Sincere WATCH

Stock Code 股份編號: 00444

(HONG KONG) LIMITED

(incorporated in the Cayman Islands with limited liability)

07 ar 年報

ESTD 1954

FRANCK MULLER

香港

Hong Kong

澳門

de GRISOGONO

Macau

PIERRE KUNZ

Taiwan

台灣

CVSTOS

中國 THE PRC

Contents

CORPORATE INFORMATION

DIRECTORS

Executive Directors

Mr. TAY Liam Wee *(Chairman)*
Mr. CHAU Kwok Fun, Kevin
(Vice Chairman)
Ms. TAY Liam Wuan
(Chief Executive Officer)

Non-executive Directors

Mr. SOH Gim Teik

Independent Non-executive Directors

Mr. LEW, Victor Robert
Mr. KING Roger
Ms. LIM Suet Fern

AUDIT COMMITTEE

Mr. LEW, Victor Robert *(Chairman)*
Mr. KING Roger
Ms. LIM Suet Fern

REMUNERATION COMMITTEE

Mr. KING Roger *(Chairman)*
Mr. LEW, Victor Robert
Ms. LIM Suet Fern

NOMINATION COMMITTEE

Ms. LIM Suet Fern *(Chairman)*
Mr. LEW, Victor Robert
Mr. KING Roger

COMPANY SECRETARY

Mr. CHAN Kwong Leung, Eric *ACIS*

AUTHORISED REPRESENTATIVES

Ms. TAY Liam Wuan
Mr. CHAN Kwong Leung, Eric

QUALIFIED ACCOUNTANT

Mr. CHEUNG Hon Fai, Maurice
HKICPA

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suites 5402-04 Central Plaza
18 Harbour Road
Wanchai
Hong Kong

COMPLIANCE ADVISER

CIMB-GK Securities (HK) Limited
25/F Central Tower
28 Queen's Road Central
Hong Kong

AUDITOR

Deloitte Touche Tohmatsu
35/F One Pacific Place
88 Queensway
Hong Kong

PRINCIPAL REGISTRAR AND TRANSFER OFFICE

Bank of Bermuda (Cayman) Limited
P.O. Box 513 GT Strathvale House
North Church Street
George Town
Grand Cayman
Cayman Islands
British West Indies

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
26th Floor
Tesbury Centre
28 Queen's Road East
Hong Kong

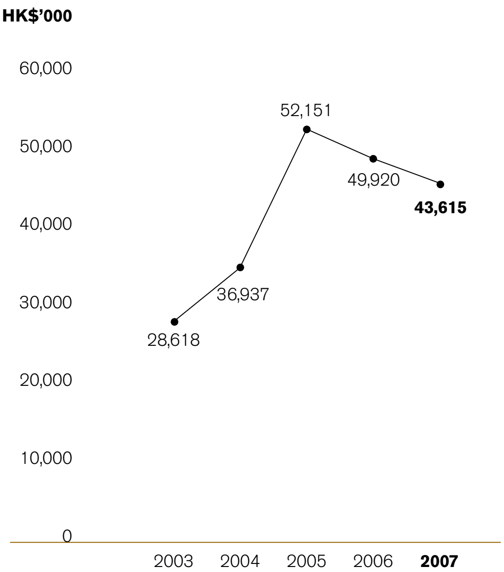
PRINCIPAL BANKERS

DBS Bank Ltd., Hong Kong Branch
The Hongkong and Shanghai
Banking Corporation Limited
Malayan Banking Berhad,
Hong Kong Branch
ABN AMRO Bank N.V. Hong Kong

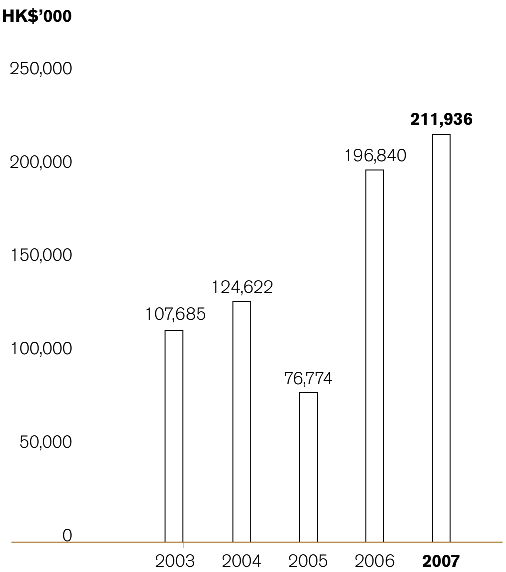
FINANCIAL HIGHLIGHTS

- Turnover from continuing operations for the year ended 31 March 2007 increased 26% from HK$373,443,000 to HK$470,833,000.
- Gross profit from continuing operations for the year ended 31 March 2007 increased 40.2% from HK$108,329,000 to HK$151,891,000.
- Excluded the exchange difference in both years, the Group's operating profit before taxation and before exchange difference increased 91% from HK$37,123,000 to HK$71,006,000.
- Earnings per share from continuing and discontinued operations amounted to HK10.7 cents.
- Net asset value as at 31 March 2007 amounted to HK$211,936,000, represented HK51.95 cents per share.
- As at 31 March 2007, the Group maintained its healthy financial position with cash on hand of HK$135,657,000.
- With the Group's financial position remaining strong and its good prospects, the Board recommended the payment of a final dividend for the year ended 31 March 2007 of HK6 cents per share amounting to HK$24,480,000, representing 56% of profit for the year maintaining the same payout ratio as last year.

PROFIT FOR THE YEAR



NET ASSETS VALUE



CHAIRMAN'S AND VICE CHAIRMAN'S STATEMENT

The past year has been marked by results growth and expanding consumer reach, amidst a flourishing retail and tourism atmosphere in Asia. We at Sincere Watch (Hong Kong) Limited (the "Group"), have held fast to our mantle of brand management for our growing stable of luxury watch brands.

Since establishing our presence in Hong Kong in 1994, the Group has been building strong, lasting luxury brands, the most noteworthy of these being Franck Muller – the "Master of Complications". We have kept moving forward and expanding our brand portfolio – to include newer and younger luxury brands, including de Grisogono, Pierre Kunz, European Company Watch and Cvstos.

At Sincere Watch (Hong Kong), we are committed to building brands for the long term. Our strong financial and management resources will enable us to pursue newer and more exciting brands for our brand portfolio.

FINANCIAL PERFORMANCE HIGHLIGHTS

For the financial year 2007, Group achieved sterling financial results despite the challenges that we faced in foreign exchange volatility and increasing competition. The year marked a robust growth trend of 26% in revenue and 40% in gross profit. We have strengthened our balance sheet, maintained a strong cash hoard and no borrowings. This will give us a strong foundation from which to expand and grow our presence in North Asia.

We have also continued delivering rewards to shareholders, with the Board of Directors proposing the payment of a final dividend of HK 6 cents per share, representing over 56% of profit.

EXPANSION OF BRAND PORTFOLIO

The year marked a growing consumer interest in the new brands in our stable, particularly Cvstos, our latest addition. Cvstos is a brand that prides itself on always being a step ahead of time, and each Cvstos timepiece marries technical ingenuity and beauty. We look forward to the growing this outstanding brand to the fullest of its potential.

We recognise that by spending time to nurture our new brands, we are investing in our future. Our strong results will enable us to continuously expand our brand portfolio, to cater to specific niches in an increasingly sophisticated luxury watch market, and to enhance our competitive edge.

EXPANSION OF MARKET REACH AND ACCESS

And we have done well with our growing distribution network of independent watch retailers and our own operated mono-brand boutiques. We currently have six mono-brand boutiques: three in Hong Kong, and one each in Macau, Beijing and Taipei. These mono-brand boutiques form a vital part of our brand management strategy, as they are located in prime shopping areas and act as a showcase for the exclusive luxury brands that we represent.

In addition to our mono-brand boutiques, we have a total of 41 points of sales and 23 quality independent dealers located across North Asia.

GOING FORWARD

We are in a strong position to capitalise on Asia's growing wealth market. With China expecting to become the world's top consumer of luxury goods by 2015, and the tourism boom in tandem with the upcoming Olympics in 2008, we have strategically strengthened our fort in China and Hong Kong – the gateway to China.

China, Taiwan and Hong Kong combined forms the largest Swiss watch market in the world, valued at a total of 264.2 million Swiss Francs (approximately HK$1,678 million), according to the Swiss Watch Federation's statistics for the month of March 2007. To ride on the luxury boom, we recently unveiled our newly expanded and refurbished Franck Muller flagship store in Hong Kong Island, and two new Franck Muller boutiques in Macau's Landmark Hotel and Kowloon's Ocean Terminal Mall. We have also opened a new boutique in Beijing. The rest of calendar year 2007 will see our re-located Shanghai store opening and a new boutique at The Venetian Macao.

WE ARE GEARING UP FOR AN EXCITING YEAR AHEAD.

WE PLAN TO ACQUIRE MORE GLOBAL LUXURY BRANDS TO BUILD A STRONGER, MORE DYNAMIC PORTFOLIO, AND TO USHER IN ASIA'S LUXURY ERA WITH EXUBERANCE AND ANTICIPATION.

WE WILL CONTINUE TO BUILD ON OUR ESTABLISHED GOODWILL WITH THE SWISS WATCH PRINCIPALS AND WORK TOGETHER TO PROMOTE A STRONG AND ROBUST CULTURE OF HOROLOGY.

In view of the overall healthy economic trends and our dynamic growth plans in place, we expect to remain profitable for the coming year.

We would like to express our gratitude to our talented and dedicated staff at Sincere Watch (Hong Kong). We are also appreciative of the continued support we receive from our consumers, retail partners, brand principals and shareholders.

