

REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements of the Company and the Group for the year ended 31 December 2002.

PRINCIPAL ACTIVITIES

The Group's principal activities remained unchanged during the year and consisted of the manufacture and retail of jewellery, wholesale of precious metals, securities and commodity broking, bullion trading and property investment.

The principal activity of the Company is investment holding. Details of the principal activities of the subsidiaries are set out in note 18 to the financial statements.

RESULTS AND DIVIDENDS

The Group's profit for the year ended 31 December 2002 and the state of affairs of the Company and the Group at that date are set out in the financial statements on pages 20 to 79.

An interim dividend of HK4.0 cents per ordinary share was paid on 17 October 2002. The directors recommend the payment of a final dividend of HK6.0 cents per ordinary share in respect of the year, to shareholders on the register of members on 16 May 2003. This recommendation has been incorporated in the financial statements as an allocation of retained profits within the capital and reserves section of the balance sheet.

SUMMARY FINANCIAL INFORMATION

A summary of the published results and assets and liabilities of the Group for the last five financial years, as extracted from the audited financial statements and reclassified as appropriate, is set out below. This summary does not form part of the audited financial statements.

董事會報告

董事會謹將截至2002年12月31日止年度之報告及本公司與本集團之經審核財務報告送呈各股東省覽。

主要業務

年內本集團之主要業務並無改變，包括珠寶製造及零售、貴金屬批發、證券及期貨經紀、期金買賣及物業投資。

本公司主要業務為投資控股。附屬公司之主要業務詳情載於財務報告附註18。

業績及股息

本集團截至2002年12月31日止年度之溢利及本公司與本集團於該日之財政狀況載於財務報告第20頁至第79頁內。

本公司於2002年10月17日派發中期股息每股普通股4.0港仙。董事會建議派發有關年度之末期股息每股普通股6.0港仙予於2003年5月16日已登記在股東名冊上之股東。此項建議已納入財務報告中資產負債表內股本及儲備賬項下作保留溢利之分配。

財務資料摘要

以下列出本集團過去五個財政年度已公布之業績、資產與負債摘要，該等資料摘自經審核及重新分類之財務報告。此摘要不構成此經審核財務報告之一部分。

REPORT OF THE DIRECTORS

董事會報告

RESULTS

業績

Year ended 31 December

截至12月31日止年度

		2002	2001	2000	1999	1998
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元
TURNOVER	營業額	4,817,559	4,686,230	4,684,376	4,316,969	4,150,275
OPERATING PROFIT	經營溢利	84,567	28,313	78,028	148,203	123,873
Share of profits of associates	應佔聯營公司溢利	1,065	993	1,049	588	475
PROFIT BEFORE TAX	除稅前溢利	85,632	29,306	79,077	148,791	124,348
Tax	稅項	(22,244)	(8,967)	(21,838)	(22,615)	(17,835)
PROFIT BEFORE MINORITY INTERESTS	未計少數股東權益前溢利	63,388	20,339	57,239	126,176	106,513
Minority interests	少數股東權益	252	16	(517)	(609)	(111)
NET PROFIT FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS	股東應佔日常業務溢利	63,640	20,355	56,722	125,567	106,402

ASSETS, LIABILITIES AND MINORITY INTERESTS

資產、負債及少數股東權益

As at 31 December

於12月31日

		2002	2001	2000	1999	1998
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元
TOTAL ASSETS	總資產	2,168,593	2,044,528	2,062,625	1,956,191	1,828,978
TOTAL LIABILITIES	總負債	(379,682)	(282,093)	(231,397)	(215,723)	(137,603)
MINORITY INTERESTS	少數股東權益	(13,519)	(8,492)	(4,009)	(4,300)	(3,678)
		1,775,392	1,753,943	1,827,219	1,736,168	1,687,697

REPORT OF THE DIRECTORS

FIXED ASSETS AND INVESTMENT PROPERTIES

Details of movements in the fixed assets and investment properties of the Group during the year are set out in notes 14 and 15 to the financial statements, respectively. Further details of the Group's principal properties are set out on page 80.

