



CONTINENTAL
HOLDINGS LIMITED





Chairman's Statement ■ 主席報告



陳聖澤太平紳士
主席
Chan Sing Chuk, Charles, JP
Group Chairman

業務回顧及展望

本人欣然提呈恒和珠寶集團有限公司截至二零零三年六月三十日止財政年度之年報。

期內，本集團營業額為12.2億港元，較去年之10.2億港元上升19.6%。股東應佔溢利為10,138,000港元（二零零二年：3,835,000港元），而每股盈利則為3.6港仙（二零零二年：1.4港仙）。

雖然本已欠佳之香港經濟再受二零零三年第二季發生之SARS疫症進一步打擊，但本集團在不斷努力下繼續保持市場佔有率。由於海外買家取消到港採購，致本集團自行外訪促銷需要增加開支，及於參與Basel Fair及Las Vegas Show等大型展覽會亦受到主辦者蓄意阻撓。

BUSINESS REVIEW AND OUTLOOK

I am pleased to present the annual statement of Continental Holdings Limited for the financial year ended 30 June 2003.

Over the period, the Group achieved a turnover of HK\$1.22 billion as compared to HK\$1.02 billion of last year, representing a growth of 19.6%. Profit attributable to shareholders was HK\$10.1 million (2002: HK\$3.8 million) and earnings per share was HK3.6 cents (2002: HK1.4 cents).

The group has been exerting extra effort in maintaining our market share despite the deflationary economy of Hong Kong, which was further dampened by the SARS incident in the second quarter of year 2003. The cancellation of buying trips from overseas buyers had resulted additional costs in organising sales trips on our part, and participation in major exhibitions such as Basel Fair and Las Vegas Show had been maliciously obstructed by organisers.



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為克服上述種種困難及促進本集團日後發展，本集團已採取以下行動：

- a. 投放更多資源進行市場推廣及客戶支援活動。
- b. 推行ISO 9001認證計劃，以確保產品質素及達致認可標準。

To overcome the difficulties mentioned above and to enhance the Group in its future development, the management has pursued the following:

- a. More resources have been deployed for marketing activities and customer support function;
- b. Conducting ISO 9001 program to ensure quality assurance for our products and standard recognition;



香港名模周汶錡於2002香港鐘錶及珠寶展為恒和展示最新鑽飾系列。

Hong Kong top model, Ms Kathy Chau demonstrating Continental's latest extraordinary jewellery collection in 2002 Hong Kong Watch & Jewellery Show.

水凝鑽飾
Diamond Dew



彩鑽誘惑
Lure of Color



CONTINENTAL
HOLDINGS LIMITED



Quattour™

Quattour™
凝聚無邊魅力

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第四屆香港珠寶設計比賽
4th Hong Kong Jewellery Design Competition

優異獎 Merit Award

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|---|---|
| <p>c. 精簡架構，以一間位於海運大廈大型陳列室取替兩間本地零售店。該陳列室展示「QUATTOUR」新產品系列，並以「恒和鑽石」之公司形象進行推廣。</p> | <p>c. Streamlined and replaced the two local retail outlets by a larger showroom in Ocean Terminal. This outlet carries new product line "QUATTOUR" and also markets under the corporate image "CONTINENTAL DIAMOND";</p> |
| <p>d. 基於CEPA實施，本集團在中國北京開設兩間零售店作為打入中國市場之踏腳石。</p> | <p>d. With CEPA in effect, the Group has set up two retail outlets in Beijing, PRC, to establish a foothold in the mainland market;</p> |
| <p>e. 除現有2間鑽石切割廠及3間珠寶製造廠外，本集團計劃來年在江門開設一間新廠房，包括鑽石切割及珠寶生產工序。</p> | <p>e. Besides the existing 2 diamond cutting factories and 3 jewellery manufacturing factories, the Group has planned a new factory to accommodate a diamond cutting factory and a jewellery manufacturing in Jiangmen next year;</p> |
| <p>f. 天后廟道之住宅項目經已大致完成，預計有關當局將於十月底發出入伙紙。</p> | <p>f. The residential project in Tin Hau Temple Road was substantially completed. Occupation Permit of the subject property is expected to be issued by relevant authority by the end of October.</p> |

如無不可預見情況，本集團管理層對未來業務展望審慎樂觀，並將全力以赴，提高溢利率及在珠寶業市場爭取更高佔有率。

In the absence of any unforeseeable circumstances, our management is cautiously optimistic about the future business outlook and striving our best to improve the profit margin as well as to gain a better market share in the jewellery industry.

