

For the year ended 29 February 2004
(Expressed in Hong Kong dollars)

1 SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (which includes all applicable Statements of Standard Accounting Practice and Interpretations) issued by the Hong Kong Society of Accountants (“HKSA”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. A summary of the significant accounting policies adopted by the Group is set out below.

(b) Basis of preparation of the financial statements

(i) *Going concern basis*

On 3 August 2000, the Company and all the then bank lenders of the Group entered into a restructuring agreement (“the Restructuring Agreement”) regarding the payment of all Hong Kong bank borrowings, totalling approximately \$399 million (“the Bank Borrowings”). The Restructuring Agreement applies for a period of five years and three months or up to an earlier date when the Bank Borrowings are reduced to \$150 million. The Group is required to make minimum fixed repayments of \$24 million on an annual basis. The Group has met this requirement and has paid \$152 million to its bank lenders since the date of the Restructuring Agreement, except that, as explained in note 21(d), certain quarterly payments were agreed to be postponed during this year. As part of the Restructuring Agreement, the majority participating lenders may give 14 days’ notice to terminate the Restructuring Agreement.

截至2004年2月29日止年度
(以港元列示)

1 主要會計政策

(a) 遵例聲明

本財務報表是按照香港會計師公會頒布的所有適用的《香港財務報告準則》(包括所有適用的《會計實務準則》及解釋)、香港公認會計原則及香港《公司條例》的披露規定編製。本財務報表同時符合適用的《香港聯合交易所有限公司證券上市規則》披露規定。以下是本集團採用的主要會計政策概要。

(b) 財務報表的編製基準

(i) *持續經營基準*

於2000年8月3日，本公司與本集團的所有債權銀行就償還約合共399,000,000元的香港銀行貸款(「銀行貸款」)簽訂重組協議(「重組協議」)。此重組協議為期五年零三個月或直至銀行貸款減至150,000,000元為止(以較早日期為準)。本集團每年最少須定額償還24,000,000元。本集團已達到這項規定，從簽訂重組協議當天至今，本集團已償還152,000,000元給債權銀行。但正如附註21(d)解釋，年內某些季度還款已協定延遲支付。重組協議亦規定，大多數債權人可在給予14天通知後終止重組協議。

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1 SIGNIFICANT ACCOUNTING POLICIES

(Continued)

(b) Basis of preparation of the financial statements

(Continued)

(i) Going concern basis (Continued)

As set out in an announcement of the Company dated 14 May 2004, Partner Logistics Limited ("Partner Logistics"), a company controlled by Mr. Tse Tat Fung, Tommy, the substantial shareholder and a director of the Company purchased from certain of the bank lenders Bank Borrowings to the amount of \$210 million. Of the amount, \$196 million was purchased on 11 February 2004 and the remaining balance of \$14 million was purchased after the year end on 2 April 2004. Subsequent to the completion of these purchases, the outstanding borrowings owed by the Group to the bank lenders amounted to \$38 million. It is also in the announcement that a revised debt restructuring is proposed for the outstanding borrowings owed to the bank lenders and Partner Logistics. The following is proposed:

- the outstanding borrowings due to the bank lenders are to be repaid over a two to three year period;
- the Group will not commence to repay the outstanding debt due to Partner Logistics until the borrowings due to the bank lenders are reduced to a total of \$15.9 million; and
- Partner Logistics is to convert all or part of the borrowings owed by the Group into share capital of the Company.

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1 主要會計政策 (續)

(b) 財務報表的編製基準 (續)

(i) 持續經營基準 (續)

正如本公司於2004年5月14日發出的公告所述，本公司控股股東兼董事謝達峰先生控制的公司——Partner Logistics Limited ("Partner Logistics")從某些債權銀行購入為數210,000,000元的銀行貸款。該筆款項中有196,000,000元於2004年2月11日購入，餘額14,000,000元在2004年4月2日購入。在完成這些購買後，本集團尚欠債權銀行的借款為38,000,000元。該公告中也提到，本公司為尚欠債權銀行及Partner Logistics的借款建議修訂債務重組安排。有關建議如下：

- 尚欠債權銀行的借款將於兩至三年期內償還；
- 本集團不會開始償還尚欠Partner Logistics的債務，直至尚欠債權銀行的借款減至總數為15,900,000元為止；及
- Partner Logistics將把本集團尚欠的所有或部分借款轉換為本公司的股本。

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1 SIGNIFICANT ACCOUNTING POLICIES

(Continued)

(b) Basis of preparation of the financial statements

(Continued)

(i) Going concern basis (Continued)

The directors believe that the ongoing support of the bank lenders and Partner Logistics will continue and the proposed debt restructuring and debt conversion will be agreed. This will enable the Group to continue in operational existence in the foreseeable future. Accordingly, the directors are satisfied that it is appropriate to prepare the financial statements on a going concern basis, notwithstanding the Group's financial position as at 29 February 2004. Should the Group be unable to continue in business as a going concern, adjustments would have to be made to restate the values of assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities, respectively. The effect of these adjustments have not been reflected in the financial statements.

(ii) Measurement basis

The measurement basis used in the preparation of the financial statements is historical cost modified by the revaluation of investment properties and land and buildings, and the marking to market of certain investments in securities as explained in the accounting policies set out below.

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1 主要會計政策 (續)

(b) 財務報表的編製基準 (續)

(i) 持續經營基準 (續)

董事相信，其債權銀行和 Partner Logistics 將會持續提供支持，而有關各方將就債務重組及債務轉換建議達成協議。這將使本集團在可見的將來持續經營。有鑑於此，董事認為以持續經營基準為本集團於2004年2月29日的財政狀況編製財務報表是適當的。假如本集團未能在持續經營狀況下繼續經營業務，則本財務報表需要作出調整以重報資產價值為可收回數額，就任何其他可能出現的負債提撥撥備，以及將非流動資產及負債分別重新分類為流動資產及負債。這些調整的影響並未在財務報表中反映出來。

(ii) 編製基準

除投資物業和土地及建築物按重估值，以及部分證券投資按市值入賬(見下文所載的會計政策)外，本財務報表是以歷史成本作為編製基準。

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1 SIGNIFICANT ACCOUNTING POLICIES

(Continued)

(c) Subsidiaries

A subsidiary is an enterprise controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities.

An investment in a subsidiary is consolidated into the consolidated financial statements. Intra-group balances and transactions, and any unrealised profits arising from intra-group transactions, are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Minority interests at the balance sheet date, being the portion of the net assets of subsidiaries attributable to equity interests that are not owned by the Company, whether directly or indirectly through subsidiaries, are presented in the consolidated balance sheet separately from liabilities and the shareholders' equity. Minority interests in the results of the Group for the year are also separately presented in the profit and loss account.

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1 主要會計政策 (續)

(c) 附屬公司

附屬公司是指被本公司控制的企業。當本公司有權直接或間接監管該公司的財務及經營政策，並藉此從其業務獲得利益，控制權即存在。

集團於附屬公司的投資均在綜合財務報表中綜合計算。集團內部往來的餘額和集團內部交易及其產生的未變現盈利，均在編製綜合財務報表時全數抵銷。集團內部交易所產生的未變現虧損的抵銷方法與未變現盈利相同，但抵銷額只限於沒有證據顯示已轉讓資產已出現減值。

於結算日的少數股東權益是指並非由本公司直接或透過附屬公司間接擁有的股權所佔附屬公司資產淨值的部分；這些權益在綜合資產負債表內是與負債及股東權益分開列示。少數股東所佔本集團本年度業績的權益在損益表內亦會分開列示。

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1 SIGNIFICANT ACCOUNTING POLICIES

(Continued)

(c) Subsidiaries (Continued)

Where losses attributable to the minority exceed the minority interest in the net assets of a subsidiary, the excess, and any further losses attributable to the minority, are charged against the Group's interest except to the extent that the minority has a binding obligation to, and is able to, make good the losses. All subsequent profits of the subsidiary are allocated to the Group until the minority's share of losses previously absorbed by the Group has been recovered.

In the Company's balance sheet, an investment in a subsidiary is stated at cost less any impairment losses (see note 1(i)).

(d) Goodwill

Positive goodwill arising on consolidation represents the excess of the cost of the acquisition over the Group's share of the fair value of the identifiable assets and liabilities acquired. In respect of subsidiaries:

- for acquisitions before 1 March 2001, positive goodwill is eliminated against reserves and is reduced by impairment losses recognised in the profit and loss account (see note 1(i)); and
- for acquisitions on or after 1 March 2001, positive goodwill is amortised to the consolidated profit and loss account on a straight-line basis over its estimated useful life. Positive goodwill is stated in the consolidated balance sheet at cost less any accumulated amortisation and any impairment losses (see note 1(i)).

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1 主要會計政策 (續)

(c) 附屬公司 (續)

如果少數股東應佔的虧損超過其所佔附屬公司資產淨值的權益，超額部分和任何歸屬於少數股東的進一步虧損便會沖減本集團所佔權益；但如少數股東須承擔具有約束力的義務並有能力彌補虧損則除外。附屬公司的所有其後盈利均會分配予本集團，直至本集團收回以往承擔的少數股東應佔虧損為止。

本公司資產負債表所示於附屬公司的投資，是按成本減去任何減值虧損(參閱附註1(i))後入賬。

(d) 商譽

編製綜合財務報表時產生的正商譽是指投資成本超過本集團佔所收購可分資產與負債公允價值的數額。就附屬公司而言：

- 對於在2001年3月1日之前作出的收購，正商譽與儲備抵銷，並且減去已在損益表確認的減值虧損(參閱附註1(i))之數；及
- 對於在2001年3月1日或之後作出的收購，正商譽是按其預計可用年限，以直線法在綜合損益表內攤銷。正商譽是以成本減去任何累計攤銷及任何減值虧損(參閱附註1(i))後，記入綜合資產負債表。

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1 SIGNIFICANT ACCOUNTING POLICIES

(Continued)

(d) Goodwill (Continued)

Negative goodwill arising on acquisitions of subsidiaries represents the excess of the Group's share of the fair value of the identifiable assets and liabilities acquired over the cost of the acquisition. Negative goodwill is accounted for as follows:

- for acquisitions before 1 March 2001, negative goodwill is credited to a capital reserve; and
- for acquisitions on or after 1 March 2001, to the extent that negative goodwill relates to an expectation of future losses and expenses that are identified in the plan of acquisition and can be measured reliably, but which have not yet been recognised, it is recognised in the consolidated profit and loss account when the future losses and expenses are recognised. Any remaining negative goodwill, but not exceeding the fair values of the non-monetary assets acquired, is recognised in the consolidated profit and loss account over the weighted average useful life of those non-monetary assets that are depreciable/amortisable. Negative goodwill in excess of the fair values of the non-monetary assets acquired is recognised immediately in the consolidated profit and loss account.

In respect of any negative goodwill not yet recognised in the consolidated profit and loss account, such negative goodwill is shown in the consolidated balance sheet as a deduction from assets in the same balance sheet classification as positive goodwill.

截至2004年2月29日止年度
(以港元列示)

1 主要會計政策 (續)

(d) 商譽 (續)

收購附屬公司所產生的負商譽是指本集團佔所收購可分資產與負債公允價值超過投資成本的數額。負商譽的入賬方法如下：

- 對於在2001年3月1日之前作出的收購，負商譽計入資本儲備；及
- 對於在2001年3月1日或之後作出的收購，假如負商譽關乎已在收購計劃中確定及可以可靠地計算，但尚未確認的預計未來虧損和支出，便會在未來虧損和支出確認時，在綜合損益表內確認。任何尚餘的負商譽(但以所收購非貨幣資產公允價值為限)則按應計折舊／攤銷的非貨幣資產的加權平均可用年限，在綜合損益表內確認。然而，如尚餘的負商譽數額高於所收購非貨幣資產公允價值，這部分負商譽便會立即在綜合損益表內確認。

至於尚未在綜合損益表內確認的任何負商譽，有關的負商譽會在綜合資產負債表內列示為資產的減項，與正商譽屬於同一個資產負債表類別。

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1 SIGNIFICANT ACCOUNTING POLICIES

(Continued)

(d) Goodwill (Continued)

On disposal of a subsidiary during the year, any attributable amount of purchased goodwill not previously amortised through the consolidated profit and loss account or which has previously been dealt with as a movement on Group reserves is included in the calculation of the profit or loss on disposal.

(e) Investments in securities

The Group's and the Company's policies for investments in securities other than investments in subsidiaries are as follows:

- (i) Investments held on a continuing basis for an identified long-term purpose are classified as investment securities. Investment securities are stated in the balance sheet at cost less any provisions for diminution in value. Provisions are made when the fair values have declined below the carrying amounts, unless there is evidence that the decline is temporary, and are recognised as an expense in the profit and loss account, such provisions being determined for each investment individually.
- (ii) Trading securities are stated in the balance sheet at fair value. Changes in fair value are recognised in the profit and loss account as they arise. Securities are presented as trading securities when they were acquired principally for the purpose of generating a profit from short-term fluctuations in price or dealer's margin.

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1 主要會計政策 (續)

(d) 商譽 (續)

如於年內出售附屬公司，以往未在綜合損益表攤銷或以往作為集團儲備變動處理的應佔購入商譽的數額，均在計算出售的盈利或虧損時包括在內。

(e) 證券投資

本集團及本公司有關證券投資(於附屬公司的投資除外)的政策如下：

- (i) 持續持有作既定的長期用途的投資，歸類為投資證券。這類證券是以成本減去任何減值撥備後記入資產負債表。除非有證據證明減值屬於暫時性質，否則，當公允價值下跌至低於賬面金額時，便會提撥減值撥備，並在損益表內確認為支出。這些撥備是就各項投資個別釐定。
- (ii) 買賣證券均以公允價值記入資產負債表。公允價值的變動在產生時在損益表內確認。如果主要是為了從短期的價格波動或證券商的利潤賺取盈利而購入證券，則這些證券會作為買賣證券列賬。

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1 SIGNIFICANT ACCOUNTING POLICIES

(Continued)

(e) Investments in securities (Continued)

- (iii) Profits or losses on disposal of investments in securities are determined as the difference between the estimated net disposal proceeds and the carrying amount of the investments and are accounted for in the profit and loss account as they arise.

(f) Fixed assets

- (i) Fixed assets are carried in the balance sheets on the following bases:
- investment properties with an unexpired lease term of more than 20 years are stated in the balance sheet at their open market value which is assessed annually by external qualified valuers;
 - land and buildings held for own use are stated in the balance sheet at their revalued amount, being their open market value at the date of revaluation less any subsequent accumulated depreciation (see note 1(h)). Revaluations are performed by qualified valuers with sufficient regularity to ensure that the carrying amount of these assets does not differ materially from that which would be determined using fair values at the balance sheet date; and
 - plant, machinery and other fixed assets are stated in the balance sheet at cost less accumulated depreciation (see note 1(h)) and impairment losses (see note 1(i)).