SHARE CAPITAL

Details of the Company's share capital are set out in note 32 to the financial statements. There were no changes therein during the year.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Bye-Laws or the laws of Bermuda which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

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 year.

RESERVES

Details of movements in the reserves of the Company and the Group during the year are set out in note 33 to the financial statements and in the consolidated statement of changes in equity, respectively.

DISTRIBUTABLE RESERVES

At 31 December 2002, the Company's reserves available for distribution, calculated in accordance with the provisions of Companies Act 1981 of Bermuda, amounted to HK\$1,403,989,000, of which HK\$26,400,000 has been proposed as a final dividend for the year.

董事會報告

固定資產及投資物業

年內本集團之固定資產及投資物業之變動詳情分別載於財務報告附註14及15。本集團主要物業資料詳情載於第80頁內。

股本

本公司股本之詳情載於財務報告附註32。年內並無變動。

優先購股權

本公司之公司細則或百慕達法律並無規定本公司必須向現有股東按持股比例提呈新股之優先購股權之條款。

購買、贖回或出售本公司之上市證券

年內本公司或其任何附屬公司概無購買、贖回或出售任何本公司之上市證券。

儲備

年內本公司及本集團之儲備變動詳情分別載於財務報告附註33及綜合權益變動表。

可分派儲備

於2002年12月31日，本公司根據百慕達1981年公司法計算可分派儲備達1,403,989,000港元，其中26,400,000港元擬派發為該年度末期股息。

REPORT OF THE DIRECTORS

MAJOR CUSTOMERS AND SUPPLIERS

In the year under review, sales to the Group's five largest customers accounted for 32% of the total sales for the year and sales to the largest customer included therein amounted to 17%. Purchases from the Group's five largest suppliers accounted for 46% of the total purchases for the year and purchases from the largest supplier included therein amounted to 19%.

None of the directors of the Company or any of their associates or any shareholders (which, to the best knowledge of the directors, own more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest customers and suppliers.

DIRECTORS

The directors of the Company during the year were:

Chow Kwen Ling
Chow Kwen Lim
Chan Bing Fun *
Vincent W.S. Chow
Gerald K.S. Chow
Stephen L.H. Ting *
Chung Pui Lam *
Winston W.S. Chow

* Independent non-executive director

In accordance with the Company's Bye-Laws, one third of the directors will retire from office each year and accordingly, Messrs. Vincent W.S. Chow and Chan Bing Fun will retire at the forthcoming annual general meeting and, being eligible, will offer themselves for re-election.

董事會報告

主要客戶及供應商

本年度本集團五大客戶所佔銷售額佔全年總銷售額32%，當中包括最大客戶所佔銷售額達17%。本集團五大供應商所佔採購額佔全年總採購額46%，當中包括最大供應商所佔採購額達19%。

本公司各董事或其聯繫人士或任何股東(就董事所知，擁有5%以上本公司已發行股本)概無持有該五大客戶及供應商之任何實益權益。

董事

年內本公司之董事如下：

周君令
周君廉
陳炳勳*
周永成
周敬成
丁良輝*
鍾沛林*
周允成

* 獨立非執行董事

根據本公司之公司細則，每年有三分之一董事任滿依章告退，周永成及陳炳勳將於即將舉行之股東週年大會任滿依章告退，兩位均願膺選連任。

REPORT OF THE DIRECTORS

DIRECTOR'S AND SENIOR MANAGEMENT'S BIOGRAPHIES

Chow Kwen Ling *Honorary Chairman*

Age 79. He is the elder brother of Dr. Chow Kwen Lim. As a founder of the Group, he served as the General Manager and Chairman of the Group from 1973 to 1986. He was elected the Honorary Chairman upon retiring as Chairman in 1990. He is well experienced in corporate management.

Dr. Chow Kwen Lim MBE, JP, DSSc (Hon) *Chairman*

Age 76. He has been the General Manager of the Group from 1986 to 1997, and the Chairman of the Group since 1990. As a founder of the Group, he has been in the jewellery business for over 55 years. He was awarded Doctor of Social Science, Honoris Causa by the Chinese University of Hong Kong in 1998 and is an Honorary Professor of the Fudan University and Member of the Shunde People's Political Consultative Committee. He is also an Honorary Citizen respectively of the cities of Guangzhou, Foshan, Changle, Lanzhou and the city of Dunhuang, PRC.