Tay Liam Wee
Chairman

Chau Kwok Fun, Kevin
Vice Chairman

22 May 2007

DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

TAY Liam Wee
Chairman
Mr. TAY Liam Wee, aged 48, is an executive Director since 18 August 2004 and the chairman of the Company since 1 October 2005. Mr. Tay has been a director of Sincere Brand Management Limited ("SBML") since 23 March 1996. He was the director of Sincere Watch Limited ("SWL") in 1980 and became the group managing director/chief executive officer of SWL since 1993. Mr. Tay is responsible for the overall formulation of business strategies and market development of the Group. Mr. Tay has been instrumental in leading the Group in its current growth phase that involves the development of the Group's corporate vision and the implementation of various expansion strategies and plans. Mr. Tay graduated with a bachelor of business administration degree from Lakehead University, Canada and has over 26 years of experience in retail and distribution of fine watches within the Asia Pacific region. Mr. Tay won the Lifestyle and Retail Entrepreneur of the Year 2004, Ernst and Young Entrepreneur of the Year Singapore 2004 and Tourism Entrepreneur of the Year 2005 from Singapore Tourism Board. Mr. Tay is the son of Mr. Tay Boo Jiang who is the founder and executive chairman of the SWL Group. He is also the brother-in-law of Mr. Soh Gim Teik, the non-executive Director and the finance director of SWL, the cousin of Ms. Tay Liam Wuan, the executive Director and the chief executive officer of the Company. Mr. Tay joined the Group (as director of SBML) in March 1996.

CHAU Kwok Fun, Kevin
Vice Chairman
Mr. CHAU Kwok Fun, Kevin, aged 47, is an executive Director since 19 September 2005 and the vice chairman of the Company since 1 October 2005. Mr. Chau has been a director and the chairman of SBML since 23 March 1996. He is responsible for the overall development of the Group's business, as well as the strategic planning and positioning and management of the Group. Mr. Chau graduated with a Bachelor of Arts degree from the Wesleyan University in Connecticut, USA. Prior to joining the Group, Mr. Chau was a principal officer of an investment company in Hong Kong dealing in real estates and the food and beverage industry in the PRC. He began his career in 1982 with a US bank dealing in fixed income and derivative syndication and had been posted by the bank to their New York, London and Tokyo offices. In 1990, he set up his own real estate investment company in California, USA, investing in real estate projects in Texas and California. Mr. Chau is also an independent non-executive director of Tai Sang Land Development Limited whose shares are listed on the main board of Hong Kong Stock Exchange. Mr. Chau joined the Group (as director of SBML) in March 1996.

TAY Liam Wuan

Chief Executive Officer

Ms. TAY Liam Wuan, aged 43, is an executive Director since 19 September 2005 and the chief executive officer of the Company since 1 October 2005. Ms. Tay Liam Wuan has been a director of SBML since 15 November 1995. She is responsible for all aspects of the Group's operations. Ms. Tay graduated with a bachelor degree in business administration from the National University of Singapore. Prior to joining the Group, Ms. Tay was a marketing manager of SWL and before that, she was previously a credit and marketing officer with Export Insurance Corporation of Singapore. Ms. Tay is the cousin of Mr. Tay Liam Wee, the chairman of the Company. Ms. Tay joined the Group (as director of SBML) in November 1995.

SOH Gim Teik

Non-executive Director

Mr. SOH Gim Teik, aged 53, is a non-executive Director since 19 September 2005. Mr. Soh is also the finance director/chief financial officer and the company secretary of Sincere Watch Limited since 1993 and 1982 respectively. Mr. Soh is mainly responsible for providing guidance on financial control and policies to the Group. Mr. Soh graduated with a bachelor of accountancy degree from the University of Singapore and has years of financial experience in various senior positions. Mr. Soh is a member of the Institute of Certified Public Accountants of Singapore ("ICPAS") since 2006 and the Chairman of the CFO committee set up by the ICPAS. He is currently a Board member of Advanced Holdings Ltd, the Chairman of Audit Committee and Board members of Craft Print International Limited and NeoCorp International Ltd. All three companies are listed on Singapore Stock Exchange. Mr. Soh was awarded the Best CFO of the Year at the Singapore Corporate Awards 2006 under the category of the Main Board Listed Companies by Market Capitalization of below S$500 million. Mr. Soh is the brother-in-law of Mr. Tay Liam Wee, the Chairman of the Company. Mr. Soh joined the Group (as director of SBML) in October 2001.

LIM Suet Fern

Independent non-executive Director

Ms. LIM Suet Fern, aged 49, is an independent non-executive Director. Ms. Lim is a practising advocate and solicitor of the Supreme Court of Singapore and works at Stamford Law Corporation as its senior director. She has had extensive experience as a corporate lawyer with a focus on mergers and acquisitions, equity and debt capital markets and corporate governance. She serves as an independent director on China Aviation Oil (Singapore) Corporation Ltd, ECS Holdings Limited, Rickmers Trust Management Pte Ltd, SembCorp Industries Ltd, Transpac Industrial Holdings Limited, those shares are listed on Singapore Stock Exchange and on Richina Pacific Limited, those shares are listed on New Zealand Stock Exchange. She also serves as council member of the International Bar Association and Inter-Pacific Bar Association. Ms. Lim is a trustee of Nanyang Technological University (NTU) in Singapore, a director of the Singapore National Heritage Board and is a member of the advisory board to the Law School at The Singapore Management University (SMU). She qualified as a barrister-at-law at Gray's Inn, London and graduated from Cambridge University, UK with a double first in law in 1980. Ms. Lim joined the Group in September 2005.

KING Roger

Independent non-executive Director

Mr. KING Roger, aged 66, is an independent non-executive Director. Mr. King has extensive experience in the areas of corporate management, computing engineering and management consultancy. He was the Managing Director and Chief Operating Officer of Orient Overseas (Holdings) Limited for the period from September 1985 to January 1987 and a Director from 1983 until 1992. Mr. King is a graduate of the University of Michigan, BSEE, New York University, MSEE, Harvard Business School, AMP, and Hong Kong University of Science and Technology, PhD in Finance, Prior to joining OOHL in 1974, he served in the United States Navy and worked in computer research and management consultancy at Bell Telephone Laboratories and John Diebold, respectively. Mr. King is currently a Non-executive Director of a number of other companies, including Arrow Electronics Corporation, a company listed on the New York Stock Exchange and a Member of the Supervisory Board of TNT, listed in the Netherlands. He is also the former Executive Chairman of System-Pro Computers Limited, one of the largest personal computer reseller in Hong Kong, the former Non-executive Chairman of Pacific Coffee Limited and former President and Chief Executive of Sa Sa International Holding Limited, a listed company in Hong Kong. Mr. King is also a member of the Standing Committee of Zhejiang Province People's Political Consultative Conference and the Honorary Consul for the Republic of Latvia in Hong Kong. Mr. King joined the Group in September 2005.

LEW, Victor Robert

Independent non-executive Director

Mr. LEW, Victor Robert, aged 51, is an independent non-executive Director. He is recently appointed independent chairman of Pak Tak International Limited. Since 1994 he has been an independent non-executive director and chairman of the audit committee of Pacific Andes International Holdings Limited. Both companies are listed on the main board of Hong Kong Stock Exchange. Mr. Lew is currently a director of a corporation of practicing certified public accountants in Hong Kong. He has over 21 years of experience in corporate assurance advisory, taxation, and corporate finance consulting. Mr. Lew graduated with a bachelor of commerce degree from the University of British Columbia, Canada. He is a fellow member of the Hong Kong Institute of Certified Public Accountants, a practicing certified public accountant in Hong Kong and a chartered accountant of Canadian Institute of Chartered Accountants. Mr. Lew joined the Group in September 2005.

SENIOR MANAGEMENT

Mr. CHEUNG Hon Fai, Maurice, aged 33, is the financial controller and qualified accountant of the Company. Mr. Cheung is responsible for the financial reporting and accounting, internal control, corporate finance and treasury functions of the Group. Prior to joining the Group in March 2006, Mr. Cheung worked as financial controller and qualified accountant of Midland IC&I Limited (Formerly known as "EVI Education Asia Limited"), those shares are listed on the Growth Enterprises Market of the Stock Exchange, and has over 10 years of experience in auditing, accounting and financial management. Mr. Cheung graduated with a bachelor degree in accountancy from The Hong Kong Polytechnic University. Mr. Cheung is an associate member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants.

Mr. LAU Kok Chong, aged 37, is the senior product manager of the Group. Mr. Lau is responsible for brand management, purchasing and product delivery logistics of the Group. Prior to joining the Group in January 1999, he was a production director with an event management company specializing in fashion show, product launches and exhibition. Mr. Lau had produced events in various countries, including Hong Kong, Singapore, Taiwan, Thailand, the PRC (including Shanghai, Dalian and Beijing) and France. Mr. Lau obtained a diploma in electronic and telecommunication from Singapore Polytechnic, Singapore.

Mr. CHEW Joo Yee, aged 40, is the accountant of the Group. Prior to joining the Group in July 2000, he was an accountant and assistant to the managing director in a food manufacturing and distribution company in Singapore and Shanghai, the PRC for 10 years. Mr. Chew obtained a diploma in business study from Ngee Ann Polytechnic, Singapore.

Mr. PAK Kwai Sing, Isaac, aged 45, is the sales manager of the Group. Mr. Pak has over 20 years of experience in the watch industry. Prior to joining the Group in April 1997, Mr. Pak worked in various sales positions including over 5 years for Phillipe Chariol, a Swiss brand of watches, and 8 years with watch dealers in Hong Kong.

Mr. LAW Yuen Mau, Jeffy, aged 43, is the operations manager of the Group. He has over 23 years of sales experience in the watch industry. He worked for various watch dealers in Hong Kong prior to joining the Group. After having worked for the Group from 1995 to 1996, Mr. Law rejoined the Group in August 1999.

Mr. JENG Pei Hwang, Frederick, aged 46, is the general manager of Sincere Watch Co., Ltd, Taiwan, since July 2003. Mr. Jeng is responsible for the general management and the administration of the company's operations. Prior to joining the company, he had over 15 years working experience in luxury and watch business in Taiwan handling S.T. Dupont, Alfred Dunhill and watch brands including Chopard, Bvlgari, Hermes and Rado. Mr. Jeng graduated with a master degree in business administration from the University of Wisconsin in 1989 and a bachelor degree in business administration from the National Taipei University in 1984.

FINANCIAL REVIEW

For the year ended 31 March 2007 ("FY2007"), the Group recorded a turnover of HK$470,833,000, up 26% from HK$373,443,000 achieved in year ended 31 March 2006 ("FY2006"). The sterling performance was attributed to the Group's successful marketing and brand management and the opening of new stores in Hong Kong, Macau and Beijing to capture the luxury products boom in North Asia. This has already been reflected by the rising Swiss watch exports to China, Taiwan and Hong Kong, which is now the world's largest Swiss watch market according to the Swiss Watch Federation's March 2007 statistics.

