



## INTERIM REPORT 2004

## 2004 中期報告

The directors of Chow Sang Sang Holdings International Limited (the "Company") announce the unaudited interim results of the Company, its subsidiaries and associates (the "Group") for the six months ended 30 June 2004. The interim results have been reviewed by the Company's audit committee.

周生生集團國際有限公司(「本公司」)董事宣布本公司、其附屬公司及聯營公司(「本集團」)截至2004年6月30日止六個月之未經審核中期業績。此中期業績已由本公司之審核委員會審閱。

### CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT

### 簡明綜合損益賬

		Unaudited 未經審核	
		Six months ended 30 June 截至6月30日止六個月	
		2004	2003
		HK\$'000	HK\$'000
		千港元	千港元
	Notes 附註		
TURNOVER			
Jewellery operations		1,198,826	955,517
Others		3,047,308	1,698,426
		<b>4,246,134</b>	2,653,943
Cost of sales		<b>(3,928,119)</b>	(2,400,412)
Gross profit		318,015	253,531
Other revenue		33,321	14,422
Selling and distribution costs		(167,562)	(144,767)
Administrative expenses		(77,801)	(82,534)
Other operating expenses, net		(1,803)	(7,384)
PROFIT FROM OPERATING ACTIVITIES		<b>104,170</b>	33,268
Finance costs		(577)	(857)
Share of profits of associates		48	455
PROFIT BEFORE TAX		<b>103,641</b>	32,866
Tax		(16,299)	(8,696)
PROFIT BEFORE MINORITY INTERESTS		<b>87,342</b>	24,170
Minority interests		(1,407)	(153)
NET PROFIT FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS		<b>85,935</b>	24,017
Interim dividend		30,096	20,064
Special dividend		15,048	-
		<b>45,144</b>	20,064
EARNINGS PER SHARE - Basic		<b>17.13 cents</b> 仙	5.46 cents仙
		5	

## CONDENSED CONSOLIDATED BALANCE SHEET

## 簡明綜合資產負債表

			Unaudited 未經審核 30 June 6月30日 2004 HK\$'000 千港元	Audited 已審核 31 December 12月31日 2003 HK\$'000 千港元
NON-CURRENT ASSETS	非流動資產			
Fixed assets	固定資產		336,643	338,407
Investment properties	投資物業		91,800	91,800
Intangible assets	無形資產		351	382
Other assets	其他資產		4,538	4,693
Interests in associates	於聯營公司權益		7,505	7,075
Long term investments	長期投資		97,836	109,032
Deferred tax assets	遞延稅項資產		3,976	4,407
			<b>542,649</b>	<b>555,796</b>
CURRENT ASSETS	流動資產			
Inventories	存貨		1,001,948	991,536
Accounts receivable	應收賬款	6	142,878	230,337
Other receivables	其他應收賬款		108,625	109,860
Short term investments	短期投資		15,447	12,889
Tax recoverable	可收回稅項		56	27
Pledged time deposits	已抵押定期存款		16,000	16,000
Cash held on behalf of securities clients	代證券客戶持有現金		141,407	178,797
Cash and cash equivalents	現金及等同現金		317,771	269,728
			<b>1,744,132</b>	<b>1,809,174</b>
CURRENT LIABILITIES	流動負債			
Accounts payable	應付賬款	7	223,532	329,570
Tax payable	應付稅項		25,548	24,116
Other payables and accruals	其他應付賬款及應計項目		87,657	85,945
Interest-bearing bank borrowings	計息銀行貸款		12,983	10,390
			<b>349,720</b>	<b>450,021</b>
NET CURRENT ASSETS	流動資產淨值		<b>1,394,412</b>	<b>1,359,153</b>
TOTAL ASSETS LESS CURRENT LIABILITIES	總資產減流動負債		<b>1,937,061</b>	<b>1,914,949</b>
NON-CURRENT LIABILITIES	非流動負債			
Deferred tax liabilities	遞延稅項負債		(49,464)	(48,195)
			<b>1,887,597</b>	<b>1,866,754</b>
MINORITY INTERESTS	少數股東權益		(17,786)	(16,582)
			<b>1,869,811</b>	<b>1,850,172</b>
CAPITAL AND RESERVES	股本及儲備			
Issued capital	股本		125,400	125,400
Reserves	儲備		1,699,267	1,669,596
Proposed dividend	擬派股息		45,144	55,176
			<b>1,869,811</b>	<b>1,850,172</b>

CONDENSED CONSOLIDATED STATEMENT  
OF CHANGES IN EQUITY

簡明綜合權益變動表

		Unaudited 未經審核	
		Six months ended 30 June 截至6月30日止六個月	
		2004 HK\$'000 千港元	2003 HK\$'000 千港元
1 January — total equity	1月1日－總權益	1,850,172	1,716,064
Surplus / (deficit) on revaluation of long term listed investments	重估長期上市投資之盈餘／(虧損)	(4,805)	8,545
Exchange differences on translation of the financial statements of foreign entities	換算海外企業財務報告之匯兌差額	375	(32)
Transfer to deferred tax	撥往遞延稅項	—	(6,070)
Net gains / (losses) not recognised in the profit and loss account	在損益賬中未確認之淨收益／(虧損)	(4,430)	2,443
Transfer to profit and loss account on disposal of long term listed investments	出售長期上市投資時撥往損益賬	(6,690)	—
Net profit for the period attributable to shareholders	本期間之股東應佔溢利	85,935	24,017
Dividends	股息	(55,176)	(26,400)
30 June — total equity	6月30日－總權益	<u>1,869,811</u>	<u>1,716,124</u>

