

INTERIM DIVIDEND

The directors have declared an interim dividend of HK4.0 cents per ordinary share for the six months ended 30 June 2003 (2002: HK4.0 cents) payable to shareholders on the Register of Members of the Company on 23 September 2003. Dividend warrants will be posted on 30 September 2003.

MANAGEMENT DISCUSSION AND ANALYSIS

Overall Group Results

For the six months ended 30 June 2003, the Group's turnover increased by 15% from the previous year to HK\$2,654 million, but the profit attributable to shareholders decreased by 43% to HK\$24 million. Earnings per share stood at HK5.46 cents, compared with HK9.59 cents for the first half of 2002.

The surge in turnover was caused by a substantial rise in wholesale of precious metals which was accompanied, however, by a decrease in profits.

Jewellery

Over the first half of 2003, turnover of the Group's jewellery retailing decreased by 12% to HK\$815 million. Profit decreased by 39% to HK\$33 million.

In Hong Kong the first quarter was mostly comparable to that of 2002, despite the continued impact of the economic downturn. In the second quarter, as all of Hong Kong suffered under the dark clouds of Severe Acute Respiratory Syndrome ("SARS"), a loss was recorded.

In Taiwan, because of the effect of SARS in the second quarter, all the improvements gained in the first quarter were nullified.

During the reporting period the Group's retail network on the Mainland added 3 shops in various cities. Of all the shops only those in Beijing were affected under SARS.

As we entered the second half of the year, sales on the Mainland have largely climbed back to pre-SARS levels. In Taiwan, the recovery was equally quick, but the industry there has gone into a mode of fierce competition with heavy discounting. We do not expect consumer-spending in Hong Kong to recover much in the second half of 2003, but we believe the purchases by visitors from the Mainland, let loose as regulations on solo travel from selected cities are being relaxed, would fill the gap left by local consumers. Already we are restocking our shops to cater for the influx of visitors, in coordination with our advertising on the Mainland.

中期股息

董事會宣派截至2003年6月30日止六個月之中期股息每股普通股4.0港仙(2002年: 4.0港仙)予2003年9月23日名列本公司股東名冊內之股東, 股息單將於2003年9月30日寄發。

管理層討論及分析

集團整體業績

截至2003年6月30日止六個月, 本集團之營業額較去年同期上升15%至2,654,000,000港元, 股東應佔溢利為24,000,000港元, 下跌43%。期內每股盈利5.46港仙, 2002年上半年每股盈利為9.59港仙。

營業額之增長是由於貴金屬批發營業額大幅上升, 但該業務利潤則錄得下跌。

珠寶

本集團2003年上半年之珠寶零售營業額減少12%至815,000,000港元。溢利貢獻下降39%至33,000,000港元。

雖則本港經濟持續不景, 本港首季業績仍與2002年首季相若。至第二季由於受到嚴重急性呼吸系統綜合症(「非典型肺炎」)影響, 本集團業績錄得虧損。

非典型肺炎也影響台灣方面的業務, 使首季所賺取的利潤付諸東流。

上半年本集團在內地不同省市增加了3個銷售點, 內地各分店中只有北京的分店受到非典型肺炎的影響。

踏入下半年, 內地業務已回復至非典型肺炎疫症前的水平。台灣也迅速復原中, 但同業紛紛以高折扣招徠, 競爭十分劇烈。2003年下半年預料本港的消費意欲未能充份大幅提昇, 然而內地部分省市放寬個人來港旅遊的限制, 應對業績有幫助。本集團已在存貨上配合及加強內地的推廣活動。

Looking ahead we have more shops planned for the Mainland, chiefly in provincial capitals or at prime sites in cities where we already have a foothold. As we continue our expansion there our attention will be focused on the refinement of merchandising, logistics and customer relationship management. We shall spare no efforts in bringing our expertise in information technology to bear on these issues.

We are watching the development of CEPA (Closer Economic Partnership Arrangement) closely. We have to balance the “added value”, perceived and real, by manufacturing, partially or wholly, in Hong Kong against the economy afforded by producing on the Mainland. Many questions remained unanswered as we await the detail regulations.

