

## C O N T E N T S

Financial Summary	2
Chairman's Statement	3
Review of Operations	4
Report of the Directors	5
Report of the Auditors	10
Consolidated Profit and Loss Account	11
Consolidated Balance Sheet	12
Balance Sheet	13
Consolidated Cash Flow Statement	14
Statement of Recognised Gains and Losses	16
Notes to the Accounts	17
Principal Subsidiary Companies	39
Property Portfolio	41
Corporate Information	45
Company Directory	48

**FINANCIAL SUMMARY**

	1996 <i>HK\$'M</i>	1997 <i>HK\$'M</i>	1998 <i>HK\$'M</i>	1999 <i>HK\$'M</i>	2000 <i>HK\$'M</i>
Consolidated profit and loss account for the year ended 31st March					
Turnover					
Continuing operations	1,675.8	1,841.9	3,195.9	1,286.7	<b>1,136.6</b>
Discontinued operations	293.3	239.3	–	–	–
	<hr/> 1,969.1	<hr/> 2,081.2	<hr/> 3,195.9	<hr/> 1,286.7	<hr/> <b>1,136.6</b>
Profit/(Loss) attributable to shareholders					
Continuing operations	115.9	299.1	(2,753.4)	(188.0)	<b>93.3</b>
Discontinued operations	12.4	(20.0)	–	–	–
	<hr/> 128.3	<hr/> 279.1	<hr/> (2,753.4)	<hr/> (188.0)	<hr/> <b>93.3</b>
Dividends	<hr/> 37.4	<hr/> 46.8	<hr/> –	<hr/> –	<hr/> –
Consolidated balance sheet as at 31st March					
Assets	7,876.8	7,502.4	3,718.6	1,875.3	<b>1,839.0</b>
Less: Liabilities and minority interests	3,626.4	2,995.9	2,885.9	1,238.1	<b>1,114.1</b>
Shareholders' funds	<hr/> 4,250.4	<hr/> 4,506.5	<hr/> 832.7	<hr/> 637.2	<hr/> <b>724.9</b>
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
Per share data					
Earnings/(Loss)	0.14	0.30	(2.94)	(0.20)	<b>0.10</b>
Dividends	0.04	0.05	–	–	–
Net assets	<hr/> 4.54	<hr/> 4.81	<hr/> 0.89	<hr/> 0.68	<hr/> <b>0.77</b>

## CHAIRMAN'S STATEMENT



The Group reported a profit attributable to shareholders of HK\$93 million compared to a loss of HK\$188 million the previous year. Group turnover this year was lower at HK\$1,137 million compared to HK\$1,287 million last year.

The Board does not recommend payment of a dividend as cash will be conserved to meet payment of the Swiss Francs Convertible Notes due in March

2001 and for expansion purposes (1999: HK\$nil).

### REVIEW OF OPERATIONS

A full review of operations is set out on page 4.

### PROSPECTS

After more than 2 years of recession, we expect the Group's overall performance to be better next year in line with improving retail sentiment locally and in Asia. Taking advantage of lower costs in the region, we shall open more shops to increase our market share. Further, new products will be launched to meet the pick up in consumer spending power.

### APPRECIATION

Once again, I want to express my appreciation to other Board members and all staff for their support and hard work during the year.

**Wong Chue Meng**  
*Chairman*

Hong Kong, 27th July 2000



**SUMMARY**

The Group posted a profit attributable to shareholders of HK\$93 million compared to a loss of HK\$188 million last year, with a lower Group turnover of HK\$1,137 million this year compared to HK\$1,287 million last year. The results for the year include a write back of provision for deficits on revaluation of investment properties of HK\$46 million, a gain on repurchase of Swiss Francs Convertible Notes of

HK\$45 million, an exchange gain of HK\$38 million in translating Swiss Francs Convertible Notes and a loss on disposal of a retail property of HK\$15 million.

**OPERATIONS**

**Retail and Trading**

With improving economies in South East Asia and Hong Kong, the Group's Retail and Trading Division reported turnaround results this year. A profit of HK\$5 million was reported against losses of HK\$69 million the previous year. This was due mainly to larger gross margins and more effective controls over operating costs.

Locally, gross margins for watch sales improved as discount sales were reduced and normal sales gradually picked up during the year. Taking advantage of lower prevailing market rents, the number of City Chain stores at prime locations have been increased since the second half of the year. Reengineering the City Chain brand to adopt a fresh and trendy image continues both locally and in Asia with redecoration of shops and changing product mix to introduce fashionable watch brands.

Franchising of our optical retail operations has proved to be very effective in improving the performance of the chain. In Hong Kong, Optical 88 reported near break even results compared to a loss of HK\$15 million last year. Results posted by our operations in Thailand and Singapore were also more favourable compared to last year with Singapore posting break even results and Thailand reporting profits.

We will continue to refocus on the Group's core businesses. Developments for the financial year 2001 include increasing market share and introducing new products. We shall increase market share by opening new shops for City Chain, Optical 88 and Hipo.fant. Due to the success of franchising Optical 88 stores, franchising will be introduced to City Chain later this year.

In May 2000, silver jewellery accessories were introduced in selected City Chain stores in Hong Kong. Response has been positive and there are plans to sell the jewellery in more stores and other Asian countries. This will produce a new source of income for the Group.

Plans are also underway to reposition one of our international watch brands to target younger professionals. This new watch collection will be launched next year at the Basel fair and we expect response to be good.

**Property Investment**

During the financial year, gross rental income received from Stelux House was HK\$37 million (1999:HK\$26 million) including intra-group rental of approximately HK\$6 million (1999:HK\$4 million). The building is now fully leased and contributes stable rental income to the Group. A write back of provision for deficits on revaluation during the year of Stelux House amounted to HK\$50 million while loss on revaluation of other investment properties amounted to HK\$4 million.

A retail property in Hong Kong was disposed of during the year at a loss of HK\$15 million. After the period under review, 2 shops in Hong Kong were disposed of at a profit of about HK\$18 million. Presently, the Group still owns 3 shops in Hong Kong and 5 shops in Macau.

**FINANCE**

The Group's bank borrowings at balance sheet date were HK\$389 million (1999: HK\$439 million). At balance sheet date, approximately 58% of the Group's borrowings (including bank loans and Swiss Francs Convertible Notes) were denominated in Hong Kong Dollars and the remaining 42% were denominated in Swiss Francs. The Notes carry a fixed interest rate of 1.75% per annum. All other borrowings are on a floating rate basis at either bank prime lending rates or short-term inter-bank offer rates.

The outstanding Swiss Francs Convertible Notes are due in March 2001 and cash will be conserved for repayment. During the year, these Notes were reduced to SFr58.9million (1999: SFr79.5 million). Notes at a nominal value of SFr20.6 million were repurchased during the year at a discount of about 44%. Present liability denominated in Swiss Francs is not hedged but foreign currency exposure is constantly under review by management.

The Group does not engage in speculative derivative trading.

**STAFF**

I express my most sincere thanks and gratitude to colleagues and staff members for their commitment, hard work and loyalty to the Group during the year.

**PROSPECTS**

Barring no big slowdown in the US economy and a smooth recovery of the Asian economies, we expect the Group's performance to further improve next year. Effective cost controls implemented over the last two financial years will also continue to be reflected in the Group's results.

On behalf of the Board  
**Joseph C. C. Wong**  
*Managing Director*

Hong Kong, 27th July 2000

## REPORT OF THE DIRECTORS

The directors submit their report together with the audited accounts for the year ended 31st March 2000.

### PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The activities of its principal subsidiary companies are shown on pages 39 to 40.

### RESULTS AND DIVIDENDS

The results of the Group for the year ended 31st March 2000 are set out in the consolidated profit and loss account on page 11.

The directors do not recommend the payment of a dividend for the year.

### RESERVES

Movements in the reserves of the Group and the Company during the year are set out in note 22 to the accounts.

### DONATIONS

During the year, the Group made charitable and other donations of HK\$52,000.

### FIXED ASSETS

Details of the movements in fixed assets are shown in note 12 to the accounts.

### PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's Bye-laws although there is no restriction against such rights under the laws in Bermuda.

### DIRECTORS AND INTERESTS IN CONTRACTS

The directors during the year and at the date of this report were:

**Wong** Chue Meng

**Wong** Chong Po

Joseph C. C. **Wong**

**Chu** Kai Wah, Anthony

Sakorn **Kanjanapas**

**Lee** Shu Chung, Stan

Sudarat **Sagarino**

**Wong** Yuk Woon

Kriangsak Francis **Kanjanapas** (alias Francis Wong)

(resigned on 1st April 2000)

**Kwong** Yiu Chung

(independent non-executive)

**Chu** Chun Keung, Sydney

(independent non-executive)

In accordance with Clause 110(A) of the Company's Bye-laws, Mr Sakorn Kanjanapas, Mrs Sudarat Sagarino and Dr Chu Chun Keung, Sydney will retire at the forthcoming Annual General Meeting and being eligible, offer themselves for re-election.

The independent non-executive directors do not have specific terms of appointment, but are subject to retirement by rotation at periodic intervals pursuant to the Bye-laws of the Company.

No director has a service contract with the Company which is not determinable by the employer within one year without payment of compensation (other than statutory compensation).

Pursuant to an Executive Bonus Scheme approved under a board resolution passed on 7th January 1993 by Stelux Holdings Limited, Mr Wong Chong Po and Mr Joseph C. C. Wong were eligible to an annual bonus determinable under the terms of the Executive Bonus Scheme, with respect to their management of the Group. By a board resolution passed on 17th January 2000, Mr Anthony Chu Kai Wah, Mr Stan Lee Shu Chung and Mr Wong Yuk Woon also became eligible to the afore-mentioned bonus scheme. Provision for the executive bonus in respect of the directors eligible under the Executive Bonus Scheme for the year ended 31st March 2000 amounted to HK\$4,175,000 (1999: HK\$nil).

**DIRECTORS AND INTERESTS IN CONTRACTS** *(Continued)*

Apart from the foregoing and the related party transactions referred to in note 29 to the accounts, there are no other contracts of significance in relation to the Company's business to which the Company or its subsidiary companies was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

**DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES**

On 25th June 1997, a share option scheme for the executive directors and employees of the Company and its subsidiary companies (the "Scheme") was approved and adopted by the shareholders pursuant to which the directors were authorised to grant options to executive directors and employees of the Company or its subsidiary companies to subscribe for shares of the Company for a period of ten years. The maximum number of shares in respect of which options may be granted under the Scheme may not exceed 5% of the total shares in issue.

During the year, share options to subscribe for 9,000,000 shares, exercisable at HK\$0.248 per share during the period from 17th January 2000 to 16th January 2005, were granted to the directors of the Company as follows:

Name of directors	Number of options granted
Mr Joseph C. C. Wong	5,000,000
Mr Chu Kai Wah, Anthony	1,000,000
Mr Lee Shu Chung, Stan	1,000,000
Mrs Sudarat Sagarino	1,000,000
Mr Wong Yuk Woon	1,000,000

Further details of the Scheme are set out in note 21. No options brought forward or granted during the year have been exercised during the year.

