



CONTINENTAL
HOLDINGS LIMITED





陳聖澤博士，太平紳士

集團主席

Chan Sing Chuk, Charles, Ph.D, JP

Group Chairman

本人欣然提呈恒和珠寶集團有限公司（「本公司」）及其附屬公司（「本集團」）截至二零零六年六月三十日止財政年度之年報。

業務回顧

截至二零零六年六月三十日止財政年度對恒和珠寶而言是持續並穩步發展的一年。年內，本集團錄得營業額1,712,000,000港元（二零零五年：1,243,000,000港元）。本公司權益持有人應佔溢利為50,500,000港元（二零零五年（重列）：50,100,000港元），而每股盈利則為18.1港仙（二零零五年：17.9港仙）。

二零零六年的業績主要由於珠寶製造及貿易、出口市場推廣、鑽石切割及琢磨、鑽石買賣、珠寶零售、物業及其他投資的優異表現所致。本集團專注高增值業務，尋求更穩定而豐厚的收入來源。本集團致力將業務集中於核心業務，亦致力將投資多元化。本集團將不斷調節運作模式，希望於未來數年達致更高增長、更高效率及把握獲利機會。

I am pleased to present the annual report of Continental Holdings Limited ("the Company") and its subsidiaries ("the Group") for the financial year ended 30 June 2006.

BUSINESS REVIEW

Continental's financial year ended on June 30, 2006, was a year of continuity and progress for the Company. During the year, the Group has achieved a turnover of HK\$1.712 billion (2005: HK\$1.243 billion). Profit attributable to equity holders of the Company was HK\$50.5 million (2005: HK\$50.1 million (restated)) and earnings per share was HK18.1 cents (2005: HK17.9 cents).

Our results in 2006 were achieved through the marketplace performance of our jewellery manufacturing and trading, export marketing, diamond cutting and polishing, diamond trading, jewellery retailing, properties and other investments. We are focused on the higher value-added segment of our business to seek for a more consistent and profitable income source. We strive to aggregate our business in the core business and investments for diversification. Our Group will constantly fine-tune our operations in order to capture the most attractive growth, efficiency and profit opportunities in the years ahead.



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儘管市場氣氛淡靜，加上利率上漲，貴重珠寶的國際市場於後半年度仍有改善跡象。雖然二零零六年的市場激烈，金價亦大幅波動，恒和珠寶仍有力擴展其國際市場，同時仍會繼續致力改善其創意、原創造力及質素。

恒和珠寶仍為鑽石及珠寶製造業的領導者之一。未來數年，本集團將透過高效率及有效運用資源，進一步強化其市場定位及管理優勢。

Against the backdrop of a tempering market, and raising interest rates, the luxury jewellery market has improved towards the later part of the fiscal year internationally. Though 2006 is a very competitive market with huge volatility in the gold prices, Continental is able to expand its international presence as we continue our efforts on innovation, creativity and quality.

Continental remains one of the strong leaders in diamond and jewellery manufacturing. In the years to come we will further strengthen our competitive advantages in market positioning and management through higher efficiency and maximization of resources.

1. Continental Diamond Plaza at Hennessy Road, Causeway Bay
銅鑼灣軒尼詩道恒和鑽石大廈
2. Jewellery demonstration by Balia and Rosemary showcasing Continental's latest diamond collection during the 30th anniversary cocktail party.
恒和珠寶集團 30 週年慶祝酒會，由名模陳沛嘉小姐及 Ms. Rosemary 展示最新之首飾系列。
3. Grand opening ceremony of Continental Jewellery (Jiangmen) Co. Ltd. in Nov, 2005.
恒和珠寶(江門)有限公司於 2005 年 11 月之開幕典禮
4. Board of Directors toasting at the Continental Holdings Ltd 30th anniversary cocktail party.
集團董事慶祝恒和珠寶集團 30 週年酒會之祝酒儀式
5. Special limited edition South African Diamond Collector's Box by Continental Diamond
由恒和鑽石特別設計之限量版南非美鑽收藏箱



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業務展望

恒和珠寶將繼續致力為本集團之業務伙伴及客戶提供優質貨品及服務。本集團希望進一步多元化於珠寶及其他投資的組合，從而為股東及社會建立更好的機構。

流動資金、財務資源及負債

於二零零六年六月三十日，按本集團之銀行借貸對比股東資金計算，本集團之資產負債比率維持於0.39 (二零零五年(重列)：0.47)之適中水平。現金及銀行結餘總額為116,408,000港元(二零零五年：32,339,000港元)，銀行貸款及透支為272,683,000港元(二零零五年：305,919,000港元)，此變動乃因透過出售本公司一間全資附屬公司之全部已發行股本出售一項投資物業所致。該等銀行貸款及透支以本集團投資物業、若干租賃土地及建築物之第一法定押記、投資物業租金收入之轉讓及本公司提供之公司擔保連同一名董事所簽訂之個人擔保作抵押。

