

1. General

The Company is incorporated in Bermuda as an exempted company with limited liability and acts as an investment holding company. The shares of the Company are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

2. Adoption of New or Revised Statements of Standard Accounting Practice

In the current year, the Group has adopted for the first time the following new or revised Statements of Standard Accounting Practice ("SSAP") issued by the Hong Kong Society of Accountants:

SSAP 1 (Revised)	Presentation of financial statements
SSAP 11 (Revised)	Foreign currency translation
SSAP 15 (Revised)	Cash flow statements
SSAP 34	Employee benefits

The adoption of these new or revised SSAPs has resulted in the introduction of the statement of changes in equity and a change in the format of presentation of the cash flow statement as well as additional disclosures. These changes have not had any significant impact on the results for the current or prior periods. Accordingly, no prior period adjustment was required.

3. Significant Accounting Policies

The financial statements have been prepared under the historical cost convention, as modified for the revaluation of investment properties and trading securities. The principal accounting policies adopted which are in accordance with accounting principles generally accepted in Hong Kong are as follows:

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to 31 March each year.

All significant inter-company transactions and balances within the Group are eliminated on consolidation.

Negative goodwill

Negative goodwill represents the excess of the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary at the date of acquisition over the cost of acquisition.

Negative goodwill arising on acquisition is presented as deductions from assets. To the extent that such negative goodwill is attributable to losses or expenses anticipated at the date of acquisition, it is released to income in the period in which those losses or expenses arise. The remaining negative goodwill is recognised as income on a straight line basis over the remaining average useful life of the identifiable acquired depreciable assets. To the extent that such negative goodwill exceeds the aggregate fair value of the acquired identifiable non-monetary assets, it is recognised in income immediately.

Negative goodwill arising on the acquisition of subsidiaries is presented separately in the balance sheet as a deduction from assets.

3. Significant Accounting Policies *(Continued)*

Investments in subsidiaries

Investments in subsidiaries are stated at cost less any identified impairment loss.

Investments in securities

Investments in securities are recognised on a trade-date basis and are initially measured at cost.

At subsequent reporting dates, debt securities that the Group has the expressed intention and ability to hold to maturity (held-to-maturity debt securities) are measured at amortised cost, less any impairment loss recognised to reflect irrecoverable amounts. The annual amortisation of any discount or premium on the acquisition of a held-to-maturity security is aggregated with other investment income receivable over the term of the instrument so that the revenue recognised in each period represents a constant yield on the investment.

All securities other than held-to-maturity securities are measured at fair value at subsequent reporting dates.

Where securities are held for trading purposes, unrealised gains and losses are included in net profit or loss for the period. For other securities, unrealised gains and losses are dealt with in equity, until the security is disposed of or is determined to be impaired, at which time the cumulative gain or loss is included in the profit or loss for the period.

Turnover

Turnover represents the net amounts received and receivable for goods sold by the Group to outside customers during the year.

Revenue recognition

Sales of goods are recognised when goods are delivered and title has passed.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the interest rate applicable.

Rental income, including rentals invoiced in advance, from properties let under operating leases is recognised on a straight line basis over the period of the respective leases.

Dividend income from investments is recognised when the Company's rights to receive payment have been established.

Leases

Leases are classified as finance leases whenever the terms of the leases transfer substantially all the risks and rewards of ownership of the leased assets to the Group. Assets held under finance leases are capitalised at their fair value at the date of inception of the leases. Any outstanding principal portion of the leasing commitments is shown as obligations of the Group. The finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are charged to the income statement over the period of the relevant leases so as to produce a constant periodic rate of charge on the remaining balances of the obligations for each accounting period.

3. Significant Accounting Policies *(Continued)*

Leases *(Continued)*

All other leases are classified as operating leases and the rentals payable are charged to the income statement on a straight line basis over the period of the respective leases.

Investment properties

Investment properties are completed properties which are held for their investment potential, any rental income being negotiated at arm's length.