With the exception of the Scheme of the Company, at no time during the year was the Company or its subsidiary companies a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

**DIRECTORS' INTERESTS**

As at 31st March 2000, the interests of the directors and their associates in the shares and options of the Company and its associated corporations as recorded in the register maintained under section 29 of the Securities (Disclosure of Interests) Ordinance ("SDI Ordinance") were as follows:

(a) **The Company – Ordinary shares**

	Number of shares			Total
	Personal interests	Family interests	Corporate interests	
Mr Wong Chue Meng	12,114,080	527,570,666 <sup>[1]</sup>	609,471,959 <sup>[1]</sup>	630,716,964*
Mr Wong Chong Po	3,600,000	–	518,439,741 <sup>[2]</sup>	522,039,741
Mr Joseph C. C. Wong	5,077,211	10,000	–	5,087,211
Mr Sakorn Kanjanapas	391,056	–	–	391,056
Mr Kriangsak Francis Kanjanapas	2,804,032	–	–	2,804,032

(b) **The Company – Number of options to subscribe for ordinary shares of HK\$0.1 each**

	Number of options			Total
	Personal interests	Family interests	Corporate interests	
Mr Joseph C. C. Wong	11,000,000	–	–	11,000,000
Mr Chu Kai Wah, Anthony	3,000,000	–	–	3,000,000
Mr Lee Shu Chung, Stan	3,000,000	–	–	3,000,000
Mrs Sudarat Sagarino	3,000,000	–	–	3,000,000
Mr Wong Yuk Woon	3,000,000	–	–	3,000,000
Mr Kriangsak Francis Kanjanapas	2,000,000	–	–	2,000,000

**DIRECTORS' INTERESTS** *(Continued)*
**(c) The Company – Swiss Francs Convertible Notes due 2001**

	Amount of notes			Total
	Personal interests	Family interests	Corporate interests	
Mr Joseph C. C. Wong	SFr 3,000,000	–	–	SFr 3,000,000

**(d) Subsidiary companies**

	Number of shares			Total
	Personal interests	Family interests	Corporate interests	
(i) City Chain (Thailand) Company Limited – Preference shares <sup>[3]</sup>				
Mr Wong Chue Meng	–	–	208,800	208,800
Mr Wong Chong Po	200	–	208,800	209,000
Mr Joseph C. C. Wong	200	–	208,800	209,000
Mr Sakorn Kanjanapas	200	–	208,800	209,000
Mr Kriangsak Francis Kanjanapas	200	–	208,800	209,000
(ii) Stelux Watch (Thailand) Company Limited – Preference shares <sup>[4]</sup>				
Mr Wong Chong Po	600	–	–	600
Mr Joseph C. C. Wong	600	–	–	600
Mr Sakorn Kanjanapas	600	–	–	600
Mr Kriangsak Francis Kanjanapas	600	–	–	600
(iii) Optical 88 (Thailand) Company Limited – Preference shares <sup>[5]</sup>				
Mr Wong Chue Meng	–	–	225,000	225,000
Mr Wong Chong Po	5,000	–	225,000	230,000
Mr Joseph C. C. Wong	5,000	–	225,000	230,000
Mr Sakorn Kanjanapas	5,000	–	225,000	230,000
Mr Kriangsak Francis Kanjanapas	5,000	–	225,000	230,000

\* *Total interests excluding duplication as explained in the respective notes.*

By virtue of the SDI Ordinance and his interests in the ultimate holding company, Yee Hing Company Limited, Thong Sia Company Limited, Active Lights Company Limited and Yee Hing International Limited, Mr Wong Chue Meng is deemed to have family and corporate interests in the shares of the Company and its associated corporations at 31st March 2000 as follows:

- (1) This includes the duplication of corporate interests of 518,439,741 shares through Yee Hing Company Limited, Active Lights Company Limited and Yee Hing International Limited in which Mr Wong Chue Meng is deemed to have both family and corporate interests.

By virtue of the SDI Ordinance, Mr Wong Chong Po is deemed to have corporate interests in the shares of the Company and its associated corporations at 31st March 2000 as follows:

- (2) Mr Wong Chong Po has beneficial interests in Yee Hing Company Limited which has corporate interests in the Company.

By virtue of the SDI Ordinance and their family and corporate interests in the Company stated above, Mr Wong Chue Meng, Mr Wong Chong Po, Mr Joseph C. C. Wong, Mr Sakorn Kanjanapas and Mr Kriangsak Francis Kanjanapas are deemed to have corporate interests in City Chain (Thailand) Company Limited at 31st March 2000 as follows:

**DIRECTORS' INTERESTS** *(Continued)*

- (3) City Chain (Thailand) Company Limited is deemed to be a wholly owned subsidiary company of the Company as all its ordinary shares carrying voting rights are held by a wholly owned subsidiary of the Company. The interests of these directors in the ordinary shares of City Chain (Thailand) Company Limited are therefore equivalent to their respective personal, family and corporate interests in the Company. The preference shares held by certain directors represent preference shares issued by City Chain (Thailand) Company Limited which do not carry any voting rights and which are not entitled to any profit sharing but are only entitled to annual fixed dividends.

By virtue of the SDI Ordinance and their family and corporate interests in the Company stated above, Mr Wong Chong Po, Mr Joseph C. C. Wong, Mr Sakorn Kanjanapas and Mr Kriangsak Francis Kanjanapas are deemed to have corporate interests in Stelux Watch (Thailand) Company Limited at 31st March 2000 as follows:

- (4) Stelux Watch (Thailand) Company Limited is deemed to be a wholly owned subsidiary company of the Company as all its ordinary shares carrying voting rights are held by a wholly owned subsidiary of the Company. The interests of these directors in the ordinary shares of Stelux Watch (Thailand) Company Limited are therefore equivalent to their respective personal, family and corporate interests in the Company. The preference shares held by certain directors represent preference shares issued by Stelux Watch (Thailand) Company Limited which do not carry any voting rights and which are not entitled to any profit sharing but are only entitled to annual fixed dividends.

By virtue of the SDI Ordinance and their family and corporate interests in the Company stated above, Mr Wong Chue Meng, Mr Wong Chong Po, Mr Joseph C. C. Wong, Mr Sakorn Kanjanapas and Mr Kriangsak Francis Kanjanapas are deemed to have corporate interests in Optical 88 (Thailand) Company Limited at 31st March 2000 as follows:

- (5) Optical 88 (Thailand) Company Limited is deemed to be a wholly owned subsidiary company of the Company as all its ordinary shares carrying voting rights are held by a wholly owned subsidiary of the Company. The interests of these directors in the ordinary shares of Optical 88 (Thailand) Company Limited are therefore equivalent to their respective personal, family and corporate interests in the Company. The preference shares held by certain directors represent preference shares issued by Optical 88 (Thailand) Company Limited which do not carry any voting rights and which are not entitled to any profit sharing but are only entitled to annual fixed dividends.

Save as disclosed above, none of the directors of the Company was interested in the shares, options and convertible notes of the Company or any of the Company's associated corporations as at 31st March 2000.

**SUBSTANTIAL SHAREHOLDERS**

Save as disclosed in Directors' Interests above, so far as the directors are aware, there are no other parties which were, directly or indirectly, interested in 10 per cent or more of the nominal value of the share capital of the Company as at 31st March 2000 as recorded in the register required to be kept by the Company under section 16(1) of the SDI Ordinance.

**PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES**

During the year, there was no purchase, sale or redemption by the Company, or any of its subsidiary companies, of the Company's listed securities except that a wholly owned subsidiary company had repurchased Swiss Francs 20.6 million of the unlisted Swiss Francs Convertible Notes issued by the same subsidiary as follows:

<b>Issuer</b>	<b>Description</b>	<b>Nominal amount repurchased</b>	<b>Consideration paid</b>
Stelux Holdings Limited	1.75 percent Swiss Francs 125,000,000 Convertible Notes due 2001	Swiss Francs 20,600,000	Swiss Francs 11,479,750 average of 56 per cent of nominal value

**MAJOR CUSTOMERS AND SUPPLIERS**

During the year, the Group purchased less than 30% of its goods and services from its 5 largest suppliers and sold less than 30% of its goods and services to its 5 largest customers.

**MANAGEMENT CONTRACTS**

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

### **CODE OF BEST PRACTICE**

In the opinion of the directors, the Company has complied with the Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited throughout the year except that the independent non-executive directors of the Company are not appointed for a specific term.

### **YEAR 2000 COMPLIANCE**

Details of the Group's assessment of the Year 2000 problem, structure and progress of the compliance project have been disclosed in the interim report dated 21st December 1999. The Group became Year 2000 compliant in September 1999. Total spending on the Year 2000 project which was paid and capitalised, was approximately HK\$1.5 million. The Group has no further commitments in respect of the Year 2000 project.

To date, the Group has not experienced any Year 2000 non-compliance issues. Accordingly, the Group's contingency plans have not been required to be put into use. However, the Group is mindful that the Year 2000 problem may still persist into the year, therefore, there is still a possibility that a disruption to operations may result. The Group has not taken up insurance cover for potential losses caused by the Year 2000 problem.

### **AUDIT COMMITTEE**

Pursuant to the Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited, an audit committee, comprising two independent non-executive directors, namely Mr Kwong Yiu Chung and Dr Chu Chun Keung, Sydney, was established on 26th February 1999 ("Audit Committee").

By reference to "A Guide for The Formation of An Audit Committee" published by the Hong Kong Society of Accountants, written terms of reference which describe the authority and duties of the Audit Committee were prepared and adopted by the Board of the Company on the same date. The principal responsibilities of the Audit Committee include the review and supervision of the Group's financial reporting process and internal controls.

### **SUBSEQUENT EVENTS**

Subsequent to the balance sheet date, the Group entered into agreements for the disposal of certain properties held by the Group to third parties at a profit of about HK\$18 million. The aggregate sales proceeds are HK\$107 million.

### **AUDITORS**

The accounts have been audited by PricewaterhouseCoopers who retire and, being eligible, offer themselves for re-appointment.

On behalf of the Board

**Joseph C. C. Wong**  
*Managing Director*

Hong Kong, 27th July 2000

## REPORT OF THE AUDITORS

**TO THE SHAREHOLDERS OF  
STELUX HOLDINGS INTERNATIONAL LIMITED**  
*(incorporated in Bermuda with limited liability)*

We have audited the accounts on pages 11 to 40 which have been prepared in accordance with accounting principles generally accepted in Hong Kong.

### **Respective responsibilities of directors and auditors**

The Company's directors are responsible for the preparation of accounts which give a true and fair view. In preparing accounts which give a true and fair view it is fundamental that appropriate accounting policies are selected and applied consistently.

It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

### **Basis of opinion**

We conducted our audit in accordance with Statements of Auditing Standards issued by the Hong Kong Society of Accountants. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the Company's and the Group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the accounts are free from material misstatement. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts. We believe that our audit provides a reasonable basis for our opinion.