With the higher FY2007 sales, group gross profit has improved by 40.2% to HK$151,891,000 with gross margins rising to 32.3% from 29.0% in FY2006.

The Group's pre-tax operating profit before unrealised exchange difference rose by 11.4% to HK$57,818,000 in FY2007. The Group registered unrealised foreign exchange loss of HK$4,520,000 for the year as compared to unrealised gain of HK$5,753,000 for FY2006. The exchange difference arose from trade payables denominated in foreign currencies, which were translated at the exchange rates prevailing at the balance sheet dates and any differences in valuation were then recognised in the income statement as unrealised gains or losses.

Group net profit after taking into account the unrealised foreign exchange loss, stood at HK$43,615,000 which is 6.4% lower as compared to FY2006.

Earnings per share for the year ended 31 March 2007 were HK10.7 cents (2006: HK14.1 cents).

LIQUIDITY, FINANCIAL RESOURCES AND GEARING RATIO

As at 31 March 2007, the Group maintained healthy financial position with cash and bank deposits of HK$135,657,000 and no outstanding bank loan.

The Group generally finances its operations and investing activities with internally generated cash flows. As at 31 March 2007, the Group's audited net current asset amounted to HK$182,760,000 (31 March 2006: HK$182,832,000) and did not have any bank borrowings (31 March 2006: Nil). The Directors believe the Group's existing financial resources are sufficient to fulfill its commitments and current working capital requirements.

CAPITAL STRUCTURE AND FOREIGN EXCHANGE EXPOSURE

The Group placed approximately HK$8,943,000 (2006: HK$21,484,000) in equivalent Swiss Franc short-term interest bearing deposits with banks in Hong Kong as at 31 March 2007. The income of the Group mainly denominated in Hong Kong Dollars and the Group has adequate recurring cash flow to meet the working capital requirement. The Group has overall realised and unrealised exchange losses amounting to approximately HK$17,708,000 in current period compared with overall realised and unrealised exchange gain amounting to approximately HK$20,538,000 last year. The Group adhered to a prudent policy on financial risk management and the management of currency and interest rate. The Group benefits from favourable payment terms from its suppliers which may result in unrealised gain or losses from time to time in applying Hong Kong Accounting Standard 21 "The Effects of Changes in Foreign Exchange Rates".

CHARGE ON ASSETS

The Group did not have any charge on their assets as at 31 March 2007 (31 March 2006: Nil).

SIGNIFICANT ACQUISITION OF SUBSIDIARY

The acquisition of the entire interest of Sincere Watch Co., Ltd ("SWTW"), as disclosed in the Circular of the Company dated 26 June 2006, has been completed and SWTW became a wholly-owned subsidiary of the Company with effect from 1 October 2006.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

There was no definite future plan for material investments and acquisition of material capital assets as at 31 March 2007.

CONTINGENT LIABILITIES

The Group did not have any contingent liabilities as at 31 March 2007 (31 March 2006: Nil).

STAFF AND EMPLOYMENT

As at 31 March 2007, the Group employed a total work force of 56 staff including directors (31 March 2006: 45). Employees were paid at market remuneration with discretionary bonus and medical benefits, mandatory provident fund scheme and necessary training. The Group has been constantly reviewing staff remuneration to ensure it is competitive with relevant industries.

USE OF PROCEEDS FROM THE COMPANY INITIAL PUBLIC OFFERING

The net proceeds from the Company's initial public offering in October 2005 were approximately HK$94.5 million, after deduction of related listing expenses. During the year ended 31 March 2007, these usage of proceeds were in accordance with the future plans and prospects set out in the company's listing prospectus dated 30 September 2005 and within the limit of the net proceeds.

BUSINESS REVIEW

The Group is the sole distributor of Franck Muller watches and accessories in Hong Kong, Macau and the PRC and also represents four other exclusive luxury brands - de Grisogono, European Company Watch, Pierre Kunz and Cvstos. The brand portfolio remains the same as that of last year as the Group has focused on strengthening its presence in North Asia - via growing its distribution network of independent watch retailers and its own operated mono-brand boutiques. These mono-brand boutiques form a vital part of the Group's brand management strategy, as they are located in prime shopping areas and act as a showcase for the exclusive luxury brands that the Group represents. As at 31 March 2007, the Group operated five mono-brand boutiques - three in Hong Kong, one in Macau and one in Taiwan, retailing under the brands of Franck Muller and de Grisogono.

"DISTRIBUTION:
EXPANSION OF NETWORK

The Group has expanded its network of quality watch distributors – 31 retail outlets operated by 14 independent watch dealers in Hong Kong, Macau and PRC. In Taiwan, we have 10 retail outlets operated by 9 independent watch dealers.

In the period under review, the Group added 7 retail outlets and 4 independent watch dealers to its existing network in Hong Kong, Macau and PRC. With the acquisition of Sincere Watch Co., Ltd. ("SWTW"), a luxury watch distribution company in Taiwan, the total strength of the Group's distribution network in North Asia stands at 41 retail outlets and 23 independent watch dealers as at end March 2007.

BRAND MANAGEMENT:
ENHANCED BRANDING ACTIVITIES

Brand management is one of the key drivers of the Group's growth strategy.

As part of its brand management activities, the Group stepped up advertising and promotion efforts, including advertising in newspapers, magazines, billboards, as well as conducted product launch promotions with dealers and opened new mono-brand boutiques. We forged ahead with innovative events to strengthen our brand equity and relationships with customers.

In the period under review, the Group capitalised on the growth in demand for luxury goods in North Asia by re-opening the newly expanded and refurbished Franck Muller flagship store in Hong Kong Island in February 2007. Two other new Franck Muller boutiques were also opened in Macau's Landmark Hotel and Kowloon's Ocean Terminal Mall.

The newly secured brands under the Group's stable of exclusive luxury watch brands, including Cvstos, de Grisogono and Pierre Kunz, made a successful entry into the market. These new brands, which cater to specific niches in an increasingly sophisticated luxury watch market, enhanced the Group's competitive edge. The Group will continue to build new alliances with new watch brands with good potential."

BUILDING STRONG, LASTING LUXURY BRANDS

FRANCK MULLER FLAGSHIP BOUTIQUE LAUNCH

A record year for the Master of Complications: Franck Muller continues to experience remarkable growth in volume and in value, and is strengthening its star brand status within the brand portfolio of Sincere Watch. 2007 was marked by the flagship boutique re-opening in St George's Building in Central, and a new boutique opening in Landmark Hotel, Macau.

The newly extended and refurbished flagship boutique communicates the essence of the brand, inspired by a luxury home concept. Boasting a fireplace, a study area, and a dining area – which also doubles up as a venue for private functions and dinners – the new flagship store promises a distinctive experience of comfort and privacy for our distinguished guests and customers.

de GRISOGONO – BASELWORLD COLLECTION 2006

From 21 to 24 June 2006, Mr. Fawaz Gruosi, founder and creator of de Grisogono, was in Hong Kong to present the "Baselworld Collection 2006" to our VIP customers and select media representatives. In addition, we also launched the Be Eight collection of ladies' watches. With each watch drawing inspiration from the female form, de Grisogono once again pushes the boundaries of design. The figure eight was chosen for its symbolism as a sign of accomplishment, balance and fulfillment.

PIERRE KUNZ – 10 FIRST TO DO RECORDS

For the Master of Retrograde: Pierre Kunz, 2007 was marked by the "10 First to do Records" – featuring 10 unique timepieces that Pierre Kunz was the first to create, such as the well-known retrograde in a square casing. Mr. Pierre Kunz himself graced the occasion. From 29 November to 2 December 2006, over 300 V.I.P customers were invited for a private viewing of the watches including the new Sport Collection, which aroused the interest of many watch aficionados.

CVSTOS BRAND LAUNCH

To announce the arrival of Cvstos in Hong Kong, we held a series of private events and press interviews with the founders Mr. Sassoun Sirmakes and Mr. Antonio Terranova. This latest addition to the Group's exclusive brand portfolio is a future legend, with each timepiece as testament to the strength and uniqueness of Cvstos Technology – an original philosophy founded on the consistency and maintenance of four crucial values: Performance, Efficiency, Elegance and Preciousness.

GEOGRAPHICAL MARKETS:

HONG KONG

Hong Kong is the Group's major market, contributing more than 80% of the Group's revenue. Riding on its robust economic outlook and rising consumer sentiment, the Group is highly optimistic that the growth of its business in Hong Kong will continue.

GEOGRAPHICAL MARKETS:

MACAU

We opened our first Franck Muller boutique in Macau in June 2006. With the fast growing gaming and hospitality sector and the increasing number of visitor arrivals from PRC, Macau will be a key growth market for the Group. To capture the booming market, the Group will open a second Franck Muller flagship boutique at the Venetian Macao in August 2007.

