



INTERIM REPORT 2005

2005 中期報告

The Board of Directors (the "Board") of Chow Sang Sang Holdings International Limited (the "Company") wishes to announce the unaudited interim results of the Company, its subsidiaries and associates (the "Group") for the six months ended 30 June 2005. The interim results and financial statements have been reviewed by the Audit Committee of the Board.

周生生集團國際有限公司(「本公司」)董事會(「董事會」)宣布本公司、其附屬公司及聯營公司(「本集團」)截至2005年6月30日止六個月之未經審核中期業績。此中期業績及財務報告已由董事會之審核委員會審閱。

FINANCIAL HIGHLIGHTS

財務摘要

		Unaudited 未經審核		
		Six months ended 30 June 截至6月30日止六個月		
		2005	2004	Change
		HK\$'000	HK\$'000	
		千港元	千港元	變動
			(Restated)	
			(重列)	
Turnover	營業額			
Jewellery retail	珠寶零售	1,166,026	1,063,950	10%
Other business	其他業務	1,395,355	3,182,184	(56%)
		<u>2,561,381</u>	<u>4,246,134</u>	(40%)
Profit attributable to shareholders of the Company	本公司股東應佔溢利	56,253	85,235	(34%)
Basic earnings per share	每股基本盈利	9.35 cents 仙	14.16 cents 仙	
Interim dividend per share	每股中期股息	5.0 cents 仙 ⁺⁺	6.0 cents 仙 ⁺	
Dividend payout ratio	派息比率	54%	35%	
Special dividend per share	每股特別股息	—	3.0 cents 仙	
Equity attributable to shareholders of the Company	本公司股東應佔權益	1,939,441	1,965,816 [^]	(1%)
Net assets per share	每股資產淨值	\$3.22	\$3.27 [^]	(1%)
+	Based on 501,600,000 shares issued and fully paid as at 30 June 2004		+ 根據於2004年6月30日已發行及繳足股本501,600,000股計算	
++	Based on 601,920,000 shares issued and fully paid as at 30 June 2005, the additional 100,320,000 shares represent the bonus shares issued on 18 June 2005		++ 根據於2005年6月30日已發行及繳足股本601,920,000股計算，其中增加之100,320,000股為於2005年6月18日發行之紅股	
^	Audited as at 31 December 2004		^ 於2004年12月31日的經審核數字	

CONSOLIDATED PROFIT AND LOSS ACCOUNT

綜合損益賬

		Unaudited 未經審核	
		Six months ended 30 June 截至6月30日止六個月	
		2005 HK\$'000 千港元	2004 HK\$'000 千港元 (Restated) (重列)
	Notes 附註		
TURNOVER	營業額	3	
Jewellery retail	珠寶零售	1,166,026	1,063,950
Others	其他	1,395,355	3,182,184
		<u>2,561,381</u>	<u>4,246,134</u>
Cost of sales	銷貨成本	<u>(2,228,251)</u>	<u>(3,928,119)</u>
Gross profit	毛利	333,130	318,015
Other revenue	其他收益	23,450	33,321
Selling and distribution costs	銷售及分銷費用	(203,506)	(167,811)
Administrative expenses	行政費用	(83,456)	(78,252)
Other operating expenses, net	其他經營費用，淨值	(663)	(1,803)
		<u>68,955</u>	<u>103,470</u>
PROFIT FROM OPERATING ACTIVITIES	經營業務所得溢利	5	
Finance costs	財務費用	(1,906)	(577)
Share of profits of associates	應佔聯營公司溢利	77	48
		<u>67,126</u>	<u>102,941</u>
PROFIT BEFORE TAX	除稅前溢利		
Tax	稅項	6	
		<u>(9,449)</u>	<u>(16,299)</u>
PROFIT FOR THE PERIOD	期內溢利	<u>57,677</u>	<u>86,642</u>
ATTRIBUTABLE TO:	應佔溢利：		
Shareholders of the Company	本公司股東	56,253	85,235
Minority interests	少數股東權益	1,424	1,407
		<u>57,677</u>	<u>86,642</u>
DIVIDENDS	股息	7	
Interim	中期	30,096	30,096
Special	特別	—	15,048
		<u>30,096</u>	<u>45,144</u>
Basic earnings per share	每股基本盈利	8	
		<u>9.35 cents 仙</u>	<u>14.16 cents 仙</u>

CONSOLIDATED BALANCE SHEET

綜合資產負債表

		Unaudited 未經審核 30 June 6月30日 2005 HK\$'000 千港元	Audited 已審核 31 December 12月31日 2004 HK\$'000 千港元 (Restated) (重列)
	Notes 附註		
NON-CURRENT ASSETS			
Fixed assets		341,578	338,368
Investment properties		98,050	98,050
Intangible assets		289	320
Other assets		33,875	33,283
Interests in associates		9,534	9,627
Available-for-sale investments		124,936	126,022
Deferred tax assets		4,183	3,991
		612,445	609,661
CURRENT ASSETS			
Inventories		1,332,981	1,165,688
Accounts receivable	9	165,155	178,941
Other receivables		69,559	128,145
Investments at fair value through profit or loss		19,549	20,257
Tax recoverable		937	690
Pledged time deposits		38,331	58,331
Cash held on behalf of securities clients		175,527	226,254
Cash and cash equivalents		113,459	228,547
		1,915,498	2,006,853
CURRENT LIABILITIES			
Accounts payable	10	289,652	394,185
Tax payable		19,302	16,610
Other payables and accruals		116,699	107,930
Interest-bearing bank borrowings	11	80,492	62,000
		506,145	580,725
NET CURRENT ASSETS		1,409,353	1,426,128
TOTAL ASSETS LESS CURRENT LIABILITIES		2,021,798	2,035,789
NON-CURRENT LIABILITIES			
Deferred tax liabilities		(51,096)	(51,174)
		1,970,702	1,984,615
CAPITAL AND RESERVES			
Issued capital	12	150,480	125,400
Reserves		1,758,865	1,770,192
Proposed dividend		30,096	70,224
Equity attributable to shareholders of the Company		1,939,441	1,965,816
Minority interests		31,261	18,799
		1,970,702	1,984,615

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
— UNAUDITED

綜合權益變動表
— 未經審核

		Attributable to shareholders of the Company										Minority interests	Total equity
		本公司股東應佔										少數股東權益	總權益
		Share capital	Share premium	Investment property revaluation reserve	Land and buildings revaluation reserve	Investment revaluation reserve	General reserve	Exchange fluctuation reserve	Retained profits	Proposed dividend	Total		
		股本	股份溢價	投資物業重估儲備	土地及樓宇重估儲備	投資重估儲備	一般儲備	外匯變動儲備	保留溢利	擬派股息	合計		
Note		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
附註		千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元
At 1 January 2004	於2004年1月1日												
As previously reported	過往呈報	125,400	124,804	31,766	299,412	106,394	10,000	2,913	1,094,307	55,176	1,850,172	16,582	1,866,754
Effect of adopting HKAS 17 and HKAS 40	採納香港會計準則第17號及香港會計準則第40號之影響	—	—	(31,766)	—	—	—	—	31,137	—	(629)	—	(629)
As restated	重列	125,400	124,804	—	299,412	106,394	10,000	2,913	1,125,444	55,176	1,849,543	16,582	1,866,125
Exchange realignments	匯兌調整	—	—	—	—	—	—	375	—	—	375	87	462
Fair value adjustments of available-for-sale investments	可供出售投資之公平價值調整	—	—	—	—	(4,805)	—	—	—	—	(4,805)	—	(4,805)
Transfer to profit and loss account on disposal	出售時撥往損益賬	—	—	—	—	(6,690)	—	—	—	—	(6,690)	—	(6,690)
Net gains and losses recognised directly in equity	直接在權益中確認之淨收益及虧損	—	—	—	—	(11,495)	—	375	—	—	(11,120)	87	(11,033)
Profit for the period	期內溢利	—	—	—	—	—	—	—	85,235	—	85,235	1,407	86,642
Total recognised gains and losses for the period	期內確認之總收益及虧損	—	—	—	—	(11,495)	—	375	85,235	—	74,115	1,494	75,609
Movement in balances with minority interests	少數股東權益往來結存之變動	—	—	—	—	—	—	—	—	—	(290)	(290)	(290)
Final 2003 dividend paid	已派發之2003年末期股息	—	—	—	—	—	—	—	(55,176)	—	(55,176)	—	(55,176)
Interim 2004 dividend	2004年中期股息	—	—	—	—	—	—	—	(30,096)	—	(30,096)	—	(30,096)
Special 2004 dividend	2004年特別股息	—	—	—	—	—	—	—	(15,048)	15,048	—	—	—
At 30 June 2004 (as restated)	於2004年6月30日(重列)	125,400	124,804	—	299,412	94,899	10,000	3,288	1,165,535	45,144	1,868,482	17,786	1,886,268
At 1 January 2005	於2005年1月1日												
As previously reported	過往呈報	125,400	124,804	33,854	299,412	122,035	10,000	2,977	1,179,139	70,224	1,967,845	18,799	1,986,644
Effect of adopting HKAS 17 and HKAS 40	採納香港會計準則第17號及香港會計準則第40號之影響	—	—	(33,854)	—	—	—	—	31,825	—	(2,029)	—	(2,029)
As restated	重列	125,400	124,804	—	299,412	122,035	10,000	2,977	1,210,964	70,224	1,965,816	18,799	1,984,615
Exchange realignments	匯兌調整	—	—	—	—	—	—	(452)	—	—	(452)	(78)	(530)
Fair value adjustments of available-for-sale investments	可供出售投資之公平價值調整	—	—	—	—	(4,357)	—	—	—	—	(4,357)	—	(4,357)
Transfer to profit and loss account on disposal	出售時撥往損益賬	—	—	—	—	(7,595)	—	—	—	—	(7,595)	—	(7,595)
Net gains and losses recognised directly in equity	直接在權益中確認之淨收益及虧損	—	—	—	—	(11,952)	—	(452)	—	—	(12,404)	(78)	(12,482)
Profit for the period	期內溢利	—	—	—	—	—	—	—	56,253	—	56,253	1,424	57,677
Total recognised gains and losses for the period	期內確認之總收益及虧損	—	—	—	—	(11,952)	—	(452)	56,253	—	43,849	1,346	45,195
Capital contribution from minority interests	少數股東投入資本	—	—	—	—	—	—	—	—	—	11,487	11,487	11,487
Movement in balances with minority interests	少數股東權益往來結存之變動	—	—	—	—	—	—	—	—	—	(371)	(371)	(371)
Final 2004 dividend paid	已派發之2004年末期股息	—	—	—	—	—	—	—	(70,224)	—	(70,224)	—	(70,224)
Issue of bonus shares	發行紅股	12	25,080	(25,080)	—	—	—	—	—	—	—	—	—
Interim 2005 dividend	2005年中期股息	—	—	—	—	—	—	—	(30,096)	30,096	—	—	—
At 30 June 2005	於2005年6月30日	150,480	99,724	—	299,412	110,083	10,000	2,525	1,237,121	30,096	1,939,441	31,261	1,970,702

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

簡明綜合現金流量表

		Unaudited 未經審核	
		Six months ended 30 June 截至6月30日止六個月	
		2005	2004
		HK\$'000	HK\$'000
		千港元	千港元
		Note 附註	
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	經營業務之現金 流入／(流出)淨額		(73,594) 94,172
NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES	投資業務之現金 流入／(流出)淨額		(19,601) 6,684
NET CASH OUTFLOW FROM FINANCING ACTIVITIES	融資活動之現金流出淨額		<u>(22,800)</u> (53,004)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	現金及等同現金之增加／ (減少)淨額		(115,995) 47,852
Cash and cash equivalents at beginning of period	於期初之現金及等同現金		228,547 270,307
Effects of foreign exchange rate changes, net	外幣匯率變動影響，淨值		<u>(135)</u> 3
CASH AND CASH EQUIVALENTS AT END OF PERIOD	於期終之現金及等同現金		<u>112,417</u> <u>318,162</u>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS	現金及等同現金結存分析		
Cash and bank balances	現金及銀行存款		106,113 238,204
Non-pledged time deposits with original maturity of less than three months when acquired	存放時到期日少於三個月 之無抵押定期存款		7,346 79,567
Time deposits with original maturity of less than three months when acquired, pledged as security for bank facilities	存放時到期日少於三個月 作銀行信貸抵押之定期存款		— 1,000
Bank overdrafts	銀行透支	11	<u>(1,042)</u> (609)
			<u>112,417</u> <u>318,162</u>

Notes:

1. Principal accounting policies

These unaudited condensed consolidated interim financial statements have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants, and Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

The accounting policies and basis of computation used in the preparation of these interim financial statements are the same as those used in the Group's audited financial statements for the year ended 31 December 2004, except that the Group has changed certain of its accounting policies mentioned in note 2 below following its adoption of new and revised Hong Kong Financial Reporting Standards ("HKFRSs", which also include HKASs and Interpretations) which have become effective for accounting periods commencing on or after 1 January 2005.

