

Hong Kong Stock Exchange Listing Code
0084.HK

web site

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FINANCIAL SUMMARY

	1998 <i>HK\$'M</i>	1999 <i>HK\$'M</i>	2000 <i>HK\$'M</i>	2001 <i>HK\$'M</i>	2002 <i>HK\$'M</i>
Consolidated profit and loss account for the year ended 31st March					
Turnover	3,195.9	1,286.7	1,136.6	1,243.3	1,217.6
(Loss)/profit attributable to shareholders	(2,753.4)	(188.0)	93.3	55.4	(9.7)
Dividends	–	–	–	–	–
Consolidated balance sheet as at 31st March					
Assets (<i>Note</i>)	3,717.6	1,874.3	1,838.0	1,718.9	1,614.8
Less: Liabilities and minority interests	2,885.9	1,238.1	1,114.1	962.6	868.9
Shareholders' funds	831.7	636.2	723.9	756.3	745.9
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
Per share data					
(Loss)/earnings	(2.94)	(0.20)	0.10	0.06	(0.01)
Dividends	–	–	–	–	–
Net assets	0.89	0.68	0.77	0.81	0.80

Note: Assets restated after prior period adjustment upon adopting SSAP 29 (note 2(i))

	<i>HK\$'M</i>	<i>HK\$'M</i>	<i>HK\$'M</i>	<i>HK\$'M</i>
As previously reported	3,718.6	1,875.3	1,839.0	1,719.9
Prior period adjustment	(1.0)	(1.0)	(1.0)	(1.0)
As restated	3,717.6	1,874.3	1,838.0	1,718.9

CHAIRMAN'S STATEMENT



The Group reported a loss attributable to shareholders of HK\$10 million this year compared to a profit of HK\$55 million last year. A large part of the loss was due to a provision of HK\$39 million made on the revaluation of fixed assets and investment properties. Overall this year, the Group's core retail and trading operations posted a profit of HK\$24 million, the same as the previous year. Losses mainly from operations located in regions that are suffering from recessions or are politically unstable affected overall operating results. A full review of the Group's operations is set out on pages 4 to 5.

We are encouraged by the positive operating results as it is evident of appropriate strategies and steps taken by management these last few years, during one of the most challenged periods of the nearly 40 year history of the Group. These challenges are however, by no means over, as buying sentiment in many places where we mainly operate will remain weak. Notwithstanding, these challenges, which will be met head on through a combination of the strategies implemented so far and the commitment of our staff, we expect our core operations to report positive performances next year.

Last but not least, I must express appreciation to staff and other Board members for yet again their hard work and commitment during the year.

Wong Chue Meng
Chairman

Hong Kong, 19th July 2002

**REVIEW OF GROUP OPERATIONS**

Group turnover this year was HK\$1,217 million slightly lower than the previous year's turnover of HK\$1,243 million. This year the Group reported a loss attributable to shareholders of HK\$10 million compared to a profit of HK\$55 million last year due primarily to a provision of HK\$39 million on the revaluation of fixed assets and investment properties.

Retail and Trading Division

Overall this year, our core retail and trading businesses maintained a profit level similar to last year at HK\$24 million albeit amidst the extremely weak retail sentiment in Asia. Continued improvements last year in key areas like product development, quality, mix and shop location contributed to the results.

Hong Kong Retail

The difficult conditions in Hong Kong continued to impact on our three retail chains. City Chain recorded a drop in profit to HK\$11 million compared to HK\$19 million last year. Both Optical 88 and Hipo.fant reported losses. Promotions, packaged services and customer loyalty programmes at competitive prices helped to maintain turnover which remained almost unchanged but lower margins continued to drag down the results of these three chains. Efforts to better profit margins will continue by increasing products with healthier margins through change of product mix and improvements on sourcing.

Asian Retail

Retail operations in South East Asia and Macau recorded significant growth in both turnover and profit compared to last year with the exception of Hipo.fant in Singapore where investment in brand building continues. Operating profit for this year, after taking into account a write off of HK\$6 million for closing down operations in Indonesia, was HK\$8 million compared to a slight loss last year. Thailand, Singapore and Macau contributed mainly to the improved results. Our marketing efforts and effective cost controls boosted profitability. Losses in Taiwan were also reduced on closing down non-performing shops and restructuring of operations.

Export and Trading

Turnover of our watch export and overseas trading subsidiaries was maintained at a similar level compared to last year. An overall profit of HK\$14 million was reported compared to a profit of HK\$9 million last year. Results would have been generally better but for the strong US currency during the period, the September 11th events and a less than expected response to some new watch models. Our U.K. subsidiary, in particular, reported double digit growth in both turnover and profit.

Property Investment

Stelux House continues to contribute stable income and leases due for renewal have been renewed at satisfactory rents. At the year end, a deficit on revaluation of Stelux House amounted to HK\$23 million while a deficit on revaluation of other investment properties amounted to HK\$4 million. In addition, impairment charge for a shop property amounting to HK\$12 million was provided for in the year.

A shop property was disposed for HK\$21 million at a slight loss. Presently, the Group still owns 2 shops in Hong Kong and 5 shops in Macau.

FINANCE

The Group's bank borrowings at balance sheet date were HK\$511 million (2001: HK\$511 million), out of which, HK\$235 million (2001: HK\$203 million) were repayable within 12 months. The Group's gearing ratio at balance sheet date was 0.68 (2001: 0.68), which was calculated based on the Group's bank borrowings and shareholders' funds of HK\$746 million (2001: HK\$757 million).

Of the Group's bank borrowings, 3% (2001: 4%) were denominated in foreign currencies. The Group's bank borrowings 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 2002, the Group had 1,817 (2001: 1,853) employees.

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

Tough retail conditions in Hong Kong will persist but based on the performance of the first quarter ending 30th June 2002, we nevertheless expect to see improved results from the three chains in the next year.

With the South East Asian economies picking up, we will continue with our strategy of growth in countries like Thailand, Malaysia and Singapore by selectively opening shops.

Optimism is high for the Group's flagship brand Universal Geneve which has been remodelled to attract younger customers. Initial sales have been good. With a focused marketing team in place, we expect sales to contribute to the performance of our major export and watch trading subsidiaries next year.

In summary, for the next year, we will continue with the strategies which we have implemented so far. Firstly, selective growth in some countries by developing market share through opening more shops and closing non-performing shops when their leases expire. Secondly, continued improvements in key operational areas, like product development, product mix and sourcing. Thirdly, effective cost controls to reduce operational costs.

Barring unforeseen circumstances, we expect our core businesses to report positive results next year.

On behalf of the Board

Joseph C. C. Wong

Managing Director

Hong Kong, 19th July 2002

REPORT OF THE DIRECTORS

The directors submit their report together with the audited accounts for the year ended 31st March 2002.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The activities of its principal subsidiary companies are shown on pages 46 to 48.

RESULTS AND DIVIDENDS

The results of the Group for the year ended 31st March 2002 are set out in the consolidated profit and loss account on page 14.

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

RESERVES

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

FIXED ASSETS

Details of the movements in fixed assets are shown in note 13 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** (resigned on 23rd August 2001)

Wong Yuk Woon

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 Stan Lee Shu Chung and Mr Anthony Chu Kai Wah 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).

DIRECTORS AND INTERESTS IN CONTRACTS *(Continued)*

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. During the year, none of the afore-mentioned directors has received or will receive any bonus in respect of the Executive Bonus Scheme (2001: HK\$2,479,000).