GEOGRAPHICAL MARKETS:

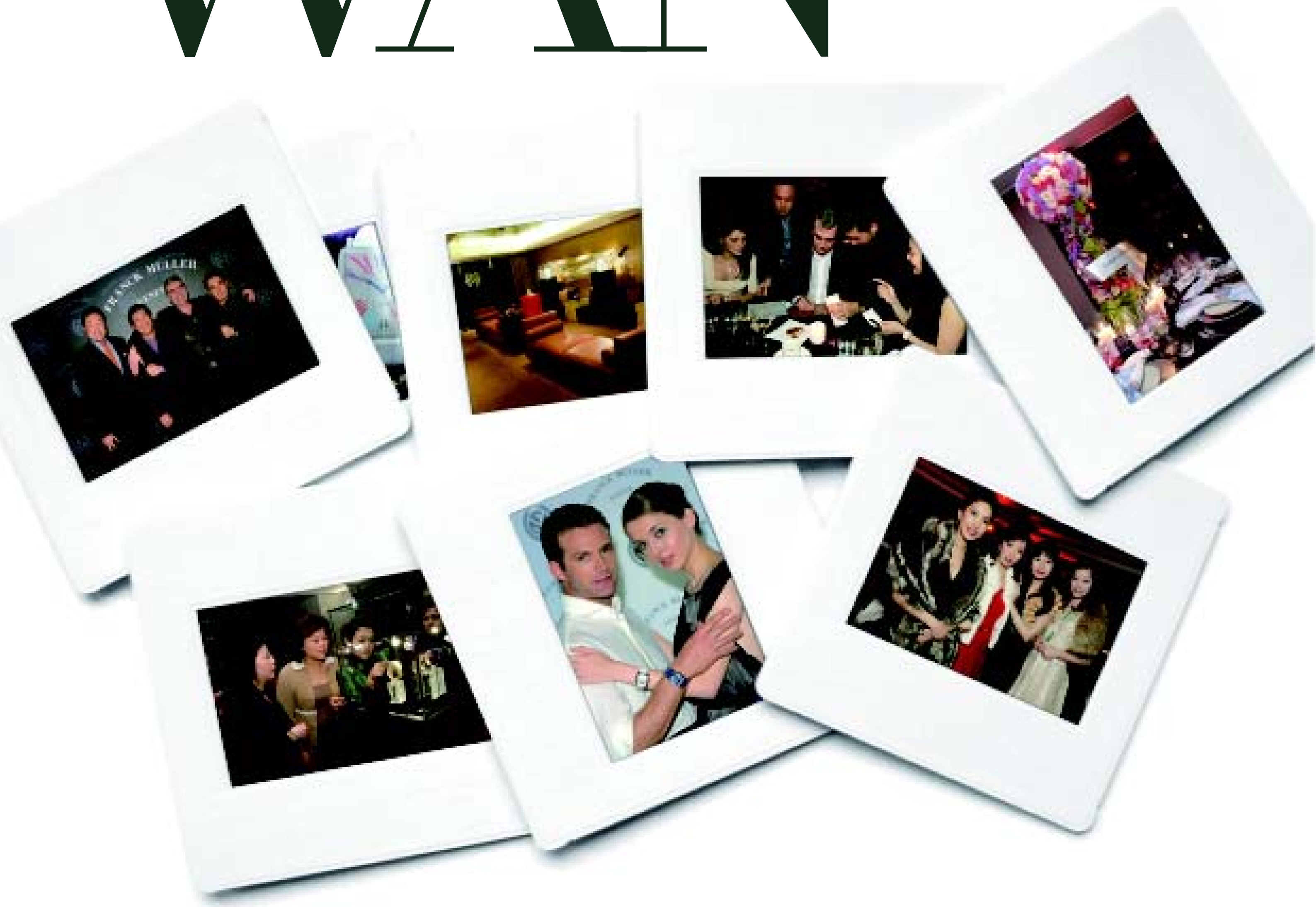
The PRC

To ride on the booming luxury demand in the PRC, the Group opened the first Franck Muller boutique in Beijing in April 2007. It also plans to re-open the Franck Muller boutique in Shanghai in September 2007 at Plaza 66, Nanjing Xi Lu, the premier luxury shopping mall in Shanghai.

The Group has already appointed dealerships in Dalian, Harbin, Hangzhou and Shanghai and is also exploring opportunities to form strategic alliances with potential business partners.

GEOGRAPHICAL MARKETS:

TAI WAN



The Group has taken over the entire operation and business of Sincere Watch Co., Ltd in Taiwan following the latter's acquisition in October 2006. At the same time, the Company also acquired the sole exclusive distribution rights of Franck Muller watches and accessories in Taiwan. This is a strategic move that will extend the Group's business operations into Taiwan.

PROSPECTS

The economic boom of the past two decades has contributed to growing affluence in the PRC, which is expected to become the world's top consumer of luxury goods by 2015. Asia's rich is also growing at a rate that exceeds the rest of the world. Merrill Lynch/Capgemini projected that individuals with at least US$1 million of assets in Asia would increase by an average of 6.7% annually to US$10.6 trillion in the next four years.

As the number of wealthy people increase, so will the demand for luxury products. The Group will continue to leverage on its position as a leading luxury watch specialist by ramping up our brand management activities. We have plans to open up to 3 new boutiques in the key cities of Macau, Beijing and Shanghai in the coming months. Our stronger presence in Beijing and Shanghai will allow us to capitalize on the tourism boom that is expected during the upcoming Olympics 2008 to be held in China.

The Group will continue to build on its established goodwill with the Swiss watch principals and work together to promote a strong and robust culture of horology. It will continue to launch innovative retail concepts and marketing platforms in North Asia. It will look at expanding its portfolio to include new luxury brands that have good growth potential.

Barring unforeseen fluctuations in foreign currencies and changes in the external business environment, the Group is optimistic of its outlook in the coming financial year.

In view of the overall healthy economic trends and the Group's dynamic growth plans in place, we expect to remain profitable for the coming year.

CORPORATE GOVERNANCE PRACTICE

The Board of Directors (the "Board") of the Company is committed to maintaining high standards of corporate governance. The Company adopted the code provisions set out in the Code of Corporate Governance Practices ("the Code") in Appendix 14 of the Listing Rules as its own code of corporate governance practice.

In the opinion of the Directors, the Company has complied with the Code throughout the year ended 31 March 2007.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by Directors. Having made specific enquiry, all Directors have confirmed that they have fully complied with the required standard set out in the Model Code during the year ended 31 March 2007.

BOARD OF DIRECTORS

The Board is responsible for the leadership and control of the Group (comprising the Company and its subsidiaries) and oversees the Group's businesses, strategic decisions and performance. The Board has delegated the day-to-day responsibility to the Executive Directors and senior management who perform their duties under the leadership of the Chief Executive Officer.

The Board currently consists of seven members, including the Chairman, the Vice Chairman, one Executive Director, one Non-executive Director and three Independent non-executive Directors. One of our Independent non-executive Directors has the professional and accounting qualifications required by the Listing Rules.

The Board schedules four meetings a year and also meets as and when required. During the year, the Board held five regular meetings. The Company Secretary assists the Chairman in establishing the meeting agenda, and each director may request inclusion of items in the agenda. For all Board meetings, at least 14 days' notice is given to all Directors. Adequate and appropriate information are circulated normally three days in advance of Board meetings to the Directors.

The members of the Board and the attendance of each member for as follows:

Executive Directors	**Number of attendance**
Tay Liam Wee *(Chairman)*	3/5
Chau Kwok Fun, Kevin *(Vice Chairman)*	5/5
Tay Liam Wuan *(Chief Executive Officer)*	5/5
Non-executive Director	
Soh Gim Teik	3/5
Independent non-executive Directors	
Lim Suet Fern	5/5
Lew, Victor Robert	5/5
Roger King	5/5

Board and committee minutes are recorded in appropriate detail and draft minutes are circulated to all Directors and committee members for comments before being approved by the Board and committees at the next immediate meeting. All minutes are kept by the Company Secretary and are open for inspection by the Directors.

The Company has received annual confirmations of independence from Ms. Lim Suet Fern, Mr. Lew Victor Robert and Mr. Roger King and considers them to be independent.

The Board members have no financial, business, family or other material/relevant relationship with each other except as disclosed in the Company's prospectus dated 30 September 2005. Given the nature and business objective of the Company, the Board has a balance of skill and experience appropriate for the requirements of the business of the Company. The list of Directors and their respective biographies are set out on pages 6 to 8 of this annual report respectively.

All Directors are subject to retirement at annual general meeting of the Company at least once every three years. All retiring Directors shall be eligible for retirement. All the Independent non-executive Directors have been appointed for a specific terms.

CHAIRMAN, VICE-CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The role of the Chairman, the Vice-Chairman and the Chief Executive Officer is separate and performed by three Directors.

Mr. Tay Liam Wee, who is the Chairman of the Company, is responsible for the overall formulation of business strategies and market development of the Group. He is also responsible for the leadership and effective running of the Board and ensuring that all significant and key issues are discussed and where required, resolved by the Board timely and constructively.

Mr. Chau Kwok Fun, Kevin is the Vice Chairman of the Company and assists the above role. He is also responsible for the overall development of the Group's business, as well as the strategic planning and positioning and management of the Group.

Ms. Tay Liam Wuan, who is the Chief Executive Officer, is delegated with the authority and responsibility to run the Group's business and day-to-day operation, and implement the Group's strategy with respect to the achievement of its business objectives with the assistance of the Executive Directors and senior management.

REMUNERATION COMMITTEE

The Remuneration Committee is responsible for making recommendations to the Board on, among other things, the Company's policy and structure for the remuneration of all Directors and senior management of the Company and is delegated by the Board the responsibility to determine on behalf of the Board the specific remuneration packages for all Executive Directors and senior management of the Company.

During the year, the Remuneration Committee held one meeting. The members of the Remuneration Committee and the attendance of each member are as follows:

Independent non-executive Directors	**Number of attendance**
Roger King *(Chairman)*	1/1
Lew, Victor Robert	1/1
Lim Suet Fern	1/1

During the year, the Remuneration Committee has performed the following duties:

– reviewed and recommended the Board to approve the remuneration packages of all Executive Directors; and

– reviewed the terms of reference of the Remuneration Committee.

NOMINATION COMMITTEE

The Nomination Committee is responsible for making recommendations to the Board on appointment of Directors and management of the Board succession.

During the year, the Nomination Committee held one meeting. The members of the Nomination Committee and the attendance of each member are as follows:

Independent non-executive Directors	**Number of attendance**
Lim Suet Fern *(Chairman)*	1/1
Lew, Victor Robert	1/1
Roger King	1/1

During the year, the Nomination Committee has performed the following duties:

– reviewed the structure, size and composition of the Board with a conclusion that there is no immediate need to change the members of the Board;

– recommended the re-election of all the retiring Directors at the annual general meeting;

– assessed the independence of each Independent non-executive Directors separately with no Independent non-executive Directors involved in his/her own independence assessment; and

– reviewed the terms of reference of the Nomination Committee.

AUDITORS' REMUNERATION

During the year, the Group was charged HK$506,000 for auditing services and HK$80,000 for non-auditing services by the Company's auditors, Deloitte Touche Tohmatsu.

