

**INTERIM REPORT AND ACCOUNTS
FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2001**

The Directors are pleased to present the Group's interim report and accounts for the six months ended 30th September 2001. The Group reported a profit attributable to shareholders of HK\$8.8 million for the period under review. The consolidated results of the Group for the six months ended 30th September 2001, the consolidated balance sheet as at 30th September 2001, the consolidated cash flow statement and the statement of recognised gains and losses of the Group for the six months ended 30th September 2001, all of which are unaudited, along with the relevant explanatory notes, are set out below.

**CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2001**

	<i>Note</i>	Unaudited Six Months ended 30th September	
		2001 <i>HK\$'000</i>	2000 <i>HK\$'000</i>
Turnover	2	584,493	593,174
Cost of sales		<u>(224,527)</u>	<u>(261,136)</u>
Gross profit		359,966	332,038
Other income		14,508	16,515
Selling expenses		(252,760)	(176,807)
General and administrative expenses		(81,951)	(77,034)
Other operating expenses		(26,909)	(72,457)
Profit on repurchase of convertible notes		–	4,228
Foreign exchange gain on convertible notes		–	5,365
Net profit on sales of land and buildings		–	17,799
Forfeiture of deposit from property purchaser		18,000	–
Net unrealised loss on marketable securities		<u>–</u>	<u>(11,541)</u>
Operating profit before financing	3	30,854	38,106
Finance costs		<u>(21,598)</u>	<u>(21,642)</u>
Profit before taxation		9,256	16,464
Taxation	4	<u>(490)</u>	<u>(780)</u>
Profit after taxation		8,766	15,684
Minority interests		<u>–</u>	<u>–</u>
Profit attributable to shareholders		<u><u>8,766</u></u>	<u><u>15,684</u></u>
Earnings per share	6	<i>HK cents</i>	<i>HK cents</i>
– basic		0.94	1.68
– diluted		<u>0.93</u>	<u>1.66</u>

**CONSOLIDATED BALANCE SHEET
AT 30TH SEPTEMBER 2001 AND 31ST MARCH 2001**

		Unaudited 30th September 2001	31st March 2001
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Fixed assets		963,832	972,940
Investment securities		4,299	4,299
Trademarks and patents		24,426	25,485
		<hr/>	<hr/>
Non-current assets		-----992,557	-----1,002,724
Current assets			
Stocks		406,841	353,591
Debtors and prepayments	7	309,435	300,303
Marketable securities		40	430
Cash and bank balances		41,008	61,844
		<hr/>	<hr/>
		-----757,324	-----716,168
Current liabilities			
Bank overdrafts and short term loans			
Secured		192,169	169,646
Unsecured		25,976	23,433
Creditors and accruals	8	375,644	363,856
Current portion of other long term liabilities	11	23,747	27,630
Taxation payable		11,612	13,110
		<hr/>	<hr/>
		-----629,148	-----597,675
Net current assets		<hr/> -----128,176	<hr/> -----118,493
Employment of funds		<hr/> <u>1,120,733</u>	<hr/> <u>1,121,217</u>
Financed by:			
Share capital	9	93,634	93,634
Reserves	10	674,778	662,699
		<hr/>	<hr/>
Shareholders' funds		768,412	756,333
Minority interests		1,425	1,408
Loans from shareholders		3,892	3,892
Other long term liabilities	11	347,004	359,584
		<hr/>	<hr/>
Funds employed		<hr/> <u>1,120,733</u>	<hr/> <u>1,121,217</u>

**CONSOLIDATED CASH FLOW STATEMENT
FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2001**

	Unaudited Six Months ended 30th September	
	2001	2000
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net cash inflow from operating activities	749	21,257
Net cash outflow from returns on investments and servicing of finance	(19,045)	(19,528)
Net tax paid	(1,988)	(2,132)
Net cash (outflow)/inflow from investing activities	(15,760)	72,054
Net cash inflow/(outflow) from financing	16,885	(71,755)
	<hr/>	<hr/>
Decrease in cash and cash equivalents	(19,159)	(104)
Cash and cash equivalents at 1st April	30,031	(35,323)
Effect of foreign exchange rate changes	1,389	(6,686)
	<hr/>	<hr/>
Cash and cash equivalents at 30th September	<u>12,261</u>	<u>(42,113)</u>
Analysis of the balances of cash and cash equivalents:		
Cash and bank balances	41,008	63,007
Short term bank loans repayable within three months from date of advance	(28,747)	(105,120)
	<hr/>	<hr/>
	<u>12,261</u>	<u>(42,113)</u>