Apart from the foregoing, 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 available for issue is 46,817,001, representing 5% of the issued share capital of the Company as at the date of the report. No option may be granted to any eligible person which if exercised in full would result in the total number of shares already issued and or to be issued to him exceeding 25% of the maximum aggregate number of shares to be issued under the Scheme. An offer of the grant of options must be accepted within 28 days from the commencement date of the relevant options. The purpose of the Scheme is to provide incentives or rewards for the contribution to the Group from the senior executives. The consideration payable on acceptance of the offer for the grant of an option is HK\$1. The exercise price is determined by the directors at the time of grant of the relevant option and shall be the higher of the nominal value of the Company's share and 80% of the average closing prices of the shares for the five trading days immediately before the options are granted.

The details of share options granted to the directors and outstanding as at 31st March 2002 are as follows:

Name of directors	Number of share options			Total outstanding at 31st March 2002
	1st lot <i>(note 1)</i>	2nd lot <i>(note 2)</i>	3rd lot <i>(note 3)</i>	
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
Mr Wong Yuk Woon	1,000,000	1,000,000	1,000,000	3,000,000
Mrs Sudarat Sagarino	1,000,000	1,000,000	1,000,000	– <i>(note 4)</i>

Notes:

- These options are granted on 6th August 1997 and exercisable at HK\$1.3632 per share during the period from 6th August 1997 to 5th August 2002.
- These options are granted on 26th October 1998 and exercisable at HK\$0.15 per share during the period from 26th October 1998 to 25th October 2003.
- These options are granted on 17th January 2000 and 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, Mrs Sudarat Sagarino's share options have lapsed upon her resignation on 23rd August 2001.

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES (Continued)

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 2002, 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

DIRECTORS' INTERESTS *(Continued)*
(c) Subsidiary companies

		Number of shares			
		Personal interests	Family interests	Corporate interests	Total
(i)	City Chain (Thailand) Company Limited – Preference shares ^[3]				
	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 ^[4]				
	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 ^[5]				
	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 2002 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 2002 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 2002 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 2002 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 2002 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 2002.

SHARE OPTIONS

As at 31st March 2002, in addition to the share options granted to the directors as disclosed in the section headed "Directors' right to acquire shares or debentures", there were 2,000,000 outstanding share options which were granted in 1998 to two employees of the Group. The options are exercisable at HK\$0.15 per share during the period from 26th October 1998 to 25th October 2003. During the year, there were no share options granted to nor share options exercised by the employees of the Group.

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 2002 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

The Company has not redeemed any of its shares during the year. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the year.

MAJOR CUSTOMERS AND SUPPLIERS

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

MANAGEMENT CONTRACTS

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

CODE OF BEST PRACTICE

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

CONNECTED TRANSACTIONS

- (1) The Group purchased timepieces from Thong Sia Company Limited, Thong Sia Watch Company Limited, Thong Sia Company (Singapore) Private Limited and Thong Sia Sdn Bhd, collectively referred to as Thong Sia Companies; and optical products from PRO Vision Trading Company Limited ("Pro Vision") and Thong Sia Company (Singapore) Private Limited. Mr Wong Chue Meng, who is interested in approximately 67% of the issued share capital of the Company, is a director and holds more than 30% of the equity of the Thong Sia Companies. Pro Vision is a 60% indirectly owned subsidiary of Yee Hing Company Limited which is a substantial shareholder of the Company holding approximately 41% of its issued share capital. Accordingly, Thong Sia Companies and Pro Vision are associates of a connected person to the Company and the transactions constitute connected transactions under the Listing Rules. The total purchases during the year amounted to HK\$29,726,000 (2001: HK\$43,441,000).

The Company has been granted waivers from the Stock Exchange from strict compliance with the disclosure requirements under Chapter 14 of the Listing Rules. The independent non-executive directors, Messrs Kwong Yiu Chung and Chu Chun Keung, Sydney have reviewed the above transactions and confirm that the transactions were:

- (a) entered into in the usual and ordinary course of business of the Company;
- (b) conducted either (i) on normal commercial terms or (ii) where there is no available comparison on terms that are fair and reasonable so far as the shareholders are concerned;
- (c) entered into either (i) in accordance with the terms of the agreements governing such transactions or (ii) where there is no such agreements on terms no less favourable than terms available to or from independent third parties; and
- (d) within the maximum amounts as agreed with the Stock Exchange.

The auditors have also reviewed the above transactions and confirmed that the transactions have received the approval of the directors of the Company and were undertaken in accordance with notes (c) and (d) above.

CONNECTED TRANSACTIONS *(Continued)*

- (2) The Group entered into a tenancy agreement with International Optical Manufacturing Company Limited (“IOM”) to lease certain units in Stelux House to IOM for a period of three years from 15th August 2001 at a monthly rental of HK\$95,040. The Group also entered into a tenancy agreement with Yee Hing Company Limited (“Yee Hing”) to lease certain units in Stelux House to Yee Hing for a period of three years from 15th August 2001 at a monthly rental of HK\$55,900.

Yee Hing ultimately holds 55.37% of the issued share capital of the Company. Thong Sia Company Limited (“Thong Sia”) holds 9.72% of the issued share capital of the Company. Yee Hing holds 60% and Thong Sia holds 40% respectively of the issued share capital in IOM. Both tenancy agreements were entered into on normal commercial terms as stated in the connected transaction press announcement dated 19th July 2001.

The above transactions also constitute related party transactions and are disclosed in note 27 to the accounts.

AUDIT COMMITTEE

Pursuant to the Listing Rules, an audit committee, comprising two independent non-executive directors, namely Messrs Kwong Yiu Chung and 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 2002

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 14 to 48 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 2002 and of the loss 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 2002

CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended 31st March 2002

	Note	2002 HK\$'000	2001 HK\$'000
Turnover	3	1,217,563	1,243,273
Cost of sales		(463,769)	(520,889)
Gross profit		753,794	722,384
Other income	5	25,387	25,097
Selling expenses		(500,520)	(480,268)
General and administrative expenses		(157,602)	(170,645)
Other operating expenses		(76,508)	(57,789)
(Deficit)/net surplus on revaluation of investment properties		(26,900)	25,517
Forfeiture of deposit received on disposal of land and buildings		14,133	–
Write back of provision for construction cost payable		20,570	–
Provision for impairment in value of land and buildings		(12,154)	–
(Loss)/net profit on disposals of land and buildings		(5,621)	18,083
Profit on repurchase of convertible notes		–	14,847
Foreign exchange gain on convertible notes		–	6,248
Net unrealised loss on marketable securities		–	(283)
Operating profit before financing	6	34,579	103,191
Finance costs	7	(36,234)	(44,709)
(Loss)/profit before taxation		(1,655)	58,482
Taxation	10	(8,079)	(3,084)
(Loss)/profit after taxation		(9,734)	55,398
Minority interests		–	–
(Loss)/profit attributable to shareholders	11	(9,734)	55,398
(Loss)/earnings per share	12	HK cents	HK cents
– basic		(1.04)	5.92
– diluted		N/A	5.89