Services rendered	**Fees paid / payable HK$'000**
Audit services	506
Non-audit services:	
Taxation services	–
Review of continuing connected transactions	35
Issuance of certificate for reviewing results announcements	15
Issuance of turnover certificate to landlord of relevant stores	30

AUDIT COMMITTEE

The Audit Committee is responsible for reviewing and supervising the financial reporting process and internal control system of the Group and providing advice and comments to the Board.

During the year, the Audit Committee held four meetings. Members of the Audit Committee and the attendance of each member are as follows:

Independent non-executive Directors	**Number of attendance**
Lew, Victor Robert *(Chairman)*	4/4
Lim Suet Fern	4/4
Roger King	4/4

During the year, the Audit Committee has performed the following duties:

– reviewed with the management the accounting principles and practices adopted by the Group as well as financial reporting matters including the review of the unaudited financial statements for the three months ended 30 June 2006, for the six months ended 30 September 2006, and for the nine months ended 31 December 2006 and the audited financial statements for the year ended 31 March 2006 with recommendations to the Board for approval;

– reviewed reports on internal control system covering financial, operational, procedural compliance and risk management functions;

– met with the auditors to discuss matters relating to the audit fees and those issues arising from the yearly audit; and

– reviewed the terms of reference of the Audit Committee.

All members of the Audit Committee possess in-depth experience in their own profession. The Chairman of the Audit Committee, Mr. Lew, Victor Robert, possesses appropriate professional qualifications in finance and accounting and meets the requirements of Rule 3.21 of the Listing Rules.

ACCOUNTABILITY

The Directors are responsible for the preparation of the accounts of the Group for the relevant accounting periods under applicable statutory and regulatory requirements which give true and fair view of the state of affairs, the results of operations and cash flows of the Group. In preparing the accounts for the three months ended 30 June 2006, for the six months ended 30 September 2006, for the nine months ended 31 December 2006 and for the year ended 31 March 2006, the Directors have adopted suitable accounting policies and applied them consistently. The accounts for the reporting year have been prepared on a going concern basis.

INTERNAL CONTROLS

The Board has, through the Audit Committee, conducted review of the effectiveness of the internal control system of the Group covering the financial, operational, procedural compliance and risk management functions during the year. The internal control system is designed to provide reasonable, but not absolute, assurance of no material misstatement or loss and to manage rather than eliminate risks of failure in operational systems and achievements of the Group's objectives.

COMMUNICATION WITH SHAREHOLDERS

The Board recognizes the importance of good communication with all shareholders. The annual general meeting ("AGM") of the Company is a valuable avenue for the Board to enter into a dialogue directly with shareholders. The Chairman of the Board as well as members of the Audit Committee, Nomination Committee and Remuneration Committee are present at the AGM to answer shareholders' questions.

Copies of the annual report and relevant corporate information circular of the Company are dispatched to shareholders in a timely manner well before time limits laid by statutory and Listing Rules requirements to ensure effective communication with shareholders and investors.

Financial Contents

REPORT OF THE DIRECTORS

The directors present the audited consolidated financial statements for the year ended 31 March 2007.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. The principal activities of its subsidiaries are distribution of branded luxury watches, timepieces and accessories in Hong Kong, Macau, Taiwan and the People's Republic of China (the "PRC").

SUBSIDIARIES

Details of the Company's subsidiaries as at 31 March 2007 are set out in note 27 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 March 2007 are set out in the consolidated income statement on page 32.

The directors recommend the payment of a final dividend of HK$0.06 per share for the year ended 31 March 2007 amounting to HK$24,480,000, and the retention of the remaining profit for the year of approximately HK$19,135,000.

DISTRIBUTABLE RESERVES OF THE COMPANY

At 31 March 2006, Under the Companies Law Chapter 22 of the Cayman Islands, the share premium of the Company is available for paying distributions or dividends to shareholders subject to the provisions of its Memorandum or Articles of Association and provided that immediately following the distribution of dividend, the Company is able to pay its debts as they fall due in the ordinary course of business. At 31 March 2007, the Company's reserves available for distribution to shareholders amounted in total to approximately HK$131,014,000.

MAJOR CUSTOMERS AND SUPPLIERS

The Group's five largest customers contributed approximately 64.6% of the Group's total sales for the year. The largest customer of the Group accounted for approximately 17.3% of the Group total sales. The Group's five largest suppliers contributed approximately 92.7% of the Group's total purchase for the year. The largest supplier of the Group accounted for approximately 84.3% of the Group total purchases.

Mr. Chau Kwok Fun, Kevin and Sincere Watch Limited (substantial shareholder of the Company) both have less than 5% interests separately in Chrono Star International Participations Group Franck Muller S.A., a private limited company incorporated in Luxembourg, the parent company for the "Group Franck Muller" which owns and operates the "Franck Muller Geneve" Brand.

Save as disclosed above, at no time during the year did a director, an associate of a director or a shareholder of the Company (which to the knowledge of the directors owns more than 5% of the Company's share capital) have an interest in any of the Group's five largest suppliers and customers.

PROPERTY, PLANT AND EQUIPMENT

During the year, the Group spent approximately HK$8,861,000 on property, plant and equipment to renovate its stores and expand its operations. Details of these and other movements in the property, plant and equipment of the Group during the year are set out in note 13 to the consolidated financial statements.

DIRECTORS

The directors of the Company during the year and up to the date of this report were:

Executive directors
Tay Liam Wee *(Chairman)*
Chau Kwok Fun, Kevin *(Vice Chairman)*
Tay Liam Wuan *(Chief Executive Officer)*

Non-executive director
Soh Gim Teik

Independent non-executive directors
Lew, Victor Robert
Lim Suet Fern
King Roger

DIRECTORS (continued)

In accordance with Articles 108 of the Company's Articles of Association, Tay Liam Wuan, Soh Gim Teik and Lim Suet Fern will retire by rotation at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

The non-executive director was appointed for three year term expiring on 18 September 2008.

The independent non-executive directors were appointed for one year term expiring on 18 September 2007.

DIRECTORS' SERVICE CONTRACTS

None of the directors proposed for re-election at the forthcoming annual general meeting has a service contract which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN SHARES

At 31 March 2007, the beneficial interests of the directors and their associates in the shares of the Company and its associated corporations, as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance ("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, were as follows:

Name of director	Company/name of associated corporation	Capacity	Number of issued ordinary shares held	Approximate percentage of the issued share capital of associated corporation
Tay Liam Wee	The Company	Interest of a controlled corporation (Note)	306,000,000 shares	75%
Soh Gim Teik	Sincere Watch Limited	Interest of spouse	7,848,000 shares	4%
Chau Kwok Fun, Kevin	Sincere Watch Limited	Personal interest	1,953,000 shares	1%

Note: These shares are registered in the name of and beneficially owned by Sincere Watch Limited ("SWL"), 50.18% of its issued share capital is owned by TBJ Holdings Pte. ("TBJ"), which is in turn beneficially wholly-owned by Mr. Tay Liam Wee. Mr. Tay Liam Wee is deemed to be interested in all the shares held by SWL under the SFO.

Other than as disclosed above, at 31 March 2007, none of the directors, chief executives, nor their associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE AND CONNECTED TRANSACTIONS

During the year, the Group had the following continuing connected transactions with SWL and its subsidiaries, namely Franck Muller Pte Ltd., Avante Marketing Pte Ltd., Heritage Distribution Pte Ltd.. Mr. Tay Liam Wee has beneficial interests in SWL in that SWL is owned as to 50.18% by TBJ, which is in turn beneficially wholly-owned by Mr. Tay Liam Wee.

(i) The Group sold watches to SWL and its subsidiaries in Singapore for sale and distribution on an as needed basis when SWL and its subsidiaries in Singapore are out of certain models of watches. Such sales amounted to a total of approximately of HK$172,000.

(ii) The Group purchased watches from SWL and its subsidiaries in Singapore on an as needed basis to meet customers' demand when certain models of watches are out of stock in Hong Kong, Macau, or the PRC. Such purchases amounted to a total of approximately HK$3,885,000.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE AND CONNECTED TRANSACTIONS (continued)

For the purpose of the listing of the shares of the Company on the Stock Exchange, a sale and purchase agreement (the "Agreement") for the period commencing on the date of its signing on 19 September 2005 and expiring on 31 March 2008 was entered into between the Company and SWL to govern the above transactions.

Pursuant to Rule 14A.38 of the Listing Rules, the board of directors engaged the auditors of the Company to perform certain agreed upon procedures in respect of the continuing connected transactions of the Group. The auditors have reported their factual findings on these procedures to the board of directors. The independent non-executive directors not having interest in SWL and its subsidiaries had reviewed the continuing connected transactions and the report of the auditors and have confirmed that the transactions (the "Continuing Connected Transactions") contemplated under the Agreement (i) have been entered into by the Group in the ordinary course of its business, (ii) on terms no less favourable than terms available to (from) independent third parties, and in accordance with the terms of the Agreement governing such Continuing Connected Transactions that are fair and reasonable and in the interests of the shareholders of the Company as a whole; (iii) the aggregate amount of the sales of watches to SWL and its subsidiaries in Singapore for the year from 1 April 2006 to 31 March 2007 did not exceed the maximum annual cap of HK$36,000,000 as set out in the prospectus of the Company dated 30 September 2005; and (iv) the aggregate amount of the purchase of watches from SWL and its subsidiaries in Singapore for the year from 1 April 2006 to 31 March 2007 did not exceed the maximum annual cap of HK$9,000,000 as set out in the prospectus of the Company dated 30 September 2005.

In addition, the Group also acquired 100% of the share capital of Sincere Watch Co., Ltd. ("SWTW") from SWL, the immediate holding company of the Company, for a consideration of S$5.5 million (equivalent to approximately HK$27,535,000) during the year. The consideration was arrived at after arm's length negotiations between SWL and the Company with reference to the audited profit after tax of SWTW for the year ended 31 March 2006.

Other than as disclosed above, no contracts of significance to which the Company, its subsidiaries, its ultimate holding company or any of its fellow subsidiaries 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.

APPOINTMENT OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received, from each of the existing independent non-executive directors, an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the independent non-executive directors are independent.

