

## Chairman's Statement

In the last financial year under review, prosperous economy of the People's Republic of China (the "PRC") and steady economic growth in Hong Kong provided favourable operating environment to the Group. The Group benefited from increase of travellers from Mainland China and improving consumer sentiment in Hong Kong. The management is pleased to report a satisfactory results for the financial year ended 31st March, 2007.

### REVIEW OF OPERATIONS

For the year ended 31st March, 2007, the Group's consolidated profit before taxation amounted to HK\$52,456,000. During the year under review, the Group disposed of 350,000 shares of Hong Kong Exchanges and Clearing Limited at a profit of HK\$18,270,000. The Group's revenue for the year increased by 19% as compared with that of the previous year.

During the year under review, the Group's gold ornament, jewellery, watches, fashion and gifts retailing business benefited from the increase in mainland travellers and the improving economic environment in Hong Kong. The business achieved a satisfactory result with an increase in turnover to HK\$839 million.

The commission income from the securities broking division of the Group increased by 24% as a result of the blooming Hong Kong stock market. However, the division still faced keen competition from banks.

### DIVIDEND

The Board of Directors resolved to recommend the payment of a final dividend of HK1.2 cents (2006: HK0.8 cent) per ordinary share to shareholders whose names appear on the Register of Members on 7th September, 2007 subject to the approval of shareholders at the forthcoming Annual General Meeting. The dividend warrants for the proposed final dividend will be despatched to shareholders on or about 14th September, 2007.

### PROSPECTS

Looking forward, the retail sector of Hong Kong is expected to benefit from more visitors from Mainland China and the improving economic environment factors such as low unemployment rate and improving consumer sentiment in Hong Kong. In order to capitalise on these favourable factors, the Group plans to expand its retail business in Hong Kong by opening more shops in prime locations. The Group also plans to expand its retail business in the PRC, especially in major cities such as Shanghai and Beijing.

The management is looking for suitable investment opportunities and will continue to introduce more international branded jewellery and watches to satisfy customer need. Recently, the Group has introduced a series of "Day Night" diamond jewellery to customers who favour stylish jewellery. In addition, the Group has obtained dealership of European branded jewellery "Stanzhorn Juwelen GmbH".

The management will follow its prudent management policy and take steps to improve the Group's businesses. In order to upgrade customer services, the management has set up a long term human resource policy to provide more training programs for the frontline staff in both Hong Kong and the PRC, especially for product knowledge and customer services.

### 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, 6th July, 2007