



MANAGEMENT DISCUSSION AND ANALYSIS

Industry Review

The stagnant economic environment in Hong Kong and the September 11th terrorist attack in the United States both had an adverse effect on the jewellery industry. According to Government statistics, the retail sales of luxury goods such as jewellery dropped 8.4% in December 2001 and 3.2% in January 2002 as compared to a year earlier. The Group believes that the mounting unemployment rate and consumers' reluctance to spend has led to the sluggish performance of the retail sector.

The industry however expects that the growing number of mainland visitors will offer hope for the flagging sector. Shopping for gold and diamond jewellery was a major activity for mainland tourists as Hong Kong shops offered more choices and better quality.



管理層討論及分析

行業回顧

香港不景氣的經濟環境，以及美國9月11日恐怖襲擊事件，都對珠寶行業帶來了不良的影響。根據政府的統計數字，奢侈品如珠寶的零售額在2001年12月比去年同期下跌了8.4%，而2002年1月則比去年同期下跌了3.2%。本集團相信，失業率持續攀升和消費者低沉的消費意欲，都令到零售業的表現一片低迷。

可是，業界都普遍認為，基於購買金飾和鑽飾是內地遊客來港主要的活動之一，同時，香港的珠寶店亦能提供較多和較優質的選擇；在內地旅客不斷增長的情況下，相信會為現在疲弱的市道帶來另一番景氣。



REVIEW OF 2001/2002 BUSINESS STRATEGIES

Gold and Jewellery Operation

Ice g. Collection

Nowadays, people treat jewellery as a fashion item and are more demanding on design. The new Ice g. Collection could cater for their need as the market price is more affordable than the classical jewellery and the designs are of a wider variety. Customers are actually buying different pieces of jewellery to match with their clothing. The new line specialises in simple, European-style designs, highlighting the character of the person wearing the jewellery. The Group has opened 2 new outlets for Ice g. in the main shopping areas, such as Diamond Hill and West Kowloon.

Innovative World Class Product Design

In order to raise the corporate profile and to render enhanced value-added services, the Group has the ability to offer innovative designs and to invest in jewellery design capability are of great importance.

2001/2002年商業策略回顧

金飾及珠寶首飾業務運作

Ice g. 系列

今時今日，現代人把珠寶手飾視作時裝的一部分，對款式設計的要求特別高。全新的Ice g. 系列就正符合了這種需求；它比一般傳統珠寶手飾的售價更為大眾化，而且款式特多。顧客會購買不同的款式用作配襯衣服。新系列強調簡單而充滿歐陸色彩的設計，配帶後更能提升個人的氣質。本集團已於主要的購物中心，如鑽石山及西九龍等地點，新開設了兩間Ice g. 專門店。

世界級的創新設計款式

為了提升服務質素及市場地位，集團不斷推出新穎款式及投資以增強設計能力均十分重要。

In view of this, the Group's designers have employed their creativity and designed a series of innovative products. These include festive products for different important days of the year; Ice g. collection for the young and trendy generation; "Love on Fire" collection which brings a breakthrough in the traditional diamond cuts; "HIRU-Padparadscha" collection, with a design concept of "simplicity", turns an orange-red Sri Lankan stone into precious jewellery.

During the year, the Group's designs gained applauses in numerous local and international jewellery design competitions. Amongst all, the achievements in "The 2nd Tahitian Pearl Trophy Design Competition (Hong Kong & the Chinese Mainland)" was most encouraging, as the Tahitian Pearl Trophy design competition was an international contest with 35 participating countries.

Year 2001

- The 2nd Tahitian Pearl Trophy Design Competition

Ring Category	:Gold Award	–	"PLII US5.5"
Bracelet Category	:Gold Award	–	"Knot"
	Silver Award	–	"Native"
Parure Category	:Silver Award	–	"Harpist"
Earring Category	:Bronze Award	–	"Surround"

- The 3rd Grand Competition of Taiwan & Hong Kong Jadeite Design

Finished Product Section:	Best Creative Award – "Exhilarating Moments"
	Best Craftsmanship and Fine Design Award – "Life"
	Fine Design Award – "Swan Lake"
	Finalist Award – "The Flying Dragon"

- The 4th Buyers' Favourite Jewellery Design Competition 2001

Jewellery Sets Section:	Silver Award	–	"Thinker"
Brooch Section:	Award of Merits	–	"Freedom"

有見及此，本集團優秀的設計師們集合各人的創作意念設計了一系列革新的產品。其中包括：富有節日色彩的首飾及擺設以配合年中不同的喜慶日子；Ice g. 系列以迎合年輕時尚的新一代；「愛火」鑽飾系列，為傳統的鑽石切割技術帶來突破，以及「HIRU-Padparadscha」系列，以簡約的設計概念把一種橙紅色的斯里蘭卡寶石轉化成亮麗的首飾。

