

CHAIRMAN'S REPORT



In 2002 we recorded a turnover of HK\$4,818 million, 3% higher than the year 2001. Net profit attributable to shareholders rose 213% to HK\$64 million.

Putting emphasis on gem-set jewellery and branded products, the jewellery division has been able to increase sales as well as profit margins. We expanded the reach of our retail network in Hong Kong, the Mainland and Taiwan, gaining 13 new locations and 10% in shop area. As we build up our presence in the Mainland through wholly-owned or controlled subsidiaries, we are gaining efficiency in the areas of logistics and manufacturing. In Taiwan, an affiliation with the Japanese brand 4°C brings an expansion of our portfolio of brands and

merchandise, and with it a longer reach for consumers.

Depressed investor sentiment and activity made up a very difficult environment for our securities broking business. We base our strategy for survival on being a lean and efficient house which offers top-notch online trading on top of a solid branch network.

We finished the year with a strong balance sheet and substantial cash, which enables us to fuel our expansion in the Mainland without external resources.

It would be overly optimistic to expect any improvement in 2003 in either Hong Kong or Taiwan. In the Mainland, however, the economy seems likely to continue forging ahead. Dismantling of the control on gold is very slowly but inexorably progressing, making for an easier and more efficient operating environment. It is where opportunity for growth lies.

Speaking for the Board of Directors, I thank our shareholders, customers and staff for their support and dedication.

A handwritten signature in black ink, appearing to read 'Chow Kwen Lim'.

Chow Kwen Lim

Chairman

Hong Kong

3 April 2003