

14. Commitments under operating leases

As at 30th September, 2004, the Group had total future minimum lease payments under non-cancellable operating leases in respect of leasehold land and buildings falling due as follows:

| | As at 30th September, 2004 HK\$'000 | As at 31st March, 2004 HK\$'000 |
|--|--|--|
| Within one year | 4,825 | 2,646 |
| More than one year but within five years | 11,115 | 7,195 |
| More than five years | - | 933 |
| | 15,940 | 10,774 |

15. Contingent liabilities

As at 30th September, 2004, the Group has contingent liabilities in respect of bills discounted with recourse amounted to approximately HK\$45,497,000 (31st March, 2004: HK\$19,445,000).

INTERIM DIVIDEND

The Board has resolved to declare an interim dividend of 2.2 HK cents for the six months ended 30th September, 2004 (2003: 1.8 HK cents) payable on Friday, 31st December, 2004 to shareholders whose names appear on the register of members of the Company on Wednesday, 22nd December, 2004.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 20th December, 2004 to Wednesday, 22nd December, 2004, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the interim dividend, all share transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrars in Hong Kong, Secretaries Limited of Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong, for registration not later than 4:00 p.m. on Friday, 17th December, 2004.

MANAGEMENT DISCUSSION AND ANALYSIS

For the six months ended 30th September, 2004, the Group made significant advancement in further extending its core competencies in timepiece design, manufacturing and distribution. Outstanding achievements were recorded throughout the Group's operations in particularly the manufacturing and distribution operations in the PRC and the management of Peace Mark is confident that the opportunities in the PRC distribution business will continue to yield promising returns in the coming years.

During the period, the Group recorded a turnover of HK\$860.2 million, representing a growth of 40.3% as compared to the same period last year. Net profit for the period surged 68.8% to HK\$57.9 million. Despite of the dilutive effect of the share placement completed in April 2004, the EPS was 7.08 HK cents, up 30.6%.