### **Opinion**

In our opinion the accounts give a true and fair view of the state of affairs of the Company and the Group as at 31st March 2000 and of the profit and cash flows of the Group for the year then ended and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

**PricewaterhouseCoopers**  
*Certified Public Accountants*

Hong Kong, 27th July 2000

## CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended 31st March 2000

	Note	2000 HK\$'000	1999 HK\$'000
Turnover	3	1,136,600	1,286,677
Cost of sales		(451,523)	(581,893)
Gross profit		685,077	704,784
Other income	4	30,609	21,746
Selling expenses		(379,740)	(440,325)
General and administrative expenses		(167,986)	(179,778)
Other operating expenses		(139,924)	(145,490)
Surplus written back/(deficits) on the revaluation of investment properties		46,050	(158,472)
Profit on repurchase of convertible notes		44,662	99,164
Foreign exchange gain/(loss) on convertible notes		37,937	(15,977)
Net (loss)/profit on sales of land and buildings		(15,410)	9,387
Recovery of bank deposit from Bank of Credit and Commercres Group (in liquidation)		2,904	–
Net unrealised (loss)/gain on marketable securities		(527)	7,708
Additional depreciation for overseas properties		–	(10,000)
Provision written back for severance payments		–	3,425
Operating profit/(loss)	5	143,652	(103,828)
Finance costs	6	(46,890)	(81,713)
Profit/(loss) before taxation		96,762	(185,541)
Taxation	9	(3,430)	(2,413)
Profit/(loss) after taxation		93,332	(187,954)
Minority interests		–	–
Profit/(loss) attributable to shareholders	10	93,332	(187,954)
Earnings/(loss) per share	11	<i>cents</i>	<i>cents</i>
– basic		9.97	(20.1)
– diluted		9.90	–

**CONSOLIDATED BALANCE SHEET**

At 31st March 2000

	Note	2000 HK\$'000	1999 HK\$'000
Fixed assets	12	1,047,772	1,028,860
Investment securities	14	4,299	4,299
Trademarks and patents	15	29,606	31,941
Deferred expenditure	16	–	344
Current assets			
Stocks	17	361,912	352,352
Debtors and prepayments	18	328,073	338,321
Marketable securities	19	22,265	36,535
Cash and bank balances		45,082	82,670
		<b>757,332</b>	<b>809,878</b>
Current liabilities			
Bank overdrafts and short term loans			
Secured		55,396	84,498
Unsecured		25,009	60,856
Creditors and accruals	20	322,118	361,289
Convertible notes	24	275,652	–
Current portion of other long term liabilities	26	36,358	42,439
Taxation payable		14,024	12,490
		<b>728,557</b>	<b>561,572</b>
Net current assets		<b>28,775</b>	<b>248,306</b>
Employment of funds		<b>1,110,452</b>	<b>1,313,750</b>
Financed by:			
Share capital	21	93,634	93,634
Reserves	22	631,262	543,587
Shareholders' funds		<b>724,896</b>	<b>637,221</b>
Minority interests		1,670	1,679
Deferred taxation	23	149	156
Convertible notes	24	–	415,785
Loans from shareholders	25	3,892	3,892
Other long term liabilities	26	379,845	255,017
Funds employed		<b>1,110,452</b>	<b>1,313,750</b>

**Wong Chong Po**  
Executive Chairman

**Joseph C. C. Wong**  
Managing Director

**BALANCE SHEET**

At 31st March 2000

	Note	2000 HK\$'000	1999 HK\$'000
Subsidiary companies	13	493,320	496,269
Current assets			
Debtors and prepayments		9	9
Cash and bank balances		4	7
		13	16
Current liabilities			
Creditors and accruals		2,412	2,465
Net current liabilities		(2,399)	(2,449)
Employment of funds		490,921	493,820
Financed by:			
Share capital	21	93,634	93,634
Reserves	22	393,395	396,294
Shareholders' funds		487,029	489,928
Loans from shareholders	25	3,892	3,892
Funds employed		490,921	493,820

**Wong Chong Po**  
Executive Chairman

**Joseph C. C. Wong**  
Managing Director

**CONSOLIDATED CASH FLOW STATEMENT***For the year ended 31st March 2000*

	<i>Note</i>	<b>2000</b> <b>HK\$'000</b>	1999 <i>HK\$'000</i>
Net cash inflow from operating activities	<i>31(a)</i>	<b>129,851</b>	80,040
<hr/>			
Returns on investments and servicing of finance			
Interest received		<b>8,129</b>	8,367
Interest paid		<b>(46,585)</b>	(122,628)
Dividends received		<b>815</b>	7,967
<hr/>			
Net cash outflow from returns on investments and servicing of finance		<b>(37,641)</b>	(106,294)
<hr/>			
Taxation			
Hong Kong profits tax paid		<b>(457)</b>	–
Hong Kong profits tax refunded		<b>36</b>	228
Overseas tax paid		<b>(2,249)</b>	(330)
Overseas tax refunded		<b>717</b>	–
<hr/>			
Tax paid		<b>(1,953)</b>	(102)
<hr/>			
Investing activities			
Purchase of trademarks and patents		–	(754)
Purchase of fixed assets		<b>(48,437)</b>	(63,432)
Proceeds from sale of land and buildings		<b>11,914</b>	1,367,251
Proceeds from sale of other fixed assets		<b>1,801</b>	600
Deferred expenditure incurred		–	(2,126)
Repatriation of share capital from other investments		–	750
<hr/>			
Net cash (outflow)/inflow from investing activities		<b>(34,722)</b>	1,302,289
<hr/>			

## CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31st March 2000 (Continued)

	Note	2000 HK\$'000	1999 HK\$'000
Net cash inflow before financing		55,535	1,275,933
<hr/>			
Financing	31(b)		
Net increase/(decrease) of long term bank loans		15,195	(1,243,391)
Addition of finance leases		693	–
Capital repayment of finance leases		(281)	(3,039)
Net increase in amounts due to and loans from related companies		12,020	14,515
Decrease in retention money		–	(5,606)
Redemption of convertible notes		(57,534)	(36,528)
Decrease in loans from shareholders		–	(37,910)
Net cash outflow from financing		(29,907)	(1,311,959)
<hr/>			
Increase/(decrease) in cash and cash equivalents		25,628	(36,026)
Cash and cash equivalents at 1st April		(62,684)	(27,901)
Effect of foreign exchange rate changes		1,733	1,243
Cash and cash equivalents at 31st March		(35,323)	(62,684)
<hr/>			
Analysis of the balances of cash and cash equivalents:			
Cash and bank balances		45,082	82,670
Bank overdrafts and short term loans			
Secured		(55,396)	(84,498)
Unsecured		(25,009)	(60,856)
		(35,323)	(62,684)

**STATEMENT OF RECOGNISED GAINS AND LOSSES***For the year ended 31st March 2000*

	<i>Note</i>	<b>2000</b> <b>HK\$'000</b>	1999 <i>HK\$'000</i>
Exchange (losses)/gains arising from translation of overseas subsidiary companies not recognised in the profit and loss account	22	<b>(5,657)</b>	5,523
Profit/(loss) attributable to shareholders	22	<b>93,332</b>	(187,954)
<b>Total recognised gains/(losses)</b>		<b>87,675</b>	(182,431)

**1. Principal activities**

The principal activity of the Company is investment holding. The activities of its principal subsidiary companies are shown on pages 39 to 40.

**2. Principal accounting policies**

The principal accounting policies adopted in the preparation of the accounts are as follows:

**(a) Basis of preparation**

The accounts have been prepared in accordance with generally accepted accounting principles in Hong Kong and comply with accounting standards issued by the Hong Kong Society of Accountants. The accounts are prepared under the historical cost convention as modified by the revaluation of investment properties and marketable securities.

**(b) Consolidation**

The consolidated accounts include the accounts of the Company and its subsidiary companies made up to 31st March.

All significant intercompany transactions and balances within the Group are eliminated on consolidation.

**(c) Goodwill**

Goodwill represents the excess of purchase consideration over fair values ascribed to the net tangible assets of subsidiary companies acquired and is written off directly to reserves in the year of acquisition.

**(d) Subsidiary companies**

A company is a subsidiary company if more than 50% of the issued voting capital is held for the long term. Investments in subsidiary companies are carried at cost less provision. Provision is made when there is a permanent diminution in value.

**(e) Fixed assets and depreciation**

Fixed assets other than investment properties (note 2(f)) are stated at cost less accumulated depreciation.

Depreciation is provided at rates calculated to write off their cost by equal annual instalments over their estimated useful lives or, if shorter, the relevant finance lease periods, as follows:

Leasehold land	over the unexpired period of the lease
Buildings	lesser of the unexpired lease term or 2 to 2½%
Plant and equipment	10 to 33⅓%
Furniture and fixtures	7 to 33⅓%
Motor vehicles	20 to 25%

The gain or loss on disposal of a fixed asset other than investment properties is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in the profit and loss account.

**2. Principal accounting policies** *(Continued)***(f) Investment properties**

Investment properties are interests in land and buildings in respect of which construction work and development have been completed and which are held for their investment potential.

Investment properties are valued annually by independent professional valuers. Increases in valuations are credited to the investment properties revaluation reserve; decreases are first set off against earlier revaluation surpluses on a portfolio basis and thereafter charged to the profit and loss account. Any subsequent increases are credited to the profit and loss account up to the amount previously charged.

No depreciation is provided on investment properties held on leases of more than twenty years and freehold land.

Upon the disposal of an investment property, the relevant revaluation surplus realised is released from the asset revaluation reserve to the profit and loss account.

**(g) Assets under leases***(i) Finance leases*

Leases that substantially transfer to the Group all the rewards and risks of ownership of assets, other than legal title, are accounted for as finance leases. At the inception of a finance lease, the fair value of the asset is recorded together with the obligation, excluding the interest element, to pay future rentals. Finance charges are debited to the profit and loss account in proportion to the capital balances outstanding. Assets held under finance leases are depreciated on the basis described in note 2(e).

*(ii) Operating leases*

Leases where substantially all the rewards and risks of ownership of assets remain with the lessors are accounted for as operating leases. Rentals applicable to such operating leases are charged to the profit and loss account on a straight line basis over the lease term.

**(h) Investment securities**

Investment securities are held for non-trading purpose and long-term. Investment securities are stated at cost less provision for permanent diminution in value.

**(i) Trademarks and patents**

Watch brand trademarks are stated at cost less amortisation. Cost is amortised over the estimated useful economic life of 20 years on a straight line basis.

The other trademark and patent is carried at directors' valuation made in 1972.

**(j) Stocks**

Stocks are stated at the lower of cost and net realisable value. The stock valuation includes the cost of direct labour, materials and an appropriate proportion of production overhead expenditure. Cost is calculated on the first in first out or weighted average basis. Net realisable value is determined on the basis of anticipated sales proceeds less estimated selling expenses.

**2. Principal accounting policies** *(Continued)***(k) Marketable securities**

Marketable securities are stated at fair value. At each balance sheet date, the net unrealised gains or losses arising from the changes in market value of marketable securities are recognised in the profit and loss account. Profits or losses upon the disposals of marketable securities, representing the difference between the net sales proceeds and the carrying amounts, are recognised in the profit and loss account as they arise.

**(l) Deferred taxation**

Deferred taxation is accounted for at current tax rates in respect of timing differences between profit as computed for taxation purposes and profit as stated in the accounts to the extent that a liability or asset is expected to be payable or recoverable in the foreseeable future.

**(m) Foreign currencies**

Transactions in foreign currencies are converted at exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at rates of exchange ruling at the balance sheet date. Exchange differences arising in these cases are dealt with in the profit and loss account.

The accounts of subsidiary companies expressed in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Exchange differences arising are dealt with as a movement in reserves.

**(n) Retirement benefit costs**

The Group operates a defined contribution retirement scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The Group's contributions to the scheme are expensed as incurred and may be reduced by contributions forfeited by those employees who leave the scheme prior to vesting fully in the contributions.