CONSOLIDATED BALANCE SHEET

At 31st March 2002

	Note	2002 HK\$'000	2001 HK\$'000
Fixed assets	13	890,097	972,940
Investment securities	15	4,299	4,299
Trademarks and patents	16	23,134	25,485
Non-current assets		917,530	1,002,724
Current assets			
Stocks	17	355,042	353,591
Debtors and prepayments	18	286,317	300,303
Marketable securities	19	65	430
Cash and bank balances		55,865	61,844
		697,289	716,168
Current liabilities			
Bank overdrafts and short term loans			
Secured		191,066	169,646
Unsecured		23,703	23,433
Creditors and accruals	20	288,872	363,856
Current portion of other long term liabilities	24	26,330	27,630
Taxation payable		14,500	13,110
		544,471	597,675
Net current assets		152,818	118,493
Employment of funds		1,070,348	1,121,217
Financed by:			
Share capital	21	93,634	93,634
Reserves	22	652,265	662,699
Shareholders' funds		745,899	756,333
Minority interests		1,461	1,408
Loans from shareholders	23	3,892	3,892
Other long term liabilities	24	319,096	359,584
Funds employed		1,070,348	1,121,217

Wong Chong Po
Executive Chairman

Joseph C. C. Wong
Managing Director

BALANCE SHEET

At 31st March 2002

	Note	2002 HK\$'000	2001 HK\$'000
Subsidiary companies	14	487,922	490,873
<hr/>			
Non-current assets		487,922	490,873
<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		2,400	2,480
<hr/>			
Net current liabilities		(2,387)	(2,467)
<hr style="border-top: 1px dashed black;"/>			
Employment of funds		485,535	488,406
<hr/>			
Financed by:			
Share capital	21	93,634	93,634
Reserves	22	388,009	390,880
<hr/>			
Shareholders' funds		481,643	484,514
Loans from shareholders	23	3,892	3,892
<hr/>			
Funds employed		485,535	488,406
<hr/>			

Wong Chong Po
Executive Chairman

Joseph C. C. Wong
Managing Director

CONSOLIDATED CASH FLOW STATEMENT*For the year ended 31st March 2002*

	<i>Note</i>	2002 HK\$'000	2001 <i>HK\$'000</i>
Net cash inflow from operating activities	<i>28(a)</i>	71,057	111,029
<hr style="border-top: 1px dashed black;"/>			
Returns on investments and servicing of finance			
Interest received		6,624	8,052
Interest paid		(36,947)	(42,928)
Dividends received		1,456	1,180
<hr/>			
Net cash outflow from returns on investments and servicing of finance		(28,867)	(33,696)
<hr style="border-top: 1px dashed black;"/>			
Taxation			
Hong Kong profits tax paid		(2,680)	(159)
Hong Kong profits tax refunded		990	57
Overseas tax paid		(4,999)	(4,045)
<hr/>			
Tax paid		(6,689)	(4,147)
<hr style="border-top: 1px dashed black;"/>			
Investing activities			
Purchase of fixed assets		(29,116)	(63,083)
Proceeds from sale of fixed assets		20,641	109,488
<hr/>			
Net cash (outflow)/inflow from investing activities		(8,475)	46,405
<hr style="border-top: 1px dashed black;"/>			

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31st March 2002 (Continued)

	Note	2002 HK\$'000	2001 HK\$'000
Net cash inflow before financing		27,026	119,591
Financing	28(b)		
Increase in bank loans		152,873	227,666
Repayment of bank loans		(143,991)	(57,219)
Capital repayment of finance leases		(2,790)	(1,999)
Net (decrease)/increase in amounts due to and loans from related companies		(26,067)	19,532
Redemption of convertible notes		–	(239,975)
Net cash outflow from financing		(19,975)	(51,995)
Increase in cash and cash equivalents		7,051	67,596
Cash and cash equivalents at 1st April		30,031	(35,323)
Effect of foreign exchange rate changes		(4,243)	(2,242)
Cash and cash equivalents at 31st March		32,839	30,031
Analysis of the balances of cash and cash equivalents:			
Cash and bank balances		55,865	61,844
Short term bank loans repayable within three months from the date of advance		(23,026)	(31,813)
		32,839	30,031

CONSOLIDATED STATEMENT OF RECOGNISED GAINS AND LOSSES*For the year ended 31st March 2002*

	2002 HK\$'000	2001 <i>HK\$'000</i>
Exchange losses arising on translation of overseas subsidiary companies not recognised in the profit and loss account	(700)	(22,961)
(Loss)/profit attributable to shareholders	(9,734)	55,398
Total recognised (losses)/gains	(10,434)	32,437

1 Principal activities

The principal activity of the Company is investment holding. The activities of its principal subsidiary companies are shown on pages 46 to 48.

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 ("HKSA"). The accounts are prepared under the historical cost convention as modified by the revaluation of investment properties and marketable securities.

In the current year, the Group adopted the following Statements of Standard Accounting Practice ("SSAPs") issued by the HKSA which are effective for accounting periods commencing on or after 1st January 2001:

SSAP 9 (revised)	:	Events after the balance sheet date
SSAP 14 (revised)	:	Leases
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 effect of adopting these revised new standards is set out in the accounting policies below.

(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 unamortised goodwill/negative goodwill or goodwill/negative goodwill taken to reserves and 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.

2 Principal accounting policies *(Continued)***(c) Goodwill/negative goodwill**

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisitions occurring on or after 1st April 2001 is included in intangible assets and is amortised using the straight-line method over its estimated useful life.

Negative goodwill represents the excess of the fair value of the Group's share of the net assets acquired over the cost of acquisition. Negative goodwill is presented in the same balance sheet classification as goodwill. To the extent that negative goodwill relates to expectations of future losses and expenses that are identified in the Group's plan for the acquisition and can be measured reliably, but which do not represent identifiable liabilities at the date of acquisition, that portion of negative goodwill is recognised in the income statement when the future losses and expenses are recognised. Any remaining negative goodwill, not exceeding the fair values of the non-monetary assets acquired, is recognised in the income statement over the remaining weighted average useful life of those assets; negative goodwill in excess of the fair values of those non-monetary assets is recognised in the income statement immediately.

The carrying amount of goodwill is reviewed annually and provision is made where, in the opinion of directors, there is a long term impairment in value.

In previous years, goodwill on acquisitions was taken directly to reserves. This accounting policy has been changed to conform with SSAP30 and such change has no effect to the accounts for the year.

(d) Subsidiary companies

A company is a subsidiary if the Group has the power to exercise control governing the financial and operating policies of the company. In the Company's balance sheet, the investments in subsidiaries are stated at cost less provision for impairment losses. 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 dividend income received and receivable.

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 and accumulated impairment losses.

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 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.

At each balance sheet date, both internal and external sources of information are considered to assess whether there is any indication that fixed assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated and where relevant, an impairment loss is recognised to reduce the asset to its recoverable amount. Such impairment losses are 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.

In prior years, the Group capitalised an internally generated trademarks and patents amounting to HK\$1,000,000. Upon the adoption of SSAP 29, the internally generated trademarks and patents did not meet the recognition criteria provided in this new accounting 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 2000 have decreased by HK\$1,000,000.

(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. Profit or loss 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.

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

(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 mandatory provident fund scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The Group's contributions to the scheme are expensed as incurred.

(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 into account of the principal outstanding and the effective interest rate applicable; and
- (vi) profits on disposals of completed properties, when the sale and purchase agreements are completed.

2 Principal accounting policies *(Continued)***(r) Dividends**

In accordance with the revised SSAP 9, the Group no longer recognises dividends proposed or declared after the balance sheet date as a liability at the balance sheet date. This change in accounting policy has been applied retrospectively.

(s) Segment reporting

In accordance with the Group's internal financial reporting, the Group has determined that business segments be presented as the primary reporting format and geographical as the secondary reporting format.

