被評估不會個別減值之資產, 將會其後彙集一併評估減值。應收款項組合出現減值之客觀證據包括本集團過往收款記錄、組合中已超出平均信貸期30日之未能繳款次數增加, 以及國家或地區經濟狀況出現明顯變動導致應收賬款未能償還。

就按已攤銷成本列賬之金融資產而言, 當有客觀證據證明資產已減值, 減值虧損於損益中確認, 並按資產賬面值與按原實際利率貼現之估計日後現金流量現值之差額計算。

就按成本列賬之金融資產而言, 減值虧損金額乃按資產賬面值與按類似金融資產現時市場回報率貼現之估計日後現金流量之現值之差額計算。有關減值虧損將不會於往後期間撥回。

金融資產賬面值之減值會直接按減值虧損扣減, 惟應收賬款除外, 其賬面值會透過使用撥備賬作出扣減。撥備賬內之賬面值變動會於損益中確認。當應收賬款被視為不可收回時, 其將於撥備賬內撇銷。其後收回已撇銷的款項, 均計入損益內。

就按已攤銷成本計量之金融資產而言, 如在隨後期間, 減值虧損金額減少, 而有關減少在客觀上與確認減值虧損後發生之事件有關, 則先前已確認之減值虧損將透過損益予以撥回, 惟該資產於減值被撥回當日之賬面值, 不得超過未確認減值時之已攤銷成本。

可供出售股本投資之減值虧損不會於往後期間撥回損益。減值虧損其後增加之公平值會於權益直接確認。就可供出售債務投資而言, 倘投資增加之公平值客觀地與確認減值虧損後發生之事件有關, 則於其後撥回減值虧損。

3. Significant accounting policies (continued)**Financial instruments** (continued)**FINANCIAL LIABILITIES AND EQUITY**

Financial liabilities and equity instruments issued by a Group entity 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. Financial liabilities are classified into financial liabilities at fair value through profit or loss and other financial liabilities. The Group's financial liabilities comprise only other financial liabilities.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period. Interest expense is recognised on an effective interest basis.

Derivative financial instruments

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. The resulting gain or loss is recognised in profit or loss immediately.

Other financial liabilities

Other financial liabilities including bank borrowings, trade payables, concessionaire sales payable and other payables are subsequently measured at amortised cost, using the effective interest method.

Equity instruments

Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

DERECOGNITION

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and the cumulative gain or loss that had been recognised directly in equity is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration received or receivable is recognised in profit or loss.

3. 主要會計政策 (續)**金融工具** (續)**金融負債及股本**

本集團旗下實體發行之金融負債及股本工具按所訂立訂約安排內容以及金融負債及股本工具之定義分類。

股本工具為證明本集團資產經扣除所有負債後餘下權益之任何合約。金融負債分類為按公平值計入損益之金融負債及其他金融負債。本集團金融負債僅包括其他金融負債。

實際利率法

實際利率法是一種計算相關期間內金融負債之攤銷成本以及分配利息收入之方法。實際利率是一種在金融負債之預期壽命或(如適用)更短期間內能夠精確計算預計未來現金付款貼現額之利率。利息開支按實際利率法確認。

衍生金融工具

衍生工具初步於訂立衍生合約日期按公平值確認，其後於結算日按公平值重新計量。所得出之收益或虧損即時於損益確認。

其他金融負債

其他金融負債包括銀行借貸、應付賬款、應付特許專櫃銷售款項及其他應付款項，其後採用實際利率法按已攤銷成本計算。

股本工具

本集團發行之股本工具按所收取款項扣除直接發行成本後入賬。

剔除確認

金融資產於自資產收取現金流量之權利屆滿或金融資產已轉讓且本集團轉讓金融資產所有權之絕大部分風險及回報時剔除確認。於剔除確認金融資產時，資產賬面值與已收代價及已直接於股本確認之累計收益或虧損之總和間之差額於損益確認。

金融負債於有關合約所指定責任遭免除、註銷或屆滿時剔除確認。剔除確認之金融負債賬面值與已收或應收代價間之差額於損益確認。

3. Significant accounting policies (continued)

Impairment losses

At each balance sheet date, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

Share-based payment transactions

The fair value of services received determined by reference to the fair value of share options granted at the grant date is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity (share-based payment reserve).

At each balance sheet date, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss over the remaining vesting period, with a corresponding adjustment to the share-based payment reserve.

At the time when the share options are exercised, the amount previously recognised in share-based payment reserve will be transferred to share premium. When the share options are not exercised at the expiry date, the amount previously recognised in share based payment reserve will be transferred to retained profits (accumulated losses).

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated income statement because it excludes items of income and expense that are taxable or deductible in other years and it further excludes items that are never taxable and deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

3. 主要會計政策(續)

減值虧損

本集團於各結算日審閱其有形資產賬面值，以釐定該等資產有否出現減值虧損跡象。倘資產之可收回金額估計低於其賬面值，則資產之賬面值減至其可收回金額。減值虧損即時確認為支出。

倘減值虧損其後撥回，則將調高資產賬面值至其經修訂估計可收回金額，惟經調高之賬面值不得超逾假設於過往年度並無就資產確認減值虧損而釐定之賬面值。減值虧損撥回即時確認為收入。

股份付款交易

經參考於授出日期所授出購股權公平值釐定之所獲取服務公平值於歸屬期間以直線法支銷，股本則相應增加(股份付款儲備)。

於各結算日，本集團修訂其估計預期最終歸屬之購股權數目。修訂原有估計之影響(如有)按餘下歸屬期間於損益確認，並於股份付款儲備作出相應調整。

於購股權獲行使時，先前於股份付款儲備確認之金額將轉撥至股份溢價。倘購股權於到期日尚未行使，則先前於股份付款儲備確認之金額將轉撥至保留溢利(累計虧損)。

稅項

所得稅支出指現行應繳稅項與遞延稅項之總和。

現行應繳稅項乃按本年度應課稅溢利計算。應課稅溢利不計入其他年度的應課稅或可扣稅收支項目，亦不計入收益表中毋須課稅及不獲扣稅項目，故有別於綜合收益表所報溢利。本集團有關現行應繳稅項按於結算日已實施或大致上已實施之稅率計算。

3. Significant accounting policies (continued)**Taxation (continued)**

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Foreign currencies

In preparing the financial statements of each individual Group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in its functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity, in which cases, the exchange differences are also recognised directly in equity.

3. 主要會計政策(續)**稅項(續)**

遞延稅項按綜合財務報表中資產及負債賬面值與計算應課稅溢利所用相應稅基間差額，按資產負債表負債法計算。所有暫時應課稅差額一般都會確認為遞延稅項負債，惟遞延稅項資產則於應課稅溢利有可能抵銷可扣稅暫時差額時予以確認。但倘若有關暫時差額是由商譽又或由初步確認(非業務合併)既不影響稅項溢利亦不影響會計溢利的交易的其他資產和負債所引起，則不會確認該等資產和負債。

遞延稅項資產賬面值於每個結算日檢討，並於不可能有足夠應課稅溢利以收回全部或部分資產時作出扣減。

遞延稅項於清償有關負債或變賣有關資產時，按預計有關期間適用稅率計算。遞延稅項扣自或計入損益，除非遞延稅項與直接從股本扣除或計入的項目相關，在該情況下，遞延稅項亦須在股本中處理。

外幣

於編製本集團旗下各個別實體之財務報表時，以該實體之功能貨幣以外幣(外幣)進行之交易按交易日期之匯率(即該實體經營業務所在主要經濟環境之貨幣)列賬。於各個結算日，以外幣結算之貨幣項目按結算日之匯率重新換算。按公平值列賬且以外幣結算之非貨幣項目按釐定公平值當日匯率重新換算。按過往成本以外幣計算之非貨幣項目不會重新換算。

交收貨幣項目及換算貨幣項目時產生之匯兌差額於產生期間在損益確認。重新換算按公平值列賬之非貨幣項目產生之匯兌差額計入期內損益，倘若非貨幣項目產生之有關收益及虧損直接於股本確認，則在該情況下，重新換算產生之匯兌差額亦直接於股本確認。

3. Significant accounting policies (continued)

Foreign currencies (continued)

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Company (i.e. Hong Kong dollars) at the rate of exchange prevailing at the balance sheet date, and their income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised as a separate component of equity (the exchange reserve). Such exchange differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, are capitalised as part of the cost of those assets. Capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Retirement benefit costs

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

4. Key sources of estimation uncertainty

In the process of applying the entity's accounting policies which are described in note 3, the directors of the Company has made the following judgment that has a significant effect on the amounts recognised in the consolidated financial statements. The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, 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.

Loans receivable

As more fully explained in note 23(b), the Group has extended a bridging loan of HK\$300 million to the Egana Group which is experiencing financial difficulties. In reviewing the requirement of a provision for impairment loss on the bridging loan, the directors have determined its recoverable amount on the basis that the proposed restructuring of the Egana Group will proceed. In case where the proposed restructuring does not proceed, full amount of the bridging loan may not be recovered and impairment loss would be required in respect of the shortfall not recovered.

3. 主要會計政策(續)

外幣(續)

就綜合財務報表呈報方式而言，本集團海外業務之資產及負債按結算日之匯率換算為本公司之呈報貨幣(即港元)，而其收入及開支則按年內平均匯率換算，除非匯率於期內出現大幅波動，在該情況下，則採用交易日期之匯率換算。所產生匯兌差額(如有)確認為股本之獨立部分(匯兌儲備)。有關匯兌差額於出售海外業務期間在損益確認。

借貸成本

收購、興建或生產合資格資產直接應佔借貸成本將撥充資本成為該等資產成本其中部分。當資產大致可供用作擬定用途或出售時，則終止將該等借貸成本撥充資本。就由於合資格資產前作短暫投資之特定借貸所賺取投資收入，自合資格撥充資本之借貸成本扣除。

所有其他借貸成本均於產生期間在損益確認。

退休福利成本

定額供款退休福利計劃供款，在到期支付時列作支出。

4. 主要不確定估計來源

於應用附註3所述有關實體之會計政策時，本公司董事作出以下對綜合財務報表內所確認金額造成重大影響之判斷。下文闡釋就日後作出之主要假設及於結算日之其他主要不確定估計來源，該等假設及不確定估計因素有須對下一個財政年度資產及負債賬面值作出重大調整之重大風險。

應收貸款

誠如附註23(b)所詳述，本集團已向遇到財政困難之聯洲國際集團提供過渡貸款300,000,000港元。於檢討過渡貸款之減值虧損撥備需要後，董事已按聯洲國際集團將會進行建議重整之基準釐定其可收回金額。一旦建議重整未能進行，或不能收回過渡貸款全數金額，且可能須就未能收回之差額作出減值虧損。

4. Key sources of estimation uncertainty (continued)**Income taxes**

At 31st December, 2007, a deferred tax asset of HK\$5,611,000 in relation to unused tax losses has been recognised in the Group's balance sheet. No deferred tax asset has been recognised on the tax loss of approximately HK\$13.7 million due to the unpredictability of future profit streams. The realisability of the deferred tax asset mainly depends on whether sufficient future assessable profits or taxable temporary differences will be available in the future. In cases where the actual future assessable profits generated are less than expected, a material reversal of deferred tax assets may arise, which would be recognised in the income statement for the period in which such a reversal takes place.

5. Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of debt, which includes the borrowings disclosed in note 31, cash and cash equivalents and equity attributable to equity holders of the Company, comprising issued share capital, reserves and retained earnings.

The directors review the capital structure on a regular basis. As part of this review, the directors consider the cost of capital and the risks associated with each class of capital.

The gearing ratio at the year end was as follows:

		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Debt (i)	債務(i)	3,006,810	1,349,389
Cash and cash equivalents	現金及現金等價物	3,604,956	2,584,087
Net cash	現金淨額	598,146	1,234,698
Equity (ii)	權益(ii)	4,656,718	3,853,980
Net debt to equity ratio	債務淨額與權益比率	不適用	不適用

(i) Debt is defined as long- and short-term borrowings and obligations under finance leases, as detailed in note 31 and 30 respectively.

(ii) Equity includes all capital and reserves of the Group.

4. 主要不確定估計來源(續)**所得稅**

於二零零七年十二月三十一日，有關未動用稅項虧損之遞延稅項資產5,611,000港元已於本集團資產負債表確認。由於未能預測日後之溢利來源，故並無就稅項虧損約13,700,000港元確認遞延稅項資產。遞延稅項資產之可變現情況主要取決於日後是否有充裕溢利或應課稅暫時差額。倘日後所產生實際溢利較預期少，或會對遞延稅項資產作出重大撥回，而有關撥回將於作出撥回之期間內在收益表確認。

5. 資本風險管理

本集團管理其資本，以確保本集團之實體能繼續持續經營，同時透過優化債務及股本結餘，為股東提供最佳回報。本集團之整體策略與去年相同。

本集團之資本架構包括債務(包括附註31披露之借貸)、現金及現金等價物及本公司股東應佔權益(包括已發行股本、儲備及保留盈利)。

董事定期檢討資本架構。作為是項檢討之一部分，董事會考慮資本成本與各類資本相關之風險。

於年結日之資產與負債比率如下：

		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Debt (i)	債務(i)	3,006,810	1,349,389
Cash and cash equivalents	現金及現金等價物	3,604,956	2,584,087
Net cash	現金淨額	598,146	1,234,698
Equity (ii)	權益(ii)	4,656,718	3,853,980
Net debt to equity ratio	債務淨額與權益比率	不適用	不適用

(i) 債務之定義為長期及短期借貸及融資租約承擔，詳情分別載於附註31及30。

(ii) 權益包括本集團所有股本及儲備。

6. Financial instruments

Categories of financial instruments

		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Financial assets	金融資產		
Fair value through profit or loss (FVTPL)	於按公平值計入損益		
Designated as at FVTPL	指定為按公平值計入損益	190,816	311,703
Loans and receivables (including cash and cash equivalents)	貸款及應收款項(包括現金及現金等價物)	5,389,159	3,009,173
Available-for-sale financial assets	可供出售金融資產	31,918	102,903
Financial liabilities	金融負債		
Derivative instrument	衍生工具	1,002	–
Amortised cost	攤銷成本	4,440,392	2,208,651

There is no material fair value changes attributable to changes in credit risk.

Financial risk management objectives and policies

The Group's major financial assets and liabilities include bank balances and cash, available-for-sale investments, index-linked notes, equity-linked note, deposit paid for prepaid lease payments, loan receivables, trade and other receivables, trade and other payables, amount due from a jointly controlled entity, concessionaire sales payable, bank borrowings and other payable. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

6. 金融工具

金融工具類別

		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Financial assets	金融資產		
Fair value through profit or loss (FVTPL)	於按公平值計入損益		
Designated as at FVTPL	指定為按公平值計入損益	190,816	311,703
Loans and receivables (including cash and cash equivalents)	貸款及應收款項(包括現金及現金等價物)	5,389,159	3,009,173
Available-for-sale financial assets	可供出售金融資產	31,918	102,903
Financial liabilities	金融負債		
Derivative instrument	衍生工具	1,002	–
Amortised cost	攤銷成本	4,440,392	2,208,651

並無有關信貸風險變動的重大公平值變動。

財務風險管理目的及政策

本集團之主要金融資產及負債包括銀行結存及現金、可供出售投資、與指數掛鈎票據、與權益掛鈎票據、已付預付租賃付款按金、應收貸款、應收賬款及其他應收款項、應付賬款及其他應付款項、應收一家共同控制實體款項、應付特許專權銷售款項、銀行借貸及其他應付款項。此等金融工具詳情於相關附註中披露。下文載列與此等金融工具相關之風險及減低此等風險之政策。管理層會管理及監控該等風險，以確保及時與有效地採取適當措施。

6. Financial instruments (continued)**Financial risk management objectives and policies** (continued)**CURRENCY RISK**

The functional currency of the Company and its major subsidiaries in Hong Kong is HK\$ in which most of the transactions are denominated. The functional currency of those subsidiaries operating in PRC is RMB in which most of its transactions are denominated. However, certain bank balances of the Group amounting to approximately HK\$826,686,000 (2006: HK\$493,334,000) are denominated in United States Dollar ("USD"). All index-linked notes, equity-linked notes, certain available for sale investments and certain bank balances are denominated in USD, which expose the Group to foreign currency risk. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arises.

The following table details the Group's sensitivity to a reasonably possible change of 0.5% in exchange rate of USD against HK\$ while all other variables are held constant. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at each balance sheet date for a 0.5% change in foreign currency rates.