**(o) Related parties**

Related parties are individuals and companies, including subsidiary companies, where the individual, company or group has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions.

**(p) Recognition of revenue**

Revenue is recognized when it is probable that the economic benefits will accrue to the Group and when the revenue can be measured reliably on the following bases:

- (i) invoiced value of goods net of discounts and allowances, when the goods are delivered to the customers;
- (ii) rental income, on an accruals basis in accordance with the lease agreements;
- (iii) sales of marketable securities, when the significant risks and rewards of ownership have been transferred to the purchasers;
- (iv) dividend income, when the shareholder's right to receive payment is established;

**2. Principal accounting policies** *(Continued)*
**(p) Recognition of revenue** *(Continued)*

- (v) interest income, in proportion to time, taking account of the principal outstanding and the effective interest rate applicable and;
- (vi) profit on disposal of completed properties, when the sale and purchase agreements are completed.

**3. Turnover and contribution to profit/(loss) before taxation**

Turnover represents the following and comprises revenues from:

	<b>2000</b> <b>HK\$'000</b>	1999 <i>HK\$'000</i>
Sales of goods	<b>1,065,333</b>	1,210,353
Gross rental income	<b>38,137</b>	33,195
Sales of marketable securities	<b>24,142</b>	27,190
Dividend income	<b>812</b>	7,967
Interest income	<b>8,176</b>	7,972
	<b>1,136,600</b>	1,286,677

The analysis of the Group's turnover and contribution to the profit/(loss) before taxation by activities and geography are as follows:

	<b>2000</b> <b>HK\$'000</b>	%	1999 <i>HK\$'000</i>	%
Analysis by activities:				
(i) Turnover:				
Investment	<b>27,002</b>	<b>2</b>	39,037	3
Property	<b>41,425</b>	<b>4</b>	34,440	3
Retailing and trading	<b>1,068,173</b>	<b>94</b>	1,213,200	94
	<b>1,136,600</b>	<b>100</b>	1,286,677	100
	<b>2000</b> <b>HK\$'000</b>	%	1999 <i>HK\$'000</i>	%
(ii) Contribution to profit/(loss) before taxation:				
Investment	<b>92,990</b>	<b>96</b>	83,632	(45)
Property	<b>30,621</b>	<b>32</b>	(172,691)	93
Retailing and trading	<b>5,033</b>	<b>5</b>	(69,369)	37
Group administration overheads	<b>(31,882)</b>	<b>(33)</b>	(27,113)	15
	<b>96,762</b>	<b>100</b>	(185,541)	100

**NOTES TO THE ACCOUNTS**
**3. Turnover and contribution to profit/(loss) before taxation (Continued)**

	2000 HK\$'000	%	1999 HK\$'000	%
Geographical analysis:				
(i) Turnover:				
Hong Kong	634,711	55	700,893	55
South East and Far East Asia	233,619	21	297,883	23
Europe	225,401	20	244,181	19
North America	29,857	3	31,606	2
Others	13,012	1	12,114	1
	<b>1,136,600</b>	<b>100</b>	1,286,677	100
<hr/>				
	2000 HK\$'000	%	1999 HK\$'000	%
(ii) Contribution to profit/(loss) before taxation:				
Hong Kong	72,715	75	(189,946)	102
South East and Far East Asia	15,059	16	(12,226)	6
Europe	39,098	40	42,804	(23)
North America	712	1	661	–
Others	1,060	1	279	–
Group administration overheads	(31,882)	(33)	(27,113)	15
	<b>96,762</b>	<b>100</b>	(185,541)	100

**4. Other income**

	2000 HK\$'000	1999 HK\$'000
Building management fee income	12,877	6,560
Profit on sales of spare parts	3,144	3,924
Royalty income	346	290
Provision written back for closure cost of an overseas subsidiary company	5,060	1,441
Sundries	9,182	9,531
	<b>30,609</b>	21,746

**5. Operating profit/(loss)**

	2000 <i>HK\$'000</i>	1999 <i>HK\$'000</i>
Operating profit/(loss) is stated after charging:		
Depreciation		
Owned fixed assets	45,185	50,292
Leased fixed assets	334	412
Auditors' remuneration		
Current year	4,428	4,536
(Over)/underprovision in respect of prior years	(1,019)	74
Operating leases		
Land and buildings	132,863	174,679
Plant and machinery	823	304
Amortisation of deferred expenditure	–	5,208
Deferred expenditure written off	344	1,393
Amortisation of trademarks and patents	1,874	2,177
Outgoings in respect of investment properties	8,229	3,730
Loss on disposal of fixed assets	758	4,895
Provision for stock obsolescence and stocks written off	19,797	18,776
Provision for doubtful debts	12,468	8,905
Staff costs	185,016	214,080
<hr/>		
and after crediting:		
Net exchange gains	5,972	959
Gain on sales of marketable securities	10,404	8,531

**6. Finance costs**

	2000 <i>HK\$'000</i>	1999 <i>HK\$'000</i>
Interest on overdrafts and bank loans wholly repayable within five years	38,619	68,729
Interest on bank loans not wholly repayable within five years	15	–
Interest on other loans wholly repayable within five years	8,197	12,916
Interest on finance leases	59	68
<hr/>		
	46,890	81,713

**7. Emoluments of directors and senior management**

	<b>2000</b> <i>HK\$'000</i>	1999 <i>HK\$'000</i>
Fees		
– executive directors	<b>560</b>	560
– non-executive directors	<b>340</b>	340
Salaries, allowances and benefits in kind	<b>12,149</b>	12,307
Pensions contributions	<b>107</b>	246
Executive Bonus Scheme	<b>4,175</b>	–
	<b>17,331</b>	13,453

Pursuant to an Executive Bonus Scheme approved under a board resolution passed on 7th January 1993 by Stelux Holdings Limited, Mr Wong Chong Po and Mr Joseph C. C. Wong were eligible to an annual bonus determinable under the terms of the Executive Bonus Scheme, with respect to their management of the Group. By a board resolution passed on 17th January 2000, Mr Anthony Chu Kai Wah, Mr Stan Lee Shu Chung and Mr Wong Yuk Woon also became eligible to the afore-mentioned bonus scheme.

Emoluments paid to independent non-executive directors for the year included directors' fees amounting to HK\$160,000 (1999: HK\$160,000).

The emoluments were paid to the directors as follows:

	<b>2000</b> <i>Number</i> <i>of directors</i>	1999 <i>Number</i> <i>of directors</i>
<b>Emolument bands</b>		
HK\$ Nil – HK\$500,000	<b>4</b>	4
HK\$1,000,001 – HK\$1,500,000	<b>1</b>	2
HK\$1,500,001 – HK\$2,000,000	<b>1</b>	4
HK\$2,000,001 – HK\$2,500,000	<b>3</b>	–
HK\$2,500,001 – HK\$3,000,000	<b>1</b>	–
HK\$3,000,001 – HK\$3,500,000	<b>–</b>	1
HK\$3,500,001 – HK\$4,500,000	<b>1</b>	–
	<b>11</b>	11

During the year, 9,000,000 share options were granted to the directors under a share option scheme approved on 25th June 1997. The options are exercisable at HK\$0.248 per share during the period from 17th January 2000 to 16th January 2005. During the year, no options had been exercised by the directors.

**7. Emoluments of directors and senior management (Continued)**

In addition to the above analysis for directors, there was one employee (1999: one) whose emoluments were among the five highest in the Group. Details of the emoluments paid to this employee were:

	2000 <i>HK\$'000</i>	1999 <i>HK\$'000</i>
Salaries, allowances and benefits in kind	1,161	1,063
Pensions contributions	90	70
Bonuses	1,014	1,232
	<b>2,265</b>	2,365

**8. Retirement benefits**

The Group operates a defined contribution retirement scheme for some of its employees. The scheme requires equal contributions from the Group and the employees based on a specified percentage of the basic salary of employees. However with effect from 1st December 1998, contributions from the Group and the employees to the scheme were temporarily suspended for 13 months. The Group's contribution to this scheme is expensed as incurred and may be reduced by contributions forfeited for those employees who leave the scheme prior to vesting fully in the contributions. The scheme cost charged to the profit and loss account for the year was HK\$1,182,651 (1999: HK\$3,930,405) before forfeited contributions utilised by the Group for the year of HK\$1,664,344 (1999: HK\$3,584,020).

**9. Taxation**

	2000 <i>HK\$'000</i>	1999 <i>HK\$'000</i>
Company and subsidiary companies:		
Hong Kong profits tax		
Current taxation	(282)	(387)
Over provision in respect of prior years	-	21
	<b>(282)</b>	(366)
-----		
Overseas profits tax		
Current taxation	(2,354)	(235)
Under provision in respect of prior years	(801)	(1,261)
Deferred taxation ( <i>note 23</i> )	7	(551)
	<b>(3,148)</b>	(2,047)
	<b>(3,430)</b>	(2,413)

Hong Kong profits tax has been provided at the rate of 16% (1999: 16%) on the estimated assessable profit for the year less relief for available tax losses. Taxation on overseas profits has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the countries in which the Group operates.

**NOTES TO THE ACCOUNTS****9. Taxation (Continued)**

Deferred tax (charge)/credit for the year has not been provided in respect of the following:

	<b>2000</b> <b>HK\$'000</b>	1999 <i>HK\$'000</i>
Accelerated depreciation allowances	<b>(411)</b>	2,455
Other timing differences	<b>317</b>	7,017
	<b>(94)</b>	9,472

**10. Profit/(loss) attributable to shareholders**

Profit/(loss) attributable to shareholders is dealt with in the accounts of the Company to the extent of loss of HK\$2,899,000 (1999: loss of HK\$286,157,000).

**11. Earnings/(loss) per share**

The calculation of basic earnings per share is based on the Group's profit attributable to shareholders of HK\$93,332,000 (1999: loss of HK\$187,954,000) and on the weighted average number of 936,340,023 shares (1999: 936,340,023 shares) in issue during the year.

The calculation of diluted earnings per share is based on profit attributable to shareholders of HK\$93,332,000 and on the weighted average number of 936,340,023 shares in issue during the year plus the weighted average number of 5,990,112 shares deemed to have been issued at no consideration pursuant to the relevant outstanding options having been exercised.

**12. Fixed assets**

	<b>Land and buildings</b> <i>HK\$'000</i>	<b>Investment properties</b> <i>HK\$'000</i>	<b>Plant, equipment and others</b> <i>HK\$'000</i>	<b>Total</b> <i>HK\$'000</i>
<b>Group</b>				
Cost or valuation				
At 31st March 1999	443,893	579,950	277,031	1,300,874
Translation differences	(303)	–	(15)	(318)
Additions	8,372	–	40,065	48,437
Transfers	22,000	(22,000)	–	–
Disposals	(29,020)	–	(37,722)	(66,742)
Revaluation surplus	–	46,050	–	46,050
<b>At 31st March 2000</b>	<b>444,942</b>	<b>604,000</b>	<b>279,359</b>	<b>1,328,301</b>
Accumulated depreciation				
At 31st March 1999	67,915	–	204,099	272,014
Translation differences	(40)	–	(105)	(145)
Charge for the year	11,608	–	33,911	45,519
Disposals	(1,696)	–	(35,163)	(36,859)
<b>At 31st March 2000</b>	<b>77,787</b>	<b>–</b>	<b>202,742</b>	<b>280,529</b>
Net book value				
<b>At 31st March 2000</b>	<b>367,155</b>	<b>604,000</b>	<b>76,617</b>	<b>1,047,772</b>
At 31st March 1999	375,978	579,950	72,932	1,028,860

Investment properties of the Group were valued on the open market value basis at 31st March 2000 by Brooke International (China) Limited, DTZ Debenham Tie Leung Limited and Jones Lang LaSalle Limited, independent property valuers. All other fixed assets are stated at cost less accumulated depreciation.