資產抵押

於二零零六年六月三十日，本集團之投資物業、若干租賃土地及建築物，經已按予銀行作為一般銀行信貸融資之抵押。

資本結構

本集團所有借貸以港元及中國人民幣結算，利息按香港銀行同業拆息或最優惠利率及中國人民幣固定利率基礎釐定。

BUSINESS OUTLOOK

Continental will continue our vision in providing quality goods and services to our business partners and customers. We hope further down the line to diversify our portfolio in jewellery and other investments to create a stronger organization for our shareholders and our community.

LIQUIDITY, FINANCIAL RESOURCES AND GEARING

As of 30 June 2006, the Group had a moderate gearing ratio of 0.39 (2005: 0.47 (restated)), calculated on the basis of the Group's bank borrowings over shareholders' funds. Total cash and bank balances was HK\$116,408,000 (2005: HK\$32,339,000) while bank loans and overdrafts was HK\$272,683,000 (2005: HK\$305,919,000). The movement represents the disposal of an investment property through the sale of the entire issued share capital of a wholly-owned subsidiary of the Company. These bank loans and overdrafts are secured by first legal charges over the Group's investment properties, certain leasehold land and buildings, assignment of rental income of an investment property and corporate guarantees executed by the Company together with a personal guarantee executed by a director.

PLEDGE OF ASSETS

As of 30 June 2006, the Group's investment properties, certain leasehold land and buildings were pledged to bank to secure the general banking facilities.

CAPITAL STRUCTURE

All the Group's borrowings are denominated in local Hong Kong dollars and PRC Renminbi. Interest is determined on the basis of Hong Kong inter-bank offering rates or Prime Rate and PRC Renminbi fixed rate.



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本集團於截至二零零六年六月三十日止年度之資本結構並無任何變動。考慮到本公司目前之財務狀況，及並無出現不可預見之情況下，管理層預期無需改變資本結構。

僱員人數、酬金政策及購股權計劃

本集團合共聘用約2,400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。本公司並無採納任何購股權計劃。

金融風險及相關對沖

本集團採取保守策略進行風險管理，而其承受之市場風險被控制在最低水平。除英國之附屬公司外，本集團所有交易及借貸主要以美元及／或港元計值，在聯繫匯率下，匯率波動風險甚微。於年內，本集團訂立遠期匯率合約，以減低外幣匯率波動風險及緩和外幣風險對本集團經營業績之影響。本集團之現金流量及利率風險由衍生金融工具如利率掉期所管理，以確保短期至中期之流動資金。於年內，本集團並無運用任何其他金融工具進行對沖。於二零零六年六月三十日，並無未結算之對沖工具。

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、客戶對本集團產品之信心及支持，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，二零零六年十月二十日

There was no change to the Group's capital structure during the year ended 30 June 2006. In the light of the current financial position of the Company and provided there is no unforeseeable circumstance, the management does not anticipate the need to change the capital structure.

NUMBER OF EMPLOYEES, REMUNERATION POLICIES AND SHARE OPTION SCHEMES

The Group employs a total of approximately 2,400 employees with the majority in the PRC. The Group remunerates its employees largely based on the industrial practice. There is no share option scheme being adopted by the Company.

EXPOSURE TO FINANCIAL RISK AND RELATED HEDGES

The Group utilises conservative strategies on its risk management and the market risk is kept to minimum. With the exception of the UK subsidiary, all transactions and the borrowings of the Group are primarily denominated in US Dollars and/or Hong Kong Dollars. The risk of foreign exchange fluctuations is minimal under the peg. During the year, the Group entered into foreign exchange forward rate agreements in order to secure its exposure to fluctuations in foreign currency exchange rates and to neutralise the impact of foreign currency risk on the Group's operating result. The Group's cashflow and interest rate risks were managed by means of derivative financial instruments, such as interest rate swaps, to ensure short to medium term liquidity. During the year, the Group did not use any other financial instrument for hedging purposes. As of 30 June 2006, there was no hedging instrument outstanding.

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.

On behalf of the Board
Chan Sing Chuk, Charles
Chairman

Hong Kong, 20 October 2006