

## C O N T E N T S

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**FINANCIAL SUMMARY**

	1997 <i>HK\$'M</i>	1998 <i>HK\$'M</i>	1999 <i>HK\$'M</i>	2000 <i>HK\$'M</i>	<b>2001 <i>HK\$'M</i></b>
Consolidated profit and loss account for the year ended 31st March					
Turnover					
Continuing operations	1,841.9	3,195.9	1,286.7	1,136.6	<b>1,243.3</b>
Discontinued operations	239.3	–	–	–	–
	<b>2,081.2</b>	<b>3,195.9</b>	<b>1,286.7</b>	<b>1,136.6</b>	<b>1,243.3</b>
Profit/(loss) attributable to shareholders					
Continuing operations	299.1	(2,753.4)	(188.0)	93.3	<b>55.4</b>
Discontinued operations	(20.0)	–	–	–	–
	<b>279.1</b>	<b>(2,753.4)</b>	<b>(188.0)</b>	<b>93.3</b>	<b>55.4</b>
Dividends	46.8	–	–	–	–
Consolidated balance sheet as at 31st March					
Assets	7,502.4	3,718.6	1,875.3	1,839.0	<b>1,719.9</b>
Less: Liabilities and minority interests	2,995.9	2,885.9	1,238.1	1,114.1	<b>962.6</b>
Shareholders' funds	<b>4,506.5</b>	<b>832.7</b>	<b>637.2</b>	<b>724.9</b>	<b>757.3</b>
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
Per share data					
Earnings/(loss)	0.30	(2.94)	(0.20)	0.10	<b>0.06</b>
Dividends	0.05	–	–	–	–
Net assets	4.81	0.89	0.68	0.77	<b>0.81</b>

## CHAIRMAN'S STATEMENT



Operating under tough retail conditions during the year, the Group posted a profit attributable to shareholders of HK\$55 million compared to a profit of HK\$93 million for last year. Group turnover increased by 9% from HK\$1,137 million last year to HK\$1,243 million this year.

The Board does not recommend payment of a dividend and will keep the funds to reduce borrowing and for working capital. However, in the next financial year 2001/2002, if, we maintain or better profit levels for this year, the Board will recommend payment of a dividend.

### REVIEW OF OPERATIONS

A full review of operations is set out on page 4 and 5.

### PROSPECTS

To ensure that the Group will be prepared for the turnaround when it occurs, we will concentrate on reengineering our three core retail operations to improve overall performance, profitability and efficiency.

### APPRECIATION

I express my appreciation to other Board members and all staff for their commitment and efforts during the year.

**Wong Chue Meng**  
*Chairman*

Hong Kong, 19th July 2001

**REVIEW OF GROUP OPERATIONS**

Group turnover this year was HK\$1,243 million compared to HK\$1,137 million last year, an increase of 9%. Profit attributable to shareholders this year was HK\$55 million compared to a profit of HK\$93 million last year due to a decrease in profits from non-recurring items.

**Retail and Trading Division**

Turnover of our City Chain stores in HK and the rest of Asia improved by 22% compared to the same period last year whilst profits grew from HK\$2 million last year to HK\$18 million this year.

Generally speaking, over the past year, slightly better sentiment in HK and regionally together with our efforts in reengineering the City Chain brand, its image and changed product mix contributed to the better results. Building upon City Chain's forefront position in the watch business, we hope to make City Chain into one of the best retailers in HK and regionally. To this end, we have introduced fashion label sunglasses into selected stores in prime tourist areas. Our product portfolio for silver jewellery accessories was also expanded and is now sold in more City Chain stores.

Optical 88 reported an increase in turnover from last year of 12%, amidst fierce competition in the HK market. However, price wars in this sector affected profits and a loss of HK\$2 million was reported compared to a slight profit of HK\$1 million last year. To beat the competition, we will enhance the image of our stores, the quality of our sales force and also bring in new product mixes. To better our services, we have introduced various customer loyalty programmes.

Turnover at Hipo.fant improved by 24% and a slight profit of HK\$2 million was also reported compared to a loss of HK\$2 million last year. This was due to efforts made in increasing product varieties and introducing attractive promotion programs. Efforts to this end will continue into the financial year 2001/2002 as competition in this sector will remain keen with even more bargain hunting customers expecting deeper discounts. Hipo.fant has recently re-entered the Singapore market opening 2 stores and 2 more stores will be opened by Christmas 2001.

During the period under review, we have continued to build upon City Chain, Optical 88 and Hipo.fant's reputations by further strengthening their respective market shares. The Group's total stores in HK and the region increased from 356 as at 1st April 2000 to 419 as at 30th June 2001.

Turnover of our watch export and overseas trading subsidiaries decreased by 27% compared to last year. However, profit was up from HK\$4 million to HK\$9 million this year due mainly to improved sales margins and efficient cost controls. The smaller turnover was due partly to higher unit prices because of the strong US dollar and to logistical problems.

**Property Investment**

Stelux House continues to contribute stable income and leases due for renewal have been renewed at satisfactory rents. During the year, surplus written back on the revaluation of Stelux House amounted to HK\$27 million while deficits on the revaluation of other investment properties amounted to HK\$2 million.

Two shop properties were disposed of at an aggregate sales proceeds of HK\$107 million with a net profit of about HK\$18 million. Presently, the Group still owns 3 shops in Hong Kong and 5 shops in Macau.

**FINANCE**

During the year, Swiss Francs Convertible Notes (the "Notes") in a total nominal amount of SFr29.5 million had been repurchased at an average discount of 10 per cent and balance of the Notes in a total nominal amount of SFr29.4 million were fully redeemed on 30th March 2001. There were no Notes outstanding as at the balance sheet date.

23,270,000 shares in Bangkok Land were disposed of with cash inflow of HK\$11.7 million. The number of shares held at the balance sheet date was 730,067.

The Group's borrowings (including bank loans and the Notes) at balance sheet date were HK\$511 million (2000: HK\$665 million), out of which, HK\$203 million (2000: HK\$388 million) were repayable within 12 months. The Group's gearing ratio at balance sheet date was 0.68 (2000: 0.92), which was calculated based on the Group's borrowings and the shareholders' funds of HK\$757 million (2000: HK\$725 million).

4% (2000: 42%) of the Group's borrowings were denominated in foreign currencies. Group's 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.

The Group does not engage in speculative derivative trading.

**STAFF**

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 31st March 2001, the Group had 1,853 employees. Details of the outstanding share options were disclosed in the note 20 to the accounts.

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**

Hong Kong continues to suffer from deflation. The Asian region is beset with political and economic problems and the US economy remains sluggish. Although, the mainland's entry into WTO is imminent, its effects will not be seen in HK in the very near future. Thus, these negative factors will continue to undermine consumer confidence and spending habits in the financial year 2001/2002.

However, we remain excited about what we have done and will continue to do in product development and reengineering the operations of our 3 retail chains to improve their profitability.