Investment properties are stated at their open market value based on an annual professional valuation at the balance sheet date. Any surplus or deficit arising on the revaluation of investment properties is credited or charged to the investment properties revaluation reserve unless the balance of this reserve is insufficient to cover a deficit on a portfolio basis, in which case the excess of the deficit over the balance on the investment properties revaluation reserve is charged to the income statement. Where a deficit has previously been charged to the income statement and a revaluation surplus subsequent arises, this surplus is credited to the income statement to the extent of the deficit previously charged.

On disposal of investment properties, any balance in the investment properties revaluation reserve attributable to the disposed property is transferred to the income statement.

No depreciation is provided on investment properties which are held on leases with unexpired terms of more than 20 years.

Property, plant and equipment

Property, plant and equipment are stated at cost less depreciation and amortisation and any identified impairment loss at the balance sheet date.

Certain land and buildings which have been previously classified as investment properties are stated at their valuation immediately prior to transfer. No further valuation will be carried out on these land and buildings.

The gain or loss arising from disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the income statement.

The cost or valuation of leasehold land is amortised over the period of the lease using the straight line method.

The cost or valuation of buildings is depreciated over their estimated useful lives of 30 years or 50 years using the straight line method.

Depreciation is provided to write off the cost of other property, plant and equipment over their estimated useful lives, using the reducing balance method, at the rate of 20% per annum.

Assets held under finance leases are depreciated on the same basis as assets owned by the Group or over the period of the leases, if shorter.

3. Significant Accounting Policies *(Continued)*

Inventories

Inventories, which represent goods held for sale, are stated at the lower of cost and net realisable value. Cost which comprises all costs of purchases and, where applicable, other costs that have been incurred in bringing the inventories to their present location and condition is calculated on a specific identification basis. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

Impairment

At each balance sheet date, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Taxation

The charge for taxation is based on the results for the year after adjusting for items which are non-assessable or disallowed. Certain items of income and expense are recognised for tax purposes in a different accounting period from that in which they are recognised in the financial statements. The tax effect of the resulting timing differences, computed using the liability method, is recognised as deferred taxation in the financial statements to the extent that it is probable that a liability or asset will crystallise in the foreseeable future.

Foreign currencies

Transactions in foreign currencies are translated at the rates ruling on the dates of the transactions or at the contracted settlement rate. Monetary assets and liabilities denominated in foreign currencies are re-translated at the rates ruling on the balance sheet date. Gains and losses arising on translation are dealt with in the income statement.

On consolidation, the assets and liabilities of the Group's overseas operations are translated at exchange rate prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period. Translation differences arising, if any, are classified as equity and transferred to the Group's translation reserve. Such translation differences are recognised as income or as expenses in the period in which the operation is disposed of.

4. Business and Geographical Segment

The Group's operations is regarded as a single segment, being an enterprise engaged in watch trading.

Analysis of the Group's turnover and results as well as analysis of carrying amount of segment assets and additions to property, plant and equipment by geographical market has not been presented as they are substantially generated from and situated in Hong Kong.

5. Profit from Operations

	2003 HK\$'000	2002 HK\$'000
Profit from operations has been arrived at after charging:		
Directors' remuneration (<i>note 6</i>)	18,726	17,957
Other staff's retirement benefits scheme contributions, net of negligible forfeited contributions (2002: HK\$16,000)	1,656	1,580
Other staff costs	32,799	35,237
	53,181	54,774
Amortisation of premium on acquisition of held-to-maturity securities included in administrative expenses		
	54	54
Auditors' remuneration	1,148	1,256
Depreciation and amortisation of property, plant and equipment		
— owned by the Group	3,903	4,341
— held under a finance lease	37	86
Loss on disposal of property, plant and equipment	661	540
Operating lease rentals in respect of land and buildings	10,845	10,426
Unrealised losses on listed trading securities	607	—
and after crediting:		
Amortisation of discount on acquisition of held-to-maturity securities included in other operating income		
	4	4
Gross property rental income before deduction of negligible outgoings	980	2,004
Interest income	1,681	2,186
Release of negative goodwill included in other operating income	202	200
Unrealised gain on listed trading securities	—	15

