

Management Discussion and Analysis

管理層討論及分析

RESULTS

Group's turnover for the year ended 31st March, 2002 was HK\$1,568,757,000, a 18% increase over HK\$1,327,753,000 of the previous year. The increase in turnover was mainly due to the contribution from the 3D-GOLD Tourism Exhibition Hall which has been in operation since 28th January, 2001 and the growth of the Group's business in Mainland China and Hong Kong.

In the year, profit attributable to shareholders was HK\$34,555,000, compared with HK\$52,164,000 (before charging impairment of goodwill relating to associates) of the previous year. The Group adopted a more aggressive pricing strategy to cope with the increasingly competitive market and to boost market share, thereby gross margin decreased from 15% last year to 14% of the year under review. The decline in net profit was primarily due to a considerable increase of selling, distribution and marketing expenses associated with the opening of the 3D-GOLD Tourism Exhibition Hall and the promotion costs for the "3D-GOLD" and "La Milky Way" products and brands for the year. Management believes that investments such as these will enhance the Group's brand value and sustain the Group's profitability. Improvements in gross profit margins are anticipated in line with the increase in the contribution of retail operations. As the business of associates is still at the investment stage, the Group has shared their losses and made provision against advance due by an associate.

業績分析

集團於截至二零零二年三月三十一日止年度之總營業額為1,568,757,000港元，較上年度之1,327,753,000港元，上升約18%。營業額增長，主要由於『金至尊』旅遊展覽廳自二零零一年一月二十八日開始投入營業，為集團擴大收入來源，以及本集團在中國大陸及香港之業務錄得升幅。

本年度股東應佔溢利為34,555,000港元，而去年相應之股東應佔溢利（在扣減聯營公司之商譽減值前）為52,164,000港元。為配合市場之劇烈競爭及增加市場佔有率，集團採取了更具競爭力之訂價策略，因此，邊際毛利由去年之15%，下調至本年之14%。而盈利下降，主要是由於開設『金至尊』旅遊展覽廳的額外開支，加上集團在年內為加強『金至尊』及『銀河明星』產品及品牌推廣宣傳，使集團本年度之銷售、分銷及推廣開支顯著增加。管理層相信此等投資有助集團提升旗下品牌價值，鞏固日後的收益基礎；當零售業務佔整體營運的比重增加時，亦可為集團帶來更高的邊際利潤。而聯營公司業務仍處於投資期，集團需分擔其虧損及為向其墊款作出撥備。

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BUSINESS REVIEW

Products

For the year under review, gold jewellery remained the Group's core product. Nevertheless, the Group is aggressively developing higher-margin sterling-silver, 18K-gold and diamond jewellery product lines, and has introduced house brands such as the "Everlasting Fortune" and "Cupid-Cut" of 3D-GOLD diamond jewellery series. At the same time, the Group is collaborating with Television Broadcasts Limited and Asia Television Limited in promoting a product series designed for entertainment celebrities. The Group will continue to forge alliances with various business partners in introducing new jewellery lines and diversifying retail coverage and channels.

Production Capability and Technology Achievements

Always planning ahead, the Group invested further capital last year to enhance production facilities and technological standards, and to build the Hong Kong head office and the Mainland China subsidiaries into world-class workplaces. The following achievements are noted:

1. ISO 9001: 2000 Certificates awarded to Hang Fung Gold Technology Limited, Hang Fung Jewellery Company Limited, 3D-GOLD International Company Limited and La Milky Way International Company Limited.

業務回顧

產品

於回顧期內，金飾仍然是集團的核心產品。此外，集團亦致力發展毛利較高之純銀、K金及珠寶鑲飾產品，並於零售市場推出獨家品牌系列，如：『金至尊』『時來運轉』及「八箭八心」鑲飾系列。與此同時，集團與電視廣播有限公司及亞洲電視有限公司合作，推出一連串為電視劇集及歌影視紅星而設計的產品。集團更積極與不同商業伙伴合作推出更多種類之首飾產品，擴闊銷售層面及銷售渠道。

生產設施及技術成就

繼往開來，集團於過去一年增添更多資源，提升生產設施質素及技術成就，使香港總公司及內地分公司之營運模式達致國際級水平，並取得以下成就：

1. 恒豐金業科技有限公司、恒豐珠寶首飾有限公司、金至尊國際有限公司及銀河明星國際有限公司榮獲ISO 9001: 2000證書。

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2. ISO 9001 Certificate awarded to Hang Fung Jewellery (Shenzhen) Co., Ltd.
3. HKPC Certificate of Merit in Productivity from the Hong Kong Productivity Council awarded to Hang Fung Gold Technology Limited.