To meet a challenging year ahead of us, we will increase our efforts in a number of key areas – further improvement in product development, enhanced product quality, deliveries and fine tuning product mix, shop location and prices. We believe we can meet these challenges and expect to see positive results from our core business next year.

On behalf of the Board

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

Hong Kong, 19th July 2001

The directors submit their report together with the audited accounts for the year ended 31st March 2001.

#### **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 2001 are set out in the consolidated profit and loss account on page 12.

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 21 to the accounts.

#### **DONATIONS**

During the year, the Group made charitable and other donations of HK\$11,000.

#### **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 Wong Chue Meng, Mr Wong Yuk Woon and Mr Kwong Yiu Chung 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 were also 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 2001 amounted to HK\$2,479,000 (2000: HK\$4,175,000).

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

Apart from the foregoing and the related party transactions referred to in note 28 to the accounts, of which the transactions under note 28(a) and note 28(b) also constitute connected transactions under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules"), no other contracts of significance in relation to the Company's business to which the Company, its subsidiary companies or its holding company 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.

The details of share options granted to the directors and outstanding as at 31st March 2001 are as follows:

Name of directors	Number of share options granted			Total outstanding at 31st March 2001
	1st lot (note 1)	2nd lot (note 2)	3rd lot (note 3)	
Mr Joseph C. C. Wong	3,000,000	3,000,000	5,000,000	11,000,000
Mr Chu Kai Wah, Anthony	1,000,000	1,000,000	1,000,000	3,000,000
Mr Lee Shu Chung, Stan	1,000,000	1,000,000	1,000,000	3,000,000
Mrs Sudarat Sagarino	1,000,000	1,000,000	1,000,000	3,000,000
Mr Wong Yuk Woon	1,000,000	1,000,000	1,000,000	3,000,000
Mr Kriangsak Francis Kanjanapas	1,000,000	1,000,000	–	–
				(note 4)

Notes:

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

With the exception of the Scheme of the Company, at no time during the year was the Company, its subsidiary companies or its holding company 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 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			
	Personal interests	Family interests	Corporate interests	Total
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

**DIRECTORS' INTERESTS** (Continued)

**(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

**(c) 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
(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
(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

\* 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 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 31st March 2001 as follows:

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

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

**(c) Subsidiary companies** *(Continued)*

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 31st March 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 31st March 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 31st March 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 31st March 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 31st March 2001 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 29.5 million and redeemed Swiss Francs 29.4 million of the unlisted Swiss Francs Convertible Notes issued by the same subsidiary as follows:

<b>Issuer</b>	<b>Description</b>	<b>Nominal amount</b>	<b>Consideration paid</b>
Stelux Holdings Limited	1.75 percent Swiss Francs 125,000,000 Convertible Notes due 2001	Repurchased: Swiss Francs 29,500,000	Swiss Francs 26,446,000
		Redeemed: Swiss Francs 29,400,000	Swiss Francs 29,400,000

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

**AUDIT COMMITTEE**

Pursuant to the Listing Rules, 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.

**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, 19th July 2001

## 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 12 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 circumstances of the Company and the Group, 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 2001 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, 19th July 2001

**CONSOLIDATED PROFIT AND LOSS ACCOUNT**

For the year ended 31st March 2001

	Note	2001 HK\$'000	2000 HK\$'000
Turnover	3	1,243,273	1,136,600
Cost of sales		(520,889)	(451,523)
Gross profit		722,384	685,077
Other income	4	25,097	30,609
Selling expenses		(480,268)	(379,740)
General and administrative expenses		(170,645)	(167,986)
Other operating expenses		(57,789)	(139,924)
Net surplus written back on revaluation of investment properties		25,517	46,050
Profit on repurchase of convertible notes		14,847	44,662
Foreign exchange gain on convertible notes		6,248	37,937
Net profit/(loss) on sales of land and buildings		18,083	(15,410)
Recovery of bank deposit from Bank of Credit and Commerce Group (in liquidation)		–	2,904
Net unrealised loss on marketable securities		(283)	(527)
Operating profit	5	103,191	143,652
Finance costs	6	(44,709)	(46,890)
Profit before taxation		58,482	96,762
Taxation	9	(3,084)	(3,430)
Profit after taxation		55,398	93,332
Minority interests		–	–
Profit attributable to shareholders	10	55,398	93,332
Earnings per share	11	<i>cents</i>	<i>cents</i>
– basic		5.92	9.97
– diluted		5.89	9.90

**CONSOLIDATED BALANCE SHEET**

At 31st March 2001

	Note	2001 HK\$'000	2000 HK\$'000
Fixed assets	12	972,940	1,047,772
Investment securities	14	4,299	4,299
Trademarks and patents	15	26,485	29,606
<b>Non-current assets</b>		<b>1,003,724</b>	<b>1,081,677</b>
Current assets			
Stocks	16	353,591	361,912
Debtors and prepayments	17	300,303	328,073
Marketable securities	18	430	22,265
Cash and bank balances		61,844	45,082
		<b>716,168</b>	<b>757,332</b>
Current liabilities			
Bank overdrafts and short term loans			
Secured		169,646	55,396
Unsecured		23,433	25,009
Creditors and accruals	19	363,856	322,118
Convertible notes	23	–	275,652
Current portion of other long term liabilities	25	27,630	36,358
Taxation payable		13,110	14,024
		<b>597,675</b>	<b>728,557</b>
<b>Net current assets</b>		<b>118,493</b>	<b>28,775</b>
<b>Employment of funds</b>		<b>1,122,217</b>	<b>1,110,452</b>
Financed by:			
Share capital	20	93,634	93,634
Reserves	21	663,699	631,262
<b>Shareholders' funds</b>		<b>757,333</b>	<b>724,896</b>
Minority interests		1,408	1,670
Deferred taxation	22	–	149
Loans from shareholders	24	3,892	3,892
Other long term liabilities	25	359,584	379,845
<b>Funds employed</b>		<b>1,122,217</b>	<b>1,110,452</b>

Wong Chong Po  
Executive Chairman

Joseph C. C. Wong  
Managing Director

**BALANCE SHEET**

At 31st March 2001

	Note	2001 HK\$'000	2000 HK\$'000
Subsidiary companies	13	490,873	493,320
<hr/>			
Non-current assets		490,873	493,320
<hr style="border-top: 1px dashed black;"/>			
Current assets			
Other debtors and prepayments		9	9
Cash and bank balances		4	4
<hr/>			
		13	13
Current liabilities			
Other creditors and accruals		2,480	2,412
<hr/>			
Net current liabilities		(2,467)	(2,399)
<hr style="border-top: 1px dashed black;"/>			
Employment of funds		488,406	490,921
<hr/>			
Financed by:			
Share capital	20	93,634	93,634
Reserves	21	390,880	393,395
<hr/>			
Shareholders' funds		484,514	487,029
Loans from shareholders	24	3,892	3,892
<hr/>			
Funds employed		488,406	490,921
<hr/>			