2. Impact of adopting new HKFRSs

The following HKFRSs have been adopted for the first time in the preparation of the current period's unaudited condensed consolidated financial statements.

HKAS 1	Presentation of Financial Statements
HKAS 2	Inventories
HKAS 7	Cash Flow Statements
HKAS 8	Accounting Policies, Changes in Accounting Estimates and Errors
HKAS 10	Events after Balance Sheet Date
HKAS 12	Income Taxes
HKAS 14	Segment Reporting
HKAS 16	Property, Plant and Equipment
HKAS 17	Leases
HKAS 18	Revenue
HKAS 19	Employee Benefits
HKAS 21	The Effects of Changes in Foreign Exchange Rates
HKAS 23	Borrowing Costs
HKAS 24	Related Party Disclosures
HKAS 27	Consolidated and Separate Financial Statements
HKAS 28	Investments in Associates
HKAS 32	Financial Instruments: Disclosure and Presentation
HKAS 33	Earnings per Share
HKAS 36	Impairment of Assets
HKAS 37	Provisions, Contingent Liabilities and Contingent Assets
HKAS 38	Intangible Assets
HKAS 39	Financial Instruments: Recognition and Measurement
HKAS 40	Investment Property
HKFRS 3	Business Combinations
HK(SIC)-Int 21	Income Taxes — Recovery of Revalued Non-depreciable Assets
HK-Int 4	Leases — Determination of the Length of Lease Term in respect of Hong Kong Land Leases

The adoption of HKAS 1, 2, 7, 8, 10, 12, 14, 16, 18, 19, 21, 23, 24, 27, 28, 33, 36, 37, 38, HKFRS 3 and HK(SIC)-Int 21 has had no material impact on the Group's accounting policies. The impact of adopting the other HKFRSs is summarised as follows:

- (i) The adoption of HKAS 17 and HK-Int 4 has resulted in a change in accounting policy relating to leasehold land. Leasehold land and buildings were previously accounted for as finance leases and were stated at cost or valuation less accumulated depreciation. In accordance with HKAS 17, a lease of land and building should be split into a lease of land and a lease of building according to their fair value at inception. A lease of land is an operating lease and a lease of building is a finance lease unless the two elements cannot be allocated reliably, in which case the entire lease is classified as a finance lease. Pursuant to these requirements, the land premium paid for distinguishable leasehold land is accounted for as an operating lease and amortised over its unexpired lease term, whereas undistinguishable leasehold land and building is stated collectively at cost or valuation less accumulated depreciation.

附註：

1. 主要會計政策

此等未經審核之簡明綜合中期財務報告乃按照香港會計師公會頒布之香港會計準則第34號「中期財務報告」及香港聯合交易所有限公司證券上市規則（「上市規則」）附錄16予以編製。

編製此等中期財務報告時採用之會計政策及計算基準與本集團截至2004年12月31日止年度之已審核財務報告所採用的一致，惟於下列附註2提及，在本集團採納對2005年1月1日或以後開始之會計期間生效之新訂及經修訂之香港財務報告準則（包括香港會計準則及詮釋）後而令若干會計政策改變除外。

2. 採納新香港財務報告準則之影響

編製本期間之未經審核簡明綜合財務報告時首次採納下列香港財務報告準則。

香港會計準則第1號	財務報告的列報
香港會計準則第2號	存貨
香港會計準則第7號	現金流量表
香港會計準則第8號	會計政策、會計估計變更及差錯
香港會計準則第10號	結算日後事項
香港會計準則第12號	所得稅
香港會計準則第14號	分部報告
香港會計準則第16號	物業、廠房及設備
香港會計準則第17號	租賃
香港會計準則第18號	收益
香港會計準則第19號	僱員福利
香港會計準則第21號	外幣匯率變動影響
香港會計準則第23號	借貸成本
香港會計準則第24號	關連人士披露
香港會計準則第27號	綜合及獨立財務報告
香港會計準則第28號	於聯營公司之投資
香港會計準則第32號	財務工具：披露及列報
香港會計準則第33號	每股盈利
香港會計準則第36號	資產減值
香港會計準則第37號	撥備、或然負債及或然資產
香港會計準則第38號	無形資產
香港會計準則第39號	財務工具：確認及計量
香港會計準則第40號	投資物業
香港財務報告準則第3號	企業合併
香港會計準則詮釋第21號	所得稅 — 收回經重估之非折舊資產
詮釋第4號	租賃 — 釐定香港土地租賃之租賃年期

採納香港會計準則第1、2、7、8、10、12、14、16、18、19、21、23、24、27、28、33、36、37、38號、香港財務報告準則第3號及香港會計準則詮釋第21號並無對本集團之會計政策構成重大影響。採納其他香港財務報告準則之影響概述如下：

- (i) 採納香港會計準則第17號及詮釋第4號引致有關租賃土地之會計政策改變。以往，租賃土地及樓宇入賬列作融資租賃，並按成本或估值減累計折舊列賬。根據香港會計準則第17號，租賃土地及樓宇應於租約開始時以公平價值分為土地租賃及樓宇租賃。土地租賃為經營租賃，而樓宇租賃則為融資租賃；除非這兩部分無法可靠地作出分配，則在該情況下，整項租賃乃分類為融資租賃。根據此等規定，可分辨租賃土地之已付土地溢價入賬列作經營租賃，並按尚餘租期攤銷，而不可分辨租賃土地及樓宇則一併按成本或估值減累計折舊列賬。

2. Impact of adopting new HKFRSs (continued)

In accordance with HK-Int 4, the lease term of a Hong Kong land lease for the purpose of applying the depreciation requirements under HKAS 16 and HKAS 17, as appropriate, shall be determined by reference to the legal form and status of the lease. Renewal of a lease is assumed only when the lessee has a renewal option and it is reasonably certain at the inception of the lease that the lessee will exercise the option. Options for extending the lease term that are not at the discretion of the lessee shall not be taken into account by the lessee in determining the lease term.

The effects of the above changes are summarised in note 2(iv) to the unaudited condensed consolidated financial statements. The change has been adopted retrospectively from the earliest period presented and comparative amounts have been restated.

- (ii) Prior to 1 January 2005, investments of the Group were classified into long term investments and short term investments, which were stated at their fair values.

Upon the adoption of HKAS 32 and 39, all long term investments and short term investments held as at 31 December 2004 were redesignated into available-for-sale investments and investments at fair value through profit or loss on 1 January 2005, respectively. There is no effect on remeasurement, as the accounting policy on measurement of the investments as at 31 December 2004 was the same as that for the available-for-sale investments and investments at fair value through profit or loss.

- (iii) The adoption of HKAS 40 has resulted in a change in accounting policy for the Group's investment properties. In prior years, increases in the valuation of investment properties were credited to the investment property revaluation reserve while decreases in the valuation of investment properties were first set off against the surplus of the investment property revaluation reserve and thereafter charged to the profit and loss account. Following the adoption of HKAS 40, all changes in valuation of investment properties are to be recognised in the profit and loss account.

The effects of the above changes are summarised in note 2(iv) to the unaudited condensed consolidated financial statements. The change has been adopted retrospectively from the earliest period presented and comparative amounts have been restated.

- (iv) Following the adoption of the HKFRSs, the opening balances of the following accounts were adjusted retrospectively. The details of the prior period adjustments and opening adjustments are summarised as follows:

- (a) Effect on profit after tax for the six months ended 30 June 2005 and 2004

Increase in depreciation and decrease in profit (note 2(i))

折舊增加及溢利減少(附註2(i))

2. 採納新香港財務報告準則之影響(續)

根據詮釋第4號，為採用香港會計準則第16號及17號之折舊規定(如適用)，香港土地租賃之租賃年期須參考租賃之法律形式及狀況。租約僅會於承租人擁有續約權，並於租約開始時有理由確定承租人將行使續約權時方假設進行續約。延長租約權如非由承租人酌情決定，則承租人於決定租約年期時不應計入該延長租約權。

上述變動之影響概述於未經審核簡明綜合財務報告附註2(iv)。變動已由所列報之最早期間起追溯採納，而比較數字經已重列。

- (ii) 於2005年1月1日前，本集團之投資分為長期投資及短期投資，均以公平價值列賬。

採納香港會計準則第32及39號之規定後，於2004年12月31日本集團所持有全部長期投資及短期投資於2005年1月1日分別重新分類為可供出售之投資及按盈虧訂定公平價值之投資。於2004年12月31日採用之投資計量會計政策與可供出售之投資及按盈虧訂定公平價值之投資計量會計政策相同，故並無對重新計量構成影響。

- (iii) 採納香港會計準則第40號引致有關本集團投資物業之會計政策改變。於過往年度，投資物業之估值增加會計入投資物業重估儲備，而投資物業之估值減少則先抵銷投資物業重估儲備之盈餘，再自損益賬中扣除。採納香港會計準則第40號後，所有投資物業之估值變動均須於損益賬中確認。

上述變動之影響概述於未經審核簡明綜合財務報告附註2(iv)。變動已由所列報之最早期間起追溯採納，而比較數字經已重列。

- (iv) 採納香港財務報告準則後，下列賬目之期初結餘已作出追溯調整。前期調整及期初調整之詳情概述如下：

- (a) 對截至2005年及2004年6月30日止六個月除稅後溢利影響

Six months ended 30 June 截至6月30日止六個月

2005	2004
HKAS 17	HKAS 17
香港會計	香港會計
準則第17號	準則第17號
HK\$'000	HK\$'000
千港元	千港元

(700)

(700)

2. Impact of adopting new HKFRSs (continued)

(b) Effect on opening balance of total equity as at 1 January 2005 and 1 January 2004

Increase/(decrease)	Notes	1 January 2005 2005年1月1日			1 January 2004 2004年1月1日		
		HKAS 17 香港 會計準則 第17號 HK\$'000 千港元	HKAS 40 香港 會計準則 第40號 HK\$'000 千港元	Total 合計 HK\$'000 千港元	HKAS 17 香港 會計準則 第17號 HK\$'000 千港元	HKAS 40 香港 會計準則 第40號 HK\$'000 千港元	Total 合計 HK\$'000 千港元
Investment property revaluation reserve	投資物業重估儲備 2(iii)	—	(33,854)	(33,854)	—	(31,766)	(31,766)
Retained profits	保留溢利 2(i)&(iii)	(2,029)	33,854	31,825	(629)	31,766	31,137
Total effect	總影響	(2,029)	—	(2,029)	(629)	—	(629)

3. Turnover

Turnover represents the net invoiced value of goods sold, after allowances for returns, trade discounts and value-added tax; commission on securities and commodities broking and rental income earned during the period.