“3D-GOLD”

In January 2001, the Group commenced operation of the 20,000 square-foot 3D-GOLD Tourism Exhibition Hall, a close to HK\$200 million investment located at 28 Man Lok Street, Hunghom. The Group employed the very last technology to create a unique tourist spectacle, incorporating an exhibition of high-technology jewellery manufacturing, the Gold and Jewellery Sparkling Environmentally Friendly Washroom, Compassionate Kuan Yin 3D-GOLD Statuettes, the World's Largest Fresh Water Pearl, and the Twelve Chinese Zodiacal Statues of the Old Summer Palace. Of these, the Gold and Jewellery Sparkling Environmentally Friendly Washroom earned two entries in the *Guinness Book of World Records* as “The World's Most Expensive Bathroom” and “The World's Most Expensive Toilet”.

The hall proving to be a creative and unique tourist attraction, along with robust demand from Mainland China and Southeast Asian tourists for quality jewellery products, the hall has hosted, in the short span of a year, over one million visitors, an average of some 3,000 per day. During the Chinese New Year, Labour Day Gold Week and National Day holidays, the hall received over 10,000 visitors per day.

The first year of business of “3D-GOLD” brand was promising, contributing substantial cash income and improving overall cashflow position for the Group.

2. 恒豐珠寶首飾(深圳)有限公司榮獲ISO 9001證書。
3. 恒豐金業科技有限公司榮獲香港生產力促進局生產力優異證書。

『金至尊』

集團於二零零一年一月在香港紅磡民樂街28號地下開設建築面積達二萬平方呎的『金至尊』旅遊展覽廳，總投資額超過二億港元。集團利用最新的專利科技，為展覽廳開創多個獨特旅遊景點，包括高科技珠寶金飾產品的製作過程展示、以黃金珠寶製成的金碧輝煌環保洗手間、純金淨蓮觀音像、世界最大天然淡水珍珠、圓明園純金十二生肖金首像。其中金碧輝煌環保洗手間更為香港創造了兩項吉尼斯世界紀錄，分別為「全世界最豪華洗手間」及「全世界最昂貴座廁」。

憑藉展覽廳創新及獨有的旅遊景點，加上國內及其他東南亞遊客對集團具質量保證的時尚珠寶首飾產品需求甚殷，在短短一年內，展覽廳的參觀人次已超過一百萬，現時每日平均接待三千多名遊客，在農曆新年、五一黃金周及國慶等國內主要假期，每日的參觀人數更超過一萬人次。

『金至尊』品牌推出首年營業額理想，大大增加集團的現金收益，並改善了集團整體的流動資金狀況。

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The HKSAR Government has taken steps to simplify visa procedures for Taiwan tourists, and the authorities of Guangzhou and Shenzhen are currently in the process of considering allowing their citizens to visit Hong Kong on a short-term visa-free basis. These developments, coupled with the planned construction of a magnetic express railway between Guangzhou and Hong Kong, will bring increased number of tourists to the territory. To cater with the increasing numbers of visitors, the Group has planned to expand facilities by buying and hiring an additional 30,000 square feet of retail space for the 3D-GOLD Tourism Exhibition Hall. The expansion of the hall will be completed in September 2002 as to cater for increasing number of visitors during the October holiday season. On 27th April 2002, the Group held a recruitment open day to fill new positions ranging from customer reception and sales staff to public relations and management specialists.

The Group's expansion is in line with the HKSAR Government's policies for developing the Hong Kong tourist industry. It is also currently actively participating in the Hong Kong Mega Shopping Sale promotion organised by the Hong Kong Tourism Board, taking place between 15th June to 31st August, 2002, during which period lucky draw winners will win "3D-GOLD" pure gold figurines and jewellery gifts of total value about HK\$7 million.