		Year ended 31st December, 截至十二月三十一日止年度	
		2007	2006
		二零零七年	二零零六年
		HK\$'000	HK\$'000
		千港元	千港元
Increase (decrease) in profit for the year	年內溢利增加(減少)		
– if HK\$ weakens against USD	– 倘若港元兌美元貶值	5,247	4,025
– if HK\$ strengthens against USD	– 倘若港元兌美元升值	(5,247)	(4,025)

A change of 0.5% in exchange rate of each USD against HK\$ does not affect other components of equity.

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure does not reflect the exposure during the year.

6. 金融工具 (續)**財務風險管理目的及政策** (續)**外匯風險**

本公司及其香港主要附屬公司之功能貨幣為港元，當中大部分交易以港元結算。於中國經營之附屬公司之功能貨幣為人民幣，當中大部分交易以人民幣結算。然而，本集團若干為數約826,686,000港元(二零零六年：493,334,000港元)之銀行結餘以美元結算。所有與指數掛鈎票據、與權益掛鈎票據、若干可供出售投資及若干銀行結餘均以美元結算，令本集團須面對外匯風險。本集團現時並無外匯對沖政策。然而，管理層會監控外匯風險，並於需要時考慮對沖重大外匯風險。

下表詳列本集團於美元兌港元之匯率可能出現0.5%合理變動而所有其他變數維持不變時之敏感度。敏感度分析僅包括未兌換外幣結算貨幣項目，並於結算日按0.5%外匯率變動調整換算。

每美元兌港元之匯率變動0.5%不會影響其他權益部分。

管理層認為，由於年結日之風險並無反映年內風險，故敏感度分析並不代表固有外匯風險。

6. Financial instruments (continued)

Financial risk management objectives and policies (continued)

INTEREST RATE RISK

The cash flow interest rate risk relates primarily to the Group's floating-rate bank borrowings and index-linked notes and derivative swap. The interests on the Group's index-linked notes and derivative swap are linked with Constant Maturity Swap (CMS) rates and 3-month United States Dollars London Interbank Offered Rate (3-month USD LIBOR) respectively. The fair value interest rate risk relates primarily to fixed-rate short-term bank fixed deposits and loan receivables. The Group currently does not have an interest rate hedging policy. However, the management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise. The fair value interest rate risk on bank deposits is insignificant as the fixed deposits are short-term.

The Group's sensitivity to interest rate risk has been determined based on the exposure to interest rates for both derivatives and non-derivative instruments at the balance sheet date and the reasonably possible change taking place at the beginning of each year and held constant throughout the year. The Group's sensitivity to interest rate risk at each balance sheet date while all other variables were held constant is as follows:

		Year ended 31st December, 截至十二月三十一日止年度	
		2007	2006
		二零零七年	二零零六年
Reasonably possible change in interest rate	利率之合理可能變動	50 basis points 50個點子	50 basis points 50個點子
		Year ended 31st December, 截至十二月三十一日止年度	
		2007	2006
		二零零七年	二零零六年
		HK\$'000	HK\$'000
		千港元	千港元
Increase (decrease) in profit for the year	年內溢利增加(減少)		
– as a result of increase in interest rate	– 由於利率上升	3,256	6,358
– as a result of decrease in interest rate	– 由於利率下降	(3,256)	(6,358)

6. 金融工具(續)

財務風險管理目的及政策(續)

利率風險

現金流量利率風險主要與本集團之浮息銀行借貸、與指數掛鈎票據及衍生掉期有關。本集團與指數掛鈎票據及衍生掉期之利率分別與固定期限交換利率或三個月美元倫敦銀行同業拆息率掛鈎。公平值利率風險主要與定息短期銀行定期存款及應收貸款有關。本集團現時並無任何利率對沖政策。然而，管理層會監控利率風險，並於需要時考慮對沖重大利率風險。由於定期存款屬短期性質，故銀行存款之公平值利率風險並不重大。

本集團對利率風險之敏感度，乃根據衍生及非衍生工具於結算日之利率風險，以及於每年年初合理地可能出現之變動而於全年維持不變釐定。當所有其他變數維持不變，本集團於各結算日對利率風險敏感度如下：

6. Financial instruments (continued)**Financial risk management objectives and policies (continued)****CREDIT RISK**

The Group's maximum exposure to credit risk in the event of the counterparties failure to perform their obligations as at 31st December, 2007 in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the consolidated balance sheet.

In order to minimise the credit risk, the management of the Group has formulated a defined fixed credit policy and delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade receivable regularly at each balance sheet date to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The Group has no significant concentration of credit risk, with exposure spread over a number of counterparties and customers.

The credit risk on liquid funds, index-linked notes, equity-linked note and deposit paid for prepaid lease payments is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies and government authority.

PRICE RISK

The Group's available-for-sale investments and equity-linked note are measured at fair value at each balance sheet date. Therefore, the Group is exposed to equity security price risk. The management manages this exposure by maintaining a portfolio of investments with different risk profiles. Details of the available-for-sale investments and equity-linked note are set out in notes 21 and 22 respectively.

The Group's sensitivity to equity price risk on the available-for-sale investments and equity-linked note at each balance sheet date while all other variables were held constant is as follows:

2007	二零零七年	
Reasonably possible change in equity price	權益價格之可能合理變動	1%
		HK\$'000 千港元
Increase (decrease) in profit for the year	年內溢利增加(減少)	
– as a result of increase in equity price	– 由於權益價格增加	172
– as a result of decrease in equity price	– 由於權益價格減少	(172)
2006	二零零六年	
Reasonably possible change in equity price	權益價格之可能合理變動	10%
		HK\$'000 千港元
Increase (decrease) in equity for the year	年內權益增加(減少)	
– as a result of increase in equity price	– 由於權益價格增加	10,290
– as a result of decrease in equity price	– 由於權益價格減少	(10,290)

6. 金融工具(續)**財務風險管理目的及政策(續)****信貸風險**

於二零零七年十二月三十一日，本集團就訂約方未能履行其責任而按各類別已確認金融資產面對之最高信貸風險，指綜合資產負債表所述該等資產之賬面值。為盡量減低信貸風險，本集團管理層已制定明確之既定信貸政策，並委任一組人員，專責釐定信貸限額、批核信貸額及進行其他監管程序，以確保能跟進有關逾期債務之追討事宜。此外，本集團會於各結算日定期檢討各項個別應收賬款之可收回金額，以確保就不可收回款項作出足夠減值虧損。就此，本公司董事認為，本集團之信貸風險已大幅減少。

由於信貸風險分散於多名訂約方及客戶，故本集團並無重大信貸風險集中情況。

由於訂約各方均為獲國際信貸評級機構高信貸評級之銀行及政府機構，故流動資金、與指數掛鈎票據及與權益掛鈎票據以及就預付租賃款項所支付按金之信貸風險有限。

價格風險

本集團可供銷售投資及與權益掛鈎票據乃按各結算日之公平值計量。因此，本集團面對股本證券價格風險。管理層透過維持具不同風險之投資組合以管理是項風險。可供出售投資及與權益掛鈎票據之詳情分別載於附註21及22。

在其他變數維持不變下，本集團於各結算日對可供出售投資及以與權益掛鈎票據之權益價格風險敏感度如下：

6. Financial instruments (continued)

Financial risk management objectives and policies (continued)

LIQUIDITY RISK

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of bank borrowings and ensures compliance with loan covenants.

The Group relies on bank borrowings as a significant source of liquidity. As at 31st December, 2007, the Group has available unutilised borrowing facilities of approximately HK\$1,000 million (2006: HK\$2,800 million). Details of which are set out in Note 31.

The following table details the Group's remaining contractual maturity for its financial liabilities. For non-derivative financial liabilities, the table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

2007

Liquidity and interest risk tables

	Weighted average effective interest rate 加權平均 實際利率 %	Less than 1 month 一個月內 HK\$'000 千港元	1 - 3 months 一至三個月 HK\$'000 千港元	3 months to 1 year 三個月至一年 HK\$'000 千港元	1 - 5 years 一至五年 HK\$'000 千港元	Adjustments 調整 HK\$'000 千港元	Carrying amount at 31.12.2007 於二零零七年 十二月三十一日 之賬面值 HK\$'000 千港元
Non-derivative financial liabilities							
Trade and other payables		587,101	36,004	750,477	-	-	1,373,582
Bank borrowings - variable rate	4.89	-	-	543,719	2,892,500	(429,409)	3,006,810
Other payable		-	-	60,000	-	-	60,000
		587,101	36,004	1,354,196	2,892,500	(429,409)	4,440,392

6. 金融工具(續)

財務風險管理目的及政策(續)

流動資金風險

於管理流動資金風險時，本集團監察及維持管理層視為足以應付本集團業務所需資金水平之現金及現金等價物，並減低現金流量波動影響。管理層監察銀行借貸之運用，確保遵守貸款契約。

本集團依靠銀行借貸作為重要的流動資金來源。於二零零七年十二月三十一日，本集團之未提取銀行融資額度為約1,000,000,000港元(二零零六年：2,800,000,000港元)，詳情載於附註31。

下表詳列本集團之餘下金融負債合約到期日。就非衍生金融負債而言，下表乃按照本集團可能被要求還款之最早日期，以金融負債之非貼現現金流量顯示。下表已載列利息及主要現金流量。

二零零七年

流動資金及利息風險表

for the year ended 31st December, 2007 截至二零零七年十二月三十一日止年度

6. Financial instruments (continued)**Financial risk management objectives and policies (continued)****LIQUIDITY RISK (continued)****2006**

	Weighted average effective interest rate 加權平均 實際利率 %	Less than 1 month 一個月內 HK\$'000 千港元	1 – 3 months 一至三個月 HK\$'000 千港元	3 months to 1 year 三個月至一年 HK\$'000 千港元	1 – 5 years 一至五年 HK\$'000 千港元	Adjustments 調整 HK\$'000 千港元	Carrying amount at 31.12.2006 於二零零六年 十二月三十一日 之賬面值 HK\$'000 千港元
Non-derivative financial liabilities	非衍生金融負債						
Trade and other payables	應付賬款及其他應付款項	501,809	36,133	321,320	-	-	859,262
Bank borrowings – variable rate	銀行借貸 – 浮動利率	5.48	-	314,742	1,208,100	(173,463)	1,349,379
Obligations under finance lease	融資租約承擔	-	10	-	-	-	10
		501,809	36,143	636,062	1,208,100	(173,463)	2,208,651

Fair value

The fair value of financial assets and financial liabilities are determined as follows:

- the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market bid prices and ask prices respectively; and
- the fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices or rates from observable current market transactions as input.

The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

6. 金融工具(續)**財務風險管理目的及政策(續)****流動資金風險(續)****二零零六年**

	Weighted average effective interest rate 加權平均 實際利率 %	Less than 1 month 一個月內 HK\$'000 千港元	1 – 3 months 一至三個月 HK\$'000 千港元	3 months to 1 year 三個月至一年 HK\$'000 千港元	1 – 5 years 一至五年 HK\$'000 千港元	Adjustments 調整 HK\$'000 千港元	Carrying amount at 31.12.2006 於二零零六年 十二月三十一日 之賬面值 HK\$'000 千港元
Non-derivative financial liabilities	非衍生金融負債						
Trade and other payables	應付賬款及其他應付款項	501,809	36,133	321,320	-	-	859,262
Bank borrowings – variable rate	銀行借貸 – 浮動利率	5.48	-	314,742	1,208,100	(173,463)	1,349,379
Obligations under finance lease	融資租約承擔	-	10	-	-	-	10
		501,809	36,143	636,062	1,208,100	(173,463)	2,208,651

公平值

金融資產及金融負債之公平值釐定如下：

- 附帶標準條款及條件並於高度流通市場買賣之金融資產及金融負債之公平值乃分別參考所報市場買入價及賣出價釐定；及
- 其他金融資產及金融負債之公平值乃按公認訂價模式，採用現時觀察所得市場交易價格或利率貼現之現金流量釐定。

董事認為，按攤銷成本於綜合財務報表入賬之金融資產及金融負債賬面值與其公平值相若。

7. Turnover

Turnover represents the amount received and receivable for goods sold by the Group to outside customers, net of discounts and sales related taxes, income from concessionaire sales, service income and rental income during the year, and is analysed as follows:

		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Sales of goods – direct sales	貨品銷售 – 直接銷售	1,873,010	1,559,895
Income from concessionaires	特許專櫃收入	1,120,580	918,808
Service income	服務收入	64,458	56,305
Rental income	租金收入	54,320	46,954
		3,112,368	2,581,962

The cost of sales are analysed as follows:

		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Cost of goods sold	貨品銷售成本	1,329,523	1,112,437
Other cost of sales	其他銷售成本	48,272	48,778
		1,377,795	1,161,215

Minimum Guarantee Sales Commission of HK\$37,606,000 (2006: HK\$47,047,000) which was previously included in Other Operating Income has been reclassified as Income from concessionaires in Turnover. Minimum Guarantee Sales Commission represents the shortfall between the agreed minimum commission and the commission calculated on a percentage of the concessionaire sales. The directors consider that the reclassification reflects more appropriately the nature of this income.

7. 營業額

營業額指本集團本年度就向外界客戶售出的貨品已收及應收款項減折扣及銷售相關稅項、特許專櫃銷售收入、服務收入以及租金收入，茲分析如下：

銷售成本分析如下：

先前計入其他經營收入之37,606,000港元(二零零六年：47,047,000港元)最低保證銷售佣金已重新分類為營業額內特許專櫃銷售收入。最低保證銷售佣金為協定最低佣金與按專櫃銷售百分比計算佣金之差額。董事認為重新分類可更適當地反映有關收入性質。

8. Business and geographical segments**Geographical segments**

The Group's operations are located in Hong Kong and Mainland of the People's Republic of China (the "PRC"). The location of the Group's assets that is also the location of the Group's operations are the basis on which the Group reports its primary segment information.

2007

Income statement

8. 業務及地區分部**地區分部**

本集團業務位於香港及中華人民共和國(「中國」)內地。本集團的資產所在地亦為其業務之所在地點為本集團申報其主要分部資料之基準。

二零零七年

收益表

		Hong Kong	PRC	Consolidated
		香港	中國	綜合總額
		HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元
Revenue	收益			
External sales	對外銷售	2,690,101	422,267	3,112,368
Result	業績			
Segment result	分部業績	972,945	98,532	1,071,477
Investment income	投資收入	242,991	2,405	245,396
Share of profits of a jointly controlled entity	應佔一家共同控制實體溢利	-	6,926	6,926
Finance costs	融資成本			(81,846)
Profit before taxation	除稅前溢利			1,241,953
Taxation	稅項	(187,883)	(2,856)	(190,739)
Profit for the year	本年度溢利			1,051,214

8. Business and geographical segments (continued)

Balance sheet

		Consolidated		
		Hong Kong	PRC	Total
		香港	中國	綜合總額
		HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元
Assets	資產			
Segment assets	分部資產	5,353,352	3,866,493	9,219,845
Available-for-sale investments	可供出售投資	31,918	-	31,918
Financial assets at fair value through profit or loss	按公平值計入損益之金融資產	190,816	-	190,816
Interest in a jointly controlled entity	於一家共同控制實體權益	-	468,938	468,938
Amount due from a jointly controlled entity	應收一家共同控制實體款項	-	46,046	46,046
Loan Receivable	應收貸款	469,718	-	469,718
Unallocated assets	未分配資產			6,962
Consolidated total assets	綜合資產總值			10,434,243
Liabilities	負債			
Segment liabilities	分部負債	785,807	1,301,923	2,087,730
Derivative instrument	衍生工具	1,002	-	1,002
Unallocated liabilities	未分配負債			3,127,831
Consolidated total liabilities	綜合負債總額			5,216,563

Other information

		Consolidated		
		Hong Kong	PRC	Total
		香港	中國	綜合總額
		HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元
Capital expenditure	資本開支	38,273	1,952,213	1,990,486
Depreciation of property, plant and equipment	物業、廠房及設備	97,054	37,118	134,172
Loss on disposal of property, plant and equipment	出售物業、廠房及設備之虧損	956	45	1,001
Reversal of allowance for bad and doubtful debts	呆壞賬撥備撥回	(1,381)	-	(1,381)
Write-down of obsolete inventories	滯銷存貨撇減	1,483	413	1,896

8. 業務及地區分部(續)

資產負債表

		Consolidated		
		Hong Kong	PRC	Total
		香港	中國	綜合總額
		HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元
Assets	資產			
Segment assets	分部資產	5,353,352	3,866,493	9,219,845
Available-for-sale investments	可供出售投資	31,918	-	31,918
Financial assets at fair value through profit or loss	按公平值計入損益之金融資產	190,816	-	190,816
Interest in a jointly controlled entity	於一家共同控制實體權益	-	468,938	468,938
Amount due from a jointly controlled entity	應收一家共同控制實體款項	-	46,046	46,046
Loan Receivable	應收貸款	469,718	-	469,718
Unallocated assets	未分配資產			6,962
Consolidated total assets	綜合資產總值			10,434,243
Liabilities	負債			
Segment liabilities	分部負債	785,807	1,301,923	2,087,730
Derivative instrument	衍生工具	1,002	-	1,002
Unallocated liabilities	未分配負債			3,127,831
Consolidated total liabilities	綜合負債總額			5,216,563