Revenue from the following activities has been included in turnover:

Sales of goods	貨品銷售
Jewellery retail	珠寶零售
Other business	其他業務
Commission on securities and commodities broking	證券及期貨經紀佣金收入
Gross rental income	總租金收入

2. 採納新香港財務報告準則之影響 (續)

(b) 對於2005年1月1日及2004年1月1日總權益期初結餘影響

3. 營業額

營業額指期內撇除退回、交易折扣與增值稅後售出貨品之發票淨值，證券及期貨經紀佣金收入及租金收入。

以下業務之收益已包括在營業額內：

Six months ended 30 June 截至6月30日止六個月	
2005	2004
HK\$'000	HK\$'000
千港元	千港元
1,166,026	1,063,950
1,377,933	3,157,096
13,627	21,629
3,795	3,459
2,561,381	4,246,134

4. Segment information

An analysis of the Group's revenue and results for the period by business segments are as follows:

4. 分部資料

本集團於期內業務分部之收益及業績分析如下：

		Manufacture and retail of jewellery		Wholesale of precious metals		Other business (include securities broking)		Eliminations		Consolidated	
		珠寶製造及零售		貴金屬批發		其他業務 (包括證券經紀)		對銷		綜合	
		Six months ended 30 June									
		截至6月30日止六個月									
		2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	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	千港元	千港元	千港元	千港元	千港元
			(Restated)		(Restated)		(Restated)		(Restated)		(Restated)
			(重列)		(重列)		(重列)		(重列)		(重列)
Segment revenue:	分部收益：										
Sales to external customers	銷售予外界客戶	1,166,026	1,063,950	1,326,828	3,022,859	68,527	159,325	—	—	2,561,381	4,246,134
Intersegment sales	內部銷售	70,779	78,820	99,736	112,384	639	476	(171,154)	(191,680)	—	—
Other revenue from external sources	其他外界收益	5,936	6,777	—	33	12,197	12,663	—	—	18,133	19,473
Intersegment other revenue	內部其他收益	1,761	1,912	—	—	53	54	(1,814)	(1,966)	—	—
Total	總收益	<u>1,244,502</u>	<u>1,151,459</u>	<u>1,426,564</u>	<u>3,135,276</u>	<u>81,416</u>	<u>172,518</u>	<u>(172,968)</u>	<u>(193,646)</u>	<u>2,579,514</u>	<u>4,265,607</u>
Segment results	分部業績	<u>55,103</u>	<u>71,456</u>	<u>2,613</u>	<u>6,788</u>	<u>9,927</u>	<u>14,404</u>	<u>—</u>	<u>—</u>	<u>67,643</u>	<u>92,648</u>
Interest income	利息收入									2,250	1,194
Dividend income	股息收入									3,067	12,654
Unallocated expenses	未分配費用									(4,005)	(3,026)
Profit from operating activities	經營業務所得溢利									68,955	103,470
Finance costs	財務費用									(1,906)	(577)
Share of profits of associates	應佔聯營公司溢利									77	48
Profit before tax	除稅前溢利									67,126	102,941
Tax	稅項									(9,449)	(16,299)
Profit for the period	期內溢利									<u>57,677</u>	<u>86,642</u>

5. Profit from operating activities

Profit from operating activities is arrived at after charging/(crediting):

5. 經營業務所得溢利

經營業務所得溢利已扣除/(計入)：

		Six months ended 30 June	
		截至6月30日止六個月	
		2005	2004
		HK\$'000	HK\$'000
		千港元	千港元
Depreciation	折舊	15,818	15,590
Amortisation of intangible assets	無形資產攤銷	31	31
Operating lease rentals on land and buildings	土地及樓宇經營租賃租金	61,265	46,956
Unrealised loss on revaluation of investments at fair value through profit or loss	重估按盈虧訂定公平價值之投資未變現虧損	663	1,803
Dividend income	股息收入	(3,067)	(12,654)
Interest income	利息收入	(4,837)	(4,262)
Gain on disposal of available-for-sale investments	出售可供出售之投資收益	(7,996)	(8,090)
Gain on disposal of investments at fair value through profit or loss	出售按盈虧訂定公平價值之投資收益	—	(120)

6. Tax

Hong Kong profits tax has been provided at the rate of 17.5% (2004: 17.5%) on the estimated assessable profits arising in Hong Kong during the period. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

Group:	集團：
Current — Hong Kong	本期 — 香港
Charge for the period	期內稅項
Overprovision in prior years	以往年度超額撥備
Current — Elsewhere	本期 — 其他地區
Deferred	遞延
Total tax charge for the period	期內稅項總額

7. Dividends

Interim — HK5 cents (2004: HK6 cents) per ordinary share	中期 — 每普通股5港仙 (2004年：6港仙)
Special — Nil (2004: HK3 cents) per ordinary share	特別 — 每普通股零港仙 (2004年：3港仙)

8. Earnings per share

The calculation of basic earnings per share is based on the profit attributable to shareholders of the Company for the period of HK\$56,253,000 (2004: HK\$85,235,000 as restated), and the weighted average of 601,920,000 (2004: 601,920,000 as restated) ordinary shares in issue during the period, as adjusted to reflect the bonus shares issued during the period (note 12).

Diluted earnings per share for the periods ended 30 June 2005 and 2004 have not been presented as no diluting events existed during these periods.

9. Accounts receivable

Manufacture and retail of jewellery

The Group's sales are normally made on a cash basis. Credit card receivables from financial institutions in respect of retail sales are aged within one month. There are wholesale customers who have been given credit periods ranging from 15 to 45 days.

Wholesale of diamonds

The Group normally grants credit periods of up to 60 days to its trade customers.

Precious metals wholesale

The Group's precious metals wholesale are normally conducted on a cash basis.

Securities and commodities broking

Dealing in securities are settled two days after the trade date, and dealing in futures are normally settled on a cash basis.

6. 稅項

香港利得稅乃按期內於香港產生之估計應課稅溢利以稅率17.5% (2004年：17.5%) 撥備。其他地區之應課利得稅乃按本集團營運地區以現行法則、闡釋及慣例為基礎之通用稅率計算。

Six months ended 30 June 截至6月30日止六個月	
2005	2004
HK\$'000	HK\$'000
千港元	千港元
7,761	12,933
—	(152)
1,890	1,836
(202)	1,682
9,449	16,299

7. 股息

Six months ended 30 June 截至6月30日止六個月	
2005	2004
HK\$'000	HK\$'000
千港元	千港元
30,096	30,096
—	15,048
30,096	45,144

8. 每股盈利

每股基本盈利乃按期內本公司股東應佔溢利56,253,000港元 (2004年：重列85,235,000港元) 及期內已發行加權平均股份601,920,000 (2004年：重列601,920,000) 普通股計算，股數經調整以反映期內發行之紅股 (附註12)。

由於期內並無攤薄事項，故並無披露截至2005年及2004年6月30日止期間之每股攤薄盈利。

9. 應收賬款

珠寶製造及零售

本集團銷售一般以現金交易。就零售銷貨而來自財務機構的應收信用卡賬款之賬齡少於一個月。現有批發客戶獲提供15至45日的除賬期。

鑽石批發

本集團一般向貿易客戶提供的除賬期最多為60日。

貴金屬批發

本集團之貴金屬批發一般以現金進行交易。

證券及期貨經紀

證券買賣之結算於交易日後兩天交收，而期貨買賣之結算一般以現金交收。

9. Accounts receivable (continued)

An aged analysis of the accounts receivable, based on invoice date, is as follows:

		30 June	31 December
		6月30日	12月31日
		2005	2004
		HK\$'000	HK\$'000
		千港元	千港元
Current to 30 days	現在至30日	113,165	129,669
31 to 60 days	31日至60日	6,244	7,445
Over 60 days	超過60日	4,486	4,345
		123,895	141,459
Margin clients accounts receivable*	應收孖展客戶賬款*	41,260	37,482
		165,155	178,941

* The margin clients accounts receivable, secured by the underlying pledged securities, are repayable on demand and bear interest at commercial rates. No aged analysis is disclosed as, in the opinion of the directors, an aged analysis is not relevant in view of the nature of the business of securities margin financing.

10. Accounts payable

An aged analysis of the accounts payable, based on invoice date, is as follows:

		30 June	31 December
		6月30日	12月31日
		2005	2004
		HK\$'000	HK\$'000
		千港元	千港元
Current to 30 days	現在至30日	53,782	96,485
31 to 60 days	31日至60日	21,983	7,696
Over 60 days	超過60日	4,338	3,187
		80,103	107,368
Cash clients accounts payable##	應付現金客戶賬款##	199,405	276,228
Margin clients accounts payable**	應付孖展客戶賬款**	10,144	10,589
		289,652	394,185

Included in the cash clients accounts payable is an amount of approximately HK\$159,538,000 (31 December 2004: HK\$209,978,000) representing securities client's undrawn monies/excess deposits placed with the Group. The balances are repayable on demand. No aged analysis is disclosed as, in the opinion of the directors, an aged analysis is not meaningful in view of the nature of the business of dealing in securities.

** The margin clients accounts payable are repayable on demand and bear interest at commercial rates. No aged analysis is disclosed as, in the opinion of the directors, an aged analysis is not relevant in view of the nature of the business of securities margin financing.

9. 應收賬款 (續)

應收賬款根據發票日期之賬齡分析如下：

	30 June	31 December
	6月30日	12月31日
	2005	2004
	HK\$'000	HK\$'000
	千港元	千港元
Current to 30 days	113,165	129,669
31 to 60 days	6,244	7,445
Over 60 days	4,486	4,345
	123,895	141,459
Margin clients accounts receivable*	41,260	37,482
	165,155	178,941

* 以孖展證券作抵押之應收孖展客戶賬款須於要求時償還及按商業條款計息。鑑於證券孖展借貸業務性質，賬齡分析作用不大，故董事認為無需披露賬齡分析。

10. 應付賬款

應付賬款根據發票日期之賬齡分析如下：

	30 June	31 December
	6月30日	12月31日
	2005	2004
	HK\$'000	HK\$'000
	千港元	千港元
Current to 30 days	53,782	96,485
31 to 60 days	21,983	7,696
Over 60 days	4,338	3,187
	80,103	107,368
Cash clients accounts payable##	199,405	276,228
Margin clients accounts payable**	10,144	10,589
	289,652	394,185

應付現金客戶賬款內之數額約159,538,000港元(2004年12月31日：209,978,000港元)為證券客戶存於本集團之備用款項/額外按金。此賬額須於要求時償還。鑑於證券買賣業務性質，賬齡分析作用不大，故董事認為無需披露賬齡分析。

** 應付孖展客戶賬款須於要求時償還及按商業條款計息。鑑於證券孖展借貸業務性質，賬齡分析作用不大，故董事認為無需披露賬齡分析。

11. Interest-bearing bank borrowings

Bank overdrafts — unsecured	銀行透支 — 無抵押
Bank loans:	銀行貸款：
Secured	抵押
Unsecured	無抵押

12. Share capital

Authorised:	法定：
1,000,000,000 ordinary shares of HK\$0.25 each	1,000,000,000股每股面值 0.25港元之普通股
Issued and fully paid:	已發行及繳足：
601,920,000 (31 December 2004: 501,600,000) ordinary shares of HK\$0.25 each	601,920,000股(2004年12月 31日：501,600,000股) 每股面值0.25港元之普通股

Pursuant to the approval obtained from the shareholders at the annual general meeting held on 31 May 2005, an aggregate of 100,320,000 ordinary shares of HK\$0.25 each were issued on 18 June 2005 on the basis of one bonus share for every five existing shares held, as fully paid bonus shares by capitalising HK\$25,080,000 to the credit of the Company's share premium account.