6. Directors' and Employees' Emoluments

	2003 HK\$'000	2002 HK\$'000
Fees for		
— executive directors	—	—
— independent non-executive directors	216	216
	216	216
Other emoluments for independent non-executive directors	—	—
Other emoluments for executive directors		
— basic salaries and allowances	8,484	8,896
— performance related incentive bonuses	8,924	7,733
— retirement benefits scheme contributions	1,102	1,112
	18,510	17,741
Total directors' remuneration	18,726	17,957

The emoluments of the directors were within the following bands:

	Number of directors	
	2003	2002
Up to HK\$1,000,000	2	2
HK\$1,500,001 to HK\$2,000,000	1	1
HK\$2,000,001 to HK\$2,500,000	1	2
HK\$2,500,001 to HK\$3,000,000	1	—
HK\$3,500,001 to HK\$4,000,000	2	2
HK\$4,000,001 to HK\$4,500,000	—	1
HK\$4,500,001 to HK\$5,000,000	1	—

All the five highest paid employees of the Group in both years were executive directors of the Company. Details of their emoluments were disclosed above.

During the year, no emoluments were paid by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors has waived any emoluments during the year.

For the year ended 31 March 2003

7. Finance Costs

	2003	2002
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest on		
— a finance lease	(60)	(44)
— bank borrowings wholly repayable within five years	(1,543)	(965)
	(1,603)	(1,009)

8. Taxation

	2003	2002
	<i>HK\$'000</i>	<i>HK\$'000</i>
The charge comprises:		
Hong Kong Profits Tax calculated at 16% on the estimated assessable profit for the year	(13,057)	(16,317)
Overprovision in prior years	1,443	173
	(11,614)	(16,144)
Mainland China income tax	(540)	(262)
Deferred taxation	63	17
	(12,091)	(16,389)

The income tax in Mainland China (the "PRC") is calculated at the rates prevailing pursuant to the relevant laws and regulations.

9. Dividends

	2003	2002
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interim dividend of 2.0 Hong Kong cents (2002: 2.5 Hong Kong cents) per share	5,505	6,881
Proposed final dividend of 3.5 Hong Kong cents (2002: 4.5 Hong Kong cents) per share	9,634	12,386
	15,139	19,267

The final dividend proposed for the year ended 31 March 2003 is calculated on the basis of 275,253,200 shares in issue at the date of this report.

10. Earnings Per Share

The calculation of the basic and diluted earnings per share for the year is based on the following data:

	2003	2002
	HK\$'000	HK\$'000
Earnings:		
Net profit attributable to shareholders and earnings for the purposes of basic and diluted earnings per share	<u>65,485</u>	<u>79,242</u>
Number of shares		
	2003	2002
Number of shares for the purposes of basic earnings per share	275,253,200	275,253,200
Potential dilutive shares issuable under the Company's share option scheme	<u>—</u>	<u>2,872,972</u>
Weighted average number of shares for the purposes of diluted earnings per share	<u>275,253,200</u>	<u>278,126,172</u>

11. Investment Properties

	<i>HK\$'000</i>
THE GROUP	
At 1 April 2001	46,550
Deficit arising on revaluation	(2,100)
Disposals	<u>(30,950)</u>
At 31 March 2002	13,500
Deficit arising on revaluation	<u>(1,500)</u>
At 31 March 2003	<u><u>12,000</u></u>

The Group's investment properties which are situated in Hong Kong are held under medium-term leases and are held for use under operating leases. These property interests were revalued at 31 March 2003 by Excellence Surveyors Limited, an independent firm of valuers, on an open market value basis. The deficit arising on revaluation has been charged to the income statement.

