



# Letter to the Shareholders

## 致股東的函件

I would like to report that the continued consolidation and refocusing on our core jewellery business to restore growth has, under adverse trading conditions, progressed satisfactorily during the year. Amongst the milestones achieved this year were:

- Redemption of preference shares totaling HK\$171.9 million which was completed on 31 August 2002 with the result that The China Retail Fund, LDC has become a strategic investor in our jewellery business in Mainland China.
- The capacity and quality of our processing joint venture has been progressively improved to meet the needs of our Mainland China business.

本人宣佈，在不利的營商環境下，持續鞏固基礎及專注發展核心珠寶業務令本集團業務重拾升軌已於年內滿意地進展。本年內達成的里程碑為：

- 於 2002 年 8 月 31 日 完 成 贖 回 為 數 171,900,000 港元的優先股。中國商業發展基金成為我們在中國大陸的珠寶業務的策略性投資者。
- 我們的合營生產中心的生產力及質素不斷提升以應付我們中國大陸的業務需求。

**Tse Tat Fung, Tommy**  
謝達峰  
Chairman  
主席



- About 20% of the existing outlets of the Group have been changed to the new image with the new corporate identity. The performance of renovated outlets has improved as compared with that prior to renovation. It is planned that approximately 45% of the Group's outlets will bear the new image by the end of next financial year.
- In November 2002, we had the honour of being awarded the "Superbrands" status by Superbrands Ltd. The selection criteria of the award consist of goodwill, customer loyalty and overall market acceptance.
- 本集團約有20%的現有銷售點已改用全新的定位及形象。重新裝修後的銷售點表現比裝修前有明顯的改善。並且計劃在下一財務年度終結時約45%的本集團銷售點均已改用此全新形象。
- 於2002年11月，我們榮獲超級品牌有限公司頒發「超級品牌」的美譽。獲得「超級品牌」所必須具備的條件包括商譽、客戶忠誠度及整體市場接受程度。



- Continuous improvements in our cost structures and business processes are under way. The investment in the new Point of Sales System ("POS") in the coming year will enable the Group to better serve our customers through improvement in merchandising. The new POS will also assist the Group to closely monitor our inventory level and better control and strengthen our balance sheet.

All of the above is aimed at positioning the Group to be able to meet the challenge of growth in Mainland China and the local market when it recovers.

6

The outbreak of Severe Acute Respiratory Syndrome ("SARS") in March 2003 in Hong Kong and the issue of travel advisory by the World Health Organization ("WHO") has had an adverse impact in our retail and showroom operations in Hong Kong over the past few months. SARS in Hong Kong is now well under control and travel advisory has now been lifted by WHO on 23 June 2003. We believe that the retail and showroom operations in Hong Kong will gradually return to normal and that the worst of the adverse impact of SARS is now behind us. The impact of SARS on sales in Mainland China has been insignificant.

- 持續改善我們的成本結構及業務流程正積極進行中。於明年投資的全新零售作業系統(「POS」)將可改善商品採購使本集團能提供更佳服務予我們的顧客。此全新的零售作業系統更可協助本集團緊密監察存貨水平，更佳地控制及強化我們的財務狀況。

以上各項均務使本集團蓄勢以待以迎接中國大陸市場的增長及本地市場復甦時所帶來的挑戰。

於2003年3月在香港爆發的嚴重急性呼吸系統綜合症(「SARS」)及世界衛生組織(「世衛」)發出的旅遊警告，在過往數月內對我們在香港的零售及展覽場的業務帶來沉重的打擊。香港現時已能有效地控制SARS，旅遊警告亦於2003年6月23日被世衛撤銷。我們相信在香港的零售及展覽場的運作將逐步回復正常，SARS對我們的打擊現已成為過去。SARS對我們在中國大陸的銷售並無重大影響。

Ms Chung Yuen Ling tendered her resignation as executive director of the Company with effect from 7 May 2003. During her tenure, she devoted all her extensive experience to the Company. On behalf of the Board, I would like to take this opportunity to express our appreciation and sincere gratitude to her for her dedication and significant contribution towards the Company. I would like to thank our bankers, business partners, shareholders and staff for their support in the past year and in the future.

鍾婉玲女士呈辭本公司之執行董事一職已於2003年5月7日生效。於她在任時，她向本公司獻出她廣範的經驗。本人借此機會，代表董事局，對她向本公司的付出及貢獻表示我們衷心的感謝及致意。本人謹此向本集團的各往來銀行、商業伙伴、股東及員工在過往及來年對本集團的支持，致以衷心的感謝。



**Tse Tat Fung, Tommy**  
*Chairman*

Hong Kong  
29 July 2003

**謝達峰**  
*主席*

香港  
2003年7月29日