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1 主要會計政策 (續)

(e) 證券投資 (續)

- (iii) 出售證券投資的盈利或虧損是按估計出售收入淨額與投資賬面金額之間的差額釐定，並在產生時記入損益表。

(f) 固定資產

- (i) 固定資產是按下列基準記入資產負債表：
- 尚餘租賃期超過20年的投資物業按每年經由外聘的合資格估值師所評估的公開市值記入資產負債表；
 - 持作自用的土地及建築物以其重估值(即根據它們在重估日的公開市值，減去任何其後的累計折舊(參閱附註1(h))後得出的數額)記入資產負債表。重估工作由合資格的估值師定期進行，以確保這些資產的賬面金額與採用結算日的公允價值釐定的數額之間不會出現重大差異；及
 - 廠房、機器及其他固定資產以成本減去累計折舊(參閱附註1(h))及減值虧損(參閱附註1(i))後記入資產負債表。

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1 SIGNIFICANT ACCOUNTING POLICIES

(Continued)

(f) Fixed assets (Continued)

(ii) Changes arising on the revaluation of investment properties and land and buildings held for own use are generally dealt with in reserves. The only exceptions are as follows:

- when a deficit arises on revaluation, it will be charged to the profit and loss account, if and to the extent that it exceeds the amount held in the reserve in respect of that same asset, or, solely in the case of investment properties, the portfolio of investment properties, immediately prior to the revaluation; and
- when a surplus arises on revaluation, it will be credited to the profit and loss account, if and to the extent that a deficit on revaluation in respect of that same asset, or, solely in the case of investment properties, the portfolio of investment properties, had previously been charged to the profit and loss account.

(iii) Subsequent expenditure relating to a fixed asset that has already been recognised is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the enterprise. All other subsequent expenditure is recognised as an expense in the period in which it is incurred.

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1 主要會計政策 (續)

(f) 固定資產 (續)

(ii) 重估投資物業和持作自用的土地及建築物所產生的變動一般會撥入儲備處理，但下列情況例外：

- 如果出現重估虧損，而且有關的虧損額超過就該項資產或只限於投資物業的投資物業組合在截至重估前計入儲備的數額，便會在損益表列支；及
- 如果以往曾將同一項資產或只限於投資物業的投資物業組合的重估虧損在損益表列支，則在出現重估盈餘時，便會撥入損益表計算。

(iii) 在超過現有資產原先評估的表現水平的未來經濟效益很可能流入企業時，與固定資產有關而且已獲確認的其後支出便會加入資產的賬面金額。所有其他其後支出則在產生的期間確認為支出。

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1 SIGNIFICANT ACCOUNTING POLICIES

(Continued)

(f) Fixed assets (Continued)

- (iv) Gains or losses arising from the retirement or disposal of a fixed asset are determined as the difference between the estimated net disposal proceeds and the carrying amount of the asset and are recognised in the profit and loss account on the date of retirement or disposal. On disposal of an investment property, the related portion of surpluses or deficits previously taken to the investment properties revaluation reserve is also transferred to the profit and loss account for the year. For all other fixed assets, any related revaluation surplus is transferred from the revaluation reserve to retained profits.

(g) Leased assets

Leases of assets under which the lessor has not transferred all the risks and benefits of ownership are classified as operating leases.

(i) Assets held for use in operating leases

Where the Group leases out assets under operating leases, the assets are included in the balance sheet according to their nature and, where applicable, are depreciated in accordance with the Group's depreciation policies, as set out in note 1(h). Impairment losses are accounted for in accordance with the accounting policy as set out in note 1(i). Revenue arising from operating leases is recognised in accordance with the Group's revenue recognition policies, as set out in note 1(p)(ii).

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1 主要會計政策 (續)

(f) 固定資產 (續)

- (iv) 報廢或出售固定資產所產生的損益以估計出售所得淨額與資產的賬面金額之間的差額釐定，並於報廢或出售當日在損益表確認。出售投資物業時，早前記入投資物業重估儲備的有關盈餘或虧損部分亦會轉入該年度的損益表內。就所有其他固定資產而言，任何相關的重估盈餘會由重估儲備轉入保留盈利。

(g) 租賃資產

出租人並未轉讓所有權的全部相關風險及報酬的資產租賃，歸類為經營租賃。

(i) 用作經營租賃的資產

如屬本集團以經營租賃出租資產的情況，則有關的資產會按性質列入資產負債表，並在適當的情況下，按附註1(h)所載本集團的折舊政策計算折舊。減值虧損按照附註1(i)所述的會計政策入賬。經營租賃所產生的收入則根據附註1(p)(ii)所載本集團確認收入的政策確認。

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1 SIGNIFICANT ACCOUNTING POLICIES

(Continued)

(g) Leased assets (Continued)

(ii) Operating lease charges

Where the Group has the use of assets under operating leases, payments made under the leases are charged to the profit and loss account in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of the benefits to be derived from the leased asset. Lease incentives received are recognised in the profit and loss account as an integral part of the aggregate net lease payments made. Contingent rentals are charged to the profit and loss account in the accounting period in which they are incurred.

(h) Depreciation

- (i) No depreciation is provided on investment properties with an unexpired lease term of over 20 years or on freehold land.
- (ii) Depreciation is calculated to write off the cost or valuation of other fixed assets over their estimated useful lives as follows:
 - leasehold land is depreciated on a straight-line basis over the remaining term of the lease;
 - buildings are depreciated on a straight-line basis over the shorter of their estimated useful lives, being 40 years from the date of completion, and the unexpired terms of the leases; and

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1 主要會計政策 (續)

(g) 租賃資產 (續)

(ii) 經營租賃費用

如屬本集團透過經營租賃使用資產的情況，則根據租賃作出的付款會在租賃期所涵蓋的會計期間內，以等額在損益表扣除；但如有其他基準能更清楚地反映租賃資產所產生的收益模式則除外。經營租賃協議所涉及的激勵措施均在損益表中確認為租賃淨付款總額的組成部分。或有租金在其產生的會計期間內在損益表扣除。

(h) 折舊

- (i) 尚餘租賃期超過20年的投資物業或永久業權土地不計提任何折舊。
- (ii) 其他固定資產的折舊是按其預計可用年限沖銷其成本或估值，計算方法如下：
 - 租賃土地按尚餘租賃期以直線法計算折舊；
 - 建築物按預計可用年限（即落成日期起計40年）或尚餘租賃期兩者中的較短期間，以直線法計算折舊；及

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1 SIGNIFICANT ACCOUNTING POLICIES

(Continued)

(h) Depreciation (Continued)

- other fixed assets are depreciated on a straight-line basis over their estimated useful lives as follows:

Furniture, fixtures and equipment	2 to 10 years
Plant and machinery	3 to 7 years
Motor vehicles	4 to 10 years

(i) Impairment of assets

Internal and external sources of information are reviewed at each balance sheet date to identify indications that the following assets may be impaired or an impairment loss previously recognised no longer exists or may have decreased:

- fixed assets (other than properties carried at revalued amounts);
- investments in subsidiaries; and
- positive goodwill (whether taken initially to reserves or recognised as an asset).

If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised in the profit and loss account whenever the carrying amount of an asset (including positive goodwill taken directly to reserves) exceeds its recoverable amount.

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1 主要會計政策 (續)

(h) 折舊 (續)

- 其他固定資產按下列預計可用年限以直線法計算折舊：

傢俬、裝置及設備	2至10年
廠房及機器	3至7年
汽車	4至10年

(i) 資產減值

董事在每個結算日審閱內部和外來的信息，以確定下列資產有否出現減值跡象，或是以往確認的減值虧損不復存在或已經減少：

- 固定資產(按重估數額列賬的物業除外)；
- 於附屬公司的投資；及
- 正商譽(不論是在產生時與儲備抵銷或確認為資產)。

如果發現有減值跡象，便會估計該資產的可收回數額。當資產的賬面金額(包括直接記入儲備的正商譽)高於可收回數額時，便會在損益表內確認減值虧損。

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1 SIGNIFICANT ACCOUNTING POLICIES

1 主要會計政策 (續)

(Continued)

(i) Impairment of assets (Continued)

(i) Calculation of recoverable amount

The recoverable amount of an asset is the greater of its net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

(ii) Reversals of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is reversed only if the loss was caused by a specific external event of an exceptional nature that is not expected to recur, and the increase in recoverable amount relates clearly to the reversal of the effect of that specific event.

A reversal of impairment losses is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to the profit and loss account in the year in which the reversals are recognised.

(i) 資產減值 (續)

(i) 計算可收回數額

資產的可收回數額以其銷售淨價和使用價值兩者中的較高數額為準。在評估使用價值時，會使用除稅前折讓率將估計未來現金流量折讓至現值。該折讓率應是反映市場當時所評估的貨幣時間價值和該資產的獨有風險。如果資產所產生的現金流入基本上不獨立於其他資產所產生的現金流入，則以能獨立產生現金流入的最小資產類別(即現金產生單位)來釐定可收回數額。

(ii) 減值虧損轉回

倘若用以釐定可收回數額的估計發生有利的變化，便會將資產減值虧損轉回；但商譽除外。至於商譽的減值虧損，倘若虧損是由性質獨特及預計不會再出現的特殊外界因素所造成，而且可收回數額的增加明顯是與該特殊因素轉回有關，才會將減值虧損轉回。

所轉回的減值虧損以假設沒有在往年確認減值虧損而應已釐定的資產賬面金額為限。所轉回的減值虧損在確認轉回的年度內計入損益表。

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1 SIGNIFICANT ACCOUNTING POLICIES

(Continued)

(j) Inventories

Inventories are carried at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

(k) Properties held for sale

Properties held for sale are stated at the lower of cost and net realisable value. Cost comprises all direct costs incurred in connection with bringing the properties held for sale to their current condition. Net realisable value represents the estimated selling price in the ordinary course of business less all costs to be incurred to make the sale.

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1 主要會計政策 (續)

(j) 存貨

存貨以成本及可變現淨值兩者中的較低數額入賬。

成本以加權平均成本法計算，其中包括所有採購成本、加工成本及將存貨達至目前地點和變成現狀的成本。

可變現淨值是以日常業務過程中的估計售價減去完成生產及銷售所需的估計成本後所得之數。

所出售存貨的賬面金額在相關收入獲確認的期間內確認為支出。存貨數額撇減至可變現淨值及存貨的所有虧損，均在出現減值或虧損的期間內確認為支出。因可變現淨值增加引致存貨的任何減值轉回之數，均在出現轉回的期間內確認為已列作支出的存貨數額減少。

(k) 待售物業

待售物業乃按成本及可變現淨值兩者中的較低者列賬，成本包括所有將待售物業置於現況的直接成本。可變現淨值乃按日常業務範圍內的估計出售價格扣除銷售所必須的成本計算。

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1 SIGNIFICANT ACCOUNTING POLICIES

(Continued)

(l) Cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the cash flow statement.

(m) Employee benefits

- (i) Salaries, annual bonuses, paid annual leave, leave passage and the cost to the Group of non-monetary benefits are accrued in the year in which the associated services are rendered by employees of the Group. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.
- (ii) Contributions to Mandatory Provident Funds as required under the Hong Kong Mandatory Provident Fund Schemes Ordinance and contributions to the retirement schemes operated by the relevant authorities for employees of the subsidiaries in the People's Republic of China ("PRC"), Taiwan and Malaysia are recognised as an expense in the profit and loss account as incurred, except to the extent that they are included in the cost of inventories not yet recognised as an expense.

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1 主要會計政策 (續)

(l) 現金等價物

現金及現金等價物包含銀行存款及現金、存放於銀行和其他財務機構的活期存款，以及短期和流動性極高的投資項目。這些項目可以容易地換算為已知的現金數額、所須承受的價值變動風險甚小，並在購入後三個月內到期。就編製現金流量表而言，現金及現金等價物也包括須於接獲通知時償還，並構成本集團現金管理一部分的銀行透支。

(m) 僱員福利

- (i) 薪金、年度獎金、有薪年假、假期旅遊津貼及各項非貨幣福利令本集團產生的成本，均在本集團僱員提供相關服務的年度內累計。如延遲付款或結算會構成重大的貨幣時間價值，則上述數額須按現值列賬。
- (ii) 根據香港《強制性公積金計劃條例》的規定作出的強制性公積金供款及為中華人民共和國（「中國」）、台灣及馬來西亞之附屬公司僱員參與有關政府部門管理之退休金計劃的供款，均於產生時在損益表列支；但已計入尚未確認為開支的存貨成本的數額除外。

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1 SIGNIFICANT ACCOUNTING POLICIES

(Continued)

(m) Employee benefits (Continued)

(iii) The Group's net obligation in respect of lump sum long service amounts payable on cessation of employment in certain circumstances under the Hong Kong Employment Ordinance is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The obligation is calculated using the projected unit credit method by a qualified actuary, discounted to its present value, and the fair value of any related plan assets is deducted. The discount rate is the yield at balance sheet date on Exchange Fund Notes that have maturity dates approximating the terms of the Group's obligations.

(iv) When the Group grants employees options to acquire shares of the Company at nil consideration, no employee benefit cost or obligation is recognised at the date of grant. When the options are exercised, equity is increased by the amount of the proceeds received.

(n) Income tax

(i) Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in the profit and loss account except to the extent that they relate to items recognised directly in equity, in which case they are recognised in equity.