## NOTES TO THE ACCOUNTS

### 12. Fixed assets (Continued)

(a) The Group's land and buildings and investment properties are held on the following terms:

	Hong Kong HK\$'000	Group Overseas HK\$'000
Freehold	–	60,813
Long term leases (over 50 years)	109,433	–
Medium term leases (10-50 years)	737,688	56,099
Short term leases (under 10 years)	–	7,122
<b>Net book value at 31st March 2000</b>	<b>847,121</b>	<b>124,034</b>

(b) At 31st March 2000, certain of the Group's land and buildings amounting to HK\$285,373,000 (1999: HK\$267,395,000) and investment properties amounting to HK\$604,000,000 (1999: HK\$579,950,000) were pledged to secure banking facilities granted to the Group.

(c) At 31st March 2000, the net book value of fixed assets held under finance leases amounted to HK\$996,000 (1999: HK\$657,000).

### 13. Subsidiary companies

	2000 HK\$'000	1999 HK\$'000
Unlisted shares at cost less provision	495,150	495,150
Amounts due from subsidiary companies	116,155	116,155
Amounts due to subsidiary companies	(117,985)	(115,036)
	<b>493,320</b>	<b>496,269</b>

The amounts receivable from and payable to subsidiary companies are unsecured, interest free and have no fixed terms of repayment.

Details of principal subsidiary companies are given on pages 39 to 40.

### 14. Investment securities

	2000 HK\$'000	Group 1999 HK\$'000
Unlisted overseas shares, at cost	4,299	4,299

**15. Trademarks and patents**

	<b>2000</b>	<b>Group</b>
	<b>HK\$'000</b>	<b>1999</b>
		<b>HK\$'000</b>
Trademarks and patents, at directors' 1972 valuation	<b>1,000</b>	1,000
Watch brand trademark, at cost	<b>44,825</b>	45,286
Less: Amortisation	<b>(16,219)</b>	(14,345)
	<b>28,606</b>	30,941
	<b>29,606</b>	31,941

**16. Deferred expenditure**

	<b>2000</b>	<b>Group</b>
	<b>HK\$'000</b>	<b>1999</b>
		<b>HK\$'000</b>
Shop leasing expenses	–	70
Production costs for advertising programmes	–	274
	–	344

**17. Stocks**

	<b>2000</b>	<b>Group</b>
	<b>HK\$'000</b>	<b>1999</b>
		<b>HK\$'000</b>
Raw materials	<b>176,830</b>	174,732
Work-in-progress	<b>14,850</b>	6,207
Finished goods	<b>287,770</b>	269,316
	<b>479,450</b>	450,255
Provision	<b>(117,538)</b>	(97,903)
	<b>361,912</b>	352,352

At 31st March 2000, finished goods that are carried at net realisable value amounted to HK\$27,346,000 (1999: HK\$2,660,000).

**18. Debtors and prepayments**

Included in debtors and prepayments are amounts due from related companies of HK\$154,257,000 (1999: HK\$156,964,000). The amounts receivables are unsecured, interest free and have no fixed terms of repayment except for a receivable of HK\$151,331,000 (1999:HK\$151,427,000) which carries interest at 3% per annum (1999: 3%) and is repayable on 1st March 2001 after having been extended for one year (note 29 (d)).

**19. Marketable securities**

	<b>2000</b>	<b>Group</b>
	<b>HK\$'000</b>	<b>1999</b>
		<b>HK\$'000</b>
Overseas listed shares, at market value	<b>22,265</b>	36,535

Investment in marketable securities mainly represent 4.0% (1999: 6.4%) of shareholdings in Bangkok Land Public Company Limited, listed in Thailand.

**20. Creditors and accruals**

Included in creditors and accruals are amounts due to a related company of HK\$7,535,000 (1999: HK\$10,515,000) which are unsecured, interest free and have no fixed terms of repayment. In 1999, also included in creditors and accruals was a loan from a related company of HK\$17,000,000 which carried interest at Hong Kong prime rate per annum (note 29 (f)).

**21. Share capital**

	<b>Number</b>	<b>Nominal</b>
	<b>of shares</b>	<b>value</b>
	<b>of HK\$0.1 each</b>	<b>HK\$'000</b>
<i>Authorised:</i>		
At 31st March 2000 and 1999	1,600,000,000	160,000
<i>Issued and fully paid:</i>		
At 31st March 2000 and 1999	936,340,023	93,634

Pursuant to a Scheme of Arrangement under section 166 of the Hong Kong Companies Ordinance, the Company became the holding company of Stelux Holdings Limited (SHL) and its subsidiary companies on 21st February 1995. A supplemental agreement was entered into by the Company pursuant to which the Convertible Notes described in note 24 will no longer be convertible into ordinary shares of SHL but will be convertible into the same number of shares of the Company.

On 25th June 1997, a share option scheme for the executive directors and employees of the Company and its subsidiary companies (the "Scheme") was approved and adopted by the shareholders pursuant to which the directors were authorised to grant options to executive directors and employees of the Company or its subsidiary companies to subscribe for shares of the Company for a period of ten years. The maximum number of shares in respect of which options may be granted under the Scheme may not exceed 5% of the total shares in issue. As at 31st March 2000, no options have been exercised by any of the directors and employees.

**21. Share capital (Continued)**

The details are as follows:

Name of directors and employees	Note	Number of share options		
		Outstanding as at 1st April 1999	Granted during the year	Outstanding as at 31st March 2000
Joseph C. C. Wong	1	3,000,000	–	3,000,000
	2	3,000,000	–	3,000,000
	3	–	5,000,000	5,000,000
Chu Kai Wah, Anthony	1	1,000,000	–	1,000,000
	2	1,000,000	–	1,000,000
	3	–	1,000,000	1,000,000
Lee Shu Chung, Stan	1	1,000,000	–	1,000,000
	2	1,000,000	–	1,000,000
	3	–	1,000,000	1,000,000
Sudarat Sagarino	1	1,000,000	–	1,000,000
	2	1,000,000	–	1,000,000
	3	–	1,000,000	1,000,000
Wong Yuk Woon	1	1,000,000	–	1,000,000
	2	1,000,000	–	1,000,000
	3	–	1,000,000	1,000,000
Kriangsak Francis Kanjanapas	1 & 4	1,000,000	–	1,000,000
	2 & 4	1,000,000	–	1,000,000
Stuart Wood	2	1,000,000	–	1,000,000
Caroline Chong	2	1,000,000	–	1,000,000

Notes:

1. These options are exercisable at HK\$1.3632 per share during the period from 6th August 1997 to 5th August 2002.
2. These options are exercisable at HK\$0.15 per share during the period from 26th October 1998 to 25th October 2003.
3. These options are exercisable at HK\$0.248 per share during the period from 17th January 2000 to 16th January 2005.
4. Pursuant to the terms of the Scheme, Mr. Kriangsak Francis Kanjanapas' options have lapsed upon his resignation on 1st April 2000.

**22. Reserves**

	Contributed surplus <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Investment property revaluation reserve <i>HK\$'000</i>	Accumulated loss <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>(a) Group</b>					
At 1st April 1998	2,848,462	443	13,006	(2,122,887)	739,024
Loss for the year	–	–	–	(187,954)	(187,954)
Deficit on revaluation	–	–	(13,006)	–	(13,006)
Exchange translation	–	–	–	5,523	5,523
At 1st April 1999	2,848,462	443	–	(2,305,318)	543,587
Profit retained for the year	–	–	–	93,332	93,332
Exchange translation	–	–	–	(5,657)	(5,657)
<b>At 31st March 2000</b>	<b>2,848,462</b>	<b>443</b>	<b>–</b>	<b>(2,217,643)</b>	<b>631,262</b>

All reserves of the Group are retained by the Company and its subsidiary companies.

	Contributed surplus <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Accumulated loss <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>(b) Company</b>				
At 1st April 1998	4,085,186	443	(3,403,178)	682,451
Loss for the year	–	–	(286,157)	(286,157)
At 1st April 1999	4,085,186	443	(3,689,335)	396,294
Loss for the year	–	–	(2,899)	(2,899)
<b>At 31st March 2000</b>	<b>4,085,186</b>	<b>443</b>	<b>(3,692,234)</b>	<b>393,395</b>

Under the laws of Bermuda and the Bye-laws of the Company, the contributed surplus is distributable. At 31st March 2000, the distributable reserves of the Company available for distribution as dividends to shareholders amounted to HK\$392,952,000.

**23. Deferred taxation**

	2000 <i>HK\$'000</i>	Group 1999 <i>HK\$'000</i>
At 1st April 1999	156	(395)
Transfer (to)/from profit and loss account ( <i>note 9</i> )	(7)	551
<b>At 31st March 2000</b>	<b>149</b>	<b>156</b>

Deferred taxation liabilities are in respect of:

	2000 <i>HK\$'000</i>	1999 <i>HK\$'000</i>
Accelerated depreciation allowances	–	–
Other timing differences	149	156
	<b>149</b>	<b>156</b>

Unprovided deferred taxation assets are analysed as follows:

	2000 <i>HK\$'000</i>	1999 <i>HK\$'000</i>
Accelerated depreciation allowances	(1,276)	(1,687)
Other timing differences	(8,002)	(7,685)
	<b>(9,278)</b>	<b>(9,372)</b>

Future tax benefits attributable to available tax losses have not been accounted for due to the uncertainty as to their future utilisation.

**24. Convertible notes**

On 9th November 1993, Stelux Holdings Limited, a subsidiary company of the Company, issued SFr125 million of Swiss Franc denominated convertible bearer notes (the "Notes") with Nomura Bank (Switzerland) Limited as the underwriter. The Notes carry interest at the rate of 1.75 per cent per annum payable semi-annually in arrears and are redeemable at par value on 31st March 2001. Each Note of a denomination of SFr50,000 is convertible into the ordinary shares of the Company (*note 21*) at any time between 9th May 1994 and 15th March 2001, the number of which is calculated by dividing the amount of Swiss Francs (converted into Hong Kong dollars at the rate of one Swiss Franc to HK\$5.223) by the initial conversion price of HK\$4.782 per ordinary share.

During the year, SFr20.6 million (1999: SFr25.5 million) of the Notes were repurchased at a consideration of SFr11.5 million and these notes were subsequently cancelled. The outstanding Notes of SFr58.9 million (1999: SFr79.5 million) are convertible into a maximum of 64,331,807 fully paid ordinary shares of the Company (1999: 86,831,556 shares). In the event these Notes are not converted into shares of the Company by the note-holders, these Notes are to be redeemed on 31st March 2001.

## NOTES TO THE ACCOUNTS

### 25. Loans from shareholders

The loans were provided by Mr Wong Chue Meng and Madam Chuang Yuan Hsien (deceased) and are unsecured, interest free (1999: 9% to 10% per annum from 1st April 1998 to 3rd May 1998) and have no fixed terms of repayment (note 29 (e)).