SUBSTANTIAL SHAREHOLDERS

At 31 March 2007, shareholders (other than directors or chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the SFO, or which were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO or had otherwise notified the Company were as follows:

Name	Capacity	Number of issued ordinary shares held (Note 1)	Approximate percentage of the issued share capital of the Company
SWL	Beneficial owner	306,000,000 shares (L)	75%
TBJ	Interest of a controlled corporation (Note 2)	306,000,000 shares (L)	75%
Mr. Tay Boo Jiang	Interest of a controlled corporation (Note 2)	306,000,000 shares (L)	75%
Mr. Tay Liam Wee	Interest of a controlled corporation (Note 2)	306,000,000 shares (L)	75%
Chartered Asset Management Pte Ltd.	Investment fund	28,641,000 shares (L)	7.02%
CAM-GTF Limited	Investment fund	21,547,000 shares (L)	5.28%

SUBSTANTIAL SHAREHOLDERS (continued)

Notes:

1. *The letter "L" denotes the person's long position in the shares.*
2. *SWL is owned as to 50.18% by TBJ, which is in turn beneficially wholly-owned by Mr. Tay Liam Wee. By virtue of the voting deed entered into between Mr. Tay Boo Jiang and Mr. Tay Laim Wee on 24 August 2005, Mr. Tay Liam Wee agreed to consult and agree with Mr. Tay Boo Jiang on the action to be taken before exercising the voting rights with respect to Mr. Tay Liam Wee's shares in TBJ as from 24 August 2005. Accordingly, each of TBJ, Mr. Tay Liam Wee and Mr. Tay Boo Jiang is by virtue of the SFO deemed to be interested in all the shares in which SWL is interested.*

Other than as disclosed above, the Company has not been notified of any other relevant interests or short positions in the shares or underlying shares of the Company as at 31 March 2007.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

At no time during the year was the Company, its subsidiaries, its holding company, or any of its fellow subsidiaries, 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.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year, the Company has not redeemed any of its shares, and neither the Company nor any of its subsidiaries has purchased or sold any of the shares of the Company.

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES AND MODEL CODE

The Company has complied with the code provisions set out in the Code of Corporate Governance Practices contained in Appendix 14 to the Listing Rules during the year.

The Company has adopted the Model Code set out in Appendix 10 (the "Model Code") to the Listing Rules as the code of conduct regarding directors' securities transactions during the year. Having made specific enquiry of all Directors, the Company confirmed that, during the year, all Directors have complied with the required standard set out in the Model Code.

EMOLUMENT POLICY

The emolument policy of the employees of the Group is set up by the remuneration committee on the basis of their merit, qualifications and competence.

The emoluments of the directors of the Company are decided by the remuneration committee, having regard to the Company's operating results, individual performance and comparable market statistics.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's bye-laws, or the laws of Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

SUFFICIENCY OF PUBLIC FLOAT

The Company has maintained a sufficient public float throughout the year.

AUDITORS

A resolution will be submitted to the annual general meeting to re-appoint Messrs. Deloitte Touche Tohmatsu as auditors of the Company.

On behalf of the Board

Tay Liam Wee
Chairman
Hong Kong, 22 May 2007

Deloitte.
德勤

TO THE MEMBERS OF SINCERE WATCH (HONG KONG) LIMITED
(incorporated in Cayman Islands with limited liability)

We have audited the consolidated financial statements of Sincere Watch (Hong Kong) Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 32 to 53, which comprise the consolidated balance sheet as at 31 March 2007 and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the consolidated financial statements

The directors of the Company are responsible for the preparation and the true and fair presentation of these consolidated financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 31 March 2007 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
22 May 2007

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2007

	NOTES	**2007 HK$'000**	2006 HK$'000 (Re-presented)
Continuing operations			
Turnover		**470,833**	373,443
Cost of sales		**(318,942)**	(265,114)
Gross profit		**151,891**	108,329
Interest income		**2,321**	1,461
Selling and distribution costs		**(29,131)**	(23,893)
Administrative expenses		**(54,075)**	(48,774)
		71,006	37,123
Exchange (loss) gain		**(17,708)**	20,538
Profit before taxation	8	**53,298**	57,661
Income tax expense	10	**(9,683)**	(11,073)
Profit for the year from continuing operations		**43,615**	46,588
Discontinued operation			
Profit for the year from discontinued operation	7	**–**	3,332
Profit for the year		**43,615**	49,920
Earnings per share from continuing operations – basic	12	**10.7 HK cents**	13.2 HK cents
Earnings per share from continuing and discontinued operations – basic	12	**10.7 HK cents**	14.1 HK cents

CONSOLIDATED BALANCE SHEET

As at 31 March 2007

	NOTES	**2007 HK$'000**	2006 HK$'000
Non-current assets			
Property, plant and equipment	13	**8,191**	958
Intangible asset	14	**13,174**	–
Deferred tax assets	21	**11,411**	13,050
		32,776	14,008
Current assets			
Inventories	15	**281,648**	331,803
Trade and other receivables	16	**88,082**	91,888
Amounts due from fellow subsidiaries	17	**–**	3,671
Taxation recoverable		**2,924**	–
Bank balances and cash	18	**135,657**	144,350
		508,311	571,712
Current liabilities			
Trade and other payables	19	**314,964**	387,006
Amount due to immediate holding company	17	**331**	26
Amounts due to fellow subsidiaries	17	**8,798**	–
Taxation payable		**1,458**	1,848
		325,551	388,880
Net current assets		**182,760**	182,832
Total assets less current liabilities		**215,536**	196,840
Non-current liability			
Deferred tax liability	21	**3,600**	–
Net assets		**211,936**	196,840
Capital and reserves			
Share capital	20	**40,800**	40,800
Reserves		**171,136**	156,040
Equity attributable to equity holders of the Company		**211,936**	196,840

The consolidated financial statements on pages 32 to 53 were approved and authorised for issue by the Board of Directors on 22 May 2007 and are signed on its behalf by:

Tay Liam Wee
Director

Chau Kwok Fun, Kevin
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2007

	Attributable to equity holders of the Company					
	Share capital HK$'000	Share premium HK$'000	Special reserve HK$'000 (Note)	Translation reserve HK$'000	Retained profits HK$'000	Total HK$'000
At 1 April 2005	1,001	–	–	–	75,773	76,774
Profit for the year, representing total recognised income for the year	–	–	–	–	49,920	49,920
Issue of shares by the Company at nil-paid and credited as fully paid on Reorganisation	200	–	–	–	–	200
Elimination on Reorganisation	(1,001)	–	801	–	–	(200)
Capitalisation issue	30,400	(30,400)	–	–	–	–
New issue and placing of shares by the Company	10,200	99,960	–	–	–	110,160
Expenses incurred in connection with the issue of new shares by the Company	–	(10,014)	–	–	–	(10,014)
2005 dividend paid by a subsidiary	–	–	–	–	(30,000)	(30,000)
	39,799	59,546	801	–	(30,000)	70,146
At 31 March 2006 and 1 April 2006	40,800	59,546	801	–	95,693	196,840
Exchange difference arising from translation of financial statements of foreign operations recognised directly in equity	–	–	–	41	–	41
Profit for the year	–	–	–	–	43,615	43,615
Total recognised income for the year	–	–	–	41	43,615	43,656
2006 dividend paid	–	–	–	–	(28,560)	(28,560)
At 31 March 2007	**40,800**	**59,546**	**801**	**41**	**110,748**	**211,936**

Note: The special reserve of the Group represents the difference between the nominal value of the shares of the acquired subsidiaries and the nominal value of the Company's shares issued for the acquisition at the time of the Reorganisation.

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 March 2007

	NOTE	**2007 HK$'000**	2006 HK$'000
Operating activities			
Profit before taxation		**53,298**	61,700
Adjustments for:			
Interest income		**(2,321)**	(1,458)
Amortisation of intangible asset		**1,126**	–
Depreciation of property, plant and equipment		**1,545**	1,439
Loss on disposal of property, plant and equipment		**17**	430
(Reversal of) allowance for inventories		**(11,946)**	5,070
Reversal of allowance for doubtful debts		**–**	(4,001)
Allowance for doubtful debts		**–**	823
Unrealised exchange loss (gain)		**4,520**	(5,753)
Operating cash flows before movements in working capital		**46,239**	58,250
Decrease (increase) in inventories		**95,607**	(144,986)
Decrease (increase) in trade and other receivables		**11,506**	(6,640)
Decrease in amounts due from fellow subsidiaries		**3,671**	17,526
Decrease in amounts due from associates of immediate holding company		**–**	1,486
(Decrease) increase in trade and other payables		**(77,405)**	40,841
Increase (decrease) in amounts due to fellow subsidiaries		**8,798**	(10)
Cash from (used in) operating activities		**88,416**	(33,533)
Hong Kong Profits Tax paid		**(10,804)**	(16,479)
Tax in other jurisdictions paid		**(1,142)**	–
Net cash from (used in) operating activities		**76,470**	(50,012)
Investing activities			
Interest received		**2,321**	1,458
Proceeds from disposal of property, plant and equipment		**70**	–
Acquisition of a subsidiary (net of cash and cash equivalent acquired)	22	**(19,066)**	–
Purchase of property, plant and equipment		**(7,552)**	(292)
Settlement from associates of immediate holding company		**–**	309
Advance from fellow subsidiaries		**–**	94
Net cash (used in) from investing activities		**(24,227)**	1,569
Financing activities			
Decrease in amount due to immediate holding company		**(32,410)**	(943)
Dividend paid		**(28,560)**	(30,000)
Proceeds from new issue and placing of shares		**–**	110,160
Expenses paid in connection with the issue of new shares		**–**	(10,014)
Net cash (used in) from financing activities		**(60,970)**	69,203
Net (decrease) increase in cash and cash equivalents		**(8,727)**	20,760
Cash and cash equivalents at beginning of the year		**144,350**	123,590
Effect of foreign exchange rate changes		**34**	–
Cash and cash equivalents at end of the year, representing bank balances and cash		**135,657**	144,350

1. GENERAL

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 21 July 2004 under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. Pursuant to a group reorganisation (the "Reorganisation"), the Company became the holding company of the subsidiaries then comprising the Group since 19 September 2005. The Group resulting from the Reorganisation is regarded as a continuing entity. Accordingly, the consolidated financial statements of the Group for the year ended 31 March 2006 have been prepared using the principles of merger accounting as if the group structure under the Reorganisation had been in existence throughout the year ended 31 March 2006.