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1 主要會計政策 (續)

(m) 僱員福利 (續)

(iii) 本集團就香港《僱傭條例》的規定在若干情況下停止聘用員工而應以整筆款項形式支付長期服務金所承擔的義務淨額，是僱員在本期和以往期間提供服務所賺取未來福利的數額。該義務金額由合資格的精算師按預期福利單位法計算，該福利已貼現至現值，並已扣除任何相關計劃資產的公允價值。計算現值所採用的折讓率是根據外匯基金債權證於結算日的收益率釐定，這些債務的到期日與本集團就該福利須履行供款責任的年期相若。

(iv) 如本集團不用價款授予僱員可認購本公司股份的認股權，在授予日期不會確認僱員福利成本或義務。當認股權被行使時，股東權益按所收取款項的數額增加。

(n) 所得稅

(i) 本年度所得稅包括本期稅項及遞延稅項資產和負債的變動。本期稅項及遞延稅項資產和負債的變動均在損益表內確認，但與直接確認為股東權益項目相關的，則確認為股東權益。

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1 SIGNIFICANT ACCOUNTING POLICIES

(Continued)

(n) Income tax (Continued)

- (ii) Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.
- (iii) Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

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1 主要會計政策 (續)

(n) 所得稅 (續)

- (ii) 本期稅項是按本年度應稅收入根據已執行或在結算日實質上已執行的稅率計算的預期應付稅項，加上以往年度應付稅項的任何調整。
- (iii) 遞延稅項資產和負債分別由可抵扣和應稅暫時差異產生。暫時差異是指資產和負債在財務報表上的賬面金額與這些資產和負債的計稅基礎的差異。遞延稅項資產也可以由未利用可抵扣虧損和未利用稅款抵減產生。

除了某些有限的例外情況外，所有遞延稅項負債和遞延稅項資產(只限於很可能獲得能利用該遞延稅項資產來抵扣的未來應稅盈利)都會確認。支持確認由可抵扣暫時差異所產生遞延稅項資產的未來應稅盈利包括因轉回目前存在的應稅暫時差異而產生的數額；但這些轉回的差異必須與同一稅務機關及同一應稅實體有關，並預期在可抵扣暫時差異預計轉回的同一年間或遞延稅項資產所產生可抵扣虧損可向後期或向前期結轉的期間內轉回。在決定目前存在的應稅暫時差異是否足以支持確認由未利用可抵扣虧損和稅款抵減所產生的遞延稅項資產時，亦會採用同一準則，即差異是否與同一稅務機關及同一應稅實體有關，並是否預期在能夠使用未利用可抵扣虧損和稅款抵減撥回的同一年間內轉回。

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1 SIGNIFICANT ACCOUNTING POLICIES

(Continued)

(n) Income tax (Continued)

(iii) (Continued)

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, negative goodwill treated as deferred income, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination).

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at each balance sheet date and is reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profit will be available.

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1 主要會計政策 (續)

(n) 所得稅 (續)

(iii) (續)

不確認為遞延稅項資產和負債的暫時差異是產生自以下有限的例外情況：不可在稅務方面獲得扣減的商譽；作為遞延收入處理的負商譽；不影響會計或應稅盈利的資產或負債的初始確認(如屬業務合併的一部分則除外)。

遞延稅額是按照資產和負債賬面金額的預期實現或清償方式，根據已執行或在結算日實質上已執行的稅率計量。遞延稅項資產和負債均不貼現計算。

本集團會在每個結算日評估遞延稅項資產的賬面金額。如果本集團預期不再可能獲得足夠的應稅盈利以抵扣相關的稅務利益，該遞延稅項資產的賬面金額便會調低；但是如果日後又可能獲得足夠的應稅盈利，有關減額便會轉回。

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1 SIGNIFICANT ACCOUNTING POLICIES

(Continued)

(n) Income tax (Continued)

(iv) Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities if, and only if, the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

- in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or
- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:
 - the same taxable entity; or
 - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

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1 主要會計政策 (續)

(n) 所得稅 (續)

(iv) 本期和遞延稅項結餘及其變動額會分開列示，並且不予抵銷。本期和遞延稅項資產只會在本公司或本集團有法定行使權以本期稅項資產抵銷本期稅項負債，並且符合以下附帶條件的情況下，才可以分別抵銷本期和遞延稅項負債：

- 本期稅項資產和負債：本公司或本集團計劃按淨額基準結算，或同時變現該資產和清償該負債；或
- 遞延稅項資產和負債：這些資產和負債必須與同一稅務機關就以下其中一項徵收的所得稅有關：
 - 同一應稅實體；或
 - 不同的應稅實體。這些實體計劃在日後每個預計有大額遞延稅項負債需要清償或大額遞延稅項資產可以收回的期間內，按淨額基準實現本期稅項資產和清償本期稅項負債，或同時變現該資產和清償該負債。

For the year ended 29 February 2004
(Expressed in Hong Kong dollars)

1 SIGNIFICANT ACCOUNTING POLICIES

(Continued)

(o) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Company or Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(p) Revenue recognition

Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in the profit and loss account as follows:

(i) Sale of goods

Revenue is recognised when the customer has accepted the goods and the related risks and rewards of ownership. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts and returns.

截至2004年2月29日止年度
(以港元列示)

1 主要會計政策 (續)

(o) 撥備及或有負債

倘若本公司或本集團須就已發生的事件承擔法律或推定義務，而履行該義務預期會導致含有經濟效益的資源外流，並可作出可靠的估計，便會就該時間或數額不定的負債計提撥備。如果貨幣時間價值重大，則按預計履行義務所需資源的現值計列撥備。

倘若含有經濟效益的資源外流的可能性較低，或是無法對有關數額作出可靠的估計，便會將該義務披露為或有負債；但假如這類資源外流的可能性極低則除外。須視乎某宗或多宗未來事件是否發生才能確定存在與否的潛在義務，亦會披露為或有負債；但假如這類資源外流的可能性極低則除外。

(p) 收入確認

收入是在經濟效益可能會流入本集團，以及能夠可靠地計算收入和成本(如適用)時，根據下列方法在損益表內確認：

(i) 銷售貨品

收入在客戶接收貨品及其所有權相關的風險及回報時確認。收入不包括增值稅或其他銷售稅，並已扣除任何營業折扣及退貨。

For the year ended 29 February 2004
(Expressed in Hong Kong dollars)

1 SIGNIFICANT ACCOUNTING POLICIES

(Continued)

(p) Revenue recognition (Continued)

(ii) Rental income from operating leases

Rental income receivable under operating leases is recognised in the profit and loss account in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives granted are recognised in the profit and loss account as an integral part of the aggregate net lease payments receivable.

(iii) Commission, consultancy service and management fee income

Commission, consultancy service and management fee income are recognised when the related services are rendered.

(iv) Dividends

- Dividend income from unlisted investments is recognised when the shareholder's right to receive payment is established.
- Dividend income from listed investments is recognised when the share price of the investment goes ex-dividend.

(v) Interest income

Interest income from bank deposits is accrued on a time-apportioned basis by reference to the principal outstanding and at the rate applicable.

截至2004年2月29日止年度
(以港元列示)

1 主要會計政策 (續)

(p) 收入確認 (續)

(ii) 經營租賃的租金收入

經營租賃的應收租金收入在租賃期所涵蓋之會計期間內，以等額在損益表確認；但如有其他基準能更清楚地反映租賃資產所產生的收益模式則除外。經營租賃協議所涉及的激勵措施均在損益表中確認為應收租賃淨付款總額的組成部分。

(iii) 佣金、顧問服務及管理費收入

佣金、顧問服務及管理費收入在有關服務提供後確認。

(iv) 股息

- 非上市投資的股息收入在股東收取款項的權利確立時確認。
- 上市投資的股息收入在投資項目的股價除息時確認。

(v) 利息收入

銀行存款的利息收入以時間比例為基準，按尚餘本金及適用利率計算。

For the year ended 29 February 2004
(Expressed in Hong Kong dollars)

1 SIGNIFICANT ACCOUNTING POLICIES

(Continued)

(q) Translation of foreign currencies

Foreign currency transactions during the year are translated into Hong Kong dollars at the exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated into Hong Kong dollars at the exchange rates ruling at the balance sheet date. Exchange gains and losses are dealt with in the profit and loss account.

The results of foreign enterprises are translated into Hong Kong dollars at the average exchange rates for the year; balance sheet items are translated into Hong Kong dollars at the rates of exchange ruling at the balance sheet date. The resulting exchange differences are dealt with as a movement in reserves.

On disposal of a foreign enterprise, the cumulative amount of the exchange differences which relate to that foreign enterprise is included in the calculation of the profit or loss on disposal.

(r) Borrowing costs

Borrowing costs are expensed in the profit and loss account in the period in which they are incurred.

(s) Related parties

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

截至2004年2月29日止年度
(以港元列示)

1 主要會計政策 (續)

(q) 外幣換算

年內的外幣交易按交易日的匯率換算為港元。以外幣為單位的貨幣資產及負債則按結算日的匯率換算為港元。滙兌盈虧均撥入損益表處理。

海外企業的業績按年內的平均匯率換算為港元；資產負債表項目則按結算日的匯率換算為港元。所產生的滙兌差額作為儲備變動處理。

在出售海外企業時，與該海外企業有關的累計滙兌差額會在計算出售的盈利或虧損時包括在內。

(r) 借貸成本

借貸成本在產生的期間內在損益表列支。

(s) 關聯人士

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

For the year ended 29 February 2004
(Expressed in Hong Kong dollars)

1 SIGNIFICANT ACCOUNTING POLICIES

(Continued)

(t) Segment reporting

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

In accordance with the Group's internal financial reporting, the Group has chosen geographical segment information as the primary reporting format. No business segments analysis of the Group is presented as all the Group's turnover and trading result are generated from the manufacture, sale and marketing of jewellery products and provision of related agency services.

Segment revenue, expenses, results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis to that segment. For example, segment assets may include inventories, trade receivables and property, plant and equipment. Segment revenue, expenses, assets and liabilities are determined before intra-group balances and intra-group transactions are eliminated as part of the consolidation process, except to the extent that such intra-group balances and transactions are between group enterprises within a single segment.

Segment capital expenditure is the total cost incurred during the year to acquire segment assets that are expected to be used for more than one year.

Unallocated items mainly comprise financial and corporate assets, interest-bearing loans, borrowings, corporate and financing expenses and minority interests.

截至2004年2月29日止年度
(以港元列示)

1 主要會計政策 (續)

(t) 分部報告

分部是指本集團內可明顯區分的組成部分，並且負責提供單項或一組相關的產品或服務(業務分部)，或在一個特定的經濟環境中提供產品或服務(地區分部)，並承擔着不同於其他分部的風險和回報。

按照本集團的內部財務報告系統，本集團選擇以地區分部為報告分部信息的主要形式。由於本集團的營業額及經營業績均來自製造、銷售及推廣珠寶首飾和提供相關的代理服務，故並無提供有關本集團之業務類別分析。

分部收入、支出、經營成果、資產及負債包含直接歸屬某一分部，以及可按合理的基準分配至該分部的項目的數額。例如，分部資產可能包括存貨、應收賬款及物業、廠房及設備。分部收入、支出、資產及負債包含須在編製綜合財務報表時抵銷的集團內部往來的餘額和集團內部交易；但同屬一個分部的集團企業之間的集團內部往來的餘額和交易則除外。

分部資本開支是指在年內購入預計可於超過一年使用的分部資產所產生的成本總額。

未能分配至分部的項目主要包括財務及企業資產、帶息借款、借款、企業和融資支出及少數股東權益。

For the year ended 29 February 2004
(Expressed in Hong Kong dollars)

2 TURNOVER

The principal activities of the Group are the manufacture, sale and marketing of jewellery products and provision of related agency services.

Turnover represents the sales value of jewellery products sold to customers and commission income. The amount of each significant category of revenue recognised in turnover during the year is as follows:

		2004	2003
		\$'000	\$'000
		千元	千元
Sales of jewellery products	珠寶產品銷售	939,161	945,666
Commission income	佣金收入	16,464	8,469
		955,625	954,135

3 OTHER REVENUE

		2004	2003
		\$'000	\$'000
		千元	千元
Rental income	租金收入	1,665	4,842
Interest income	利息收入	130	200
Exchange gain	匯兌盈利	3,245	3,111
Consultancy service income	顧問服務收入	1,258	1,958
Others	其他	6,614	5,918
		12,912	16,029

截至2004年2月29日止年度
(以港元列示)

2 營業額

本集團的主要業務是製造、銷售及推廣珠寶首飾和提供相關的代理服務。

營業額包括銷售給客戶珠寶首飾的銷售價值及佣金收入。年內已在營業額中確認的各項重要收入類別的數額如下：

3 其他收入

For the year ended 29 February 2004
(Expressed in Hong Kong dollars)

截至2004年2月29日止年度
(以港元列示)

4 PROFIT/(LOSS) FROM ORDINARY ACTIVITIES BEFORE TAXATION

4 除稅前正常業務盈利／(虧損)

Profit/(loss) from ordinary activities before taxation is arrived
at after charging/(crediting):

除稅前正常業務盈利／(虧損)已扣除
／(計入)：

		2004	2003
		\$'000	\$'000
		千元	千元
(a) Finance costs	(a) 財務費用		
Interest on bank loans and overdrafts	銀行貸款及 透支的利息	7,048	12,161
Interest on other loans	其他貸款的利息	210	-
Interest on amount due to a minority shareholder	應付少數股東 款項的利息	77	78
		7,335	12,239
		2004	2003
		\$'000	\$'000
		千元	千元
(b) Staff costs	(b) 員工成本		
Contribution to defined contribution retirement plan	界定供款退休 計劃供款	3,462	4,042
Expense recognised in respect of long service payments (note 23(a)(ii) and (iii))	已就長期服務金 確認的支出 (附註23(a)(ii)及(iii))	522	4,481
Retirement costs	退休計劃成本	3,984	8,523
Salaries, wages and other benefits	薪金、工資及其他福利	112,770	124,003
		116,754	132,526

For the year ended 29 February 2004
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截至2004年2月29日止年度
(以港元列示)

**4 PROFIT/(LOSS) FROM ORDINARY
ACTIVITIES BEFORE TAXATION** (Continued)

4 除稅前正常業務盈利／(虧損)
(續)

		2004	2003
		\$'000	\$'000
		千元	千元
(c) Other items	(c) 其他項目		
Cost of inventories	存貨成本	589,608	637,916
Auditors' remuneration	核數師酬金	2,867	2,248
Depreciation	折舊	11,222	12,957
Operating leases charges	經營租賃費用		
– land and buildings situated in Hong Kong	– 香港之土地 及建築物	41,706	42,802
– land and buildings situated other than in Hong Kong	– 香港以外之土地 及建築物	3,611	8,116
(Gain)/loss on disposal of fixed assets	出售固定資產 (收益)／虧損	(42)	1,304
(Write back of provision)/provision for properties held for sale	(撥回)／提撥待售物業 減值撥備	(872)	910
Provision for inventories	存貨撥備	5,205	22,433
Rentals receivable from properties less direct outgoings of \$167,000 (2003: \$300,000)	應收物業租金減直接 支出167,000元 (2003年：300,000元)	(1,498)	(4,542)

Cost of inventories includes \$26,486,000 (2003: \$45,444,000) relating to staff costs, depreciation expenses, operating lease charges and provision for inventories, which amount is also included in the respective total amounts disclosed separately above or in note 4(b) for each of these types of expenses.