13. Contingent liabilities

- (a) The Company has provided guarantees to the extent of US\$46 million (approximately HK\$358 million) and HK\$2 million (31 December 2004: US\$46 million (approximately HK\$359 million) and HK\$2 million) in respect of gold trading facilities granted to subsidiaries. As at 30 June 2005, the amount drawn against the gold trading facilities amounted to US\$5,653,000 (approximately HK\$43 million) (31 December 2004: US\$1,444,000 (approximately HK\$11 million)).
- (b) The Company has provided corporate guarantees to the extent of HK\$394 million (31 December 2004: HK\$391 million) to secure the general bank facilities of certain subsidiaries. As at 30 June 2005, the amount drawn against the general bank facilities amounted to HK\$55,987,000 (31 December 2004: HK\$49,780,000).

11. 計息銀行貸款

30 June 6月30日 2005 HK\$'000 千港元	31 December 12月31日 2004 HK\$'000 千港元
1,042	—
18,770	30,980
60,680	31,020
<u>80,492</u>	<u>62,000</u>

12. 股本

30 June 6月30日 2005 HK\$'000 千港元	31 December 12月31日 2004 HK\$'000 千港元
250,000	250,000
150,480	125,400

根據於2005年5月31日舉行之股東週年大會上自股東取得之批准，於2005年6月18日，已透過將本公司股份溢價賬進賬中25,080,000港元撥充資本，按每持有五股現有股份可獲發一股紅股之基準，發行合共100,320,000股每股面值0.25港元之普通股作為繳足紅股。

13. 或然負債

- (a) 本公司為其附屬公司獲授之黃金買賣信貸提供46,000,000美元(約358,000,000港元)及2,000,000港元(2004年12月31日：46,000,000美元(約359,000,000港元)及2,000,000港元)之擔保。於2005年6月30日，已使用之黃金買賣信貸額為5,653,000美元(約43,000,000港元)(2004年12月31日：1,444,000美元(約11,000,000港元))。
- (b) 本公司為若干附屬公司獲授之一般銀行信貸提供394,000,000港元(2004年12月31日：391,000,000港元)之公司擔保。於2005年6月30日，已使用之一般銀行信貸額為55,987,000港元(2004年12月31日：49,780,000港元)。

14. Related party transactions

The Group had the following material transactions with connected and/or related parties during the period:

- (a) Chow Sang Sang Jewellery (Foshan) Co., Ltd. ("CSS Foshan"), a 95.1% owned subsidiary, has a credit arrangement with a bank (the "Bank") for providing loans to Foshan Shunde Jinpeng Co., Ltd. ("Jinpeng"), a company controlled by a director of CSS Foshan and a 4.9% minority shareholder of CSS Foshan, through entering into trust lending or trust lending extension agreements between CSS Foshan, Jinpeng and the Bank. The loans to Jinpeng are to finance Jinpeng's operation for providing sub-contracting services to the Group (see (b) below).

CSS Foshan entered into a facility agreement with Jinpeng on 14 May 2004 for granting a continuous credit facility to Jinpeng for a period up to 31 December 2005. All loans advanced under the facility agreement are unsecured, bear interest at 6% per annum and are repayable within one year.

As at 30 June 2005, the outstanding balance was RMB4,000,000 (approximately HK\$3,754,000) (31 December 2004: RMB4,000,000 (approximately HK\$3,760,000)). The maximum amount outstanding during the period was RMB4,000,000.

- (b) Certain subsidiaries of the Company entered into an agreement with Jinpeng on 13 May 2004 whereby Jinpeng would provide sub-contracting services to these subsidiaries for a period up to 31 December 2005. The fees were charged based on terms and conditions agreed between the Group and Jinpeng. The total processing fees paid to Jinpeng for the period amounted to HK\$3,322,000 (2004: HK\$1,091,000).
- (c) Certain subsidiaries of the Company entered into an agreement on 12 May 2004 with Qingdao Jing Hua Diamond and Jewellery Co., Ltd. ("Jing Hua"), a 24.86% shareholder of a 70% owned subsidiary of the Company, for the purchase of raw materials for a period up to 31 December 2005. The purchases were made according to the prices and conditions similar to those offered by other unrelated suppliers to the Group. The aggregate purchases from Jing Hua during the period amounted to HK\$4,651,000 (2004: HK\$7,202,000).
- (d) A wholly-owned subsidiary of the Company renewed a two years tenancy agreement expiring on 31 March 2007 with the respective spouse of Messrs. CHOW Kwen Ling and CHOW Kwen Lim and the administrator of a late director of the Company, for the lease of the Group's retail shop at a monthly rental of HK\$162,500. The lease rentals were determined with reference to open market rentals. The total rental paid for the period amounted to HK\$826,500 (2004: HK\$678,000).

14. 關連人士交易

本集團於期內與關連人士進行以下重大交易：

- (a) 本集團持有95.1%之附屬公司周生生珠寶(佛山)有限公司(「周生生珠寶(佛山)」)與銀行(「該銀行」)訂立一項信託貸款安排，提供貸款予佛山市順德區金鵬珠寶首飾有限責任公司(「金鵬珠寶」)(一間由周生生珠寶(佛山)一名董事操控及持有周生生珠寶(佛山)4.9%股權之少數股東)。透過周生生珠寶(佛山)、金鵬珠寶及該銀行訂立信託貸款協議或信託貸款續期協議安排貸款。貸款乃給予金鵬珠寶為本集團提供分包服務之營運資金(見下方(b)項)。

周生生珠寶(佛山)與金鵬珠寶於2004年5月14日訂立融資協議，給予金鵬珠寶一項可於2005年12月31日前動用之持續信貸融資。融資協議所有貸出款項並無抵押，年息6厘及須於一年內償還。

於2005年6月30日之結欠為4,000,000人民幣(約3,754,000港元)(2004年12月31日：4,000,000人民幣(約3,760,000港元))。期內最高之結欠為4,000,000人民幣。

- (b) 本公司若干附屬公司與金鵬珠寶於2004年5月13日訂立一項協議，據此，金鵬珠寶於截至2005年12月31日止期間內為該等附屬公司提供分包服務。收費乃根據本集團及金鵬珠寶雙方協議之條款計算。期內向金鵬珠寶繳付之加工費用總額為3,322,000港元(2004年：1,091,000港元)。
- (c) 本公司若干附屬公司於2004年5月12日與本公司一間持有70%之附屬公司的24.86%股東青島京華飾品有限公司(「京華」)就截至2005年12月31日止期間採購原材料訂立一項協議。採購乃根據與其他非關連供應商給予本集團相若之價格及條款進行。期內向京華採購之總額為4,651,000港元(2004年：7,202,000港元)。
- (d) 本公司一間全資附屬公司與周君令先生及周君廉博士各自之配偶及本公司一名已故董事之遺產執行人續訂一項為期兩年並於2007年3月31日屆滿之租約，所租之物業作本集團零售店舖之用，每月租金162,500港元。該租金乃參考市值租金釐定。期內繳付之租金總額為826,500港元(2004年：678,000港元)。

14. Related party transactions (continued)

- (e) The Company and a wholly-owned subsidiary of the Company have provided joint and several corporate guarantees and pledged time deposits to banks for facilities granted to certain non wholly-owned subsidiaries. The utilised amount of such facilities, which also represent the financial exposure of the Group at 30 June 2005, amounted to approximately HK\$69,841,000 (31 December 2004: HK\$52,640,000). The total amount of such facilities amounted to approximately HK\$148,411,000 (31 December 2004: HK\$148,531,000).
- (f) A wholly-owned subsidiary of the Company has entered into leases with related companies in which certain directors and their spouse have interests, for the lease of the Company's directors' quarters. The lease rentals were determined with reference to open market rentals. The total rental paid for the period amounted to HK\$420,000 (2004: HK\$420,000).

15. Comparative amounts

As further explained in note 2, due to the adoption of the HKFRSs during the current period, the accounting treatment and presentation of certain items in the account have been revised to comply with the new requirements. Accordingly, certain comparative amounts have been restated to conform with the current period's presentation.

Apart from the above, during the period, the Group has split its turnover into revenue as derived from jewellery retail and other business, and reclassified interest income earned from securities clients from interest income to segment revenue. The directors consider that such reclassification will allow a more appropriate presentation of the Group's results and better reflects the nature of the transactions. The comparative amounts of turnover and segment information have been restated to conform with the current period's presentation.

16. Post balance sheet event

On 4 July 2005, the Group entered into a sale and purchase agreement with an independent third party to dispose of a property in Tuen Mun for a cash consideration of HK\$28,380,000. The sale and purchase agreement is expected to be completed on 28 September 2005.

14. 關連人士交易 (續)

- (e) 本公司及本公司一間全資附屬公司為若干非全資附屬公司所獲銀行信貸提供共同及個別公司擔保及以銀行定期存款作抵押。於2005年6月30日，已動用信貸額(亦為本集團之財務風險)約為69,841,000港元(2004年12月31日：52,640,000港元)。信貸總額約為148,411,000港元(2004年12月31日：148,531,000港元)。
- (f) 本公司一間全資附屬公司與若干董事及彼等之配偶持有權益之關連公司訂立租約，所租之物業作本公司董事宿舍之用。該租金乃參考市值租金釐定。期內繳付之租金總額為420,000港元(2004年：420,000港元)。

15. 比較數字

如附註2所詳述，由於期內採納相關香港財務報告準則，賬目內若干項目之會計處理及列報已因應新規定而修訂。因此，若干比較數字已重列，以符合本期之列報方式。

除上述者外，本集團於期內將營業額分為來自珠寶零售收益及來自其他業務所得收益，並將來自證券客戶利息收入由利息收入重新分類為分部收益。董事認為，該重新分類將更適當列報本集團之業績，並更能反映交易之性質。營業額及分部資料之比較數字已重列，以符合本期之列報方式。

16. 結算日後事項

於2005年7月4日，本集團與一名獨立第三者訂立買賣協議，以現金代價28,380,000港元出售一項位於屯門之物業。預期該買賣協議將於2005年9月28日完成。

MANAGEMENT DISCUSSION AND ANALYSIS

The Group's results

The Group's main businesses are manufacturing and retail of jewellery, wholesale of precious metals and stock and commodities brokerage.

Despite an increase in turnover in jewellery retail, a retreat in the volume of wholesale of gold bullion has resulted in a decrease in the overall turnover of the Group for the six months ended 30 June 2005 by 40% to HK\$2,561 million (2004: HK\$4,246 million). Profit attributable to shareholders amounted to HK\$56 million, decreasing by 34% from the HK\$85 million of the corresponding period in 2004. Half-year earnings per share dropped to HK9.35 cents from HK14.16 cents.

Jewellery retail

Retail of jewellery accounted for 46% of the Group's turnover, rising from the 25% in 2004. Despite an increase in turnover by 10% to HK\$1,166 million, operating profit decreased by 23% to HK\$55 million.

Hong Kong

Turnover recorded an increase of 6% to HK\$986 million for the six months ended 30 June 2005 (2004: HK\$927 million), accounting for 85% of the total turnover in jewellery.

As the retail network in Hong Kong, now consisting of 37 Chow Sang Sang shops and 7 Emphasis shops, is a mature one, the focus is on consolidation and fine-tuning rather than growth. Four new shops were opened during the first half of 2005 in areas frequented by tourists. The street-level shop in Tuen Mun has recently been relocated into a shopping mall, and 3 shops are slated to close when their leases expire later in the year.

Turnover was higher than that of the first half of 2004, but the increase was not as high as might have been expected taking into account the new shops. As independent travel from the Mainland has become more commonplace, tourist spending tends to be more spread out instead of being concentrated in the week-long holidays. In addition, in June widespread rain and flooding all over China and Hong Kong disrupted travel plans and deterred shopping.