12. Property, Plant and Equipment

	Land and buildings <i>HK\$'000</i>	Furniture, fixtures and equipment <i>HK\$'000</i>	Motor vehicles <i>HK\$'000</i>	Total <i>HK\$'000</i>
THE GROUP				
COST OR VALUATION				
At 1 April 2002	70,096	35,209	2,316	107,621
Additions	—	2,386	337	2,723
Disposals	—	(1,181)	—	(1,181)
At 31 March 2003	70,096	36,414	2,653	109,163
Comprising:				
At cost	67,996	36,414	2,653	107,063
At valuation — 1996	2,100	—	—	2,100
	70,096	36,414	2,653	109,163
DEPRECIATION AND AMORTISATION				
At 1 April 2002	5,629	21,687	1,163	28,479
Provided for the year	658	3,029	253	3,940
Eliminated on disposals	—	(520)	—	(520)
At 31 March 2003	6,287	24,196	1,416	31,899
NET BOOK VALUES				
At 31 March 2003	63,809	12,218	1,237	77,264
At 31 March 2002	64,467	13,522	1,153	79,142
The Group				
	2003		2002	
	<i>HK\$'000</i>		<i>HK\$'000</i>	

The net book value of property interests comprises:

Properties held under		
— long leases in Hong Kong	62,879	63,507
— medium-term lease in the PRC	930	960
	63,809	64,467

12. Property, Plant and Equipment *(Continued)*

The land and buildings stated at 1996 valuation were valued at 31 March 1996 by an independent firm of professional property valuers on an open market value basis before being transferred from investment properties. No further valuation will be carried out on these land and buildings.

At the balance sheet date, the net book value of the Group's property, plant and equipment held under a finance lease was HK\$197,000 (2002: HK\$350,000).

13. Negative Goodwill

	<i>HK\$'000</i>
THE GROUP	
GROSS AMOUNT	
Arising on acquisition of additional interests in subsidiaries and balance at 31 March 2002 and 31 March 2003	(4,028)
RELEASED TO INCOME	
Released during the year ended 31 March 2002 and balance at 31 March 2002	200
Released during the year	202
At 31 March 2003	402
CARRYING VALUES	
At 31 March 2003	(3,626)
At 31 March 2002	(3,828)

The negative goodwill is released to income on a straight line basis over 20 years representing the estimated average useful life of the depreciable assets acquired.

14. Investments in Subsidiaries

	The Company 2003 & 2002
	<i>HK\$'000</i>
Unlisted shares, at cost	123,614
Less: Impairment in value	(1,000)
	<u>122,614</u>

Details of the Company's principal subsidiaries at 31 March 2003 are set out in note 26.

15. Investments in Securities

	The Group	
	2003 HK\$'000	2002 HK\$'000
Held-to-maturity debt securities	8,906	13,890
Add: Amortisation of discount on acquisition	—	12
Less: Amortisation of premium on acquisition	(108)	(54)
Shown under non-current assets	<u>8,798</u>	<u>13,848</u>
Market value of quoted debt securities at 31 March	<u>9,519</u>	<u>13,957</u>
Trading securities		
— Hong Kong listed shares shown under current assets	<u>610</u>	<u>1,217</u>
Market value of listed shares at 31 March	<u>610</u>	<u>1,217</u>

16. Trade and other Receivables

	The Group	
	2003 HK\$'000	2002 HK\$'000
Trade receivables	22,967	9,420
Other receivables	9,830	7,358
	<u>32,797</u>	<u>16,778</u>

The Group maintains a general credit policy of not more than 30 days for its established and major customers. The following is an aged analysis of the trade receivables at the balance sheet date:

Age	The Group	
	2003 HK\$'000	2002 HK\$'000
0 to 30 days	21,559	9,340
31 to 60 days	1,339	80
61 to 90 days	69	—
	<u>22,967</u>	<u>9,420</u>

17. TRADE AND OTHER PAYABLE

	The Group	
	2003 HK\$'000	2002 HK\$'000
Trade payables	42,400	30,139
Other payables	11,385	10,120
	53,785	40,259

The following is an aged analysis of trade payables at the balance sheet date:

Age	The Group	
	2003 HK\$'000	2002 HK\$'000
0 to 60 days	40,986	27,977
61 to 90 days	260	1,973
Over 90 days	1,154	189
	42,400	30,139