**CONDENSED CONSOLIDATED  
CASH FLOW STATEMENT**

**簡明綜合現金流量表**

		Unaudited 未經審核	
		Six months ended 30 June 截至6月30日止六個月	
		2004 HK\$'000 千港元	2003 HK\$'000 千港元
NET CASH INFLOW / (OUTFLOW) FROM OPERATING ACTIVITIES	來自經營業務之現金 流入／(流出)淨額	94,172	(4,949)
NET CASH INFLOW / (OUTFLOW) FROM INVESTING ACTIVITIES	來自投資業務之現金 流入／(流出)淨額	6,684	(8,890)
NET CASH OUTFLOW FROM FINANCING ACTIVITIES	應用於融資活動之現金淨額	(53,004)	(11,420)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	現金及等同現金之 增加／(減少)淨額	47,852	(25,259)
Cash and cash equivalents at beginning of period	於期初之現金及等同現金	270,307	205,396
Effects of foreign exchange rate changes, net	外幣匯率變動影響淨額	3	(9)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	於期末之現金及等同現金	<u>318,162</u>	<u>180,128</u>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS	現金及等同現金結存分析		
Cash and bank balances	現金及銀行存款	238,204	69,559
Non-pledged time deposits with original maturity of less than three months when acquired	存放時到期日少於三個月 之無抵押定期存款	79,567	109,781
Time deposits with original maturity of less than three months when acquired, pledged as security for bank facilities	存放時到期日少於三個月 作銀行信貸抵押之 定期存款	1,000	1,000
Bank overdrafts	銀行透支	(609)	(212)
		<u>318,162</u>	<u>180,128</u>

Notes:

## 1. PRINCIPAL ACCOUNTING POLICIES

These unaudited interim condensed consolidated financial statements have been prepared in accordance with Statement of Standard Accounting Practice (“SSAP”) 25 “Interim financial reporting” issued by the Hong Kong Society of Accountants and Appendix 16 of the Rules Governing the Listing of Securities in The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

The accounting policies and basis of preparation used in the preparation of these interim financial statements are the same as those used in the Group’s audited financial statements for the year ended 31 December 2003.

## 2. SEGMENT INFORMATION

The analysis of the Group’s revenue and results for the period by business segments are as follows:

		Manufacture and retail of jewellery 珠寶製造及零售		Wholesale of precious metals 貴金屬批發		Securities broking and other businesses 證券經紀及其他業務		Eliminations 對銷		Consolidated 綜合	
		2004 HK\$’000 千港元	2003 HK\$’000 千港元	2004 HK\$’000 千港元	2003 HK\$’000 千港元	2004 HK\$’000 千港元	2003 HK\$’000 千港元	2004 HK\$’000 千港元	2003 HK\$’000 千港元	2004 HK\$’000 千港元	2003 HK\$’000 千港元
Segment revenue:	分部收益:										
Sales to external customers	銷售予外界客戶	1,198,826	955,517	3,022,859	1,686,236	24,449	12,190	-	-	4,246,134	2,653,943
Intersegment sales	內部銷售	78,820	133,179	112,384	32,061	476	435	(191,680)	(165,675)	-	-
Other revenue from external sources	其他外界收益	6,777	7,235	33	55	9,595	1,242	-	-	16,405	8,532
Intersegment other revenue	內部其他收益	1,912	1,837	-	-	54	2,526	(1,966)	(4,363)	-	-
Total	總收益	<u>1,286,335</u>	<u>1,097,768</u>	<u>3,135,276</u>	<u>1,718,352</u>	<u>34,574</u>	<u>16,393</u>	<u>(193,646)</u>	<u>(170,038)</u>	<u>4,262,539</u>	<u>2,662,475</u>
Segment results	分部業績	72,156	32,574	6,788	2,009	11,336	(4,625)	-	-	90,280	29,958
Interest income	利息收入									4,262	3,002
Dividend income	股息收入									12,654	2,888
Unallocated expenses	未分配費用									(3,026)	(2,580)
Profit from operating activities	經營業務所得溢利									104,170	33,268
Finance costs	財務費用									(577)	(857)
Share of profits of associates	應佔聯營公司溢利									48	455
Profit before tax	除稅前溢利									103,641	32,866
Tax	稅項									(16,299)	(8,696)
Profit before minority interests	未計少數股東權益前溢利									87,342	24,170
Minority interests	少數股東權益									(1,407)	(153)
Net profit from ordinary activities attributable to shareholders	股東應佔日常業務溢利									<u>85,935</u>	<u>24,017</u>

No geographical analysis is presented as over 90% of the Group’s revenue and results are derived from activities in Hong Kong.

附註：

## 1. 主要會計政策

此等未經審核中期簡明綜合財務報告乃按照香港會計師公會頒布之香港會計實務準則（「會計實務準則」）第25號「中期財務報告」及香港聯合交易所有限公司證券上市規則（「上市規則」）附錄十六予以編製。

此等中期財務報告所採用之會計政策及編製基準與本集團截至2003年12月31日止年度之經審核財務報告所採用的一致。

## 2. 分部資料

本集團本期間業務分部之收益及業績分析如下：

本集團90%以上之收入及業績均來自香港業務，因此不提供地區性分析。

### 3. PROFIT FROM OPERATING ACTIVITIES

Profit from operating activities is arrived at after charging / crediting :

Depreciation and amortisation	折舊及攤銷
Operating lease rentals on land and buildings	土地及樓宇營業租約租金
Unrealised loss on revaluation of short term investments	重估短期投資之未變現虧損
Dividend income	股息收入
Interest income	利息收入
Gain on disposal of long term listed investments	出售長期上市投資收益
Gain on disposal of short term investments	出售短期投資收益

### 4. TAX

Hong Kong profits tax has been provided at the rate of 17.5% (2003: 17.5%) on the estimated assessable profits arising in Hong Kong during the period. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

Group :	集團 :
Current — Hong Kong	本期 — 香港
Charge for the period	期內稅項
Overprovision in prior years	以往年度超額撥備
Current — Elsewhere	本期 — 其他地區
Deferred	遞延
Share of tax attributable to associates	應佔聯營公司稅項
Total tax charge for the period	期內稅項總額

### 5. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the net profit attributable to shareholders for the period of HK\$85,935,000 (2003: HK\$24,017,000), and the 501,600,000 (2003: 440,000,000) ordinary shares in issue during the period.