**Wong Chong Po**  
*Executive Chairman*

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

**CONSOLIDATED CASH FLOW STATEMENT***For the year ended 31st March 2001*

	<i>Note</i>	<b>2001</b> <b>HK\$'000</b>	2000 <i>HK\$'000</i>
Net cash inflow from operating activities	29(a)	<b>111,029</b>	129,851
<hr style="border-top: 1px dashed black;"/>			
Returns on investments and servicing of finance			
Interest received		<b>8,052</b>	8,129
Interest paid		<b>(42,928)</b>	(46,585)
Dividends received		<b>1,180</b>	815
<hr/>			
Net cash outflow from returns on investments and servicing of finance		<b>(33,696)</b>	(37,641)
<hr style="border-top: 1px dashed black;"/>			
Taxation			
Hong Kong profits tax paid		<b>(159)</b>	(457)
Hong Kong profits tax refunded		<b>57</b>	36
Overseas tax paid		<b>(4,045)</b>	(2,249)
Overseas tax refunded		<b>-</b>	717
<hr/>			
Tax paid		<b>(4,147)</b>	(1,953)
<hr style="border-top: 1px dashed black;"/>			
Investing activities			
Purchase of fixed assets		<b>(63,083)</b>	(47,744)
Proceeds from sale of land and buildings and investment properties		<b>109,240</b>	11,914
Proceeds from sale of other fixed assets		<b>248</b>	1,801
<hr/>			
Net cash inflow/(outflow) from investing activities		<b>46,405</b>	(34,029)
<hr style="border-top: 1px dashed black;"/>			

## CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31st March 2001 (Continued)

	Note	2001 HK\$'000	2000 HK\$'000
Net cash inflow before financing		119,591	56,228
Financing	29(b)		
Increase in bank loans		227,666	44,535
Repayment of bank loans		(57,219)	(29,340)
Capital repayment of finance leases		(1,999)	(281)
Net increase in amounts due to and loans from related companies		19,532	12,020
Redemption of convertible notes		(239,975)	(57,534)
Net cash outflow from financing		(51,995)	(30,600)
Increase in cash and cash equivalents		67,596	25,628
Cash and cash equivalents at 1st April		(35,323)	(62,684)
Effect of foreign exchange rate changes		(2,242)	1,733
Cash and cash equivalents at 31st March		30,031	(35,323)
Analysis of the balances of cash and cash equivalents:			
Cash and bank balances		61,844	45,082
Short term bank loans repayable within three months from date of advance		(31,813)	(80,405)
		30,031	(35,323)

**CONSOLIDATED STATEMENT OF RECOGNISED GAINS AND LOSSES***For the year ended 31st March 2001*

	<b>2001</b>	2000
	<b>HK\$'000</b>	HK\$'000
Exchange losses arising on translation of overseas subsidiary companies not recognised in the profit and loss account	<b>(22,961)</b>	(5,657)
Profit attributable to shareholders	<b>55,398</b>	93,332
<b>Total recognised gains</b>	<b>32,437</b>	87,675

**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 accounting principles generally accepted 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. The results of subsidiary companies acquired or disposed of during the year are included in the consolidated profit and loss account from the effective date of acquisition or up to the effective date of disposal, as appropriate.

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

The gain or loss on the disposal of a subsidiary company represents the difference between the proceeds of the sale and the Group's share of its net assets together with any goodwill or capital reserve which was not previously charged or recognised in the consolidated profit and loss account.

Minority interests represent the interests of outside shareholders in the operating results and net assets of subsidiary companies.

**(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, in the opinion of directors, there is a diminution in value other than temporary in nature.

The results of subsidiary companies are accounted for by the Company on the basis of dividends income.

**2. Principal accounting policies** *(Continued)***(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%

Major costs incurred in restoring fixed assets to their normal working condition are charged to profit and loss account. Improvements are capitalised and depreciated over their expected useful lives to the Group.

The carrying amounts of fixed assets are reviewed regularly to assess whether their recoverable amounts have declined below their carrying amounts. Expected future cash flows have not been discounted in determining the recoverable amount.

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.

**(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 in valuation are first set off against increases on earlier valuations on a portfolio basis and thereafter debited to the profit and loss account. Any subsequent increases are credited to the profit and loss account up to the amount previously debited.

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 portion of the revaluation reserve in respect of previous valuations realised is released from the investment properties revaluation reserve to the profit and loss account.

**2. Principal accounting policies** *(Continued)***(g) Assets under leases***(i) Finance leases*

Leases that substantially transfer to the Group all the risks and rewards of ownership of assets, other than legal title, are accounted for as finance leases. Finance leases are capitalised at the inception of the leases at the lower of the fair value of the leased assets or the present value of the minimum lease payments. Each lease payment is allocated between the capital and finance charges so as to achieve a constant rate on the capital balances outstanding. The corresponding rental obligations, net of finance charges, are included in long-term liabilities. The finance charges are charged to the profit and loss account over the lease periods.

Assets held under finance leases are depreciated on the basis described in note 2(e).

*(ii) Operating leases*

Leases where substantially all the risks and rewards of ownership of assets remain with the lessors are accounted for as operating leases. Payments made under the operating leases net of any incentives received from the leasing company are charged to the profit and loss account on a straight line basis over the lease periods.

**(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 lives 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.

**(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) Accounts receivable**

Provision is made against accounts receivable to the extent they are considered to be doubtful. Accounts receivable in the balance sheet are stated net of such provision.

**2. Principal accounting policies** *(Continued)***(m) 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 an asset is expected to be payable or recoverable in the foreseeable future.

**(n) Translation of 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.

**(o) Retirement benefit costs**

The Group operated a defined contribution retirement scheme. This scheme was terminated in December 2000 and all relevant assets were transferred to a new mandatory provident fund scheme established in the same month. 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.

**(p) 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.

**(q) Recognition of revenue**

Revenue is recognised 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;
- (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.

## NOTES TO THE ACCOUNTS

### 3. Turnover and contribution to profit before taxation

Turnover represents the following and comprises revenues from:

	2001 <i>HK\$'000</i>	2000 <i>HK\$'000</i>
Sales of goods	1,146,433	1,065,333
Gross rental income	36,907	38,137
Sales of properties	39,000	–
Sales of marketable securities	11,701	24,142
Dividend income	1,180	812
Interest income	8,052	8,176
	<b>1,243,273</b>	<b>1,136,600</b>

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

	2001 <i>HK\$'000</i>	%	2000 <i>HK\$'000</i>	%
Principal activities:				
(i) Turnover:				
Investment	14,808	1	27,002	2
Property	78,862	6	41,425	4
Retail and trading	1,149,603	93	1,068,173	94
	<b>1,243,273</b>	<b>100</b>	<b>1,136,600</b>	<b>100</b>
	2001 <i>HK\$'000</i>	%	2000 <i>HK\$'000</i>	%
(ii) Contribution to profit before taxation:				
Investment	17,852	30	92,990	96
Property	47,820	82	30,621	32
Retail and trading	23,863	41	5,033	5
Group administration overheads	(31,053)	(53)	(31,882)	(33)
	<b>58,482</b>	<b>100</b>	<b>96,762</b>	<b>100</b>