存貨成本包括與員工成本、折舊費用、經營租賃費用及存貨撥備有關的26,486,000元(2003年：45,444,000元)。有關數額亦已記入上表各類開支總額或附註4(b)所列的各類相關開支中。

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截至2004年2月29日止年度
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5 INCOME TAX IN THE CONSOLIDATED PROFIT AND LOSS ACCOUNT

5 綜合損益表所示的所得稅

(a) Income tax in the consolidated profit and loss account represents:

(a) 綜合損益表所示的所得稅為：

		2004	2003
		\$'000	\$'000
		千元	千元
Current tax – Provision for Hong Kong Profits Tax	本期稅項 – 香港利得稅撥備		
Tax for the year	本年度稅項	2,647	496
Underprovision in respect of prior years	以往年度撥備不足	13,261	2,475
		15,908	2,971
Current tax – Overseas	本期稅項 – 海外		
Provision for overseas taxation for the year	本年度海外稅項撥備	4,168	740
Deferred tax	遞延稅項		
Origination and reversal of temporary differences	暫時差異的產生和轉回	(3,064)	–
		17,012	3,711

(i) In March 2003, the Hong Kong Government announced an increase in the Profits Tax rate applicable to the Group's operations in Hong Kong from 16% to 17.5%. This increase is taken into account in the preparation of the Group's 2004 financial statements. Accordingly, the provision for Hong Kong Profits Tax for 2004 is calculated at 17.5% (2003: 16%) of the estimated assessable profits for the year. Taxation for overseas subsidiaries is similarly charged at the appropriate current rates of taxation ruling in the relevant countries.

(i) 於2003年3月，香港政府宣佈將利得稅稅率由16%調高至17.5%。該稅率適用於本集團的香港業務。在編製2004年度財務報表時，本集團已考慮到稅率調高的影響。因此，2004年度的香港利得稅撥備是按本年度的估計應評稅盈利以17.5% (2003年：16%) 的稅率計算。海外附屬公司的稅項以相關國家適用的現行稅率按類似方法計算。

For the year ended 29 February 2004
(Expressed in Hong Kong dollars)

5 INCOME TAX IN THE CONSOLIDATED PROFIT AND LOSS ACCOUNT *(Continued)*

(a) Income tax in the consolidated profit and loss account represents *(Continued)*:

- (ii) During the year ended 29 February 2004, certain subsidiaries of the Group received from the Inland Revenue Department ("IRD") additional assessments amounting to \$13 million relating to certain offshore income and agents commission payments and promoter fees arising in prior years in respect of which the IRD have challenged the tax treatment adopted by the subsidiaries. The subsidiaries are in the process of gathering relevant information to support the tax treatments adopted. The directors believe that the information being gathered will provide sufficient grounds to support the tax treatments adopted. However, the directors consider it prudent to establish a provision of \$13 million in respect of the above which has been charged to the consolidated profit and loss account.

The outcome of the above challenges by the IRD is undetermined as at 29 February 2004. In the event that the subsidiaries are not successful in defending the tax treatments adopted, the Group may be subject to significant additional tax liabilities and possibly penalties over and above the additional provision of \$13 million noted above. The directors' estimate of potential additional tax liabilities which could arise should the offshore income claims fail is \$42 million. The directors consider that it is impractical to estimate the potential amount of additional tax liabilities arising if the IRD's challenge in respect of the agents commission payments and promoter fees is successful. Furthermore, under the provisions of the current tax legislation, the above mentioned penalties may be up to three times any tax under-reported as assessed by the IRD.

截至2004年2月29日止年度
(以港元列示)

5 綜合損益表所示的所得稅 *(續)*

(a) 綜合損益表所示的所得稅為 *(續)* :

- (ii) 在截至2004年2月29日止年度內，本集團若干附屬公司收到稅務局就以往年度的若干離岸收入及代理佣金支出與業務推廣費用發出的補加評稅通知13,000,000元，稅務局並且就此質疑有關附屬公司所採用的稅務處理方法。附屬公司正在搜集相關資料支持採用的稅務處理方法。董事相信，正在搜集的資料將提供足夠的理據支持採用的稅務處理方法。然而，董事認為以上項目提撥13,000,000元撥備是審慎的做法。有關撥備已記入綜合損益表內。

於2004年2月29日，稅務局對以上質疑的結果還是未知之數。如果這些附屬公司就所採用的稅務處理方法提出的抗辯不獲接納，本集團或須額外承擔超出上述13,000,000元額外撥備的大額稅務負債和罰款。董事估計如果聲稱的離岸收入不能免稅而可能出現的額外稅務負債為42,000,000元。董事認為實際上不能估計如果稅務局對代理佣金付款及推廣費用的質疑得直而產生額外稅務負債的可能金額。此外，按照目前的稅法條文，以上提到的罰款可能達稅務局評估的任何少報稅項的三倍。

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5 INCOME TAX IN THE CONSOLIDATED PROFIT AND LOSS ACCOUNT (Continued)

5 綜合損益表所示的所得稅(續)

(b) Reconciliation between tax expense and accounting profit/(loss) at applicable tax rates:

(b) 所得稅支出和會計盈利/(虧損) 按適用稅率計算的對賬：

		2004 \$'000 千元	2003 \$'000 千元
Profit/(loss) before tax	除稅前盈利/(虧損)	36,129	(48,214)
Notional tax on profit/(loss) before tax, calculated at the rates applicable to profits/(losses) in the countries concerned	按照在相關國家獲得盈利/(虧損)的適用稅率計算除稅前盈利/(虧損)的名義稅項	13,311	(2,317)
Tax effect of profits entitled to tax exemption	可享有免稅優惠的盈利的稅項影響	(7,574)	-
Tax effect of non-deductible expenses	不可扣減支出的稅項影響	1,720	3,248
Tax effect of non-taxable revenue	毋須計稅收入的稅項影響	(2,007)	(1,065)
Tax effect of prior year's tax losses utilised this year	已於本年度動用的以往年度稅損的稅項影響	(7,297)	(1,010)
Tax effect of temporary differences not recognised	未確認的暫時差異的稅項影響	3,677	104
Tax effect of unused tax losses not recognised	未使用而且未確認的可抵扣虧損的稅項影響	1,921	2,276
Underprovision in prior years	以往年度撥備不足	13,261	2,475
Actual tax expense	實際稅項支出	17,012	3,711

For the year ended 29 February 2004
(Expressed in Hong Kong dollars)

6 DIRECTORS' REMUNERATION

Directors' remuneration disclosed pursuant to section 161 of the Hong Kong Companies Ordinance is as follows:

		2004	2003
		\$'000	\$'000
		千元	千元
Fees	袍金	1,593	1,650
Salaries and other emoluments	薪金及其他酬金	5,388	4,470
Discretionary bonuses	酌定花紅	350	1,638
Retirement scheme contributions	退休計劃供款	26	36
		7,357	7,794

Included in the directors' remuneration were fees of \$1,440,000 (2003: \$1,440,000) paid to the independent non-executive directors during the year.

The remuneration of the directors is within the following bands:

		2004	2003
		Number of directors	Number of directors
		董事人數	董事人數
\$0 to \$1,000,000	0元至1,000,000元	5	4
\$1,000,001 to \$1,500,000	1,000,001元至1,500,000元	1	-
\$1,500,001 to \$2,000,000	1,500,001元至2,000,000元	1	2
\$2,500,001 to \$3,000,000	2,500,001元至3,000,000元	1	-
\$3,000,001 to \$3,500,000	3,000,001元至3,500,000元	-	1

截至2004年2月29日止年度
(以港元列示)

6 董事酬金

根據香港《公司條例》第161條列報的董事酬金如下：

董事酬金包括年內支付予獨立非執行董事的袍金1,440,000元(2003年：1,440,000元)。

酬金在以下範圍內的董事人數如下：

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7 INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, three (2003: three) are directors whose emoluments are disclosed in note 6. The aggregate of the emoluments in respect of the other two (2003: two) individuals are as follows:

		2004	2003
		\$'000	\$'000
		千元	千元
Salaries and other emoluments	薪金及其他酬金	3,252	2,331
Discretionary bonuses	酌定花紅	256	779
Retirement scheme contributions	退休計劃供款	24	24
		3,532	3,134

The emoluments of the two (2003: two) individuals with the highest emoluments are within the following bands:

		2004	2003
		Number of individuals	Number of individuals
		人數	人數
\$0 to \$1,000,000	0元至\$1,000,000元	-	1
\$1,000,001 to \$1,500,000	1,000,001元至1,500,000元	1	-
\$2,000,001 to \$2,500,000	2,000,001元至2,500,000元	1	1

截至2004年2月29日止年度
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7 最高酬金人士

在五位酬金最高的人士中，三位(2003年：三位)為董事，有關的酬金詳情載於附註6。其餘兩位(2003年：兩位)人士的酬金總額如下：

該兩位(2003年：兩位)酬金最高人士的酬金在以下範圍內：

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8 PROFIT/(LOSS) FOR THE YEAR

The consolidated profit/(loss) for the year includes a loss of \$8,655,000 (2003: \$43,895,000) which has been dealt with in the financial statements of the Company.

9 PREFERENCE SHARES DIVIDEND

Dividend on 6.5% convertible non-voting redeemable preference shares (note 28(a))	6.5% 無投票權的可兌換及贖回之優先股股息 (附註28(a))
-----------------------------------------------------------------------------------	----------------------------------

No preference shares dividend is accrued in current year as all preference shares were redeemed in last year. Dividends on 22,200 6.5% convertible non-voting redeemable preference shares of US\$1,000 each had been accrued for the first half year to 31 August 2002 in last year.

10 EARNINGS/(LOSS) PER SHARE

(a) Basic earnings/(loss) per share

The calculation of basic earnings/(loss) per share is based on the profit for the year of \$7,493,000 (2003: loss of \$49,478,000) adjusting for the dividend for preference shares of \$Nil (2003: \$5,665,000) and 391,889,263 ordinary shares (2003: 391,889,263 ordinary shares) in issue during the year.

(b) Diluted earnings/(loss) per share

Diluted earnings/(loss) per share is not shown as all the potential ordinary shares (i.e. the employee share options) are anti-dilutive.

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(以港元列示)

8 本年度盈利／(虧損)

本年度綜合盈利／(虧損) 包括一筆已列入本公司財務報表的8,655,000元 (2003年：43,895,000元) 虧損。

9 優先股股息

2004 \$'000 千元	2003 \$'000 千元
-	5,665

本年度沒有應計優先股股息，因全部優先股已在去年贖回。在去年度，優先股股息累計至2002年8月31日，該股息以22,200股面值1,000美元利息6.5%可轉換股份為基礎。

10 每股盈利／(虧損)

(a) 每股基本盈利／(虧損)

每股基本盈利／(虧損) 是按照本年度盈利7,493,000元 (2003年：虧損49,478,000元)、優先股股息零元 (2003年：5,665,000元) 及年內已發行391,889,263股普通股 (2003年：391,889,263股普通股) 計算。

(b) 每股攤薄盈利／(虧損)

由於所有潛在普通股 (即僱員優先認股權) 均無攤薄影響，故並無呈列每股攤薄盈利／(虧損)。

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11 CHANGE IN ACCOUNTING POLICY

In prior years, deferred tax liabilities were provided using the liability method in respect of the taxation effect arising from all material timing differences between the accounting and tax treatment of income and expenditure, which were expected with reasonable probability to crystallise in the foreseeable future. Deferred tax assets were not recognised unless their realisation was assured beyond reasonable doubt. With effect from 1 March 2003, in order to comply with Statement of Standard Accounting Practice 12 (revised) (“SSAP 12 (revised)”) issued by the HKSA, the Group adopted a new policy for deferred tax as set out in note 1(n). The adoption of SSAP 12 (revised) has no material impact on the Company’s and the Group’s net assets and results for the current and prior years.

12 SEGMENT REPORTING

Segment information is presented in respect of the Group’s geographical segments. Information relating to geographical segments based on the location of assets is chosen because this is more relevant to the Group in making operating and financial decisions. No business segments analysis of the Group is presented as all the Group’s turnover and trading result are generated from the manufacture, sale and marketing of jewellery products and provision of related agency services.

截至2004年2月29日止年度
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11 會計政策的修訂

在以往年度，遞延稅項負債是就收益及支出的會計與稅務處理方法之間，由所有重大時差產生而相當可能於可見將來實現的稅項影響，以負債法計提撥備。遞延稅項資產也只會合理確定可實現時才會確認。由二零零三年三月一日起，為了符合香港會計師公會頒布的《會計實務準則》第12號(經修訂)的規定，本集團在遞延稅項方面採用了附註1(n)所載的新會計政策。採用了這項會計政策對本公司及本集團本年度及以往年度的資產淨值及業績沒有重大影響。

12 分部報告

分部資料是按本集團的地區分部作出呈述。選擇根據資產所在位置而提供有關地區分類之資料，乃因有關資料對本集團作出經營及財務決策時更適用。由於本集團的營業額及經營業績均來自製造、銷售及推廣珠寶首飾和提供相關的代理服務，故並無提供有關本集團之業務類別分析。

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12 SEGMENT REPORTING (Continued)

12 分部報告 (續)

		PRC (including Hong Kong) 中國 (包括香港)		Others 其他		Inter-segment elimination 分部間 抵銷數額		Consolidated 綜合數額	
		2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
Revenue from external customers	來自外界客戶的收入	899,086	844,153	56,539	109,982	-	-	955,625	954,135
Inter-segment revenue	分部間收入	4,383	10,402	-	-	(4,383)	(10,402)	-	-
Other revenue from external customers	來自外界客戶的其他收入	9,606	13,864	3,306	2,165	-	-	12,912	16,029
Total	總額	913,075	868,419	59,845	112,147	(4,383)	(10,402)	968,537	970,164
Segment results	分部經營成果	41,300	(20,866)	(3,513)	(8,467)			37,787	(29,333)
Finance costs	財務費用							(7,335)	(12,239)
Cost of financial restructuring	財務重組費用							(6,472)	(4,905)
Gain/(loss) on disposal and revaluation of properties	出售及重估物業收益/(虧損)							1,988	(1,886)
Gain on disposal of subsidiary	出售附屬公司收益							9,406	-
Write back of default interest for unpaid dividend on preference shares	撥回未繳付優先股股息之逾期利息							-	6,576
Provision for diminution in value of investments in securities	證券投資減值撥備							-	(1,051)
Write back of provision/provision for other receivables	撥回/(提撥)其他應收款撥備							755	(3,276)
Provision for termination of overseas business	終止海外業務撥備							-	(2,100)
Income tax	利得稅							(17,012)	(3,711)
Minority interests	少數股東權益							(11,624)	2,447
Profit/(loss) for the year	本年度盈利/(虧損)							7,493	(49,478)
Depreciation for the year	本年度折舊	9,990	11,240	1,232	1,717				
Impairment loss for the year	本年度減值虧損	-	910	-	343				
Significant non-cash expenses (other than depreciation)	大額非現金支出(折舊除外)	5,254	30,045	-	2,167				
Segment assets	分部資產	733,282	615,302	16,056	46,590	(134,674)	(145,497)	614,664	516,395
Unallocated assets	未分配資產							3,287	-
Total assets	資產總值							617,951	516,395
Segment liabilities	分部負債	320,798	209,318	110,811	164,353	(134,674)	(145,497)	296,935	228,174
Unallocated liabilities	未分配負債							267,885	253,738
Total liabilities	負債總額							564,820	481,912
Capital expenditure incurred during the year	本年度內產生的資本開支	6,215	7,417	22	523				