### 26. Other long term liabilities

	Note	Group		Company	
		2000 HK\$'000	1999 HK\$'000	2000 HK\$'000	1999 HK\$'000
Bank loans, secured	(a)	308,478	293,282	–	–
Obligations under finance leases	(b)	5,319	4,174	–	–
Loan from a related company	(c)	32,000	–	–	–
Retention money payable		70,406	–	–	–
		<b>416,203</b>	297,456	–	–
Amount payable within one year included under current liabilities		<b>36,358</b>	42,439	–	–
		<b>379,845</b>	255,017	–	–

(a) The bank loans are repayable as follows:

Not exceeding one year	32,317	40,107	–	–
More than one year, but not exceeding two years	18,378	249,640	–	–
More than two years, but not exceeding five years	252,213	3,535	–	–
More than five years	5,570	–	–	–
	<b>308,478</b>	293,282	–	–

Of the gross amounts shown above for the Group, bank loans not wholly repayable within five years amounted to HK\$15,000,000 (1999: HK\$ nil).

(b) The obligations under finance leases are repayable as follows:

Not exceeding one year	4,041	2,332	–	–
More than one year, but not exceeding two years	1,255	1,116	–	–
More than two years, but not exceeding five years	23	726	–	–
	<b>5,319</b>	4,174	–	–

(c) The loan payable is unsecured, carries interest at prime rate and is repayable after 1st April 2001 (note 29 (f)).

**27. Contingent liabilities**

	Group		Company	
	2000 HK\$'000	1999 HK\$'000	2000 HK\$'000	1999 HK\$'000
(a) Guarantees to secure banking facilities for:				
Subsidiary companies	–	–	<b>674,841</b>	2,477,720
Third parties	<b>1,190</b>	1,280	–	–
Other guarantees				
Subsidiary companies	–	–	<b>491,450</b>	549,150
(b) Bills discounted	<b>1,093</b>	8,732	–	–
(c) Liability not provided for in respect of employees who have completed the required number of years of service under the Employment Ordinance to be eligible for long service payments on termination of their employment	<b>8,150</b>	8,941	–	–
(d) City Chain Properties Limited, a subsidiary company, is involved in litigation arising from the disposal of property and the purchaser of the property is claiming the refund of deposit of HK\$18 million. In the opinion of the directors, the litigation will not have any material adverse effect on the Group's financial position.				
(e) The contractors for the Titus Square and Stelux House developments have submitted claims for extensions of time, loss and expense and variation orders. On the other hand, the Group is entitled to counter-claim for liquidated damages and other costs or losses from these contractors. In the opinion of the directors, the Group is not required to make any provisions for the claims by the contractors. The Group have agreed with the contractors to put these claims and counter-claims to arbitration and it is anticipated that the results of the arbitration will not be determined until the second half year of 2001.				
(f) Pursuant to the agreement in respect of the sale of Titus Square, the Group is liable to claims for latent defects by the purchaser up to a maximum of HK\$50 million until 30th April 2001. As the Group has a right of recourse against the contractors for the construction of the development, in the opinion of the directors, no provision is considered necessary as there will be no net exposure to the Group.				

**28. Commitments**

	2000 <i>HK\$'000</i>	Group 1999 <i>HK\$'000</i>
(a) Commitments in respect of expenditure on leasehold improvements		
Contracted but not provided for	8,218	8,768
Authorised but not contracted for	–	–
	<b>8,218</b>	8,768
(b) Operating lease commitments at 31st March payable in the next twelve months, analysed according to the period in which the leases expire, are as follows:		
Land and buildings		
expiring in the first year	48,907	59,606
expiring in the second to fifth years inclusive	114,026	102,265
expiring after the fifth year	225	–
	<b>163,158</b>	161,871
Plant and machinery		
expiring in the first year	398	175
expiring in the second to fifth years inclusive	315	259
	<b>713</b>	434
	<b>163,871</b>	162,305

- (c) On 31st January 1998, a subsidiary company entered into a sale and purchase agreement with a third party for the disposal of a property, at a consideration of HK\$32,000,000.

Pursuant to the deeds of undertaking entered into between the subsidiary company and the third party, the third party cannot dispose of the property without the subsidiary company's prior consent. The Group is entitled to 50% of the profit if the property is subsequently sold by the third party before 27th February 2001.

In addition, the subsidiary company has committed to repurchase the property back from the third party at the same consideration of HK\$32,000,000 within one month of 27th February 2001 if the market value of the property as at 27th February 2001 is lower than HK\$32,000,000.

On the foregoing basis, no profit has been recognised by the Group on this transaction.

**29. Related party transactions**

The following is a summary of other significant transactions between the Group and related parties, in addition to those disclosed elsewhere in the accounts, which were undertaken in the normal course of business during the year:

		2000 <i>HK\$'000</i>	1999 <i>HK\$'000</i>
Purchases of goods from a related company	(a)	10,953	6,592
Rental income from related companies	(b)	1,950	573
Rental expenses paid to a related company	(c)	–	1,137
Interest income from a related company	(d)	4,359	2,865
Interest expense paid to shareholders	(e)	–	581
Interest expense paid to a related company	(f)	2,013	1,972
Management fee receivable from a related Company	(g)	980	–

- (a) Purchases of goods from Thong Sia Company Limited, a subsidiary company of Yee Hing Company Limited, the ultimate holding company of the Group, were conducted in the normal course of business at prices and terms no more than those charged by other third party suppliers of the Group.
- (b) On 13th August, 1998, Stelux Holdings Limited, a wholly owned subsidiary company of the Company, entered into lease agreements with Yee Hing Company Limited and International Optical Manufacturing Company Limited, a company in which Yee Hing Company Limited and Thong Sia Company Limited hold 60% and 40% respectively, for the lease of office premises at Stelux House for a period of up to 3 years. The leases were entered into on normal commercial terms as stated in the Connected Transactions Circular dated 13th August 1998.
- (c) The Group has, in its normal course of its business, entered into a lease agreement on 16th August 1996 with a subsidiary company of Yee Hing Company Limited for the lease of office premises for a period of up to 3 years. The lease was entered into on normal commercial terms as stated in the press announcement dated 16th August 1996. The lease was subsequently terminated on 1st January 1999.
- (d) Interest income accrued on the overdue consultancy fee receivable from Bangkok Land Public Company Limited, a company in which Mr Wong Chue Meng is a substantial shareholder, was calculated at 3% (1999: 3%) per annum.
- (e) Interest payable to Mr Wong Chue Meng and his wife, Madam Chuang Yuan Hsien (deceased) in respect of unsecured loans advanced to the Company was calculated at rates ranging from 9% to 10% per annum up to 3rd May 1998.
- (f) Interest payable to Active Lights Company Limited, a subsidiary company of Yee Hing Company Limited, was calculated at prime rate.
- (g) The Group provides building management service for a property of Thong Sia Company Limited, a subsidiary company of Yee Hing Company Limited. Management fee received is based on mutual agreement.

**30. Subsequent events**

Subsequent to the balance sheet date, the Group entered into agreements for the disposal of certain properties held by the Group to third parties at a profit of about HK\$18 million. The aggregate sales proceeds are HK\$107 million.

**31. Notes to the consolidated cash flow statement**

(a) Reconciliation of profit/(loss) before taxation to net cash inflow from operating activities

	2000 <i>HK\$'000</i>	1999 <i>HK\$'000</i>
Profit/(loss) before taxation	96,762	(185,541)
Depreciation	45,519	50,704
Loss on disposal of fixed assets	758	4,895
Amortisation of trademarks and patents	1,874	2,177
Amortisation of deferred expenditure	–	5,208
Deferred expenditure written off	344	1,393
Decrease in marketable securities	13,733	18,659
Net interest and dividends	37,899	66,355
(Increase)/decrease in stocks	(9,560)	178,373
Decrease in debtors and prepayments	10,295	46,002
Increase/(decrease) in creditors and accruals	55,971	(170,550)
Net loss/(profit) on sales of land and buildings	15,410	(9,387)
Profit on repurchase of convertible notes	(44,662)	(99,164)
Foreign exchange (gain)/loss on convertible notes	(37,937)	15,977
Provision written back for closure cost of an overseas subsidiary company	(5,060)	(1,441)
(Surplus written back)/deficits on the revaluation of investment properties	(46,050)	158,472
Net unrealised loss/(gain) on marketable securities	527	(7,708)
Provision written back for severance payments	–	(3,425)
Additional depreciation for overseas properties	–	10,000
Translation difference	(5,972)	(959)
<b>Net cash inflow from operating activities</b>	<b>129,851</b>	<b>80,040</b>

## NOTES TO THE ACCOUNTS

### 31. Notes to the consolidated cash flow statement (Continued)

(b) Analysis of changes in financing during the year

	Other long term liabilities HK\$'000	Convertible notes HK\$'000	Investment by minority interests HK\$'000	Loans from shareholders HK\$'000	Amounts due to and loans from related companies HK\$'000	Total HK\$'000
Balance at 1st April 1998	1,555,012	535,500	1,604	63,246	13,000	2,168,362
Net cash (outflow)/ inflow from financing	(1,252,036)	(36,528)	–	(37,910)	14,515	(1,311,959)
Exchange differences	(1,108)	15,977	75	–	–	14,944
Interest payable	–	–	–	581	–	581
Cumulative interest paid	–	–	–	(22,025)	–	(22,025)
Decrease in retention money payable	(4,412)	–	–	–	–	(4,412)
Profit on repurchase of convertible notes	–	(99,164)	–	–	–	(99,164)
Balance at 31st March 1999	297,456	415,785	1,679	3,892	27,515	746,327
Net cash (outflow)/ inflow from financing	15,607	(57,534)	–	–	12,020	(29,907)
Exchange differences	734	(37,937)	(9)	–	–	(37,212)
Retention money payable reclassified from current liabilities awaiting arbitration	70,406	–	–	–	–	70,406
Profit on repurchase of convertible notes	–	(44,662)	–	–	–	(44,662)
Reclassification	32,000	–	–	–	(32,000)	–
<b>Balance at 31st March 2000</b>	<b>416,203</b>	<b>275,652</b>	<b>1,670</b>	<b>3,892</b>	<b>7,535</b>	<b>704,952</b>

### 32. Comparative figures

The presentation and classification of certain comparative figures have been adjusted or extended to conform with the current year's presentation as a result of the adoption of the Statement of Standard Accounting Practice No. 2.101 "Presentation of financial statements", which was issued by the Hong Kong Society of Accountants and became effective for accounting period commencing on 1st January 1999.

### 33. Ultimate holding company

In the opinion of the directors, the ultimate holding company is Yee Hing Company Limited, incorporated in Hong Kong.

### 34. Approval of accounts

The accounts set out on pages 11 to 40 were approved by the board of directors on 27th July 2000.