## NOTES TO THE ACCOUNTS

### 3. Turnover and contribution to profit before taxation (Continued)

	2001 HK\$'000	%	2000 HK\$'000	%
Principal markets:				
(i) Turnover:				
Hong Kong	795,873	64	634,711	55
South East and Far East Asia	252,608	20	233,619	21
Europe	160,355	13	225,401	20
North America	19,275	2	29,857	3
Others	15,162	1	13,012	1
	<b>1,243,273</b>	<b>100</b>	1,136,600	100
<hr/>				
	2001 HK\$'000	%	2000 HK\$'000	%
(ii) Contribution to profit before taxation:				
Hong Kong	62,977	108	72,715	75
South East and Far East Asia	(1,273)	(2)	15,059	16
Europe	26,457	45	39,098	40
North America	(918)	(2)	712	1
Others	2,292	4	1,060	1
Group administration overheads	(31,053)	(53)	(31,882)	(33)
	<b>58,482</b>	<b>100</b>	96,762	100

### 4. Other income

	2001 HK\$'000	2000 HK\$'000
Building management fee income	12,925	12,877
Profit on sales of spare parts	1,152	3,144
Royalty income	-	346
Over-provision written back for closure cost of an overseas subsidiary company	-	5,060
Sundries	11,020	9,182
	<b>25,097</b>	30,609

## NOTES TO THE ACCOUNTS

### 5. Operating profit

	2001 <i>HK\$'000</i>	2000 <i>HK\$'000</i>
Operating profit is stated after charging:		
Depreciation		
Owned fixed assets	51,347	45,185
Leased fixed assets	841	334
Auditors' remuneration		
Current year	3,634	4,428
Under/(over) provision in respect of prior years	253	(1,019)
Operating leases		
Land and buildings	161,101	132,863
Plant and machinery	880	823
Deferred expenditure written off	–	344
Amortisation of trademarks and patents	3,087	1,874
Outgoings in respect of investment properties	3,283	8,229
Loss on disposal of fixed assets	2,047	758
Loss on sales of marketable securities	9,851	–
Provision for stock obsolescence and stocks written off	7,570	19,797
Provision for doubtful debts	11,204	12,468
Staff costs	191,846	185,016
<hr/>		
and after crediting:		
Net exchange gains	3,371	5,972
Gain on sales of marketable securities	–	10,404
<hr/>		

### 6. Finance costs

	2001 <i>HK\$'000</i>	2000 <i>HK\$'000</i>
Interest on overdrafts and bank loans wholly repayable within five years	35,439	38,619
Interest on bank loans not wholly repayable within five years	1,924	15
Interest on other loans wholly repayable within five years	7,256	8,197
Interest on finance leases	90	59
<hr/>		
	44,709	46,890
<hr/>		

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

	<b>2001</b> <i>HK\$'000</i>	2000 <i>HK\$'000</i>
Fees		
executive directors	<b>480</b>	560
non-executive directors	<b>340</b>	340
Salaries, allowances and benefits in kind	<b>10,890</b>	12,149
Pensions contributions	<b>229</b>	107
Executive Bonus Scheme	<b>2,479</b>	4,175
	<b>14,418</b>	17,331

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 (2000: HK\$160,000). During the year, none of the directors had waived their directors' fees (2000: Nil).

The emoluments were paid to the directors as follows:

	<b>2001</b> <i>Number</i> <i>of directors</i>	2000 <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>	1
HK\$1,500,001 - HK\$2,000,000	<b>2</b>	1
HK\$2,000,001 - HK\$2,500,000	<b>2</b>	3
HK\$2,500,001 - HK\$3,000,000	<b>–</b>	1
HK\$3,500,001 - HK\$4,500,000	<b>1</b>	1
	<b>10</b>	11

In addition to the above analysis for directors, there was one employee (2000: one) whose emoluments were among the five highest in the Group. Details of the emoluments paid to this employee were:

	<b>2001</b> <i>HK\$'000</i>	2000 <i>HK\$'000</i>
Salaries, allowances and benefits in kind	<b>1,085</b>	1,161
Pensions contributions	<b>96</b>	90
Bonuses	<b>1,125</b>	1,014
	<b>2,306</b>	2,265

## NOTES TO THE ACCOUNTS

### 8. Retirement benefits

The Group's contribution to retirement schemes during the year was HK\$5,020,433 (2000: HK\$1,182,651) less forfeiture utilised of HK\$1,668,077 (2000: HK\$1,664,344).

### 9. Taxation

	2001 HK\$'000	2000 HK\$'000
Company and subsidiary companies:		
Hong Kong profits tax		
Current taxation	(28)	(282)
Under provision in respect of prior years	(46)	–
	(74)	(282)
<hr style="border-top: 1px dashed black;"/>		
Overseas profits tax		
Current taxation	(4,465)	(2,354)
Over/(under) provision in respect of prior years	1,306	(801)
Deferred taxation ( <i>note 22</i> )	149	7
	(3,010)	(3,148)
	(3,084)	(3,430)

Hong Kong profits tax has been provided at the rate of 16% (2000: 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.

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

	2001 HK\$'000	2000 HK\$'000
Accelerated depreciation allowances	2,097	(411)
Other timing differences	5,701	317
	7,798	(94)

### 10. Profit attributable to shareholders

Profit attributable to shareholders is dealt with in the accounts of the Company to the extent of loss of HK\$2,515,000 (2000: loss of HK\$2,899,000).

## NOTES TO THE ACCOUNTS

### 11. Earnings per share

The calculation of basic earnings per share is based on the Group's profit attributable to shareholders of HK\$55,398,000 (2000: HK\$93,332,000) and on the weighted average number of 936,340,023 shares (2000: 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\$55,398,000 (2000: HK\$93,332,000) and on the weighted average number of 936,340,023 shares (2000: 936,340,023 shares) in issue during the year plus the weighted average number of 4,679,063 shares (2000: 5,990,112 shares) deemed to be issued at no consideration if all outstanding options had been exercised.

### 12. Fixed assets

	Land and buildings <i>HK\$'000</i>	Investment properties <i>HK\$'000</i>	Plant, equipment and others <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Group</b>				
Cost or valuation				
At 31st March 2000	444,942	604,000	279,359	1,328,301
Translation differences	(23,566)	–	(10,269)	(33,835)
Additions	10,485	–	53,326	63,811
Transfers	(2,518)	2,133	–	(385)
Disposals	(54,614)	(39,000)	(43,892)	(137,506)
Revaluation surplus	–	25,517	–	25,517
<b>At 31st March 2001</b>	<b>374,729</b>	<b>592,650</b>	<b>278,524</b>	<b>1,245,903</b>
Accumulated depreciation				
At 31st March 2000	77,787	–	202,742	280,529
Translation differences	(7,261)	–	(8,054)	(15,315)
Charge for the year	13,706	–	38,482	52,188
Transfers	(385)	–	–	(385)
Disposals	(2,457)	–	(41,597)	(44,054)
<b>At 31st March 2001</b>	<b>81,390</b>	<b>–</b>	<b>191,573</b>	<b>272,963</b>
Net book value				
<b>At 31st March 2001</b>	<b>293,339</b>	<b>592,650</b>	<b>86,951</b>	<b>972,940</b>
At 31st March 2000	367,155	604,000	76,617	1,047,772

Investment properties of the Group were valued on the open market value basis at 31st March 2001 by DTZ Debenham Tie Leung Limited and Jones Lang LaSalle Limited, independent property valuers. All other fixed assets are stated at cost less accumulated depreciation.