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13 FIXED ASSETS

截至2004年2月29日止年度
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13 固定資產**(a) The Group****(a) 本集團**

		Furniture, Land and fixtures and buildings equipment		Plant and machinery	Motor vehicles	Investment Sub-total properties	Total	
		土地及 建築物	傢俬、裝置 及設備	廠房及 機器	汽車	小計 投資物業	總額	
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
		千元	千元	千元	千元	千元	千元	
Cost or valuation:	成本或估值：							
At 1 March 2003	於2003年3月1日	42,948	113,646	19,467	5,299	181,360	475	181,835
Exchange adjustments	滙兌調整	-	118	98	-	216	-	216
Additions	增置	-	4,500	1,737	-	6,237	-	6,237
Disposals	出售							
- through disposal of subsidiary	- 透過出售附屬公司	-	(1,808)	(1,775)	-	(3,583)	-	(3,583)
- others	- 其他	-	(3,851)	-	(1,581)	(5,432)	-	(5,432)
Surplus on revaluation	重估盈餘	2,619	-	-	-	2,619	55	2,674
Less: Elimination of accumulated depreciation	減：撇銷累計折舊	(1,000)	-	-	-	(1,000)	-	(1,000)
At 29 February 2004	於2004年2月29日	44,567	112,605	19,527	3,718	180,417	530	180,947
Representing:	代表：							
Cost	成本	-	112,605	19,527	3,718	135,850	-	135,850
Valuation - 2004	估值 - 2004年	44,567	-	-	-	44,567	530	45,097
		44,567	112,605	19,527	3,718	180,417	530	180,947
Aggregate depreciation:	折舊總額：							
At 1 March 2003	於2003年3月1日	-	94,586	16,926	4,670	116,182	-	116,182
Exchange adjustments	滙兌調整	-	107	88	-	195	-	195
Charge for the year	本年度折舊	1,000	8,779	1,005	438	11,222	-	11,222
Written back on disposal	出售時撥回							
- through disposal of subsidiary	- 透過出售附屬公司	-	(1,646)	(1,661)	-	(3,307)	-	(3,307)
- others	- 其他	-	(3,809)	-	(1,581)	(5,390)	-	(5,390)
Elimination on revaluation	重估時撇銷	(1,000)	-	-	-	(1,000)	-	(1,000)
At 29 February 2004	於2004年2月29日	-	98,017	16,358	3,527	117,902	-	117,902
Net book value:	賬面淨值：							
At 29 February 2004	於2004年2月29日	44,567	14,588	3,169	191	62,515	530	63,045
At 28 February 2003	於2003年2月28日	42,948	19,060	2,541	629	65,178	475	65,653

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13 FIXED ASSETS (Continued)

(b) The Company

截至2004年2月29日止年度
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13 固定資產 (續)

(b) 本公司

		Furniture, fixtures and equipment 傢俬、裝置 及設備 \$'000 千元
Cost:	成本：	
At 1 March 2003 and at 29 February 2004	於2003年3月1日及 於2004年2月29日	207 -----
Aggregate depreciation:	折舊總額：	
At 1 March 2003	於2003年3月1日	205
Charge for the year	本年度折舊	2
At 29 February 2004	於2004年2月29日	207 -----
Net book value:	賬面淨值：	
At 29 February 2004	於2004年2月29日	— =====
At 28 February 2003	於2003年2月28日	2 =====

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13 FIXED ASSETS (Continued)

(c) The analysis of net book value of properties is as follows:

In Hong Kong	在香港
– Long leases	– 長期租賃
– Medium-term leases	– 中期租賃

(d) Investment properties of the Group were revalued at 29 February 2004 by an independent firm of surveyors, Chung, Chan & Associates who have among their staff Fellows of the Royal Institution of Chartered Surveyors, on an open market value basis. The revaluation surplus of \$55,000 has been credited to the profit and loss account. The carrying value of these investment properties at 29 February 2004 is \$530,000.

(e) The Group's land and buildings held for own use were also revalued at 29 February 2004 by an independent firm of surveyors, Chung, Chan & Associates, on an open market value basis. The revaluation surplus of \$1,982,000 has been credited to the profit and loss account. The remaining surplus of \$637,000 has been transferred to the land and buildings revaluation reserve of the Group (note 28(a)).

The carrying amount of the land and buildings held for own use of the Group at 29 February 2004 would have been \$61,743,000 (2003: \$63,165,000) had they been carried at cost less accumulated depreciation.

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13 固定資產 (續)

(c) 物業賬面淨值的分析如下：

		The Group 本集團	
		2004	2003
		\$'000	\$'000
		千元	千元
		2,783	2,710
		42,314	40,713
		45,097	43,423

(d) 本集團的投資物業已於2004年2月29日經由獨立測量師行—衡量行(其部分員工為皇家特許測量師學會資深會員)進行重估。該測量師行是以公開市值為基準進行重估，為數55,000元的重估虧損已計入損益表。此投資物業於2004年2月29日的賬面值為530,000元。

(e) 本集團持作自用的土地及建築物亦已於2004年2月29日經由獨立測量師行—衡量行以公開市值為基準進行重估。為數1,982,000元的重估盈餘已計入損益表，餘下的盈餘637,000元已轉撥到本集團的土地及建築物重估儲備(附註28(a))。

假如本集團持作自用的土地及建築物是按成本減去累計折舊後入賬，則這些土地及建築物於2004年2月29日的賬面金額應為61,743,000元(2003年：63,165,000元)。

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14 INTEREST IN SUBSIDIARIES

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14 附屬公司權益

		The Company	
		本公司	
		2004	2003
		\$'000	\$'000
		千元	千元
Unlisted shares/capital contributions, at cost	非上市股份／資本投入，按成本	708,072	708,072
Amounts due from subsidiaries	應收附屬公司賬款	152,253	164,254
		860,325	872,326
Less: Impairment loss	減：減值虧損	(827,697)	(827,697)
		32,628	44,629

The following list contains only the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group. The class of shares held is ordinary unless otherwise stated.

下表只載列對本集團的業績、資產或負債有重大影響的附屬公司詳情。除另有註明者外，所持有的股份均為普通股。

Name of company 公司名稱	Place of establishment/ incorporation and operation 成立／註冊成立 及經營地點	Particulars of issued and paid up capital 已發行及 繳足股本詳情	Proportion of ownership interest 所有權權益比率			Principal activity 主要業務
			Group's effective interest 本集團的 實際權益	held by the Company 由本公司 持有	held by subsidiary 由附屬公司 持有	
Beijing Tse Sui Luen Jewellery Company Limited ("BTSL") 北京謝瑞麟珠寶 有限公司 (「北京謝瑞麟」)	PRC 中國	Rmb1,750,000 and US\$1,800,000 1,750,000人民幣 及1,800,000美元	56.46%	–	56.46%	Jewellery manufacturing and trading 珠寶製造 及貿易
Foyer Investment Limited 富雅投資有限公司	Hong Kong 香港	\$10,000 10,000元	100%	–	100%	Property holding and investment 持有物業 及投資

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14 INTEREST IN SUBSIDIARIES (Continued)

14 附屬公司權益 (續)

Name of company 公司名稱	Place of establishment/ incorporation and operation 成立/註冊成立 及經營地點	Particulars of issued and paid up capital 已發行及 繳足股本詳情	Proportion of ownership interest 所有權權益比率			Principal activity 主要業務
			Group's effective interest 本集團的 實際權益	held by the Company 由本公司 持有	held by subsidiary 由附屬公司 持有	
Ho Loong Jewellery Casting Company Limited 何龍珠寶鑄藝有限公司	Hong Kong/ PRC 香港/中國	\$2 2元	100%	–	100%	Jewellery retailing 珠寶零售
Impromptus Asia Pacific Limited	Hong Kong 香港	\$10,000 10,000元	70%	–	70%	Goldsmith and jewellery trading 足金及 珠寶貿易
Infinite Assets Corp. ("IAC")	British Virgin Islands ("BVI") 英屬處女群島	\$275,254 275,254元	56.46%	–	56.46%	Investment holding 投資控股
Queen Busy Limited	Hong Kong 香港	\$2 2元	100%	–	100%	Property holding 持有物業
Shanghai Tse Sui Luen Consultancy Service Limited ("SH TSLCS") 上海謝瑞麟商務諮詢有限公司 (「上海謝瑞麟商務諮詢」)	PRC 中國	US\$140,000 140,000美元	53.64%	–	95%	Provision of consultancy services 提供顧問 服務

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14 INTEREST IN SUBSIDIARIES (Continued)

14 附屬公司權益 (續)

Name of company 公司名稱	Place of establishment/ incorporation and operation 成立/註冊成立 及經營地點	Particulars of issued and paid up capital 已發行及 繳足股本詳情	Proportion of ownership interest 所有權權益比率			Principal activity 主要業務
			Group's effective interest 本集團的 實際權益	held by the Company 由本公司 持有	held by subsidiary 由附屬公司 持有	
Tse Sui Luen Investment (China) Limited ("TSL China") 謝瑞麟投資(中國) 有限公司 (「謝瑞麟中國」)	BVI 英屬處女群島	US\$6,863 6,863美元	56.46%	–	56.46%	Investment holding 投資控股
Tse Sui Luen Jewellery Company Limited ("TSLJ") 謝瑞麟珠寶有限公司 (「謝瑞麟珠寶」)	Hong Kong 香港	\$34,000 34,000元	100%	–	100%	Jewellery manufacturing, trading and retailing 珠寶製造、 貿易及零售
Tse Sui Luen Jewellery (Malaysia) Limited 謝瑞麟珠寶(馬來西亞) 有限公司	Hong Kong/ Malaysia 香港/ 馬來西亞	\$3,000,000 3,000,000元	100%	–	100%	Jewellery retailing 珠寶零售
Tse Sui Luen Jewellery Trading & Distribution Limited ("TSL Trading") 謝瑞麟珠寶商貿及 分銷有限公司 (「謝瑞麟商貿」)	Samoa 薩摩亞	US\$1 1美元	56.46%	–	56.46%	Jewellery trading and provision of related agency services 珠寶貿易 及提供相關 的代理服務

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14 INTEREST IN SUBSIDIARIES (Continued)

14 附屬公司權益 (續)

Name of company 公司名稱	Place of establishment/ incorporation and operation 成立/註冊成立 及經營地點	Particulars of issued and paid up capital 已發行及 繳足股本詳情	Proportion of ownership interest 所有權權益比率			Principal activity 主要業務
			Group's effective interest 本集團的 實際權益	held by the Company 由本公司 持有	held by subsidiary 由附屬公司 持有	
TSL Investment (B.V.I.) Limited	BVI 英屬處女群島	\$1,000 1,000元	100%	100%	-	Investment holding 投資控股
TSL Properties Management Limited 謝瑞麟物業管理有限公司	Hong Kong 香港	\$1,000 1,000元	100%	-	100%	Property holding and investment 持有物業 及投資

15 OTHER FINANCIAL ASSET

15 其他財務資產

		The Group 本集團	
		2004 \$'000 千元	2003 \$'000 千元
Investment security, at cost less provision	證券投資，按成本減撥備		
- Membership and seat in the Chinese Gold and Silver Exchange Society	- 金銀業貿易場會籍 及席位	500	500

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16 PROPERTIES HELD FOR SALE

截至2004年2月29日止年度
(以港元列示)

16 待售物業

		The Group 本集團
		\$'000 千元
At 1 March 2003	於2003年3月1日	21,826
Disposals	出售	(960)
Write back of provision	撥回準備	872
At 29 February 2004	於2004年2月29日	<u>21,738</u>

(a) The analysis of the net book value of properties held for sale is as follows:

(a) 待售物業賬面淨值的分析如下：

		The Group 本集團	
		2004 \$'000 千元	2003 \$'000 千元
In Hong Kong	在香港		
– Medium-term leases	– 中期租賃	17,883	18,011
Other parts of the PRC	在中國其他地方		
– Long leases	– 長期租賃	1,770	1,730
– Medium-term leases	– 中期租賃	2,085	2,085
		3,855	3,815
		21,738	21,826

At the balance sheet date, the property ownership certificates in respect of the property interests held in other parts of the PRC of \$1,770,000 (2003: \$3,815,000) as stated above have not been issued by the relevant PRC government authority.

於結算日，國內相關政府部門仍未就上述本集團在中國其他地方持有的1,770,000元（2003年：3,815,000元）物業權益發出房地產擁有權證明書。

(b) Write back of provision for properties held for sale is made by reference to the valuation of the properties carried out by an independent firm of surveyors, Chung, Chan & Associates, as at 29 February 2004 on an open market value basis.

(b) 撥回的待售物業準備是參考經由獨立測量師行——衡量行於2004年2月29日以公開市值為基準予以估值的物業而作出。

For the year ended 29 February 2004
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17 INVENTORIES (Continued)

As at 29 February 2004, the Group had consigned finished goods to the licensees, Beijing Hua Long Rui Lin Economic and Trading Company Limited (“Hua Long”) and Beijing Rui Feng Da Lin Jewellery Co., Ltd. (“Rui Feng”), both established in the PRC, amounting to \$97,093,000 and \$12,410,000 respectively. The licensees are responsible for distributing the consigned finished goods to the shop outlets operating under the trade names of “Tse Sui Luen” in the PRC. As at 29 February 2004, the Group had an amount due from Hua Long and Rui Feng amounting to \$30,199,000 and \$1,290,000 respectively. Since the Group cannot supervise the activities of the licensees, the directors consider that it is possible that the Group may not be able to recover possession of all or certain of these consigned finished goods in the event that the licensees are unable to meet their financial obligations. The directors are not aware of any circumstances that lead the Group to believe that the licensees are unable to meet their financial obligations.

Included in raw materials and finished goods are inventories of \$12,870,000 (2003: \$12,517,000) and \$77,682,000 (2003: \$89,031,000) respectively, stated net of provisions made in order to state these inventories at the lower of their cost and estimated net realisable value.

