

OVERALL GROUP RESULTS

The results of the Group for the year ended 31st March, 2001 and the state of affairs of the Company and the Group as at that date are set out in the financial statements on pages 17 to 19.

The Group's turnover for the year decreased by 12.7% as compared with that of last year. The Group's consolidated net profit before taxation was HK\$9,442,000, a decrease of 65.8% as compared with that of last year. Earnings per share was HK2.1 cents, a decrease of 64.4% as compared with that of last year.

JEWELLERY RETAILING AND BULLION TRADING

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. Turnover of the Group's gold ornament, jewellery and watch retailing declined by 7.8% to HK\$544 million and the turnover of bullion trading decreased by 18.7% to HK\$310 million.

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.

SECURITIES BROKING

During the year under review, the commission income from securities broking division of the Group decreased by 48.2% as a result of volatility of the worldwide stock markets and the Hong Kong stock market.

We expect that the market will be affected and changed substantially by the scheduled abolition of the minimum commission in April 2002. Even at this time, some online trading is being offered at discount level. We have decided to upgrade our system to enhance the straight-through processing with AMS/3 capability in order to cope with the competition.

INVESTMENTS

Due to the merger of The Stock Exchange of Hong Kong Limited ("SEHK") and Hong Kong Futures Exchange Limited ("HKFE") on 6th March, 2000, the Group exchanged its shares in SEHK and HKFE for 4,613,500 shares in Hong Kong Exchanges and Clearing Limited ("HKEx") as non-trading investments. During the year, the Group disposed of part of the shares with a profit of approximately HK\$27,076,000. As at 31st March, 2001, the Group still held 2,554,000 of the shares in HKEx amounting to HK\$32,052,000. The Group has also held non-trading investments listed outside Hong Kong amounting to HK\$18,060,000.

FINANCE

As at 31st March, 2001, the Group's current assets and current liabilities were HK\$626 million and HK\$229 million respectively. There were bank balances and cash of HK\$31 million and bank loans and overdrafts of HK\$171 million, which were unsecured with fixed maturity dates within six months.

Based on the total borrowings of HK\$191 million and the shareholders' funds of HK\$485 million of the Group, the overall borrowings to equity ratio was 39.4%, which was at a healthy level. The Group has undrawn banking facilities of approximately HK\$170 million, which can be used for any investment opportunities and to cover anticipated funding needs.

EMPLOYEES

As at 31st March, 2001, there were approximately 300 employees employed by the Group. The employees are remunerated according to the nature of their jobs and are entitled to an incentive bonus scheme based on their performance.

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