

Notes:

1. Basis of preparation

The interim financial report for the period ended 30th September, 2002 is unaudited and has been prepared in accordance with the requirements of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited, including compliance with Statement of Standard Accounting Practice No. 25 "Interim Financial Reporting" issued by the Hong Kong Society of Accountants.

The principal accounting policies and methods of computation used in the preparation of the interim financial report are consistent with those in annual accounts for the year ended 31st March, 2002.

2. Segment information

a. Business segments

The Group is organised into two operating units: (i) wholesaling, trading and retailing of gold products, other precious metal products and jewellery products; and (ii) investment holding.

An analysis by business segment is as follows:

	Six months ended 30th September, 2002		
	Wholesaling, trading and retailing <i>HK\$'000</i>	Investment holding <i>HK\$'000</i>	Total <i>HK\$'000</i>
Turnover			
Sales to external customers	<u>870,220</u>	<u>40</u>	<u>870,260</u>
Operating results			
Segment results	<u>45,473</u>	<u>(7,764)</u>	37,709
Interest income			2,956
Interest expense			(11,900)
Taxation			<u>(3,200)</u>
Profit attributable to shareholders			<u>25,565</u>

2. Segment information (continued)

a. Business segments (continued)

	Six months ended 30th September, 2001		
	Wholesaling, trading and retailing <i>HK\$'000</i>	Investment holding <i>HK\$'000</i>	Total <i>HK\$'000</i>
Turnover			
Sales to external customers	<u>617,741</u>	<u>412</u>	<u>618,153</u>
Operating results			
Segment results	<u>43,133</u>	<u>(5,677)</u>	37,456
Interest income			4,625
Interest expense			(17,276)
Taxation			<u>(2,400)</u>
Profit attributable to shareholders			<u>22,405</u>

b. Geographical segments

The Group's activities are conducted predominantly in Hong Kong, Mainland China, Southeast Asia, the United States of America, Europe and others. An analysis by geographical segment is as follows:

	Turnover		Segment results	
	Six months ended		Six months ended	
	30th September,		30th September,	
	2002	2001	2002	2001
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong/Mainland China	707,449	403,550	24,048	14,181
Southeast Asia	77,950	98,875	507	5,164
The United States of America	41,744	46,392	5,697	8,454
Europe	41,598	39,067	7,341	8,682
Others	<u>1,519</u>	<u>30,269</u>	<u>116</u>	<u>975</u>
Total	<u>870,260</u>	<u>618,153</u>	<u>37,709</u>	<u>37,456</u>

Turnover by geographical location is determined on the basis of the destination of shipment of merchandise.

3. Profit before taxation

Profit before taxation is arrived at after charging:

	Six months ended 30th September,	
	2002	2001
	<i>HK\$'000</i>	<i>HK\$'000</i>
Depreciation of fixed assets	<u>46,216</u>	<u>47,434</u>

4. Taxation

Taxation in the consolidated income statements consisted of:

	Six months ended 30th September,	
	2002	2001
	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong profits tax	<u>3,200</u>	<u>2,400</u>

The Company is exempted from taxation in Bermuda until 2016. Hong Kong profits tax has been provided at the rate of 16% (2001: 16%) on the estimated assessable profit arising in or derived from Hong Kong. No Mainland China tax has been provided as the Group had no taxable profit subject to such tax during the period.

There was no significant unprovided deferred taxation as at 30th September, 2002.

5. Earnings per share

The calculation of basic earnings per share is based on the consolidated profit attributable to shareholders of approximately HK\$25,565,000 (2001: HK\$22,405,000) and on the weighted average number of approximately 5,374,676,066 shares (2001: 5,332,000,000 shares) in issue during the period.

The calculation of diluted earnings per share is based on the consolidated profit attributable to shareholders of approximately HK\$25,565,000 (2001: HK\$22,405,000) and on the weighted average number of approximately 5,399,350,203 shares (2001: 5,369,392,687 shares) in issue, after adjusting for the effects of all dilutive potential shares. The effect of the dilutive potential shares resulting from the exercise of the outstanding employee share options on the weighted average number of shares in issue during the period was approximately 24,674,137 shares (2001: 37,392,687 shares), which were deemed to have issued at no consideration if all outstanding employee share options had been exercised on the date when the employee share options were granted.

