The directors present their report and the audited financial statements of the Company and the Group for the year ended 31 December 2005.

PRINCIPAL ACTIVITIES

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

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

RESULTS AND DIVIDENDS

The Group's profit for the year ended 31 December 2005 and the state of affairs of the Company and the Group as at that date are set out in the financial statements on pages 38 to 126.

An interim dividend of HK5.0 cents per ordinary share was paid on 28 September 2005. The directors recommend the payment of a final dividend of HK12.0 cents per ordinary share in respect of the year to shareholders whose names appear on the register of members on 17 May 2006. This recommendation has been incorporated in the financial statements as an allocation of retained profits within the equity section of the balance sheet.

SUMMARY FINANCIAL INFORMATION

A summary of the published results for the year and of the assets, liabilities and minority interests of the Group as at 31 December 2005 and for the last six financial years, as extracted from the audited financial statements and restated/reclassified as appropriate, is set out below. The amounts for each year in the seven year financial summary have been adjusted for the effects of the retrospective changes in accounting policy upon the adoption of several new and revised accounting standards as detailed in note 2.2 to the financial statements. This summary does not form part of the audited financial statements.

董事會報告

董事會謹此呈交截至2005年12月31日止年度之報告及本公司與本集團之已審核財務報告。

主要業務

年內本集團之主要業務並無改變,包括 珠寶製造及零售、貴金屬批發及證券期 貨經紀。

本公司之主要業務為投資控股。附屬公司之主要業務詳情載於財務報告附註 18。

業績及股息

本集團截至2005年12月31日止年度之溢 利及本公司與本集團於該日之財政狀況 載於財務報告第38頁至第126頁內。

本公司於2005年9月28日派發中期股息每普通股5.0港仙。董事建議派發本年度之末期股息每普通股12.0港仙予於2006年5月17日名列於股東名冊上之股東。此項建議已納入財務報告中資產負債表內權益項下作保留溢利之分配。

財務資料摘要

以下列出本集團截至2005年12月31日及過去六個財政年度已公布之業績、充資產、負債及少數股東權益的摘要,該當型重列/重新分類。列於此七年財務報告及目務新訂學中之每年金額,已按因採納若干財務計學會計準則對會計及經修訂之會計準則對會計入會計準則對會計入會計學的對務報告之一部分。

董事會報告

SUMMARY FINANCIAL INFORMATION (continued)					財務資料摘要(續)				
Results 業績			Year ended 31 December 截至12月31日止年度						
** NS		2005	2004	2003	2002	2001	2000	1999	
		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	
			(Restated) (重列)	(Restated) (重列)	(Restated) (重列)	(Restated) (重列)	(Restated) (重列)	(Restated) (重列)	
			(里列)	(里列)	(里列)	(里列)	(里列)	(里別)	
Turnover	營業額								
Jewellery retail	珠寶零售	2,380,503	2,247,058	1,820,295	1,850,771	1,791,673	2,011,766	2,312,040	
Other business	其他業務	3,380,151	4,770,033	4,508,114	2,966,788	2,894,557	2,672,610	2,004,929	
		5,760,654	7,017,091	6,328,409	4,817,559	4,686,230	4,684,376	4,316,969	
Operating profit Share of profits less	經營溢利 應佔聯營公司	216,892	238,544	151,786	80,661	8,084	68,065	138,095	
losses of associates	溢利減虧損	165	2,317	410	143	670	844	346	
Profit before tax	除税前溢利	217,057	240,861	152,196	80,804	8,754	68,909	138,441	
Tax	税項	(26,670)	(37,200)	(35,593)	(18,805)	(5,080)	(18,092)	(21,111)	
Profit for the year	本年度溢利	190,387	203,661	116,603	61,999	3,674	50,817	117,330	
Attributable to:	應佔:								
Shareholders of	本公司股東								
the Company		187,330	200,888	115,655	62,251	3,690	50,300	116,721	
Minority interests	少數股東權益	3,057	2,773	948	(252)	(16)	517	609	
		190,387	203,661	116,603	61,999	3,674	50,817	117,330	
Assets, Liabilities and Minority Interests 資產、負債及少數股東權益			As at 31 December 於12月31日						
		2005	2004	2003	2002	2001	2000	1999	
		HK\$'000 千港元	HK\$′000 千港元	HK\$′000 千港元	HK\$′000 千港元	HK\$′000 千港元	HK\$′000 千港元	HK\$′000 千港元	
			(Restated) (重列)	(Restated) (重列)	(Restated) (重列)	(Restated) (重列)	(Restated) (重列)	(Restated) (重列)	
Total assets	總資產	2,666,365	2,616,514	2,364,341	2,151,295	2,026,756	2,046,448	1,941,393	
Total liabilities	總負債	(540,306)	(636,911)	(503,228)	(447,382)	(351,232)	(299,095)	(287,036)	
Minority interests	少數股東權益	(33,600)	(18,799)	(16,582)	(13,519)	(8,492)	(4,009)	(4,300)	
		2,092,459	1,960,804	1,844,531	1,690,394	1,667,032	1,743,344	1,650,057	

PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

Details of movements in the property, plant and equipment and investment properties of the Group during the year are set out in notes 14 and 15 to the financial statements, respectively. Further details of the Group's properties are set out on pages 127 to 128.

SHARE CAPITAL

Details of movements in the Company's share capital during the year are set out in note 29 to the financial statements.

PRE-EMPTIVE RIGHTS

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

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

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

RESERVES

Details of movements in the reserves of the Company and the Group during the year are set out in note 30(b) to the financial statements and in the consolidated statement of changes in equity, respectively.

DISTRIBUTABLE RESERVES

At 31 December 2005, the Company's reserves available for distribution, calculated in accordance with the provisions of the Bermuda Companies Act 1981, amounted to HK\$1,410,855,000, of which HK\$72,230,000 has been proposed as a final dividend for the year.

MAJOR CUSTOMERS AND SUPPLIERS

In the year under review, sales to the Group's five largest customers accounted for 28% of the total sales for the year and sales to the largest customer included therein accounted for 8%. Purchases from the Group's five largest suppliers accounted for 41% of the total purchases for the year and purchases from the largest supplier included therein accounted for 18%.

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

董事會報告

物業、機器及設備及投資物業

年內本集團之物業、機器及設備及投資物業之變動詳情分別載於財務報告附註 14及15。本集團物業資料詳載於第127 頁至第128頁內。

股本

年內本公司之股本變動詳情載於財務報告附註29。

優先購股權

本公司之附例或百慕達法例並無規定本 公司必須向現有股東按持股比例提呈新 股之優先購股權之條款。

購買、贖回或出售本公司之上市證 券

年內本公司或其任何附屬公司概無購買、贖回或出售任何本公司之上市證 券。

儲備

年內本公司及本集團之儲備變動詳情分別載於財務報告附註30(b)及綜合權益變動表內。

可分派儲備

於2005年12月31日,本公司根據百慕達 1981年公司法計算可分派儲備達 1,410,855,000港元,其中72,230,000港 元擬派發為本年度之末期股息。

主要客戶及供應商

本年度本集團五大客戶所佔銷售額佔全年總銷售額28%,當中包括最大客戶所佔銷售額達8%。本集團五大供應商所佔採購額佔全年總採購額41%,當中包括最大供應商所佔採購額達18%。

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

DIRECTORS

The directors of the Company during the year were:

Executive directors:

Dr. CHOW Kwen Lim

Mr. Vincent CHOW Wing Shing

Dr. Gerald CHOW King Sing

Mr. Winston CHOW Wun Sing

Non-executive directors:

Mr. CHOW Kwen Ling

Dr. CHAN Bing Fun *

Mr. Stephen TING Leung Huel

Mr. CHUNG Pui Lam

Mr. LEE Ka Lun *

Mr. LO King Man *

* Independent non-executive directors

In accordance with the Company's Bye-Laws, Dr. CHOW Kwen Lim, Mr. Vincent CHOW Wing Shing, Dr. CHAN Bing Fun and Mr. CHUNG Pui Lam will retire at the forthcoming annual general meeting and, being eligible, will offer themselves for re-election.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the directors and senior management of the Company are set out on pages 5 to 8 of this annual report.