Diluted earnings per share for the periods ended 30 June 2004 and 2003 have not been presented as no diluting events existed during these periods.

### 3. 經營業務所得溢利

經營業務所得溢利已扣除／計入：

Six months ended 30 June  
截至6月30日止六個月

2004	2003
HK\$'000	HK\$'000
千港元	千港元

14,921	21,150
46,956	46,823
1,803	384
12,654	2,888
4,262	3,002
8,090	—
120	—

### 4. 稅項

香港利得稅乃按期內於香港產生之估計應課稅溢利以稅率17.5% (2003年：17.5%) 撥備。其他地區之應課利得稅乃按集團營運地區以現行法則、闡釋及慣例為基礎之通用稅率計算。

Six months ended 30 June  
截至6月30日止六個月

2004	2003
HK\$'000	HK\$'000
千港元	千港元

12,933	9,408
(152)	—
1,836	1,119
1,682	(1,851)
16,299	8,676
—	20
16,299	8,696

### 5. 每股盈利

每股基本盈利乃按本期股東應佔溢利85,935,000港元 (2003年：24,017,000港元) 及本公司期內已發行股份501,600,000 (2003年：440,000,000) 普通股計算。

由於期內並無攤薄事項，故並無披露截至2004年及2003年6月30日止期間之每股攤薄盈利。

## 6. ACCOUNTS RECEIVABLE

### Manufacture and Retail of Jewellery

The Group's sales are normally on cash basis. There are wholesale customers who have been given credit periods ranging from 15 to 45 days.

### Precious Metals Wholesale

The Group's precious metals wholesale are normally conducted on cash basis.

### Securities and Commodities Broking

The settlement terms of accounts receivable arising from the ordinary course of business of dealing in securities are two days after the trade date, and the settlement terms of accounts receivable arising from the ordinary course of business of dealing in futures are normally on cash basis.

An aged analysis of the accounts receivable, based on invoice date, is as follows:

Current to 30 days	現在至30日
31 to 60 days	31日至60日
Over 60 days	超過60日
Margin clients accounts receivable *	應收孖展客戶賬款 *

\* The margin clients accounts receivable are secured by the underlying pledged securities, are repayable on demand and bear interest at commercial rates. No aged analysis is disclosed as, in the opinion of the directors, an aged analysis is not relevant in view of the nature of the business of securities margin financing.

## 7. ACCOUNTS PAYABLE

An aged analysis of the accounts payable, based on invoice date, is as follows:

Current to 30 days	現在至30日
31 to 60 days	31日至60日
Over 60 days	超過60日
Cash clients accounts payable #	應付現金客戶賬款 #
Margin clients accounts payable **	應付孖展客戶賬款 **

# Included in the cash clients accounts payable arising from the ordinary course of business of dealing in securities is an amount of approximately HK\$127,065,000 (31 December 2003: HK\$164,416,000) representing these client's undrawn monies / excess deposits placed with the Group. The balances are repayable on demand. No aged analysis is disclosed as, in the opinion of the directors, an aged analysis is not meaningful in view of the nature of the business of dealing in securities.

\*\* The margin clients accounts payable are repayable on demand and bear interest at commercial rates. No aged analysis is disclosed as, in the opinion of the directors, an aged analysis is not relevant in view of the nature of the business of securities margin financing.

## 6. 應收賬款

### 珠寶製造及零售

本集團銷售一般以現金交易。現有批發客戶獲提供的除賬期為15至45日。

### 貴金屬批發

本集團之貴金屬批發一般以現金進行交易。

### 證券及期貨經紀

在日常業務過程中證券買賣所產生之應收賬款，結算期限為交易日後兩天，而在日常業務過程中期貨買賣所產生之應收賬款，結算期限一般以現金交易。

應收賬款根據發票日期之賬齡分析如下：

30 June 6月30日	31 December 12月31日
2004 2003	2003 2004
HK\$'000 千港元	HK\$'000 千港元
88,431	178,300
4,864	7,269
7,326	1,040
100,621	186,609
42,257	43,728
142,878	230,337

\* 應收孖展客戶賬款以其證券作抵押，須於要求時償還及按商業條款計息。鑑於證券孖展借貸業務性質，賬齡分析作用不大，董事認為無需披露賬齡分析。

## 7. 應付賬款

應付賬款根據發票日期之賬齡分析如下：

30 June 6月30日	31 December 12月31日
2004 2003	2003 2004
HK\$'000 千港元	HK\$'000 千港元
44,620	41,144
5,950	4,541
3,044	4,706
53,614	50,391
157,787	270,351
12,131	8,828
223,532	329,570

# 已計入證券買賣業務期間產生之應付現金客戶賬款內之數額約127,065,000港元（2003年12月31日：164,416,000港元）為此等客戶存於本集團之備用款項／額外按金。餘額須於要求時償還。鑑於證券買賣業務性質，賬齡分析作用不大，董事認為無需披露賬齡分析。

\*\* 應付孖展客戶賬款須於要求時償還及按商業條款計息。鑑於證券孖展借貸業務性質，賬齡分析作用不大，董事認為無需披露賬齡分析。

## 8. CONTINGENT LIABILITIES

- (a) The Company has provided guarantees to the extent of US\$44 million and HK\$2 million (31 December 2003: US\$44 million and HK\$2 million) in respect of gold trading facilities granted to subsidiaries. As at 30 June 2004, none of the gold trading facilities have been drawn (31 December 2003: Nil).
- (b) The Company has provided corporate guarantees to the extent of HK\$211 million (31 December 2003: HK\$212 million) to secure the general bank facilities of certain subsidiaries. As at 30 June 2004, the amount drawn against the general bank facilities amounted to HK\$12,374,000 (31 December 2003: HK\$9,969,000).