Unallocated items represent net corporate expenses or income. Segment assets consist primarily of fixed assets, trademarks and patents, stocks, debtors and prepayments and exclude cash and bank balances. Segment liabilities consist mainly of creditors and accruals and exclude taxation payable, loans from shareholders, minority interests and corporate borrowings. Capital expenditure comprises additions to fixed assets.

In respect of geographical segment reporting, sales are based on location of its markets and customers. Total assets and capital expenditure are based on where the assets are located.

(t) Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the accounts. When a change in the probability of an outflow occurs so that outflow is probable, they will then be recognised as provision.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the Group. Contingent assets are not recognised but are disclosed in the notes to the accounts when an inflow of economic benefits is probable. When inflow is virtually certain, an asset is recognised.

(u) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the company expects a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

NOTES TO THE ACCOUNTS

3 Turnover

Turnover represents the following and comprises revenues from:

	2002 <i>HK\$'000</i>	2001 <i>HK\$'000</i>
Sales of goods	1,173,777	1,146,433
Gross rental income	34,654	36,907
Sales of properties	–	39,000
Sales of marketable securities	376	11,701
Dividend income	1,456	1,180
Interest income	7,300	8,052
	1,217,563	1,243,273

NOTES TO THE ACCOUNTS
4 Segment information

Primary reporting format – business segments

	2002				Group HK\$'000
	Investment HK\$'000	Property HK\$'000	Retail and trading HK\$'000	Eliminations HK\$'000	
Turnover	1,988	51,722	1,176,306	(12,453)	1,217,563
Segment results	1,971	17,842	43,293		63,106
Net corporate expenses					(28,527)
Operating profit before financing					34,579
Finance costs					(36,234)
Loss before taxation					(1,655)
Taxation					(8,079)
Loss after taxation					(9,734)
Minority interests					–
Loss attributable to shareholders					(9,734)
Segment assets	11,222	874,694	673,038		1,558,954
Unallocated assets					55,865
Total assets					1,614,819
Segment liabilities	5,839	52,659	230,374		288,872
Minority interests	–	–	1,461		1,461
Unallocated liabilities					578,587
Total liabilities					868,920
Capital expenditure	2,674	177	27,080		29,931
Depreciation	1,199	6,892	45,427		53,518
Amortisation of trademarks and patents	–	–	2,351		2,351
Impairment charge	–	12,154	–		12,154
Loss on disposals of fixed assets	–	–	1,721		1,721
Provision for stock obsolescence and stocks written off	–	–	8,277		8,277
Provision for doubtful debts and bad debts written off	9	4,615	1,920		6,544

NOTES TO THE ACCOUNTS

4 Segment information (Continued)

Primary reporting format – business segments (Continued)

	2001				Group HK\$'000
	Investment HK\$'000	Property HK\$'000	Retail and trading HK\$'000	Eliminations HK\$'000	
Turnover	13,260	94,487	1,149,603	(14,077)	1,243,273
Segment results	3,409	72,660	42,686		118,755
Profit on repurchase of convertible notes					14,847
Foreign exchange gain on convertible notes					6,248
Net corporate expenses					(36,659)
Operating profit before financing					103,191
Finance costs					(44,709)
Profit before taxation					58,482
Taxation					(3,084)
Profit after taxation					55,398
Minority interests					–
Profit attributable to shareholders					55,398
Segment assets	11,112	941,749	704,187		1,657,048
Unallocated assets					61,844
Total assets					1,718,892
Segment liabilities	11,054	88,941	263,861		363,856
Minority interests	–	–	1,408		1,408
Unallocated liabilities					597,295
Total liabilities					962,559
Capital expenditure	105	277	63,429		63,811
Depreciation	673	7,072	44,443		52,188
Amortisation of trademarks and patents	–	–	3,087		3,087
Loss on disposals of fixed assets	432	255	1,360		2,047
Provision for stock obsolescence and stocks written off	–	–	7,570		7,570
Provision for doubtful debts and bad debts written off	–	4,471	6,733		11,204

NOTES TO THE ACCOUNTS

4 Segment information (Continued)

Secondary reporting format – geographical segments

	2002			
	Turnover HK\$'000	Segment results HK\$'000	Total assets HK\$'000	Capital expenditure HK\$'000
Hong Kong	745,659	13,875	1,296,309	15,318
South East and Far East Asia	277,787	10,403	229,957	12,869
Europe	167,830	38,211	67,184	1,446
North America	14,118	(887)	9,669	20
PRC Mainland	12,169	1,504	11,700	278
	1,217,563	63,106	1,614,819	29,931

	2001			
	Turnover HK\$'000	Segment results HK\$'000	Total assets HK\$'000	Capital expenditure HK\$'000
Hong Kong	795,873	90,932	1,395,048	34,061
South East and Far East Asia	252,608	(948)	232,258	28,631
Europe	160,355	27,216	70,948	775
North America	19,275	(918)	8,880	92
PRC Mainland	15,162	2,473	11,758	252
	1,243,273	118,755	1,718,892	63,811

5 Other income

	2002 HK\$'000	2001 HK\$'000
Building management fee income	12,450	12,925
Profit on sales of spare parts	–	1,152
Sundries	12,937	11,020
	25,387	25,097

NOTES TO THE ACCOUNTS

6 Operating profit before financing

	2002 <i>HK\$'000</i>	2001 <i>HK\$'000</i>
Operating profit before financing is stated after charging/(crediting):		
Depreciation		
Owned fixed assets	53,120	51,347
Leased fixed assets	398	841
Auditors' remuneration		
Current year	3,993	3,634
Under provision in respect of prior years	28	253
Operating leases		
Land and buildings	167,838	161,101
Plant and machinery	546	880
Amortisation of trademarks and patents	2,351	3,087
Outgoings in respect of investment properties	2,323	3,283
Loss on disposals of fixed assets	1,721	2,047
Loss on sales of marketable securities	17	9,851
Provision for stock obsolescence and stocks written off	8,277	7,570
Provision for doubtful debts and bad debts written off	6,544	11,204
Staff costs	192,534	191,846
Net exchange losses/(gains)	1,881	(3,371)

7 Finance costs

	2002 <i>HK\$'000</i>	2001 <i>HK\$'000</i>
Interest on bank loans and overdrafts wholly repayable within five years	31,643	35,439
Interest on bank loans not wholly repayable within five years	1,505	1,924
Interest on other loans wholly repayable within five years	2,920	7,256
Interest on finance leases	166	90
	36,234	44,709

8 Emoluments of directors and senior management

	2002 <i>HK\$'000</i>	2001 <i>HK\$'000</i>
Fees		
– executive directors	480	480
– non-executive directors	340	340
Salaries, allowances and benefits in kind	10,016	10,890
Pension contributions	216	229
Executive Bonus Scheme	–	2,479
	11,052	14,418

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. No bonus was paid or is payable to the eligible directors under the Executive Bonus Scheme for the year.

Emoluments paid to independent non-executive directors for the year included directors' fees amounting to HK\$160,000 (2001: HK\$160,000). During the year, none of the directors has waived their directors' fees (2001: Nil).