Net profits fell because of higher expenses, chiefly in shop rents and salaries. Although hikes in shop rents are not unexpected, we have been dismayed by rental demands that we feel are unjustifiable. On the average rental expenses have gone up 16% upon renewal of leases. However, with 6 new shops coming on stream, total rental expenses have gone up 27%. In order to keep rental expenses under control we assess every rental proposition, be it for a new lease or a renewal, carefully with respect to the expected return and the strategic value of the shop concerned.

Salaries have gone up compared to last year because firstly we have strengthened our brand management team at senior level and secondly we have filled the positions required for the shop in Hong Kong Disneyland. At the same time, we have spent more on training and development of our staff in order to improve our service quality.

管理層討論及分析

本集團業績

本集團主要業務包括珠寶製造及零售、貴金屬批發及證券與期貨經紀業務。

儘管珠寶零售營業額上升，惟貴金屬批發業務量縮減，令本集團截至2005年6月30日止六個月之總營業額下降40%至2,561,000,000港元(2004年：4,246,000,000港元)。股東應佔溢利為56,000,000港元，較2004年同期85,000,000港元下降34%。期內每股盈利由14.16港仙下降至9.35港仙。

珠寶零售

珠寶零售佔本集團總營業額由2004年之25%上升至46%。營業額雖上升10%至1,166,000,000港元，經營溢利則下降23%至55,000,000港元。

香港

截至2005年6月30日止六個月，營業額錄得增長6%至986,000,000港元(2004年：927,000,000港元)，佔珠寶總營業額85%。

香港的零售網絡已發展成熟，現有37家周生生分店及7家點睛品分店，將以鞏固及優化現有網絡為首，擴充為次。2005年上半年已在繁盛的遊客區增添4家新店。屯門分店最近已由地舖搬遷往商場營業，另有3家分店將於今年稍後時間於租約屆滿時結業。

營業額較2004年同期為高，然而若將新店計算在內，實際升幅則未及預期。隨著內地旅客來港自由行日漸普及，旅客來港消費的日子漸趨分散，而非只集中在長假期。此外，6月份香港及內地廣泛地區受天雨及水災影響，令不少旅遊計劃及購物活動受阻。

由於費用增加，令淨溢利下降，其中主要為店舖租金及員工薪金。雖然店舖租金上升是意料中事，但部分租金加幅令人難以接受，續租平均加幅為16%，連同期內6家新店，總租金開支則上升27%。為控制租金開支，不論新租約或續租，集團均從店舖的預期回報及策略價值作出審慎評估。

員工薪金較去年上升，主要為加強品牌管理隊伍而增聘高層管理班子，另為配合香港迪士尼樂園珠寶店的需要而招聘人手。與此同時，亦投放更多資源在員工培訓和發展上，藉以提高服務質素。

Hong Kong (continued)

Hong Kong Disneyland is scheduled to formally open on 12 September 2005, but before that the entire park will operate in full in three weeks of "rehearsal days". The fitting out has been completed on schedule, the inventory is all ready and the staff are all eager to assume their stations. We are confident that the shop will make a significant contribution to the results of the second half of the year.

Chow Sang Sang Jewellery Company Limited has become one of 95 Sightholders worldwide of the Diamond Trading Company ("DTC") in London. DTC controls about 50% of the global diamond mine output. As a Sightholder we are able to buy rough diamonds ("rough") direct from DTC. Rough purchased will be sent to be polished and the resultant diamonds will be fed into our jewellery manufacturing operation or sold on the market.

We buy rough in order to secure a steady supply of polished diamonds at advantageous prices. We do not intend to expand into the diamond polishing and wholesale business. We shall rely on our strategic partners for the polishing and we shall work with them on the disposal of the diamonds not suited for our core use.

This venture itself requires little capital expenditure, but does involve a significant inventory of rough stones and work-in-progress. Its success hinges on how fast we can process rough into polished and set them into our jewellery.

Mainland China

Turnover from the Mainland shops for the first half of 2005 increased by 64% to HK\$132 million (2004: HK\$80 million), representing 11% of the total turnover in jewellery.

The growth can be attributed both to the establishment of new shops, as well as to improved performance of many shops as their teams have matured and their logistical channels have become more efficient.

Eight new shops have been opened since the beginning of 2005, bringing the total to 50. The new shops included those in Jinan, Nanjing, Wuxi and Liuzhou. Four other shops were set up in cities where we are already established. Our strategy is to expand our network in two ways: to be established in more cities and to extend our coverage within key cities. The total number of shops is expected to reach 60 by the end of the year.

Taiwan

During the first half of 2005 turnover from Emphasis shops dropped by 14% to HK\$49 million (2004: HK\$57 million), or 4% of the total turnover in jewellery.

Retail in general has been weak and competition in jewellery has been ferocious as some operators resorted to frequent discounting.

We have ceased to be the agent for 4°C of Japan in Taiwan and three shops have been closed; the amount written off as a result is not significant.

香港(續)

香港迪士尼樂園將於2005年9月12日正式開幕，樂園將於開幕前進行為期三週的「總綵排」。本集團經營之樂園店裝修工程已全部如期竣工，存貨已準備就緒，員工亦各就各位。預料該店會為下半年度帶來可觀的溢利貢獻。

周生生珠寶金行有限公司已成為倫敦的國際鑽石商貿公司(DTC)全球95家鑽石配貨商之一。DTC目前控制全球鑽石產量約50%。周生生成為鑽石配貨商後，可直接向DTC購入鑽石毛坯(「石坯」)，經過加工打磨後，鑽石成品將供予集團作珠寶製造或予市場出售。

藉着購入石坯，集團旨在以有利的價格享有穩定供應的鑽石成品，而並非有意向鑽石打磨及批發業務方面發展。打磨工作將交予集團之策略性夥伴處理，並合作將不合用的鑽石出售。

此項投資所需資本性開支不多，但當中涉及頗大的石坯和在製中石坯存貨。此項業務之成功關鍵在於石坯轉為鑽石成品及鑲嵌為珠寶推出市場的效率。

內地

2005年上半年內地分店營業額上升64%至132,000,000港元(2004年：80,000,000港元)，佔珠寶總營業額11%。

增長主要來自開拓新店，以及現有分店日趨成熟的管理隊伍和有效率的物流管理。

由2005年初至今共有8家新店開業，分店總數達50家。開設新店的地點包括濟南、南京、無錫及柳州，另有4家分店於已設點的城市開業。拓展內地分店網絡的策略分兩方面進行：在更多城市增設分店，並在主要城市擴大業務覆蓋範圍。預期於本年底的分店總數將達60家。

台灣

2005年上半年點晶品的營業額下降14%至49,000,000港元(2004年：57,000,000港元)，佔珠寶總營業額4%。

零售市道普遍疲弱，同業紛紛以折扣招徠，令珠寶業務競爭十分激烈。

本集團已不再作日本品牌4°C在台灣的經銷商，並已結束3家專門店；當中並無重大撇值金額產生。

Taiwan (continued)

During the second half of the year, sales are expected to be boosted by various activities such as our 10-years-in-Taiwan celebrations, introduction of international brands and complete revamp of ten of the shops. The number of shops stands at 21.

Wholesale of precious metals

The wholesale business recorded a turnover of HK\$1,327 million, dropping 56% from the prior year's HK\$3,023 million. Operating profit dropped by 62% to HK\$3 million. The turnover was 52% of the Group's total, and the profit 4% of the Group's profit.

In 2004 the business benefited from some conditions in the markets which resulted in a large inflow of gold from some Asian countries. The inflow had ceased and the turnover is now down to a "normal" level.

Securities and commodities broking

For the six months ended 30 June 2005, the transaction volume handled was HK\$5 billion, as compared to HK\$8 billion in 2004. The brokerages saw a decrease in turnover and operating profit of 37% and 55% to HK\$14 million and HK\$3 million, respectively.

The results reflect the lacklustre behaviour of the stock market. Many of the IPO's during the period were not given enthusiastic receptions. Group C brokers generally lost market share as retail investors stood by.

By the end of the second quarter the market has livened up. We therefore expect the second half to be brighter.

Investments

Properties

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

The premises known as G/F and M/F, 22-26 Heung Sze Wui Road, Tuen Mun, has been put on contract with conveyance scheduled for September 2005. Following the relocation of our jewellery shop from these premises to a shopping mall at Tuen Mun, the property became surplus and was therefore disposed of.

Shares in Hong Kong Exchanges and Clearing Limited

Shares in Hong Kong Exchanges and Clearing Limited ("HKEC"), received as distribution from the merger of the stock and futures exchanges in 2000, are being held by the Group as available-for-sale investments. At 1 January 2005, the Group had 5,653,500 shares.

During the period 400,000 shares were sold at a gain of HK\$8 million in order to generate working capital. As at 30 June 2005, the Group held 5,253,500 shares of HKEC and the unrealised gain on the holding amounted to HK\$105 million (31 December 2004: HK\$117 million).

台灣(續)

預料下半年的銷售在多項事務計劃推動下會有增長，包括本公司在台灣創立十週年紀念、國際品牌的引入、以及將其中10家分店重新裝修。台灣現有分店維持在21家。

貴金屬批發

貴金屬批發業務營業額為1,327,000,000港元，較上年度3,023,000,000港元下降56%。經營溢利下降62%至3,000,000港元。此項業務營業額佔本集團總營業額52%，溢利佔本集團總溢利4%。

此項業務在2004年因市場利好情況以致大量黃金由亞洲區國家流入而受惠。隨著這種現象過去，營業額現已回落至「正常」水平。

證券及期貨經紀

截至2005年6月30日止六個月之交投量總額為5,000,000,000港元，2004年之交投量總額為8,000,000,000港元。經紀業務營業額及經營溢利分別下降37%至14,000,000港元及下降55%至3,000,000港元。

業績反映證券市場表現呆滯。期內投資者對認購新股的興趣不大；散戶投資者又持觀望態度，C組經紀普遍失去市場佔有率。

市場在第二季末再度活躍，預料下半年會有較佳業績。

投資

物業

本集團所持物業大部分自用為辦公室、珠寶店及廠房。投資物業帶來之租金收入為3,000,000港元，佔本集團總營業額少於1%。

位於屯門鄉事會路22-26號地下及閣樓之物業已簽約出售，將於2005年9月份易手。繼本公司位於上址之珠寶分店搬遷至屯門一家購物商場營業後，遂將空置物業出售。

香港交易及結算所有限公司股份

於2000年證券及期貨交易所合併而獲分配之香港交易及結算所有限公司（「港交所」）股份，本集團持有可供出售之投資。於2005年1月1日，本集團持有5,653,500股股份。

期內售出400,000股，變現之收益為8,000,000港元，作為營運資金。於2005年6月30日，本集團持有5,253,500股股份，未變現之收益為105,000,000港元（2004年12月31日：117,000,000港元）。

Finance

Financial position and liquidity

The Group centralises funding for all its operations at the corporate treasury in Hong Kong. This policy achieves better control of treasury operations and lower average cost of funds.

As at 30 June 2005, the Group had net cash and cash equivalents of HK\$113 million, and total undrawn bank and other credit facilities of approximately HK\$404 million. The Group generates strong recurring cashflow from its core jewellery business.

Total borrowings for the Group as at 30 June 2005 amounted to HK\$79 million, which was repayable in one year. The Group's policy is to obtain financing on an unsecured basis whenever possible, and unsecured debt accounted for 76% of total borrowings as at 30 June 2005. The Group has a low gearing ratio of 4%, based on net debt of HK\$79 million and shareholders' equity of HK\$1,939 million. At 30 June 2005, the current ratio was 3.8, based on current assets of HK\$1,915 million and current liabilities of HK\$506 million. Most of the cash is deposited in the leading banks of Hong Kong in either HK dollar or US dollar.