**STATEMENT OF RECOGNISED GAINS AND LOSSES
FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2001**

	Unaudited Six Months ended 30th September	
	2001	2000
	<i>HK\$'000</i>	<i>HK\$'000</i>
Exchange gains/(losses) arising on translation of overseas subsidiary companies not recognised in the profit and loss account	3,313	(15,700)
Profit attributable to shareholders	8,766	15,684
	<hr/>	<hr/>
Total recognised gains/(losses)	<u>12,079</u>	<u>(16)</u>

NOTES TO INTERIM ACCOUNTS

1. Principal accounting policies

These unaudited consolidated interim accounts (“interim accounts”) are prepared in accordance with Statement of Standard Accounting Practice (“SSAP”) No. 25, “Interim Financial Reporting”, issued by the Hong Kong Society of Accountants, (as applicable to interim accounts), and Appendix 16 of the Listing Rules of The Stock Exchange of Hong Kong Limited. These interim accounts should be read in conjunction with the Annual Report 2001.

The accounting policies adopted in the preparation of these interim accounts are consistent with those used in the annual accounts for the year ended 31st March 2001 except that the Group has changed certain of its accounting policies following the adoption of the new or revised SSAPs issued by the Hong Kong Society of Accountants which are effective for accounting periods commencing on or after 1st January 2001; set out as follows:

SSAP 9 (revised)	: Events after the balance sheet date
SSAP 10 (revised)	: Accounting for investments in associates
SSAP 14 (revised)	: Leases
SSAP 17 (revised)	: Property, plant and equipment
SSAP 26	: Segment reporting
SSAP 28	: Provisions, contingent liabilities and contingent assets
SSAP 29	: Intangible assets
SSAP 30	: Business combinations
SSAP 31	: Impairment of assets
SSAP 32	: Consolidated financial statements and accounting for investments in subsidiaries

The changes to the Group’s accounting policies and the major effect of adopting these new policies are set out below:

- Goodwill arising on acquisition of subsidiary companies on or after 1st April 2001 is included in the balance sheet as a separate asset and amortised using the straight line method over its estimated useful life of not more than 20 years. In prior years, goodwill on acquisition was taken directly to reserve. This change in accounting policy has no effect on the accounts for the period.
- In prior years, the Group capitalised an internally generated trademarks and patents amounting to HK\$1,000,000. The adoption of SSAP 29 has meant that the internally generated trademark did not meet the recognition criteria prescribed in the new standard. In accordance with the transitional provision of SSAP 29, this change in accounting policy has been applied retrospectively and as a result, trademarks and patents and reserves of the Group as at 31st March 2001 and 31st March 2000 have decreased by HK\$1,000,000.

2. Turnover and contribution to profit before taxation

An analysis of the Group’s turnover and contribution to the profit before taxation by principal activities and markets is as follows:

	Turnover Unaudited		Contribution to profit before taxation Unaudited	
	Six months ended 30th September		Six months ended 30th September	
	2001 HK’000	2000 HK’000	2001 HK’000	2000 HK’000
Analysis by principal activities:				
Investment	1,298	906	(4,166)	(7,115)
Property	18,589	58,970	17,770	20,734
Retailing and trading	564,606	533,298	9,206	15,871
Group administration overheads	–	–	(13,554)	(13,026)
	<u>584,493</u>	<u>593,174</u>	<u>9,256</u>	<u>16,464</u>

	Turnover Unaudited		Contribution to profit before taxation Unaudited	
	Six months ended 30th September		Six months ended 30th September	
	2001 HK'000	2000 HK'000	2001 HK'000	2000 HK'000
Analysis by principal markets:				
Hong Kong	354,729	385,461	2,640	17,619
South East and Far East Asia	128,811	117,820	3,208	(1,075)
Europe	86,525	71,964	16,671	11,951
North America	8,096	10,262	(395)	(499)
Others	6,332	7,667	686	1,494
Group administration overheads	–	–	(13,554)	(13,026)
	<u>584,493</u>	<u>593,174</u>	<u>9,256</u>	<u>16,464</u>