The emoluments were paid to the directors as follows:

Emolument bands	2002 Number of directors	2001 Number of directors
HK\$ Nil – HK\$500,000	4	4
HK\$500,001 – HK\$1,000,000	1	–
HK\$1,000,001 – HK\$1,500,000	–	1
HK\$1,500,001 – HK\$2,000,000	4	2
HK\$2,000,001 – HK\$2,500,000	–	2
HK\$3,000,001 – HK\$3,500,000	1	–
HK\$3,500,001 – HK\$4,000,000	–	1
	10	10

In addition to the above analysis for directors, there was one employee (2001: one) whose emoluments were among the five highest in the Group. Details of the emoluments paid to this employee were:

	2002 <i>HK\$'000</i>	2001 <i>HK\$'000</i>
Salaries, allowances and benefits in kind	1,219	1,085
Pension contributions	104	96
Bonuses	1,005	1,125
	2,328	2,306

9 Retirement benefits

The Group's contribution to retirement schemes during the year was HK\$6,666,914 (2001: HK\$5,020,433) less forfeiture utilised of HK\$463,316 (2001: HK\$1,668,077).

10 Taxation

Hong Kong profits tax has been provided at the rate of 16% (2001: 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.

	2002 <i>HK\$'000</i>	2001 <i>HK\$'000</i>
Company and subsidiary companies:		
Hong Kong profits tax		
Current	(29)	(28)
Under provision in respect of prior years	(4,325)	(46)
	(4,354)	(74)

Overseas profits tax		
Current	(4,794)	(4,465)
Over provision in respect of prior years	1,069	1,306
Deferred taxation	-	149
	(3,725)	(3,010)
	(8,079)	(3,084)

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

	2002 <i>HK\$'000</i>	2001 <i>HK\$'000</i>
Accelerated depreciation allowances	(762)	2,097
Other timing differences	636	5,701
	(126)	7,798

NOTES TO THE ACCOUNTS**10 Taxation (Continued)**

Unprovided deferred taxation assets are analysed as follows:

	2002 HK\$'000	2001 <i>HK\$'000</i>
Accelerated depreciation allowances	2,611	3,373
Other timing differences	14,339	13,703
	16,950	17,076

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

11 (Loss)/profit attributable to shareholders

(Loss)/profit attributable to shareholders is dealt with in the accounts of the Company to the extent of a loss of HK\$2,871,000 (2001: loss of HK\$2,515,000).

12 (Loss)/earnings per share

The calculation of basic (loss)/earnings per share is based on the Group's loss attributable to shareholders of HK\$9,734,000 (2001: profit of HK\$55,398,000) and on the weighted average number of 936,340,023 shares (2001: 936,340,023 shares) in issue during the year.

The exercise of the share options granted by the Group would have an anti-dilutive effect on the loss per share for the year ended 31 March 2002.

NOTES TO THE ACCOUNTS

13 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>
Group				
Cost or valuation				
At 31st March 2001	374,729	592,650	278,524	1,245,903
Translation differences	4,431	–	873	5,304
Additions	187	–	29,744	29,931
Disposals	(21,827)	–	(13,541)	(35,368)
Revaluation deficit	–	(26,900)	–	(26,900)
At 31st March 2002	357,520	565,750	295,600	1,218,870
Accumulated depreciation				
At 31st March 2001	81,390	–	191,573	272,963
Translation differences	2,262	–	814	3,076
Charge for the year	10,481	–	43,037	53,518
Impairment charge	12,154	–	–	12,154
Disposals	(1,171)	–	(11,767)	(12,938)
At 31st March 2002	105,116	–	223,657	328,773
Net book value				
At 31st March 2002	252,404	565,750	71,943	890,097
At 31st March 2001	293,339	592,650	86,951	972,940

Investment properties of the Group were valued on the open market value basis at 31st March 2002 by DTZ Debenham Tie Leung Limited and B.I. Appraisals Limited, independent property valuers. All other fixed assets are stated at cost less accumulated depreciation and impairment charge, if any.

13 Fixed assets (Continued)

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

	2002 <i>HK\$'000</i>	Group 2001 <i>HK\$'000</i>
Hong Kong:		
Long term leases (over 50 years)	–	20,824
Medium term leases (10 – 50 years)	714,450	758,545
Overseas:		
Freehold	51,724	51,993
Medium term leases (10 – 50 years)	51,256	52,126
Short term leases (under 10 years)	724	2,501
	818,154	885,989

- (b) At 31st March 2002, certain of the Group's land and buildings amounting to HK\$175,899,000 (2001: HK\$238,217,000), investment properties amounting to HK\$564,550,000 (2001: HK\$592,050,000) and plant and equipment amounting to HK\$1,717,000 (2001: HK\$2,164,000) were pledged to secure banking facilities granted to the Group.
- (c) At 31st March 2002, the net book value of fixed assets held under finance leases amounted to HK\$1,523,000 (2001: HK\$1,621,000).

14 Subsidiary companies

	2002 <i>HK\$'000</i>	2001 <i>HK\$'000</i>
Unlisted shares at cost less provision	495,150	495,150
Amounts due from subsidiary companies	116,155	116,155
Amounts due to subsidiary companies	(123,383)	(120,432)
	487,922	490,873

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 46 to 48.

NOTES TO THE ACCOUNTS
15 Investment securities

	2002 <i>HK\$'000</i>	Group 2001 <i>HK\$'000</i>
Unlisted overseas shares, at cost	4,299	4,299

16 Trademarks and patents

	Group <i>HK\$'000</i>
At 1st April 2001, as previously reported	26,485
Prior period adjustment upon adopting SSAP 29 (<i>note 2(i)</i>)	(1,000)
At 1st April 2001, as restated	25,485
Less: Amortisation	(2,351)
At 31st March 2002	23,134

17 Stocks

	2002 <i>HK\$'000</i>	Group 2001 <i>HK\$'000</i>
Raw materials	145,884	146,529
Work-in-progress	8,138	11,164
Finished goods	296,843	294,013
	450,865	451,706
Provision	(95,823)	(98,115)
	355,042	353,591

At 31st March 2002, finished goods that are carried at net realisable value amounted to HK\$3,500,624 (2001: HK\$4,153,683).

NOTES TO THE ACCOUNTS

18 Debtors and prepayments

	2002 HK\$'000	Group 2001 HK\$'000
Trade debtors (<i>note a</i>)		
Below 60 days	11,934	31,782
Over 60 days	19,511	18,160
	31,445	49,942
Deposits, prepayments and other debtors (<i>note b</i>)	254,872	250,361
	286,317	300,303

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\$170,885,000 (2001: HK\$162,708,000). The amounts receivable are unsecured, interest free and have no fixed terms of repayment except for a receivable of HK\$158,438,000 (2001: HK\$153,823,000) which carries interest at 3% per annum and is repayable on demand.

19 Marketable securities

	2002 HK\$'000	Group 2001 HK\$'000
Overseas listed shares, at market value	65	430

20 Creditors and accruals

	2002 HK\$'000	Group 2001 HK\$'000
Trade creditors		
Below 60 days	63,478	67,344
Over 60 days	45,733	63,306
	109,211	130,650
Other creditors and accruals (<i>note</i>)	179,661	233,206
	288,872	363,856

Note:

Included in creditors and accruals are amounts due to related companies of HK\$25,372,000 (2001: HK\$15,867,000) which are unsecured, interest free and have no fixed terms of repayment.

21 Share capital

	Number of shares of HK\$0.1 each	Nominal value HK\$'000
Authorised:		
At 31st March 2002 and 2001	1,600,000,000	160,000
Issued and fully paid:		
At 31st March 2002 and 2001	936,340,023	93,634

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 2002, the outstanding options granted to directors and employees under the Scheme was 22,000,000, of which 6,000,000 options are exercisable at HK\$1.3632 per share during the period from 6th August 1997 to 5th August 2002, 8,000,000 options are exercisable at HK\$0.15 per share during the period from 26th October 1998 to 25th October 2003, and 8,000,000 are exercisable at HK\$0.248 per share during the period from 17th January 2000 to 16th January 2005. No new options have been granted nor any outstanding options have been exercised during the year.