Chan Bing Fun MB, BS, DMRT, FHKCR, FHKAM (Radiology)

Age 69. He has been a director of the Group for over 25 years. He is a medical doctor in private practice in Hong Kong.

Vincent W.S. Chow MBE, JP *Group General Manager*

Age 56. He is the son of Dr. Chow Kwen Lim. The Group General Manager since 1998, he has been with the Group for over 20 years. His public service includes memberships on the Public Service Commission, the Trade and Industry Advisory Board, the Council of the City University of Hong Kong. He serves on the Board of Governors of the Hong Kong Philharmonic Orchestra. He is the chairman of the Academic Affairs Committee of the Council of the Hong Kong Academy for Performing Arts, and of the Hong Kong Repertory Theatre. He is a member of the Shunde Political Consultative Committee.

Dr. Gerald K.S. Chow

Age 46. He is the elder brother of Mr. Winston W.S. Chow and has been a member of the board of directors since 1985. He is a dental surgeon in private practice in Hong Kong.

董事會報告

董事及高級管理人員簡歷

周君令 名譽董事長

七十九歲。為周君廉博士之兄，本集團創辦人之一，1973至1986年曾任本集團董事會主席及總經理，1990年起任本集團名譽董事長，對企業管理，經驗豐富。

周君廉博士 MBE, 太平紳士, DSSc (Hon) 主席

七十六歲。1986至1997年為集團總經理，1990年起任董事會主席。本集團創辦人之一，經營珠寶業務超過五十五年。1998年獲香港中文大學授予榮譽社會科學博士名銜，現任上海復旦大學名譽教授及廣東省順德政協常委，並為廣州市、佛山市、長樂市、蘭州市及敦煌市榮譽市民。

陳炳勳 MB, BS, DMRT, FHKCR, FHKAM (Radiology)

六十九歲。為香港私人執業醫生，已加入本集團董事會超過二十五年。

周永成 MBE, 太平紳士 集團總經理

五十六歲。為周君廉博士之子。1998年就任本集團總經理，在集團服務超過二十年。公職包括公務員敘用委員會委員、工業貿易署諮詢委員會委員、香港城市大學校董、香港管弦樂團監察委員會委員、香港演藝學院校董會學術事務委員會主席及香港話劇團主席，現任人民政治協商會佛山市順德區委員。

周敬成

四十六歲。為周允成先生之兄，香港私人執業牙科醫生。自1985年起任本集團董事。

REPORT OF THE DIRECTORS

DIRECTOR'S AND SENIOR MANAGEMENT'S BIOGRAPHIES (continued)

Stephen L.H. Ting FCCA, FHKSA, FTIHK, CPA

Age 49. He is an accountant in practice as Managing Partner of Ting Ho Kwan and Chan, Certified Public Accountants. He is also an independent non-executive director of five listed companies namely Tong Ren Tang Technologies Company Limited, eForce Holdings Limited, REXCAPITAL International Holdings Limited, Tongda Group Holdings Limited and Oriental Metals (Holdings) Company Limited. He is a Member of the 9th Chinese People's Political & Consultative Conference, Fujian. He has been a director of the Group since 1990.

Chung Pui Lam OBE, JP, LL.B (Hons) (Lond.) A.C.I. Arb

Age 62. He is a solicitor in practice. Apart from being a China-appointed Attesting Officer, he also holds key posts in various organisations. He has been a director of the Group since 1995. He is serving as member on several advisory committees of the Government of the HKSAR.

Winston W.S. Chow *Group Deputy General Manager*

Age 45. He is the younger brother of Mr. Gerald K.S. Chow and had experience in real estate in Canada. His key responsibilities include the marketing of the Group's jewellery business in the Mainland China, Hong Kong and Taiwan. He has been a director of the Group for over 14 years. He also acts as the Vice-Chairman of the Diamond Federation of Hong Kong, China, Governing Council Member of the Association of Better Business & Tourism Services, Member of the Hong Kong Trade Development Council Jewellery Advisory Committee, and Member of the Travel Industry Council Consumer Relations Committee.