## 9. RELATED PARTY TRANSACTIONS

The Group had the following material transactions with related parties during the period:

- (a) The Group advanced RMB7,000,000 (31 December 2003: RMB10,000,000) to the minority shareholder of a 95.1% owned subsidiary for its working capital. At 30 June 2004, the outstanding balances of approximately HK\$6,598,000 (31 December 2003: HK\$9,385,000) are unsecured, bear interest at 6% per annum and are repayable within one year.
- (b) The Group provided a corporate guarantee of RMB20,000,000 to a bank to secure bank facilities made available to a 95.1% owned subsidiary for its working capital.
- (c) The Group provided a corporate guarantee of RMB20,000,000 to a bank to secure bank facilities made available to a 61% owned subsidiary for its working capital.
- (d) Subsidiaries of the Company entered into agreements with the minority shareholder of a 70% owned subsidiary and the minority shareholder of a 95.1% owned subsidiary, for the purchase of raw materials and the placing of sub-contracting orders for the manufacture of gold products. The Group purchased goods and paid processing fees of approximately HK\$7,202,000 and HK\$1,091,000, respectively, with minority shareholders of subsidiaries in the ordinary course of business for a consideration decided between the parties and with reference to the prevailing market prices.
- (e) A subsidiary of the Company entered into a tenancy agreement with the spouses of two directors of the Company, for the lease of a retail shop of the Group. During the period, rental paid amounted to HK\$678,000.

## 8. 或然負債

- (a) 本公司為其附屬公司所獲黃金買賣信貸提供44,000,000美元及2,000,000港元(2003年12月31日: 44,000,000美元及2,000,000港元)之擔保。於2004年6月30日, 並沒有使用任何黃金買賣信貸(2003年12月31日: 零港元)。
- (b) 本公司為若干附屬公司所獲一般銀行信貸作出211,000,000港元(2003年12月31日: 212,000,000港元)之擔保。於2004年6月30日, 已使用之一般銀行信貸額為12,374,000港元(2003年12月31日: 9,969,000港元)。

## 9. 關連人士交易

本集團於期內與關連人士進行以下重大交易:

- (a) 本集團預付7,000,000人民幣(2003年12月31日: 10,000,000人民幣)予一95.1%持有之附屬公司少數股東作為營運資金。於2004年6月30日, 尚欠結餘約6,598,000港元(2003年12月31日: 9,385,000港元), 為無抵押, 按年利率6%計息及須於一年內償還。
- (b) 本集團為一95.1%持有之附屬公司所獲銀行信貸提供20,000,000人民幣之擔保, 作營運資金之用。
- (c) 本集團為一61%持有之附屬公司所獲銀行信貸提供20,000,000人民幣之擔保, 作營運資金之用。
- (d) 本公司之附屬公司分別與一持有70%之附屬公司少數股東及一持有95.1%之附屬公司少數股東訂立協議, 採購原材料及提供製造黃金產品分包訂單。本集團於日常業務過程中及基於雙方協議之市場適用價格, 分別向附屬公司少數股東購貨及繳付加工費7,202,000港元及1,091,000港元。
- (e) 本公司一附屬公司與其中兩名董事之配偶訂立一項租賃協議, 租賃本集團一零售店舖。期內已付租金為678,000港元。



## INTERIM AND SPECIAL DIVIDENDS

The directors have declared an interim dividend of HK6.0 cents (2003: HK4.0 cents) and a special dividend of HK3.0 cents (2003: Nil) per ordinary share for the six months ended 30 June 2004 payable to shareholders on the Register of Members of the Company on 22 September 2004. Dividend warrants will be posted on 28 September 2004.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business Segments

The business of the Group consists mainly of Manufacture and Retail of Jewellery, Precious Metals Wholesale and Securities & Commodities broking.

The jewellery business is chiefly conducted by Chow Sang Sang Jewellery Company Limited in Hong Kong, and in Taiwan and on the Chinese mainland by other subsidiaries. The mainland subsidiaries are either wholly-owned or majority-owned with controlling authority. Currently none of the shops anywhere is under franchise, and all merchandise are either manufactured in-house or sourced from contractors. As at 30 June 2004, under the name Chow Sang Sang there are 31 shops in Hong Kong and 32 shops in major cities on the mainland. There are 10 Emphasis shops in Hong Kong and 21 in Taiwan.

World Commercial Sales Company Limited deals with precious metals, mainly gold and platinum, wholesale. This is a specialised commodity business which the Group is well placed to exploit with its reputation and commercial standing, high liquidity and being a user in its own right. With an inherently low margin, the business calls for high volume and good risk-management. For the latter, policies are in place to ensure matching of buys and sells, and secure settlement with clients.

Securities and futures broking is conducted by Chow Sang Sang Securities Limited and Chow Sang Sang Futures Limited. Together they operate 8 branches in Hong Kong, and securities trading is also provided with a sophisticated Internet trading platform.

### Overall Group Results

For the six months ended 30 June 2004, profit attributable to shareholders amounted to HK\$86 million, increasing by 258% from the HK\$24 million of 2003. The combined turnover of all sectors rose by 60% to HK\$4,246 million. Earnings per share were HK17.13 cents, compared with HK5.46 cents for the first half of 2003.