The Company's ultimate holding company is TBJ Holdings Pte Ltd., a company incorporated in the Republic of Singapore. The Company's immediate holding company is Sincere Watch Limited ("SWL"), a company incorporated in the Republic of Singapore.

The shares of the Company are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company is an investment holding company. The principal activities of the Group are distribution of branded luxury watches, timepieces and accessories in Hong Kong, Macau, Taiwan and the People's Republic of China (the "PRC"). The addresses of the registered office and principal place of business of the Company are disclosed in the corporate information of the annual report.

The consolidated financial statements are presented in Hong Kong dollars, which is also the functional currency of the Company.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has applied, for the first time, a number of new Hong Kong Financial Reporting Standards ("HKFRSs"), amendments of Hong Kong Accounting Standards ("HKASs") and Interpretations ("INTs") (hereinafter collectively referred to as "new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which are either effective for accounting periods beginning on or after 1 December 2005, 1 January 2006 or 1 March 2006. The adoption of the new HKFRSs had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

The Group has not early applied the following new standards, amendment or interpretations that have been issued but are not yet effective. The directors of the Company anticipate that the application of these new standards, amendment or interpretations will have no material impact on the results and the financial position of the Group.

HKAS 1 (Amendment)	Capital disclosures [1]
HKFRS 7	Financial instruments: Disclosures [1]
HKFRS 8	Operating segments [2]
HK(IFRIC) – INT 8	Scope of HKFRS 2 [3]
HK(IFRIC) – INT 9	Reassessment of embedded derivatives [4]
HK(IFRIC) – INT 10	Interim financial reporting and impairment [5]
HK(IFRIC) – INT 11	HKFRS 2 – Group and Treasury Share Transactions [6]
HK(IFRIC) – INT 12	Service concession arrangements [7]

1 *Effective for annual periods beginning on or after 1 January 2007.*
2 *Effective for annual periods beginning on or after 1 January 2009.*
3 *Effective for annual periods beginning on or after 1 May 2006.*
4 *Effective for annual periods beginning on or after 1 June 2006.*
5 *Effective for annual periods beginning on or after 1 November 2006.*
6 *Effective for annual periods beginning on or after 1 March 2007.*
7 *Effective for annual periods beginning on or after 1 January 2008.*

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared on the historical cost basis.

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions and balances are eliminated on consolidation.

Business combinations

The acquisition of subsidiaries is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under HKFRS 3 Business Combinations are recognised at their fair values at the acquisition date.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in profit or loss.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold in the normal course of business, net of allowances.

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

Interest income from a financial assets is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Property, plant and equipment

Property, plant and equipment are stated at cost less subsequent accumulated depreciation and accumulated impairment losses.

Depreciation is provided to write off the cost of property, plant and equipment over their estimated useful lives and after taking into account of their estimated residual values, using the straight line method.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising from derecognition of the asset is determined as the difference between the net disposal proceeds and the carrying amount of the item and is included in the consolidated income statement in the year in which the item is derecognised.

Intangible assets acquired in a business combination

Intangible assets which represent exclusive distribution rights acquired in a business combination are identified and recognised separately from goodwill where they satisfy the definition of an intangible asset and their fair values can be measured reliably. The cost of such intangible assets is their fair value at the acquisition date.

Subsequent to initial recognition, intangible assets with finite useful lives are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is provided on a straight line basis over their estimated useful lives.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the first-in, first-out method.

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. An impairment loss is recognised as an expense immediately.

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 an income immediately.

Financial instruments

Financial assets and financial liabilities are recognised on the consolidated balance sheet when a group entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial assets

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At each balance sheet date subsequent to initial recognition, loans and receivables (including trade and other receivables, amounts due from fellow subsidiaries and bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment losses. An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. Impairment losses are reversed in subsequent periods when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity

Financial liabilities and equity instruments issued by a group entity are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

The Group's financial liabilities including trade and other payables, amount due to immediate holding company and amounts due to fellow subsidiaries are subsequently measured at amortised cost, using the effective interest method. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes income statement items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited to the consolidated income statement.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Company (i.e. Hong Kong dollar) at the rate of exchange prevailing at the balance sheet date, and their income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised as a separate component of equity (the translation reserve). Such exchange differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

Fair value adjustment on identifiable assets acquired arising on an acquisition of a foreign operation are treated as assets and liabilities of that foreign operations and translated at the rate of exchange prevailing at the balance sheet date. Exchange differences arising are recognised in the translation reserve.

Operating leases

Leases are classified as operating leases whenever the terms of the lease do not transfer substantially all the risks and rewards of ownership to the lessee.

Rentals payable under operating leases are charged to profit or loss on a straight line basis over the term of the relevant leases. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expense over the lease term on a straight line basis.

Retirement benefit cost

Payments to the Mandatory Provident Fund Scheme are charged as an expense as they fall due.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the process of applying the Group's accounting policies, management had made the following estimate that has the most significant effect on the amounts recognised in the consolidated financial statements.

Income taxes

At 31 March 2007, a deferred tax asset of HK$11,411,000 (2006: HK$13,050,000) mainly resulted from allowance for inventories has been recognised in the Group's consolidated balance sheet. The realisability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. In cases where the actual future profits generated are less than expected, a material reversal of deferred tax assets may arise, which would be recognised in the consolidated income statement for the period in which such a reversal takes place.

5. FINANCIAL INSTRUMENTS

5a. Financial risk management objectives and policies

The Group's major financial instruments include trade and other receivables, amounts due from/to fellow subsidiaries, bank balances and cash, trade and other payables. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

(i) Currency risk

Certain trade payables of the Group are denominated in foreign currencies (set out in note 19) which expose the Group to foreign currency risk. In order to mitigate the currency risk, the management closely monitors such risk and will consider hedging significant foreign currency exposure should the need arises.

(ii) Interest rate risk

The Group's fair value interest rate risk relates primarily to short-term bank deposits. The exposure of interest rate risk of the Group is minimal.

5. FINANCIAL INSTRUMENTS (continued)

5a. Financial risk management objectives and policies (continued)

Credit risk

The Group's maximum exposure to credit risk in the event of that counterparties fail to perform their obligations as at 31 March 2007 in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the consolidated balance sheet.

In order to minimise the credit risk in relation to trade receivables, credit limits and credit terms granted to customers should be approved by delegated officers and follow-up action is taken to recover overdue debts. In addition, the management of the Group reviews the recoverable amount of each individual trade debt at each balance sheet date to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The credit risk on liquid funds is limited because the majority of the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The Group's concentration of credit risk on trade receivables are mainly from five major customers which accounted for 68% of trade receivables as at 31 March 2007 mainly from Hong Kong. The Group has closely monitored the recoverability of trade receivables and taken effective measures to ensure timely collection of outstanding balances.

5b. Fair value

The fair value of financial assets and financial liabilities carried at amortised cost or at cost are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions.

The directors consider that the carrying amounts of financial assets and financial liabilities in the financial statements approximate their fair values.

6. SEGMENT INFORMATION

The Group's principal activity is distribution of branded luxury watches, timepieces and accessories as a single business segment.

An analysis of the Group's turnover and results by geographical market of its customers is as follows:

Year ended 31 March 2007

	Continuing operations				
	Hong Kong HK$'000	PRC other than Hong Kong HK$'000	Other Asian locations HK$'000	Total HK$'000	Consolidated HK$'000
REVENUE					
Sales	**396,122**	**42,683**	**32,028**	**470,833**	**470,833**
RESULT					
Segment result	**122,745**	**9,972**	**9,705**	**142,422**	**142,422**
Unallocated expenses				**(91,445)**	**(91,445)**
Unallocated income				**2,321**	**2,321**
Profit before taxation				**53,298**	**53,298**
Income tax expense				**(9,683)**	**(9,683)**
Profit for the year attributable to equity holders of the Company				**43,615**	**43,615**

6. SEGMENT INFORMATION (continued)

Year ended 31 March 2006

	Continuing operations				Discontinued operation	
	Hong Kong HK$'000	PRC other than Hong Kong HK$'000	Other Asian locations HK$'000	Total HK$'000	Thailand HK$'000	Consolidated HK$'000
REVENUE						
Sales	325,323	17,007	31,113	373,443	20,676	394,119
RESULT						
Segment result	94,865	4,807	2,848	102,520	4,039	106,559
Unallocated expenses				(66,858)	–	(66,858)
Unallocated income				21,999	–	21,999
Profit before taxation				57,661	4,039	61,700
Income tax expense				(11,073)	(707)	(11,780)
Profit for the year attributable to equity holders of the Company				46,588	3,332	49,920

	2007 HK$'000	2006 HK$'000
SEGMENT ASSETS (BY LOCATION OF CUSTOMERS)		
Continuing operations		
Hong Kong	**64,545**	80,079
PRC other than Hong Kong	**3,804**	6,260
Other Asian locations	**25,454**	3,671
	93,803	90,010
Unallocated assets	**447,284**	495,710
	541,087	585,720
SEGMENT ASSETS (BY LOCATION OF ASSETS)		
Continuing operations		
Hong Kong	**454,923**	558,581
PRC other than Hong Kong	**14,405**	10,418
Other Asian locations	**57,424**	3,671
	526,752	572,670
Unallocated assets	**14,335**	13,050
	541,087	585,720

6. SEGMENT INFORMATION (continued)

Most of the Group's liabilities represent trade payables to suppliers in Europe. Accordingly, no segment liabilities by location of customers were presented.

	2007 HK$'000	2006 HK$'000
OTHER INFORMATION – CONTINUING OPERATIONS		
Capital additions (by location of assets)		
Hong Kong	**7,552**	292
Other Asian locations	**14,483**	–
	22,035	292
Depreciation and amortisation (by location of assets)		
Hong Kong	**1,309**	1,439
Other Asian locations	**1,362**	–
	2,671	1,439
Allowance for (reversal of allowance for) doubtful debts (by location of customers)		
Hong Kong	**–**	823
Hong Kong	**–**	(3,892)
PRC other than Hong Kong	**–**	(109)
(Reversal of) allowance for inventories (by location of assets)		
Hong Kong	**(11,946)**	5,070
Loss on disposal of property, plant and equipment (by location of assets)		
Hong Kong	**17**	430

The capital expenditure, depreciation and other non-cash expenditure, by nature, are not separable by location of customers.