DIRECTORS' SERVICE CONTRACTS

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

DIRECTORS' INTERESTS IN CONTRACTS

Save as detailed in note 34(a)(iv) and (v) to the financial statements, no director had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the year.

董事會報告

董事

年內本公司之董事如下:

執行董事:

周君廉博士

周永成先生

周敬成醫生

周允成先生

非執行董事:

周君令先生

陳炳勳醫生*

丁良輝先生

鍾沛林先生

李家麟先生*

盧景文先生*

* 獨立非執行董事

根據本公司之附例,周君廉博士、周永 成先生、陳炳勳醫生及鍾沛林先生將於 即將舉行之股東週年大會任滿依章告 退,四位均願膺選連任。

董事及高級管理人員履歷

本公司董事及高級管理人員履歷載於本 年報第5頁至第8頁內。

董事之服務合約

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

董事於合約之權益

除財務報告附註34(a)(iv)及(v)所載,各董事概無於年內本公司或其任何附屬公司所訂立任何對本集團業務重要之合約中直接或間接擁有重大實益權益。

董事會報告

DIRECTORS' INTERESTS IN SHARES

As at 31 December 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 (the "Model Code"), were as follows:

董事於股本之權益

於2005年12月31日,按《證券及期貨條例》第352條本公司須予保存之名冊內所記錄,或根據上市公司董事進行證券交易的標準守則(「標準守則」)必須向本交司及香港聯合交易所有限公司(「聯交公司及香港聯合交易所有限公司(「聯大團(定義見《證券及期貨條例》第XV部)擁有已發行股本中之權益如下:

Long positions:

好倉:

Number of shares held 持股數目

							Percentage of
							the Company's
		Personal	Family	Corporate	Trustee		issued
Name of directors		interest	interest	interest	interest	Total	share capital
							佔本公司
					信託人		已發行股本
董事姓名		個人權益	家族權益	公司權益	權益	總數	百分比
							(%)
Mr. CHOW Kwen Ling	周君令先生	_	_	45,711,160(4)	_	45,711,160	7.59
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".

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。

Save as disclosed above, as at 31 December 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.

除上文披露外,於2005年12月31日,各董事概無於本公司或其任何相聯法團股份、相關股份或債券中擁有根據《證券及期貨條例》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。

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any director or their respective spouse or 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.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES AND UNDERLYING SHARES

At 31 December 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	the Company's issued share capital 佔本公司已發行
姓名或名稱	身份及權益性質	持有普通股數目	股本百分比 (%)
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	84,190,800(2)	13.99
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

董事會報告

董事購買股份或債券之權利

年內概無授予任何董事或其各自之配偶 或年幼子女可購入本公司股份或債券而 獲益之權利;或由彼等行使任何該等權 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。

主要股東及其他人士於股本及相關 股本之權益

於2005年12月31日,根據《證券及期貨條例》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:

Percentage of

好倉:

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES AND UNDERLYING SHARES (continued)

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 Dr. CHOW Kwen Lim and Mr. 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. Dr. CHOW Kwen Lim and Mr. Vincent CHOW Wing Shing, and their respective spouse, 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 Dr. Gerald CHOW King Sing and Mr. 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

Top Fit Investments Limited Blossom Investments Limited Speed Star Holdings Limited

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 31 December 2005, the last notification form received by the Company from HSBC Trustee (Cook Islands) Limited was on 18 January 2005. Therefore, the number of shares held by this company as shown in the register of substantial shareholders' interests has not taken into account its bonus shares entitlement, which was issued by the Company on 18 June 2005.