Other information

其他資料

		Consolidated		
		Hong Kong	PRC	Total
		香港	中國	綜合總額
		HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元
Capital expenditure	資本開支	38,273	1,952,213	1,990,486
Depreciation of property, plant and equipment	物業、廠房及設備	97,054	37,118	134,172
Loss on disposal of property, plant and equipment	出售物業、廠房及設備之虧損	956	45	1,001
Reversal of allowance for bad and doubtful debts	呆壞賬撥備撥回	(1,381)	-	(1,381)
Write-down of obsolete inventories	滯銷存貨撇減	1,483	413	1,896

8. Business and geographical segments (continued)**2006**

Income statement

8. 業務及地區分部(續)

二零零六年

收益表

		Hong Kong	PRC	Consolidated
		香港	中國	Total
		HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元
Revenue	收益			
External sales	對外銷售	2,281,882	300,080	2,581,962
Result	業績			
Segment result	分部業績	766,286	5,848	772,134
Investment income	投資收入	157,930	1,228	159,158
Share of profits of a jointly controlled entity	應佔一家共同控制實體溢利	–	6,768	6,768
Finance costs	融資成本			(75,625)
Profit before taxation	除稅前溢利			862,435
Taxation	稅項	(124,265)	–	(124,265)
Profit for the year	本年度溢利			738,170

Balance sheet

資產負債表

		Hong Kong	PRC	Consolidated
		香港	中國	Total
		HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元
Assets	資產			
Segment assets	分部資產	4,646,912	708,829	5,355,741
Available-for-sale investments	可供出售投資	102,903	–	102,903
Financial assets at fair value through profit or loss	按公平值計入損益之金融資產	311,703	–	311,703
Interest in a jointly controlled entity	於一家共同控制實體權益	–	449,324	449,324
Amount due from a jointly controlled entity	應收一家共同控制實體款項	–	12,143	12,143
Loan receivable	應收貸款	37,050	–	37,050
Unallocated assets	未分配資產			10,139
Consolidated total assets	綜合資產總值			6,279,003
Liabilities	負債			
Segment liabilities	分部負債	694,574	288,233	982,807
Unallocated liabilities	未分配負債			1,437,287
Consolidated total liabilities	綜合負債總額			2,420,094

8. Business and geographical segments (continued)

Other information

		Hong Kong	PRC	Consolidated
		香港	中國	綜合總額
		HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元
Capital expenditure	資本開支	57,148	40,928	98,076
Depreciation of property, plant and equipment	物業、廠房及設備折舊	99,382	33,185	132,567
Loss on disposal of property, plant and equipment	出售物業、廠房及設備之虧損	395	–	395
Reversal of allowance for bad and doubtful debts	呆壞賬撥備撥回	(5,109)	–	(5,109)
Write-down of obsolete inventories	滯銷存貨撇減	815	447	1,262

Over 90% of the Group's turnover and contribution to operating profit is attributable to the operation of department store for retailing of merchandise. Accordingly no analysis of business segment is presented.

8. 業務及地區分部(續)

其他資料

	Hong Kong	PRC	Consolidated
	香港	中國	綜合總額
	HK\$'000	HK\$'000	HK\$'000
	千港元	千港元	千港元

本集團超過90%營業額和經營溢利貢獻來自經營百貨商品零售，故並無呈列業務分部分析。

9. Other operating income

		2007	2006
		二零零七年	二零零六年
		HK\$'000	HK\$'000
		千港元	千港元
Cleaning income	清潔收入	22,397	16,871
Project income	項目收入	3,717	2,723
Others	其他	47,680	23,791
		73,794	43,385

9. 其他經營收入

10. Investment income

		2007	2006
		二零零七年	二零零六年
		HK\$'000	HK\$'000
		千港元	千港元
Interest income on bank deposits	銀行存款之利息收入	109,609	92,062
Interest income on loan receivables	應收貸款之利息收入	15,657	–
Other interest income	其他利息收入	26	–
Dividend income from available-for-sale investments	可供出售投資之股息收入	2,757	964
Gain on disposal of available-for-sale investments	出售可供出售投資之收益	96,667	49,564
Impairment loss on available-for-sale investments	可供出售投資減值虧損	(7,472)	–
Change in fair value of financial assets	金融資產公平值變動		
Financial assets at fair value through profit or loss	按公平值計入損益之金融資產	29,154	16,568
Derivative instrument	衍生工具	(1,002)	–
		245,396	159,158

Note: Fair value changes include interest income of index-linked notes and equity-linked note.

附註：公平值變動包括與指數掛鈎票據及與權益掛鈎票據之利息收入。

11. Finance costs**11. 融資成本**

		2007	2006
		二零零七年	二零零六年
		HK\$'000	HK\$'000
		千港元	千港元
Interest on:	以下項目之利息：		
Bank borrowings and overdrafts wholly repayable within five years	須於五年內悉數償還之銀行借貸及透支	88,404	60,684
Finance leases	融資租約	2	9
Others	其他	9,080	14,932
		97,486	75,625
Less: Amount capitalised	減：資本化款額	(15,640)	-
		81,846	75,625

Borrowing costs capitalised during the year arose from specific bank borrowings.

年內自指定銀行借貸產生之借貸成本已撥充資本。

12. Profit before taxation

12. 除稅前溢利

		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Profit before taxation has been arrived at after charging:	除稅前溢利已扣除下列項目：		
Directors' remuneration:	董事酬金：		
Fees	袍金	800	400
Other emoluments	其他薪酬	4,038	3,485
Share-based payment	股份付款	10,249	10,836
Retirement benefits scheme contributions	退休福利計劃供款	12	15
		15,099	14,736
Other staff costs	其他員工成本	194,096	190,752
Retirement benefits scheme contributions, net of forfeited contributions	退休福利計劃供款減沒收供款	7,698	6,677
Share-based payment	股份付款	21,786	8,364
Total staff costs	總員工成本	238,679	220,529
Auditors' remuneration	核數師酬金	2,583	2,263
Depreciation	折舊		
– owned assets	– 自置資產	134,172	132,494
– assets held under finance leases	– 按融資租約持有資產	–	73
		134,172	132,567
Write-down of obsolete inventories	滯銷存貨撇減	1,896	1,262
Minimum lease payments paid under operating lease in respect of leasehold land and buildings to	就經營租約項下租賃土地及樓宇向		
– a jointly controlled entity	以下人士支付之最低租約款項		
– other parties	– 一家共同控制實體	128,227	121,847
	– 其他人士	50,582	44,637
Loss on disposal of property, plant and equipment	出售物業、廠房及設備虧損	1,001	395
Cost of inventories recognised as expense	確認為支出之存貨成本	1,329,523	1,112,437
Share of tax of a jointly controlled entity	一家共同控制實體應佔稅項	6,049	6,199
and crediting:	以及計入下列項目：		
Net exchange gain	匯兌收益淨額	1,512	4,191
Reversal of allowance for bad and doubtful debts	呆壞賬撥備撥回	1,381	5,109
Gross rental from investment properties (net of negligible outgoings)	投資物業租金總額(扣除少量支銷)	6,818	1,004
Gross rental from sub-letting of commercial properties	商業物業分租租金總額	47,503	45,950
Less: Direct operating expenses from commercial properties that generated rental income during the year	減：本年度產生租金收入之商用物業的直接經營開支	(38,320)	(35,300)
Net rental income	租金收入淨額	16,001	11,654

for the year ended 31st December, 2007 截至二零零七年十二月三十一日止年度

13. Directors' and employees' remuneration

The emoluments paid or payable to each of the 10 (2006: 10) directors were as follows:

		Lau Luen Hung, Thomas 劉鑾鴻	Doo Wai Hoi, William 杜惠愷	Cheng Yu Tung 鄭裕彤	Cheng Kar Shun, Henry 鄭家純	Lau Luen Hung, Joseph 劉鑾雄	Lau Yuk Wai, Amy 劉玉慧	Lam Siu Lun, Simon 林兆麟	Cheung Yuet Man, Raymond 張悅文	Shek Lai Him, Abraham 石禮謙	Hui Chiu Chung, Stephen 許照中	Total 總計 2007 二零零七年
		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	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
Fees	袍金	-	-	100	100	100	100	100	100	100	100	800
Other emoluments	其他酬金											
Salaries and other benefits	薪金及其他福利	3,988*	50	-	-	-	-	-	-	-	-	4,038
Contributions to retirement benefits schemes	退休福利計劃供款	12	-	-	-	-	-	-	-	-	-	12
Share-based payment	股份付款	10,249	-	-	-	-	-	-	-	-	-	10,249
Total emoluments	酬金總額	14,249	50	100	100	100	100	100	100	100	100	15,099

		Lau Luen Hung, Thomas 劉鑾鴻	Doo Wai Hoi, William 杜惠愷	Cheng Yu Tung 鄭裕彤	Cheng Kar Shun, Henry 鄭家純	Lau Luen Hung, Joseph 劉鑾雄	Lau Yuk Wai, Amy 劉玉慧	Lam Siu Lun, Simon 林兆麟	Cheung Yuet Man, Raymond 張悅文	Shek Lai Him, Abraham 石禮謙	Hui Chiu Chung, Stephen 許照中	Total 總計 2006 二零零六年
		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	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
Fees	袍金	-	-	50	50	50	50	50	50	50	50	400
Other emoluments	其他酬金											
Salaries and other benefits	薪金及其他福利	3,438*	47	-	-	-	-	-	-	-	-	3,485
Contributions to retirement benefits schemes	退休福利計劃供款	12	3	-	-	-	-	-	-	-	-	15
Share-based payment	股份付款	10,836	-	-	-	-	-	-	-	-	-	10,836
Total emoluments	酬金總額	14,286	50	50	50	50	50	50	50	50	50	14,736

* Mr. Lau Luen-hung, Thomas and Sogo Hong Kong Company Limited ("Sogo HK"), a wholly-owned subsidiary of the Company, has entered into an employment agreement dated 25th July, 2003 (the "Employment Agreement") whereby, inter alia, Sogo HK has employed Mr. Lau as the general manager commencing from 1st May, 2003. Mr. Lau is entitled to a monthly salary of HK\$200,000 and, subject to the operating results of Sogo HK, to discretionary bonus under the Employment Agreement.

13. 董事及僱員酬金

向各10名(二零零六年: 10名)董事已付或應付之酬金如下:

		Lau Luen Hung, Thomas 劉鑾鴻	Doo Wai Hoi, William 杜惠愷	Cheng Yu Tung 鄭裕彤	Cheng Kar Shun, Henry 鄭家純	Lau Luen Hung, Joseph 劉鑾雄	Lau Yuk Wai, Amy 劉玉慧	Lam Siu Lun, Simon 林兆麟	Cheung Yuet Man, Raymond 張悅文	Shek Lai Him, Abraham 石禮謙	Hui Chiu Chung, Stephen 許照中	Total 總計 2006 二零零六年
		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	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
Fees	袍金	-	-	50	50	50	50	50	50	50	50	400
Other emoluments	其他酬金											
Salaries and other benefits	薪金及其他福利	3,438*	47	-	-	-	-	-	-	-	-	3,485
Contributions to retirement benefits schemes	退休福利計劃供款	12	3	-	-	-	-	-	-	-	-	15
Share-based payment	股份付款	10,836	-	-	-	-	-	-	-	-	-	10,836
Total emoluments	酬金總額	14,286	50	50	50	50	50	50	50	50	50	14,736

* 劉鑾鴻先生與本公司全資附屬公司崇光(香港)百貨有限公司(「崇光香港」)訂有日期為二零零三年七月二十五日之僱傭協議(「僱傭協議」)，據此(其中包括)劉先生自二零零三年五月一日起獲崇光香港委任為總經理。根據僱傭協議，劉先生之月薪為200,000港元，並有權按崇光香港經營業績獲取酌情花紅。

13. Directors' and employees' remuneration (continued)

Of the five highest paid individuals of the Group for the year ended 31st December, 2007, one of them (2006: one) was a director of the Company whose remuneration is disclosed above. The remaining four (2006: four) are employees of the Group, details of whose remuneration were as follows:

		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Employees:	僱員：		
Salaries, allowances and other benefits	薪金、津貼及其他福利	5,226	4,667
Retirement benefits scheme contributions	退休福利計劃供款	48	48
Performance related incentive payments	與表現掛鈎獎金	2,320	2,000
Share-based payment	股份付款	3,923	4,045
		11,517	10,760

The emolument of the remaining four were within the following bands:

		2007 二零零七年 Number of individuals 人數	2006 二零零六年 Number of individuals 人數
HK\$1,000,001 to HK\$1,500,000	1,000,001港元 至 1,500,000港元	–	1
HK\$1,500,001 to HK\$2,000,000	1,500,001港元 至 2,000,000港元	2	1
HK\$2,000,001 to HK\$2,500,000	2,000,001港元 至 2,500,000港元	–	–
HK\$2,500,001 to HK\$3,000,000	2,500,001港元 至 3,000,000港元	–	–
HK\$3,000,001 to HK\$3,500,000	3,000,001港元 至 3,500,000港元	1	1
Above HK\$3,500,000	3,500,000港元以上	1	1

During the year ended 31st December, 2007, no remuneration was paid by the Group to the director or the four highest paid employees as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors waived any emoluments during the year.

13. 董事及僱員酬金(續)

截至二零零七年十二月三十一日止年度，本集團五名最高薪人士中，一名(二零零六年：一名)為本公司董事，其酬金於上文披露。另外四名(二零零六年：四名)則為本集團僱員，彼等之酬金詳情載列如下：

其餘四名最高薪人士之薪酬介乎以下範圍：

截至二零零七年十二月三十一日止年度，本集團並無向董事或四名最高薪僱員支付以吸引其加入本集團或作為加入本集團之獎金或離職補償。於本年度，董事概無放棄收取任何酬金。

14. Taxation

14. 稅項

		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
The charge comprises:	支出包括下列項目：		
Hong Kong Profits Tax	香港利得稅	181,823	130,930
PRC Enterprise Income Tax	中國企業所得稅	2,856	-
Under(over)provision in prior years:	過往年度撥備不足(超額撥備)：		
Hong Kong	香港	1,802	(7,052)
Deferred tax charge for the year (note 32)	本年度遞延稅項支出(附註32)	4,258	387
		190,739	124,265

The charge represents Hong Kong Profits Tax calculated at 17.5% (2006: 17.5%) of the estimated assessable profit for the year.

此支出為香港利得稅按本年度之估計應課稅溢利以17.5%(二零零六年：17.5%)之稅率計算。

On 16th March, 2007, the People's Republic of China promulgated the Law of the People's Republic of China on Enterprise Income Tax (the "New Law") by Order No. 63 of the President of the People's Republic of China. On 6th December, 2007, the State Council of the PRC issued Implementation Regulations of the New Law. The New Law and Implementation Regulations will change the tax rate from 33% to 25% for certain subsidiaries from 1st January, 2008.

於二零零七年三月十六日，中華人民共和國以中華人民共和國主席令第六十三號佈中華人民共和國企業所得稅法(「新稅法」)。於二零零七年十二月六日，中國國務院公佈新稅法實施細則。自二零零八年一月一日起，新稅法及實施細則會將若干附屬公司之稅率由33%下調至25%。

The charge for the year can be reconciled to the profit before taxation per consolidated income statement as follows:

本年度的稅項支出與綜合收益表之除稅前溢利對賬如下：

		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Profit before taxation	除稅前溢利	1,241,953	862,435
Tax at Hong Kong Profits Tax rates	按香港利得稅稅率計算之稅項	217,342	150,926
Tax effect of share of profit of a jointly controlled entity	分佔一家共同控制實體溢利之稅務影響	(1,212)	(1,184)
Tax effect on non-taxable income	毋須課稅收入之稅務影響	(26,395)	(23,490)
Tax effect on non-deductible expenses	不可扣稅支出之稅務影響	12,654	5,928
Tax effect on utilisation of tax losses not previously recognised	動用先前未有確認稅項虧損之稅務影響	(14,113)	(463)
Tax losses not recognised	未確認稅項虧損	877	1,189
Effect of different tax rates of subsidiaries operating in other jurisdictions	於其他司法權區經營業務之附屬公司稅率不同之影響	1,304	(1,985)
Under(over)provision in prior years	過往年度撥備不足(超額撥備)	1,802	(7,052)
Others	其他	(1,520)	396
		190,739	124,265

15. Dividends

15. 股息

		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Dividend recognised as distributions during the year:	年內確認為分派之股息：		
Final dividend in cash for 2006, paid – HK cents 10.5 (2006: HK cents 9.0 paid for 2005) per share	二零零六年以現金派付之末期股息 — 每股10.5港仙 (二零零六年：派付二零零五年9.0港仙)	178,176	152,460
Interim dividend in cash for 2007, paid – HK cents 10.5 (2006: HK cents 7.25) per share	二零零七年以現金派付之中期股息 — 每股10.5港仙 (二零零六年：7.25港仙)	178,912	122,815
		357,088	275,275

Subsequent to the balance sheet date, the final dividend of HK cents 13.5 (2006: HK cents 10.5) in cash per share has been proposed by the directors and is subject to approval by the shareholders in the forthcoming general meeting.