本集團已收購一幢位於旺角之辦公大樓，每年租金收益率約為6%，預期日後可為本集團提供穩定收益。

本人亦謹此向竭誠為本集團服務之全體員工以及股東之支持致以衷心謝意。

流動資金及財務資源

本集團一向採取審慎的財務管理方針，並一直維持穩健的資產負債狀況。於二零零三年六月三十日，按銀行借貸及股東資金之比例計算，本集團之資產負債比率維持於0.04(二零零二年：0.03)之低水平，現金及銀行結餘總額為157,730,000港元(二零零二年：175,968,000港元)，較銀行貸款及透支結餘22,257,000港元(二零零二年：17,447,000港元)為高。利息以香港銀行同業拆息或最優惠利率計息。該等銀行貸款及透支由本集團之投資物業、若干租賃土地及物業、在建物業之首次法定押記、一家附屬公司之股份按揭及本公司作出之公司擔保作擔保。

資產抵押及或然負債

於二零零三年六月三十日，本集團之投資物業、若干租賃土地及樓宇、在建中物業及一家附屬公司之股份，經已按予銀行作為本集團所獲之一般銀行信貸融資之抵押。香港稅務局(「稅務局」)正審查本公司一家附屬公司之稅務事宜。本公司董事認為本集團之稅務撥備中肯，而有關上述稅務局審查之潛在稅務約為6,600,000港元。

The Group has acquired an office building in Mongkok with a rental yield around 6% per annum. This will provide a steady income source for the Group in future.

The Chairman also takes this opportunity to thank all the colleagues for their hard work and dedication and the shareholders for their support.

LIQUIDITY AND FINANCIAL RESOURCES

In line with the Group's prudent financial management, the Group has been able to maintain a healthy balance sheet. As at 30 June 2003, the Group had a low gearing ratio of 0.04 (2002: 0.03), calculated on the basis of the Group's bank borrowings over shareholders' funds, total cash and bank balances was HK\$157,730,000 (2002: HK\$175,968,000) exceeding bank loans and overdrafts of HK\$22,257,000 (2002: HK\$17,447,000) with interest charged at HIBOR or Prime Rate. These bank loans and overdrafts are secured by first legal charges over investment properties, certain leasehold land and buildings and property under development of the Group, share mortgage of a subsidiary and corporate guarantees executed by the Company.

PLEDGE OF ASSETS AND CONTINGENT LIABILITIES

As at 30 June 2003, the Group's investment properties, certain leasehold land and buildings and property under development of the Group and the shares of a subsidiary have been pledged to bank to secure general banking credit facilities granted to the Group. The Inland Revenue Department ("IRD") of Hong Kong is in the process of reviewing the tax affairs of a subsidiary of the Company. The directors of the Company are of the opinion that the Group's tax provision is fairly presented. The potential tax liabilities relating to the aforementioned IRD's review are approximately HK\$6.6 million.



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資本結構

本集團於截至二零零三年六月三十日止年度之資本結構並無任何變動。

僱員人數、酬金政策及購股權計劃

於二零零三年六月三十日，本集團合共聘用約2,300名僱員，當中大部分聘於中國。本集團主要按業內慣例釐定僱員之薪酬，於年內並無採納任何購股權計劃。

匯率波動風險及相關對沖

除英國附屬公司外，本集團之買賣交易及借貸均主要以美元及／或港元為單位，而基於現行港元與美元之掛鈎安排，匯率波動所致之風險甚微。由於英鎊升值，因此英國附屬公司在本年度獲得可觀滙兌收益。本集團在年內並無運用金融工具進行對沖。於二零零三年六月三十日，並無未結算之對沖工具。

致謝

本人謹代表董事會向本集團之管理人員及員工於年內竭誠服務及勤奮工作、客戶對吾等產品之信心及支持，以及股東之信賴及支持致以衷心謝意。

承董事會命
主席
陳聖澤

香港，二零零三年十月二十四日

CAPITAL STRUCTURE

There was no change to the Group's capital structure during the year ended 30 June 2003.

NUMBER OF EMPLOYEES, REMUNERATION POLICIES AND SHARE OPTION SCHEMES

As at 30 June 2003, the Group employed a total of approximately 2,300 employees, the majority of whom are employed in the PRC. The Group remunerates its employees largely based on industry practice. No share option scheme was adopted during the year.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND RELATED HEDGES

With the exception of the UK subsidiary, the sales and purchase transactions and the borrowings of the Group are primarily denominated in United States Dollars and/or Hong Kong Dollars, the risk of foreign exchange fluctuations is minimal under the existing linked exchange rate system for Hong Kong Dollar against United States Dollar. During the year, the UK subsidiary had a considerable exchange gain due to the appreciation of Pound Sterling. During the year, the Group did not use any financial instrument for hedging purposes. As at 30 June 2003, there was no hedging instrument outstanding.

ACKNOWLEDGEMENT

On behalf of the Board, I would like to express my sincere gratitude to the Group's management and staff member for their dedication and hard work, our customers for their confidence and support for our products, and our shareholders for their trust and support during the year.

By Order of the Board
Chan Sing Chuk, Charles
Chairman

Hong Kong, 24 October 2003