## 中期股息及特別股息

董事會宣派截至2004年6月30日止六個月每股普通股之中期股息6.0港仙(2003年：4.0港仙)及特別股息3.0港仙(2003年：無)予2004年9月22日名列本公司股東名冊內之股東，股息單將於2004年9月28日寄發。

## 管理層討論及分析

### 業務分部

本集團主要業務包括珠寶製造及零售、貴金屬批發與證券及期貨經紀。

珠寶業務由周生生珠寶金行有限公司在本港經營，另以其他附屬公司在台灣及內地經營。集團對內地全資或非全資擁有的附屬公司均有控制權。目前沒有經營加盟店，所有貨品均由集團本身或特約供應商製造。於2004年6月30日，以「周生生」經營的分店在本港有31家，內地主要城市有32家分店；而「點睛品」分店在本港有10家，在台灣有21家。

世界批發行有限公司經營貴金屬批發，以黃金及鉑金為主。這是特殊的商品業務，本集團以其信譽及行業地位，而本身亦是用家，足以經營得法。這項業務特性是利潤率微薄，故必需交易量及風險管理得宜。對於風險管理，集團有健全政策，確保買賣之完善對沖和安穩的客戶結算。

證券及期貨經紀業務由周生生證券有限公司及周生生期貨有限公司經營。在香港經營8家分行外，亦提供先進之網上證券交易服務。

### 集團整體業績

截至2004年6月30日止六個月，股東應佔溢利為86,000,000港元，較2003年24,000,000港元，上升258%。各業務綜合營業額上升60%至4,246,000,000港元。期內每股盈利17.13港仙，2003年上半年每股盈利為5.46港仙。

## Jewellery Retail

Retail of jewellery achieved a 31% increase to HK\$1,069 million, accounting for 25% of the Group's turnover (31% in 2003). Operating profit rose significantly by 122% to HK\$72 million.

### *Hong Kong*

Turnover of jewellery retail in Hong Kong increased 30% to HK\$932 million.

The increase in business can be attributed largely to tourists from the mainland. Spending by locals has recovered from the drop caused by SARS in 2003 but it has yet to register any significant growth when compared with 2002.

In order to capitalise on visitors from the mainland, during the first half of 2004 we have completed the renovation of 3 major shops. By the end of the year we will have refurbished another 4. A lease has been signed for premises of over 200m<sup>2</sup>, to open in January 2005 as a flagship-scaled store, in Canton Road, Kowloon, an area teeming with tourists.

The preparation for the shop in Hong Kong Disneyland continues apace. We are now recruiting sales and support staff, and are in the thick of planning for merchandise.

A scheme has been initiated to recruit and train graduates from universities in Hong Kong who are exchange students from the mainland. After completing a rigorous programme in Hong Kong, the trainees will be deployed in the mainland in junior management positions. This scheme is designed to capitalise on the cross-border experience of the graduates and the first cohort of 6 trainees will report to duty in September.

The price of gold has retreated from record highs. It is not expected to be a factor in sales. However, optimism for the second half of the year, although remaining high, probably should be tempered because of the effects of various concerns, such as oil prices, interest rates, possibilities of terrorist attacks, the election of the legislature in Hong Kong and of the presidency in the United States.

### *Mainland*

Shops in Dalian, Changchun, Hangzhou, Xiamen, Zhongshan, Jiangmen, Shenzhen have opened and their results are up to expectations. During the second half of the year we will open shops in Chongqing, Harbin, Shenyang, Ningbo, Wuxi, Wenzhou, Nanchang, Taiyuan, Changsha, Wuhan, Kunming, etc. We have formalised a scheme to train senior sales staff to become trainers of shop managers. This scheme is expected to provide a steady stream of managers for our new shops.

## 珠寶零售

珠寶零售增長31%至1,069,000,000港元，佔本集團營業額25%（2003年為31%）。經營溢利則大幅上升122%至72,000,000港元。

### *香港*

香港的珠寶零售營業額增加30%至932,000,000港元。

業務增長主要來自內地遊客。本地消費自2003年受「沙士」影響下跌後已經復蘇，但與2002年比較，仍未錄得顯著增長。

為吸納更多內地遊客，2004年上半年已將3家分店重新裝修，並計劃在2004年底前重裝另外4家分店。集團已簽署一項面積超過200平方米物業的租約，並將於2005年1月在九龍廣東道繁盛的遊客區開設一家旗艦店。

位於香港迪士尼樂園的珠寶店的籌備作業繼續進行。現階段正招聘前線及後勤人員，及全面進行備貨工作。

集團引入一項計劃：招聘及培訓在本港大學畢業的內地交換生。他們在香港完成嚴格的培訓後，即派駐到內地擔任初級管理職位。計劃主要目的是結合畢業生在國內及本港的經驗，而首批合共6名見習生將於9月到職。

黃金價格已由高位回落，預料對銷售影響不大。下半年雖然保持樂觀，卻可能受到各方面如油價、利率、恐怖襲擊的可能性、香港立法會選舉及美國總統大選等帶來的影響而調整。

### *內地*

位於大連、長春、杭州、廈門、中山、江門及深圳等分店現已開業，並達到預期業績。計劃下半年在重慶、哈爾濱、瀋陽、寧波、無錫、溫州、南昌、太原、長沙、武漢及昆明等地開設分店。另已制訂一項計劃，將高級營業員加以培訓，成為分店店長及導師。此項計劃將成為新店店長的主要來源。

## Taiwan

The operation in Taiwan is holding steady, but the New Taiwan Dollar has turned lower.

### Precious Metals

Wholesale of precious metals accounted for 71% of the Group's turnover and 8% of operating profit for the first half of the financial year. Turnover increased by 79% to HK\$3,023 million, and operating profit increased 238% to HK\$7 million.

### Securities and Commodities

For the six months ended 30 June 2004, the securities and futures brokerage achieved a 139% increase in turnover to HK\$22 million, and recorded a profit of HK\$4 million.

Although the market was strong in the first quarter of 2004, sentiments weakened in the second. With the uncertainties in the US market caused by concern over oil prices, interest rates and the presidential election, compounded with weakness in technology stocks, we expect the market in Hong Kong to be a lot more cautious. Our strategy is to continue to control costs while rolling out internet trading of index futures and other new financial products.

