

Chairman's Statement

主席報告



Chan Sing Chuk, Charles, JP

Group Chairman

陳聖澤太平紳士

主席

業務回顧

本人欣然提呈恒和珠寶集團有限公司截至二零零二年六月三十日止財政年度之年報。本集團之營業額為10.2億港元，去年之營業額則為9.6億港元，上升約6.3%。股東應佔溢利為3,835,000港元，較去年同期之溢利20,738,000港元減少81.6%。每股盈利由去年之0.078港元下降至0.014港元。

二零零一至二零零二年度，本集團及其管理層努力應付接踵而至之挑戰，實在是艱難之一年。由於美國市場仍是唯一之最大消費市場，自「九一一」事件發生以來，美國經濟一直蕭條，集團之客戶對消費之信心因而受到嚴重衝擊。本集團必須訂出更為嚴謹之回饋客戶政策、縮短付運交貨期及加強備用存貨之靈活性。為達致該等指標並保持競爭力，本集團在承擔更繁重之行

BUSINESS REVIEW

I am pleased to present the Annual Report of Continental Holdings Limited for the financial year ended 30 June 2002. The Group achieved a turnover of HK\$1.02 billion compared to the turnover of HK\$0.96 billion in the previous year, representing an increase of approximately 6.3%. The profit attributable to shareholders was HK\$3.8 million, decreasing by 81.6% over the profit of HK\$20.7 million for the same period last year. Earnings per share dropped to HK\$0.014 from HK\$0.078 of last year.

The year 2001-2002 was a difficult year of challenges faced by the Group and its management. As the United States continues to be the single largest consumer market, the economic recession in the US since the "911" incident has greatly affected our customers' buying confidence. The Group has to compromise with more stringent customer-return policies, shorter delivery lead-time as well as greater flexibility in inventory balancing. To satisfy these criteria and to maintain competitiveness, the Group is tolerating heavier administrative work, higher overhead and extra costs while keeping profit



Chairman's Statement 主席報告

政管理工作、更高昂之支銷及額外成本之餘，同時將邊際利潤降至最低水平。此外，全球一體化之影響亦令區內各供應商之競爭加劇。為迎接此等挑戰，本集團不惜耗資相當成本，竭力加強市場推廣活動及提昇生產設施，確保其能滿足客戶之需求。

於上個財政年度，設於中國之鑽石切割及打磨廠房為本集團帶來理想業績表現。本集團已進一步投資於科技範疇，以及培訓勞動力，務求令產品質素更高。本集團產品一直深受客戶愛戴，而市場對集團生產力之需求亦日趨殷切。因此，本集團正研究於中國開設鑽石切割及打磨之新廠房。

零售業務僅佔本集團營業額之一小部分。在本地零售市場持續疲弱之時，本集團仍能保持收支平衡。鑑於零售市場競爭日趨熾烈，本集團一方面投放合理資源於市場推廣及宣傳方面，同時亦於亞洲其他地區市場發掘更多商機。

經濟衰退亦嚴重影響本集團於櫃門業務之市場推廣及製造範疇之盈利能力。因此，本集團已就此項特定投資作出足夠撥備。

關於天后廟道之物業發展工程，其上蓋建造工程現正進行，預期將於二零零三年第三季竣工。

儘管本集團須面對上述種種挑戰，管理層一直奉行極為謹慎之財務政策，以維持本集團之流動資金處於相對較高之水平。本集團在過去已藉此政策渡過主要艱困時刻。公報業績已包括就客戶應收款項及存貨重造之撥備。

margins to a minimum. Moreover, the effect of globalization has intensified competition among the regional suppliers. In order to cope with these challenges, the Group has strengthened on marketing functions and production facilities at considerable costs to ensure its ability to meet customer demands.

The facilities for the cutting and polishing of diamonds in China have contributed satisfactorily to the Group's performance in the last financial year. The Group has further invested in technologies and training of labour force to ensure high quality output. The products have been well accepted by customers and there are increasing demands for production capabilities. As a result, the Group is studying the feasibility of a new facility in China for diamond cutting and polishing.

The retail operations remain as a small contribution to the Group's turnover. In face of the prolonged weakness of the local retail market, the Group managed to operate at breakeven level. In view of the increasingly competitive retail market, reasonable resources are put forth in marketing and promotions; whilst the Group is exploring opportunities in other regional markets within Asia.

The economic downturn has also seriously affected our profitability in the marketing and production of cabinet doors. The Group has thus made adequate provisions in this particular branch of investment.

The property development project in Tin Hau Temple Road is progressing with the construction work for superstructure and is expected to complete by the third quarter of 2003.

Given the above challenges, the management has been pursuing a very prudent financial practice to maintain a relatively high level of liquidity for the Group. This practice has led the Group to overcome major difficulties in the past. The reported results included prudent provisions made for customer receivables and inventory re-cycling.