We position ourselves as a first-class jeweller from Hong Kong, bringing with us our firm commitment to strict quality control and total customer satisfaction. Timely supply of goods to our shops is crucial. The potential benefit of CEPA will be factors in the equation.

Precious Metals

Turnover from wholesale of precious metals for the first half of the financial year shot up by 27% to HK\$1,686 million, but profits decreased by 31%. Higher gold prices and higher volume drove up the turnover at the expense of gross profit. In the case of platinum, because of competition less intense, profits increased despite a drop in turnover.

Dealing in precious metals is a useful adjunct to our core business even though the return is low relative to the trading volume. We believe that trading in platinum can be expanded.

Securities and Commodities

The poor economy, further weighed down earlier with political concerns and later with SARS, took a heavy toll on the stock market. Revenue from securities broking for the six months ended 30 June 2003 decreased by 26% to HK\$9 million, resulting in a loss.

The stock market picked up significantly after SARS, and our turnover followed suit. Even though commission rates had generally tended lower, we were able to trim cost by rationalising our branch network and our back-office. Employing limited resources, we have added practical “intelligent” features to our internet trading platform, which now accounts for as much as a quarter of the trades we handle. Further enhancement to our productivity is expected when futures trading is added to our online platform in the second half of the year. If the market remains at its present level for the rest of the year, we believe we can recover much lost ground.

內地分店的發展，目前集中於省會及重要的城市，下半年度繼續在已踏足的省市擴展業務，並特別發展資訊科技的優勢以改進採購、物流及顧客的服務。

本集團密切注意「更緊密經貿關係的安排」的進展，會充份衡量在內地及本港生產比例，在追求「增值」與經濟效益間取得平衡。因上述「安排」中許多細節尚未公布，本集團當留意跟進。

本集團以香港一流珠寶商自許，當承擔控制品質及使顧客滿意，能適時供應充足存貨十分重要，「更緊密經貿關係的安排」將來能給予的優惠及便利，會成為重要因素。

貴金屬業務

上半年貴金屬批發的營業額為1,686,000,000港元，上升27%，但利潤下降31%。黃金金價高企及交易量大量影響其毛利。鉑金方面，雖然營業額稍跌，因競爭較不激烈，利潤仍有上升。

貴金屬的買賣帶來的利潤相對其營業額屬偏低，但對本集團主要業務是一項頗有助力的附屬業務。本集團相信鉑金交易尚有發展空間。

證券及期貨

經濟疲弱及隨之而來的政治因素及非典型肺炎影響，證券市場受到嚴重打擊。截至2003年6月30日止六個月之股票經紀業務收入下跌26%至9,000,000港元，引致虧損。

非典型肺炎過後證券市場迅速恢復，本集團的證券業務也能跟隨大勢，雖然代理佣金率普遍降低，仍能以調節分行網絡及後勤辦公室減低成本。在有限資源下成功推行智能交易，使網上交易佔證券買賣交易四分之一，下半年將推出網上期貨買賣服務，擴闊服務範圍。若市場維持目前水平，相信年內可收復失地。

Investments

Most of the Group's properties are held for our own use as jewellery shops and factory premises. Rental revenue from investment properties over the first half-year period amounted to HK\$3 million, which accounted for less than 1% of the Group's overall turnover.

With the property market in Hong Kong remaining depressed, rental revenue is expected to stay at a relatively low level.

Shares in Hong Kong Exchanges and Clearing Limited are being held by the Group as long term investment. As at 30 June 2003, the unrealised holding gain amounted to HK\$68 million (31 December 2002: HK\$59 million).

Finance

The liquidity management activities of the Group are centralised in the corporate treasury based in Hong Kong.

The Group has foreign currency exposure in Renminbi, Taiwanese dollars and Japanese Yen. Currency risks are managed by partly financing non-Hong Kong dollar assets with loans denominated in the relevant currency. The risk of foreign exchange exposure is insignificant compared to the total asset base.

