

Year 2001/2002 was a tough year for Hong Kong's retailers. The operating environment was difficult because of the downturn in the stock and property markets, prevalent salary cuts and high unemployment rate. The financial year of 2001/2002 was a very tough year for the Group.

RESULTS AND DIVIDEND

For the year ended 31st March, 2002, the Group recorded a consolidated net loss before taxation of HK\$16,655,000. The Group's turnover for the year decreased by 16.3% as compared with that of last year. Turnover of the Group's gold ornament, jewellery, watch and gift retailing was HK\$501 million and the turnover of bullion trading was HK\$241 million.

The Board of Directors does not recommend the payment of a final dividend in respect of the financial year ended 31st March, 2002 (2001: Nil).

REVIEW OF OPERATIONS

During the year under review, the commission income from the securities broking division of the Group decreased by 48.3% as a result of the weak worldwide stock markets and the Hong Kong stock market. The retail sector of Hong Kong has been hard-hit and the Group's retail business was still affected by weak consumer sentiments resulting from high unemployment rate and prevalent salary cuts during the year.

The management has successfully lowered the Group's inventory level by way of various marketing and promotion strategies and reduced its overall operating cost for the year.

PROSPECTS

As high unemployment rate and prevalent salary cuts continue to weaken the consumer sentiments in Hong Kong, we believe that the local retail market will remain to be bleak for some time.

The Group is promoting its branded jewellery of "how" for young customers and plans to open a series of concept shops for the "how" collection. The management will continue to provide more training programs to staff in order to improve services to customers.

The Group's first franchised retail outlet opened in Beijing in March 2002. The management plans to open more franchised retail outlets in other major cities of China in order to grasp the business opportunities in the retail sector of China after its admission to The World Trade Organisation. The management will also seek opportunity to diversify into other business operations in order to generate more stable income.

The management will execute 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 members for their support in the past year.

Yeung Ping Leung, Howard

Chairman

Hong Kong, 12th July, 2002