**12. Fixed assets (Continued)**

- (a) The Group's interests in investment properties and other properties, at their net book values, are analysed as follows:

	Group	
	2001 HK\$'000	2000 HK\$'000
Hong Kong:		
Long term leases (over 50 years)	20,824	109,433
Medium term leases (10-50 years)	758,545	737,688
Overseas:		
Freehold	51,993	60,813
Medium term leases (10-50 years)	47,676	56,099
Short term leases (under 10 years)	6,951	7,122
	885,989	971,155

- (b) At 31st March 2001, certain of the Group's land and buildings amounting to HK\$238,217,000 (2000: HK\$285,373,000), investment properties amounting to HK\$592,050,000 (2000: HK\$604,000,000) and plant and equipment amounting to HK\$2,164,000 (2000: Nil) were pledged to secure banking facilities granted to the Group.
- (c) At 31st March 2001, the net book value of fixed assets held under finance leases amounted to HK\$1,621,000 (2000: HK\$996,000).

**13. Subsidiary companies**

	2001 HK\$'000	2000 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	(120,432)	(117,985)
	490,873	493,320

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.

**NOTES TO THE ACCOUNTS****14. Investment securities**

	<b>Group</b>	
	<b>2001</b>	<b>2000</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Unlisted overseas shares, at cost	<b>4,299</b>	4,299

**15. Trademarks and patents**

	<b>Group</b>	
	<b>2001</b>	<b>2000</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trademarks and patents, at directors' 1972 valuation	<b>1,000</b>	1,000
Watch brand trademark, at cost	<b>44,791</b>	44,825
Less: Amortisation	<b>(19,306)</b>	(16,219)
	<b>25,485</b>	28,606
	<b>26,485</b>	29,606

**16. Stocks**

	<b>Group</b>	
	<b>2001</b>	<b>2000</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Raw materials	<b>146,529</b>	176,830
Work-in-progress	<b>11,164</b>	14,850
Finished goods	<b>294,013</b>	287,770
	<b>451,706</b>	479,450
Provision	<b>(98,115)</b>	(117,538)
	<b>353,591</b>	361,912

At 31st March 2001, finished goods that are carried at net realisable value amounted to HK\$4,153,683 (2000: HK\$27,346,000).

**17. Debtors and prepayments**

	2001 HK\$'000	Group 2000 HK\$'000
Trade debtors ( <i>note a</i> )		
Below 60 days	31,782	35,592
Over 60 days	18,160	17,055
	<b>49,942</b>	52,647
Deposits, prepayments and other debtors ( <i>note b</i> )	250,361	275,426
	<b>300,303</b>	328,073

*Note:*

- (a) The Group allows an average credit period of 60 days to its trade debtors.
- (b) Included in the balances are amounts due from related companies of HK\$162,708,000 (2000: HK\$164,616,000). The amounts receivable are unsecured, interest free and have no fixed terms of repayment except for a receivable of HK\$153,823,000 (2000: HK\$149,352,000) which carries interest at 3% per annum and is repayable on demand.

**18. Marketable securities**

	2001 HK\$'000	Group 2000 HK\$'000
Overseas listed shares, at market value	430	22,265

Investment in marketable securities represent 0.12% (2000: 4%) of shareholdings in Bangkok Land Public Company Limited, listed in Thailand.

**19. Creditors and accruals**

	2001 HK\$'000	Group 2000 HK\$'000
Trade creditors		
Below 60 days	67,344	55,039
Over 60 days	63,306	67,773
	<b>130,650</b>	122,812
Other creditors and accruals ( <i>note</i> )	233,206	199,306
	<b>363,856</b>	322,118

*Note:*

Included in the balances are amounts due to related companies of HK\$15,867,000 (2000: HK\$7,535,000) which are unsecured, interest free and have no fixed terms of repayment.

**20. Share capital**

	<b>Number of shares of HK\$0.1 each</b>	<b>Nominal value HK\$'000</b>
Authorised:		
At 31st March 2001 and 2000	1,600,000,000	160,000
Issued and fully paid:		
At 31st March 2001 and 2000	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 23 will no longer be convertible into ordinary shares of SHL but will be convertible into the same number of shares of the Company. As at 31st March 2001, all of the outstanding Convertible Notes have been fully redeemed.

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.

At 31st March 2001, the outstanding options granted to directors and employees under the Scheme was 25,000,000, of which 7,000,000 options are exercisable at HK\$1.3632 per share during the period from 6th August 1997 to 5th August 2002; 9,000,000 options are exercisable at HK\$0.15 per share during the period from 26th October 1998 to 25th October 2003; and 9,000,000 are exercisable at HK\$0.248 per share during the period from 17th January 2000 to 16th January 2005. No options have been exercised during the year.

**21. Reserves**

	<b>Contributed surplus</b> <i>HK\$'000</i>	<b>Share premium</b> <i>HK\$'000</i>	<b>Accumulated loss</b> <i>HK\$'000</i>	<b>Total</b> <i>HK\$'000</i>
<b>(a) Group</b>				
At 1st April 1999	2,848,462	443	(2,305,318)	543,587
Retained profit for the year	–	–	93,332	93,332
Exchange translation	–	–	(5,657)	(5,657)
At 1st April 2000	2,848,462	443	(2,217,643)	631,262
Retained profit for the year	–	–	55,398	55,398
Exchange translation	–	–	(22,961)	(22,961)
<b>At 31st March 2001</b>	<b>2,848,462</b>	<b>443</b>	<b>(2,185,206)</b>	<b>663,699</b>

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

	<b>Contributed surplus</b> <i>HK\$'000</i>	<b>Share premium</b> <i>HK\$'000</i>	<b>Accumulated loss</b> <i>HK\$'000</i>	<b>Total</b> <i>HK\$'000</i>
<b>(b) Company</b>				
At 1st April 1999	4,085,186	443	(3,689,335)	396,294
Loss for the year	–	–	(2,899)	(2,899)
At 1st April 2000	4,085,186	443	(3,692,234)	393,395
Loss for the year	–	–	(2,515)	(2,515)
<b>At 31st March 2001</b>	<b>4,085,186</b>	<b>443</b>	<b>(3,694,749)</b>	<b>390,880</b>

Under the laws of Bermuda and the Bye-laws of the Company, the contributed surplus is distributable. At 31st March 2001, the distributable reserves of the Company available for distribution as dividends to shareholders amounted to HK\$390,437,000 (2000: HK\$392,952,000).