18. Obligations Under a Finance Lease

	The Group			
	Minimum lease payments		Present value of minimum lease payments	
	2003 HK\$'000	2002 HK\$'000	2003 HK\$'000	2002 HK\$'000
Amount payable under a finance lease:				
Within one year	114	201	78	141
Between one to two years	66	114	46	78
Between two to five years	—	66	—	46
	180	381	124	265
Less: Future finance charges	56	116	—	—
Present value of lease obligations	124	265	124	265
Less: Amount due within one year shown under current liabilities			78	141
Amount due after one year			46	124

19. Deferred Taxation

	The Group	
	2003 HK\$'000	2002 HK\$'000
Balance brought forward	353	370
Credit for the year	(63)	(17)
Balance carried forward	<u>290</u>	<u>353</u>

The deferred tax liability represents the tax effect of timing differences arising as a result of the excess of depreciation allowances claimed for tax purposes over depreciation charged in the financial statements.

At the balance sheet date, the Group also has unrecognised deferred tax asset of HK\$4,200,000 (2002: HK\$3,800,000) which represents the tax effect of timing differences arising as a result of tax losses available to set off against future assessable profits. This deferred tax asset has not been recognised in the financial statements as it is not certain that the benefit will be realised in the foreseeable future.

The Company has no significant unprovided deferred taxation for the year or at the balance sheet date.

20. Share Capital

	Number of ordinary shares	Amount HK\$'000
Authorised:		
Ordinary shares of HK\$0.10 each		
— at 1 April 2001, 31 March 2002 and 31 March 2003	<u>500,000,000</u>	<u>50,000</u>
Issued and fully paid:		
Ordinary shares of HK\$0.01 each		
— at 1 April 2001, 31 March 2002 and 31 March 2003	<u>275,253,200</u>	<u>27,525</u>

21. Share Options

Pursuant to the share option scheme (the "Scheme") adopted at a special general meeting of the Company held on 20 September 1993, the directors of the Company may grant options as incentives to directors or employees of the Company or its subsidiaries to subscribe for shares in the Company within a period of ten years commencing from 20 September 1993. The subscription price of the shares is set to be the higher of the nominal value of the Company's shares or an amount which is 80% of the average closing price of the Company's shares on the Stock Exchange on the five trading days immediately preceding the date of grant of the options. Exercise prices are subject to adjustment as provided in the Scheme.

21. Share Options *(Continued)*

The maximum number of shares in respect of which options may be granted cannot exceed 10% of the issued share capital of the Company from time to time within the ten-year and the maximum number of shares in respect of which options may be granted to any one person cannot exceed 25% of the maximum number of shares in respect of which options may be granted under the Scheme.

Options granted must be accepted by written notice from the grantees with an undertaking to hold the options on the conditions subject to which it was offered and to be bound by the terms of the Scheme accompanied by a remittance in favour of the Company of HK\$1 as consideration for the grant of the options within 21 days inclusive of, and from, the date of the making of offer for grant by the Company.

No option was granted, exercised or lapsed during the year and there was no outstanding share option as at 31 March 2002 and 31 March 2003.

22. Reserves

	Capital					Total HK\$'000
	Share premium HK\$'000	redemption reserve HK\$'000	Contributed surplus HK\$'000	Retained profits HK\$'000	Dividend reserve HK\$'000	
THE COMPANY						
At 1 April 2001	52,045	425	122,183	(5,270)	16,515	185,898
Net profit attributable to shareholders	—	—	—	26,395	—	26,395
2002 interim dividend declared	—	—	—	(6,881)	6,881	—
2002 final dividend declared	—	—	—	(12,386)	12,386	—
Dividends paid	—	—	—	—	(23,396)	(23,396)
At 31 March 2002	52,045	425	122,183	1,858	12,386	188,897
Net profit attributable to shareholders	—	—	—	13,735	—	13,735
2003 interim dividend declared	—	—	—	(5,505)	5,505	—
2003 final dividend declared	—	—	—	(9,634)	9,634	—
Dividends paid	—	—	—	—	(17,891)	(17,891)
At 31 March 2003	52,045	425	122,183	454	9,634	184,741

The contributed surplus of the Company arose as a result of the difference between the aggregate net tangible assets of the subsidiaries acquired by the Company and the nominal amount of the Company's shares which were issued to acquire these subsidiaries under the group reorganisation in 1993.