6. Accounts receivable

The Group grants to its customers credit periods ranging from 30 days to 120 days. The ageing analysis of accounts receivable is as follows:

	30th September, 2002 <i>HK\$'000</i>	31st March, 2002 <i>HK\$'000</i>
0 to 90 days	344,319	271,097
91 to 180 days	11,675	3,946
181 to 270 days	<u>1,200</u>	<u>4,711</u>
	357,194	279,754
Less: Provision for bad and doubtful debts	<u>(10,000)</u>	<u>(10,000)</u>
	<u><u>347,194</u></u>	<u><u>269,754</u></u>

7. Accounts payable

The ageing analysis of accounts payable is as follows:

	30th September, 2002 <i>HK\$'000</i>	31st March, 2002 <i>HK\$'000</i>
0 to 90 days	46,287	53,101
91 to 180 days	4,867	1,476
181 to 270 days	<u>1,219</u>	<u>406</u>
	<u><u>52,373</u></u>	<u><u>54,983</u></u>

8. Share capital

Movements of share capital during the six months ended 30th September, 2002 were:

	Number of shares <i>'000</i>	Nominal value <i>HK\$'000</i>
Authorized – ordinary shares of HK\$0.01 each	<u>20,000,000</u>	<u>200,000</u>
Issued and fully paid – ordinary shares of HK\$0.01 each		
At 1st April, 2002	5,332,000	53,320
Issue of shares upon exercise of options	60,200	602
Repurchase of shares	<u>(1,560)</u>	<u>(16)</u>
At 30th September, 2002	<u>5,390,640</u>	<u>53,906</u>

In May 2002, 60,200,000 ordinary shares of HK\$0.01 each were issued pursuant to the exercise of options at an exercise price of HK\$0.109 per share.

In July 2002, the Company repurchased 1,560,000 of its own ordinary shares on The Stock Exchange of Hong Kong Limited at a cash consideration of HK\$178,380. The lowest and highest prices paid for the above repurchases were respectively HK\$0.113 and HK\$0.116 per share. The repurchased shares were cancelled and an amount of HK\$15,600, equivalent to the nominal value of these shares, was transferred from contributed surplus to capital redemption reserve.

9. Share options

Pursuant to the recent changes of the Listing Rules in relation to share option schemes, on 28th August, 2002, the Company adopted a new share option scheme (the “New Scheme”) and terminated the share option scheme adopted on 27th February, 1999 (the “Old Scheme”). Upon termination of the Old Scheme, no further options will be granted thereunder but in all other respects, the provisions of the Old Scheme shall remain in force and all outstanding options granted prior to such termination shall continue to be valid and exercisable in accordance therewith. As at 30th September, 2002, the number of shares in respect of which options had been granted under the Old Scheme was 533,200,000, in which 473,000,000 share options were outstanding at the end of the period. No options were granted under the New Scheme since its adoption on 28th August, 2002.

Movements of employee share options under the Old Scheme during the six months ended 30th September, 2002 were:

Date of grant	Exercise period	Exercise price HK\$	Beginning of period '000	Number of share options		End of period '000
				Granted during the period '000	Exercised during the period '000	
9th June, 2000	9th June, 2001 to 26th February, 2009	0.109	315,000	–	(60,200)	254,800
10th April, 2002	10th April, 2003 to 26th February, 2009	0.149	–	218,200	–	218,200
			<u>315,000</u>	<u>218,200</u>	<u>(60,200)</u>	<u>473,000</u>

The closing price of the Company’s shares immediately before the date of grant of options on 10th April, 2002 was HK\$0.151. The weighted average closing price of the shares immediately before the dates on which the options were exercised during the period was HK\$0.142.

The Directors do not consider that it is appropriate to disclose a theoretical value of the share options granted during the period because the directors are of the opinion that the values of share options calculated using theoretical models are subject to certain fundamental limitations, due to the subjective nature of and uncertainty relating to a number of the assumptions of expected future performance input to the model, and certain inherent limitations of the model itself.

No options were cancelled or lapsed during the six months ended 30th September, 2002.

10. Reserves

Movements of reserves during the six months ended 30th September, 2002 were:

	Share premium <i>HK\$'000</i>	Contributed surplus <i>HK\$'000</i>	Capital redemption reserve <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1st April, 2002	–	127,527	–	127,527
Premium on issue of shares	5,960	–	–	5,960
Repurchase of shares	–	(178)	16	(162)
	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
At 30th September, 2002	<u>5,960</u>	<u>127,349</u>	<u>16</u>	<u>133,325</u>

11. Retained profits

Movements of retained profits during the six months ended 30th September, 2002 were:

	<i>HK\$'000</i>
At 1st April, 2002	360,322
Profit for the period	25,565
	<u>–</u>
At 30th September, 2002	<u>385,887</u>

12. Commitment and contingent liabilities

a. Capital commitments

Capital commitments of the Group, which were all authorised and contracted for, are analysed as follows:

	30th September, 2002 <i>HK\$'000</i>	31st March, 2002 <i>HK\$'000</i>
Acquisition of fixed assets	<u>803</u>	<u>343</u>

b. Contingent liabilities

The Group did not had any significant contingent liabilities as at 30th September, 2002 (31st March, 2002: nil).

13. Comparative figures

Certain comparative figures have been reclassified to conform with the current period presentation.