

CHAIRMAN'S REPORT



I am delighted to report that in 2004 the Group's profit reached a new high of HK\$200 million, an increase of 71% over that of 2003.

During the year, as Hong Kong's economy continued to improve, it appeared that the difficult period that had spanned several years was finally history. The public has regained its confidence and Hong Kong is back on the road to growth and development. The retail industry, in particular the jewellery sector, benefited handsomely from a series of favourable economic measures, which ranged from the inclusion of more cities in the solo travel scheme, the expansion of the scope of Closer Economic Partnership Arrangement (CEPA), to the increase of the allowance on RMB taken out by outbound travelers. On the other hand, the upturn in the stock market gave a much needed boost to the securities brokerage industry. The Group, having enhanced its competitiveness through improvements in costs and efficiency, registered significant growth in profits in both the jewellery and brokerage segments. Precious metal wholesale, however, managed to hold its own on account of stiff competition.

The Group operates in the Mainland, Hong Kong and Taiwan, where its chain of 107 stores covering Greater China is its strategic mainstay. In February 2005, two new additions were made to this chain in Hong Kong's top tourist areas, targeting high-end consumers with their sophisticated new image. Later in the year, the store in Hong Kong Disneyland, the one that raised the interest of the market, will open. Over in the Mainland, the expansion of the network of shops will continue.

The Chinese economy is continuing its inexorable growth; the Hong Kong SAR government is giving priority to development of the local tourism industry. To capitalise on this window of opportunity, the Group has resolved to accelerate the growth of its network, leveraging on its superior brand-image. It has been recruiting more talents into its top management in order to build an even stronger team, which, motivated by performance-based compensation, will propel the Group towards new heights.

I take this opportunity to thank our shareholders, and our staff in all Greater China, for their support and hard work.

A handwritten signature in black ink, appearing to read 'Chow Kwen Lim'.

Chow Kwen Lim
Chairman

Hong Kong
23 March 2005

主席報告

本人很榮幸宣布2004年本集團溢利創新紀錄，達2億港元，較2003年增長71%。

年內經濟持續好轉，跨越多年的艱辛時刻已經過去，市民對前景恢復信心，香港重踏安定發展之路。多項利好經濟消息及政策，包括「自由行」與「更緊密經貿關係安排」在2004年內進一步加強、國內放寬攜帶出境現金上限等措施，對零售業有很大裨益，其中以珠寶首飾界為甚。另外，證券業也因為股票市場利好而轉趨活躍。集團經過改善成本效益而提升競爭力，珠寶首飾業務和證券期貨業務均有明顯盈利增長，惟貴金屬批發業務則因競爭激烈而只能維持水平。

集團之業務範圍遍佈中、港、台三地，擁有逾107間直營式珠寶零售的分店網絡，此項大中華地區性業務部署是集團之最有利條件。在2005年2月，在香港遊客區更添加了兩間全新形象、針對高消費客層之分店；市場所關注之香港迪士尼樂園零售店，將於年內開業。另一方面，幅員遼闊的內地零售網絡繼續迅速擴展。

中國經濟高速發展，香港特別行政區政府重點發展本地旅遊業，集團須把握這個良機。因此，集團將憑藉品牌聲譽之勢，加快開拓網絡的步伐；並招攬高層管理人才、實踐「績效為本，用人唯才」的理念，爭取更高的成績。

本人謹向各位股東、集團各地所有員工致以衷心謝意，感銘各位的支持和努力。



主席
周君廉

香港
2005年3月23日