22 Reserves

	Contributed surplus <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Accumulated loss <i>HK\$'000</i>	Total <i>HK\$'000</i>
(a) Group				
At 1st April 2000, as previously reported	2,848,462	443	(2,217,643)	631,262
Prior period adjustment (<i>note 2(i)</i>)	–	–	(1,000)	(1,000)
At 1st April 2000, as restated	2,848,462	443	(2,218,643)	630,262
Retained profit for the year	–	–	55,398	55,398
Exchange translation	–	–	(22,961)	(22,961)
At 31st March 2001, as restated	2,848,462	443	(2,186,206)	662,699
At 1st April 2001, as previously reported	2,848,462	443	(2,185,206)	663,699
Prior period adjustment (<i>note 2(i)</i>)	–	–	(1,000)	(1,000)
At 1st April 2001, as restated	2,848,462	443	(2,186,206)	662,699
Loss for the year	–	–	(9,734)	(9,734)
Exchange translation	–	–	(700)	(700)
At 31st March 2002	2,848,462	443	(2,196,640)	652,265

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

	Contributed surplus <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Accumulated loss <i>HK\$'000</i>	Total <i>HK\$'000</i>
(b) Company				
At 1st April 2000	4,085,186	443	(3,692,234)	393,395
Loss for the year	–	–	(2,515)	(2,515)
At 31st March 2001	4,085,186	443	(3,694,749)	390,880
Loss for the year	–	–	(2,871)	(2,871)
At 31st March 2002	4,085,186	443	(3,697,620)	388,009

Under the laws of Bermuda and the Bye-laws of the Company, the contributed surplus is distributable. At 31st March 2002, the distributable reserves of the Company available for distribution as dividends to shareholders amounted to HK\$387,566,000 (2001: HK\$390,437,000).

23 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.

24 Other long term liabilities

	<i>Note</i>	2002 <i>HK\$'000</i>	Group 2001 <i>HK\$'000</i>
Bank loans, unsecured	<i>(a)</i>	737	–
Bank loans, secured	<i>(a)</i>	295,327	317,659
Loan from a related company	<i>(b)</i>	33,000	43,200
Loan from a director	<i>(c)</i>	15,245	14,720
Obligations under finance leases	<i>(d)</i>	1,117	3,104
Construction costs and retention money payable		–	8,531
		345,426	387,214
Amount payable within one year included under current liabilities		26,330	27,630
		319,096	359,584
(a) The bank loans are repayable as follows:			
Not exceeding one year		19,824	10,248
More than one year, but not exceeding two years		254,799	20,787
More than two years, but not exceeding five years		20,600	277,011
More than five years		841	9,613
		296,064	317,659

Of the gross amounts shown above for the Group, bank loans not wholly repayable within five years amounted to HK\$23,571,000 (2001: HK\$41,113,000).

(b) The loan payable is unsecured, carries interest at prime rate. Except for the loan amount of HK\$27,000,000 (2001: HK\$27,000,000) which is not repayable on or before 1st April 2003, the balance is repayable within one year.

(c) The loan payable is unsecured, carries interest at 2.875% per annum above the prevailing Swiss interbank cost of funds and is extended to be wholly repayable on 30th April 2004.

NOTES TO THE ACCOUNTS

24 Other long term liabilities (Continued)

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

	Group	
	2002 HK\$'000	2001 HK\$'000
Not exceeding one year	582	1,228
More than one year, but not exceeding two years	489	905
More than two years, but not exceeding five years	221	930
More than five years	–	174
	1,292	3,237
Future finance charges on finance leases	(175)	(133)
	1,117	3,104
The present value of finance lease liabilities is as follows:		
Not exceeding one year	506	1,182
More than one year, but not exceeding two years	436	863
More than two years, but not exceeding five years	175	885
More than five years	–	174
	1,117	3,104

25 Contingent liabilities

	Group		Company	
	2002 HK\$'000	2001 HK\$'000	2002 HK\$'000	2001 HK\$'000
(a) Guarantees to secure banking facilities for subsidiary companies	–	–	1,035,696	949,812
Other guarantees				
Subsidiary companies	–	–	4,659	2,210
(b) Bills discounted	6,396	5,865	–	–
(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	9,923	9,112	–	–

(d) The contractor for Stelux House has submitted claims for extensions 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 the contractor. 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 contractor to put these claims and counter-claims to arbitration and hearing will take place in the fourth quarter of the year 2002.

26 Commitments

		Group	
		2002 HK\$'000	2001 HK\$'000
(a)	Commitments in respect of expenditure on leasehold improvements		
	Contracted but not provided for	557	1,597
	Authorised but not contracted for	–	–
		557	1,597

(b) Commitments under operating leases

At 31st March 2002, the Group had future aggregate minimum lease payments under non-cancellable operating leases as follows:

		Group	
		2002 HK\$'000	2001 HK\$'000
	Land and buildings		
	Not later than one year	165,240	173,197
	Later than one year but not later than five years	96,695	155,497
	Later than five years	3,239	14,171
		265,174	342,865
	Plant and machinery		
	Not later than one year	14	426
	Later than one year but not later than five years	–	13
		14	439
		265,188	343,304

(c) Future minimum lease receivables

At 31st March 2002, the Group had future aggregate minimum leases receivable under non-cancellable operating leases as follows:

		Group	
		2002 HK\$'000	2001 HK\$'000
	Land and buildings		
	Not later than one year	30,662	36,252
	Later than one year but not later than five years	24,700	55,364
		55,362	91,616

26 Commitments (Continued)

- (d) 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, which was extended to a date on or before 2nd September 2002 during the year. Subsequent to the year end date, the subsidiary company has exercised the option and the purchase will be completed by the end of July 2002.

27 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:

		2002	2001
		HK\$'000	HK\$'000
Purchases of goods from related companies	(a)	32,069	47,819
Rental income received from related companies	(b)	1,863	1,950
Interest income received from a related company	(c)	4,615	4,471
Interest expense paid to a related company	(d)	2,034	3,059
Interest expense paid to a director	(e)	886	138

- (a) Purchases of goods from related companies were conducted in the normal course of business at prices and terms no less favourable than those available to third party customers.
- (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 three years expiring on 14th August 2001. The leases were entered into on normal commercial terms as stated in the connected transactions press announcement dated 13th August 1998. On 19th July 2001, the Group entered into new lease agreements with International Optical Manufacturing Company Limited and Yee Hing Company Limited for a period of three years expiring on 14th August 2004 at a monthly rental of HK\$95,040 and HK\$55,900 respectively. The leases were entered into on normal commercial terms as stated in the connected transactions press announcement dated 19th July 2001.

27 Related party transactions (Continued)

- (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% (2001: 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) Interest expense on loan from a director was calculated at 2.875% per annum above the prevailing Swiss interbank cost of funds.