Funding requirements are largely met by internal cash flows. The Group's liquidity and financial resources continue to be healthy. As at 30 June 2003, the Group had no net debt, taking into account its total cash on hand of HK\$229 million. Total debt continued to be low at HK\$33 million. The total debt-to-equity ratio was 2%.

It is the Group's policy to obtain financing on an unsecured basis whenever possible. The Company guarantees banking and other facilities granted to its subsidiaries. The Group's banking facilities was secured by time deposits of HK\$50 million (31 December 2002: HK\$42 million), certain fixed assets and investment properties with a net carrying value of HK\$215 million (31 December 2002: HK\$218 million), and long term listed investment of HK\$30 million (31 December 2002: HK\$26 million). At 30 June 2003, the Group's total bank loan and gold loan amounted to HK\$33 million (31 December 2002: HK\$20 million) and HK\$14 million (31 December 2002: HK\$12 million), respectively.

投資

本集團所持物業大部分用於經營珠寶店及廠房。投資物業上半年度帶來之租金收入為3,000,000港元，佔本集團總營業額不足1%。

物業市道持續淡靜，預料租金收入維持在較低水平。

本集團以長期投資目標持有香港交易及結算所有限公司之股份。於2003年6月30日，未變現之投資持有收益為68,000,000港元（2002年12月31日：59,000,000港元）。

財務

本集團資金管理由香港總公司統籌辦理。

本集團外幣風險主要在人民幣、台幣及日元；管理方法是用外幣債務為同幣資產部分融資。相對於總資產基礎而言，外匯風險甚小。

本集團所需資金主要來自內部資源。本集團流動資金及財務資源保持穩健。於2003年6月30日，以本集團流動現金為229,000,000港元計算，本集團並無實質債項。本集團債項總額維持在33,000,000港元之低位。資本負債比率為2%。

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。本集團為銀行融資提供的抵押品包括定期存款50,000,000港元（2002年12月31日：42,000,000港元），部分賬面淨值達215,000,000港元（2002年12月31日：218,000,000港元）之固定資產及投資物業，及長期上市投資30,000,000港元（2002年12月31日：26,000,000港元）。於2003年6月30日，本集團之銀行貸款及黃金借貸總額分別為33,000,000港元（2002年12月31日：20,000,000港元）及14,000,000港元（2002年12月31日：12,000,000港元）。

Human Resource

As at 30 June 2003, the total number of employees was 1,479. Their remuneration is performance based with bonuses as discretionary awards. The Group has not adopted any share option scheme.

Training for staff is conducted regularly. Management is pleased to report that Emphasis has been honoured with the accolades of "Service Industry Leader" and "Service Category Leader of Watch & Jewellery Category" by the Hong Kong Retail Management Association.

DIRECTORS' INTERESTS IN SHARES

At 30 June 2003, the interests of the directors in the share capital of the Company or its associated corporations, as defined in Part XV of Securities and Futures Ordinance (the "SFO") and as recorded in the register required to be kept by the Company under Section 352 of the SFO, were as follows:

Number of shares held and nature of interest 持有數目及權益性質							Total number of shares 股份總數
Name of director 董事	Notes* 附註	Personal 個人	Family 家族	Corporate 公司	Other 其他		
Chow Kwen Ling	周君令	(3)	–	–	37,053,300	–	37,053,300
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".

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.

DIRECTORS' RIGHTS TO ACQUIRE SHARES

Apart from as disclosed under the heading "Directors' interests in shares", at no time during the period 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.

人力資源

於2003年6月30日，員工總數為1,479人。員工的報酬以員工表現為評核標準，獎金酌情發放。本集團並未採用購股權計劃。

本集團為員工提供定期培訓。點睛品榮獲香港零售管理協會頒發「行業服務領袖獎」及「鐘錶及珠寶店組別服務領袖獎」。

董事於股本之權益

於2003年6月30日，按證券及期貨條例第XV部定義及第XV部第352條規定保存之名冊，各董事於本公司或其聯營公司股本中之權益如下：

* 參考「主要股東」之附註。

除上文披露外，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。

董事購入股份之權利

除上述披露「董事於股本之權益」，期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。