22. Reserves *(Continued)*

In addition to retained profits, under the Companies Act 1981 of Bermuda (as amended), contributed surplus is available for distribution to shareholders. However, a company cannot declare or pay a dividend, or make a distribution out of contributed surplus if:

- (a) the company is, or would after the payment be, unable to pay its liabilities as they become due; or
- (b) the realisable value of the company's assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts.

In the opinion of the directors, the Company's reserves available for distribution as at 31 March 2003 was HK\$132,271,000 (2002: HK\$136,427,000), which comprises the aggregate of contributed surplus, retained profits and dividend reserve of the Company.

23. Operating Lease Arrangements

While the Company had no outstanding operating lease commitments at the balance sheet date, certain of its subsidiaries were committed to make the following future minimum leases payments in respect of land and buildings rented under non-operating leases which fall due as follows:

	The Group	
	2003	2002
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within one year	8,208	8,004
In the second to fifth year inclusive	2,489	6,469
	10,697	14,473

At the balance sheet date, the Group had contracted with tenants for the following future minimum lease payments in respect of investment properties let:

	The Group	
	2003	2002
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within one year	408	774
In the second to fifth year inclusive	—	258
	408	1,032

24. Contingent Liabilities

At the balance sheet date, the Company has given corporate guarantee of HK\$139,800,000 (2002: HK\$168,800,000) to banks to secure the credit facilities granted to its subsidiaries.

25. Retirement Benefits Schemes

The Group continues to operate a defined contribution retirement benefits scheme for its employees in Hong Kong. The assets of the scheme are held separately in a fund under the control of an independent trustee. The retirement benefits scheme contributions charged to the income statement represent the contributions payable by the Group to the fund at rates specified in the scheme. When employees leave the scheme prior to becoming fully vested in the contributions, the forfeited contributions will be used to reduce future contributions payable by the Group. There was no significant amount of unutilised forfeited contributions at the balance sheet date.

With the introduction of the Mandatory Provident Fund Scheme (the "MPF Scheme") in Hong Kong, all employees who are not members of the Group's defined contribution retirement benefits scheme are required to join the MPF Scheme.

The employees of the Company's PRC subsidiaries are members of state-managed retirement benefits scheme operated by the PRC government. The Company's PRC subsidiaries are required to contribute a certain percentage of their payroll to the retirement benefits scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefits schemes is to make the required contributions under the scheme.

26. Principal Subsidiaries

Details of the Company's principal subsidiaries, all of which are limited liability companies and are wholly-owned by the Company, at 31 March 2003 are as follows:

Name of subsidiary	Place of incorporation/ establishment/ operation	Nominal value of issued and fully paid share/ registered capital	Principal activities
Cathay Watch Company Limited	Hong Kong	HK\$1,000	Watch trading
Fenmount International Limited	British Virgin Islands/PRC	US\$1	Watch trading
La Suisse Watch Company, Limited	Hong Kong	HK\$1,000	Watch trading
Oriental Watch Company Limited	Hong Kong	HK\$1,000	Watch trading
Excel Dragon International Limited*	Hong Kong	HK\$2	Property holding
Oriental Watch (China) Company Limited*	Hong Kong	HK\$1,000	Watch trading and investment holding
Unex Development Limited*	Hong Kong	HK\$2	Property holding
上海東舫表行國際貿易有限公司 (Shanghai Oriental Watch International Trading Co., Ltd)*	PRC	US\$200,000	Watch trading for a term of 50 years commencing 3rd January, 2001

* Indirectly held by the Company.

Shanghai Oriental Watch International Trading Co., Ltd is a foreign investment enterprise established in the PRC.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

None of the subsidiaries had any debt securities outstanding at the end of the year, or at any time during the year.