3. Operating profit before financing

	Unaudited Six Months ended 30th September	
	2001 HK\$'000	2000 HK\$'000
Operating profit before financing is stated after charging:		
Depreciation		
Owned fixed assets	26,413	23,319
Leased fixed assets	179	168
Amortisation of trademarks and patents	1,229	1,042
Loss on disposal of fixed assets	211	1,539
Loss on sales of marketable securities	17	–
Provision for stock obsolescence and stocks written off	–	3,354
Provision for doubtful debts and bad debts written off	3,248	1,141
	<u>3,248</u>	<u>1,141</u>
and after crediting:		
Net provision for stock obsolescence and stocks written back	<u>1,259</u>	<u>–</u>

4. Taxation

Hong Kong profits tax has been provided at the rate of 16% (2000: 16%) on the estimated assessable profit for the period less relief for available tax losses. Taxation on overseas profits has been calculated on the estimated assessable profit for the period at the rates of taxation prevailing in the countries in which the Group operates.

The amount of taxation charged to the consolidated profit and loss account represents:

	Unaudited Six Months ended 30th September	
	2001 HK\$'000	2000 HK\$'000
Hong Kong profits tax		
Current taxation	–	(405)
Under provision in respect of prior years	(726)	–
Overseas profits tax		
Current taxation	(491)	(169)
Over/(under) provision in respect of prior years	727	(206)
	<u>(490)</u>	<u>(780)</u>

5. Interim dividends

The Directors do not recommend the payment of an interim dividend for the period (2000: nil).

6. Earnings per share

The calculation of basic earnings per share is based on the Group's profit attributable to shareholders of HK\$8,766,000 (2000: HK\$15,684,000) and on the weighted average number of 936,340,023 shares (2000: 936,340,023 shares) in issue during the period.

The calculation of diluted earnings per share is based on profit attributable to shareholders of HK\$8,766,000 (2000: HK\$15,684,000) and on the weighted average number of 936,340,023 shares (2000: 936,340,023 shares) in issue during the period plus the weighted average number of 1,388,430 shares (2000: 5,857,627 shares) deemed to be issued at no consideration if all outstanding options had been exercised.

7. Debtors and prepayments

The Group allows an average credit period of 60 days to its trade debtors. Included in debtors and prepayments are trade debtors (net of provision for doubtful debts) with the following aging analysis:

	Unaudited 30th September 2001 HK\$'000	31st March 2001 HK\$'000
Trade debtors		
Below 60 days	32,504	31,782
Over 60 days	23,814	18,160
	<hr/>	<hr/>
	56,318	49,942
Deposits, prepayments and other debtors	253,117	250,361
	<hr/>	<hr/>
	<u>309,435</u>	<u>300,303</u>

8. Creditors and accruals

Included in creditors and accruals are trade creditors with the following aging analysis:

	Unaudited 30th September 2001 HK\$'000	31st March 2001 HK\$'000
Trade creditors		
Below 60 days	70,986	67,344
Over 60 days	79,759	63,306
	<hr/>	<hr/>
	150,745	130,650
Other creditors and accruals	224,899	233,206
	<hr/>	<hr/>
	<u>375,644</u>	<u>363,856</u>

9. Share capital

There was no change in the Company's share capital during the half year ended 30th September 2001. During the period, no further share options were granted by the Company and no share options outstanding as at 31st March 2001 were exercised by the option holders except that 3,000,000 share options previously held by Mrs Sudarat Sagarino have lapsed upon her resignation from the board on 23rd August 2001.

