

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

OVERALL GROUP RESULTS

The results of the Group for the year ended 31 December 2000 and the state of affairs of the Company and of the Group at that date are set out in the financial statements on pages 22 to 70.

The Group's turnover for the year ended 31 December 2000 increased by 9% over 1999 to HK\$4,684 million, mainly due to increased wholesale of gold bullion. The net profit attributable to shareholders was HK\$56,722,000, a decrease of 55% compared with 1999 profits of HK\$125,567,000. Earnings per share were 12.89 cents compared with 28.54 cents in 1999.

GOLD AND GEM-SET JEWELLERY

Hong Kong's economy continued to be depressed in 2000, and consumer spending was heavily curtailed. Turnover of the Group's gold and gem-set jewellery operations declined by 12% to HK\$2,126 million, and profit contribution amounted to HK\$50 million, representing a decrease of 61%.

In Taiwan, the jewellery retail network was expanded with the opening of new outlets. However, the results were affected by the weakness in the Taiwanese currency. Operation in the Mainland remained steady.

With a rather clouded outlook for the economy in Hong Kong, we expect consumer to be conservative in their spending and sensitive to prices. We have adjusted our mix of products to meet the shift in demand and we shall hone our competitive edge by judicious expansion of our retail networks. In Taiwan we shall concentrate on increasing the profitability of the branches. In the Mainland, we shall continue our policy of expansion with total management control.

PRECIOUS METALS

Turnover from wholesale of precious metals increased 35% from HK\$1,856 million in 1999 to HK\$2,503 million, but profit contribution decreased by 12%. The results reflect the low margin and the intense sensitivity to price in the business.

集團整體業績

本集團截至2000年12月31日止年度之業績及本公司與本集團於該日之財務狀況載於第22頁至第70頁之財務報告內。

集團本年度之營業額為4,684,000,000港元，較1999年增長9%，主要乃貴金屬批發業務之增長。股東應佔溢利為56,722,000港元，較1999年錄得之125,567,000港元下跌55%。每股盈利12.89仙，1999年每股盈利為28.54仙。

金飾及珠寶鑲作飾品

2000年香港經濟持續不景氣，市民消費大幅緊縮。本集團之金飾及珠寶鑲作飾品業務營業額下跌12%至2,126,000,000港元；溢利貢獻50,000,000港元，下跌61%。

台灣的零售網絡隨著新店的開設而循序擴張，惟台幣偏軟，影響業績。內地業務發展穩定。

香港經濟前景尚未明朗，預料市民消費態度審慎。本集團除調節產品組合以配合市場需求變化，並透過明智的零售網絡擴展以加強競爭力。台灣方面，將致力提高各分行盈利；至於內地業務，仍以全面管控的方式審慎擴展。

貴金屬

本年度貴金屬批發業務營業額為2,503,000,000港元，較1999年錄得之1,856,000,000港元增長35%，但溢利貢獻則下跌12%，反映業務利潤下調及價格競爭激烈。



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SECURITIES, COMMODITIES AND GOLD BULLION

The revenue and the profit contribution from stockbroking increased by 67% and 59% to HK\$49 million and HK\$27 million, respectively. Four new branches in excellent locations were opened in opportune time to capitalise on the heated market during the first quarter. In July, the Group's internet securities-trading platform went online as www.338.net and put us amongst the first successful brokers in fully implementing straight-through processing with the AMS/3 system of the Hong Kong Stock Exchange. Providing customers an efficient and "intelligent" alternative in order placing and offering them excellent information services, the platform is an important tool for survival in an increasingly competitive business.

The outlook for the market is gloomy at least for the first half of 2001. At the same time, online trading is being offered at discount levels even before the scheduled abolition of the minimum commission in April 2002. We are able to contain our costs because of our investment in technology, nevertheless we shall expand our product line and marketing efforts in order to maintain our profitability.

INVESTMENT

Rental revenue from investment properties amounted to HK\$7 million which accounted for less than 1% of the Group's overall turnover. Most of the Group's properties are held for our own use as jewellery shops and factory premises. Although the property market is weak the exposure of the Group in this sector is not significant. Following corporate accounting policy an evaluation of its properties was conducted at the end of the year.

As a result of the merger of The Stock Exchange of Hong Kong Limited ("SEHK") and Hong Kong Futures Exchange Limited ("HKFE") on 6 March 2000, the Group exchanged its shares in SEHK and HKFE for six securities trading rights and one futures trading right, as well as 6,223,500 shares in Hong Kong Exchanges and Clearing Limited. The shares are held by the Group as a long term investment and at 31 December 2000 the unrealised holding gain amounted to HK\$109 million.

證券、期貨及期金

股票經紀業務收入49,000,000港元，溢利貢獻27,000,000港元，分別增長67%及59%。本年度首季本集團把握市場的熾熱氣氛於有利位置開設四間分行。本年7月，本集團的互聯網證券交易平台www.338.net網上服務正式啟用，成為首批經紀全面推行自設網站，直達香港聯合交易所第三代自動對盤系統交易平台。透過平台為顧客提供另一個有效及「明智」的落盤交易方式以及卓越的資訊服務，已是此項競爭日趨激烈的業務不可或缺的重要經營工具。

展望2001年上半年市場仍然未許樂觀。與此同時，最低經紀佣金制度固然已定於2002年4月撤銷，然而市面的網上交易服務收費不少已低過下限。本集團成本得以控制，有賴科技上之投資；本集團更致力擴展產品路線及市場策略，以保持盈利。

投資

物業投資租金收入7,000,000港元，佔本集團總營業額不足1%。本集團所持大部份物業用於經營珠寶店及廠房。因此，樓市雖然疲弱，本集團此方面承受的風險不大。本集團按照既定會計政策，於年末對其投資物業進行重估。

隨著香港聯合交易所有限公司（「聯交所」）與香港期貨交易所有限公司（「期交所」）在2000年3月6日合併，本集團在聯交所及期交所之股份轉換為6項證券交易權及1項期貨交易權，以及在香港交易及結算有限公司6,223,500股股份。股份由本集團持作長期投資。於2000年12月31日，未實現之投資持有利益為109,000,000港元。



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FINANCE

The Group operates a central treasury which co-ordinates all financing and cash management activities. Financing for trading needs may be arranged by a subsidiary under its supervision. This policy achieves better control and lower overall cost of funds.