結算日後，董事建議以現金派付末期股息每股13.5港仙(二零零六年：10.5港仙)，須待股東於應屆股東大會批准。

The dividend per share were adjusted for the effect of a subdivision of share capital during the year ended 31st December, 2007 (see note 36).

每股股息已按截至二零零七年十二月三十一日止年度股本拆細之影響作出調整(見附註36)。

16. Earnings per share

The calculating of the basic and diluted earnings per share attributable to the ordinary equity holders of the Company is based on the following data:

16. 每股盈利

本公司普通股股東應佔每股基本及攤薄盈利乃按下列數據計算得出：

		2007	2006
		二零零七年	二零零六年
		HK\$'000	HK\$'000
		千港元	千港元
Earnings	盈利		
Profit for the year attributable to equity holders of the Company for the purposes of basic and diluted earnings per share	就計算每股基本及攤薄盈利而言之本公司股東應佔本年度溢利	1,024,085	740,170
		'000	'000
		千股	千股
			(Restated)
			(重列)
Number of shares	股份數目		
Weighted average number of ordinary shares for the purposes of basic earnings per share	就計算每股基本盈利而言之普通股加權平均數	1,700,439	1,694,248
Effect of dilutive potential ordinary shares issuable under the Company's share option scheme	本公司購股權計劃項下可予發行之潛在攤薄普通股之影響	11,627	1,438
Weighted average number of ordinary shares for the purposes of diluted earnings per share	就計算每股攤薄盈利而言之普通股加權平均數	1,712,066	1,695,686

The earnings per share and the weighted average number of shares for 2006 were restated to adjust for the effect of sub-division of share capital (one into two) during the year ended 31st December, 2007 (see note 36).

二零零六年之每股盈利及股份加權平均數已按截至二零零七年十二月三十一日止年度股本拆細(一股拆為兩股)之影響作出調整並重列(見附註36)。

17. Investment properties

17. 投資物業

		HK\$'000 千港元
FAIR VALUE	公平值	
At 1st January, 2006	於二零零六年一月一日	23,300
Increase in fair value recognised in the income statement	於收益表確認之公平值增加	7,648
At 31st December, 2006	於二零零六年十二月三十一日	30,948
Increase in fair value recognised in the income statement	於收益表確認之公平值增加	3,648
Transfers to property, plant and equipment	轉撥至物業、廠房及設備	(14,976)
At 31st December, 2007	於二零零七年十二月三十一日	19,620

The carrying amount of investment properties shown above comprises:

上述投資物業之賬面值包括：

		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Land in Hong Kong held under long lease	於香港根據長期租約持有之土地	19,620	30,948

The fair values of the Group's investment properties situated in Hong Kong as at 31st December, 2007 and 2006 have been determined by the directors of the Company. No valuation has been performed by independent qualified professional valuers. The valuation performed by the directors of the Company was arrived at by reference to recent market prices for similar properties.

本公司董事經參考類似物業之近期市價後釐定本集團位於香港之投資物業於二零零七年及二零零六年十二月三十一日之公平值。概無獨立合資格專業估值師就該等物業進行估值。本公司董事參考同類物業最近市價得出估值。

All of the Group's property interests held under operating leases to earn rentals or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment properties.

本集團所有按經營租約持有、用作賺取租金或資本增值之投資物業。均按公平值模式計算，並分類及列為投資物業。

for the year ended 31st December, 2007 截至二零零七年十二月三十一日止年度

18. Property, plant and equipment

18. 物業、廠房及設備

		Leasehold land and buildings 租賃土地 及樓宇 HK\$'000 千港元	Leasehold improvements 租賃物業 裝修 HK\$'000 千港元	Plant and machinery 廠房及機器 HK\$'000 千港元	Furniture, fixtures and equipment 傢俬、固定 裝置及設備 HK\$'000 千港元	Motor vehicles 汽車 HK\$'000 千港元	Construction in progress 在建工程 HK\$'000 千港元	Total 總計 HK\$'000 千港元
Cost	成本							
At 1st January, 2006	於二零零六年一月一日	2,476,259	595,323	132,311	63,582	1,278	-	3,268,753
Exchange adjustment	匯兌調整	-	10,166	155	614	-	-	10,935
Additions	添置	-	52,566	30,557	14,754	199	-	98,076
Disposals/written off	出售/對銷	-	-	-	(625)	(145)	-	(770)
At 31st December, 2006	於二零零六年 十二月三十一日	2,476,259	658,055	163,023	78,325	1,332	-	3,376,994
Exchange adjustment	匯兌調整	-	22,255	1,979	921	-	16,730	41,885
Transferred from investment property	自投資物業轉撥	14,976	-	-	-	-	-	14,976
Acquired on acquisition of subsidiaries	收購附屬公司時購入	-	-	-	304	-	397,391	397,695
Additions	添置	-	38,943	369	3,774	3,325	68,093	114,504
Disposals/written off	出售/對銷	-	(2,490)	-	(2,883)	-	-	(5,373)
At 31st December, 2007	於二零零七年 十二月三十一日	2,491,235	716,763	165,371	80,441	4,657	482,214	3,940,681
Depreciation	折舊							
At 1st January, 2006	於二零零六年一月一日	596,266	229,978	84,964	30,063	621	-	941,892
Exchange adjustment	匯兌調整	-	1,753	125	144	-	-	2,022
Provided for the year	年內折舊	46,419	62,569	12,951	10,366	262	-	132,567
Eliminated on disposals/ written off	出售攤銷/對銷	-	-	-	(260)	(92)	-	(352)
At 31st December, 2006	於二零零六年 十二月三十一日	642,685	294,300	98,040	40,313	791	-	1,076,129
Exchange adjustment	匯兌調整	-	5,645	480	429	6	-	6,560
Provided for the year	年內折舊	46,418	66,365	11,270	9,743	376	-	134,172
Eliminated on disposals/ written off	出售攤銷/對銷	-	(2,482)	-	(1,282)	-	-	(3,764)
At 31st December, 2007	於二零零七年 十二月三十一日	689,103	363,828	109,790	49,203	1,173	-	1,213,097
Net book values	賬面淨值							
At 31st December, 2007	於二零零七年 十二月三十一日	1,802,132	352,935	55,581	31,238	3,484	482,214	2,727,584
At 31st December, 2006	於二零零六年 十二月三十一日	1,833,574	363,755	64,983	38,012	541	-	2,300,865

18. Property, plant and equipment (continued)

Included in construction in progress is borrowing cost amounting to HK\$15,640,000 capitalised during the year (2006: nil).

The above items of property, plant and equipment, other than construction in progress, are depreciated on a straight-line basis at the following rates per annum:

Leasehold land and buildings	Over the lease terms
Leasehold improvements	Over the shorter of the lease terms, or 20%
Plant and machinery	10%
Furniture, fixtures and equipment	20%
Motor vehicles	20%

18. 物業、廠房及設備(續)

在建工程包括年內已撥充資本之借貸成本15,640,000港元(二零零六年：零)。

除在建工程外，上述物業、廠房及設備項目乃以直線法按下列年率計算折舊：

租賃土地及樓宇	按租約年期
租賃物業裝修	按租約年期或20% (以較短者為準)
廠房及機器	10%
傢俬、固定裝置及設備	20%
汽車	20%

		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
The carrying amount of leasehold land and buildings comprises land and buildings in Hong Kong:	租賃土地及樓宇賬面值 包括位於香港 之土地及樓宇：		
– long lease	– 長期租約	481,940	475,332
– medium term lease	– 中期租約	1,320,192	1,358,242
		1,802,132	1,833,574

The Group has pledged certain leasehold land and buildings with net book values of approximately HK\$1,680.3 million (2006: HK\$1,724.6 million) to secure general banking facilities granted to the Group.

本集團已抵押賬面淨值約1,680,300,000港元(二零零六年：1,724,600,000港元)之若干租賃土地及樓宇，以獲取授予本集團之一般銀行信貸。

19. Deposit paid for prepaid lease payments

This represents deposit paid to the local government authority for a medium term prepaid lease payments in relation to the Group's new project in Shenyang, PRC. The relevant land use right certificate is expected to be issued upon completion of the relocation and land clearing work by the local government authority.

19. 就預付租賃款項所支付按金

此乃就本集團於中國瀋陽之新項目向當地政府機關支付之中期租約預付租賃付款之按金。預期有關土地使用權證將於當地政府機關完成遷徙及清拆工作時發出。

20. Interests in a jointly controlled entity

At 31st December, 2007 and 2006, the Group had interests in the following significant jointly controlled entity:

Name of entity	Form of business structure	Place of establishment/ operation	Proportion of nominal value of issued capital held by the Group	Proportion of voting power held	Principal activity
實體名稱	業務結構模式	成立／經營地點	已發行股本面值比例	投票權比例	主要業務
上海九百城市廣場有限公司 (Shanghai Joinbuy City Plaza Co., Ltd.)	Sino-foreign equity joint venture 中外合資合營企業	People's Republic of China 中華人民共和國	50%	50%	Property holding and leasing 物業持有及租賃

Jointly controlled entity is accounted for using the equity method of accounting:

20. 於一家共同控制實體權益

於二零零七年及二零零六年十二月三十一日，本集團於下列重要共同控制實體擁有權益：

共同控制實體按權益會計法入賬：

	2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Cost of unlisted investments in a jointly controlled entity	433,104	433,104
Share of post-acquisition profits	17,318	10,392
Share of post-acquisition reserves	18,516	5,828
	468,938	449,324

20. Interests in a jointly controlled entity (continued)

The summarised financial information related to the Group's interest in the joint venture is set out below:

		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Non-current assets	非流動資產	1,486,514	1,472,726
Current assets	流動資產	15,562	22,706
Current liabilities	流動負債	196,229	183,767
Non-current liabilities	非流動負債	367,970	413,017
Income	收入	154,780	150,888
Expenses	開支	140,929	137,353
Group's share of result of the jointly controlled entity	本集團應佔共同控制實體業績	6,926	6,768

21. Available-for-sale investments

Available-for-sale investments comprise:

		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Non-current listed investments:	非流動上市投資：		
Equity securities listed in Hong Kong	於香港上市之股本證券	-	102,903
Unlisted investment	非上市投資	31,918	-
		31,918	102,903

The above unlisted investment represents investment in unlisted equity securities issued by a mutual fund company incorporated in Bermuda. They are denominated in USD and are measured at quoted price based on the valuation amount provided by the counterparty financial institution. During the year, an impairment loss of HK\$7,472,000 has been recognised in consolidated income statement.

20. 於一家共同控制實體權益(續)

有關本集團於合營企業之權益之財務資料概述如下：

		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Non-current assets	非流動資產	1,486,514	1,472,726
Current assets	流動資產	15,562	22,706
Current liabilities	流動負債	196,229	183,767
Non-current liabilities	非流動負債	367,970	413,017
Income	收入	154,780	150,888
Expenses	開支	140,929	137,353
Group's share of result of the jointly controlled entity	本集團應佔共同控制實體業績	6,926	6,768

21. 可供出售投資

可供出售投資包括：

		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Non-current listed investments:	非流動上市投資：		
Equity securities listed in Hong Kong	於香港上市之股本證券	-	102,903
Unlisted investment	非上市投資	31,918	-
		31,918	102,903

以上非上市投資指由於百慕達註冊成立之互惠基金公司發行之非上市股本證券投資。該等投資以美元結算，並按由交易方財務機關所提供估值金額之報價計算。7,472,000港元之減值虧損已於年內在綜合收益表確認。

for the year ended 31st December, 2007 截至二零零七年十二月三十一日止年度

22. Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss comprises:

22. 按公平值計入損益之金融資產

按公平值計入損益之金融資產包括：

		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Index-linked notes (note a)	與指數掛鈎票據(附註a)	154,285	272,332
Equity-linked note (note b)	與權益掛鈎票據(附註b)	36,531	39,371
		190,816	311,703
Less: Amounts mature within one year shown under current assets	減：列入流動資產於一年內到期之款項	(36,531)	-
Amounts mature after one year	一年後到期之款項	154,285	311,703

Notes:

附註：

(a) The index-linked note is denominated in United States Dollars ("USD") with principal amount of USD20,000,000 and the obligation of interest accrual on a daily basis at a fixed rate depends on the difference between the USD 10-Year Constant Maturity Swap ("CMS") Rate and the USD 30-Year CMS Rate. The issuer has an option to redeem the note before maturity or at maturity, settled at the principal amount plus any accrued and unpaid interest. Accrued interest is paid at fixed intervals on a quarterly basis. The index-linked note is designated as financial asset at fair value through profit or loss upon initial recognition as it contains one or more embedded derivatives.

The maturity date of the index-linked note outstanding as at 31st December, 2007 is June 2017 and those outstanding as at 31st December, 2006 were from 2008 to 2016 and were therefore classified as non-current. It is stated at fair values on each balance sheet date based on valuation amount provided by the counterparty financial institution. The index-linked notes as at 31st December, 2006 was early redeemed during the year.

(b) The equity-linked note is denominated in USD with principal amount of USD5,000,000 and the obligation of interest accrual on a daily basis is at a fixed rate on the principal amount. The equity-linked note is subject to a mandatory termination clause at various intervals until maturity date. The duration and the manner in which it is settled at mandatory termination or redemption at maturity are linked to the performance of market prices as compared to the pre-determined prices of certain equity securities listed in Hong Kong. Accrued interest is paid at fixed intervals of 2-3 months. The note may be mandatory terminated in full amount of the principal amount for cash or, redeemed at maturity either in full amount of the principal amount for cash or equity securities at a pre-determined price in round lots and residue in cash, which may be lower than the principal amount. The equity-linked note is designated as financial asset at fair value through profit or loss upon initial recognition as it contains embedded derivatives, and HKAS 39 permits the entire combined contract to be designated as at fair value through profit or loss.

The maturity date of the equity-linked note as at 31st December, 2007 is May 2008. The maturity date of the equity-linked note as at 31st December, 2006 was 2008 and was therefore classified as non-current in 2006. The equity-linked note as at 31st December, 2006 was early redeemed by the issuer on 3rd January, 2007. These notes were stated at fair value on each balance sheet date based on valuation amount provided by the counterparty financial institution.