10. Reserves

	Unaudited <i>HK\$'000</i>
Balance as at 1st April 2001	
As previously reported	663,699
Prior period adjustment (<i>note 1(b)</i>)	(1,000)
	<hr/>
As restated	662,699
Exchange gains arising on translation of overseas subsidiary companies not recognised in the profit and loss account	3,313
Profit retained for the six months ended 30th September 2001	8,766
	<hr/>
Balance as at 30th September 2001	<u>674,778</u>

11. Other long term liabilities

		Unaudited 30th September 2001 <i>HK\$'000</i>	31st March 2001 <i>HK\$'000</i>
	<i>Note</i>		
Bank loans, secured	<i>(a)</i>	312,574	317,659
Bank loans, unsecured	<i>(a)</i>	1,002	–
Obligations under finance leases	<i>(b)</i>	3,250	3,104
Loan from a related company	<i>(c)</i>	33,000	43,200
Loan from a director		15,835	14,720
Construction costs and retention money payable		5,090	8,531
		<hr/>	<hr/>
		370,751	387,214
Amount payable within one year included under current liabilities		23,747	27,630
		<hr/>	<hr/>
		<u>347,004</u>	<u>359,584</u>

(a) The bank loans are repayable as follows:

	Bank loans, secured		Bank loans, unsecured	
	Unaudited		Unaudited	
	30th September	31st March	30th September	31st March
	2001	2001	2001	2001
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Not exceeding 1 year	15,934	10,248	547	–
More than 1 year, but not exceeding 2 years	251,438	20,787	455	–
More than 2 years, but not exceeding 5 years	39,881	277,011	–	–
More than 5 years	5,321	9,613	–	–
	<hr/>	<hr/>	<hr/>	<hr/>
	<u>312,574</u>	<u>317,659</u>	<u>1,002</u>	<u>–</u>

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

	Minimum lease payments		Present value	
	Unaudited 30th September 2001 HK\$'000	31st March 2001 HK\$'000	Unaudited 30th September 2001 HK\$'000	31st March 2001 HK\$'000
Not exceeding 1 year	1,330	1,228	1,266	1,182
More than 1 year, but not exceeding 2 years	978	905	924	863
More than 2 years, but not exceeding 5 years	937	930	886	885
More than 5 years	174	174	174	174
	<u>3,419</u>	<u>3,237</u>	<u>3,250</u>	<u>3,104</u>
Future finance charges on finance leases	<u>(169)</u>	<u>(133)</u>		
	<u>3,250</u>	<u>3,104</u>		

- (c) The loan payable is unsecured and carries interest at prime rate. Except for the loan amount of HK\$27,000,000 which is not repayable on or before 1st October 2002, the balance is repayable within one year.

12. Contingent liabilities

	Unaudited 30th September 2001 HK\$'000	31st March 2001 HK\$'000
(a) Bills discounted	<u>7,161</u>	<u>5,865</u>
(b) The status of the Group's arbitrations and liability for latent defects in respect of the sale of Titus Square were fully disclosed in the Annual Report 2001 except that determination of the arbitration with the contractor for the Titus Square development is now anticipated in 2002.		

13. Commitments

	Unaudited 30th September 2001 HK\$'000	31st March 2001 HK\$'000
(a) Commitments in respect of expenditure on leasehold improvements		
Contracted but not provided for	1,616	1,597
Authorised but not contracted for	<u>1,353</u>	<u>–</u>
	<u>2,969</u>	<u>1,597</u>
(b) The details of a subsidiary company's commitment to repurchase a property previously sold were fully disclosed in the Annual Report 2001. The transaction has not been completed up to the date of this report.		

14. Related party transactions

	Unaudited Six Months ended 30th September	
	2001 HK\$'000	2000 HK\$'000
Purchases of goods from related companies	18,795	16,269
Rental income received from related companies	957	975
Interest income received from a related company	2,308	2,235
Interest expense paid to a related company	1,001	1,499

The terms of these related party transactions have not changed from those disclosed in the Annual Report 2001. In addition, purchases of watch products amounting to HK\$16,315,000 and purchases of optical products amounting to HK\$1,264,000 during the period also constitute connected transactions under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. These connected transactions were announced on 15th August 2001 and 15th October 2001 for watch products and optical products respectively.

15. Subsequent events

Subsequent to the balance sheet date, the Group entered into agreement for the disposal of a property to a third party at a consideration of HK\$21,000,000.

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF GROUP OPERATIONS FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2001

The Group reported a profit attributable to shareholders of HK\$8.8 million compared to HK\$15.6 million last year.