DIRECTORS' SERVICE CONTRACTS

No director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN CONTRACTS

No director had a material interest in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the year.

董事會報告

董事及高級管理人員簡歷(續)

丁良輝 FCCA, FHKSA, FTIHK, CPA

四十九歲。為執業會計師，現任丁何關陳會計師行執行合夥人，亦為五間上市公司之獨立非執行董事，分別為北京同仁堂科技發展股份有限公司、意科控股有限公司、御泰國際控股有限公司、通達集團控股有限公司及東方鑫源(集團)有限公司。現任中國人民政治協商會議第九屆福建省委員會委員。於1990年加入本集團董事會。

鍾沛林 OBE, 太平紳士, LL.B (Hons) (Lond.) A.C.I. Arb

六十二歲。為執業律師。除身為中國司法部委託公證人，亦在多個團體擔任要職，於1995年加入本集團董事會。現任多個香港特別行政區政府的諮詢委員會委員。

周允成 集團副總經理

四十五歲。為周敬成先生之弟。曾於加拿大從事地產業。專責統籌中國內地、香港及台灣首飾的市場事務。擔任本集團董事超過十四年。現時亦擔任香港鑽石總會副主席、旅遊服務業協會執行委員會委員、香港貿易發展局珠寶業諮詢委員會委員及香港旅遊業議會消費者關係委員會委員之職務。

董事之服務合約

於即將舉行之股東週年大會上建議連任之董事，其與本公司訂立之服務合約概可於一年內為本公司終止，本公司就此毋須支付法定賠償以外之補償。

董事於合約之權益

各董事概無於年內本公司或其任何附屬公司所訂立而對本集團業務重要之任何重大合約中擁有重大實益權益。

REPORT OF THE DIRECTORS

董事會報告

DIRECTORS' INTERESTS IN SHARES

At 31 December 2002, the interests of the directors in the share capital of the Company or its associated corporations, as recorded in the register maintained by the Company pursuant to Section 29 of the Securities (Disclosure of Interests) Ordinance (the "SDI Ordinance"), were as follows:

董事於股本之權益

於2002年12月31日，按證券(披露權益)條例第29條保存之名冊，各董事於本公司或其聯營公司股本中之權益如下：

Number of shares held and nature of interest

持有數目及權益性質

Name of director 董事	Notes* 附註	Personal 個人	Family 家族	Corporate 公司	Other 其他	Total number of shares 股份總數
Chow Kwen Ling 周君令	(3)	—	—	36,793,300	—	36,793,300
Chow Kwen Lim 周君廉	(1)	—	—	—	114,659,663	114,659,663
Chan Bing Fun 陳炳勳		1,100,000	—	—	—	1,100,000
Vincent W.S. Chow 周永成	(1)	—	—	—	114,659,663	114,659,663
Gerald K.S. Chow 周敬成	(2)	16,406,400	78,665	—	70,000,000	86,485,065
Stephen L.H. Ting 丁良輝		—	—	—	—	—
Chung Pui Lam 鍾沛林		—	—	—	—	—
Winston W.S. Chow 周允成	(2)	16,080,920	64,000	—	70,000,000	86,144,920

* Refer to the explanatory notes in the section headed "Substantial shareholders".

* 參考「主要股東」之附註。

Save as disclosed above, none of the directors or their associates had any personal, family, corporate or other interests in the equity or debt securities of the Company or any of its associated corporations as defined in the SDI Ordinance.

除上文披露外，按證券(披露權益)條例定義，各董事或其聯繫人士概無擁有本公司或其聯營公司股本或債券之任何個人、家族、公司或其他權益。

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the year 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 children under 18 years of age, 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.