(a) 本金額為20,000,000美元之與指數掛鈎票據乃以美元(「美元」)結算，並按十年期美元固定期限交換(「固定期限交換」)利率與三十年期美元固定期限交換利率之差額釐定日計利息所用固定利率。發行人有權於到期時或之前，以本金額加任何累計及未付利息贖回有關票據。累計利息按固定季度期間支付。由於與指數掛鈎票據包含一種或多種附帶衍生工具，故其於初步確認時獲指定為按公平值計入損益之金融資產。

於二零零七年十二月三十一日尚未行使與指數掛鈎票據將於二零一七年六月到期，而於二零零六年十二月三十一日尚未行使與指數掛鈎票據之到期日則介乎二零零八年至二零一六年，故分類為非流動。與指數掛鈎票據於每個結算日按由訂約方財務機關所提供估值金額，以公平值列賬。於二零零六年十二月三十一日尚未行使與指數掛鈎票據，已於年內提早贖回。

(b) 本金額為5,000,000美元之與權益掛鈎票據乃以美元結算，有關利息按本金額以固定利率每日計算。與權益掛鈎票據於到期日前之各個期間均受強制終止條款所限。與香港若干上市股本證券或批協定價比較下，強制終止或於到期時贖回結算之期間及方式與市價表現掛鈎。累計利息於兩至三個月固定期間支付。票據可強制終止，全數本金額換作現金，或於到期時以全數本金金額或以計至整數成批協定價之股本證券及餘額現金(其價值可能低於本金額)贖回。由於與權益掛鈎票據包含衍生工具，而香港會計準則第39號允許整份合併合約將指定為按公平值計入損益，故其於初步確認時獲指定為按公平值計入損益之金融資產。

二零零七年十二月三十一日之與權益掛鈎票據將於二零零八年五月到期；而二零零六年十二月三十一日之與權益掛鈎票據則於二零零八年到期，故於二零零六年獲分類為非流動。二零零六年十二月三十一日之與權益掛鈎票據已於二零零七年一月三日由發行人提前贖回。與權益掛鈎票據於每個結算日，按訂約方財務機關所提供估值金額以公平值列賬。

23. Loan receivable

Loan receivable comprises:

		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Non-current assets	非流動資產		
Loan extended in relation to a project in Shenyang (note a)	就瀋陽項目提供之貸款(附註a)	167,718	37,050
Loan to EganaGoldpfeil (Holdings) Limited (“Egana”) (note b)	向聯洲國際集團有限公司(「聯洲國際」)貸款(附註b)	300,000	-
		467,718	37,050
Current asset:	流動資產:		
Other loan receivable (note c)	其他應收貸款(附註c)	2,000	-
Total	總計	469,718	37,050

- (a) The loan represents the amount drawn down and remained outstanding as at 31st December, 2007 from the HK\$200 million facility the Group granted to a third party group of companies (“Borrower Group”) who is in the process of taking over a retail property project in the PRC. The loan is secured by the shares in certain companies of the Borrower Group and guaranteed by a third party individual. The loan bears interest at the Hong Kong prime rate offered by The Hong Kong and Shanghai Banking Corporation and is repayable after 18 months from the loan agreement dated on 6th November, 2006. In connection with this loan facility, the Group was granted an option from this Borrower Group to acquire certain interests in the retail property project which the Borrower Group is contemplating. As at 31st December, 2007, the fair value of the option is not material.
- (b) On 24th September, 2007, the Group granted a bridging loan of HK\$300 million for an initial term of four months (the “Bridging Loan”) to EganaGoldpfeil (Holdings) Limited (“Egana” or together with its subsidiaries the “Egana Group”) in connection with the Group’s participation in the financial restructuring of the Egana Group. Egana is a Hong Kong listed company and the Egana Group owns and leases a portfolio of internationally renowned brands, most of them are particularly popular in Germany and German speaking countries in Europe, with over 80% of its existing retail and distribution business deriving from Europe. The Bridging Loan bears interest at 2% above the Hong Kong prime rate offered by The Hong Kong and Shanghai Banking Corporation and is secured by a charge over all equity interests in a wholly-owned subsidiary of Egana that owns a brand, a charge over certain office premises of the Egana Group in Hong Kong and a charge over 434,345,736 shares of HK\$1.00 each in the capital of Egana, representing approximately 29.67% of the issued share capital held by the major shareholder of Egana.

23. 應收貸款

應收貸款包括：

- (a) 有關貸款指本集團授予第三方公司集團(「借方集團」)200,000,000港元信貸中已提取而於二零零七年十二月三十一日尚未償還之金額。借方集團目前正收購中國一個零售物業項目。有關貸款獲借方集團以旗下若干公司之股份抵押，並由第三方個別人士擔保。有關貸款以香港上海滙豐銀行有限公司提供之香港最優惠利率計息，並須於貸款協議日期二零零六年十一月六日起計18個月後償還。根據此項信貸，本集團獲借方集團授予選擇權購入借方集團擬進行之零售物業項目若干權益。於二零零七年十二月三十一日，有關選擇權之公平值並不重大。
- (b) 於二零零七年九月二十四日，本集團就參與聯洲國際集團有限公司(「聯洲國際」，與其附屬公司統稱「聯洲國際集團」)財務重整向聯洲國際授出過渡貸款300,000,000港元，初步期限為四個月(「過渡貸款」)。聯洲國際為香港上市公司，而聯洲國際集團擁有及出租多個國際著名品牌，這些品牌大部分尤其普受德國及歐洲德語系之國家歡迎，其現有零售及分銷業務逾80%來自歐洲。過渡貸款以香港上海滙豐銀行有限公司提供之香港最優惠利率加2厘計息，並以聯洲國際擁有一個品牌之一家全資附屬公司的全部股本權益、聯洲國際集團在香港之若干辦公室物業，以及聯洲國際股本中434,345,736股每股面值1.00港元之股份(佔聯洲國際主要股東所持有已發行股本約29.67%)作為抵押。

23. Loan receivable (continued)

(b) (continued)

The Group's intended participation in the financial restructuring of the Egana Group is to pursue, as part of the Group's business strategy, the branded goods retail and distribution business through taking a controlling interest in Egana. With the provision by the Group of the Bridging Loan, there has not been significant disruption to the normal business operations of the Egana Group and according to its latest published financial statements, before any debt and business restructuring, the Egana Group had as at 30th November, 2007, total assets amounting to approximately HK\$4.3 billion, net deficit of approximately HK\$1 billion and was indebted to a group of bank creditors (the "Bank Group") of approximately HK\$3.6 billion.

Since the granting of the Bridging Loan, the Group has been participating in negotiations with the Bank Group on a financial restructuring of the indebtedness of the Egana Group (the "Proposed Restructuring"). According to the terms of the Proposed Restructuring that the Group has lately agreed in principal with the Bank Group, the Group has indicated its intention to inject on the effective date of the Proposed Restructuring ("Effective Date") into Egana an aggregate of approximately HK\$1.2 billion as new capital (by way of subscription of new shares of Egana and/or convertible bonds) that may result in the Group becoming the controlling shareholder of the Egana Group. Similarly, the Bank Group has agreed in principal on the Effective Date waiver of debts to reduce the indebtedness to approximately HK\$2.0 billion. The proposed capital injection by the Group and waiver of debts by the Bank Group will improve significantly the financial position of the Egana Group from net deficit to net assets. As at the date of this report, the Group, the Bank Group and the Egana Group are working on the documentations of the Proposed Restructuring.

The directors are of the view that the Proposed Restructuring will proceed as planned, subject to any unforeseen material adverse changes and approvals of the relevant regulatory bodies and shareholders of both the Group and the Egana Group. To facilitate the smooth progress of the Proposed Restructuring, the maturity date of the Bridging Loan has been extended to 25th March, 2008 and the Group is prepared, when necessary, to further extend the final maturity date of the Bridging Loan.

23. 應收貸款(續)

(b) (續)

本集團擬參與聯洲國際集團財務重整，作為本集團之業務策略其中一環，目的是透過獲得聯洲國際之控股權益，涉足名牌貨品零售及分銷業務。在本集團提供過渡貸款下，聯洲國際集團日常業務運作並無受重大干擾，而根據其最近期刊發之財務報表，在未計及任何債項及業務重整前，聯洲國際集團於二零零七年十一月三十日之資產總值約為4,300,000,000港元，虧絀淨額約為1,000,000,000港元，並結欠債權銀行（「銀行集團」）約3,600,000,000港元。

自授出過渡貸款以來，本集團已就財務重整聯洲國際集團之債項（「建議重整」）與銀行集團進行磋商。根據本集團最近與銀行集團原則上協定之建議重整條款，本集團表示其有意於建議重整生效日期（「生效日期」）以認購聯洲國際新股份及／或可換股債券之方式，向聯洲國際合共注資約1,200,000,000港元，作為新資本，此舉或會使本集團成為聯洲國際集團之控股股東。同樣地，銀行集團原則上同意，於生效日期，將債項減免至約2,000,000,000港元。本集團建議注資及銀行集團免除債項，將使聯洲國際集團財務狀況大大改善，轉虧為盈。於本報告日期，本集團、銀行集團及聯洲國際集團正擬備建議重整文件。

董事認為，建議重整將按計劃進行，惟須視乎並無出現任何不可預計重大不利變動，並獲得有關規管機構以及本集團及聯洲國際集團股東批准。為促使建議重整順利進行，過渡貸款之到期日已延至二零零八年三月二十五日，倘有需要，本集團已準備將過渡貸款的最終到期日進一步延展。

23. Loan receivable (continued)

(b) (continued)

In addition to the satisfactory results from the operational, financial and legal due diligence reviews conducted on the Egana Group, the directors have also reviewed the profit and cash flow projections of the Egana Group for the coming two years and are satisfied with the viability of the business and that there is evidence of sufficient positive operating cash flows from the existing business of the Egana Group. As indicated above, upon the Proposed Restructuring becoming effective, additional capital will be injected by the Group as well as waiver of debts by the Bank Group, at which time the financial position of the Egana Group will be improved significantly to enable further business expansion and repayment of the Bridging Loan. Accordingly, no provision for impairment losses of the Bridging Loan has been made in the financial statements.

(c) The amount represents a loan advanced to a third party. It is secured, bears interest at 5.5% per annum and is payable in 2008.

24. Inventories

Merchandise held for resale	持有作轉售商品
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23. 應收貸款(續)

(b) (續)

除本集團對聯洲國際集團在營運、財務及法律方面進行之盡職審查結果令人滿意外，董事亦已審閱聯洲國際集團於未來兩年之溢利及現金流量預測，並信納業務可以發展，以及有證據顯示聯洲國際集團現有業務能帶來正數營運現金流量。誠如上文所述，於建議重整生效後，本集團及銀行集團將分別注入額外資本免除債項，聯洲國際集團之財務狀況將大大改善，能夠進一步擴展業務及償還過渡貸款。因此，並無於財務報表就過渡貸款之減值虧損作出撥備。

(c) 有關款額指墊付予第三方之貸款，為有抵押、按年利率5.5厘計息並須於二零零八年支付。

24. 存貨

	2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Merchandise held for resale	60,309	63,948

25. Trade and other receivables

25. 應收賬款及其他應收款項

		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Trade receivables	應收賬款	68,874	70,135
Less: Allowance for doubtful debts	減：呆賬撥備	(2,799)	(4,180)
		66,075	65,955
Other receivables, deposits and prepayments	其他應收款項、按金及預付款項	115,395	82,759
Total trade and other receivables	應收賬款及其他應收款項總額	181,470	148,714

The Group's retail sales to customers are mainly on cash basis, either in cash, debit card or credit card payments. The Group does not have a defined fixed credit policy as its major trade receivables arise from credit card sales. An aged analysis of the Group's trade receivables as at the balance sheet date is as follows:

本集團向顧客作出的零售銷售主要以現金進行，可以現金、扣賬卡或信用卡付款。由於本集團主要應收賬款來自信用卡銷售，故並無既定限額信貸政策。本集團應收賬款於有關結算日的賬齡分析如下：

		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
0 – 30 days	0至30日	62,649	57,263
31 – 60 days	31日至60日	1,806	7,105
61 – 90 days	61日至90日	428	1,120
Over 90 days	超過90日	1,192	467
		66,075	65,955

Included in the Group's trade receivable balance are debtors with aggregate carrying amount of HK\$1,620,000 (2006: HK\$1,587,000) which are past due at the reporting date for which the Group has not provided for impairment loss. The Group does not hold any collateral over these balances. The average age of these receivables is 90 days (2006: 80 days).

本集團應收賬款結餘包括賬面總值1,620,000港元(二零零六年：1,587,000港元)之應收款，該等應收款於申報日期逾期尚未收回，而本集團未曾作出減值撥備。本集團並無就該等結餘持有任何抵押品。該等賬款之平均賬齡為90日(二零零六年：80日)。

25. Trade and other receivables (continued)

Ageing of trade receivables which are past due but not impaired

		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
61 – 90 days	61日至90日	428	1,120
Over 90 days	超過90日	1,192	467
		1,620	1,587

The Group has not provided fully for all receivables over 90 days because historical experience is such that receivables are recoverable.

本集團並未就所有超過90日的賬款作全數撥備，原因為根據過往經驗，有關賬款屬可予收回。

Movement in the allowance for doubtful debts

呆賬撥備變動

		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Balance at beginning of the year	年初結餘	4,180	9,289
Impairment losses reversed	減值虧損撥回	(1,381)	(5,109)
Balance at end of the year	年終結餘	2,799	4,180

26. Amount due from a jointly controlled entity

The amount is unsecured, interest-free and repayable on demand.

26. 應收一家共同控制實體款項

有關款項為無抵押、免息及須應要求償還。

27. Bank balances and cash

At the balance sheet dates, bank balances and cash comprised mainly short-term deposits which carries fixed interest at prevailing market rates.

27. 銀行結存及現金

於結算日，銀行結存及現金主要包括按現行市場固定利率計息的短期存款。

Included in bank balances and cash are the following amounts denominated in currency other than functional currency of the Group:

銀行結餘及現金包括下列以本集團功能貨幣以外貨幣計算的款項：

		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
United States Dollar	美元	826,686	493,334

for the year ended 31st December, 2007 截至二零零七年十二月三十一日止年度

28. Disposal group held for sale**28. 持作出售之出售集團**

		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Assets of disposal group held for sale	持作出售之出售集團的資產	1,547,459	-
Liabilities of disposal group assets held for sale (Note)	持作出售之出售集團資產的負債(附註)	615,773	-

Note: The Group acquired during the year an effective 59.4% interest in a retail investment property through acquiring the equity interest in 河北北國開元廣場有限責任公司. To further develop its retail business in the Hebei Province where this investment property is situated, the Group is contemplating a possible partial disposal of its interest in this investment property in 2008 for certain business cooperation opportunities with a third party. The major classes of assets and liabilities comprising the operations of this subsidiary company classified as held for sale at the balance sheet date are as follows:

附註：年內，本集團透過收購河北北國開元廣場有限責任公司購入一項零售投資物業之59.4%實際權益。為進一步發展該投資物業所在地河北省之零售業務，本集團擬於二零零八年出售部分其於該項投資的權益予一名第三者以換取若干業務合作機會。於結算日，包括該附屬公司業務之主要資產及負債類別分類為持作出售，並載列如下：

		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Investment property (note)	投資物業(附註)	1,538,938	-
Trade and other receivables	應收賬款及其他應收款項	1,953	-
Bank balances and cash	銀行結餘及現金	6,568	-
Assets classified as held for sale	分類為持作出售資產	1,547,459	-
Trade and other payables	應付賬款及其他應付款項	(615,773)	-
Liabilities associated with assets classified as held for sale	與分類為持作出售資產有關之負債	(615,773)	-
Net assets classified as held for sale	分類為持作出售之資產淨值	931,686	-

Note: The carrying amount of investment property at the balance sheet date represents the acquisition cost which approximated the fair value of the leasehold property in the PRC under medium term lease when it was acquired in October 2007. The fair value of the investment property as at 31st December, 2007 has been determined by the directors of the Company having considered the latest market condition and advice of independent professional valuer which suggests that there has been no significant change in the market price of this property since it was acquired by the Group in October 2007.

附註：於結算日，投資物業之賬面值指收購成本與其於二零零七年十月購入時物業公平值相約之位於中國的中期租約物業。於二零零七年十二月三十一日之投資物業公平值由本公司董事釐定，已考慮最新市況及獨立專業估值師之意見，當中顯示該物業市價自本集團於二零零七年十月購入以來並無重大變動。

This investment property has been pledged to secure a bank loan advanced to a third party to which the Group was indebted as at the balance sheet date.

於結算日，該投資物業已就墊付予本集團的第三方債權人之銀行貸款作出抵押。

29. Trade and other payables

29. 應付賬款及其他應付款項

		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Trade payables	應付賬款	220,306	197,279
Concessionaire sales payable	應付特許專櫃銷售款項	635,571	502,747
Other payables, deposits and accrued charges	其他應付款項、按金及應計費用	556,081	282,771
		1,411,958	982,797

An aged analysis of the Group's trade payables at the balance sheet dates is as follows:

本集團於結算日之應付賬款賬齡分析如下：

		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
0 – 30 days	0至30日	181,448	159,849
31 – 60 days	31日至60日	27,075	22,653
61 – 90 days	61日至90日	7,767	9,274
Over 90 days	超過90日	4,016	5,503
		220,306	197,279

The average credit period of trade payables and concessionaire sales payable is within 45 days. The Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

應付賬款及應付特許專櫃銷售款項之平均信貸期為45日以內。本集團設有財務風險管理政策，確保所有應付款項於信貸期限內支付。

30. Obligations under finance leases

It is the Group's policy to lease certain of its fixtures and equipment under finance leases. The average lease term is 4 years. Interest rates underlying all obligations under finance leases are fixed at respective contract dates ranging from 4% to 18%. The leases have no terms of renewal or purchase options and escalation clauses.

