

MANAGEMENT COMMENTARY

The directors are pleased to present the Group's Interim Report and condensed accounts for the six months ended 30th September, 2001. The consolidated profit and loss account, consolidated cash flow statement and consolidated statement of recognised gains and losses of the Group for the six months ended 30th September, 2001, and the consolidated balance sheet as at 30th September, 2001 of the Group, all of which are unaudited and condensed, along with selected explanatory notes, are set out on pages 5 to 16 of this report.

Interim dividend

The directors have resolved that no interim dividend be paid in respect of the six months ended 30th September, 2001 (2000: Nil).

Business review and prospects

The terrorist attack in the United States arouses concern and uncertainty regarding its effect on global economy and political environment and at the same time affects the consumer sentiment and global equity market.

Due to high unemployment rate and continuous deflation in Hong Kong, the consumer sentiment in the retail sectors of Hong Kong is still very weak. Although several interest rate cuts have been made, the impact on consumer spending was not significant, especially on the luxurious items.

For the six months ended 30th September, 2001, the Group recorded a loss of HK\$16,555,000 and the Group's turnover decreased by 15% as compared with last corresponding period. The operating environment for the period was very tough because of weak consumer sentiment and loss of confidence of the general public in the economy recovery. The commission income from the securities broking division of the Group decreased by 53% mainly due to the volatile worldwide stock markets and the decrease in trading volume of the Hong Kong stock market.

During the period under review, the Group had launched its brand jewellery of "how" collections for young executive ladies, which has received positive response from its customers. In addition, the Group has obtained the sole dealer rights in Hong Kong for the fine jewellery of "Aaron Basha". The overall efficiency in both operation and cost control of the Group has improved as a result of effective management control. On the financial side, the overall debt to equity ratio of the Group is still at a healthy level.

Given the terrorist attack in the United States would adversely affect the consumption and economy in the United States, Hong Kong is unfavourably affected and its economy recovery is not likely until the end of next year. In order to improve the Group's performance, the management will streamline its operations and implement a tightening cost program and look for other business opportunities for the second half of the financial year.

MANAGEMENT COMMENTARY (continued)

Investments

As at 30th September, 2001, the Group still held 2,554,000 of the shares in Hong Kong Exchanges and Clearing Limited amounting to HK\$24,007,000. The Group has also held non-trading investments listed outside Hong Kong amounting to HK\$14,719,000.

Finance

As at 30th September, 2001, the Group's current assets and current liabilities were HK\$633 million and HK\$193 million respectively. There were bank balances and cash of HK\$33 million and bank loans and overdrafts of HK\$111 million, which were unsecured with fixed maturity dates within six months.

During the period under review, the Group arranged a non-current banking facility and the amount outstanding was HK\$60 million as at 30th September, 2001.

Based on the total borrowings of HK\$189 million and the shareholders' funds of HK\$457 million of the Group, the overall borrowings to equity ratio was 41%, which was at a healthy level.

Employees

As at 30th September, 2001, there were approximately 280 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.

Purchase, sale or redemption of shares

The Company has not redeemed any of its shares during the period.

Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the period.

Directors' interests in equity securities

At 30th September, 2001, the interests of the directors and their associates in the issued shares of the Company as recorded in the register maintained by the Company under section 29 of the Securities (Disclosure of Interests) Ordinance or as notified to the Company were as follows:

Ordinary shares of HK\$0.25 each

Name	Number of ordinary shares held		
	Personal	Family	Total
Mr. Tang Yat Sun, Richard	3,585,000	Nil	3,585,000
Mr. Cheng Kwai Yin	2,224,000	Nil	2,224,000
Dr. Sin Wai Kin	1,792,500	Nil	1,792,500
Mr. Cheng Ka On, Dominic	4,020,000	15,000	4,035,000

MANAGEMENT COMMENTARY (continued)

Directors' interests in equity securities (continued)

The Company had not granted to the directors (including their spouse and children under 18 years of age) any rights to subscribe for shares of the Company during the period.

At no time during the period was the Company or any of its subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Substantial shareholders

The register of substantial shareholders maintained under section 16(1) of the Securities (Disclosure of Interests) Ordinance shows that as at 30th September, 2001, the Company had been notified of the following substantial shareholders' beneficial interests, being 10% or more of the Company's issued share capital. These interests are in addition to those disclosed above in respect of the directors.

Name	Number of ordinary shares held
Yeung Chi Shing Estates Limited	193,145,055
Miramar Hotel and Investment Company, Limited	67,912,000

Compliance with the Code of Best Practice of the Listing Rules

None of the directors of the Company is aware of any information which would indicate that the Group is not, or was not, in compliance with the Code of Best Practice as set out in Appendix 14 of the Listing Rules of The Stock Exchange of Hong Kong Limited at any time during the six months ended 30th September, 2001 except that:

1. the directors have not established an audit committee to review and supervise the Group's financial reporting process and internal controls; and
2. the independent non-executive directors of the Company are not appointed for a specific term as they are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Company's Articles of Association.