28 Notes to the consolidated cash flow statement

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

	2002	2001
	HK\$'000	HK\$'000
(Loss)/profit before taxation	(1,655)	58,482
Depreciation	53,518	52,188
Provision for impairment in value of land and buildings	12,154	–
Loss on disposals of fixed assets	1,721	2,047
Loss/(net profit) on disposals of land and buildings	5,621	(18,083)
Deficit/(net surplus) on revaluation of investment properties	26,900	(25,517)
Amortisation of trademarks and patents	2,351	3,087
Decrease in marketable securities	365	21,552
Net interest and dividends	27,478	35,477
(Increase)/decrease in stocks	(1,451)	8,321
Decrease in debtors and prepayments	7,226	12,381
Decrease in creditors and accruals	(30,349)	(14,723)
Forfeiture of deposit received on disposal of land and buildings	(14,133)	–
Write back of provision for construction cost payable	(20,570)	–
Profit on repurchase of convertible notes	–	(14,847)
Foreign exchange gain on convertible notes	–	(6,248)
Net unrealised loss on marketable securities	–	283
Translation difference	1,881	(3,371)
Net cash inflow from operating activities	71,057	111,029

NOTES TO THE ACCOUNTS

28 Notes to the consolidated cash flow statement (Continued)

(b) Analysis of changes in financing during the year

	Bank loans and other long term liabilities	Convertible notes	Investment by minority interests	Loans from shareholders	Amounts due to related companies	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Balance at 1st April 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)
Balance at 31st March 2001	548,480	–	1,408	3,892	15,867	569,647
Net cash outflow from financing	(4,108)	–	–	–	(15,867)	(19,975)
Exchange differences	513	–	53	–	–	566
Inception of finance lease	815	–	–	–	–	815
Reclassification to current liabilities	(8,531)	–	–	–	–	(8,531)
Balance at 31st March 2002	537,169	–	1,461	3,892	–	542,522

29 Ultimate holding company

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

30 Approval of accounts

The accounts set out on pages 14 to 48 were approved by the board of directors on 19th July 2002.

PRINCIPAL SUBSIDIARY COMPANIES

As at 31st March 2002

Details of the principal subsidiary companies which materially affect the results or assets of the Group as at 31st March 2002 are set out below:

	Place of incorporation/ operation	Principal activities	Share capital issued Number	Par value	Percentage of equity capital attributable to the Group
Investment					
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*
Property					
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*
Retailing and trading					
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*

PRINCIPAL SUBSIDIARY COMPANIES

As at 31st March 2002

	Place of incorporation/ operation	Principal activities	Share capital issued		Percentage of equity capital attributable to the Group
			Number	Par value	
Retailing and trading (Continued)					
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*
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*
Poco Hippo Co (S) Pte Limited	Singapore	Infant wear marketing and retailing	100,000	S\$1	100*
Pronto Watch S.A.	Switzerland	Watch distribution	100	SFr1,000	100*

PRINCIPAL SUBSIDIARY COMPANIES

As at 31st March 2002

	Place of incorporation/ operation	Principal activities	Share capital issued		Percentage of equity capital attributable to the Group
			Number	Par value	
Retailing and trading (Continued)					
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.

PROPERTY PORTFOLIO

Commercial properties (own use)	Gross floor area (sq. ft.)	Remaining lease term (years)
<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	45
Shop No. 22, 1/F Po Tin Building, 39 Wai Chi Street, Pak Tin, Kowloon	348	45
Portion of G/F, Kam Ling Building, 231 Nathan Road, Kowloon	1,446	25
Shop 5, G/F, Chung King Mansion, 36-44 Nathan Road, Tsimshatsui, Kowloon	699	36
<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

PROPERTY PORTFOLIO

Commercial properties (own use)	Gross floor area (sq. ft.)	Remaining lease term (years)
<i>Thailand</i>		
Room 2B-O4, 2/F, Mahboonkrong Centre, 444 Phayathai Rd., Patumwan, Bangkok 10330	473	19
Room 2B14, 3/F, Mahboonkrong Ctr., 444 Wangmai Subdistrict, Patumwan, Bangkok 10330	487	19
Room No. 228/033, Kaew Fah Shopping Arcade, 228 Chakaping Rd., Talad-Yod Subdistrict, Pranakron District, Bangkok	387	2
Room No. 33-34, 5 Ratchadapisek Rd., Huay-kwang, Bangkok 10310	689	10
Room No. B235, 4 Rajdamri Rd Lumpini, Patumwan, Bangkok 10330	409	11
Room No. 115-116, 191 Silom Rd., Bangruk, Bangkok 10500	1,248	10
Rm 54, 2/F, Amarin Plaza, 500 Ploenchit Rd., Patumwan, Bangkok 10330	548	13
Room No. 1C-L22/23, 1/F, The Mall Center, Ramkhumhaeng, 1909 Huamark, Bangkok, Bangkok 10600	915	13
Room No. 147-148, Moo 3, 168 Chaengwattana Rd., Bangkhen, Bangkok 10210	1,292	15
Rm No. AG28, 1/F, Imperial World, 999 Sukhumvit Rd., Samrongnua Amphur Muang, Samutprakarn	1,295	16
Room No. 1S-R4B, 30/9 Ngamwongwan Rd, Bangkhen, Muang District, Nonthaburi 11000	1,291	18
The Mall 7 Bangkhae, Room No. 1S-L8A, 275 Petchakasem Rd., Pasricharoen, Bangkok 10160	943	21
The Mall 8 Bangkok, Room No. IS-C70, 3522 Lardpao Rd., Bangkok, Bangkok 10240	754	21
The Seri Center, Seri Center Room No. 101, 2nd Floor, 12/90 Srinakarin Rd., Nongborn, Pravet, Bangkok 10250	1,672	21
The Seacon Square, Room No. 1098, 904 Srinakarin Rd., Nongborn, Pravet, Bangkok 10250	1,162	23
Zeer Rangsit, Room No. G12C, 1/F, 99 Phaholyothin Rd., Kukot, Lumlukka, Pathumthani	1,286	21
Central Pinklao, Room No. 126, 7/311 Baromrajchonee Rd., Arunamarin, Bangkoknoi, Bangkok	865	13
Room 2PX-19B2, 1242/2 Mitraparp Rd., Muang District, Nakornrajasima Province	1,356	25
Room 2PX-19B1, 1242/2 Mitraparp Rd., Muang District, Nakornrajasima Province	1,076	25

PROPERTY PORTFOLIO

Commercial properties (own use)	Gross floor area (sq. ft.)	Remaining lease term (years)
Future Park Rangsit, Room No. G35, 161 Thanyaburi District, Pathumthani	1,216	19
Fashion Island, Room No. 2098/2099, Km. 10.5, Ram Indra Rd, Bangkok	875	21
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	1
Mall 5 Thapa, Room No. 1SL1, 1/F, The Mall Center, Bukkalo, Thonburi, Bangkok	753	18
Room No. 2C-03-04, 2/F, Mahboonkhrong Center, Patumwan, Bangkok 10330	938	19
Central Ramindra, Room No. 114, 1/F, 109/10-100 Ramindra Road, Bangkok, Bangkok	998	12
Siam Square I, 430/34, Siam Square 7, Patumwan, Bangkok 10330	603	3
Future Park Bangkae, Room No. G13, 33-35 Soi Petchakasem, Pasecharoen, Bangkok	1,814	19
Central City Bangna, Room No. 134A, 1093 Bangna-Trad Road., Phakhranong, Bangkok	729	22
Jewelry Trade, Room No. 110, 1/F, 919/1 Silom Road, Bangkok 10500	681	23
Imperial Lardplao, Room No. AF-47, 1/F, 119/129 Lardpao Road, Bangkapi, Bangkok	1,453	18
Mall 8 Bangkapi, Room# GS-C13B, G/F, 3522 Ladproa Road, Bangkapi, Bangkok	753	21
Mall 7 Bangkae, Room No. IS-L8B, 1/F, 275 Petchicasem Road, Phasichareon, Bangkok	869	21
The Galleria, 111, Ground Floor at Jewelry Trade Center, 919/1 Silom Road, Bangrak, Bangkok	791	24
7/F Mar Boon Klong Center Building, 444 Phayathai Road, Bangkok	532	9