現時特區港府已正式簡化台灣旅客的入境簽證程序，而廣州市及深圳市當局亦正考慮讓當地居民免簽證短期訪港，並計劃興建磁懸浮列車由廣州直達本港，預計每年可為香港帶來額外旅客。為應付『金至尊』旅遊展覽廳不斷增加的參觀人數，集團在回顧年度內已在展覽廳現址額外購置及租賃三萬多平方呎地方以作擴充之用。展覽廳擴建工程可於二零零二年九月竣工，可趕及迎接在十月的旅遊黃金檔期。集團在二零零二年四月二十七日在展覽廳舉行公開招聘日，增聘員工，擔任展覽廳接待、產品銷售、公關及管理等各級工作。

集團擴充展覽廳的規模，正好配合特區政府發展香港旅遊業的政策。集團為進一步推動本港旅遊業發展，已加入參與香港旅遊發展局由二零零二年六月十五日至八月三十一日舉行之「香港新世紀勁買」旅遊推廣活動，並為其幸運大抽獎送出價值七百萬港元之『金至尊』純金立體人像及鑽飾禮品。

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Overseas Sales and Mainland China Retailing

Over the past years, the global economy has remained weak, further compounded by the tragic September 11 incident of the United States of America, which together had a dampening effect on the Group's overseas markets. As a result, the Group's overseas sales showed a slight decrease over the previous year.

The Mainland China market performed satisfactorily. During the year, the Group expanded the Mainland China retail network for its "3D-GOLD" and "La Milky Way" branded products, with the overall number of franchised retail outlets increased to 30 up to present, leveraging on synergies from the Group's 3D-GOLD Tourism Exhibition Hall in Hong Kong. Contribution from the Mainland China and Hong Kong markets to turnover increased steadily from 58% in the previous year to 76% for the year ended 31st March, 2002.

Management intends to continue with its investment plans in 2002. In the Mainland China this will take the form of franchised business alliances, cooperative and joint-venture, or wholly-owned business models, which within the year will increase the number of retail outlets to around 100. The increased proportion of retail business will help the Group to improve margins, and play its part in the burgeoning Mainland China retail market. Management considers that the Mainland China market will be the major motive force in the Group's growth in the years to come.

海外市場及國內零售

回顧年度內，全球的經濟依然疲弱，加上及後的美國九一一事件，對集團海外市場帶來了一定的負面影響。因此，集團的海外銷售業務在年度內出現倒退。

中國大陸方面，集團成功將『金至尊』及『銀河明星』兩個自有品牌的產品打入國內市場。現時，集團整體特許加盟零售店數目已增加至30間。集團在香港的『金至尊』旅遊展覽廳，與國內的零售業務能產生良好的協同效應。中國大陸及香港市場佔營業額比例由二零零一年三月底止年度之58%上升至回顧年度之76%。

管理層計劃在二零零二年內繼續投入資源，在國內以特許專營加盟店、合作、合資或獨資等經營模式，在本年內將零售店的數目增至約一百家。零售業務比重增加，有助集團改善邊際利潤，並且緊握國內市場的增長潛力。管理層預期，中國市場將會是集團未來主要的增長動力。

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LIQUIDITY AND FINANCIAL RESOURCES

As at 31st March, 2002, the Group maintained an aggregate banking facilities of HK\$475,277,000 (2001 – HK\$432,186,000), of which HK\$32,783,000 (2001 – HK\$38,117,000) had not been utilised. The Group primarily uses its internally-generated cashflow and banking facilities to finance its operations and business developments. Management is of the view that the Group has sufficient funding for such purposes. Interest on bank borrowings is charged at commercial lending rates to the Group. Details of the maturity of bank borrowings as at 31st March, 2002 are set out in Notes 19 and 20 to the accompanying financial statements.

The Group's gearing ratio (ratio of aggregate bank borrowings to equity) was maintained at 0.79 (2001 – 0.77), a level close to that of last year's.

Certain assets of the Group have been pledged to banks for such banking facilities. Details are set out in Note 32 to the accompanying financial statements.