**22. Deferred taxation**

	2001 HK\$'000	Group 2000 HK\$'000
At 1st April 2000	149	156
Transfer to profit and loss account ( <i>note 9</i> )	(149)	(7)
At 31st March 2001	–	149
Deferred taxation liabilities are in respect of:		
Accelerated depreciation allowances	–	–
Other timing differences	–	149
	–	149
Unprovided deferred taxation assets are analysed as follows:		
Accelerated depreciation allowances	(3,373)	(1,276)
Other timing differences	(13,703)	(8,002)
	(17,076)	(9,278)

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

**23. 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 20) 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, SFr29.5 million (2000: SFr20.6 million) of the Notes were repurchased at a consideration of SFr26.4 million and these Notes were subsequently cancelled. The outstanding Notes of SFr29.4 million were fully redeemed at the face value on 30th March 2001.

**24. Loans from shareholders**

The loans were provided by Mr Wong Chue Meng and Madam Chuang Yuan Hsien (deceased) and are unsecured, interest free and have no fixed terms of repayment.

**25. Other long term liabilities**

		Group	
	Note	2001 HK\$'000	2000 HK\$'000
Bank loans, secured	(a)	317,659	308,478
Loan from a related company	(b)	43,200	32,000
Loan from a director	(c)	14,720	–
Obligations under finance leases	(d)	3,104	5,319
Construction costs and retention money payable		8,531	70,406
		<b>387,214</b>	416,203
Amount payable within one year included under current liabilities		27,630	36,358
		<b>359,584</b>	379,845
(a) The bank loans are repayable as follows:			
Not exceeding one year		10,248	32,317
More than one year, but not exceeding two years		20,787	18,378
More than two years, but not exceeding five years		277,011	252,213
More than five years		9,613	5,570
		<b>317,659</b>	308,478
Of the gross amounts shown above for the Group, bank loans not wholly repayable within five years amounted to HK\$41,113,000 (2000: HK\$15,000,000).			
(b) The loan payable is unsecured and carries interest at prime rate. Except for the loan amount of HK\$27,000,000 (2000: Nil) which is not repayable on or before 1st April 2002, the balance is repayable within one year.			
(c) The loan payable is denominated in Swiss Francs and is unsecured, carries interest at 2.875% per annum above the prevailing Swiss interbank cost of funds and is wholly repayable on 31st March 2003.			
(d) The obligations under finance leases are repayable as follows:			
Not exceeding one year		1,182	4,041
More than one year, but not exceeding two years		863	1,255
More than two years, but not exceeding five years		885	23
More than five years		174	–
		<b>3,104</b>	5,319

**26. Contingent liabilities**

	Group		Company	
	2001 HK\$'000	2000 HK\$'000	2001 HK\$'000	2000 HK\$'000
(a) Guarantees to secure banking facilities for:				
Subsidiary companies	–	–	949,812	674,841
Third parties	–	1,190	–	–
Other guarantees				
Subsidiary companies	–	–	2,210	491,450
(b) Bills discounted	5,865	1,093	–	–
(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	9,112	8,150	–	–

(d) City Chain Properties Limited, a subsidiary company, is involved in litigation arising from the disposal of its 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 extension of time, loss and expense and variation orders. On the other hand, the Group is entitled to counter-claim 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 has 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 of the year 2002 for Stelux House and 2001 for Titus Square.

(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. Subsequent to the year end date, the Group has not received any claim from the purchaser up to the claim expiry period of 30th April 2001.

**27. Commitments**

	Group	
	2001 HK\$'000	2000 HK\$'000
(a) Commitments in respect of expenditure on leasehold improvements		
Contracted but not provided for	1,597	8,218
Authorised but not contracted for	–	–
	1,597	8,218

**27. Commitments (Continued)**

	<b>2001</b>	<b>Group</b>
	<b>HK\$'000</b>	<b>2000</b>
		<b>HK\$'000</b>
(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	<b>45,705</b>	48,907
– expiring in the second to fifth year inclusive	<b>150,471</b>	114,026
– expiring after the fifth year	<b>1,057</b>	225
	<b>197,233</b>	163,158
-----		
Plant and machinery		
– expiring in the first year	<b>283</b>	398
– expiring in the second to fifth year inclusive	<b>156</b>	315
	<b>439</b>	713
-----		
	<b>197,672</b>	163,871

- (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.

On 16th January 2001, the subsidiary company entered into a sale and purchase agreement with the third party for the buy back of this property at the same consideration of HK\$32,000,000. The subsidiary company has the option to elect to complete this transaction on or before 1st April 2002. As at 31st March 2001, the transaction has not been completed.

**28. Related party transactions**

The following is a summary of significant transactions between the Group and related parties, which were undertaken in the normal course of business during the year:

		<b>2001</b> <i>HK\$'000</i>	2000 <i>HK\$'000</i>
Purchases of goods from related companies	(a)	<b>47,819</b>	23,126
Rental income received from related companies	(b)	<b>1,950</b>	1,950
Interest income received from a related company	(c)	<b>4,471</b>	4,359
Interest expense paid to a related company	(d)	<b>3,059</b>	2,013
Management fee receivable from a related Company	(e)	<b>–</b>	980

- (a) Purchases of goods from related companies 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 press announcement dated 13th August 1998.
- (c) 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% (2000: 3%) per annum.
- (d) Interest payable to Active Lights Company Limited, a subsidiary company of Yee Hing Company Limited, was calculated at prime rate.
- (e) The Group provided building management service for a property of Thong Sia Company Limited, a company in which Mr Wong Chue Meng is a director. Management fee received was based on mutual agreement.

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

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

	<b>2001</b> <i>HK\$'000</i>	2000 <i>HK\$'000</i>
Profit before taxation	<b>58,482</b>	96,762
Depreciation	<b>52,188</b>	45,519
Loss on disposal of fixed assets	<b>2,047</b>	758
Amortisation of trademarks and patents	<b>3,087</b>	1,874
Deferred expenditure written off	<b>–</b>	344
Decrease in marketable securities	<b>21,552</b>	13,733
Net interest and dividends	<b>35,477</b>	37,899
Decrease/(increase) in stocks	<b>8,321</b>	(9,560)
Decrease in debtors and prepayments	<b>12,381</b>	10,295
(Decrease)/increase in creditors and accruals	<b>(14,723)</b>	55,971
Net (profit)/loss on sales of land and buildings	<b>(18,083)</b>	15,410
Profit on repurchase of convertible notes	<b>(14,847)</b>	(44,662)
Foreign exchange gain on convertible notes	<b>(6,248)</b>	(37,937)
Over-provision written back for closure cost of an overseas subsidiary company	<b>–</b>	(5,060)
Net surplus written back on revaluation of investment properties	<b>(25,517)</b>	(46,050)
Net unrealised loss on marketable securities	<b>283</b>	527
Translation difference	<b>(3,371)</b>	(5,972)
<b>Net cash inflow from operating activities</b>	<b>111,029</b>	129,851