Foreign exchange risk management

The Group has foreign currency exposure in Renminbi ("RMB"), Taiwanese dollars, Euro and Japanese Yen. Currency risks are managed by partly financing non-Hong Kong dollar assets with loans denominated in the relevant currency. As at 30 June 2005, total foreign currency borrowings excluding RMB borrowings amounted to approximately HK\$5 million (31 December 2004: HK\$5 million). RMB loans as at 30 June 2005 amounted to RMB58 million (31 December 2004: RMB61 million) and are used to finance the Group's expansion in Mainland China.

Apart from the above, most of the Group's assets and liabilities, revenues and payments are in HK\$. The Group therefore considers its foreign exchange exposure insignificant.

Charges on assets

The Company guarantees banking and other facilities granted to its subsidiaries. The Group's banking facilities were secured by time deposits of HK\$15 million and US\$3 million (31 December 2004: HK\$35 million and US\$3 million), certain fixed assets and investment properties with a net carrying value of HK\$150 million (31 December 2004: HK\$152 million), and available-for-sale investments of HK\$54 million (31 December 2004: HK\$56 million). At 30 June 2005, the Group's total bank loan and gold loan amounted to HK\$79 million (31 December 2004: HK\$62 million) and HK\$43 million (31 December 2004: HK\$11 million), respectively.

財務

財務狀況及資金管理

本集團將營運上所需資金集中由香港總公司財政統籌，此政策能更有效控制財政及減低平均資金成本。

於2005年6月30日，本集團之手頭現金及等同現金為113,000,000港元，未動用之銀行及其他信貸總額約為404,000,000港元。本集團之核心珠寶業務將繼續提供龐大的經常性現金流量。

本集團於2005年6月30日之借貸總額為79,000,000港元，須於一年內償還。本集團政策乃盡量以無抵押方式取得融資，於2005年6月30日之無抵押債項為借貸總額76%。本集團的負債比率為4%，以淨負債79,000,000港元及股東權益1,939,000,000港元計算。於2005年6月30日，以流動資產1,915,000,000港元及流動負債506,000,000港元計算，流動比率為3.8。大部分現金以港元或美元存於本港具領導地位的銀行。

外匯風險管理

本集團的外幣風險主要在人民幣、台幣、歐羅及日元；管理方法是用外幣債務為手上同幣資產融資。於2005年6月30日，不計人民幣之外幣借款約為5,000,000港元（2004年12月31日：5,000,000港元）。於2005年6月30日之人民幣借款為58,000,000人民幣（2004年12月31日：61,000,000人民幣），用於本集團拓展內地業務。

此外，集團大部分資產及負債、收入及付款均以港元結算，集團外匯風險因而不大。

資產抵押

本公司為其附屬公司所取得之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15,000,000港元及3,000,000美元（2004年12月31日：35,000,000港元及3,000,000美元）、賬面淨值達150,000,000港元（2004年12月31日：152,000,000港元）之固定資產及投資物業、及可供出售之投資54,000,000港元（2004年12月31日：56,000,000港元）。於2005年6月30日，本集團之銀行貸款及黃金借貸總額分別為79,000,000港元（2004年12月31日：62,000,000港元）及43,000,000港元（2004年12月31日：11,000,000港元）。

Impact of changes in accounting standards

The Group has adopted certain new and revised Hong Kong Financial Reporting Standards (“HKFRSs”, which also include HKASs and Interpretations) in the current period. The impacts of these HKFRSs are set out as below.

According to HKAS 17 “Leases” and HK-Int 4 “Lease — Determination of the Length of Lease Term in respect of Hong Kong Land Leases”, where the lease payments of land and buildings cannot be split reliably in proportion to their fair value at inception, the entire lease is treated as a finance lease and the two elements is stated collectively at cost or valuation less accumulated depreciation, depreciated over the shorter of its estimated useful life and the lease term of the entire lease. The change in accounting policy has been adopted retrospectively. The result of this has been to reduce both retained profits as at 1 January 2005 and 1 January 2004 by HK\$2,029,000 and HK\$629,000, respectively.

In accordance with HKAS 39 “Financial Instruments: Recognition and Measurement”, the Group’s long term investments and short term investments were reclassified as available-for-sale investments and investments at fair value through profit or loss, respectively.

According to HKAS 40 “Investment Property”, changes in fair value are recognised in the profit and loss account and there should be no revaluation reserve available for offsetting against revaluation deficits. The change in accounting policy has been adopted retrospectively. The result of this has been to increase the opening balance of retained profits and decrease the investment property revaluation reserve previously reported as at 1 January 2005 and 1 January 2004 by HK\$33,854,000 and HK\$31,766,000, respectively.

Human resources

As at 30 June 2005, the Group, excluding its associates, has a total of 2,048 employees all over Greater China. Salaries of employees are maintained at competitive levels. Bonuses are granted based on individual and Group performance. Other employee benefits include provident fund, insurance and medical cover, subsidized educational and training programmes. The Group does not have any option plans.

會計準則變更之影響

本集團已於期內採納若干新訂及經修訂的香港財務報告準則(包括香港會計準則及詮釋)。採納此等香港財務報告準則之影響如下。

根據香港會計準則第17號「租賃」及詮釋第4號「租賃 — 釐定香港土地租賃之租賃年期」，若土地及樓宇租賃支出不能依據其開始時之公平價值按比例劃分，整項租賃將當作融資租賃，上述兩項元素會一併以成本或估價扣除累計折舊列賬，折舊乃按估計可用年期或整項租賃年期(以較短者為依據)攤分。此會計政策之變更已追溯應用，於2005年1月1日及2004年1月1日之保留溢利因而分別減少2,029,000港元及629,000港元。

根據香港會計準則第39號「財務工具：確認及計量」，本集團之長期投資及短期投資已分別重新分類為可供出售之投資及按盈虧訂定公平價值之投資。

根據香港會計準則第40號「投資物業」，重估儲備不再存在作抵銷重估損失之用，公平價值之改變需於損益賬確認。此會計政策之變更已追溯應用，因而使保留溢利期初結餘增加及投資物業重估儲備減少，於2005年1月1日及2004年1月1日分別調整33,854,000港元及31,766,000港元。

人力資源

於2005年6月30日，本集團(除聯營公司外)在大中華地區共有2,048位僱員。員工的報酬維持於具競爭力的水平，獎金則按個人及集團表現發放。其他員工福利包括公積金、保險及醫療保障、進修資助及培訓計劃。本集團沒有任何認購股權計劃。

CORPORATE GOVERNANCE REPORT

The Group recognises the importance of transparency and accountability to shareholders. The Board will continually review and enhance its corporate governance practices to ensure that they meet shareholders' expectation and comply with relevant standards.

Throughout the period under review, the Company has complied with the Code on Corporate Governance Practices, as set out in the Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

The Board of Directors

The Board is responsible for determining the overall strategic direction, the objectives of the management and overseeing significant operational and financial matters of the Group. It monitors the management's performance and ensures that a framework of effective controls is in place to enable risks to be assessed and managed.

The Board is comprised of four Executive Directors ("ED"), three Non-executive Directors ("NED") and three Independent Non-executive Directors ("INED"). The directors are listed in the following table, along with their participation in the various committees. The entries are in the format "number of meetings the director attended/total number of meetings held during the first half of 2005", or "—" where the director is not a member.

Directors 董事		Full Board 董事會	Audit Committee 審核委員會	Remuneration Committee 薪酬委員會	Nomination Committee 提名委員會
Executive Directors:	執行董事：				
Dr. CHOW Kwen Lim <i>Chairman</i>	周君廉博士 主席	3/3	—	—	—
Mr. Vincent CHOW Wing Shing <i>Group General Manager</i>	周永成先生 集團總經理	3/3	—	—	—
Dr. Gerald CHOW King Sing	周敬成醫生	3/3	—	—	—
Mr. Winston CHOW Wun Sing <i>Deputy Group General Manager</i>	周允成先生 集團副總經理	3/3	—	—	—
Non-executive Directors:	非執行董事：				
Mr. CHOW Kwen Ling <i>Honorary Chairman</i>	周君令先生 名譽董事長	3/3	—	—	—
Mr. Stephen TING Leung Huel	丁良輝先生	3/3	1/1	—	—
Mr. CHUNG Pui Lam	鍾沛林先生	3/3	1/1	—	—
Independent Non-executive Directors:	獨立非執行董事：				
Mr. LEE Ka Lun*	李家麟先生*	3/3	1/1	—	—
Dr. CHAN Bing Fun	陳炳勳醫生	3/3	1/1	—	—
Mr. LO King Man	盧景文先生	3/3	1/1	—	—
Average attendance rate	平均出席率	100%	100%	N/A 不適用	N/A 不適用
Date of meeting	會議日期	25/01/2005 23/03/2005 28/06/2005	22/03/2005	N/A 不適用	N/A 不適用

* Mr. LEE Ka Lun is the chairman of the three Committees

企業管治報告

本集團一向了解到透明度及問責對股東之重要性。董事會將繼續檢討及提升其企業管治常規，以確保彼等符合股東之期望及遵守有關標準。

於整段中期報告涵蓋期內，本公司已遵守香港聯合交易所有限公司證券上市規則（「上市規則」）附錄14所載之企業管治常規守則。

董事會

董事會負責釐定集團整體策略性方向、管理層目標及監督集團之重大經營及財務事宜；並監察管理層人員之表現，並確保具備有效之管治架構，使風險得以評估及管理。

董事會由四名執行董事、三名非執行董事及三名獨立非執行董事組成。董事名單及其參與各委員會之詳情已載於下表，以「該董事出席會議之次數／於2005年上半年內舉行之會議總數」之形式列示，或倘董事並非成員，則以「—」之形式表示。

* 李家麟先生為各委員會主席

The Board of Directors (continued)

Several directors have family relationships to each other, the details of which can be found in the Group's annual report 2004, as are the biographical sketches of all the directors. None of the directors has other material financial, business or relevant relationships with each other.

Pursuant to Rule 3.13 of the Listing Rules, the three INEDs have asserted their independence, and the Board has thereby affirmed their independent status.

Roles of Chairman and Group General Manager

The Board is led by the Chairman who has executive responsibilities, and the management by the Group General Manager. The roles of the Chairman and the Group General Manager are separate and their respective responsibilities are clearly set out in writing. The Chairman ensures that the Board functions properly, with good corporate governance practices and procedures, and the Group General Manager is responsible for managing the Group's business and monitoring the day-to-day operations.

Nomination Committee

The Board has set up a Nomination Committee to make periodic review of the constituency of the Board, the procedures and criteria for appointment of directors, and to make recommendations to the Board when necessary. When there is a nomination to directorship the Committee will assess the suitability of the nominee and make recommendation to the Board. The majority of the committee members are INEDs.

Retirement by rotation of Directors

Pursuant to the Company's Bye-laws, any director appointed by the Board as an additional director or to fill a casual vacancy shall hold office only until the next Annual General Meeting ("AGM"), but he is eligible for re-appointment by the shareholders. In addition, all directors are subject to re-election by shareholders at the AGM at least once every three years on a rotation basis. All NEDs and INEDs are appointed for specific terms of not more than three years.

Directors' securities transactions

The Company has adopted the Model Code for Securities Transactions by Directors ("Model Code") as set out in Appendix 10 of the Listing Rules as the Company's code of conduct regarding directors' securities transactions.

Upon specific enquiries, all directors confirmed their compliance with the required standard as set out in the Model Code.

The directors' interests in shares of the Company as at 30 June 2005 are detailed on page 25 of this interim report.