流動資金與財政資源

於二零零二年三月三十一日，本集團之銀行信貸總額為475,277,000港元（二零零一年－432,186,000港元），而尚未動用之銀行信貸為32,783,000港元（二零零一年－38,117,000港元）。本集團營運一向以內部產生之現金流量為主，再加上銀行融資貸款，管理層深信，集團之流動資金可應付其日常業務及發展項目之需要。銀行貸款利息以商業借貸利率計算。而貸款還款期之詳情刊載於隨附之財務報表附註19及20。

本集團於二零零二年三月三十一日之負債比率（銀行貸款總額與資本之比率）為0.79（二零零一年－0.77），與去年相若。

本集團擁有之若干資產，已為向銀行所取得之融資貸款作抵押，詳情刊載於隨附之財務報表附註32。

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EMPLOYEES

At 31st March, 2002, the Group had over 2,000 employees. Employees are rewarded according to industry standards, which are reviewed on an annual basis. The remuneration includes basic salary and bonus. The employment costs of the Group amounted to HK\$55,002,000 for the year ended 31st March, 2002 (2001 – HK\$47,321,000). The Group has a share option scheme, in which options will be granted to employees who have contribution to the Group.

AWARDS AND ACHIEVEMENTS

The Group's edge in technology and design has earned industry recognition and major international and local awards. Last year, the Group was awarded the following:

1. Guinness World Record for the "Most Expensive Toilet";
2. Guinness World Record for the "Most Expensive Bathroom";
3. Hong Kong Jewellery Manufacturers' Association "The 4th Buyers' Favourite Diamond Jewellery Design Competition 2001" – Gold Award (Necklace Group); Award of Merit (Ring Group & Bracelet Group);
4. 2001 Grand Competition of Taiwan & Hong Kong Jade Jewellery Design – HKJJA Chairman's Award, Fine Design Award (Five Awards and Honourable Mention); and

僱員

於二零零二年三月三十一日，本集團僱有約二千餘名員工。本集團根據行業標準釐定薪酬待遇，並會每年作出檢討，而僱員之酬金包括基本薪金及花紅，截至二零零二年三月三十一日止年度，本集團之僱員酬金約為55,002,000港元（二零零一年 – 47,321,000港元）。本公司設有購股權計劃，可按僱員對集團之貢獻向其授出購股權。

獎項及成就

集團尖端的生產技術，以及新穎時尚的產品設計，一直備受業內人士推崇，並且屢獲國際及本地的獎項。年度內，集團榮獲以下大獎：

1. 吉尼斯世界紀錄保持者 – 「世界最昂貴座廁」；
2. 吉尼斯世界紀錄保持者 – 「世界最豪華洗手間」；
3. 香港珠寶製造業廠商會「第四屆最受買家歡迎鑽石首飾設計比賽」 – 金獎一名（項鍊組）、優異獎兩名（戒指組及手鐲組）；
4. 第三屆2001年台港翡翠首飾設計大賽 – 香港珠寶玉石廠商會會長獎一名、佳作獎五名、入圍獎一名；及

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5. Citation for Innovation in HKMA/TVB Award for Marketing Excellence.

The Group has a compelling vision of advancing the traditional gold jewellery industry by developing and deploying leading-edge technology and management. The Group's co-founders, Chairman Mr. Lam Sai Wing and Vice-Chairman Ms. Chan Yam Fai, Jane, were conferred with, respectively, Honorary Fellowship and Associateship of the Professional Validation Council of Hong Kong Industries on 25th March, 2002. This recognised of their professional expertise and outstanding achievements in the industry, as well as their contributions to society as a whole.

The Group also takes pride in its achievements in furthering the industry, and in its continuing efforts, under the guidance of Mr. Lam Sai Wing, to improve business management and operational systems, enabling it to attain international market leadership. During the year 2002, Mr. Lam was also awarded an Honorary Doctorate in Business Management by the Southern California University For Professional Studies, recognition again of his talent and initiatives in forging business development.

5. HKMA/TVB 傑出市場策劃獎之最具創意獎。

集團管理層自創業以來，一直致力改革傳統金業的經營模式，並且積極研究及引進最新的技術和現代化管理。集團的兩位創辦人－主席林世榮先生及副主席陳吟揮女士，於二零零二年三月二十五日，獲香港工業專業評審局分別頒授榮譽院士及副院士名銜，表揚集團兩位創辦人在業內的專業知識和成就，以及他們對社會及行業所作出的積極貢獻。

集團在工業發展方面取得驕人成績的同時，其商業管理及營運系統在主席林世榮先生的帶領下不斷改革，才形成今日達國際領先水平的模式；林先生更於2002年獲頒發 Southern California University For Professional Studies 工商管理榮譽博士學位，再一次肯定他推動集團工商發展方面之才能及努力。