### Investments

#### *Investment Properties*

Most of the Group's properties are held for its own use as jewellery shops and factory premises. Rental revenue from investment properties over the first half-year period amounted to HK\$3 million, which accounted for less than 1% of the Group's overall turnover.

#### *Shares in Hong Kong Exchanges and Clearing Limited*

On 6 March 2000, under the Schemes of Arrangements of the exchanges and the Exchanges and Clearing Houses (Merger) Ordinance, the Group received 6,223,500 shares of HK\$1.00 each in Hong Kong Exchanges and Clearing Limited ("HKEC") and six exchange trading rights in the Stock Exchange and one exchange trading right in the Futures Exchange in consideration for the cancellation of its six shares and one share previously held in the Stock Exchange and the Futures Exchange, respectively. Shares in HKEC are being held by the Group as long-term investment. At 1 January 2004, the Group held 6,053,500 shares of HKEC. During the period, the Group sold 400,000 shares of HKEC with realised gain of HK\$8 million. As at 30 June 2004, the Group held 5,653,500 shares of HKEC and the unrealised gain on the holding amounted to HK\$90 million (31 December 2003: HK\$101 million).

## 台灣

台灣業務穩定，但台幣轉弱，該地市場不穩定因素仍多。

### 貴金屬業務

貴金屬批發業務佔本集團本財政年度上半年營業額71%及經營溢利8%。營業額上升79%至3,023,000,000港元，經營溢利增加238%至7,000,000港元。

### 證券及期貨

截至2004年6月30日止六個月，證券及期貨經紀業務營業額上升139%至22,000,000港元，利潤為4,000,000港元。

縱然2004年首季市場轉為強勁，第二季氣氛轉弱。美國市場受到油價、利率及總統大選影響，加上科技股弱勢，預料下半年本港市場將更為審慎。本集團策略繼續控制成本，而另一方面透過網上期貨及新金融產品的推出發展業務。

### 投資

#### *投資物業*

本集團所持物業大部分用於經營珠寶店及廠房。投資物業上半年度帶來之租金收入為3,000,000港元，佔本集團總營業額少於1%。

#### *香港交易及結算所有限公司股份*

於2000年3月6日，在交易所的協議計劃及交易所及結算所(合併)條例下，本集團獲得香港交易及結算所有限公司(「港交所」)每股1.00港元股份6,223,500股及聯合交易所六項證券交易權及一項期貨交易所一項期貨交易權以代替之前分別持有聯合交易所及期貨交易所六股及一股股份。本集團以長期投資目標持有港交所之股份。於2004年1月1日，本集團持有6,053,500股港交所股份。期內本集團售出400,000股港交所股份，變現之收益為8,000,000港元。於2004年6月30日，本集團持有5,653,500股港交所股份，未變現之收益為90,000,000港元(2003年12月31日：101,000,000港元)。

## Finance

The Group's liquidity management is centralised at the corporate treasury based in Hong Kong.

As at 30 June 2004, the Group had net cash on hand of HK\$334 million. Most of the cash is deposited in the leading banks of Hong Kong in either HK dollar or US dollar. The Group's debt-to-equity ratio stood at 0.7%. This is expected to meet the requirements of our expansion both in Hong Kong and the mainland comfortably.

The renovation of shops in Hong Kong and the establishment of new shops in the mainland have been funded by own resources, which was topped up by HK\$140 million obtained through a private placement of new shares in September 2003.

The Group has foreign currency exposure in Renminbi, Taiwanese dollars, Euro and Japanese Yen. Currency risks are managed by partly financing non-Hong Kong dollar assets with loans denominated in the relevant currency. Compared to the total asset base, the risk due to foreign exchange exposure is insignificant.

Financing from banks and other sources are obtained for short-term purposes only. The Company guarantees banking and other facilities granted to its subsidiaries. The Group's banking facilities were secured by time deposits of HK\$16 million (31 December 2003: HK\$16 million), certain fixed assets and investment properties with a net carrying value of HK\$148 million (31 December 2003: HK\$152 million), and long-term listed investment of HK\$43 million (31 December 2003: HK\$45 million). At 30 June 2004, the Group's total bank loan amounted to HK\$12 million (31 December 2003: HK\$10 million).

## Human Resource

The Company and its subsidiaries employed 1,650 persons as at 30 June 2004 (31 December 2003: 1,500). Remuneration of employees is merit based, with discretionary bonus as incentives. The Group has not adopted any share option scheme.

## 財務

本集團資金管理由香港總公司統籌。

於2004年6月30日，本集團流動現金為334,000,000港元，大部分現金以港元或美元存於本港具領導地位的銀行。本集團資本負債比率為0.7%，預料足以應付集團在本港及內地的擴展需要。

集團將2003年9月配股集資所得的140,000,000港元注入內部資源，以重裝本港分店及發展內地分店。

本集團的外幣風險主要在人民幣、台幣、歐羅及日元；管理方法是用外幣債務為同幣資產部分融資。相對於總資產基礎而言，外匯風險甚小。

從銀行及其他來源的融資只作短期用途，本公司為其附屬公司取得銀行及其他信貸提供擔保。本集團為銀行融資提供的抵押品包括定期存款16,000,000港元（2003年12月31日：16,000,000港元），賬面淨值達148,000,000港元（2003年12月31日：152,000,000港元）之固定資產及投資物業，及長期上市投資43,000,000港元（2003年12月31日：45,000,000港元）。於2004年6月30日，本集團之銀行貸款為12,000,000港元（2003年12月31日：10,000,000港元）。

## 人力資源

於2004年6月30日，本公司及其附屬公司之僱員有1,650人（2003年12月31日：1,500人）。員工的報酬以員工表現為評核標準，獎金酌情發放。本集團並未採用購股權計劃。

## DIRECTORS' INTERESTS IN SHARES

At 30 June 2004, the interests of the directors in the issued share capital of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of Part XV of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, were as follows:

