

## REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements of the Company and the Group for the year ended 31 December 2006.

### 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 2006 and the state of affairs of the Company and the Group as at that date are set out in the financial statements on pages 37 to 126.

An interim dividend of HK7.0 cents per ordinary share was paid on 28 September 2006. The directors recommend the payment of a final dividend of HK16.0 cents per ordinary share in respect of the year to shareholders whose names appear on the register of members on 16 May 2007. 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 2006 and for the last seven financial years, as extracted from the audited financial statements and reclassified as appropriate, is set out below. 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2006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2006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37至126頁內。

本公司於2006年9月28日派發中期股息每普通股7.0港仙。董事建議派發本年度之末期股息每普通股16.0港仙予於2007年5月16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2006年12月31日及過去七個財政年度已公布之業績、資產、負債及少數股東權益的摘要，該等資料摘自已審核之財務報告及已適當地重新分類。此摘要不構成已審核財務報告之一部分。

# REPORT OF THE DIRECTORS

# 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						
		2006 HK\$'000 千港元	2005 HK\$'000 千港元	2004 HK\$'000 千港元	2003 HK\$'000 千港元	2002 HK\$'000 千港元	2001 HK\$'000 千港元	2000 HK\$'000 千港元
Turnover	營業額							
Jewellery retail	珠寶零售	2,785,254	2,380,503	2,247,058	1,820,295	1,850,771	1,791,673	2,011,766
Other business	其他業務	4,196,226	3,380,151	4,770,033	4,508,114	2,966,788	2,894,557	2,672,610
		<b>6,981,480</b>	<b>5,760,654</b>	<b>7,017,091</b>	<b>6,328,409</b>	<b>4,817,559</b>	<b>4,686,230</b>	<b>4,684,376</b>
Operating profit	經營溢利	366,696	216,892	238,544	151,786	80,661	8,084	68,065
Share of profits less losses of associates	應佔聯營公司 溢利減虧損	1,200	165	2,317	410	143	670	844
Profit before tax	除稅前溢利	367,896	217,057	240,861	152,196	80,804	8,754	68,909
Tax	稅項	(61,395)	(26,670)	(37,200)	(35,593)	(18,805)	(5,080)	(18,092)
Profit for the year	本年度溢利	<b>306,501</b>	<b>190,387</b>	<b>203,661</b>	<b>116,603</b>	<b>61,999</b>	<b>3,674</b>	<b>50,817</b>
Attributable to:	應佔溢利：							
Shareholders of the Company	本公司股東	296,838	187,330	200,888	115,655	62,251	3,690	50,300
Minority interests	少數股東權益	9,663	3,057	2,773	948	(252)	(16)	517
		<b>306,501</b>	<b>190,387</b>	<b>203,661</b>	<b>116,603</b>	<b>61,999</b>	<b>3,674</b>	<b>50,817</b>
<b>Assets, Liabilities and Minority Interests</b>		<b>As at 31 December</b>						
<b>資產、負債及少數股東權益</b>		<b>於12月31日</b>						
		2006 HK\$'000 千港元	2005 HK\$'000 千港元	2004 HK\$'000 千港元	2003 HK\$'000 千港元	2002 HK\$'000 千港元	2001 HK\$'000 千港元	2000 HK\$'000 千港元
Total assets	總資產	3,600,101	2,666,365	2,616,514	2,364,341	2,151,295	2,026,756	2,046,448
Total liabilities	總負債	(997,974)	(540,306)	(636,911)	(503,228)	(447,382)	(351,232)	(299,095)
Minority interests	少數股東權益	(44,486)	(33,600)	(18,799)	(16,582)	(13,519)	(8,492)	(4,009)
		<b>2,557,641</b>	<b>2,092,459</b>	<b>1,960,804</b>	<b>1,844,531</b>	<b>1,690,394</b>	<b>1,667,032</b>	<b>1,743,344</b>
								<b>1,650,057</b>

## REPORT OF THE DIRECTORS

### 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 of this annual report.

### Share Capital

There were no movements in either the Company's authorised or issued share capital during the year.

### 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

As at 31 December 2006, the Company's reserves available for distribution, calculated in accordance with the provisions of the Bermuda Companies Act 1981, amounted to HK\$1,411,380,000, of which HK\$96,307,000 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 31% of the total sales for the year and sales to the largest customer included therein accounted for 10%. Purchases from the Group's five largest suppliers accounted for 43% of the total purchases for the year and purchases from the largest supplier included therein accounted for 11%.

