

**FINAL RESULTS**

The economic slowdown of United States of America continues to bite, especially severe slump in the high-technology industry. Evidence of the increasingly difficult circumstances is everywhere in the world and there is no sign of abating. Such conditions have restricted the growth of turnover and profit of the Group this past year.

Nevertheless, the Board is pleased to report that the Group still attained satisfactory and encouraging results despite the difficult retailing environment in Hong Kong. The Group's turnover grew by 4.7% to HK\$1,599 million (2000: HK\$1,528 million), but the profit attributable to shareholders decreased by 7.2% to HK\$97 million (2000: HK\$105 million). Basic earnings per share for the year was 35.3 cents (2000: 37.9 cents), representing a decrease of 6.9 % over the previous year.

**FINAL DIVIDEND**

The Directors are pleased to propose a final dividend of 6 cents per share (2000: 6 cents) for the year ended 31 March 2001 to members, whose names appear on the Register of Members on 23 August 2001. The dividend will be paid on or before 18 September 2001.

**BUSINESS REVIEW AND PROSPECTS**

Hong Kong, which has yet to recover from the Asian financial crisis, was further wounded by the pop of the dotcom bubble, and will have to endure the pain and take time to recover. However, there are a few bright spots on the horizon for our long-term economic prospective. The most important of these are Beijing's winning as the host for the 2008 Olympic Games and the near certainty of China's anticipated entry to the World Trade Organisation (the "WTO"), which may occur by the end of this year or the beginning of next. These two worldly achievements will add impetus to the fast-growing market of China to open up to the outside world. China, with more than a billion people in population, has been the Holy Grail for international companies to take advantage of a more open and freer market after the WTO. Everyone wants to tap the increasingly wealthy pocket of Chinese consumers. As a major gateway to the mainland, Hong Kong will benefit from the anticipated foreign direct investment boom expected to occur after China's accession to the WTO. Since Hong Kong is still facing a severe and prolonged downturn as the pick-up after the 1997 financial crisis unfortunately did not last, the Group will remain cautious in its future expansion and business developments.

Looking ahead, the economic climate of the coming year is still uncertain. The Group will endeavour to minimize the adverse effects of the unfavourable global economy by maintaining a strong financial position, adhering to tight cost controls and staying focused in the watch trading business which it know best.

Barring unforeseen circumstances and based on the results achieved to date, the Board is confident that the Group will continue to achieve satisfactory results in the current and coming years.

## **MAJOR CUSTOMERS AND SUPPLIERS**

For the year ended 31 March 2001, the aggregate purchases attributable to the Group's five largest suppliers was approximately 98% of the group's total purchases and the aggregate sales attributable to the Group's five largest customers was less than 30% of the Group's total sales. The purchases attributable to the Group's largest supplier was approximately 86%.

None of the directors, their associates or any shareholders which, to the knowledge of the directors, owned more than 5% of the share capital of any of the five largest customers or suppliers of the Group.

## **CAPITAL AND FINANCE**

Despite the slightly less favourable operating results under difficult conditions, the Group maintains a strong financial position. At the end of the financial year under review, the Group's net assets amounted to HK\$487 million (2000: HK\$413 million) with a net asset value per share HK\$1.77 (2000: HK\$1.49). The Group's net current assets increased by approximately 13% to HK\$372 million (2000: HK\$329 million). Shareholders' funds at 31 March 2001 reached HK\$487 million, up by 18% (200: HK\$413 million). The Group had cash on hand of HK\$56 million (2000: HK\$75 million) as at 31 March 2001 whilst bank loans and overdrafts totalled HK\$12 million (2000: HK\$12 million). The Group's bank and other borrowings were insignificant when compared to shareholders' funds



# CHAIRMAN'S STATEMENT

## **APPRECIATION**

On behalf of the Board of Directors, I wish to express our deep appreciation to the Group's customers and business partners for their continued support as well as to our employees for their loyal and dedicated service during the year.

**Yeung Ming Bui**

*Chairman*

Hong Kong, 18 July 2001