30. 融資租約承擔

本集團之政策為根據融資租約出租其若干裝置及設備。平均租期為四年。融資租約項下所有承擔之固定利率於相關租約日期訂定，介乎4厘至18厘。租約並無重續、購買權及增漲條款。

		Minimum lease payments 最低租約款項		Present value of minimum lease payments 最低租約款項現值	
		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元	2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Amounts payable under finance leases:	融資租約項下應付款項：				
Within one year	一年內	-	12	-	10
In more than one year but not exceeding two years	一年後但不超過兩年	-	-	-	-
		-	12	-	10
Less: Future finance charges	減：日後融資費用	-	(2)	N/A 不適用	N/A 不適用
Present value of lease obligations	租約承擔現值	-	10	-	10
Less: Amounts due within one year shown under current liabilities	減：列入流動負債於一年內到期之款項			-	(10)
Amounts due after one year	一年後到期之款項			-	-

The Group's obligations under finance leases were secured by the lessor's charge over the leased assets.

本集團之融資租約承擔由出租人之租賃資產作抵押。

31. Bank borrowings

31. 銀行借貸

		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Bank borrowings comprised bank loans and analysed as:	銀行借貸由銀行貸款組成，並按以下分析：		
Secured	有抵押	3,006,810	1,205,897
Unsecured	無抵押	-	143,482
		3,006,810	1,349,379
Carrying amount repayable:	應償還賬面值：		
On demand or within one year	應要求或一年內償還	406,810	249,379
More than one year, but not exceeding two years	一年後但不超過兩年	400,000	300,000
More than two years, but not exceeding three years	兩年後但不超過三年	500,000	400,000
More than three years, but not exceeding four years	三年後但不超過四年	1,700,000	400,000
		3,006,810	1,349,379
Less: Amounts due within one year shown under current liabilities	減：列入流動負債於一年內到期之款項	(406,810)	(249,379)
Amount due after one year	一年後到期之款項	2,600,000	1,100,000

Borrowings comprise:

借貸包括：

		Carrying amount 賬面值	
		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Floating-rate borrowings:	浮息借貸：		
Secured HKD bank loan at HIBOR + 0.29% p.a. ⁽¹⁾	有抵押港元銀行貸款，按香港銀行同業拆息加年息0.29厘計息 ⁽¹⁾	2,900,000	1,200,000
Secured RMB bank loan at 4.7% to 6.1% p.a. ⁽²⁾	有抵押人民幣銀行貸款，按4.7厘至6.1厘計息 ⁽²⁾	106,810	5,897
Unsecured RMB bank loan at 4.7% to 6.1% p.a. ⁽²⁾	無抵押人民幣銀行貸款，按4.7厘至6.1厘計息 ⁽²⁾	-	143,482
Total borrowings	借貸總額	3,006,810	1,349,379

(1) Repayable in four years and will be repriced every one month to three months.

(1) 須於四年後償還，並每隔一至三個月重新定價。

(2) Repayable in full within one year and will be repriced every one month to three months.

(2) 須於一年內全數償還，並每隔一至三個月重新定價。

31. Bank borrowings (continued)

The ranges of effective interest rates of the borrowings are also equal to contracted interest rates.

At the balance sheet date, the Group has undrawn borrowing facilities with floating rate expiring within 4 years amounting to approximately HK\$1,000 million (2006: HK\$2,800 million).

As at the balance sheet date, the Group has the following undrawn borrowing facilities:

		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Floating rate	浮息		
– expiring within one year	– 一年內到期	–	1,800,000
– expiring beyond one year	– 一年後到期	1,000,000	1,000,000
		1,000,000	2,800,000

31. 銀行借貸(續)

實際利率幅度亦與訂約利率相同。

於結算日，本集團於四年內到期之浮息未提取銀行融資額度約為1,000,000,000港元(二零零六年：2,800,000,000港元)。

於結算日，本集團有以下未提取銀行融資額度：

		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Analysis:	分析：		
Deferred tax liabilities	遞延稅項負債	26,883	34,811
Deferred tax assets	遞延稅項資產	(5,611)	(10,139)
Net position	淨額	21,272	24,672

32. Deferred taxation**32. 遞延稅項**

		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Analysis:	分析：		
Deferred tax liabilities	遞延稅項負債	26,883	34,811
Deferred tax assets	遞延稅項資產	(5,611)	(10,139)
Net position	淨額	21,272	24,672

32. Deferred taxation (continued)

The following are the major deferred tax liabilities and assets recognised and movements thereon during the current and prior years:

		Accelerated tax depreciation	Tax losses	Available- for-sale investments	Total
		加速稅項折舊	稅項虧損	可供出售投資	總計
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元
At 1st January, 2006	於二零零六年一月一日	28,104	(11,477)	2,240	18,867
(Credit) charge to consolidated income for the year (Note 14)	(計入)扣除自本年度 綜合收入(附註14)	(951)	1,338	–	387
Credit to equity for the year	計入本年度權益	–	–	(2,240)	(2,240)
Charge to equity for the year	扣除自本年度權益	–	–	7,658	7,658
At 31st December, 2006	於二零零六年十二月三十一日	27,153	(10,139)	7,658	24,672
(Credit) charge to consolidated income for the year (Note 14)	(計入)扣除自本年度 綜合收入(附註14)	(270)	4,528	–	4,258
Credit to equity for the year	計入本年度權益	–	–	(7,658)	(7,658)
At 31st December, 2007	於二零零七年十二月三十一日	26,883	(5,611)	–	21,272

At the balance sheet date, the Group has unused tax losses of approximately HK\$45.8 million (2006: HK\$148.3 million) available for offset against future profits. A deferred tax asset has been recognised in respect of approximately HK\$32.1 million (2006: HK\$57.9 million) of such losses. No deferred tax asset has been recognised in respect of the remaining HK\$13.7 million (2006: HK\$90.4 million) due to unpredictability of future profit streams. At 31st December, 2007, all tax losses may be carried forward indefinitely.

32. 遞延稅項(續)

以下為本集團確認之主要遞延稅項負債及資產以及於本年度及過往年度的變動：

於結算日，本集團有未動用稅項虧損約45,800,000港元(二零零六年：148,300,000港元)可用作抵銷日後溢利，並已就該等虧損中約32,100,000港元(二零零六年：57,900,000港元)確認遞延稅項資產。由於日後溢利來源難以預測，故此並無就餘下13,700,000港元(二零零六年：90,400,000港元)確認遞延稅項資產。於二零零七年十二月三十一日，所有稅項虧損均可無限期結轉。

33. Derivative instrument**33. 衍生工具**

		Non-current 非即期	
		2007	2006
		二零零七年	二零零六年
		HK\$'000	HK\$'000
		千港元	千港元
Derivative instrument includes	衍生工具，包括並無根據對沖		
swap derivative not under hedge accounting	會計法入賬之掉期衍生工具	1,002	-

Major terms of the swap derivative are as follows:

掉期衍生工具之主要條款如下：

Notional amount 面值	Maturity date 到期日	Swaps 掉期
USD20,000,000 20,000,000美元	29/06/2015 二零一五年六月二十九日	The Group pays interest at 3-month USD LIBOR BBA* while receives interest calculated on daily basis at 3-month USD LIBOR BBA plus 1.35% when USD LIBOR is within 0% and 7.1% (inclusive) 本集團按三個月英國銀行協會美元倫敦銀行同業拆息率*支付利息，而收取之利息按三個月英國銀行協會美元倫敦銀行同業拆息率加1.35厘每日計算，美元倫敦銀行同業拆息率介乎0厘至7.1厘範圍

* USD LIBOR BBA represents USD London Inter-bank Offered Rate ("LIBOR") which is fixed on a daily basis by the British Bankers' Association ("BBA").

* 英國銀行協會美元倫敦銀行同業拆息率指由英國銀行協會每日釐定之美元倫敦銀行同業拆息率。

34. Other payable

The non-current other payable represents part of the purchase consideration payable for an investment property, the deferred payment of which is to meet with a guaranteed investment income for a 54 months period from 31st October, 2007. The directors consider that the ultimate payment is probable and recognised the payable accordingly.

34. 其他應付款項

非流動其他應付款項指一項投資物業之部分購買代價，將以於一項由二零零七年十月三十一日起為期54個月之保證投資收入遞延支付。董事認為最終付款之可能性甚大，因此已確認應付款項。

35. Acquisition of subsidiaries

During the year, the Group acquired an effective 59.4% interest in 河北北國開元廣場有限責任公司, by acquiring 60% equity interest in an investment holding company, Ample Sun Group Limited, for a consideration of HK\$557,588,000. The principal asset of 河北北國開元廣場有限責任公司 comprises an investment property situated in the PRC with fair value HK\$1,478,287,000. In addition, the Group also secured by stages an aggregated 63.1% interest in 利福廣場(蘇州)有限公司 for a total consideration of HK\$252,240,000. The principal asset of 利福廣場(蘇州)有限公司 is construction in progress situated in the PRC with fair value of HK\$397,391,000. Those acquisitions have been accounted for as acquisitions of assets as the subsidiaries acquired are not businesses. The net assets acquired in these transactions are as follows:

35.收購附屬公司

年內，本集團以代價557,588,000港元收購投資控股公司益良集團有限公司之60%股權從而購入河北北國開元廣場有限責任公司之59.4%實際權益。河北北國開元廣場有限責任公司之主要資產包括一項位於中國、公平值為1,478,287,000港元之投資物業。此外，本集團亦分階段取得利福廣場(蘇州)有限公司合共63.1%權益，總代價為252,240,000港元。利福廣場(蘇州)有限公司之主要資產為一項位於中國、公平值為397,391,000港元之在建工程。由於所收購該等附屬公司暫無業務，就有關收購被視為資產收購。上述交易所收購之資產淨值如下：

		Ample Sun Group Limited 益良集團有限公司 HK\$'000 千港元	利福廣場(蘇州) 有限公司 HK\$'000 千港元	Total 總額 HK\$'000 千港元
Investment property	投資物業	1,478,287	-	1,478,287
Property, plant and equipment	物業、廠房及設備	-	304	304
Construction in progress	在建工程	-	397,391	397,391
Other receivables	其他應收款項	-	733	733
Bank balances and cash	銀行結餘及現金	2,260	52,506	54,766
Trade and other payables	應付賬款及其他應付款項	(550,633)	(51,188)	(601,821)
		929,914	399,746	1,329,660
Minority interest	少數股東權益	(372,326)	(147,506)	(519,832)
Total consideration	總代價	557,588	252,240	809,828
Satisfied by:	經下列方式支付：			
Cash consideration	現金代價	497,588	252,240	749,828
Other payable (Note 34)	其他應付款項(附註34)	60,000	-	60,000
		557,588	252,240	809,828
Net cash outflow arising on acquisition:	收購產生之現金流出淨額：			
Cash consideration paid	已付現金代價	497,588	252,240	749,828
Security deposit received (Note)	已收抵押按金(附註)	(153,548)	-	(153,548)
Bank balances and cash acquired	所收購銀行結餘及現金	(2,260)	(52,506)	(54,766)
		341,780	199,734	541,514

Note: Amount represents deposits received from the vendor of Ample Sun Group Limited for performance of certain obligations in relation to the operation of 河北北國開元廣場有限責任公司. The amount has been included in trade and other payables.

附註：該筆款項指就履行有關河北北國開元廣場有限責任公司業務之若干責任自益良集團有限公司之賣方收取之按金。該數已計入應付賬款及其他應付款。

for the year ended 31st December, 2007 截至二零零七年十二月三十一日止年度

36. Share capital

Details of the changes in the Company's share capital during the year ended 31st December, 2007 are as follows:

36. 股本

截至二零零七年十二月三十一日止年度，本公司之股本變動詳情如下：

		Number of shares 股份數目	Amount 款項 HK\$'000 千港元
Authorised:	法定：		
Ordinary shares of HK\$0.01 each as at 31st December, 2006	於二零零六年十二月三十一日 每股面值0.01港元之普通股	2,000,000,000	20,000
Subdivision into shares of HK\$0.005 each (note a)	拆細至每股面值0.005港元之 股份(附註a)	2,000,000,000	-
Ordinary shares of HK\$0.005 each as at 31st December, 2007	於二零零七年十二月三十一日 每股面值0.005港元之普通股	4,000,000,000	20,000
Issued and fully paid:	已發行及繳足：		
At 1st January, 2006 - ordinary shares of HK\$0.01 each	於二零零六年一月一日 －每股面值0.01港元之普通股	847,000,000	8,470
Exercise of share options - ordinary shares of HK\$0.01 each	行使購股權 －每股面值0.01港元之普通股	968,000	10
At 31st December, 2006 - ordinary shares of HK\$0.01 each	於二零零六年十二月三十一日 －每股面值0.01港元之普通股	847,968,000	8,480
Exercise of share options - ordinary shares of HK\$0.01 each (note b)	行使購股權－每股面值0.01港元之 普通股(附註b)	4,217,000	42
Subdivision of shares of HK\$0.01 to HK\$0.005 each (note a)	將股份由每股面值0.01港元拆細至 0.005港元(附註a)	852,185,000	-
Exercise of share options - ordinary shares of HK\$0.005 each (note b)	行使購股權－ 每股面值0.005港元之普通股(附註b)	713,000	3
At 31st December, 2007	於二零零七年十二月三十一日	1,705,083,000	8,525

Notes:

附註：

- (a) On 27th September, 2007, the Company subdivided each of the existing issued and unissued shares of HK\$0.01 each in the share capital of the Company into two shares of HK\$0.005 each. The share subdivision was intended to improve the liquidity in the trading of the shares of the Company and widen the Company's shareholder base.
- (b) During the year, 1,165,000 shares of HK\$0.01 each were issued at HK\$12.32 per share upon exercise of the 2005 share option (as defined under note 37); 3,052,000 shares of HK\$0.01 each were issued at HK\$12.74 per share upon exercise of the 2006 share option (as defined under note 37); and 713,000 shares of HK\$0.005 each were issued at HK\$6.16 per share upon exercise of the 2005 share option (as defined under note 37), of the Company by share option holders and all these shares rank pari passu with other ordinary shares of the Company in all respects.

- (a) 於二零零七年九月二十七日，本公司將股本中每股面值0.01港元之現有已發行及未發行股份拆細為兩股每股面值0.005港元之股份。股份拆細旨在提高本公司股份交易之流通性及擴闊本公司之股東基礎。
- (b) 年內，本公司分別於行使二零零五年購股權(定義見附註37)時按每股12.32港元發行1,165,000股每股面值0.01港元之股份；於行使二零零六年購股權(定義見附註37)時按每股12.74港元發行3,052,000股每股面值0.01港元之股份；以及於行使二零零五年購股權(定義見附註37)時按每股6.16港元發行713,000股每股面值0.005港元之股份，該等股份於各方面均與本公司其他普通股享有同等權益。

37. Share-based payment transactions

The Company's share option scheme (the "Scheme") was adopted for a period of 10 years commencing 27th March, 2004. Under the Scheme, the Company may grant options to selected full-time employees and directors of the Company and its subsidiaries, to subscribe for shares in the Company. Additionally, the Company may, from time to time, grant share options to eligible advisors and consultants to the Company and its subsidiaries at the discretion of the Board of Directors.

The total number of shares in respect of which options may be granted under the Scheme is not permitted to exceed 10% of the shares of the Company in issue at any point of time, without prior approval from the Company's shareholders. The number of shares issued and to be issued in respect of which options granted and may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. Options granted to substantial shareholders, independent non-executive directors, or any of their respective associates (including a discretionary trust whose discretionary objects include a substantial shareholder or an independent non-executive director or any of their respective associates) in excess of 0.1% of the Company's share capital or with a value in excess of HK\$5,000,000 must be approved by the Company's shareholders.

Option granted must be taken up within the time limit specified in the offer letter (which shall not be later than 5 days from the date of offer), upon payment of HK\$1 per option. Options may be exercised at any time during a period commencing on or after the date on which the option is accepted and deemed to be granted and expiring on a date to be notified by the Board to each grantee which shall not be more than 10 years from the date on which the option is accepted and deemed to be granted. The exercise price is determined by the directors of the Company, and will not be less than the higher of (i) the closing price of the Company's shares on the date of grant, (ii) the average closing price of the shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Company's share.