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	12
Central Pinklao, G-11A First Floor at Central Pinklao, 7/232 Boa-Rom Rachinee Road, Aroon Amarin, Bangkoknoi, Bangkok	1,130	13
Fashion Island, 1008, 1/F, Ramindra K.M. 10.5, Khannayao, Beungkum, Bangkok	1,058	21
Imperial World, AF-09, 1/F, Imperial Ladproa, Sukaphibal 1, Beungkum, Bangkok	775	19
Central Plaza Rachada Rama III, G29/2 G/F; 79/1-2, Sathupradit Road, Bangkok	1,004	21
Central Rama III, G29/1, 1/F, Rama III Road, Bangkok	1,078	21
Udon, Room# A101, 1/F, Charoensri AR-KET, 277/3 Prachak Road, Udonthani	431	16
Sriracha Town, Room# 120, 1/F, 90 Sukumvit Road, Sriracha, Choburi	1,009	18
Central Chiang Mai, Room 116-117, G/F, Central Airport Plaza, 2 Mahidol Road, Hai-Ya Distric, Chiang Mai	1,295	21
Room# 135B 1093, Bangna-Trad Road, Bangkok	1,034	22
55/3 Diana Complex, Sri-puvanard Road, Had-Yai Distric, Songkhla	538	12
<i>United Kingdom</i>		
Stelux House, First Avenue, Centrom 100, Burton-On-Trent, Staffordshire, DE14 2WH, England	12,000	Freehold
Investment properties		
<i>Kowloon</i>		
Stelux House, 698 Prince Edward Road East, San Po Kong, Kowloon (exclude the portion for own use)	307,678	45
Shop No. 27, 1/F, Po Tin Building, 39 Wai Chi Street, Pak Tin, Kowloon	336	45
<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	45
Unit No. 9 and 10, 3/F, and roof, Po Wai Building, 12 Tak Yip Street, Yuen Long, N.T.	3,907	45

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

Computershare Hong Kong Investor Services 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 81, 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 60, 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 42, 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 42, 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 51, 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 52, 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 69, 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 42, 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.

WONG Yuk Woon, AHKSA, ACIB, aged 56, 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

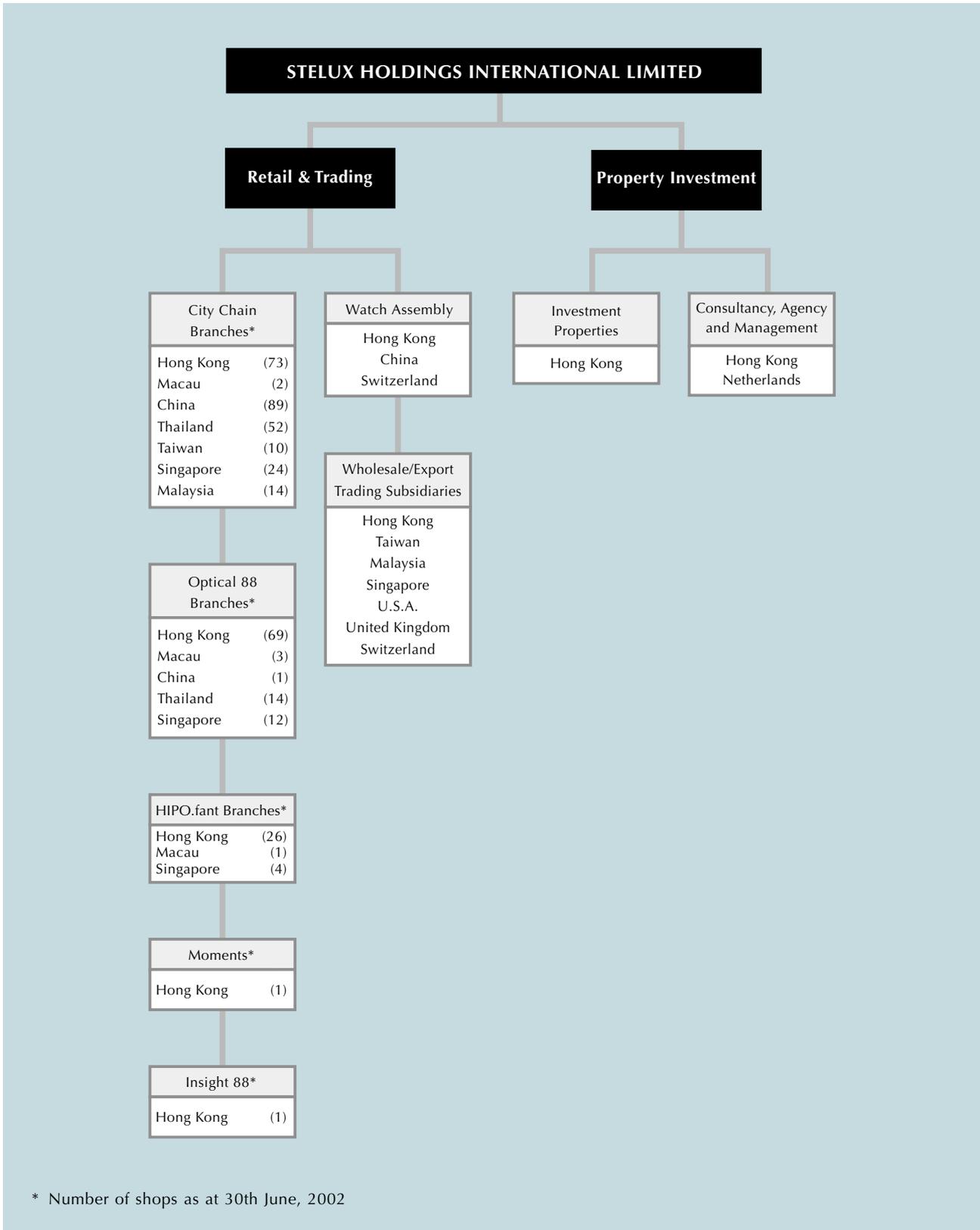
Caroline CHONG Sue Peng, BA (Law) (Hons), admitted as a Barrister in England and Wales, and, Hong Kong, aged 40, joined the Group as Group Legal Manager and Company Secretary in 1997. She is responsible for the Group's and its subsidiaries' legal and secretarial matters.

Senior Executives

Sudarat SAGARINO, B.A. Sociology and Post-Graduate Diploma Personnel Management, aged 49, has been President of Stelux Watch U.S.A. Inc. since 1992. She first joined the Group in 1975. She is a daughter of the Chairman.

TAM Tin Choi, aged 52 has been a director of City Chain Malaysia since 1993. He has more than 29 years experience in the watch industry.

Stuart WOOD, aged 58, 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 28 years of experience in the watch industry. He joined the Group in 1991.



* Number of shops as at 30th June, 2002

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

- Titus International Trading (Taiwan) Co Ltd
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 International
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

THAILAND

Retail and Trading

- City Chain (Thailand) Co Ltd
- Optical 88 (Thailand) Co Ltd
47/543-544, Fl. 6 Geneva 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
- Optical 88 (S) Pte Ltd
- Poco Hippo Co (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.

* Status as at 30th June, 2002