

the facility was used to refinance the then existing HK\$200 million syndicated facility of the Company which was concluded in November 2001 and to fund the general corporate purposes and future expansion of the Group.

In view of the Group cash generating operations, the Board is of the opinion that the Group has adequate cash resources for current business development requirements and capital expenditure commitment.

Subsequent Events

On 14th October, 2003, the Company entered into a facility agreement with BNP Paribas Hong Kong Branch and 18 other local and international banks in respect of a 3.5-year term loan facility of HK\$380 million.

On 30th October, 2003, the Group has entered into an agreement in relation to an acquisition of 60% equity and economic interests in a timepiece distributor in the PRC. The PRC timepiece distributor has a well-established network of over 210 points of sale in the PRC which cover the major department stores in first and second tiers cities in the PRC. Moreover, the PRC timepiece distributor is an authorized distributor of a Japanese watch brand in designated provinces in the PRC. The consideration is RMB30 million and was satisfied by internal funding.

Employees and Remuneration Policy

As at 30th September, 2003, the Group employed a total of approximately 1,800 employees worldwide.

The Group remunerates its employees based on their performance, experience and prevailing industry practices. In addition, the Group has established discretionary bonus and employee share option scheme which are designed to motivate and reward employees to achieve the Company's business performance targets.

DIRECTORS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 30th September, 2003, the interests or short positions of the directors of the Company and their associates in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Companies ("Model Code") were as follows:

The table below sets out the aggregate long positions in the shares and underlying shares of each director of the Company.

Name of directors	Number of issued shares		Number of underlying shares held under equity derivatives	Total interests	Total interests as a percentage of total issued shares	Number of issued shares held as a percentage of total issued shares <i>(note f)</i>
	Personal interests	Corporate interests				
Mr. Chau Cham Wong, Patrick	61,268,611	201,869,599 <i>(note a)</i>	19,892,274 <i>(note c)</i>	283,030,484	44.13%	41.03%
Mr. Leung Yung	-	262,029,590 <i>(note b)</i>	19,674,997 <i>(note d)</i>	281,704,587	43.93%	40.86%
Mr. Tsang Kwong Chiu, Kevin	5,867,667	-	1,150,000 <i>(note e)</i>	7,017,667	1.09%	0.91%
Mr. Cheng Kwan Ling	239,809	-	47,000 <i>(note e)</i>	286,809	0.04%	0.04%

Notes:

- a. This interest represented Mr. Chau Cham Wong, Patrick's interest through A-ONE INVESTMENTS LIMITED ("A-ONE"), a company which is 50.45% owned by Mr. Chau Cham Wong, Patrick.
- b. These interests represented:
 - (i) an interest in 60,159,991 shares of the Company held by United Success Enterprises Limited, which is 100% owned by Mr. Leung Yung; and
 - (ii) an interest in 201,869,599 shares of the Company held by A-ONE, a company which is 49.55% owned by Mr. Leung Yung.
- c. These interests represented Mr. Chau Cham Wong, Patrick's interests under listed equity derivatives as follows:
 - (i) an interest in 12,007,992 underlying shares in respect of warrants issued by the Company to Mr. Chau Cham Wong, Patrick as beneficial owner; and
 - (ii) an interest in 7,884,282 underlying shares in respect of warrants issued by the Company and held by A-ONE.

- d. These interests represented Mr. Leung Yung's interests under listed equity derivatives as follows:
 - (i) an interest in 11,790,715 underlying shares in respect of warrants issued by the Company and held by United Success Enterprises Limited, which is 100% owned by Mr. Leung Yung; and
 - (ii) an interest in 7,884,282 underlying shares in respect of warrants issued by the Company and held by A-ONE.
- e. These interests represented the interests in underlying shares in respect of warrants issued by the Company to these directors as beneficial owners.
- f. Additional disclosure.

Save as disclosed above and other than certain nominee shares in subsidiaries of the Company being held by the directors in trust for the Company, as at 30th September, 2003, none of the directors of the Company or their associates had any interests or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) and during the six months ended 30th September, 2003, none of the directors of the Company, or their spouses or children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such rights by any of them, as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SHARE OPTION SCHEME

Share options are granted to the directors, employees and other eligible persons under the share option scheme (the "Scheme") of the Company adopted on 24th January, 2002. Particulars of share options outstanding during the period and as at 30th September, 2003 are as follows: