

Management Discussion and Analysis

OVERALL GROUP RESULTS

The results of the Group for the year ended 31st March, 2005 and the state of affairs of the Company and the Group as at that date are set out in the accounts on pages 19 to 21.

The Group's turnover for the year under review increased by 11% as compared with that of the previous year. The Group's consolidated net operating profit for the year was HK\$20,874,000. The earnings per share were HK4.7 cents.

JEWELLERY RETAILING

Turnover of the Group's gold ornament, jewellery, watch and gift retailing for the year increased from HK\$561 million to HK\$616 million.

SECURITIES BROKING

During the year under review, commission income from the securities broking division of the Group decreased by 16.5% as compared with that of the previous year as a result of keen competition within the industry and the introduction of on-line brokerage services by many banks in Hong Kong.

INVESTMENTS

As at 31st March, 2005, the Group held 2,554,000 shares in Hong Kong Exchanges and Clearing Limited amounting to HK\$51,463,000. The Group also held certain non-trading investments listed outside Hong Kong amounting to HK\$14,367,000.

FINANCE

As at 31st March, 2005, the Group's current assets and current liabilities were about HK\$660 million and HK\$122 million respectively. There were bank balances and cash of about HK\$34 million and unsecured bank loans and overdrafts of about HK\$182 million.

Based on the total borrowings of the Group of about HK\$193 million and the shareholders' funds of about HK\$517 million, the overall borrowings to equity ratio was 37.3%, which was at a healthy level.

EMPLOYEES

As at 31st March, 2005, 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.