截至2004年2月29日止年度
(以港元列示)

17 存貨 (續)

於2004年2月29日，本集團有分別為數97,093,000元和12,410,000元的製成品寄售予兩間均在中國成立的認可商標使用者——北京華龍瑞麟商貿有限公司(「華龍」)和北京瑞峰達麟珠寶有限公司(「瑞峰」)。這些認可商標使用者是負責將寄售製成品分銷至在中國以「謝瑞麟」為營運名稱的店舖。於2004年2月29日，華龍和瑞峰對本集團的欠款分別為30,199,000元和1,290,000元。因本集團不可以監管這些認可商標使用者的活動，董事認為若這些認可商標使用者未能承擔其財務責任，本集團可能不能取回所有或部份該等寄售製成品。董事並未察覺任何使本集團相信這些認可商標使用者未能承擔其財務責任情況。

原材料及製成品分別包括已扣除撥備的存貨12,870,000元(2003年：12,517,000元)及77,682,000元(2003年：89,031,000元)，以求按成本或估計可變現淨值兩者中的較低數額列示這些存貨。

For the year ended 29 February 2004
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18 TRADE AND OTHER RECEIVABLES

Included in trade and other receivables are trade debtors (net of provisions for bad and doubtful debts) with the following ageing analysis:

		The Group 本集團	
		2004 \$'000 千元	2003 \$'000 千元
0 to 30 days	0至30天	30,779	17,690
31 to 60 days	31 天至60 天	6,370	25,321
61 to 90 days	61天至90天	8,336	4,684
Over 90 days	超過90天	902	2,360
Total trade debtors	應收賬款總額	46,387	50,055
Other receivables, deposits and prepayments	其他應收款、按金及預付款	32,755	33,475
		79,142	83,530

Apart from retail customers, the Group allows an average credit period of 75 days to other customers.

截至2004年2月29日止年度
(以港元列示)

18 應收賬款及其他應收款

包括於應收賬款及其他應收款內的應收賬款(已扣除呆壞賬撥備)的賬齡分析如下:

		The Group 本集團	
		2004 \$'000 千元	2003 \$'000 千元
0 to 30 days	0至30天	30,779	17,690
31 to 60 days	31 天至60 天	6,370	25,321
61 to 90 days	61天至90天	8,336	4,684
Over 90 days	超過90天	902	2,360
Total trade debtors	應收賬款總額	46,387	50,055
Other receivables, deposits and prepayments	其他應收款、按金及預付款	32,755	33,475
		79,142	83,530

除零售顧客外，本集團給予其他顧客平均75天的賒賬期。

For the year ended 29 February 2004
(Expressed in Hong Kong dollars)

19 CASH AND CASH EQUIVALENTS

截至2004年2月29日止年度
(以港元列示)

19 現金及現金等價物

		The Group 本集團	
		2004 \$'000 千元	2003 \$'000 千元
Cash at bank and in hand	銀行存款及現金	39,277	53,200
Cash and cash equivalents in the balance sheet	資產負債表所示的現金及現金等價物	39,277	53,200
Secured bank overdrafts (note 21(a))	有抵押銀行透支(附註21(a))	-	(4,260)
Cash and cash equivalents in the cash flow statement	現金流量表所示的現金及現金等價物	39,277	48,940

20 TRADE AND OTHER PAYABLES

Included in trade and other payables are trade creditors with the following ageing analysis:

20 應付賬款及其他應付款

包括於應付賬款及其他應付款內的應付賬款的賬齡分析如下：

		The Group 本集團	
		2004 \$'000 千元	2003 \$'000 千元
0 to 30 days	0至30天	67,737	28,447
31 to 60 days	31天至60天	17,814	16,498
61 to 90 days	61天至90天	27,997	9,330
Over 90 days	超過90天	58,912	52,705
Total trade creditors	應付賬款總額	172,460	106,980
Other payables and accruals	其他應付及應計費用	113,408	101,676
		285,868	208,656

For the year ended 29 February 2004
(Expressed in Hong Kong dollars)

21 BANK LOANS AND OVERDRAFTS

- (a) At 29 February 2004, the bank loans and overdrafts were analysed as follows:

Secured bank overdrafts (note 19)	有抵押銀行透支(附註19)
Secured bank loans	有抵押銀行貸款

- (b) Pursuant to the Restructuring Agreement set out in note 1(b)(i), the majority participating lenders may give 14 days' notice to terminate the Restructuring Agreement. Accordingly, the bank borrowings are classified as current liabilities at 29 February 2004.
- (c) As set out in note 1(b)(i), certain of the bank lenders of the Bank Borrowings assigned all their rights, title and interests in the indebtedness due to them by the Group amounting to \$195,731,000 to Partner Logistics on 11 February 2004.

Subsequent to the balance sheet date, the rights, title and interests in the indebtedness due to a bank lender of the Bank Borrowings by the Group amounting to \$14,000,000 was assigned to Partner Logistics on 2 April 2004.

截至2004年2月29日止年度
(以港元列示)

21 銀行貸款及透支

- (a) 於2004年2月29日，銀行貸款及透支的情況分析如下：

The Group 本集團	
2004 \$'000 千元	2003 \$'000 千元
-	4,260
51,677	249,478
51,677	253,738

- (b) 根據附註1(b)(i) 所載的重組協議，大部分債權人可發出14天通知而終止該重組協議。因此，於2004年2月29日的銀行貸款列為流動負債。
- (c) 正如附註1(b)(i) 所載，於2004年2月11日，某些銀行貸款的債權銀行把本集團應付他們共195,731,000元債務的所有權利、所有權及權益轉讓予Partner Logistics。

結算日後，於2004年4月2日，本集團將應付一家銀行貸款的債權銀行共14,000,000元的債務的權利、所有權及權益轉讓予Partner Logistics。

For the year ended 29 February 2004
(Expressed in Hong Kong dollars)

21 BANK LOANS AND OVERDRAFTS (Continued)

- (d) According to the letters dated 21 May 2003, 2 October 2003, 20 November 2003, and 19 March 2004 issued by the representative of the participating lenders, all the lenders conditionally agreed to postpone the quarterly loan payments due by the Group during the year ended 29 February 2004. According to a letter issued by the representative of the participating lenders on 14 June 2004, all the lenders have agreed to postpone the repayment due on 31 May 2004 to 31 August 2004 or completion date of a revised debt restructuring deed, whichever is earlier.

22 OTHER LOANS

Other loans represent the secured loans due to Partner Logistics. Details of the other loans are set out in note 1(b)(i) and 21 on the financial statements.

23 EMPLOYEE BENEFIT OBLIGATIONS

(a) Long service payments

Under the Hong Kong Employment Ordinance, the Group is obliged to make lump sum payments on cessation of employment in certain circumstances to certain employees who have completed at least five years of service with the Group. The amount payable is dependent on the employees' final salary and years of service, and is reduced by entitlements accrued under the Group's retirement plan that are attributable to contributions made by the Group. The Group does not set aside any assets to fund any remaining obligations.

截至2004年2月29日止年度
(以港元列示)

21 銀行貸款及透支 (續)

- (d) 根據2003年5月21日、2003年10月2日、2003年11月20日及2004年3月19日債權人的代表發出的信函，所有債權人有條件地同意在截至2004年2月29日止年度延遲本集團的季度貸款還款。根據2004年6月14日債權人代表發出的信函，所有債權人同意延遲本集團於2004年5月31日至2004年8月31日或債務重組契約完成日以較早日期為準。

22 其他貸款

其他貸款為應付Partner Logistics的有抵押貸款。其他貸款詳情載於本財務報表附註1(b)(i)及21。

23 僱員福利義務

(a) 長期服務金

根據香港《僱傭條例》，如果本集團在若干情況下停止聘用在本集團服務至少五年的某些員工，便須以整筆款項的形式向這些員工支付長期服務金。應付的長期服務金金額按員工的最終薪金和服務年期計算，並扣除他們在本集團退休計劃所累積權益中由本集團供款的部分。本集團並無預留任何資產以支付其餘的義務金額。

For the year ended 29 February 2004
(Expressed in Hong Kong dollars)

23 EMPLOYEE BENEFIT OBLIGATIONS (Continued)

(a) Long service payments (Continued)

- (i) The amount recognised in the consolidated balance sheet is as follows:

		The Group 本集團	
		2004 \$'000 千元	2003 \$'000 千元
Present value of unfunded obligations	非注入資金的義務的現值	9,570	11,192

- (ii) Movements in the net liability recognised in the consolidated balance sheet are as follows:

		The Group 本集團	
		2004 \$'000 千元	2003 \$'000 千元
At beginning of the year	年初餘額	11,192	8,471
Expense recognised in the profit and loss account	在損益表確認的支出	522	4,481
Employer contributions/benefit payments	僱主供款／福利付款	(2,144)	(1,760)
At end of the year	年末餘額	9,570	11,192

截至2004年2月29日止年度
(以港元列示)

23 僱員福利義務 (續)

(a) 長期服務金 (續)

- (i) 在綜合資產負債表確認的數額如下：

		The Group 本集團	
		2004 \$'000 千元	2003 \$'000 千元
Present value of unfunded obligations	非注入資金的義務的現值	9,570	11,192

- (ii) 在綜合資產負債表確認的負債淨額變動如下：

		The Group 本集團	
		2004 \$'000 千元	2003 \$'000 千元
At beginning of the year	年初餘額	11,192	8,471
Expense recognised in the profit and loss account	在損益表確認的支出	522	4,481
Employer contributions/benefit payments	僱主供款／福利付款	(2,144)	(1,760)
At end of the year	年末餘額	9,570	11,192

For the year ended 29 February 2004
(Expressed in Hong Kong dollars)

23 EMPLOYEE BENEFIT OBLIGATIONS (Continued)

(a) Long service payments (Continued)

(iii) Expense recognised in the consolidated profit and loss account is as follows:

		2004	2003
		\$'000	\$'000
		千元	千元
Current service cost	本年度服務成本	43	41
Interest cost	利息費用	665	573
Net actuarial (gains)/losses recognised	已確認精算(收益) ／ 虧損淨額	(186)	3,286
Losses on curtailment and settlements	縮減及結算 之虧損	-	581
		522	4,481

The expense is recognised in the following line items in the consolidated profit and loss account:

		2004	2003
		\$'000	\$'000
		千元	千元
Cost of sales	銷售成本	90	616
Selling expenses	銷售費用	332	3,070
Administrative expenses	行政費用	100	795
		522	4,481

截至2004年2月29日止年度
(以港元列示)

23 僱員福利義務 (續)

(a) 長期服務金 (續)

(iii) 在綜合損益表確認的支出如下：

		2004	2003
		\$'000	\$'000
		千元	千元
Current service cost	本年度服務成本	43	41
Interest cost	利息費用	665	573
Net actuarial (gains)/losses recognised	已確認精算(收益) ／ 虧損淨額	(186)	3,286
Losses on curtailment and settlements	縮減及結算 之虧損	-	581
		522	4,481

各項支出是在下列綜合損益表項目內確認：

		2004	2003
		\$'000	\$'000
		千元	千元
Cost of sales	銷售成本	90	616
Selling expenses	銷售費用	332	3,070
Administrative expenses	行政費用	100	795
		522	4,481

For the year ended 29 February 2004
(Expressed in Hong Kong dollars)

23 EMPLOYEE BENEFIT OBLIGATIONS (Continued)

(a) Long service payments (Continued)

(iv) The principal actuarial assumptions used as at 29 February 2004 (expressed as weighted average) are as follows:

		2004	2003
Discount rate	折讓率	6%	6%
Future salary increases	未來薪金升幅		
– year 2003 to 2004	– 2003年至2004年	3%	1%
– year 2005 and thereafter	– 2005年或以後	3%	3%

(b) Defined contribution retirement plan

The Group operates a Mandatory Provident Fund Scheme (“the MPF Scheme”) under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF Scheme is a defined contribution retirement scheme administered by independent trustees. Under the MPF Scheme, the employer and its employees are each required to make contributions to the scheme at 5% of the employees’ relevant income, subject to a cap of monthly relevant income of \$20,000. Contributions to the scheme vest immediately.

The Group also operates defined contribution retirement benefits schemes for all qualifying employees in the PRC, Taiwan and Malaysia with contributions to the schemes at 7%, 2% and 12% of the gross salaries respectively. The assets of the schemes are held separately from those of the Group in funds under the control of independent trustees.

截至2004年2月29日止年度
(以港元列示)

23 僱員福利義務 (續)

(a) 長期服務金 (續)

(iv) 於2004年2月29日使用的主要精算假設(以加權平均數表示)如下：

(b) 界定供款退休計劃

本集團亦按照香港《強制性公積金計劃條例》的規定，為根據香港《僱傭條例》聘用的僱員設立強制性公積金計劃(「強積金計劃」)。強積金計劃是一個界定供款退休計劃，由獨立的受託人管理。根據強積金計劃，僱主和僱員均須按照僱員相關入息的5%向計劃作出供款；但每月的相關入息上限為20,000元。向計劃作出的供款即時成為既定僱員福利。

本集團亦為中國、台灣及馬來西亞所有合資格的僱員設立一個界定供款退休計劃。向該等計劃支付的供款分別佔中國、台灣及馬來西亞的員工薪金總額的7%、2%及12%。計劃的資產獨立於本集團的資產持有，並由獨立受託人管理。

For the year ended 29 February 2004
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24 AMOUNTS DUE TO MINORITY SHAREHOLDERS

The amounts are unsecured, interest bearing at Hong Kong Prime Rate and not expected to be settled within one year except an amount of \$1,702,000 in 2003 which was interest free.