37. 股份付款交易

本公司已採納由二零零四年三月二十七日起為期十年之購股權計劃(「該計劃」)。根據該計劃，本公司可向本公司及其附屬公司經甄選之全職僱員及董事授出購股權，以認購本公司股份。此外，本公司可不時按董事局酌情權向本公司及其附屬公司之合資格顧問及諮詢顧問授出購股權。

如未經本公司股東事先批准，根據該計劃可授出購股權所涉及股份總數，不得超過本公司於任何時間已發行股份10%。如未經本公司股東事先批准，於任何一年，就任何個別人士所獲授及可獲授之購股權已發行及將發行之股份數目，不得超過本公司於任何時間已發行股份1%。授予主要股東、獨立非執行董事或任何彼等各自之聯繫人士(包括全權信託，而有關全權受益人包括主要股東或獨立非執行董事或任何彼等各自之聯繫人士)超過本公司股本0.1%或價值超過5,000,000港元之購股權，亦必須經本公司股東批准。

授出之購股權須於提呈函件所指定時限(不得遲於提呈日期起計5日)內接納，接納時須就每份購股權支付1港元。購股權可於接納及被視為已授出當日或之後起至董事局知會各承授人屆滿當日止期間內隨時行使，惟由接納及被視為已授出購股權當日起計不得超過10年。行使價由本公司董事釐定，將不低於(i)授出日期本公司股份收市價；(ii)緊接授出日期前五個營業日股份平均收市價；及(iii)本公司股份面值三者之較高者。

37. Share-based payment transactions (continued)

Details of specific categories of options are as follows:

37. 股份付款交易(續)

特定類別購股權之詳情如下：

Option type 購股權種類	Date of grant 授出日期	Vesting period 歸屬期	Exercise period 行使期	Adjusted exercise price 經調整行使價	
				Exercise price 行使價	HK\$ 港元
2005	7.10.2005	7.10.2005 - 7.10.2008	7.10.2006 - 26.3.2014	12.32	6.16 (note 1)
二零零五年	二零零五年 十月七日	二零零五年十月七日至 二零零八年十月七日	二零零六年十月七日至 二零一四年三月二十六日	12.32	6.16(附註1)
2006	16.3.2006	16.3.2006 - 16.3.2009	16.3.2007 - 26.3.2014	12.74	6.37 (note 1)
二零零六年	二零零六年 三月十六日	二零零六年三月十六日至 二零零九年三月十六日	二零零七年三月十六日至 二零一四年三月二十六日	12.74	6.37(附註1)
2007A	31.8.2007	31.8.2007 - 1.10.2011	1.10.2009 - 26.3.2014	37	18.50
二零零七年甲	二零零七年 八月三十一日	二零零七年八月三十一日至 二零一一年十月一日	二零零九年十月一日至 二零一四年三月二十六日	37	18.50
2007B	31.8.2007	31.8.2007 - 1.10.2010	1.10.2008 - 26.3.2014	37	18.50
二零零七年乙	二零零七年 八月三十一日	二零零七年八月三十一日至 二零一零年十月一日	二零零八年十月一日至 二零一四年三月二十六日	37	18.50
2007C	25.9.2007 (note 2)	31.8.2007 - 1.10.2010	1.10.2008 - 26.3.2014	37	18.50
二零零七年丙	二零零七年 九月二十五日 (附註2)	二零零七年八月三十一日至 二零一零年十月一日	二零零八年十月一日至 二零一四年三月二十六日	37	18.50

Notes:

- The exercise price has been adjusted upon sub-division of shares of the Company of HK\$0.01 to HK\$0.005 on 27th September, 2007.
- Option subject to approval of independent shareholders was proposed and granted by Board of Directors on 31st August, 2007. The approval was subsequently obtained on 25th September, 2007 which is the date of grant as defined in accordance with HKFRS 2.

附註：

- 行使價已於二零零七年九月二十七日日本公司股份由0.01港元拆細為0.005港元後作出調整。
- 董事局於二零零七年八月三十一日建議及授出有待獨立股東批准之購股權，其後於根據香港財務報告準則第2號界定之授出日期二零零七年九月二十五日取得批准。

37. Share-based payment transactions (continued)

The following table discloses movements of the Company's share options held by certain employees and directors:

2007

Option type	購股權種類	Outstanding at 31st December, 2006 於二零零六年 十二月三十一日 尚未行使	Granted during year 年內授出	Exercised during year 年內行使	Lapsed during year 年內失效	Subdivision of shares of HK\$0.01 to HK\$0.005 將每股0.01 港元之股份 拆細至每股 0.005港元	Outstanding at 31st December, 2007 於二零零七年 十二月三十一日 尚未行使
2005	二零零五年	5,002,000	-	(1,521,500)	(102,000)	3,378,500	6,757,000
2006	二零零六年	7,630,000	-	(3,052,000)	-	4,578,000	9,156,000
2007A	二零零七年甲	N/A 不適用	5,670,000	-	-	5,670,000	11,340,000
2007B	二零零七年乙	N/A 不適用	5,430,000	-	(115,000)	5,315,000	10,630,000
2007C	二零零七年丙	N/A 不適用	8,510,000	-	-	8,510,000	17,020,000
Total	總計	12,632,000	19,610,000	(4,573,500)	(217,000)	27,451,500	54,903,000
Exercisable at end of the year	於年終可予行使						3,125,000
		HK\$ 港元	HK\$ 港元	HK\$ 港元	HK\$ 港元	HK\$ 港元	HK\$ 港元
Weighted average exercise price per share	每股加權平均行使價	12.57	37.00	12.60	25.40	29.92	29.92
Adjusted weighted average exercise price per share (note)	經調整每股加權 平均行使價(附註)	6.29	18.50	6.30	12.70	14.96	14.96

37. 股份付款交易(續)

下表披露若干僱員及董事所持本公司購股權之變動：

二零零七年

Option type	購股權種類	Outstanding at 31st December, 2006 於二零零六年 十二月三十一日 尚未行使	Granted during year 年內授出	Exercised during year 年內行使	Lapsed during year 年內失效	Subdivision of shares of HK\$0.01 to HK\$0.005 將每股0.01 港元之股份 拆細至每股 0.005港元	Outstanding at 31st December, 2007 於二零零七年 十二月三十一日 尚未行使
2005	二零零五年	5,002,000	-	(1,521,500)	(102,000)	3,378,500	6,757,000
2006	二零零六年	7,630,000	-	(3,052,000)	-	4,578,000	9,156,000
2007A	二零零七年甲	N/A 不適用	5,670,000	-	-	5,670,000	11,340,000
2007B	二零零七年乙	N/A 不適用	5,430,000	-	(115,000)	5,315,000	10,630,000
2007C	二零零七年丙	N/A 不適用	8,510,000	-	-	8,510,000	17,020,000
Total	總計	12,632,000	19,610,000	(4,573,500)	(217,000)	27,451,500	54,903,000
Exercisable at end of the year	於年終可予行使						3,125,000
		HK\$ 港元	HK\$ 港元	HK\$ 港元	HK\$ 港元	HK\$ 港元	HK\$ 港元
Weighted average exercise price per share	每股加權平均行使價	12.57	37.00	12.60	25.40	29.92	29.92
Adjusted weighted average exercise price per share (note)	經調整每股加權 平均行使價(附註)	6.29	18.50	6.30	12.70	14.96	14.96

for the year ended 31st December, 2007 截至二零零七年十二月三十一日止年度

37. Share-based payment transactions (continued)

2006 – shares of HK\$0.01 each

Option type	購股權種類	Outstanding at 31st December, 2005 於二零零五年 十二月三十一日 尚未行使	Granted during year 年內授出	Exercised during year 年內行使	Lapsed during year 年內失效	Outstanding at 31st December, 2006 於二零零六年 十二月三十一日 尚未行使
2005	二零零五年	6,640,000	–	(968,000)	(670,000)	5,002,000
2006	二零零六年	N/A不適用	7,630,000	–	–	7,630,000
Total	總計	6,640,000	7,630,000	(968,000)	(670,000)	12,632,000
Exercisable at end of the year	於年終可予行使					1,420,000
		HK\$ 港元	HK\$ 港元	HK\$ 港元	HK\$ 港元	HK\$ 港元
Weighted average exercise price per share	每股加權平均行使價	12.32	12.74	12.32	12.32	12.57
Adjusted weighted average exercise price per share (note)	經調整每股加權平均行使價 (附註)	6.16	6.37	6.16	6.16	6.29

Note: The weighted average exercise price per share has been adjusted for sub-division of shares of the Company of HK\$0.01 to HK\$0.005.

In respect of the share options exercised during the year, the weighted average share price at the dates of exercise is HK\$15.77* (2006: HK\$8.04*).

During the year, share options were granted on 31st August, 2007 and 25th September, 2007 respectively. The estimated fair values of the options granted on that date were as follows:

37. 股份付款交易(續)

二零零六年—每股面值0.01港元之股份

附註：每股加權平均行使價已因應本公司股份由每股0.01港元拆細至0.005港元而作出調整。

就年內已行使購股權而言，各行使日期之加權平均股價為15.77港元*(二零零六年：8.04港元*)。

年內，本公司分別於二零零七年八月三十一日及二零零七年九月二十五日授出購股權。於該日授出之購股權之估計公平值如下：

	Grant date 授出日期	Fair value 公平值 HK\$ 港元	Adjusted fair value 經調整公平值 HK\$ 港元
2007A 二零零七年甲	31.8.2007 二零零七年八月三十一日	7.19	3.59*
2007B 二零零七年乙	31.8.2007 二零零七年八月三十一日	5.77	2.89*
2007C 二零零七年丙	25.9.2007 二零零七年九月二十五日	12.58	6.29*

37. Share-based payment transactions (continued)

The closing prices of the Company's shares each immediately before 31st August, 2007 and 25th September, 2007 were HK\$16.90* and HK\$21.9* respectively.

These fair values were calculated using the Black-Scholes pricing model. The inputs into the model were as follows:

		2007A 二零零七年甲	2007B 二零零七年乙	2007C 二零零七年丙	2006 二零零六年	2005 二零零五年
Share price on grant date	於行使日期之股價	33.80港元	33.80港元	43.80港元	13.15港元	12.15港元
Adjusted share price on grant date	於授出日期之已調整股價	16.90港元*	16.90港元*	21.90港元*	6.58港元*	6.08港元*
Exercise price	行使價	37.00港元	37.00港元	37.00港元	12.74港元	12.32港元
Adjusted share price	經調整行使價	18.50港元*	18.50港元*	18.50港元*	6.37港元*	6.16港元*
Expected volatility	預期波幅	32%	32%	32%	30.71%	32.47%
Expected life	預計年期	2.6至4.6年	1.6至3.6年	1.5至3.5年	5.5年	8.5年
Risk-free rate	無風險比率	4.089%至4.23%	4.03%至4.16%	3.81%至4.00%	4.55%	4.18%
Expected dividend yield	預期股息率	1.22%	1.22%	1.22%	2.52%	2.73%

Expected volatility was determined by using the historical volatility of the Company's share price in the preceding year. The expected life used in the model has been made, based on management's best estimate and take into account the effects of non-transferability, exercise restrictions and behavioral considerations.

The Group recognised an expense in the income statement of approximately HK\$32.0 million (2006: HK\$19.2 million) for the year ended 31st December, 2007 in relation to share options granted by the Company.

(Note: *adjusted for sub-division of shares of the Company of HK\$0.01 to HK\$0.005.)

37. 股份付款交易(續)

本公司股份於緊接二零零七年八月三十一日及二零零七年九月二十五日前之收市價分別為16.90港元*及21.9港元*。

此等公平值乃按「柏力克-舒爾斯」期權定價模式計算。代入該模式之數字如下：

預期波幅以本公司股價於過往年度之歷史波幅釐定。該模式中使用之預計年期乃已按管理層經考慮不可轉讓性、行使限制及行為考慮因素後作出之最佳估計作出調整。

於截至二零零七年十二月三十一日止年度，本集團就本公司授出購股權於收益表確認開支約32,000,000港元(二零零六年：19,200,000港元)。

(附註：*就本公司股份拆細(由0.01港元至0.005港元)調整)

38. Cash and cash equivalents

Cash and cash equivalents cash be reconciled to the related items in the consolidated balance sheet as follows:

		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Bank balances and cash	銀行結餘及現金	3,598,388	2,584,087
Cash and cash equivalents included in asset held for sale (note 28)	計入持作出售資產之現金及現金等價物(附註28)	6,568	-
		3,604,956	2,584,087

39. Operating lease commitments**The Group as lessee**

At the balance sheet date, the Group had commitments for future minimum lease payments under non-cancellable operating leases in respect of leasehold land and buildings which are as follows:

		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Within one year	一年內	140,568	126,958
In the second to fifth year inclusive	第二至第五年(包括首尾兩年)	539,163	498,200
Over five years	超過五年	1,579,898	1,588,012
		2,259,629	2,213,170

Operating lease payments represent rentals payable by the Group for leasing commercial properties. Leases are generally negotiated for an average terms of one to five years and rentals are fixed for an average of two years except the following:

- (a) Lease of Shanghai Joinbuy Cityplaza by Shanghai Ongoing Department Store Limited, a subsidiary of the Company, for the period from 1st October, 2004 to 30th September, 2024, with an option to renew for a further 10 years.
- (b) Lease of the Amazon, No. 12 Salisbury Road, Tsimshatsui, Kowloon by Sogo Hong Kong Company Limited, with Hong Kong Island Development Limited for the period from 15th September, 2005 to 14th September, 2020, with an option to renew for a further 5 years.

38. 現金及現金等價物

現金及現金等價物與綜合資產負債表內相關項目對賬如下：

		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Bank balances and cash	銀行結餘及現金	3,598,388	2,584,087
Cash and cash equivalents included in asset held for sale (note 28)	計入持作出售資產之現金及現金等價物(附註28)	6,568	-
		3,604,956	2,584,087

39. 經營租約承擔**本集團作為承租人**

於結算日，本集團就不可撤銷經營租約之租賃土地及樓宇所承擔日後最低租約款項如下：

		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Within one year	一年內	140,568	126,958
In the second to fifth year inclusive	第二至第五年(包括首尾兩年)	539,163	498,200
Over five years	超過五年	1,579,898	1,588,012
		2,259,629	2,213,170

經營租約款項指本集團就租用商業物業應付之租金。租約一般按平均租賃期一至五年協商，租金平均每兩年釐定，惟以下各項則除外：

- (a) 本公司附屬公司上海久光百貨有限公司所訂立有關上海九百城市廣場之租約，租期由二零零四年十月一日至二零二四年九月三十日，可選擇進一步續期十年。
- (b) 崇光(香港)百貨有限公司與香島發展有限公司所訂立有關九龍尖沙咀梳士巴利道12號亞瑪遜之租約，租期由二零零五年九月十五日至二零二零年九月十四日，可選擇進一步續期五年。

39. Operating lease commitments (continued)

The Group as lessor

At the balance sheet date, the Group had contracted with tenants for the following future minimum lease payments:

		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Within one year	一年內	67,087	30,475
In the second to fifth year inclusive	第二至第五年(包括首尾兩年)	105,854	30,663
		172,941	61,138

Leases are generally negotiated for an average term of one to five years.

In addition, the Group had contracted with its concessionaire to receive contingent rentals based on the concessionaires' turnover for an average term of one to two years.

39. 經營租約承擔(續)

本集團作為出租人

於結算日，本集團已與租戶訂約的日後最低租約款項如下：

	2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Within one year	67,087	30,475
In the second to fifth year inclusive	105,854	30,663
	172,941	61,138

租約一般按平均租賃期一至五年協商。

此外，本集團與其特許專權就按特許專權營業額收取或然租金訂立平均年期為一至兩年之合約。

40. Capital and other commitments

40. 資本及其他承擔

		2007	2006
		二零零七年	二零零六年
		HK\$'000	HK\$'000
		千港元	千港元
Capital expenditure in respect of the acquisition of property, plant and equipment	有關購入物業、廠房及設備之資本開支		
– Authorised but not contracted for	– 已授權惟未訂約	3,820,900	2,890,000
– Contracted for but not provided in the financial statements	– 已訂約惟未於財務報表撥備	374,700	6,258
		4,195,600	2,896,258
Capital expenditure in respect of the acquisition of land use right contracted for but not provided in the financial statements	有關收購土地使用權而 已訂約惟未於財務報表撥備之 資本開支	10,500	798,000
Other commitments in respect of investment in a jointly controlled entity	有關於一家共同控制實體投資之 其他承擔	–	777,000
Other commitments in respect of acquisition of equity interests of PRC companies	有關收購中國公司股本權益之 其他承擔	770,400	–
		4,976,500	4,471,258

41. Contingent liabilities

Pursuant to two sales and purchase agreements entered into among the subsidiaries in 1985 and 1996, certain properties were transferred within the Group. The assignments of these properties have not been executed. If no exemption for stamp duty is granted under the Stamp Duty Ordinance, upon execution of the assignment of the properties, the Group will be subject to an aggregate stamp duty of approximately HK\$38.9 million.

42. Pledge of assets

At 31st December, 2007, the Group has pledged certain leasehold land and buildings with carrying values of HK\$1,680.3 million (2006: HK\$1,724.6 million), together with certain shares of the Company's subsidiaries, to secure the banking facilities of HK\$4,000.0 million (2006: HK\$4,000.0 million) granted to the Group of which HK\$3,000.0 million (2006: HK\$1,200.0 million) has been utilised. In addition, the Group investment property in the PRC with carrying value of approximately HK\$1,538.9 million (2006: nil) has been pledged to secure a loan of RMB300.0 million (equivalent to approximately HK\$320.4 million) advanced by a bank to a third party to whom the Group is indebteded.