## PRINCIPAL SUBSIDIARY COMPANIES

As at 31st March 2000

Details of the principal subsidiary companies which materially affect the results or assets of the Group as at 31st March 2000 are set out below:

	Place of incorporation/ operation	Principal activities	Share capital issued		Percentage of equity capital attributable to the Group
			Number	Par value	
<b>Investment</b>					
Stelux Holdings Limited	Hong Kong	Investment holding	1,000	HK\$1	100*
Stelux Watch Holdings Limited	Singapore	Investment holding	10,000,000	S\$1	100*
<b>Property</b>					
City Chain Properties Limited	Hong Kong	Property investment	2	HK\$1	100*
King Eagle Investment Limited	Hong Kong	Property investment	4,583,719	HK\$1	100*
Optical 88 Properties Limited	Hong Kong	Property investment	2	HK\$1	100*
Prime Master Limited	Hong Kong	Property investment	2	HK\$1	100*
Stelux Consultants B.V.	The Netherlands	Property development and project consultancy	80	DFL500	100*
Stelux Properties Agency Limited	Hong Kong	Property agency and management	2	HK\$1	100*
Stelux Properties Limited	Hong Kong	Property investment and development	500	HK\$100	100*
<b>Retailing and trading</b>					
City Chain Company Limited	Hong Kong	Watch retailing	250,000	HK\$100	100*
City Chain (M) Sdn Bhd	Malaysia	Watch retailing	3,333,333	RM1	92.5*
City Chain (Macau) Company Limited	Macau	Watch retailing	2	MOP5,000	100*
City Chain Stores (S) Pte Limited	Singapore	Watch retailing	1,800,000	S\$1	100*
City Chain (Taiwan) Company Limited	Hong Kong/ Taiwan	Watch retailing	1,000	HK\$10	100*
City Chain (Thailand) Company Limited	Thailand	Watch retailing	200,000 210,000#	Baht100 Baht100	100*

## PRINCIPAL SUBSIDIARY COMPANIES

As at 31st March 2000

	Place of incorporation/ operation	Principal activities	Share capital issued		Percentage of equity capital attributable to the Group
			Number	Par value	
<b>Retailing and trading (Continued)</b>					
City Chain (Japan) Company Limited	Hong Kong	Watch retailing	2	HK\$1	100*
Evergreen Fame Sdn Bhd	Malaysia	Watch distribution	320,000	RM1	85*
Montres "Universal" S.A.	Switzerland	Watch assembling and distribution	5,000	SFr1,000	100*
Optical 88 Limited	Hong Kong	Glasses and related optical gears retailing	30,700,000	HK\$1	100*
Optical 88 (Macau) Limited	Macau	Glasses and related optical gears retailing	2	MOP5,000	100*
Optical 88 (S) Pte Limited	Singapore	Glasses and related optical gears retailing	500,000	S\$1	100*
Optical 88 (Thailand) Company Limited	Thailand	Glasses and related optical gears retailing	245,000 255,000#	Baht10 Baht10	100*
PRC City Chain (HK) Company Limited	Hong Kong/ China	Watch retailing	2	HK\$1	100*
Poco Hippo Company Limited	Hong Kong	Infant wear marketing and retailing	2	HK\$100	100*
Pronto Watch S.A.	Switzerland	Watch distribution	100	SFr1,000	100*
Solvil et Titus S.A.	Switzerland	Watch distribution	300	SFr1,000	100*
Stelux International Licensing Limited	Bahamas	Trademark holding and licensing	2	US\$1	100*
Stelux Trading (International) Limited	Hong Kong	Watch distribution	2	HK\$1	100*
Stelux Watch Limited	Hong Kong/ China	Watch assembling	1,000,000	HK\$1	100*
Stelux Watch (UK) Limited	England	Watch distribution	3,041,536	GBP1	100*
Stelux Watch USA, Inc.	United States of America	Watch distribution	5,000	US\$10	100*
Wedmore Limited	Hong Kong	Watch retailing	2	HK\$1	100*

\* Held through subsidiary companies.

# Preference shares.

## PROPERTY PORTFOLIO

Commercial properties (own use)	Gross floor area (sq. ft.)	Remaining lease term (years)
<i>Hong Kong</i>		
Shop P, G/F and M/F, Hong Kong Mansion, 2-10 Great George Street, Causeway Bay, Hong Kong*	1,305	111
<i>Kowloon</i>		
Stelux House, Unit No. 502-6, 27/F and portion of 28/F, 698 Prince Edward Road East, San Po Kong, Kowloon	30,704	47
Shop D, G/F, New Lucky House, 300-306 Nathan Road, Kowloon	584	64
Shop No. 22 & 27, 1/F Po Tin Building, 39 Wai Chi Street, Pak Tin, Kowloon	684	47
Portion of G/F, Kam Ling Building, 231 Nathan Road, Kowloon	1,446	27
Shop 5, G/F, Chung King Mansion, 36-44 Nathan Road, Tsimshatsui, Kowloon	699	38
<i>New Territories</i>		
Unit No. 9 and 10, 3/F, and roof, Po Wai Building, 12 Tak Yip Street, Yuen Long, N.T.	3,907	47
<i>Macau</i>		
Shop D, G/F, Edificio San Vo, 1G, 1H and 1I Rua de S Domingos, A28, Macau	350	Freehold
Shop E, G/F, Edificio San Vo, 1G, 1H and 1I Rua de S Domingos, A28, Macau	190	Freehold
Loja B and C, de Avenida Horta e Costa, de Rua Manuel de Arriago, Macau	475	Freehold
Rua do Arco and Eatrada, da Areia Preta, Loja E, r/c, Macau	442	Freehold
Rua do Arco and Eatrada, da Areia Preta, Loja G, r/c, Macau	442	Freehold
Flat D, 2/F, Edificio San Vo, 1G, 1H and 1I Rua de S Domingos, A28, Macau	400	Freehold

## PROPERTY PORTFOLIO

Commercial properties (own use)	Gross floor area (sq. ft.)	Remaining lease term (years)
<i>Thailand</i>		
Room 2B-O4, 2/F, Mahboonkrong Centre, 444 Phayathai Rd, Patumwan, Bangkok 10330	473	21
Room 2B14, 3/F, Mahboonkrong Ctr., 444 Wangmai Subdistrict, Patumwan, Bangkok 10330	487	21
Room No. 228/033, Kaew Fah Shopping Arcade, 228 Chakaping Rd, Talad-Yod Subdistrict, Pranakron District, Bangkok	387	4
Room No. 33-34, 5 Ratchadapisek Rd, Huay-kwang, Bangkok 10310	689	12
Room No. B235, 4 Rajdamri Rd Lumpini, Patumwan, Bangkok 10330	409	13
Room No. 115-116, 191 Silom Rd, Bangruk, Bangkok 10500	1,248	12
Rm 54, 2/F, Amarin Plaza, 500 Ploenchit Rd, Patumwan, Bangkok 10330	548	15
Room No. 1C-L22/23, 1/F, The Mall Center, Ramkhumhaeng, 1909 Huamark, Bangkok, Bangkok 10600	915	15
Room No. 147-148, Moo 3, 168 Chaengwattana Rd, Bangkhen, Bangkok 10210	1,292	17
Rm No. AG28, 1/F, Imperial World, 999 Sukhumvit Rd, Samrongnua Amphur Muang, Samutprakarn	1,295	18
Room No. 1S-R4B, 30/9 Ngamwongwan Rd, Bangkhen, Muang District, Nonthaburi 11000	1,291	20
The Mall 7 Bangkhae, Room No. 1S-L8A, 275 Petchakasem Rd, Pasricharoen, Bangkok 10160	943	23
The Mall 8 Bangkapi, Room No. 1S-C70, 3522 Lardpao Rd., Bangkapi, Bangkok 10240	754	23
The Seri Center, Seri Center Room No. 101, 2nd Floor, 12/90 Srinakarin Rd., Nongborn, Pravet, Bangkok 10250	1,672	23
The Seacon Square, Room No. 1098, 904 Srinakarin Rd., Nongborn, Pravet, Bangkok 10250	1,162	25
Zeer Rangsit, Room No. G12C, 1/F, 99 Phaholyothin Rd., Kukot, Lumlukka, Pathumthani	1,286	23
Central Pinklao, Room No. 126, 7/311 Baromrajchonee Rd, Arunamarin, Bangkoknoi, Bangkok	865	15

## PROPERTY PORTFOLIO

Commercial properties (own use)	Gross floor area (sq. ft.)	Remaining lease term (years)
Future Park Rangsit, Room No. G35, 161 Thanyaburi District, Pathumthani	1,216	21
Fashion Island, Room No. 2098/2099, Km. 10.5, Ram Indra Rd, Bangkok	2,256	23
Kaitak Building, 7962 Amphur Pakkred, Nonthaburi Province, Thailand	106,559	Freehold
Central Lardplao, Room No. 1697/224, 2/F, Central Plaza Lardpao, Bangkok 10900	1,026	3
Mall 5 Thapa, Room No. 1SL1, 1/F, The Mall Center, Bukkalo, Thonburi, Bangkok	753	20
Room No. 2C-03-04, 2/F, Mahboonkhrong Center, Patumwan, Bangkok 10330	938	21
Central Ramindra, Room No. 114, 1/F, 109/10-100 Ramindra Road, Bangkhen, Bangkok	998	14
Siam Square I, 430/34, Siam Square 7, Patumwan, Bangkok 10330	603	5
Siam Square II, 215/450, Soi Chula 64, Patumwan, Bangkok 10330	400	1
Future Park Bangkae, Room No. G13, 33-35 Soi Petchakasem, Pasecharoen, Bangkok	1,814	21
Central City Bangna, Room No. 134A, 1093 Bangna-Trad Road., Phakhranong, Bangkok	729	24
Jewelry Trade, Room No. 110, 1/F, 919/1 Silom Road, Bangkok 10500	681	25
Imperial Lardplao, Room No. AF-47, 1/F, 119/129 Lardpao Road, Bangkapi, Bangkok	1,453	20
Mall 8 Bangkapi, Room# GS-C13B, G/F, 3522 Ladproa Road, Bangkapi, Bangkok	753	23
Mall 7 Bangkae, Room No. IS-L8B, 1/F, 275 Petchicasem Road, Phasichareon, Bangkok	869	23
The Galleria, 111, Ground Floor at Jewelry Trade Center, 919/1 Silom Road, Bangrak, Bangkok	791	26

## PROPERTY PORTFOLIO

Commercial properties (own use)	Gross floor area (sq. ft.)	Remaining lease term (years)
Central Ramindra, 118 First Floor at Central Ramindra, 109/25 Ramindra Road, Bangkhen, Bangkok	689	14
Central Pinklao, G-11A First Floor at Central Pinklao, 7/232 Boa-Rom Rachinee Road, Aroon Amarin, Bangkoknoi, Bangkok	1,130	15
Fashion Island, 1088,1/F, Ramindra K.M. 10.5, Khannayao, Beungkum, Bangkok	1,058	23
Imperial World, AF-09, 1/F, Imperial Ladproa, Sukaphibal 1, Beungkum, Bangkok	775	21
Central Plaza Rachada Rama III, G29/2 G/F; 79/1-2, Sathupradit Road, Bangkok	1,004	23
Central Rama III, G29/1, 1/F, Rama III Road, Bangkok	1,078	23
Udon, Room# A101, 1/F, Charoensri AR-KET, 277/3 Prachak Road, Udonthani	431	18
Sriracha Town, Room# 120, 1/F, 90 Sukumvit Road, Sriracha, Choburi	1,009	20
Central Chieng Mai, Room 116-117, G/F, Central Airport Plaza, 2 Mahidol Road, Hai-Ya Distric, Chieng Mai	1,295	23
Room# 135B 1093, Bangna-Trad Road, Bangkok	1,034	24
89/1-2-4 Rajadamri Road, Patumwan BKK	3,229	1
55/3 Diana Complex, Sri-puvanard Road, Had-Yai Distric, Songkhla	538	14
<i>United Kingdom</i>		
Stelux House, First Avenue, Centrom 100, Burton-On-Trent, Staffordshire, DE14 2WH, England	12,000	Freehold
<b>Investment properties</b>		
<i>Kowloon</i>		
Shop F, G, G/F, Shop A, B, C, D, F, G, H, M/F, New Lucky House, 300-306 Nathan Road, Kowloon*	7,126	64
Stelux House, 698 Prince Edward Road East, San Po Kong, Kowloon (exclude the portion for own use)	307,678	47
<i>New Territories</i>		
Unit 3, 1/F, Unit 3, 2/F, Po Yip Building, 62-70 Texaco Road, Tsuen Wan, New Territories	24,948	47

\* Properties disposed after year end.