董事購買股份或債券之權利

年內概無授予任何董事或其配偶或年齡在18歲以下之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。

REPORT OF THE DIRECTORS

董事會報告

SUBSTANTIAL SHAREHOLDERS

At 31 December 2002, the following interests of 10% 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 16(1) of the SDI Ordinance:

Name 股東	Number of shares held 持有數目	Notes 附註
Everwin Company Limited	114,659,663	(1)
Cititrust (Jersey) Limited	114,659,663	(1)
Happy Inc.	55,000,000	
Bermuda Trust (Cook Island) Limited	70,000,000	(2)

- (1) Messrs. Chow Kwen Lim and Vincent W.S. Chow are the beneficiaries of a discretionary trust, which holds 114,659,663 shares of the Company through Everwin Company Limited. The trustee of the trust is Cititrust (Jersey) Limited.
- (2) Messrs. Gerald K.S. Chow and Winston W.S. Chow are the beneficiaries of a discretionary trust, which holds 70,000,000 shares of the Company. The trustee of the trust is Bermuda Trust (Cook Island) Limited.
- (3) 36,793,300 shares in the Company are held by Happy Family Limited, of which Chow Kwen Ling and his spouse, Yue Bik Lan, own 40% of the equity interest. These shares are held as corporate interests under the attribution rules of the SDI Ordinance.

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 in the share capital of the Company that was required to be recorded pursuant to Section 16(1) of the SDI Ordinance.

主要股東

於2002年12月31日，按證券(披露權益)條例第16(1)條，本公司須保存之權益名冊內登記擁有本公司股本10%或以上權益如下：

- (1) 周君廉及周永成為一項全權信託之受益人，該項全權信託透過Everwin Company Limited 擁有本公司114,659,663股股份權益。Cititrust (Jersey) Limited為該項全權信託之信託人。
- (2) 周敬成及周允成為一項全權信託之受益人，該項全權信託擁有本公司70,000,000股股份權益。Bermuda Trust (Cook Island) Limited 為該項全權信託之信託人。
- (3) 快樂家庭有限公司持有本公司36,793,300股股份，其中周君令及其配偶余碧蘭共同擁有40%之股本權益。根據證券(披露權益)條例有關應佔權益之規定，周君令被視作擁有一項應予登記之公司權益。

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(披露權益)條例第16(1)條須記錄之權益。

REPORT OF THE DIRECTORS

CONNECTED TRANSACTIONS

The connected transactions undertaken by the Group during the year are set out in notes (a) to (e) of note 37 to the financial statements.

The independent non-executive directors of the Company have reviewed and confirmed that these connected transactions entered into by the Group were (i) in the ordinary course of the Group's business either on normal commercial terms, or on terms that are fair and reasonable so far as the Company's shareholders are concerned; and (ii) in accordance with the terms of the agreements governing the transactions.

CODE OF BEST PRACTICE

In the opinion of the directors, the Company complied with the Code of Best Practice, as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), throughout the accounting period covered by the annual report, 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.

AUDIT COMMITTEE

The Company has established an audit committee in accordance with the requirements of the Code of Best Practice, for the purpose of reviewing and providing supervision over the Group's financial reporting process and internal controls. The audit committee comprises the three independent non-executive directors of the Company.

董事會報告

關連交易

年內本集團之關連交易詳載於財務報告附註37(a)至(e)。

本公司獨立非執行董事審閱及確認本集團此等關連交易為(i)本集團日常業務中按正常商業條款或以本公司股東認為公平及合理之條款達成；並(ii)按交易中之協議條款進行。

最佳應用守則

董事認為，本公司於本年報所述之會計期間均已遵守香港聯合交易所有限公司上市規則（「上市規則」）附錄14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組織章程細則於本公司之股東週年大會上輪席告退及膺選連任。

審核委員會

本公司根據最佳應用守則已成立審核委員會，職務為檢討及監察本集團財務報告程序及內部監控工作。該審核委員會由本公司三位獨立非執行董事組成。

REPORT OF THE DIRECTORS

董事會報告

AUDITORS

Ernst & Young retire and a resolution for their reappointment as auditors of the Company will be proposed at the forthcoming annual general meeting.

核數師

安永會計師事務所任滿告退，惟有關膺聘其留任之決議案將會提呈於即將舉行之股東週年大會。

ON BEHALF OF THE BOARD

承董事會命

Chow Kwen Lim
Chairman

主席
周君廉

Hong Kong
3 April 2003

香港
2003年4月3日