Name of director	Number of shares held 持有數目					Total	Percentage of the Company's issued share capital 佔本公司 已發行股本 百分比
	Personal Interest	Family Interest	Corporate Interest	Trustee Interest			
董事	個人權益	家族權益	公司權益	信託人權益	總數		
Chow Kwen Ling 周君令	—	—	38,009,300 <sup>(3)</sup>	—	38,009,300	7.58	
Chow Kwen Lim 周君廉	—	—	—	114,659,663 <sup>(1)</sup>	114,659,663	22.86	
Chan Bing Fun 陳炳勳	1,100,000	—	—	—	1,100,000	0.22	
Vincent W.S. Chow 周永成	—	—	—	114,659,663 <sup>(1)</sup>	114,659,663	22.86	
Gerald K.S. Chow 周敬成	16,406,400	78,665 <sup>(4)</sup>	—	70,000,000 <sup>(2)</sup>	86,485,065	17.24	
Winston W.S. Chow 周允成	16,080,920	64,000 <sup>(5)</sup>	—	70,000,000 <sup>(2)</sup>	86,144,920	17.17	

Note:

Refer to the explanatory notes in the section headed "Substantial shareholders' interests in shares and underlying shares".

Save as disclosed above, none of the directors had registered an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations that was required to be recorded pursuant to Section 352 of Part XV of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies.

## DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the period were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any director or their respective spouse or minor children, or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

## 董事於股本之權益

於2004年6月30日，根據證券及期貨條例第XV部第352條本公司須予保存之名冊內，或根據上市公司董事進行證券交易之標準守則必須向本公司及香港聯合交易所有限公司（「聯交所」）申報之權益，各董事於本公司或其聯營公司（定義見證券及期貨條例第XV部）已發行股本中之權益如下：

附註：

參考「主要股東於股本及相關股本之權益」之附註。

除上文披露外，各董事概無擁有根據證券及期貨條例第XV部第352條規定須予記錄之本公司或其聯營公司股份、相關股份或債券中擁有任何權益或淡倉，或根據上市公司董事進行證券交易之標準守則必須向本公司及聯交所申報之權益。

## 董事購買股份或債券之權利

除上述披露「董事於股本之權益」，期內概無授予任何董事或其配偶或年幼子女以購入本公司股份或債券而獲益之權利；或由其行使該等權利；或由本公司或其任何附屬公司安排致令董事可於其他法人團體獲得該等權利。

## SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES AND UNDERLYING SHARES

At 30 June 2004, the following interests of 5% or more of the issued share capital of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of Part XV of the SFO:

### Long positions:

Name	Capacity and nature of interest	Number of ordinary shares held	Percentage of the Company's issued share capital 佔本公司已發行股本百分比
名稱	身份及權益性質	持有普通股數目	
Everwin Company Limited	Beneficial Owner 實益持有人	114,659,663 <sup>(1)</sup>	22.86
Cititrust (Jersey) Limited	Trustee 信託人	114,659,663 <sup>(1)</sup>	22.86
Bermuda Trust (Cook Islands) Limited	Trustee 信託人	70,018,000 <sup>(2)</sup>	13.96
HSBC International Trustee Limited	Interest of controlled corporation 所控制公司之權益	70,018,000 <sup>(2)</sup>	13.96
Top Fit Investments Limited	Beneficial Owner 實益持有人	35,000,000 <sup>(2)</sup>	6.98
Happy Family Limited 快樂家庭有限公司	Beneficial Owner 實益持有人	38,009,300 <sup>(3)</sup>	7.58
Happy Inc.	Beneficial Owner 實益持有人	55,000,000	10.96

### Notes:

- (1) 114,659,663 shares in the Company were held by Everwin Company Limited, a company beneficially owned by a discretionary trust of which Mr. Chow Kwen Lim and Mr. Vincent W. S. Chow were among the beneficiaries. The trustee of the trust was Cititrust (Jersey) Limited and, accordingly, the shares in which Everwin Company Limited was shown to be interested were also included in which Cititrust (Jersey) Limited was shown to be interested. Mr. Chow Kwen Lim and Mr. Vincent W. S. Chow, and their respective spouses, were deemed to have interests in the 114,659,663 shares in the Company.
- (2) 70,000,000 shares in the Company were held by a discretionary trust of which Mr. Gerald K. S. Chow and Mr. Winston W. S. Chow were the beneficiaries. The trustee of the trust was Bermuda Trust (Cook Islands) Limited. Bermuda Trust (Cook Islands) Limited owned the interests in the Company through the following companies:

Name of company 公司名稱	Number of shares 股份數目
Top Fit Investments Limited	35,000,000
Blossom Investments Limited	17,500,000
Speed Star Holdings Limited	17,500,000

## 主要股東於股本及相關股本之權益

於2004年6月30日，根據證券及期貨條例第XV部第336條，本公司須予保存之權益名冊內記錄擁有本公司股本5%或以上之權益如下：

### 好倉：

Name	Capacity and nature of interest	Number of ordinary shares held	Percentage of the Company's issued share capital 佔本公司已發行股本百分比
名稱	身份及權益性質	持有普通股數目	
Everwin Company Limited	Beneficial Owner 實益持有人	114,659,663 <sup>(1)</sup>	22.86
Cititrust (Jersey) Limited	Trustee 信託人	114,659,663 <sup>(1)</sup>	22.86
Bermuda Trust (Cook Islands) Limited	Trustee 信託人	70,018,000 <sup>(2)</sup>	13.96
HSBC International Trustee Limited	Interest of controlled corporation 所控制公司之權益	70,018,000 <sup>(2)</sup>	13.96
Top Fit Investments Limited	Beneficial Owner 實益持有人	35,000,000 <sup>(2)</sup>	6.98
Happy Family Limited 快樂家庭有限公司	Beneficial Owner 實益持有人	38,009,300 <sup>(3)</sup>	7.58
Happy Inc.	Beneficial Owner 實益持有人	55,000,000	10.96

