

Management Discussion and Analysis

OVERALL GROUP RESULTS

The results of the Group for the year ended 31st March, 2004 and the state of affairs of the Company and the Group as at that date are set out in the accounts on pages 17 to 19.

The Group's turnover for the year under review increased by 8% as compared with that of last year. The Group's consolidated net operating profit for the year was HK\$24,498,000. The earnings per share were HK5.6 cents.

JEWELLERY RETAILING AND BULLION TRADING

After the impact of SARS in the first few months of this financial year, the Hong Kong retail industry has benefited from the increase of mainland travellers and the improving economic environment in the second half of this financial year. Turnover of the Group's gold ornament, jewellery, watch and gift retailing for the year under review increased to HK\$561 million. The metal refining business of the joint venture company in China has a positive contribution to the Group.

SECURITIES BROKING

During the year under review, the commission income from the securities broking division of the Group increased by 99.4% as compared with that of last year as a result of the strong Hong Kong stock market.

INVESTMENTS

As at 31st March, 2004, the Group held 2,554,000 shares in Hong Kong Exchanges and Clearing Limited amounting to HK\$42,652,000. The Group also held certain non-trading investments listed outside Hong Kong amounting to HK\$11,892,000.

FINANCE

As at 31st March, 2004, the Group's current assets and current liabilities were about HK\$633 million and HK\$211 million respectively. There were bank balances and cash of about HK\$35 million and unsecured bank loans and overdrafts of about HK\$132 million.

Based on the total borrowings of about HK\$158 million and the shareholders' funds of about HK\$492 million of the Group, the overall borrowings to equity ratio was 32.1%, which was at a healthy level.

EMPLOYEES

As at 31st March, 2004, the Group had approximately 250 employees. The employees are remunerated according to the nature of their jobs and are entitled to an incentive bonus scheme based on their performance.