25 INCOME TAX IN THE BALANCE SHEET

(a) Current taxation in the balance sheet represents:

截至2004年2月29日止年度
(以港元列示)

24 應付少數股東款項

除2003年的1,702,000元是免息外，此款項為無抵押、以香港最優惠利率計算利息及預期不會於一年內償還。

25 資產負債表所示的所得稅

(a) 資產負債表所示的本期所得稅為：

		The Group 本集團	
		2004 \$'000 千元	2003 \$'000 千元
Provision for Hong Kong Profits Tax for the year	本年度香港利得稅撥備	2,647	496
Provisional profits tax paid	已付暫繳利得稅	(338)	(423)
		2,309	73
Overseas taxation	海外稅項	4,036	2,407
Balance of profits tax provision relating to prior years	以往年度利得稅撥備結餘	13,688	2,383
		20,033	4,863
Representing:	代表：		
Tax recoverable	可收回稅項	(144)	(264)
Tax payable	應付稅項	20,177	5,127
		20,033	4,863

For the year ended 29 February 2004
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截至2004年2月29日止年度
(以港元列示)

25 INCOME TAX IN THE BALANCE SHEET**25 資產負債表所示的所得稅 (續)***(Continued)***(b) Deferred tax assets and liabilities recognised****(b) 已確認遞延稅項資產和負債：****The Group****本集團**

		Depreciation allowances in excess of related depreciation	Revaluation of properties	Tax losses	Total
		超過 相關折舊的 折舊免稅額	物業重估	稅損	總額
		\$'000	\$'000	\$'000	\$'000
		千元	千元	千元	千元
At 1 March 2002 and at 28 February 2003	於2002年3月1日及 2003年2月28日	-	-	-	-
At 1 March 2003	於2003年3月1日	-	-	-	-
Charged/(credited) to consolidated profit and loss account	在綜合損益表 列支/(計入)	252	-	(3,316)	(3,064)
Charged to reserves (note 28(a))	在儲備列支 (附註28(a))	-	221	-	221
At 29 February 2004	於2004年2月29日	252	221	(3,316)	(2,843)

For the year ended 29 February 2004
(Expressed in Hong Kong dollars)

25 INCOME TAX IN THE BALANCE SHEET

(Continued)

(b) Deferred tax assets and liabilities recognised

(Continued)

Net deferred tax asset recognised on the consolidated balance sheet	在綜合資產負債表 確認的遞延稅項 資產淨值
Net deferred tax liability recognised on the consolidated balance sheet	在綜合資產負債表 確認的遞延稅項 負債淨額

(c) Deferred tax assets not recognised

The Group has not recognised deferred tax assets in respect of tax losses of \$106,543,000 (2003: \$190,378,000) and temporary differences of \$96,033,000 (2003: \$75,019,000). The tax losses do not expire under current tax legislation.

截至2004年2月29日止年度
(以港元列示)

25 資產負債表所示的所得稅 (續)

(b) 已確認遞延稅項資產和負債：

(續)

		The Group 本集團	
		2004 \$'000 千元	2003 \$'000 千元
Net deferred tax asset recognised on the consolidated balance sheet	在綜合資產負債表 確認的遞延稅項 資產淨值	(3,143)	—
Net deferred tax liability recognised on the consolidated balance sheet	在綜合資產負債表 確認的遞延稅項 負債淨額	300	—
		(2,843)	—

(c) 未確認的遞延稅項資產

本集團尚未就為數106,543,000元的稅損(2003年：190,378,000元)及可抵扣時差96,033,000元(2003年：75,019,000元)確認有關的遞延稅項資產。根據現行稅法，這些稅損不設應用限期。

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26 EQUITY COMPENSATION BENEFITS

The Company has a share option scheme which was adopted on 26 November 2003 whereby the directors of the Company are authorised, at their discretion, to invite participants of the share option scheme to take up options to subscribe for shares of the Company. The exercise price of options is the highest of the nominal value of the shares, the closing price of the shares on The Stock Exchange of Hong Kong Limited (“the Stock Exchange”) on the date of grant and the average closing price of the shares on the Stock Exchange for the five business days immediately preceding the date of grant. The option period will not be more than ten years from the date of grant of the option and the Company’s board of directors may at its discretion determine the minimum period for which the option has to be held or other restriction before the exercise of the subscription right attaching thereto. Each option gives the holder the right to subscribe for one share.

(a) Movement in share options

		2004 Number 數量	2003 Number 數量
At beginning of the year	年初餘額	26,590,000	30,895,000
Lapsed	已失效	(26,590,000)	(4,305,000)
At end of the year	年末餘額	-	26,590,000
Options vested at 29 February/28 February	於2月29日／2月28日界定為既定僱員福利的認股權	-	26,590,000

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26 權益計酬福利

本公司於2003年11月26日採用一項優先認股計劃：據此，本公司董事獲授權酌情邀請優先認股計劃的參與者接受可認購本公司股份的認股權。認股權的行使價為股份的票面值、股份於認股權授予日期在香港聯合交易所有限公司（「聯交所」）錄得的收市價及股份於截至認股權授予日期前五個營業日在聯交所錄得的平均收市價三者中的最高數額。認購期不得超過授予日期後十年，本公司董事可酌情決定行使認股權前須持有認股權的最少時間或其他限制。每項認股權讓持有人有權認購一股份。

(a) 認股權變動

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26 EQUITY COMPENSATION BENEFITS (Continued)

26 權益計酬福利 (續)

(b) Terms of unexpired and unexercised share options at balance sheet date

(b) 於結算日未到期和未行使的認股權年期

Date granted 授予日期	Exercise period 行使期間	Exercise price 行使價	2004 Number 數量	2003 Number 數量
15 September 1999 一九九九年九月十五日	15 March 2000 to 19 August 2003 二零零零年三月十五日至 二零零三年八月十九日	\$0.25 0.25元	-	26,590,000

27 SHARE CAPITAL

27 股本

		2004		2003	
		No. of shares '000 股份數目 千股	Amount \$'000 千元	No. of shares '000 股份數目 千股	Amount \$'000 千元
Authorised:	法定股本：				
Ordinary shares of \$0.25 each	每股面值0.25元 普通股	1,080,000	270,000	1,080,000	270,000
Issued and fully paid:	已發行及繳足股本：				
Ordinary shares At 1 March and at 29 February/ 28 February	普通股 於3月1日及 於2月29日/ 2月28日	391,889	97,972	391,889	97,972
6.5% convertible non-voting redeemable preference shares	6.5%無投票權的 可兌換及贖回 之優先股				
At 1 March	於3月1日	-	-	22	171,916
Redemption of preference shares	優先股贖回	-	-	(22)	(171,916)
At 29 February/ 28 February	於2月29日/ 2月28日	-	-	-	-

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28 RESERVES**(a) The Group**

截至2004年2月29日止年度
(以港元列示)

28 儲備**(a) 本集團**

		Share premium	Special reserve	Capital reserve	Land and buildings revaluation reserve	Exchange reserve	Capital redemption reserve	Accumulated losses	Total
		股份溢價	特別儲備	資本儲備	土地及 建築物 重估儲備	滙兌儲備	資本贖回 儲備	累計虧損	總額
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
		千元	千元	千元	千元	千元	千元	千元	千元
At 1 March 2002	於2002年3月1日	86,037	336,362	98,141	22,967	(7,755)	13,119	(755,864)	(206,993)
Revaluation deficit	重估虧損	-	-	-	(463)	-	-	-	(463)
Revaluation reserve realised on disposal of property	出售物業而變現之重估儲備	-	-	-	(982)	-	-	982	-
Exchange differences on translation of the financial statements of subsidiaries	換算附屬公司財務報表之滙兌差額	-	-	-	-	765	-	-	765
Exchange reserve realised on deemed disposal of subsidiaries	當作出售附屬公司而變現之滙兌儲備	-	-	-	-	(44)	-	-	(44)
Loss for the year	本年度虧損	-	-	-	-	-	-	(49,478)	(49,478)
Dividends (note 9)	股息(附註9)	-	-	-	-	-	-	(5,665)	(5,665)
Redemption of preference shares	贖回優先股	-	-	-	-	-	171,916	-	171,916
Increase in share of minority interests in net tangible assets of subsidiaries	少數股東權益於附屬公司的淨有形資產增加	-	-	-	-	-	(3,096)	-	(3,096)
Expenses for redemption of preference shares	贖回優先股費用	-	-	-	-	-	(11,066)	-	(11,066)
Write back of accrued dividend on preference shares	預提優先股股息撥回	-	-	-	-	-	-	39,374	39,374
At 28 February 2003	於2003年2月28日	86,037	336,362	98,141	21,522	(7,034)	170,873	(770,651)	(64,750)

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截至2004年2月29日止年度
(以港元列示)

28 RESERVES (Continued)

28 儲備 (續)

(a) The Group (Continued)

(a) 本集團 (續)

		Share premium	Special reserve	Capital reserve	Land and buildings revaluation reserve	Exchange reserve	Capital redemption reserve	Accumulated losses	Total
		股份溢價	特別儲備	資本儲備	土地及 建築物 重估儲備	匯兌儲備	資本贖回 儲備	累計虧損	總額
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
		千元	千元	千元	千元	千元	千元	千元	千元
At 1 March 2003	於2003年3月1日	86,037	336,362	98,141	21,522	(7,034)	170,873	(770,651)	(64,750)
Revaluation surplus (note 13(e)), net of deferred tax (note 25(b))	重估盈餘(附註13(e))扣除 遞延稅項(附註25(b))	-	-	-	416	-	-	-	416
Revaluation reserve realised on disposal of property	出售物業而變現之重估 儲備	-	-	-	(526)	-	-	526	-
Exchange differences on translation of the financial statements of subsidiaries	換算附屬公司財務報表 之滙兌差額	-	-	-	-	325	-	-	325
Capital reserve realised on liquidation of subsidiaries	附屬公司清盤而變現 之資本儲備	-	-	(149)	-	-	-	-	(149)
Exchange reserve realised on disposal of a subsidiary	出售附屬公司而變現 之滙兌儲備	-	-	-	-	(777)	-	-	(777)
Profit for the year	本年度盈利	-	-	-	-	-	-	7,493	7,493
At 29 February 2004	於2004年2月29日	86,037	336,362	97,992	21,412	(7,486)	170,873	(762,632)	(57,442)

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28 RESERVES (Continued)

(a) The Group (Continued)

Accumulated losses of the Group can be analysed as follows:

		2004 \$'000 千元	2003 \$'000 千元
Company and its subsidiaries	本公司及其附屬公司	(762,632)	(768,957)
Associates	聯營公司	-	(1,694)
		(762,632)	(770,651)

- (i) The special reserve of the Group arose from the difference between the nominal amount of the share capital and share premium of the subsidiaries at the date on which they were acquired by the Group and the nominal amount of the ordinary share capital issued as consideration for the acquisition.
- (ii) The capital reserve, land and buildings revaluation reserve and exchange reserve have been set up and will be dealt with in accordance with the accounting policies adopted for business combination, revaluation of land and buildings and foreign currency translation (note 1).

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(以港元列示)

28 儲備 (續)

(a) 本集團 (續)

本集團之累計虧損分析如下：

		2004 \$'000 千元	2003 \$'000 千元
Company and its subsidiaries	本公司及其附屬公司	(762,632)	(768,957)
Associates	聯營公司	-	(1,694)
		(762,632)	(770,651)

- (i) 本集團之特別儲備乃產生自附屬公司被本集團收購當日之股本面值及股本溢價與作為收購代價之發行普通股股本面值之差額。
- (ii) 資本儲備、土地及建築物重估儲備及滙兌儲備均已設立，並會根據就業務合併、重估土地及建築物及外幣換算所採用的會計政策(附註1)處理這些儲備。

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28 RESERVES (Continued)

28 儲備 (續)

(b) The Company

(b) 本公司

		Capital				
		Share Contributed	redemption	Accumulated		
		premium	surplus	reserve	losses	Total
		資本贖回				
		股份溢價	實繳盈餘	儲備	累計虧損	總額
		\$'000	\$'000	\$'000	\$'000	\$'000
		千元	千元	千元	千元	千元
At 1 March 2002	於2002年3月1日	86,037	532,336	13,119	(846,906)	(215,414)
Loss for the year	本年度虧損	-	-	-	(43,895)	(43,895)
Dividends (note 9)	股息(附註9)	-	-	-	(5,665)	(5,665)
Redemption of preference shares	贖回優先股	-	-	171,916	-	171,916
Expenses for redemption of preference shares	贖回優先股費用	-	-	(11,066)	-	(11,066)
Write back of accrued dividend on preference shares	預提優先股股息撥回	-	-	-	39,374	39,374
At 28 February 2003	於2003年2月28日	86,037	532,336	173,969	(857,092)	(64,750)
At 1 March 2003	於2003年3月1日	86,037	532,336	173,969	(857,092)	(64,750)
Loss for the year	本年度虧損	-	-	-	(8,655)	(8,655)
At 29 February 2004	於2004年2月29日	86,037	532,336	173,969	(865,747)	(73,405)

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28 RESERVES (Continued)

(b) The Company (Continued)

- (i) The contributed surplus of the Company arose from the difference between the consolidated net assets of the Group's subsidiaries acquired pursuant to a group reorganisation at the date on which the reorganisation became effective, and the nominal amount of the Company's ordinary shares issued under the reorganisation.

Under the Companies Act 1981 of Bermuda (as amended), the contributed surplus account of the Company is available for distribution.

However, the Company cannot declare or pay a dividend or make a distribution out of contributed surplus if:

- (a) it is, or would after the payment be, unable to pay its liabilities as they become due; or
- (b) the realisable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts.
- (ii) The aggregate amount of reserves available for distribution to shareholders of the Company at 29 February 2004 was \$Nil (2003: \$Nil).

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28 儲備 (續)

(b) 本公司 (續)

- (i) 本公司之實繳盈餘乃產生自集團附屬公司於重組生效日期因集團重組被收購時之綜合資產淨值與因重組發行之本公司普通股面值之差額。

根據百慕達1981年公司法(經修訂)，本公司之實繳盈餘賬可分配予股東。

但在下列情況下，本公司不能從實繳盈餘提取款項作宣派或繳付股息之用，或分派實繳盈餘：

- (a) 在繳付股息後，本公司不能或將不能繳付到期負債；或
- (b) 本公司資產的可變現價值因而低於其負債、已發行股本及股份溢價賬之總和。
- (ii) 於2004年2月29日，並無可分配予本公司股東之儲備(2003年：無)。

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29 DISPOSAL OF SUBSIDIARY

On 24 September 2003, the Group disposed of a subsidiary, Tivoli Jewelry Company Limited, satisfied in cash.

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29 出售附屬公司

本集團於2003年9月24日出售一間附屬公司——Tivoli Jewelry Company Limited,收取現金代價。

		2004 \$'000 千元
Net liabilities disposed of:	出售的負債淨值：	
Fixed assets	固定資產	276
Inventories	存貨	12,973
Trade and other receivables	應收賬款及其他應收款	9,486
Cash at bank and in hand	銀行存款及現金	48
Bank overdrafts	銀行透支	(4,526)
Trade and other payables	應付賬款及其他應付款	(6,164)
Current taxation	本期稅項	(1,714)
Amount due to minority shareholder	應付少數股東款項	(19,008)
Exchange reserve realised on disposal	出售而變現的滙兌儲備	(777)
Net identifiable assets and liabilities	可分資產及負債淨值	(9,406)
Gain on disposal of subsidiary	出售附屬公司收益	9,406
Cash consideration received, satisfied by cash (Note)	收取現金 代價(註)	-
Less: Cash of the subsidiary disposed of	減：出售附屬公司的現金	(48)
Bank overdrafts of the subsidiary disposed of	出售附屬公司的銀行透支	4,526
Net cash inflow in respect of the disposal of the subsidiary	出售附屬公司的 現金流入淨額	4,478

Note: Nominal cash consideration of \$2 was received from the disposal.