### 附註：

- (1) Everwin Company Limited擁有本公司114,659,663股股份，該公司由一項酌情信託擁有，周君廉先生及周永成先生為該項酌情信託之其中受益人。Cititrust (Jersey) Limited為該項酌情信託之信託人，因此，Everwin Company Limited之權益亦包括在Cititrust (Jersey) Limited之權益內。周君廉先生及周永成先生及彼等之配偶均被視作擁有本公司114,659,663股股份。
- (2) 一項酌情信託擁有本公司70,000,000股股份，周敬成先生及周允成先生為該項酌情信託之受益人。Bermuda Trust (Cook Islands) Limited為該項酌情信託之信託人。Bermuda Trust (Cook Islands) Limited透過下列公司擁有該項權益：

Accordingly, the shares in which Top Fit Investments Limited was shown to be interested were also included in which Bermuda Trust (Cook Islands) Limited was shown to be interested. Mr. Gerald K. S. Chow and his spouse were deemed to have interests in the 70,078,665 shares and 86,426,400 shares in the Company, respectively. Mr. Winston W. S. Chow and his spouse were deemed to have interests in the 70,064,000 shares and 86,100,920 shares in the Company, respectively.

Bermuda Trust (Cook Islands) Limited was accustomed to act in accordance with directions of HSBC International Trustee Limited. HSBC International Trustee Limited was deemed to have interests in the 70,018,000 shares in the Company. HSBC International Trustee Limited was also trustee of 300,000 shares of the Company.

- (3) 38,009,300 shares in the Company were held by Happy Family Limited, of which Mr. Chow Kwen Ling and his spouse owned 40% of the equity interest. Mr. Chow Kwen Ling and his spouse were deemed to have interests in the 38,009,300 shares in the Company.
- (4) 78,665 shares in the Company were held by the spouse and minor children of Mr. Gerald K. S. Chow.
- (5) 64,000 shares in the Company were held by the spouse and minor children of Mr. Winston W. S. Chow.

Save as disclosed above, no person, other than the directors of the Company, whose interests are set out in the section "Directors' interests in shares" above, had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of Part XV of the SFO.

## PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the period.

## CODE OF BEST PRACTICE

None of the directors of the Company is aware of any information that would reasonably indicate that the Company is not, or was not for any part of the six-month period ended 30 June 2004, in compliance with the Code of Best Practice, as set out in Appendix 14 of the Listing Rules, except that the independent non-executive directors of the Company are not appointed for specific terms. The independent non-executive directors are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the provisions of the Company's Bye-Laws.

## CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors as set out in Appendix 10 of the Listing Rules as its code of conduct regarding directors' securities transactions. Having made specific enquiry of all directors, the directors have confirmed compliance with the required standard set out in the Model Code as provided in Appendix 10 of the Listing Rules during the six-month period ended 30 June 2004.

因此，Top Fit Investments Limited之權益亦包括在Bermuda Trust (Cook Islands) Limited之權益內。周敬成先生及其配偶分別被視作擁有本公司70,078,665股股份及86,426,400股股份。周允成先生及其配偶分別被視作擁有本公司70,064,000股股份及86,100,920股股份。

Bermuda Trust (Cook Islands) Limited慣於按HSBC International Trustee Limited之指令行事，HSBC International Trustee Limited被視作擁有本公司70,018,000股股份。另HSBC International Trustee Limited同時為本公司300,000股股份之信託人。

- (3) 快樂家庭有限公司持有本公司38,009,300股股份，其中周君令先生及其配偶共同擁有40%之股本權益。周君令先生及其配偶被視作擁有本公司38,009,300股股份。
- (4) 周敬成先生之配偶及年幼子女持有本公司78,665股股份。
- (5) 周允成先生之配偶及年幼子女持有本公司64,000股股份。

除上文披露及以上「董事於股本之權益」涉及之本公司董事外，並無其他人士於本公司股本中登記持有根據證券及期貨條例第XV部第336條須予記錄之本公司權益、淡倉或相關股份。

## 購買、贖回或出售本公司上市證券

本公司或其任何附屬公司期間概無購買、贖回或出售任何本公司之上市證券。

## 最佳應用守則

本公司並無任何董事知悉任何資料，足以合理地指出本公司在截至2004年6月30日止六個月期間內之任何時間，未有遵守上市規則附錄十四所載之最佳應用守則，除了本公司之獨立非執行董事並無指定任期，獨立非執行董事須根據本公司之公司附例於本公司之股東週年大會上輪席告退及膺選連任。

## 董事進行證券交易之守則

本公司已採納上市規則附錄十所載董事進行證券交易之標準守則，作為董事進行證券交易之行為守則。經特別諮詢所有董事後，董事確認截至2004年6月30日止六個月期間已遵守上市規則附錄十所載標準守則所規定之標準。

## CLOSURE OF REGISTER

The Register of Members of the Company will be closed from Friday, 17 September 2004 to Wednesday, 22 September 2004 both days inclusive, during such period no transfer of shares will be registered. To ensure their entitlement to the dividend, shareholders are reminded to lodge their transfers not later than 4:30 p.m. on Thursday, 16 September 2004 with the Company's Registrars in Hong Kong, Tengis Limited of G/F, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong.

By Order of the Board  
**Chow Kwen Lim**  
Chairman

Hong Kong, 26 August 2004

## 截止過戶日期

本公司將暫停辦理股票過戶手續，日期由2004年9月17日（星期五）至2004年9月22日（星期三）止，包括首尾兩天在內。為確保收取股息權利，請將購入之股票連同過戶文件於2004年9月16日（星期四）下午4時30分前送達本公司位於香港灣仔告士打道56號東亞銀行港灣中心地下的香港股份過戶登記處登捷時有限公司辦理過戶。

承董事會命  
主席  
周君廉

香港，2004年8月26日