## NOTES TO THE ACCOUNTS

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

(b) Analysis of changes in financing during the year

	Bank loans and other long term liabilities <i>HK\$'000</i>	Convertible notes <i>HK\$'000</i>	Investment by minority interests <i>HK\$'000</i>	Loans from shareholders <i>HK\$'000</i>	Amounts due to related companies <i>HK\$'000</i>	Total <i>HK\$'000</i>
Balance at 1st April 1999	297,456	415,785	1,679	3,892	27,515	746,327
Net cash (outflow)/ inflow from financing	14,914	(57,534)	–	–	12,020	(30,600)
Exchange differences	734	(37,937)	(9)	–	–	(37,212)
Inception of finance lease	693	–	–	–	–	693
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)	–
Balance at 31st March 2000	416,203	275,652	1,670	3,892	7,535	704,952
Net cash (outflow)/ inflow from financing	179,648	(239,975)	–	–	8,332	(51,995)
Exchange differences	(806)	(6,248)	(262)	–	–	(7,316)
Inception of finance lease	728	–	–	–	–	728
Profit on repurchase of convertible notes	–	(14,847)	–	–	–	(14,847)
Retention money payable reclassified to current liabilities	(46,486)	–	–	–	–	(46,486)
Loan from a director	14,582	(14,582)	–	–	–	–
Reclassification from current assets	(15,389)	–	–	–	–	(15,389)
<b>Balance at 31st March 2001</b>	<b>548,480</b>	<b>–</b>	<b>1,408</b>	<b>3,892</b>	<b>15,867</b>	<b>569,647</b>

### 30. Ultimate holding company

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

### 31. Approval of accounts

The accounts set out on pages 12 to 40 were approved by the board of directors on 19th July 2001.

## PRINCIPAL SUBSIDIARY COMPANIES

As at 31st March 2001

Details of the principal subsidiary companies which materially affect the results or assets of the Group as at 31st March 2001 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 and property investment	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>Retail 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 2001

	Place of incorporation/ operation	Principal activities	Share capital issued Number	Par value	Percentage of equity capital attributable to the Group
<b>Retail and trading (Continued)</b>					
Evergreen Fame Sdn Bhd	Malaysia	Watch distribution	320,000	RM1	92.5*
Universal Geneve 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*
Time House (Europe) Limited	Hong Kong	Watch distribution	10,000	HK\$1	100*
Wedmore Limited	Hong Kong	Watch retailing	2	HK\$1	100*

\* Held through subsidiary companies.

# Preference shares.

<b>Commercial properties (own use)</b>	<b>Gross floor area (sq. ft.)</b>	<b>Remaining lease term (years)</b>
<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	46
Shop D, G/F, New Lucky House, 300-306 Nathan Road, Kowloon	584	63
Shop No. 22, 1/F Po Tin Building, 39 Wai Chi Street, Pak Tin, Kowloon	348	46
Portion of G/F, Kam Ling Building, 231 Nathan Road, Kowloon	1,446	26
Shop 5, G/F, Chung King Mansion, 36-44 Nathan Road, Tsimshatsui, Kowloon	699	37
<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 Arriage, 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

<b>Commercial properties (own use)</b>	<b>Gross floor area (sq. ft.)</b>	<b>Remaining lease term (years)</b>
<i>Thailand</i>		
Room 2B-O4, 2/F, Mahboonkhrong Centre, 444 Phayathai Rd., Patumwan, Bangkok 10330	473	20
Room 2B14, 3/F, Mahboonkhrong Ctr., 444 Wangmai Subdistrict, Patumwan, Bangkok 10330	487	20
Room No. 228/033, Kaew Fah Shopping Arcade, 228 Chakaping Rd., Talad-Yod Subdistrict, Pranakron District, Bangkok	387	3
Room No. 33-34, 5 Ratchadapisek Rd., Huay-kwang, Bangkok 10310	689	11
Room No. B235, 4 Rajdamri Rd Lumpini, Patumwan, Bangkok 10330	409	12
Room No. 115-116, 191 Silom Rd., Bangruk, Bangkok 10500	1,248	11
Rm 54, 2/F, Amarin Plaza, 500 Ploenchit Rd., Patumwan, Bangkok 10330	548	14
Room No. 1C-L22/23, 1/F, The Mall Center, Ramkhumhaeng, 1909 Huamark, Bangkok, Bangkok 10600	915	14
Room No. 147-148, Moo 3, 168 Chaengwattana Rd., Bangkhen, Bangkok 10210	1,292	16
Rm No. AG28, 1/F, Imperial World, 999 Sukhumvit Rd., Samrongnua Amphur Muang, Samutprakarn	1,295	17
Room No. 1S-R4B, 30/9 Ngamwongwan Rd, Bangkhen, Muang District, Nonthaburi 11000	1,291	19
The Mall 7 Bangkae, Room No. 1S-L8A, 275 Petchakasem Rd., Pasricharoen, Bangkok 10160	943	22
The Mall 8 Bangkok, Room No. IS-C70, 3522 Lardpao Rd., Bangkok, Bangkok 10240	754	22
The Seri Center, Seri Center Room No. 101, 2nd Floor, 12/90 Srinakarin Rd., Nongborn, Pravet, Bangkok 10250	1,672	22
The Seacon Square, Room No. 1098, 904 Srinakarin Rd., Nongborn, Pravet, Bangkok 10250	1,162	24
Zeer Rangsit, Room No. G12C, 1/F, 99 Phaholyothin Rd., Kukot, Lumlukka, Pathumthani	1,286	22
Central Pinklao, Room No. 126, 7/311 Baromrajchonee Rd., Arunamarin, Bangkoknoi, Bangkok	865	14
Room 2PX-19B2, 1242/2 Mitraparp Rd., Muang District, Nakornrajasima Province	1,356	26
Room 2PX-19B1, 1242/2 Mitraparp Rd., Muang District, Nakornrajasima Province	1,076	26

<b>Commercial properties (own use)</b>	<b>Gross floor area (sq. ft.)</b>	<b>Remaining lease term (years)</b>
Future Park Rangsit, Room No. G35, 161 Thanyaburi District, Pathumthani	1,216	20
Fashion Island, Room No. 2098/2099, Km. 10.5, Ram Indra Rd, Bangkok	875	22
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	2
Mall 5 Thapa, Room No. 1SL1, 1/F, The Mall Center, Bukkalo, Thonburi, Bangkok	753	19
Room No. 2C-03-04, 2/F, Mahboonkhrong Center, Patumwan, Bangkok 10330	938	20
Central Ramindra, Room No. 114, 1/F, 109/10-100 Ramindra Road, Bangkhen, Bangkok	998	13
Siam Square I, 430/34, Siam Square 7, Patumwan, Bangkok 10330	603	4
Future Park Bangkae, Room No. G13, 33-35 Soi Petchakasem, Pasecharoen, Bangkok	1,814	20
Central City Bangna, Room No. 134A, 1093 Bangna-Trad Road., Phakhranong, Bangkok	729	23
Jewelry Trade, Room No. 110, 1/F, 919/1 Silom Road, Bangkok 10500	681	24
Imperial Lardplao, Room No. AF-47, 1/F, 119/129 Lardpao Road, Bangkapi, Bangkok	1,453	19
Mall 8 Bangkapi, Room# GS-C13B, G/F, 3522 Ladproa Road, Bangkapi, Bangkok	753	22
Mall 7 Bangkae, Room No. IS-L8B, 1/F, 275 Petchicasem Road, Phasichareon, Bangkok	869	22
The Galleria, 111, Ground Floor at Jewelry Trade Center, 919/1 Silom Road, Bangrak, Bangkok	791	25
7/F Mar Boon Klong Center Building, 444 Phayathai Road, Bangkok	532	10