The Group has foreign currency exposure in US dollars, Renminbi and Taiwanese dollars. If and when required, foreign currency loans may be arranged to lessen the impact of fluctuations.

Funding was mainly derived from internal resources. As at 31 December 2000, the Group's total cash on hand was HK\$182 million which together with undrawn facilities of HK\$441 million provide sufficient flexibility to take advantage of investment opportunities and to cover anticipated funding needs.

It is the Group's policy to always obtain financing on unsecured basis whenever possible. The Company guarantees banking and other facilities granted to subsidiaries. At the end of the year, the Group has no loans outstanding. Details of charges on group assets are set out in notes 13, 14 and 27 to the financial statements.

HUMAN RESOURCE & TECHNOLOGY

At the end of 2000, the Group had 1,389 employees. Employees are rewarded on a performance basis within the general framework of the Group's salary and bonus system. In order to comply with the requirement of the mandatory provident fund statutes, a plan to dissolve the old ORSO scheme and to transfer its assets into MPF accounts has been adopted and will be fully implemented by early 2001. Other employee benefits include insurance, medical cover and subsidies for continuing education. The Group has not adopted any share option scheme.

財務

本集團總公司集中統籌各項業務所需資金及現金管理。集團公司安排融資必須經由集團中央庫務監管下進行。資金從而得到較佳管控，亦減低整體融資成本。

本集團外幣風險主要在美元、人民幣及台幣。倘有需要，將盡量安排外幣貸款以減輕匯價波動之影響。

本集團所需資金主要來自內部儲備。於2000年12月31日，本集團之流動現金為182,000,000港元，至於尚未使用之備用信貸達441,000,000港元，足以掌握未來投資商機及應付資金需要。

本集團政策乃盡量以無抵押方式取得所需融資。本公司為其附屬公司取得銀行及其他信貸提供擔保。於年末本集團並無未償還貸款。集團資產押記詳情載於財務報告附註13、14及27。

人力資源及科技

於2000年末，本集團員工總數為1,389人。員工的薪酬政策，以員工表現為評核標準。為符合強制性公積金法例規定，本集團將於2001年初全面實行一項計劃，以取代舊有職業退休保障計劃，及轉移其資產至強積金戶口。其他員工福利包括保險、醫療保障及進修補助。本集團未採用購股權計劃。

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The Group's strenuous efforts in training our staff on customer service had gained recognition numerous times during the year. In the October competition organised by the Hong Kong Retail Management Association, Chow Sang Sang Jewellery was honoured with the "2000 Service and Courtesy Award" in "Specialty Stores Category" at both the Supervisory Level and the Junior Frontline Level, as well as the "On The Job Performance Award". In the November Mystery Shoppers Programme of the Hong Kong Retail Management Association, Emphasis was named "Service Industry Leader" and the "Service Category Leader of Watch & Jewellery Category". Three staff members were named by the Hong Kong Tourist Association as "Super Staff" in their "Be A Good Host Campaign". Members of our senior management had been invited on several occasions to give presentations on the concepts and methodology of customer service.

The Group is fully cognizant of the importance of information technology. We are equipped with fully functioning state-of-the-art platforms for online securities trading as well as e-retailing. Various units and locations of the Group are tied electronically by sophisticated networks with backup functions, allowing efficient exchanges of management information. Our dedicated technology team is able to keep abreast of the requirements of the Group, without extravagant requirements in resources human or financial.

The Group has stringent policies with regard to the integrity of its systems as well as the safeguarding of intellectual property rights. For effective control and enforcement, a staff with extensive experience is put in charge at a very senior level.

本集團在顧客服務方面致力推行員工培訓的努力於本年度屢獲認同。本年10月，香港零售管理協會主辦的「2000年傑出服務獎」比賽中，周生生營業員同時在主管級別以及基層級別獲得「專門店組別傑出服務獎」，以及「最真情流露獎」。本年11月，點睛品在香港零售管理協會主辦的「神秘顧客計劃」中，獲頒發最高榮譽「行業服務領袖獎」及「鐘錶及珠寶店組別服務領袖獎」。此外，在香港旅遊協會主辦的「香港好客之道——好客至尊選舉」中，周生生及點睛品共有三名營業員獲獎。本集團高層管理人員更屢獲邀請，發表有關顧客服務概念及心得。

本集團深明資訊科技的重要，不僅配備先進且全面操作的網上證券交易及電子零售平台，各單位更透過先進兼具備份功能的電腦網絡作緊密聯繫，管理資訊得以有效傳遞。本集團的資訊科技隊伍與集團需求並進，在人力和財務資源方面控制得宜。

有關系統完整性及保障知識產權方面，本集團已制訂嚴謹政策；並委任一經驗豐富的高級人員負責，進行有效的監控及執行。