**Registered Office**

Cedar House 41 Cedar Avenue  
Hamilton HM12 Bermuda

**Principal Office**

27th Floor, Stelux House  
698 Prince Edward Road East  
San Po Kong  
Kowloon  
Hong Kong

**Principal Bankers**

Bank of America (Asia) Limited  
Hang Seng Bank Limited  
Overseas Trust Bank Limited

**Legal Advisers**

Appleby, Spurling & Kempe  
Masons  
Johnson Stokes & Master

**Auditors**

PricewaterhouseCoopers

**Share Registrars**

Butterfield Corporate Services Limited  
Rosebank Centre  
11 Bermudiana Road  
Pembroke  
Bermuda

**Branch Share Registrars and Transfer Office**

Central Registration Hong Kong Limited  
Rooms 1901-5  
19th Floor  
Hopewell Centre  
183 Queen's Road East  
Hong Kong

**PROFILE OF DIRECTORS AND SENIOR EXECUTIVES****Chairman**

WONG Chue Meng, aged 79, was appointed Chairman of the Group in 1963. He is also the Chairman of Bangkok Land Public Company Limited (Thailand).

**Executive Chairman**

WONG Chong Po, aged 58, was appointed Executive Chairman of the Group in January 1996. He was the Managing Director of the Group from 1967 to 1995. He is the Chief Executive Officer of Bangkok Land Public Company Limited (Thailand) and is a son of the Chairman.

**Group Managing Director**

Joseph C. C. WONG, Masters in Science (Operational Research), aged 40, was appointed a director of the Group in 1986 and has been the Group Managing Director since January 1996. He is a son of the Chairman.

**Directors**

Anthony CHU Kai Wah, BBA, aged 40, was appointed a director of City Chain Company Limited, a wholly owned subsidiary of the Group in 1992. He was also appointed Executive Director for Retail Trading and Property Investment of the Group in 1997. He joined the Group in 1987.

Sydney CHU Chun Keung, B.S. M.S. (Cornell), aged 49, was appointed a director of the Group in 1997. He is a Senior Lecturer with the Department of Mathematics at the University of Hong Kong. He is an independent non-executive director.

Kriangsak Francis KANJANAPAS, BSc (Hons), aged 37, was appointed Managing Director of Stelux Trading (International) Limited, a wholly owned subsidiary of the Group in 1995. He was also appointed Executive Director for Product Development and Export Trading of the Group in 1997. He joined the Group in 1989. He is a son of the Chairman. He resigned from the Group effective 1 April 2000.

Sakorn KANJANAPAS, aged 50, was appointed a director of the Group in 1987. He was previously Managing Director of Bangkok Land Public Company Limited (Thailand). He is a son of the Chairman. He is a non-executive director.

KWONG Yiu Chung, aged 67, was appointed a director of the Group in 1994 and is Managing Director of his privately owned Excess Trading Company Limited. He is an independent non-executive director.

Stan LEE Shu Chung, BA, aged 40, was appointed a director of City Chain Company Limited, a wholly owned subsidiary of the Group in 1992. He was also appointed Executive Director for Retail Trading and Marketing of the Group in 1997. He joined the Group in 1987.

Sudarat SAGARINO, B.A. Sociology and Post-Graduate Diploma Personnel Management, aged 47, has been President of Stelux Watch U.S.A. Inc. since 1992. She was appointed an Executive Director of the Group in 1997. She first joined the Group in 1975. She is a daughter of the Chairman.

WONG Yuk Woon, AHKSA, ACIB, aged 54, was appointed an Executive Director of the Group in 1997 and is responsible for the Group's Financial and Corporate Affairs. He joined the Group in 1992.

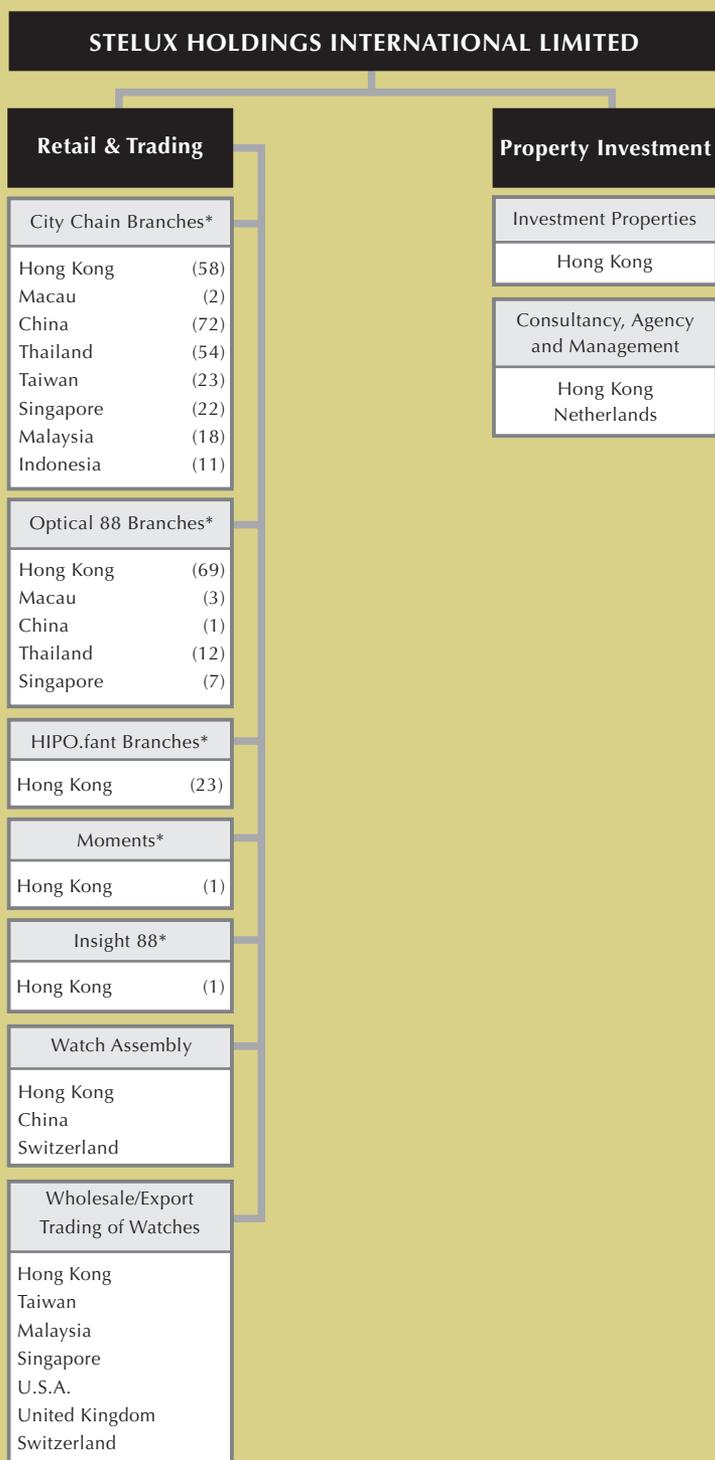
**Company Secretary**

Caroline CHONG Sue Peng, BA (Law) (Hons), admitted as a Barrister in England and Wales, and, Hong Kong, aged 38, joined the Group as Group Legal Manager and Company Secretary in 1997. She is responsible for the Group's and its subsidiaries' legal and secretarial matters.

**Senior Executives**

TAM Tin Choi, aged 50 has been a director of City Chain Malaysia since 1993. He has more than 27 years experience in the watch industry.

Stuart WOOD, aged 56, is the Managing Director of Stelux Watch (UK) Limited, a wholly owned subsidiary of the Group. He has a marketing and business background and has 26 years of experience in the watch industry. He joined the Group in 1991.



\* Number of shops as at 30 June, 2000

**CHINA AND HONG KONG**

Equity Investment, Property Investment, Retail and Trading and Watch Assembling

- Stelux Holdings International Ltd
- Stelux Holdings Ltd
- Stelux Properties Ltd
- Optical 88 Ltd
- City Chain Co Ltd
- Stelux Watch Ltd
- Stelux Trading (International) Ltd  
27/F., Stelux House,  
698 Prince Edward Road East,  
San Po Kong, Kowloon, HONG KONG

3/F., Kader Building  
22 Kai Cheung Road  
Kowloon Bay  
Kowloon, HONG KONG

- Poco Hippo Co Ltd  
4/F., Wang Fai Industrial Building  
29 Luk Hop Street  
San Po Kong, Kowloon, HONG KONG

**TAIWAN**

Retail and Trading

- City Chain (Taiwan) Co Ltd – Taiwan Branch  
4/F., No. 286  
Min Sheng W. Road  
Taipei, TAIWAN  
R.O.C.

**MACAU**

Retail and Trading

- City Chain (Macau) Co Ltd
- Optical 88 (Macau) Ltd  
Edificio Banco Luso Internacional  
Rua Dr Pedro Jose Lobo, nos 1-3  
27 – andar, MACAU

**MALAYSIA**

Retail and Trading

- City Chain (M) Sdn Bhd  
Unit 10.01, 10th Floor  
MCB Plaza,  
50200 Kuala Lumpur  
MALAYSIA

**INDONESIA**

Retail and Trading

- PT Chainindo Nusa  
Suite 708 Sentral Mulia  
JL H.R. Rasuna Said  
Kuningan, Jakarta  
INDONESIA

**THAILAND**

Retail and Trading

- City Chain (Thailand) Co Ltd
- Optical 88 (Thailand) Co Ltd  
47/543-544, Fl. 6 Building  
7 Industrial, Moo3 Change Wattana Road  
Pak-Kred, Nonthaburi 11120  
THAILAND

**SINGAPORE**

Equity Investment, Property Investment, Retail and Trading

- Stelux Watch Holdings Ltd
- City Chain Stores (S) Pte Ltd
- City Chain Properties (S) Pte Ltd
- Optical 88 (S) Pte Ltd  
315 Outram Road #10-03  
Tan Boon Liat Building  
Singapore 169074  
SINGAPORE

**UNITED KINGDOM**

Trading

- Stelux Watch (UK) Ltd  
Stelux House, First Avenue,  
Centrum 100, Burton-On-Trent,  
Staffordshire, DE14 2WH,  
ENGLAND

**SWITZERLAND**

Watch Assembling and Trading

- Montres "Universal" S.A.
- Solvil et Titus S.A.
- Pronto Watch S.A.  
6 Route des Acacias  
1227 Les Acacias – Geneve  
SWITZERLAND

**UNITED STATES OF AMERICA**

Trading

- Stelux Watch USA, Inc.  
37100 Central Court  
Newark, CA 94560  
U.S.A.