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本年報第127至128頁內。

### 股本

年內本公司之法定或已發行股本並無變動。

### 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2006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1,411,380,000港元，其中96,307,000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31%，當中包括最大客戶所佔銷售額達10%。本集團五大供應商所佔採購額佔全年總採購額43%，當中包括最大供應商所佔採購額達11%。

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。

## REPORT OF THE DIRECTORS

### 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, Mr. CHOW Kwen Ling, Mr. Winston CHOW Wun Sing and Mr. Stephen TING Leung Huel 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 notes 35(a)(v) and (vi) 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

根據本公司附例，周君令先生、周允成先生及丁良輝先生將於即將舉行之股東週年大會任滿依章告退，三位均願膺選連任。

### 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至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35(a)(v)及(vi)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權益。

## REPORT OF THE DIRECTORS

## 董事會報告

### Directors' Interests in Shares

As at 31 December 2006, 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:

#### Long positions:

Name of directors	Personal interest	Family interest	Number of shares held		Trustee interest	Total	Percentage of the Company's issued share capital
			Corporate interest	Trustee interest			
董事姓名	個人權益	家屬權益	公司權益	信託人權益	總數	佔本公司已發行股本百分比 (%)	
Mr. CHOW Kwen Ling	周君令先生	—	—	49,846,732 <sup>(1)</sup>	—	49,846,732	8.28
Dr. CHOW Kwen Lim	周君廉博士	—	—	—	137,591,595 <sup>(2)</sup>	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 <sup>(2)</sup>	137,591,595	22.86
Dr. Gerald CHOW King Sing	周敬成醫生	19,711,680	70,398 <sup>(3)</sup>	21,000,000 <sup>(3)</sup>	42,000,000 <sup>(3)</sup>	82,782,078	13.75
Mr. Winston CHOW Wun Sing	周允成先生	7,681,104	52,800 <sup>(3)</sup>	—	74,616,000 <sup>(3)</sup>	82,349,904	13.68

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 31 December 2006, 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.

### 董事於股本之權益

於2006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相聯法團（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：

#### 好倉：

Name of directors	Personal interest	Family interest	Number of shares held		Trustee interest	Total	Percentage of the Company's issued share capital
			Corporate interest	Trustee interest			
董事姓名	個人權益	家屬權益	公司權益	信託人權益	總數	佔本公司已發行股本百分比 (%)	
Mr. CHOW Kwen Ling	周君令先生	—	—	49,846,732 <sup>(1)</sup>	—	49,846,732	8.28
Dr. CHOW Kwen Lim	周君廉博士	—	—	—	137,591,595 <sup>(2)</sup>	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 <sup>(2)</sup>	137,591,595	22.86
Dr. Gerald CHOW King Sing	周敬成醫生	19,711,680	70,398 <sup>(3)</sup>	21,000,000 <sup>(3)</sup>	42,000,000 <sup>(3)</sup>	82,782,078	13.75
Mr. Winston CHOW Wun Sing	周允成先生	7,681,104	52,800 <sup>(3)</sup>	—	74,616,000 <sup>(3)</sup>	82,349,904	13.68

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2006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。

## REPORT OF THE DIRECTORS

### 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

As at 31 December 2006, 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

名稱

身份

Everwin Company Limited

Beneficial Owner  
實益持有人

Happy Inc.

Beneficial Owner  
實益持有人

Happy Family Limited  
快樂家庭有限公司

Beneficial Owner  
實益持有人

Top Fit Investments Limited

Beneficial Owner  
實益持有人

Value Partners Limited

Investment Manager  
投資管理人

CWS Holdings Limited

Beneficial Owner  
實益持有人

## 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2006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：

#### 好倉：

Number of ordinary shares held	Percentage of the Company's issued share capital
持有普通股數目	佔本公司已發行股本百分比 (%)

137,591,595<sup>(2)</sup>

22.86

66,000,000

10.96

49,846,732<sup>(1)</sup>

8.28

42,000,000<sup>(3)</sup>

6.98

36,858,000<sup>(4)</sup>

6.12

32,616,000<sup>(3)</sup>

5.42

## REPORT OF THE DIRECTORS

### Substantial Shareholders' and Other Persons' Interests in Shares and Underlying Shares (continued)

Notes:

(1) 49,846,732 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 49,846,732 shares in the Company.