Retail and Trading Division

The Group's retail and trading subsidiaries within this Division which includes City Chain, Optical 88 and Hipo.fant and its export arm managed to maintain and in some cases, better their respective sales turnovers compared to the corresponding period last year. Turnover increased by 6% compared to the previous half year. This was due to improvements made in key areas like, product development, product mix and quality, shop location and prices.

However, a very competitive business environment affected profit margins. Half yearly profits generated by this Division fell to HK\$9 million compared to profits of HK\$15.9 million last year.

The accelerated downturn of the U.S. economy has severely affected retail sentiment in Asia. In Hong Kong, City Chain maintained its sales turnover but a loss of HK\$2.5 million was recorded compared to a profit of HK\$5.9 million for the same period last year. City Chain in Singapore and Malaysia reported satisfactory growth with improved sales turnovers. In Thailand, sales turnover was maintained.

Optical 88 in Hong Kong reported breakeven results with slightly improved turnover figures compared to the corresponding period last year. The local optical industry remains extremely saturated. To improve margins, product mix with healthier margins were introduced. We have also introduced various packaged services and products at very competitive prices. Thailand and Singapore Optical 88 also reported satisfactory turnover figures and it is expected that these two operations will contribute profits in the second half of the year.

In Hong Kong, Hipo.fant reported similar sales turnover figures with a loss of HK\$1.6 million compared to breaking even over the same period last year. Customers continued to bargain hunt and this has again affected profit margins. Following the Group's efforts, during the last few years, Hipo.fant now enjoys instant brand recognition in Hong Kong. To further strengthen the brand, we will focus more on selecting sites away from fringe locations and in central areas. Shop sizes will also be increased. There are now 4 Hipo.fant shops in Singapore. All these shops are located in main business or prime shopping districts. Initial sales have been satisfactory.

Cost cutting measures to reduce operational costs are still in place. Non-performing shops will be closed when their leases expire.

The Group's total stores increased from 401 as at 31st March 2001 to 408 as at 30th November 2001.

Our export and overseas trading subsidiaries reported a profit of HK\$5 million, a slight improvement from the corresponding period last year whilst overall turnover improved by 16%. Greater advertising activity for adidas brought an increasing number of distribution points and sales.

Property Investment Division

Stelux House continues to contribute stable income. Leases which are due for expiry have been renewed on satisfactory terms, considering the very poor local leasing conditions. After 30th September 2001, a shop property was disposed of for HK\$21 million.

Prospects

In the very short term, we do not expect to see any major turnaround in retail sentiment in Hong Kong or regionally. However, we hope that efforts made to increase the attractiveness of Hong Kong as a major tourist hub and particularly, the expected lifting of the quota for mainland visitors will bring some cheer back to this sector. Overall, we remain cautiously hopeful of maintaining the performance for the three chains in the second part of the year.

Last year with improving Asian economies, we adopted a strategy to further strengthen the market shares of our three retail chains. Following the unexpected turn of events in the U.S., we have since modified this strategy. We have suspended existing plans for the opening of further shops in Hong Kong, where City Chain, Optical 88 and Hipo.fant already have a substantial, if not, major presence. We will however continue to selectively open new shops in countries like Thailand, Singapore and Malaysia, where rentals and other costs are still relatively low as we see opportunities for growth in these places in the medium to longer term.

At the same time, the Group has been exploring different ways to expand its watch business in the PRC and hopes soon to implement plans to increase either watch brand counters or City Chain counters in the PRC.

FINANCE

The Group's bank borrowings at balance sheet date were HK\$532 million (at 31st March 2001: HK\$511 million), out of which, HK\$235 million (at 31st March 2001: HK\$203 million) were repayable within 12 months. The Group's gearing ratio at balance sheet date was 0.69 (at 31st March 2001: 0.68), and was calculated based on the Group's bank borrowings and shareholders' funds of HK\$768 million (at 31st March 2001: HK\$756 million). Efforts have been taken to improve this gearing ratio by increasing stock turnover and reducing stock levels.