CONTINENTAL
HOLDINGS LIMITED



Chairman's Statement

主席報告

國際觸目珠寶展－
2001 香港鐘錶及珠寶展
International Renowned Jewellery Show –
2001 Hong Kong Watch & Jewellery Show



展望

有見市場存在不明朗因素且全球經濟前景黯淡，本集團預期競爭仍然熾烈，而市場環境仍持續艱巨。管理層預測其首飾及鑽石業務之銷售額可保持穩定。憑藉小心謹慎之步署並不斷提昇其生產力及產品款色，本集團定可保持其於業內之市場佔有率，並能因應經濟衰退之困境作出對策。

流動資金及財務資源

本集團一向採取審慎的財務管理方針，並一直維持穩健的資產負債狀況。於二零零二年六月三十日，本集團之資產負債比率維持於0.03（二零零一年：0.03）（按本集團之銀行借貸及股東資金之比例計算）之低水平，現金及銀行結餘總額為175,968,000港元（二零零一年：151,735,000港元），較銀行貸款及透支結餘17,447,000港元（二零零一年：17,164,000港元）為高。該等銀行貸款及透支由本集團之投資物業、若干租賃土地及樓宇、在建物業之首次法定押記、一家附屬公司之股份按揭及本公司作出之公司擔保作擔保。

OUTLOOK

With much market uncertainties and the bleak outlook of global economy, the Group expects competition to remain high and the market environment continues to be extremely difficult. The management anticipates steady sales in both its jewellery and diamond operations. With its cautious and prudent approach, as well as continuous improvements in both production and product offerings, the Group will maintain its market share in the industry and be able to weather through this economic downturn.

LIQUIDITY AND FINANCIAL RESOURCES

In line with the Group's prudent financial management, the Group has been able to maintain a healthy balance sheet. As at 30 June 2002, the Group had a low gearing ratio of 0.03 (2001: 0.03), calculated on the basis of the Group's bank borrowings over shareholders' funds, total cash and bank balances was HK\$175,968,000 (2001: HK\$151,735,000) exceeding bank loans and overdrafts of HK\$17,447,000 (2001: HK\$17,164,000). These bank loans and overdrafts are secured by first legal charges over investment properties, certain leasehold land and buildings and property under development of the Group, share mortgage of a subsidiary and corporate guarantees executed by the Company.



CONTINENTAL
HOLDING LIMITED



Chairman's Statement

主席報告

「恒和鑽石」為恒和於2001年10月開幕之全新零售店
“Continental Diamond”, a new shop of Continental opened in October 2001



資產抵押及或然負債

於二零零二年六月三十日，本集團之投資物業、若干租賃土地及樓宇、在建物業及一家附屬公司之股份，經已按予銀行以取得本集團獲授之一般銀行信貸融資。於二零零二年六月三十日，本集團並無重大或然負債（二零零一年：無）。

資本結構

本集團於截至二零零二年六月三十日止年度之資本結構並無任何變動。

僱員人數、酬金政策及購股權計劃

於二零零二年六月三十日，本集團合共聘用約2,300名僱員，當中大部分聘於中國。本集團主要按業內慣例釐定僱員之薪酬，於年內並無採納任何購股權計劃。

PLEDGE OF ASSETS AND CONTINGENT LIABILITIES

As at 30 June 2002, the Group's investment properties, certain leasehold land and buildings and property under development of the Group and the shares of a subsidiary have been pledged to bank to secure general banking credit facilities granted to the Group. At 30 June 2002, the Group had no significant contingent liabilities (2001: Nil).

CAPITAL STRUCTURE

There was no change to the Group's capital structure during the year ended 30 June 2002.

NUMBER OF EMPLOYEES, REMUNERATION POLICIES AND SHARE OPTION SCHEMES

As at 30 June 2002, the Group employed a total of approximately 2,300 employees, the majority of whom are employed in the PRC. The Group remunerates its employees largely based on industry practice. No share option scheme was adopted during the year.



Chairman's Statement

主席報告

匯率波動風險及相關對沖

本集團之買賣交易及借貸均主要以美元及／或港元為單位，而基於現行港元與美元之掛鈎安排，匯率波動所致之風險甚微。

致謝

本人謹代表董事會向本集團之管理人員及員工於年內竭誠服務及勤奮工作、客戶對吾等產品之信心及支持，以及股東之信賴及支持致以衷心謝意。

承董事會命
主席
陳聖澤

香港，二零零二年十月二十一日

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND RELATED HEDGES

Both the sales and purchase transactions and the borrowings of the Group are primarily denominated in United States Dollars and/or Hong Kong Dollars, the risk of foreign exchange fluctuations is minimal under the existing linked exchange rate system for Hong Kong Dollar against United States Dollar.

ACKNOWLEDGEMENT

On behalf of the Board, I would like to express my sincere gratitude to the Group's management and staff member for their dedication and hard work, our customers for their confidence and support for our products, and our shareholders for their trust and support during the year.

By Order of the Board
Chan Sing Chuk, Charles
Chairman

Hong Kong, 21 October 2002