註：取得2元的出售名義現金代價

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30 COMMITMENTS

At 29 February 2004, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

		The Group 本集團		The Company 本公司	
		2004 \$'000 千元	2003 \$'000 千元	2004 \$'000 千元	2003 \$'000 千元
Within 1 year	1年內	36,747	44,257	4,080	7,200
After 1 year but within 5 years	1年後但5年內	27,922	57,245	3,570	7,650
		64,669	101,502	7,650	14,850

The Group leases a number of properties under operating leases. The leases typically run for an initial period of one to three years, with an option to renew the lease when all terms are renegotiated. Lease payments are usually adjusted to reflect market rentals upon renegotiation of the terms of the lease.

31 CONTINGENT LIABILITIES

- (a) At 29 February 2004, the Company has issued guarantees to banks and financial creditors in respect of general banking and other credit facilities extended to certain subsidiaries of the Company amounting to \$248,427,000 (2003: \$251,433,000).
- (b) As explained in note 5(a)(ii), as at 29 February 2004, tax treatments adopted by the Group relating to certain offshore income and agents commission payments and promoter fees arising in prior years are being challenged by the IRD. In the event that the Group is not successful in defending these challenges, the Group may be subject to significant additional tax liabilities and possibly penalties.

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30 承擔

於2004年2月29日，根據不可解除的經營租賃在日後應付的最低租賃付款額總數如下：

本集團以經營租賃租用部分物業。這些租賃一般初步為期一年至三年，並且有權選擇在到期日後續期，屆時所有條款均可重新商定。租賃付款額通常會於商議租約條款時調整，以反映市場租金。

31 或有負債

- (a) 於2004年2月29日，本公司就銀行及財務債權人給予部分附屬公司一般銀行及其他貸款融資信貸，向銀行及財務債權人作出合共248,427,000元（2003年：251,433,000元）的擔保。
- (b) 正如附註5(a)(ii)中解釋，於2004年2月29日，本集團就以往年度的若干離岸收入及代理佣金支出與業務推廣費用的稅務處理方法受到稅務局質疑。如果本集團為這些項目提出的抗辯不獲接納，本集團或須額外承擔大額稅務負債和罰款。

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32 PLEDGE OF ASSETS

- (a) At 29 February 2004, under the Restructuring Agreement as disclosed in note 1(b)(i), debentures were executed by the Group in favour of its bankers and financial creditors charging, by way of fixed and floating charges, all of the undertakings, properties and assets of the Company and 17 of its subsidiaries as security for, inter alia, all obligations and liabilities, actual or contingent, from time to time owing by the Group to the bankers and financial creditors. Rental revenue of the Group is also charged in favour of the Group's bankers.
- (b) At 29 February 2004, the Group pledged the capital contribution to a subsidiary of the Group amounting to US\$235,000 and all the benefits accruing to the pledged equity interest of 11.625% of the subsidiary to the Group's bankers and financial creditors as security for, inter alia, all obligations and liabilities, actual or contingent, from time to time owing by the Group to the bankers and financial creditors.
- (c) At 29 February 2004, the Group pledged all rights, titles and interests in 56.46% of the entire share capital of IAC and TSL China and all benefits accruing to the pledged equity interest to the Group's bankers and financial creditors as security for, inter alia, all obligations and liabilities, actual or contingent, from time to time owing by the Group to the bankers and financial creditors.

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32 資產抵押

- (a) 於2004年2月29日，根據附註1(b)(i)所述之重組協議，本集團已訂立債權證，以本公司及其17間附屬公司之所有業務、物業及資產透過固定及浮動抵押付予銀行及財務債權人作為抵押，以作為其中包括本集團不時欠銀行及財務債權人的所有實際或或有負債及債務的抵押品。本集團之租金收益亦抵押予本集團之銀行。
- (b) 於2004年2月29日，本集團把其於一間附屬公司的235,000美元出資額及其於該附屬公司的11.625%已抵押股本權益所累計的一切利益抵押予本集團的銀行及財務債權人，以作為其中包括本集團不時欠銀行及財務債權人的所有實際或或有負債及債務的抵押品。
- (c) 於2004年2月29日，本集團把其於IAC和謝瑞麟中國總資本額的56.46%的一切權利、所有權和權益，及已抵押股本權益所累計的一切利益抵押予本集團的銀行及財務債權人，以作為其中包括本集團不時欠銀行及財務債權人的所有實際或或有負債及債務的抵押品。

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33 CONNECTED AND RELATED PARTY TRANSACTIONS

- (a) During the year ended 29 February 2004, two subsidiaries of the Company, TSL Trading and BTSL sold and consigned finished goods to Hua Long amounting to \$185,950,000 (2003: \$51,442,000) and Rui Feng amounting to \$9,433,000 (2003: \$Nil). During the year ended 28 February 2003, TSL Trading and BTSL also sold and consigned finished goods to Beijing Zhong Shang Tse Sui Luen Economic and Trading Company Limited ("Zhong Shang") amounting to \$126,650,000. The transactions were carried out by way of cost-plus pricing arrangement in the normal course of business of the subsidiaries.

Hua Long, Rui Feng and Zhong Shang were licensees of Tse Sui Luen Jewellery (China) Limited and distributed the consigned finished goods to shop outlets operating under the trade names of "Tse Sui Luen" in Mainland China. There was no monetary consideration paid by the licensees in respect of using the trademark licenses.

During the year ended 29 February 2004, TSL Trading received commission, depending on the nature of the products, amounting to \$15,347,000 (2003: \$3,217,000), \$1,117,000 (2003: \$Nil) and \$Nil (2003: \$5,252,000) from Hua Long, Rui Feng and Zhong Shang for their respective confirmed purchases from BTSL.

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(以港元列示)

33 關連及關聯人士交易

- (a) 於截至2004年2月29日止年度內，本公司的兩間附屬公司謝瑞麟商貿和北京謝瑞麟分別向華龍和瑞峰售賣及寄售製成品185,950,000元(2003年：51,442,000元)和9,433,000元(2003年：無)。於截至2003年2月28日止年度內，謝瑞麟商貿與北京謝瑞麟亦向北京中商謝瑞麟經貿有限公司(「中商」)售賣及寄售製成品126,650,000元。這些交易是各附屬公司在正常業務過程中以成本加成定價法進行。

華龍、瑞峰和中商均為謝瑞麟珠寶金行(中國)有限公司的認可商標使用者，負責把寄售製成品分銷至在中國內地以「謝瑞麟」為營運名稱的店鋪。認可商標使用者毋須就使用商標支付任何金錢代價。

於截至2004年2月29日止年度內，謝瑞麟商貿就華龍、瑞峰和中商確認向北京謝瑞麟購買的貨品，分別按產品性質向這三間公司收取佣金15,347,000元(2003年：3,217,000元)、1,117,000元(2003年：無)和零元(2003年：5,252,000元)。

For the year ended 29 February 2004
(Expressed in Hong Kong dollars)

33 CONNECTED AND RELATED PARTY TRANSACTIONS (Continued)

(a) (Continued)

During the year ended 29 February 2004, SH TSLCS provided consultancy services to sale outlets of Hua Long, Rui Feng and Zhong Shang in return for fees amounting to \$1,176,000 (2003: \$889,000), \$82,000 (2003: \$Nil) and \$Nil (2003: \$1,069,000) respectively. During the period up to 30 April 2003, the consultancy services fees were charged at a progressive percentage up to 5% of turnover of the relevant retail outlets if the turnover of the retail outlets to which the consultancy services are rendered exceed certain thresholds. From 1 May 2003 onwards, the consultancy services fees are charged at 0.4% of turnover of all the retail outlets.

During the year ended 29 February 2004, Tse Sui Luen Jewellery Consultancy Service Limited ("TSLJCS") and BTSL paid Hua Long consultation fee amounting to \$729,000 (2003: \$Nil) for Hua Long's advice of public relation matters to TSLJCS and BTSL.

During the year ended 28 February 2003, TSLJCS also paid Zhong Shang consultation fees amounting to \$546,000 for Zhong Shang's advice in respect of public relation matters to TSLJCS.

Hua Long, Rui Feng and Zhong Shang are companies controlled by Mr. Qi Jian Hong ("Mr. Qi") who is a substantial shareholder and a director of the two subsidiaries of the Company, IAC and TSL China, and is also a director of a subsidiary of TSL China, BTSL. The licensing, sales, consignment, commission and consultancy service arrangements therefore constituted connected transactions under the Listing Rules.

截至2004年2月29日止年度
(以港元列示)

33 關連及關聯人士交易 (續)

(a) (續)

截至2004年2月29日止年度內，上海謝瑞麟商務諮詢以專項形式向華龍、瑞峰及中商的店鋪提供顧問服務，分別收取費用1,176,000元(2003年：889,000元)、82,000元(2003年：無)及零元(2003年：1,069,000元)。於截至2003年4月30日止的期間內，顧問費用以相關零售店鋪營業額不多於5%的累進百分比收取，唯使用顧問服務的零售店鋪的營業額必須超過若干數額才須支付顧問費用。由2003年5月1日起，顧問費用以所有零售店鋪營業額的0.4%收取。

截至2004年2月29日止年度內，謝瑞麟珠寶顧問服務有限公司(「謝瑞麟顧問服務」)與北京謝瑞麟就華龍向該等公司所提供的公共關係事務諮詢，向華龍支付諮詢費用729,000元(2003年：無)。

在截至2003年2月28日止年度內，謝瑞麟顧問服務就中商向該公司所提供的公共關係事務諮詢，向中商支付諮詢費用546,000元。

華龍、瑞峰和中商均由綦建虹先生(「綦先生」)控制，而綦先生也是本公司兩間附屬公司——IAC和謝瑞麟中國的主要股東和董事，並為謝瑞麟中國一間附屬公司北京謝瑞麟的董事。因此，認可商標的使用、售賣、寄售、佣金和顧問服務的安排構成上市規則定義的關連交易。

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(Expressed in Hong Kong dollars)

33 CONNECTED AND RELATED PARTY TRANSACTIONS (Continued)

(a) (Continued)

The independent non-executive directors of the Company have reviewed these connected transactions and confirmed that such transactions were:

- entered into the ordinary and usual course of business of the Group;
- conducted either on normal commercial terms or, if there is no available comparison, on terms that are fair and reasonable so far as the shareholders of the Company are concerned;
- in accordance with the Licensing and Consignment Terms (as defined in the circular dated November 2003), master supply agreement, comprehensive services agreement, and other terms governing the continuing connected transactions that are fair and reasonable and in the interests of the shareholders of the Company as a whole; and
- within the respective limits as set out in the circular dated 6 November 2003.

- (b) As set out in note 1(b)(i), Partner Logistics acquired all the rights, title and interests in the indebtedness due to certain of the bank lenders of the Bank Borrowings by the Group under the Restructuring Agreement amounting to \$195,731,000 and \$14,000,000 on 11 February 2004 and 2 April 2004 respectively. Partner Logistics is a company controlled by Mr. Tse Tat Fung, Tommy, the substantial shareholder and a director of the Company. At 29 February 2004, the outstanding loans due to Partner Logistics amounting to \$195,731,000.

截至2004年2月29日止年度
(以港元列示)

33 關連及關聯人士交易 (續)

(a) (續)

本公司的獨立非執行董事已經審閱這些關連交易，並確認這些交易是在下列情況下進行：

- 在本集團的一般和日常業務過程中進行；
- 按正常商業條款，或(倘若缺乏同類交易以作比較)按對本公司股東而言屬於公平和合理的條款進行；
- 按認可商標使用與寄賣條款(按2003年11月6日發出的通告所界定)、總供貨協議、全面服務協議，以及其他規範持續關連交易的公平和合理的條款進行，並在整體上符合本公司股東的權益；及
- 按2003年11月6日發出的通告所載的相關限額內進行。

- (b) 按附註1(b)(i) 所載，Partner Logistics於2004年2月11日和2004年4月2日，分別購入某些銀行貸款的債權銀行於重組協議內為數195,731,000元和14,000,000元的債務的所有權利、擁有權及權益。Partner Logistics是一間由本公司控股股東及董事謝達峰先生控制的公司。於2004年2月29日，應付Partner Logistics的未償還貸款為195,731,000元。

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(Expressed in Hong Kong dollars)

33 CONNECTED AND RELATED PARTY TRANSACTIONS *(Continued)*

- (c) On 17 June 2002, the Group entered into conditional agreements with the preference shareholder, the China Retail Fund, LDC (“CRF”), for redemption of the preference shares, which among other things, include an issue of shares by two subsidiaries of the Company, IAC and TSL China, to CRF and Best Accurate International Limited (“Best Accurate”). The agreements also provided that a shareholder’s loan agreement be entered into between IAC and a wholly-owned subsidiary of the Company, TSLJ. The details of the transactions have been set out in the circular to shareholders dated 8 August 2002.

Best Accurate owned 22.5% of the issued share capital of IAC and TSL China before the transaction. CRF and Best Accurate respectively own 24% and 19.54% of the two subsidiaries after the transaction. CRF and Best Accurate are the substantial shareholders of the two subsidiaries. Best Accurate is wholly-owned by Mr. Qi who is also a director of IAC, TSL China and a subsidiary of TSL China, BTSL. The issue of shares and the shareholder loan agreement, therefore, constitute connected transactions as defined by the Listing Rules. The transactions were approved by the shareholders and completed on 31 August 2002.

截至2004年2月29日止年度
(以港元列示)

33 關連及關聯人士交易 (續)

- (c) 於2002年6月17日，本集團就贖回優先股與優先股的持有人中國商業發展基金(「CRF」)達成有條件協議，其中條款包括本公司兩間附屬公司——IAC和謝瑞麟中國發行股份予CRF和佳準國際有限公司(「佳準」)。另外，根據上述協議，IAC與本公司的全資附屬公司謝瑞麟珠寶將簽訂一份《股東貸款協議》。有關交易的詳情已載於2002年8月8日的股東通函內。

在交易進行前，佳準擁有IAC和謝瑞麟中國的22.5%已發行股本。在交易完成後，CRF和佳準則分別擁有該兩間附屬公司的24%和19.54%股本權益，而成為該兩間附屬公司的主要股東。由於佳準由綦先生全資擁有，而綦先生也是IAC、謝瑞麟中國及謝瑞麟中國一間附屬公司的董事，故股份發行和《股東貸款協議》構成上市規則所定義的關連交易。這些交易已獲各股東批准，並於2002年8月31日完成。