43. Post balance sheet event

According to the joint announcement made by the Company and Egana on 25th February, 2008, an extension letter was signed between the Company and Egana to extend to maturity date of the Bridging Loan (see note 23(b)) to a date no later than 25th March, 2008 (unless a later date is approved by the Company in writing).

41. 或然負債

根據附屬公司間於一九八五年及一九九六年訂立之兩份買賣協議，若干物業於本集團內公司間轉讓，惟該等物業轉讓至今仍未執行。倘未能根據印花稅條例獲豁免印花稅，則本集團於轉讓該等物業時，將須繳付合共約38,900,000港元印花稅。

42. 資產抵押

於二零零七年十二月三十一日，本集團將賬面值為1,680,300,000港元(二零零六年：1,724,600,000港元)之若干租賃土地及樓宇，連同本公司附屬公司若干股份抵押，作為本集團獲授銀行融資額4,000,000,000港元(二零零六年：4,000,000,000港元)之抵押，其中3,000,000,000港元(二零零六年：1,200,000,000港元)已動用。另外，本集團賬面值約1,538,900,000港元(二零零六年：零)之一項位於中國的投資物業已為集團的第三方債權人人民幣300,000,000元(約相當於320,400,000港元)貸款作抵押。

43. 結算日後事項

根據本公司與聯洲國際於二零零八年二月二十五日之聯合公佈，本公司及聯洲國際已簽署延長函件，同意延長過渡貸款(見附註23(b))的到期日至二零零八年三月二十五日(除非本公司書面批准較後一個日期)。

44. Related party disclosure**(a) Transactions**

During the year, the Group had entered into the following significant transactions with the following related parties and connected parties:

Name of related parties 有關連人士名稱	Nature of transaction 交易性質	2007	2006
		二零零七年 HK\$'000 千港元	二零零六年 HK\$'000 千港元
Shanghai Joinbuy City Plaza Co. Ltd. ("Property JV") 上海九百城市廣場有限公司 (「物業合資企業」)	Rental and management fee paid (note 1) 已付租金及管理費(附註 1)	154,582	149,122
Chow Tai Fook Jewellery Co., Ltd. ("CTF Jewellery") 周大福珠寶金行有限公司(「周大福珠寶」)	Income from concessionaire sales (note 2) 特許專權銷售收入(附註 2)	11,505	8,690
周大福珠寶金行(深圳)有限公司 (「周大福深圳珠寶」)	Income from concessionaire sales (note 2) 特許專權銷售收入(附註 2)	1,443	1,609
周大福珠寶金行(蘇州)有限公司 (「周大福蘇州珠寶」)	Income from concessionaire sales (note 2) 特許專權銷售收入(附註 2)	684	—
Hong Kong Island Development Limited ("Hong Kong Island") 香島發展有限公司(「香島」)	Rental, vetting fee, air-conditioning charges and management fee paid (note 2) 已付租金、審批費用、空調費及 管理費(附註 2)	38,672	34,539
Pollution & Protection Services Limited ("PPS") 寶聯防污服務有限公司(「寶聯防污」)	Cleaning service (note 2) 清潔服務(附註 2)	9,522	2,906
New World PCS Limited ("New World PCS") 新世界流動電話有限公司 (「新世界流動電話」)	Licence fee received (note 2) 已收特許費(附註 2)	—	378

44. 有關連人士披露**(a) 交易**

年內，本集團曾與以下有關連人士及關連人士進行下列重大交易：

44. Related party disclosure (continued)

(a) Transactions (continued)

Notes:

- (1) Property JV is a jointly controlled entity in which the Group has a 50% interest.
- (2) CTF Jewellery, 周大福深圳珠寶, 周大福蘇州珠寶, Hong Kong Island, PPS and New World PCS are companies in which Dató Dr. Cheng Yu-tung and Mr. Cheng Kar-shun, Henry, the directors of the Company, have beneficial interests.
- (3) At 31st December, 2007, concessionaire sales payable included amounts of approximately HK\$12,233,000 and HK\$2,869,000 (2006: HK\$11,764,000 and HK\$2,576,000) aged within 30 days due to CTF Jewellery and 周大福蘇州珠寶 respectively in which related parties, Dató Dr. Cheng Yu-tung and Dr. Cheng Kar-shun, Henry, directors of the Company, have beneficial interests. The amount was trading in nature and relate to payables arising from concessionaire sales. These trading balances are unsecured, non-interest bearing and repayable according to the terms of the concessionaire dealership agreement.

(b) Compensation of key management personnel

The remuneration of executive directors during the year was determined by the remuneration committee having regard to the performance of the individuals and market. Details of which together with the other 4 highest paid management personnel are disclosed in note 13 above.

44. 有關連人士披露(續)

(a) 交易(續)

附註:

- (1) 物業合營企業為本集團擁有50%權益之共同控制實體。
- (2) 周大福珠寶、周大福深圳珠寶、周大福蘇州珠寶、香島、寶聯防污及新世界流動電話為本公司董事拿督鄭裕彤博士及鄭家純先生持有實益權益的公司。
- (3) 於二零零七年十二月三十一日，應付特許專權銷售款項包括須於30天內支付予有關連人士周大福珠寶及周大福蘇州珠寶款項分別約12,233,000港元及2,869,000港元(二零零六年：11,764,000港元及2,576,000港元)。本公司兩名董事拿督鄭裕彤博士及鄭家純博士持有該等公司實益權益。該筆款項屬貿易性質，與特許專權銷售所產生應付款項相關。此等賬款結餘為無抵押、免息及須按特許專權經營協議條款償還。

(b) 主要管理人員薪酬

年內，執行董事之酬金乃由薪酬委員會按個別表現及市場狀況釐定，彼等之酬金連同其餘四名最高收入管理層成員之酬金詳情於上文附註13披露。

45. Particulars of principal subsidiaries

At 31st December, 2007, the details of the Company's principal subsidiaries are as follows:

45. 主要附屬公司詳情

於二零零七年十二月三十一日，本公司主要附屬公司之詳情如下：

Name of company 公司名稱	Place of incorporation and operation date of incorporation 註冊成立及營業地點以及註冊成立日期	Issued and fully paid share capital 已發行及繳足股本	Attributable equity interest of the Group 本集團應佔股本權益	Principal activities 主要業務
Asia Kinetic Limited 明振有限公司	Hong Kong 27th February, 2002 香港 二零零二年二月二十七日	HK\$2 2港元	100%	Retailing and investment holding 零售及投資控股
Congenial Company Limited	Hong Kong 24th April, 1981 香港 一九八一年四月二十四日	HK\$10,000,000 10,000,000港元	100%	General trading and property holding 一般貿易及物業持有
Eastlord Development Limited 加諾發展有限公司	Hong Kong 21st August, 1987 香港 一九八七年八月二十一日	HK\$500,000 500,000港元	100%	Property holding and leasing 物業持有及租賃
Everwin Worldwide Limited 永盛環球有限公司	Hong Kong 17th November, 2000 香港 二零零零年十一月十七日	HK\$2 2港元	100%	Property leasing 物業租賃
Fine Shine Limited 遠耀有限公司	Hong Kong 11th September, 2003 香港 二零零三年九月十一日	HK\$2 2港元	100%	Restaurant retail and supermarket 食肆、零售及超級市場
Forceworld Investments Limited 可偉投資有限公司	Hong Kong 15th July, 1988 香港 一九八八年七月十五日	HK\$500,000 500,000港元	100%	Property holding 物業持有
Future Develop Limited	British Virgin Islands/ Hong Kong 12th December, 2003 英屬維爾京群島/香港 二零零三年十二月十二日	US\$3 3美元	100%	Investment holding 投資控股

45. Particulars of principal subsidiaries (continued)

45. 主要附屬公司詳情(續)

Name of company 公司名稱	Place of incorporation and operation date of incorporation 註冊成立及營業地點 以及註冊成立日期	Issued and fully paid share capital 已發行及繳足股本	Attributable equity interest of the Group 本集團應佔股本權益	Principal activities 主要業務
Glory Line Management Limited 偉業管理有限公司	Hong Kong 5th September, 1995 香港 一九九五年九月五日	HK\$500,000 500,000港元	100%	Provision of property security and management services 提供物業保安及管理服務
Grand Kinetic Limited 堅享有限公司	Hong Kong 7th February, 2001 香港 二零零一年二月七日	HK\$2 2港元	100%	Property holding and leasing 物業持有及租賃
Pacific Trump Development Limited 沛駿發展有限公司	Hong Kong 6th July, 1995 香港 一九九五年七月六日	HK\$2 2港元	100%	Property letting and investment holding 物業租賃及投資控股
Public Might Limited 群量有限公司	Hong Kong 30th August, 1984 香港 一九八四年八月三十日	HK\$1,000 1,000港元	100%	Property investment and provision of building management services 物業投資及提供大廈管理服務
Ronson Kwok Asia Pacific Limited	Hong Kong 5th October, 1993 香港 一九九三年十月五日	HK\$1,000,000 1,000,000港元	100%	Building management and club operator 大廈管理及會所營運
Sogo Hong Kong Company Limited 崇光(香港)百貨有限公司	Hong Kong 23rd September, 1983 香港 一九八三年九月二十三日	HK\$4,000,000 4,000,000港元	100%	Retailing business 零售業務
Superlite Limited	British Virgin Islands/ Hong Kong 3rd April, 2001 英屬維爾京群島/香港 二零零一年四月三日	US\$1 1美元	100%	Property holding 物業持有

45. Particulars of principal subsidiaries (continued)

45. 主要附屬公司詳情(續)

Name of company 公司名稱	Place of incorporation and operation date of incorporation 註冊成立及營業地點 以及註冊成立日期	Issued and fully paid share capital 已發行及繳足股本	Attributable equity interest of the Group 本集團應佔 股本權益	Principal activities 主要業務
上海久光百貨有限公司* (Shanghai Ongoing Department Store Limited) (sino-foreign equity joint venture) (中外合資企業)	People's Republic of China 26th July, 2004 中華人民共和國 二零零四年七月二十六日	US\$12,000,000 12,000,000美元	65%	Retailing business 零售業務
瀋陽卓遠置業有限公司**	People's Republic of China 1st December, 2006 中華人民共和國 二零零六年十二月一日	US\$74,990,000 74,990,000美元	100%	Property holding 物業持有
瀋陽怡富置業有限公司**	People's Republic of China 12th March, 2007 中華人民共和國 二零零七年三月十二日	US\$50,000,000 50,000,000美元	100%	Property holding 物業持有
河北北國開元廣場有限 責任公司*	People's Republic of China 27th May, 2005 中華人民共和國 二零零五年五月二十七日	RMB55,000,000 人民幣55,000,000元	59.4%	Property holding and leasing 物業持有及租賃
Lifestyle Plaza (Suzhou) Co., Ltd. 利福廣場(蘇州)有限公司*	People's Republic of China 1st March, 2007 中華人民共和國 二零零七年三月一日	RMB390,000,000 人民幣390,000,000元	63.1%	Property holding and leasing 物業持有及租賃

* a limited liability company established in the PRC.

* 於中國成立之有限公司。

** a wholly foreign-owned enterprise established in the PRC.

** 於中國成立之全外資企業。

None of the subsidiaries had issued any debt securities at the end of the year.

附屬公司於年終概無任何已發行債券。

46. Balance sheet information of the company

Balance sheet information of the Company at the balance sheet date includes:

		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Non-current asset	非流動資產		
Interest in subsidiaries	於附屬公司權益	4,194	4,194
Current assets	流動資產		
Other receivables	其他應收款項	2,908	211
Amounts due from subsidiaries	應收附屬公司款項	2,964,045	3,184,210
Bank balances and cash	銀行結存及現金	93	42,921
		2,967,046	3,227,342
Current liabilities	流動負債		
Other payables	其他應付款項	2,536	1,405
Dividend payable	應付股息	1	3
Taxpayable	應繳稅項	2,011	-
		4,548	1,408
Net current assets	流動資產淨值	2,962,498	3,225,934
		2,996,692	3,230,128
Capital and reserves	資本及儲備		
Share capital	股本	8,525	8,480
Reserves	儲備	2,958,167	3,221,648
		2,966,692	3,230,128

Profit for the year ended 31st December, 2007 of the Company amounted to approximately HK\$3,990,000 (2006: HK\$8,542,000).

Under the Company Law (Revised) Chapter 25 of the Cayman Islands, the share premium of the Company is available for distribution or paying dividends to shareholders subject to the provisions of its memorandum or articles of association and provided that immediately following the distribution of dividends, the Company is able to pay its debts as they fall due in the ordinary course of business. The Company's reserve available for distribution consisted of share premium of approximately HK\$2,913,222,000 (2006: HK\$3,199,948,000) and retained profit of the Company of approximately HK\$7,949,000 at 31st December, 2007 (2006: HK\$1,100,000).

46. 本公司資產負債表資料

於結算日，本公司資產負債表資料包括：

		2007 二零零七年 HK\$'000 千港元	2006 二零零六年 HK\$'000 千港元
Non-current asset	非流動資產		
Interest in subsidiaries	於附屬公司權益	4,194	4,194
Current assets	流動資產		
Other receivables	其他應收款項	2,908	211
Amounts due from subsidiaries	應收附屬公司款項	2,964,045	3,184,210
Bank balances and cash	銀行結存及現金	93	42,921
		2,967,046	3,227,342
Current liabilities	流動負債		
Other payables	其他應付款項	2,536	1,405
Dividend payable	應付股息	1	3
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		4,548	1,408
Net current assets	流動資產淨值	2,962,498	3,225,934
		2,996,692	3,230,128
Capital and reserves	資本及儲備		
Share capital	股本	8,525	8,480
Reserves	儲備	2,958,167	3,221,648
		2,966,692	3,230,128

截至二零零七年十二月三十一日止年度，本公司之溢利約為3,990,000港元(二零零六年：8,542,000港元)。

根據開曼群島公司法(經修訂)第25章，本公司之股份溢價可根據其公司組織章程大綱或細則之規定，分派予股東或作為股息向股東派發，惟緊隨股息分派後，本公司須有能力支付其於日常業務過程中到期之債務。於二零零七年十二月三十一日，本公司之可供分派儲備由股份溢價約2,913,222,000港元(二零零六年：3,199,948,000港元)及本公司保留溢利約7,949,000港元(二零零六年：1,100,000港元)組成。

Group Financial Summary

集團財務摘要

Consolidated Income Statement

For the year ended 31st December,

		2007 二零零七年 HK\$ 000 千港元	2006 二零零六年 HK\$ 000 千港元 (Restated) (重列)	2005 二零零五年 HK\$ 000 千港元	2004 二零零四年 HK\$ 000 千港元 (Restated) (重列)
Turnover	營業額	3,112,368	2,581,962	2,094,299	1,608,728
Profit attributable to equity holders of the Company	本公司股東應佔溢利	1,024,085	740,170	539,378	414,125
Earnings per share (HK cents)*	每股盈利(港仙)*				
– Basic	– 基本	60.2	43.7	34.7	31.1
– Diluted	– 攤薄	59.8	43.7	N/A不適用	N/A不適用
Total dividends per share (HK cents)	每股股息總額(港仙)	24.0	17.8	15.3	13.7

綜合收益表

截至十二月三十一日止年度

Consolidated Balance Sheet

At 31st December,

		2007 二零零七年 HK\$ 000 千港元	2006 二零零六年 HK\$ 000 千港元	2005 二零零五年 HK\$ 000 千港元	2004 二零零四年 HK\$ 000 千港元
Total assets	資產總值	10,434,243	6,279,003	5,629,191	4,255,275
Total liabilities	負債總額	(5,216,563)	(2,420,094)	(2,261,998)	(2,462,845)
Total net assets	資產淨值總額	5,217,680	3,858,909	3,367,193	1,792,430
Minority interests	少數股東權益	(560,962)	(4,929)	(41,255)	–
Total net assets attributable to equity holders of the Company	本公司股東應佔資產淨值總額	4,656,718	3,853,980	3,325,938	1,792,430
Net assets per share (HK\$)*	每股資產淨值(港元)*	3.06	2.28	1.99	1.20
Net assets per share attributable to equity holders of the Company (HK\$)*	本公司股東應佔每股資產淨值(港元)*	2.73	2.27	1.96	1.20
Number of shares issued*	已發行股份數目*	1,705,083,000	1,695,936,000	1,694,000,000	1,494,000,000

綜合資產負債表

於十二月三十一日

* Adjusted for subdivision of shares (one into two) during the year ended 31st December, 2007.

* 已就截至二零零七年十二月三十一日止年度股份拆細(一股拆為兩股)調整。

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