董事會報告

主要股東及其他人士於股本及相關股本之權益(續)

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之股份權益亦包括在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本公司權益:

Number of shares held 股份數目

> 42,000,000 21,000,000 21,000,000

因此,Top Fit Investments Limited之股份權益亦包括在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: 於2005年12月31日,本公司自 HSBC Trustee (Cook Islands) Limited收到的最後通知為2005 年1月18日。因此,此公司於 主要股東權益名冊所示之持股 數目並未計入彼於本公司於 2005年6月18日發行之紅股中 享有之權益。

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES AND UNDERLYING SHARES (continued)

- 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.
- 45,711,160 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 45,711,160 shares in the Company. The difference in the number of shares reported by Mr. CHOW Kwen Ling and Happy Family Limited, being 100,000 shares, was due to the acquisition of the said shares by Happy Family Limited not constituting a whole number percentage change of interest and therefore was not subject to notification under the SFO.
- Of the 31,372,416 shares in the Company held by Kai Shing Nominees Limited, a company which carries on the business of holding securities in custody for its customers, 13,584,000 shares were held on behalf of the following parties:

Name of directors Personal interest 董事姓名 個人權益

Dr. Gerald CHOW King Sing 周敬成醫生 960,000 24,000 Mr. Winston CHOW Wun Sing 周允成先生 960,000 24,000 11,616,000

Save as disclosed above, as at 31 December 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.

董事會報告

主要股東及其他人士於股本及相關 股本之權益(續)

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。

- 快樂家庭有限公司持有本公司 45,711,160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45,711,160股股份權益。周君 令先生及快樂家庭有限公司具報的股份 數目相差100.000股,是由於快樂家庭有 限公司購入該等股份時,並未構成一個 百分率整數的改變,因而無須根據《證券 及期貨條例》作出具報。
- 皆誠代理人有限公司持有本公司 31,372,416股股份,該公司業務為代客 持有託管證券,其中13,584,000股股份 代下列人士持有:

Number of shares held 持股數目

Family interest

家族權益 信託人權益

Trustee interest

除上文披露外,於2005年12月31日,除以上「董 事於股本之權益」部份涉及之本公司董事外,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336條須予記錄之權益或淡 倉。

CONNECTED TRANSACTIONS

Connected party transactions, which also constitute continuing connected transactions as defined in Chapter 14A of the Rules Governing the Listing of Securities on the Stock Exchange undertaken by the Group during the year are set out in note 34(a) to the financial statements.

The independent non-executive directors have reviewed and confirmed that the relevant continuing connected transactions had been entered into:

- (i) in the ordinary and usual course of business of the Group;
- (ii) on normal commercial terms or on terms no less favourable to the Group than terms available to or from independent third parties; and
- (iii) in accordance with the relevant agreements governing the transactions on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The auditors of the Company have reviewed the continuing connected transactions during the year as set out in note 34(a)(i) to (iv) to the financial statements and confirmed that these transactions:

- (i) were approved by the board of directors of the Company;
- (ii) had been entered into in accordance with the relevant agreements governing the transactions; and
- (iii) where applicable, have not exceeded the caps stated in the relevant announcement.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the directors, the Company has maintained a sufficient public float as at the date of this report.

董事會報告

關連交易

年內本集團之關連交易及按聯交所證券 上市規則第14A章定義而構成之持續關 連交易詳情載於財務報告附註34(a)。

獨立非執行董事已審閱及確認有關的持 續關連交易:

- (i) 為本集團之日常業務;
- (ii) 按照一般商業條款,或對本集團 而言不遜於獨立第三者可取得或 提供之條款;及
- (iii) 按有關交易的協議條款進行,而 交易條款公平及合理,並且符合 本公司股東之整體利益。

本公司之核數師已審閱載於財務報告附 註34(a)(i)至(iv)項之年內持續關連交易, 並確認此等交易:

- (i) 已由本公司之董事會批准;
- (ii) 乃按有關交易之協議條款進行;及
- (iii) 如適用,並無超逾先前公告披露 之上限。

足夠公眾持股量

本公司根據公開資料及就董事所知,於 本報告日,本公司一直維持足夠公眾持 股量。

董事會報告

AUDITORS

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

核數師

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

On behalf of the board

承董事會命

CHOW Kwen Lim

Chairman

Hong Kong 29 March 2006 主席

周君廉

香港

2006年3月29日