As at balance sheet date, 3% (at 31st March 2001: 4%) of the Group's bank borrowings were denominated in foreign currencies. Group borrowings denominated in Hong Kong Dollars were on a floating rate basis at either bank prime lending rates or short-term inter-bank offer rates. We have successfully negotiated further interest rate reductions. Since the reductions were effected after the balance sheet date, the benefits will only be reflected in the results for the second half year.

The Group does not engage in speculative derivative trading.

CAPITAL STRUCTURE OF THE GROUP

There was no change in the capital structure of the Group during the period except that 3,000,000 share options previously held by Mrs Sudarat Sagarino have lapsed upon her resignation from the board on 23rd August 2001.

CHANGES IN THE COMPOSITION OF THE GROUP DURING THE INTERIM PERIOD

There was no change in the composition of the Group during the interim period.

SEGMENTAL INFORMATION

An analysis of the Group's turnover and contribution to the profit before taxation by principal activities and markets is shown in note 2 to the interim accounts.

NUMBER AND REMUNERATION OF EMPLOYEES, REMUNERATION POLICIES, BONUS AND SHARE OPTION SCHEMES AND TRAINING SCHEMES

The Group's remuneration policies are reviewed on a regular basis and remuneration packages are in line with market practices in the relevant countries where the Group operates. As of 30th September 2001, the Group had 1,843 (at 30th September 2000: 1,814) employees. Details of outstanding share options were disclosed in the Group's Annual Report 2001 and the above section, "Capital Structure of the Group".

DETAILS OF THE CHARGES ON GROUP ASSETS

At 30th September 2001, certain of the Group's land and buildings amounting to HK\$235,540,000 (at 31st March 2001: HK\$238,217,000), investment properties amounting to HK\$592,050,000 (at 31st March 2001: HK\$592,050,000) and plant and equipment amounting to HK\$1,757,000 (at 31st March 2001: HK\$2,164,000) were pledged to secure banking facilities granted to the Group.

PURCHASE, SALES OR REDEMPTION OF LISTED SECURITIES

During the period, there was no purchase, sale or redemption by the Company, or any of its subsidiary companies, of the Company's listed securities.

DIRECTORS' INTERESTS

As at 30th September 2001, 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 ⁽¹⁾	609,471,959 ⁽¹⁾	630,716,964*
Mr Wong Chong Po	3,600,000	–	518,439,741 ⁽²⁾	522,039,741
Mr Joseph C. C. Wong	5,077,211	10,000	–	5,087,211
Mr Sakorn Kanjanapas	391,056	–	–	391,056

(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
Mr Wong Yuk Woon	3,000,000	–	–	3,000,000

(c) Subsidiary companies

	Number of shares			Total
	Personal interests	Family interests	Corporate interests	
<i>(i) City Chain (Thailand) Company Limited – Preference shares (3)</i>				
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
<i>(ii) Stelux Watch (Thailand) Company Limited – Preference shares (4)</i>				
Mr Wong Chong Po	600	–	–	600
Mr Joseph C. C. Wong	600	–	–	600
Mr Sakorn Kanjanapas	600	–	–	600

	Number of shares			Total
	Personal interests	Family interests	Corporate interests	
<i>(iii) Optical 88 (Thailand) Company Limited – Preference shares (5)</i>				
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

* 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 30th September 2001 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 30th September 2001 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 and Mr Sakorn Kanjanapas are deemed to have corporate interests in City Chain (Thailand) Company Limited at 30th September 2001 as follows:

- (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 and Mr Sakorn Kanjanapas are deemed to have corporate interests in Stelux Watch (Thailand) Company Limited at 30th September 2001 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 and Mr Sakorn Kanjanapas are deemed to have corporate interests in Optical 88 (Thailand) Company Limited at 30th September 2001 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 and options of the Company or any of the Company's associated corporations as at 30th September 2001.

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 30th September 2001 as recorded in the register required to be kept by the Company under section 16(1) of the SDI Ordinance.

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 Listing Rules throughout the year except that the independent non-executive directors of the Company are not appointed for a specific term.

AUDIT COMMITTEE

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed the internal controls and financial reporting matters related to the preparation of the interim accounts for the six months ended 30th September 2001.

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

Hong Kong, 20th December 2001