董事會 (續)

若干董事之間擁有親屬關係，其詳情及全體董事之簡歷均載於本集團2004年年報。董事之間概無其他重大財務、業務或相關關係。

三名獨立非執行董事已根據上市規則第3.13條所列條件確定其獨立性，而董事會亦確認彼等之獨立地位。

主席及集團總經理之角色

董事會由擁有執行職責之主席領導，而日常管理則由集團總經理領導。主席與集團總經理之角色分開，彼等各自之職責亦以書面明確載列。主席確保董事會依照良好企業管治常規及程序妥善地行使職能，而集團總經理則負責管理集團業務及監察日常運作。

提名委員會

董事會已成立提名委員會，以對董事會之組成以及委任董事之程序及準則作出定期檢討，並於需要時向董事會提供建議。當有委任董事之提名，委員會將評估被提名者是否合適，並向董事會提供建議。委員會大部分成員為獨立非執行董事。

董事輪席告退

根據本公司之附例，任何獲董事會委任為新增董事或委任以填補臨時空缺之董事之任期僅直至于屆股東週年大會為止，惟彼可由股東再度委任。此外，所有董事均須最少每隔三年於股東週年大會上輪席告退，並由股東重選。所有非執行董事及獨立非執行董事之任期均不超過三年。

董事之證券交易

本公司已採納上市規則附錄10所載有關董事進行證券交易的標準守則（「標準守則」），作為本公司董事進行證券交易之行為守則。

經作出具體查詢後，全體董事確認彼等均遵守標準守則所載之規定標準。

於2005年6月30日，董事持有本公司股份權益之詳情載於本中期報告第25頁。

Remuneration of Directors and Senior Management

Remuneration Committee

The remuneration policies and packages for all directors are under the purview of the Remuneration Committee, whose membership has a majority of INEDs with no EDs. The Committee makes recommendations to the Board for their final approval. Directors do not determine their own individual remuneration.

The remuneration of directors currently consists of a basic annual fee with additional payments for serving on committees. EDs receive in addition executive pay by virtue of their positions in management.

Executive remuneration is performance and merit based. It is the policy to recruit talents at competitive salary levels. The principal elements of the staff pay package comprise of salary, housing allowance, discretionary bonus and MPF contribution as well as benefits such as medical insurance and educational allowances. Executive and staff remuneration is reviewed annually by the Group General Manager in conjunction with other senior members of the management, who then hands the report to the Remuneration Committee, along with recommendation for bonus awards, if any.

Currently there are no profit-sharing schemes or stock-option plans in place.

Accountability and audit

Directors' responsibility in financial reporting

In the preparation of financial statements, in order to give a true and fair view of the status of the Group, the Board has adhered to generally accepted accounting standards in Hong Kong, while applying consistently appropriate accounting policies and making reasoned judgment and estimates.

Audit Committee

Since 1999 the Board has had an Audit Committee in place, consisting of a majority of INEDs with EDs in attendance. All of its members possess appropriate professional qualification, accounting or management expertise as required under the Listing Rules. The Audit Committee's role is to review the financial reporting, internal controls, corporate governance issues and the work done by internal auditors, and make appropriate recommendations to the Board.

The Committee has reviewed with the senior management and the external auditors the audit findings, and discussed statutory compliance, internal controls and financial reporting matters, including the annual report 2004 and interim report 2005.

Internal control

The Board, through the Audit Committee, is responsible for ensuring that adequate internal controls are in place to safeguard Company assets and manage risks.

The Company has an Internal Audit Department that is responsible for monitoring adherence to policies on safekeeping of goods and inventory, operational procedures and regulatory compliance, among others.

董事及高級管理人員之薪酬

薪酬委員會

釐定全體董事之薪酬政策及待遇均屬於薪酬委員會之權限範圍。委員會中並無執行董事，而大部分成員為獨立非執行董事。委員會會向董事會提供建議以供彼等作最終批准。董事不可釐定其個人薪酬。

目前，董事薪酬組合包括基本年度袍金及出任委員會之額外酬金。此外，執行董事會按彼等之管理職位獲取管理人員薪酬。

釐定管理人員薪酬以表現及功績為基礎。此政策乃以具競爭力之薪酬水平招攬人才。員工薪酬待遇之主要部分包括薪金、房屋津貼、酌情花紅及強積金供款，醫療保險及教育津貼等福利。管理人員及員工薪酬由集團總經理與其他高級管理人員每年檢討，彼等隨後會將報告連同花紅獎勵（如有）建議呈交薪酬委員會。

目前，概無溢利分攤計劃或購股權計劃。

問責及核數

董事之財務報告責任

於編製財務報告時，董事會已採用香港普遍採納之會計準則，貫徹使用適當之會計政策及作出合理判斷及估計，藉以真實及公平地反映集團之狀況。

審核委員會

自1999年起，董事會已成立審核委員會，委員會大部分成員為獨立非執行董事，而執行董事則列席會議。其全體成員均具備上市規則所規定之合適專業資格、會計或管理專長。審核委員會之角色為審閱財務報告、內部管控、企業管治事宜及內部審核員所進行之工作，並向董事會提供適當建議。

委員會會與高級管理人員及集團核數師審閱審核結果，並討論遵守法例、內部管控及財務報告事宜。委員會已審閱2004年年報及2005年中期報告。

內部管控

董事會透過審核委員會負責確保公司有足夠內部管控，以保障公司資產及管理風險。

本公司設有內部審核部門，負責監察遵守集團政策，包括妥善保存貨品與存貨、營運程序及符合規例等。

Internal control (continued)

The jewellery business safeguards goods and inventory by established control policy which requires that in- and out-records are reconciled with accounting records, inventory records and source documents, and cross-checked by regular and spot physical stock-takes.

To ensure true and accurate trading records, posting of entries is automated from the points of sales with little or no manual intervention. Preservation of original documents is regulated by strict policy and checked by Internal Audit Department. The automation of information channels in Hong Kong is total, while that in Mainland China and Taiwan are under progress.

The Group's Stock and Commodities Brokerage has a rigorous internal control system with regard to the integrity of trading practices, safekeeping of customer assets, and credit control. In late 2004 the Securities and Futures Commission conducted a limited-scope review of the operation and was satisfied with what they had examined.

The Group controls funding for all its operations through the corporate treasury based in Hong Kong. The corporate treasury also manages the Group's gold and foreign exchange holdings, thus affording a central view of liquidity and fund levels.

Information gathered and collated by the various departments is presented at weekly and monthly management meetings, at which variances, deficiencies and anomalies are noted and corrected.

To protect confidentiality, information access is managed on a need-to-know basis. Use of computers, especially access to the Internet and e-mail systems, is similarly regulated with a view towards security.

Delegation by the Board

Day-to-day operations are delegated to the management led by the Group General Manager and the Deputy Group General Manager who are both EDs.

The Board reserves for its own decision on corporate matters such as approval of financial reports, disposal and acquisition of assets other than goods of ordinary business.

Corporate communication

Extensive information on the Company's corporate structure, performance and activities are provided in the annual reports, interim reports and at the Company's website at www.chowsangsang.com.

The Company has held press conferences where EDs were on hand to answer questions. It has also participated in conferences with financial analysts and fund managers, so as to enhance the Group's relationship with the investor community and facilitate their understanding of the Group's strategy and operations.

內部管控 (續)

珠寶業務透過建立一套管控政策，規定入貨及出貨記錄須與會計記錄、存貨記錄及原始憑證一致，並定期進行實地存貨盤點作相互檢查，藉此保障貨品與存貨之安全。

為確保交易記錄真確無誤，交易資料乃由銷售點以自動化系統輸入，極少或甚至不經人手干預。單據正本之保存受嚴格政策規管，並由內部審核部門查核。於香港之資訊系統已全面自動化，而中國內地與台灣則仍在發展中。

本集團之股票及期貨經紀業務設有一個嚴格內部管控制度，包括交易的完整性、客戶資產的妥善保管及信貸控制方面。於2004年年底，證券及期貨事務監察委員會曾對此項業務進行運作檢閱，並滿意各項檢閱結果。

本集團透過香港總公司控制所有營運資金，以及集團持有之黃金及外匯，從而能全面掌握資金管理與資金水平。

各部門收集及整理之資料會於每週及每月之管理層會議上提呈，所有差異、不足和異常之處均會於會上指出及修正。

為保持資料機密性，查閱資訊乃按「應知方知」基準管理。使用電腦（特別是連接互聯網及啟動電郵系統）均受類似基準規管，以保障安全性。

董事會授權

集團日常運作授權予由集團總經理及副總經理（均為執行董事）領導之管理人員負責。

董事會保留本身權利決定企業事宜，如批准財務報告、出售及收購資產（日常業務之貨品除外）。

企業通訊

年報、中期報告及本公司網站 www.chowsangsang.com 均提供大量有關本集團企業架構、業績及活動之資料。

執行董事會於本公司舉行之記者招待會上即場回答提問。本公司亦會與財務分析員及基金經理會晤，從而提升本集團與投資界之關係及協助彼等了解本集團之策略及運作。

Major shareholders

The respective holdings by the top ten shareholders that appeared on the Register of Members of the Company as at 30 June 2005 were as follows:

主要股東

於2005年6月30日名列本公司股東名冊之十大股東各自之持股量如下：

	Name of registered shareholders 登記股東姓名	Number of shares held 持股數目	Percentage holding (%) 持股百分比(%)
1.	HKSCC Nominees Limited 香港中央結算(代理人)有限公司	149,606,531	24.85
2.	Everwin Company Limited	120,000,000	19.94
3.	Happy Inc.	66,000,000	10.96
4.	Happy Family Limited 快樂家庭有限公司	43,519,320	7.23
5.	Top Fit Investments Limited	42,000,000	6.98
6.	Kai Shing Nominees Limited 皆誠代理人有限公司	31,372,416	5.21
7.	Blossom Investments Limited	21,000,000	3.49
8.	Speed Star Holdings Limited	21,000,000	3.49
9.	Chow King Sing, Gerald	18,727,680	3.11
10.	Golden Court Limited	17,591,595	2.92

OTHER INFORMATION

Directors' interests in shares

At 30 June 2005, the interests of the directors in the issued share capital of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code"), were as follows:

Long positions:

Name of directors	Number of shares held					Total	Percentage of the Company's issued share capital
	Personal interest	Family interest	Corporate interest	Trustee interest	佔本公司已發行股本百分比		
董事姓名	個人權益	家族權益	公司權益	信託人權益	總數	股本百分比	
Mr. CHOW Kwen Ling	周君令先生	—	—	45,611,160 ⁽⁴⁾	—	45,611,160	7.58
Dr. CHOW Kwen Lim	周君廉博士	—	—	—	137,591,595 ⁽¹⁾	137,591,595	22.86
Dr. CHAN Bing Fun	陳炳勳醫生	1,320,000	—	—	—	1,320,000	0.22
Mr. Vincent CHOW Wing Shing	周永成先生	—	—	—	137,591,595 ⁽¹⁾	137,591,595	22.86
Dr. Gerald CHOW King Sing	周敬成醫生	19,687,680 ⁽⁵⁾	94,398 ^{(3)&(5)}	—	84,000,000 ⁽²⁾	103,782,078	17.24
Mr. Winston CHOW Wun Sing	周允成先生	7,681,104 ⁽⁵⁾	76,800 ^{(3)&(5)}	—	95,616,000 ^{(2)&(5)}	103,373,904	17.17
Mr. LO King Man	盧景文先生	38,000	—	—	—	38,000	0.01

Please refer to the explanatory notes in the section headed "Substantial shareholders' and other persons' interests in shares and underlying shares".

Save as disclosed above, as at 30 June 2005, none of the directors had registered an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Directors' rights to acquire shares or debentures

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 minor children, 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.

