

Due to the weak consumers sentiment in Hong Kong resulting from the continued high unemployment rate, the financial year of 2000/2001 was a tough year for the Group.

RESULTS AND DIVIDEND

For the year ended 31st March, 2001, the Group's consolidated net profit before taxation amounted to HK\$9,442,000. During the year, the Group disposed of part of its non-trading investments with a profit of approximately HK\$27,076,000. The Group's turnover for the year decreased by 12.7% as compared with that of last year. Turnover of the Group's gold ornament, jewellery and watch retailing business declined by 7.8% to HK\$544 million and the turnover of bullion trading decreased by 18.7% to HK\$310 million.

The Board of Directors has not declared any interim dividend (2000: Nil) and does not recommend the payment of a final dividend (2000: HK0.5 cent per share) for the year ended 31st March, 2001.

REVIEW OF OPERATIONS

During the year under review, the commission income from the securities broking division of the Group decreased by 48.2% as a result of the volatility of the worldwide stock markets and the Hong Kong stock market. The retail sector of Hong Kong has not fully recovered and the Group's retail business was still affected by weak consumers sentiment resulting from the unfavourable economic condition during the year.

PROSPECTS

For the outlets of "*Masterpiece by king fook*", the management will continue to explore and purchase fine jewellery from various worldwide sources in order to satisfy our customers' demand for high quality products. For the other retail outlets of the Group, in addition to the existing products, the management is also developing a new line of branded jewellery for young customers.

The management has decided to strengthen the training programs to staff in the future in order to improve services to customers.

The management plans to lower the Group's inventory level by way of various marketing and promotion strategies and to take prudent measures to reduce its overall operation cost.

As China is well prepared for admission to the World Trade Organisation, the Group will endeavor to seek business opportunities in the retail sector in China. Moreover, the management will seek opportunity to diversify into other business operations in order to generate more stable income.

In view of the uncertain economic condition, the retail business in Hong Kong is expected to remain to be bleak for some time. Nevertheless, the management will continue its prudent management policy and take steps to improve the Group's business.

APPRECIATION

On behalf of the Board of Directors, I would like to thank our staff for their support in the past year.

Yeung Ping Leung, Howard

Chairman

Hong Kong, 13th July, 2001