## 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	13
Central Pinklao, G-11A First Floor at Central Pinklao, 7/232 Boa-Rom Rachinee Road, Aroon Amarin, Bangkoknoi, Bangkok	1,130	14
Fashion Island, 1088,1/F, Ramindra K.M. 10.5, Khannayao, Beungkum, Bangkok	1,058	22
Imperial World, AF-09, 1/F, Imperial Ladproa, Sukaphibal 1, Beungkum, Bangkok	775	20
Central Plaza Rachada Rama III, G29/2 G/F; 79/1-2, Sathupradit Road, Bangkok	1,004	22
Central Rama III, G29/1, 1/F, Rama III Road, Bangkok	1,078	22
Udon, Room# A101, 1/F, Charoensri AR-KET, 277/3 Prachak Road, Udornthani	431	17
Sriracha Town, Room# 120, 1/F, 90 Sukumvit Road, Sriracha, Choburi	1,009	19
Central Chiang Mai, Room 116-117, G/F, Central Airport Plaza, 2 Mahidol Road, Hai-Ya Distric, Chiang Mai	1,295	22
Room# 135B 1093, Bangna-Trad Road, Bangkok	1,034	23
55/3 Diana Complex, Sri-puvanard Road, Had-Yai Distric, Songkhla	538	13
<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>		
Stelux House, 698 Prince Edward Road East, San Po Kong, Kowloon (exclude the portion for own use)	307,678	46
Shop No. 27, 1/F, Po Tin Building, 39 Wai Chi Street, Pak Tin, Kowloon	336	46
<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	46
Unit No. 9 and 10, 3/F, and roof, Po Wai Building, 12 Tak Yip Street, Yuen Long, N.T.	3,907	46

**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 80, 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 59, 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 41, 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 41, 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 50, 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.

Sakorn KANJANAPAS, aged 51, 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 68, 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 41, 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 48, 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 55, 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.

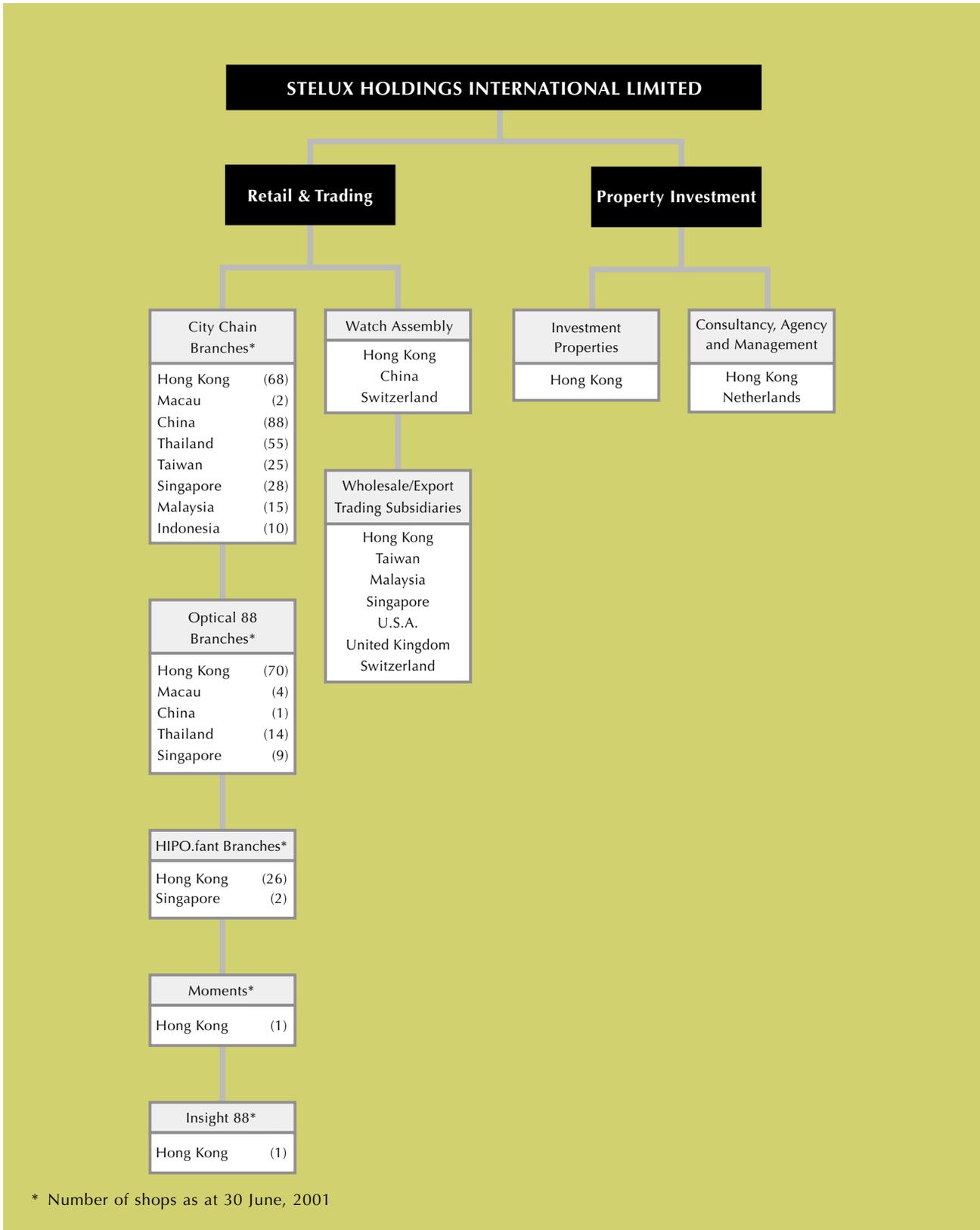
**Company Secretary**

Caroline CHONG Sue Peng, BA (Law) (Hons), admitted as a Barrister in England and Wales, and, Hong Kong, aged 39, 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 51 has been a director of City Chain Malaysia since 1993. He has more than 28 years experience in the watch industry.

Stuart WOOD, aged 57, 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 27 years of experience in the watch industry. He joined the Group in 1991.



**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  
19/F., No. 102  
Sung Lung Road  
Taipei (110)  
TAIWAN

**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, 6 Changkat Raja Chulan  
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 Jeneva Building  
Moo 3, Chaeng Wattana Road  
Ban-Mai, 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

- Universal Geneve 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.  
37600 Central Court, #270  
Newark, CA 94560  
U.S.A.