(2) 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, it was deemed to have interest in the 137,591,595 shares in the Company. 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.

(3) 70,398 shares and 52,800 shares in the Company were held by the respective spouse of Dr. Gerald CHOW King Sing and Mr. Winston CHOW Wun Sing.

21,000,000 shares in the Company were held by Speed Star Holdings Limited, a company beneficially owned by Dr. Gerald CHOW King Sing.

42,000,000 shares in the Company were held by Top Fit Investments Limited, a company beneficially owned 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 and, accordingly, it was deemed to have interests in the 42,000,000 shares in the Company. HSBC International Trustee Limited, through its interest in HSBC Trustee (Cook Islands) Limited, was deemed to have interest in the 42,000,000 shares in the Company.

32,616,000 shares in the Company were held by CWS Holdings Limited, a company beneficially owned by a discretionary trust of which Mr. Winston CHOW Wun Sing is one of the beneficiaries. The trustee of the trust was UBS TC (Jersey) Ltd. and, accordingly, it was deemed to have interest in the 32,616,000 shares in the Company.

Accordingly, Dr. Gerald CHOW King Sing and his spouse were deemed to have interests in the 63,070,398 shares and 82,711,680 shares in the Company, respectively. Mr. Winston CHOW Wun Sing and his spouse were deemed to have interests in the 74,668,800 shares and 82,297,104 shares in the Company, respectively.

(4) 36,858,000 shares in the Company were held by Value Partners Limited. Mr. CHEAH Cheng Hye, through his interest in Value Partners Limited, was deemed to have interest in these shares.

Save as disclosed above, as at 31 December 2006, 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)

附註：

(1) 快樂家庭有限公司擁有本公司49,846,732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49,846,732股股份權益。

(2) 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，因此被視為擁有本公司137,591,595股股份權益。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。

(3) 周敬成醫生及周允成先生之配偶分別擁有本公司70,398股及52,800股股份。

Speed Star Holdings Limited擁有本公司21,000,000股股份，此公司由周敬成醫生實益擁有。

Top Fit Investments Limited擁有本公司42,000,000股股份，該公司由一項全權信託實益擁有，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，因此被視為擁有42,000,000股股份權益。HSBC International Trustee Limited透過其於HSBC Trustee (Cook Islands) Limited之權益而被視為擁有42,000,000股股份權益。

CWS Holdings Limited擁有本公司32,616,000股股份，該公司由一項全權信託實益擁有，周允成先生為該信託之其中受益人。UBS TC (Jersey) Ltd.為該信託之信託人，因此被視為擁有32,616,000股股份權益。

因此，周敬成醫生及其配偶分別被視為擁有本公司63,070,398股及82,711,680股股份權益。周允成先生及其配偶分別被視為擁有本公司74,668,800股及82,297,104股股份權益。

(4) Value Partners Limited擁有本公司36,858,000股股份。謝清海先生透過其於Value Partners Limited之權益而被視為擁有此等股份權益。

除上文披露外，於2006年12月31日，除以上「董事於股本之權益」部分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。

## REPORT OF THE DIRECTORS

### 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 35(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 notes 35(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) where applicable, were in accordance with the pricing policies of the Company;
- (iii) had been entered into in accordance with the relevant agreements governing the transactions\*; and
- (iv) have not exceeded the caps or revised cap as stated in the relevant announcements.

\* The transactions were reviewed on a sample basis by virtue of the vast number of transactions pertaining to the related agreements thereto.

### 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 throughout the year and up to 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35(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35(a)(i)至(iv)項之年內持續關連交易，並確認此等交易：

- (i) 已獲本公司董事會批准；
- (ii) 如適用，符合本公司之價格政策；
- (iii) 乃按有關交易之協議條款進行\*；及
- (iv) 並無超逾相關公告內披露之上限或經修訂上限。

\* 由於就交易相關協議之交易數量龐大，故交易乃按抽樣基準進行審閱。

### 足夠公眾持股量

本公司根據公開資料及就董事所知，於年內及截至本報告日，本公司一直維持足夠公眾持股量。

## REPORT OF THE DIRECTORS

### Auditors

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

On behalf of the Board

**CHOW Kwen Lim**  
Chairman

Hong Kong  
28 March 2007

## 董事會報告

### 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於即將舉行之股東週年大會上提呈。

承董事會命

主席  
周君廉

香港  
2007年3月28日