過去一年，本集團的設計分別於本地及國際各大設計比賽中奪得多個獎項。其中以在「第二屆塔希提珍珠首飾設計比賽」的成績最令人鼓舞，因此項國際性比賽共有三十五個國家參與比賽。

2001年：

- 「第二屆塔希提珍珠首飾設計比賽」

戒指組	：	金獎	–	「PLII US5.5」
手鐲組	：	金獎	–	「結」
		銀獎	–	「Native」
首飾套裝組	：	銀獎	–	「豎琴」
耳環組	：	銅獎	–	「Surround」

- 「第三屆台港翡翠首飾設計大賽」

成品組：	最佳創意獎 – 「心花怒放」
	最佳鑲工獎及佳作獎 – 「生命」
	佳作獎 – 「天鵝湖」
	入圍獎 – 「飛龍」

- 「第四屆最受買家歡迎首飾設計比賽」

套裝組：	銀獎 – 「思緒」
胸針組：	優異獎 – 「自由」

Year 2002

- Chuk Kam jewellery Design Competition 2002 “A set in 18K”.

Stringent Cost Control

The rental costs represent an insignificant 3% to 4% of the Group's turnover. The Group continues to obtain favorable rates from landlords this year. Advertising and promotion expenditures represent approximately 1% of turnover.

Securities Operation

The Group's securities arm suffered from the drying up of securities turnover in financial markets during the year.

Portal Operation

The Group believes that jewelers will use jewellery portal more frequently to view samples and purchase jewellery in order to streamline their operation procedures. It would undoubtedly become a trend in Hong Kong as well as the PRC's jewellery industry.

Liquidity and Financial Resources

The Group's core business is gold and jewellery retailing. As at 31st March 2002, the Group's cash on hand reached approximately HK\$135 million (2001: HK\$94 million). The Group's debt-to-equity ratio at the year-end, being the proportion of total debts of approximately HK\$92 million (2001: HK\$89 million) against total shareholders' equity of approximately HK\$510 million (2001: HK\$479 million), was 18.0% (2001:18.6%).

The Group's income and expenditure streams are mainly denominated in Hong Kong dollars.

Contingent Liabilities

The Group did not have any significant contingent liabilities at 31st March 2002 (2001:nil).

Capital Expenditure

During the year under review, the Group incurred capital expenditures of HK\$23.6 million of which HK\$8.3 million was for the acquisition of an office at Sino Centre, Mongkok for use as head office.

2002年

- 足金首飾比賽西金套裝組裝 (「A set in 18K」金獎)

嚴謹控制成本

本集團的租金成本維持在集團營業額的3%至4%的低水平。而集團於本年度亦繼續獲得業主的優惠租約。此外，廣告及推廣支出則佔營業額約1%。

證券業務

於回顧年內，本集團的證券部在金融市場經歷了證券成交量頗低的一年。

網站業務

本集團深信，將會有越來越多的珠寶商為了簡化運作的程序，而利用珠寶網站來看貨辦和訂購珠寶；毫無疑問，這趨勢在香港，甚至是在中國大陸的珠寶業都會大行其道。

流動資金及財務資源

本集團的主要業務是金飾及珠寶零售。於2002年3月31日，本集團的手頭現金約達135,000,000港元(2001年：94,000,000港元)，資本負債比率為18.0%(2001年：18.6%)，此乃按總負債約92,000,000港元(2001年：89,000,000港元)及股東權益總額約510,000,000港元(2001年：479,000,000港元)兩者之比例計算。

本集團的收入與支出主要以港元作為計算單位。

或然負債

本集團於2002年3月31日(2001年：無)並無任何重大或然負債。

資本性開支

於回顧年度內，本集團錄得為數23,600,000港元之資本性開支，其中8,300,000港元為購入位於旺角信和中心之單位作為總辦事處。

Employment, Training, Development and Remuneration Policy

As at 31st March 2002, the number of staff of the Group in Hong Kong was approximately 602 (2001: 616). Remuneration policies are reviewed and approved by management on a regular basis. Remuneration packages are structured to take into account the comparable level of the market. Bonus and other merit payments are linked to success of the Group and performance of individual employee. The policy is to encourage employees to optimise business performance by providing them financial incentives.

招聘、培訓、發展及薪酬政策

截至2002年3月31日，本集團於香港的員工數目約為602人(2001年:616人)。管理層定期檢討及制定薪酬政策時，會考慮及比較市場上的各種因素。花紅及其他表現獎賞則與集團及員工個人之表現掛鉤。此政策的實行乃為了以酬金獎賞員工士氣，從而為顧客提供最優質的服務。