其他資料

董事於股本之權益

於2005年6月30日，按《證券及期貨條例》第XV部第352條本公司須予保存之名冊內所記錄，或根據上市發行人有關董事進行證券交易的標準守則（「標準守則」）必須向本公司及香港聯合交易所有限公司（「聯交所」）具報之權益，各董事於本公司或其聯營公司（定義見《證券及期貨條例》第XV部）已發行股本中之權益如下：

好倉：

請參考「主要股東及其他人士於股本及相關股本之權益」之附註。

除上文披露外，於2005年6月30日，各董事概無於本公司或其任何聯營公司股份、相關股份或債券中擁有根據《證券及期貨條例》第XV部第352條規定須予以記錄或根據標準守則必須向本公司及聯交所具報之權益或淡倉。

董事購買股份或債券之權利

期內概無授予任何董事或其各自之配偶或年幼子女任何可購入本公司股份或債券而獲益之權利；或由彼等行使該等權利；或由本公司或其任何附屬公司安排致令董事可於任何其他法人團體獲得該等權利。

Substantial shareholders' and other persons' interests in shares and underlying shares

At 30 June 2005, the interests of those persons in the issued share capital of the Company as recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO were as follows:

Long positions:

Name	Capacity and nature of interest	Number of ordinary shares held	Percentage of the Company's issued share capital 佔本公司已發行股本百分比
名稱	身份及權益性質	持有普通股數目	
Everwin Company Limited	Beneficial Owner 實益持有人	137,591,595 ⁽¹⁾	22.86
Cititrust (Jersey) Limited	Trustee 信託人	137,591,595 ⁽¹⁾	22.86
HSBC International Trustee Limited	Trustee 信託人	70,422,000 ⁽²⁾	11.70
HSBC Trustee (Cook Islands) Limited	Trustee 信託人	70,038,000 ⁽²⁾	11.64
Happy Inc.	Beneficial Owner 實益持有人	66,000,000	10.96
Happy Family Limited 快樂家庭有限公司	Beneficial Owner 實益持有人	45,611,160 ⁽⁴⁾	7.58
Top Fit Investments Limited	Beneficial Owner 實益持有人	42,000,000 ⁽²⁾	6.98
Kai Shing Nominees Limited 皆誠代理人有限公司	Nominee 代理人	31,372,416 ⁽⁵⁾	5.21

Notes:

- (1) 137,591,595 shares in the Company were held by Everwin Company Limited, a company beneficially owned by a discretionary trust of which Messrs. CHOW Kwen Lim and Vincent CHOW Wing Shing were among the beneficiaries. The trustee of the trust was Cititrust (Jersey) Limited and, accordingly, the shares in which Everwin Company Limited was shown to be interested were also included in which Cititrust (Jersey) Limited was shown to be interested. Messrs. CHOW Kwen Lim and Vincent CHOW Wing Shing, and their respective spouses, were deemed to have interests in the 137,591,595 shares in the Company.
- (2) 84,000,000 shares in the Company were held by a discretionary trust of which Messrs. Gerald CHOW King Sing and Winston CHOW Wun Sing were the beneficiaries. The trustee of the trust was HSBC Trustee (Cook Islands) Limited, which owned the interests in the Company through the following companies:

Name of companies 公司名稱	Number of shares held 持股數目
Top Fit Investments Limited	42,000,000
Blossom Investments Limited	21,000,000
Speed Star Holdings Limited	21,000,000

主要股東及其他人士於股本及相關股本之權益

於2005年6月30日，根據《證券及期貨條例》第XV部第336條，本公司須予保存之權益名冊記錄內擁有本公司已發行股本人士之權益如下：

好倉：

Name	Capacity and nature of interest	Number of ordinary shares held	Percentage of the Company's issued share capital 佔本公司已發行股本百分比
名稱	身份及權益性質	持有普通股數目	
Everwin Company Limited	Beneficial Owner 實益持有人	137,591,595 ⁽¹⁾	22.86
Cititrust (Jersey) Limited	Trustee 信託人	137,591,595 ⁽¹⁾	22.86
HSBC International Trustee Limited	Trustee 信託人	70,422,000 ⁽²⁾	11.70
HSBC Trustee (Cook Islands) Limited	Trustee 信託人	70,038,000 ⁽²⁾	11.64
Happy Inc.	Beneficial Owner 實益持有人	66,000,000	10.96
Happy Family Limited 快樂家庭有限公司	Beneficial Owner 實益持有人	45,611,160 ⁽⁴⁾	7.58
Top Fit Investments Limited	Beneficial Owner 實益持有人	42,000,000 ⁽²⁾	6.98
Kai Shing Nominees Limited 皆誠代理人有限公司	Nominee 代理人	31,372,416 ⁽⁵⁾	5.21

附註：

- (1) Everwin Company Limited 擁有本公司 137,591,595 股股份，該公司由一項全權信託實益擁有，周君廉博士及周永成先生為該信託之其中受益人。Cititrust (Jersey) Limited 為該信託之信託人，因此，Everwin Company Limited 之權益亦包括在 Cititrust (Jersey) Limited 之權益內。周君廉博士及周永成先生及彼等各自之配偶均被視為擁有本公司 137,591,595 股股份權益。
- (2) 一項全權信託擁有本公司 84,000,000 股股份，周敬成醫生及周允成先生為該信託之受益人。HSBC Trustee (Cook Islands) Limited 為該信託之信託人，其透過下列公司擁有該項權益：

Substantial shareholders' and other persons' interests in shares and underlying shares (continued)

Accordingly, the shares in which Top Fit Investments Limited was shown to be interested were also included in which HSBC Trustee (Cook Islands) Limited was shown to be interested.

The interests of HSBC Trustee (Cook Islands) Limited was duplicated by the interests of HSBC International Trustee Limited.

Remark: As at 30 June 2005, the last notification forms received by the Company from HSBC Trustee (Cook Islands) Limited and HSBC International Trustee Limited were dated 18 January 2005 and 15 April 2005 respectively. Therefore, the number of shares held by these two companies as shown in the register of substantial shareholders' interests has not taken into account of their respective bonus shares entitlement, which were issued by the Company on 18 June 2005.

- (3) 70,398 shares and 24,000 shares in the Company were owned by Dr. Gerald CHOW King Sing's spouse and minor children, respectively. Accordingly, Dr. Gerald CHOW King Sing and his spouse were deemed to have interests in the 84,094,398 shares and 103,711,680 shares in the Company, respectively.

52,800 shares and 24,000 shares in the Company were owned by Mr. Winston CHOW Wun Sing's spouse and minor children, respectively. Accordingly, Mr. Winston CHOW Wun Sing and his spouse were deemed to have interests in the 95,692,800 shares and 103,321,104 shares in the Company, respectively.

- (4) 45,611,160 shares in the Company were held by Happy Family Limited, in which Mr. CHOW Kwen Ling and his spouse owned 40% of the equity interest. Mr. CHOW Kwen Ling and his spouse were deemed to have interests in the 45,611,160 shares in the Company.

- (5) Of the 31,372,416 shares in the Company held by Kai Shing Nominees Limited, a company which carries on business of holding securities in custody for its customers, 13,584,000 shares were held on behalf of the following parties:

Name of directors 董事姓名

Dr. Gerald CHOW King Sing
周敬成醫生
Mr. Winston CHOW Wun Sing
周允成先生

Save as disclosed above, as at 30 June 2005, 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 or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

主要股東及其他人士於股本及相關股本之權益 (續)

因此，Top Fit Investments Limited之權益亦包括在HSBC Trustee (Cook Islands) Limited之權益內。

HSBC Trustee (Cook Islands) Limited持有之權益與HSBC International Trustee Limited持有之權益重疊。

備註：本公司自HSBC Trustee (Cook Islands) Limited及HSBC International Trustee Limited收到的最後通知表格的日期分別為2005年1月18日及2005年4月15日。因此，於2005年6月30日，此兩家公司於主要股東權益名冊所示之持股數目並未計入彼等各自於本公司於2005年6月18日發行之紅股中享有之權益。

- (3) 周敬成醫生之配偶及年幼子女分別持有本公司70,398股及24,000股股份。因此，周敬成醫生及其配偶分別被視為擁有本公司84,094,398股及103,711,680股股份權益。

周允成先生之配偶及年幼子女分別持有本公司52,800股及24,000股股份。因此，周允成先生及其配偶分別被視為擁有本公司95,692,800股及103,321,104股股份權益。

- (4) 快樂家庭有限公司持有本公司45,611,160股股份，周君令先生及其配偶共同擁有快樂家庭有限公司40%之股本權益。周君令先生及其配偶被視為擁有本公司45,611,160股股份權益。

- (5) 皆誠代理人有限公司業務為代客持有託管證券。於其持有本公司31,372,416股股份當中，13,584,000股股份代下列人士持有：

Number of shares held 持股數目

Personal interest 個人權益	Family interest 家族權益	Trustee interest 信託人權益
960,000	24,000	—
960,000	24,000	11,616,000

除上文披露外，於2005年6月30日，除載於以上「董事於股本之權益」之本公司董事權益外，並無其他人士於本公司股份或相關股份中登記持有根據《證券及期貨條例》第XV部第336條須予記錄之權益或淡倉。

Purchase, redemption or sale of the Company's listed securities

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the period.

Dividend

At the Company's Annual General Meeting held on 31 May 2005, shareholders approved the final dividend of HK14 cents per share for the year ended 31 December 2004, and a bonus issue of new shares to be distributed to shareholders whose names appeared on the register of members of the Company at the close of business on 31 May 2005 in the proportion of one new share for every five existing shares held by them. A total of 100,320,000 new ordinary shares were issued on 18 June 2005, and an equivalent amount of HK\$25,080,000 standing to the credit of the share premium account of the Company had been capitalized for the purpose. The final dividend amounting to HK\$70,224,000 was paid on 18 June 2005.

The Directors have declared an interim dividend of HK5 cents (2004: HK6 cents, and a special dividend of HK3 cents) per ordinary share for the six months ended 30 June 2005 payable to shareholders whose names appear on the register of members of the Company at the close of business on 21 September 2005. Dividend warrants will be posted to shareholders on 28 September 2005.

Closure of register

The register of members of the Company will be closed from Friday, 16 September 2005 to Wednesday, 21 September 2005, both days inclusive, during such period no transfer of shares will be registered. To ensure entitlement to the interim dividend, shareholders are reminded to lodge their transfers not later than 4:30 p.m. on Thursday, 15 September 2005 with the Company's Registrars in Hong Kong, Tengis Limited at G/F, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong.

By order of the Board
Chow Kwen Lim
Chairman

Hong Kong, 31 August 2005

購買、贖回或出售本公司之上市證券

於期內，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。

股息

在本公司於2005年5月31日舉行之股東週年大會上，股東通過派發截至2004年12月31日止年度之末期股息每股14港仙，及按每持有五股現有股份可獲發一股紅股之基準，配發紅股予於2005年5月31日營業時間結束時名列股東名冊內之股東。於2005年6月18日合共發行100,320,000股新股份，並為此從本公司股份溢價賬進賬中撥充相當於25,080,000港元作資本。須以現金支付之末期股息70,224,000港元已於2005年6月18日派發。

董事宣布派發截至2005年6月30日止六個月之中期股息每普通股5港仙(2004年：6港仙及特別股息3港仙)予在2005年9月21日營業時間結束時名列本公司股東名冊之股東。股息支票將於2005年9月28日寄發予各股東。

截止過戶

由2005年9月16日(星期五)至2005年9月21日(星期三)止，首尾兩天包括在內，本公司將暫停辦理股份過戶登記手續。如欲享有獲派發中期股息權利，股東須於2005年9月15日(星期四)下午4時30分前將過戶文件送達本公司的香港股份過戶登記處登捷時有限公司辦理過戶手續，地址為香港灣仔告士打道56號東亞銀行港灣中心地下。

承董事會命
主席
周君廉

香港，2005年8月31日