7. DISCONTINUED OPERATION

On 19 September 2005, the Company's board of directors approved to terminate the Group's sales to Taiwan and Thailand upon listing of the shares of the Company on the Main Board of the Stock Exchange with effect from 17 October 2005. In 2005, the Taiwan and Thailand geographical segments were re-presented as discontinued operations.

During the year, the Group acquired 100% of the share capital of Sincere Watch Co., Ltd. ("SWTW") from its immediate holding company. SWTW is engaged in trading of luxury watch in Taiwan (See note 22). Accordingly, the Taiwan segment included under discontinued operation in the prior year are re-presented as continuing operations.

The financial information of the discontinued operation (as re-presented) were as follows:

For the year ended 31 March 2006

	Thailand HK$'000
Turnover	20,676
Expenses	(16,637)
Profit before taxation	4,039
Income tax expense	(707)
Profit for the year	3,332
Net operating cash inflow and total net cash inflow	4,950

8. PROFIT BEFORE TAXATION

	2007 HK$'000	2006 HK$'000
Profit before taxation has been arrived at after charging:		
Directors' remuneration	**16,290**	12,947
Other staff costs	**13,323**	12,443
Other staff's retirement benefits scheme contributions	**345**	337
Total staff costs	**29,958**	25,727
Realised exchange loss	**13,188**	–
Unrealised exchange loss	**4,520**	–
Total exchange loss	**17,708**	–
Allowance for doubtful debts	**–**	823
Allowance for inventories	**–**	5,070
Auditor's remuneration	**506**	550
Cost of inventories recognised as an expense	**330,888**	260,044
Amortisation of intangible asset	**1,126**	–
Depreciation of property, plant and equipment	**1,545**	1,439
Loss on disposal of property, plant and equipment	**17**	430
Minimum lease payments in respect of rented premises	**11,914**	8,494
and after crediting:		
Realised exchange gain	**–**	14,785
Unrealised exchange gain	**–**	5,753
Total exchange gain	**–**	20,538
Reversal of allowance for doubtful debts	**–**	4,001
Reversal of allowance for inventories	**11,946**	–

Note: Included in directors' remuneration are rentals of HK$180,000 (2006: HK$162,000) paid during the year in respect of a director's accommodation.

9. DIRECTORS' AND EMPLOYEES' REMUNERATION

Directors' remuneration

The remuneration of each director for the year ended 31 March 2007 is set out below:

Name of directors	Fees HK$'000	Salary, allowance and benefits HK$'000	Performance related incentive payments HK$'000 (Note)	Contributions to retirement benefits schemes HK$'000	Total HK$'000
Executive directors					
Mr. Tay Liam Wee	–	1,884	2,961	–	4,845
Mr. Chau Kwok Fun, Kevin	–	4,950	2,961	12	7,923
Ms. Tay Liam Wuan	–	2,130	900	12	3,042
Non-executive director					
Mr. Soh Gim Teik	–	–	–	–	–
Independent non-executive directors					
Mr. Lew, Victor Robert	160	–	–	–	160
Ms. Lim Suet Fern	160	–	–	–	160
Mr. King, Roger	160	–	–	–	160
	480	8,964	6,822	24	16,290

The remuneration of each director for the year ended 31 March 2006 is set out below:

Name of directors	Fees HK$'000	Salary, allowance and benefits HK$'000	Performance related incentive payments HK$'000 (Note)	Contributions to retirement benefits schemes HK$'000	Total HK$'000
Executive directors					
Mr. Tay Liam Wee	–	891	1,394	–	2,285
Mr. Chau Kwok Fun, Kevin	–	2,475	5,462	6	7,943
Ms. Tay Liam Wuan	–	1,627	900	12	2,539
Non-executive director					
Mr. Soh Gim Teik	–	–	–	–	–
Independent non-executive directors					
Mr. Lew, Victor Robert	60	–	–	–	60
Ms. Lim Suet Fern	60	–	–	–	60
Mr. King, Roger	60	–	–	–	60
	180	4,993	7,756	18	12,947

Note: The performance related incentive payments are determined with reference to the operating results and individual performance during both years.

9. DIRECTORS' AND EMPLOYEES' REMUNERATION (continued)

Employees' emoluments:

For the year ended 31 March 2007, the five highest paid individuals included three (2006: three) directors, details of whose remuneration are included above. The remuneration of the remaining two (2006: two) highest paid individuals are as follows:

	2007 **HK$'000**	2006 HK$'000
Salaries, allowances and other benefits	**2,266**	1,649
Performance related incentive payments	**180**	324
Contributions to retirement benefits schemes	**12**	12
	2,458	1,985

The emoluments of the employees were within in following bands:

	Number of employees **2007**	2006
Nil – HK$1,000,000	**–**	2
HK$1,000,001 to HK$1,500,000	**2**	–

No emoluments were paid by the Group to the directors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors have waived any remuneration in both years.

10. INCOME TAX EXPENSE

	2007 **HK$'000**	2006 HK$'000
The charge comprises:		
Current tax		
Hong Kong Profits Tax	**6,031**	12,014
Tax in other jurisdictions	**868**	–
	6,899	12,014
Deferred tax (note 21)	**2,784**	(234)
	9,683	11,780
Represented by:		
Continuing operations	**9,683**	11,073
Discontinued operation	**–**	707
	9,683	11,780

Hong Kong Profits Tax is calculated at 17.5% (2006: 17.5%) of the estimated assessable profit for the year.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

10. INCOME TAX EXPENSE (continued)

The taxation charge for the year can be reconciled to the profit before taxation per the income statement as follows:

	2007	2006
	HK$'000	HK$'000
Continuing operations	**53,298**	57,661
Discontinued operations	**–**	4,039
Profit before taxation	**53,298**	61,700
Tax at the domestic income tax rate of 17.5% (2006: 17.5%)	**9,327**	10,798
Tax effect of income that is not taxable in determining taxable profit	**(388)**	(255)
Tax effect of expenses that are not deductible in determining taxable profit	**126**	934
Tax effect of tax losses not recognised	**252**	303
Effect of different tax rates of operations in other jurisdictions	**366**	–
Tax expense for the year	**9,683**	11,780

11. DIVIDEND

The final dividend for the year ended 31 March 2006 of HK$0.07 per share amounting to HK$28,560,000 in total was paid during the year.

A final dividend for the year ended 31 March 2007 of HK$0.06 per share amounting to HK$24,480,000 has been proposed by the directors and is subject to approval by the shareholders in the forthcoming annual general meeting.

12. EARNINGS PER SHARE

For continuing and discontinued operations

The calculation of basic earnings per share is based on the profit for the year attributable to equity holders of the Company of HK$43,615,000 (2006: HK$49,920,000) and on the number of 408,000,000 (2006: weighted average number of 353,506,849) that were in issue throughout the year.

From continuing operations

Basic earnings per share from continuing operations is 10.7 HK cents per share (2006: 13.2 HK cents), based on the profit for the year from continuing operations of HK$43,615,000 (2006: HK$46,588,000). The denominators used are the same as those detailed above for basic earnings per share.

From discontinued operations

Basic earnings per share for the discontinued operation for the year ended 31 March 2006 was 0.9 HK cents per share, based on the profit from the discontinued operations of HK$3,332,000. The denominators used were the same as those detailed above for the basic earnings per share.

There were no potential ordinary shares outstanding during both years.

13. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK$'000	Furniture and fixtures HK$'000	Office equipment HK$'000	Computers HK$'000	Motor vehicles HK$'000	Total HK$'000
THE GROUP						
COST						
At 1 April 2005	8,973	409	1,490	419	204	11,495
Additions	4	29	66	193	–	292
Disposals	(1,039)	–	–	–	–	(1,039)
At 31 March 2006	7,938	438	1,556	612	204	10,748
Currency realignment	4	1	–	–	–	5
Acquired on acquisition of a subsidiary	1,017	118	118	56	–	1,309
Additions	6,831	80	161	72	408	7,552
Disposals	(3,396)	–	(27)	–	(204)	(3,627)
At 31 March 2007	**12,394**	**637**	**1,808**	**740**	**408**	**15,987**
DEPRECIATION						
At 1 April 2005	6,681	387	1,413	370	109	8,960
Provided for the year	1,227	24	78	69	41	1,439
Eliminated on disposals	(609)	–	–	–	–	(609)
At 31 March 2006	7,299	411	1,491	439	150	9,790
Currency realignment	1	–	–	–	–	1
Provided for the year	1,246	54	85	109	51	1,545
Eliminated on disposals	(3,333)	–	(27)	–	(180)	(3,540)
At 31 March 2007	**5,213**	**465**	**1,549**	**548**	**21**	**7,796**
CARRYING VALUES						
At 31 March 2007	**7,181**	**172**	**259**	**192**	**387**	**8,191**
At 31 March 2006	639	27	65	173	54	958

Items of property, plant and equipment are depreciated on a straight line basis at the following rates per annum:

Leasehold improvements	Over the term of the lease
Furniture and fixtures	$33^1/_3$% – 50%
Office equipment	$33^1/_3$%
Computers	$33^1/_3$%
Motor vehicles	20%

14. INTANGIBLE ASSET

	HK$'000
COST	
At 1 April 2006	–
Arising on acquisition of a subsidiary during the year (note 22)	14,300
At 31 March 2007	**14,300**
AMORTISATION	
At 1 April 2006	–
Charge for the year	1,126
At 31 March 2007	**1,126**
CARRYING VALUE	
At 31 March 2007	**13,174**
At 31 March 2006	–

The intangible asset represents exclusive distribution right acquired in the business combination as disclosed in note 22 which was determined on a provisional basis. Such intangible asset has definite useful life and is amortised on a straight line basis over its estimated useful life of approximately five years.

15. INVENTORIES

All the inventories are finished goods as at both balance sheet dates.

16. TRADE AND OTHER RECEIVABLES

	2007 **HK$'000**	2006 HK$'000
Trade receivables	**80,629**	86,340
Other receivables	**7,453**	5,548
	88,082	91,888

The following is an aged analysis of trade receivables:

	2007 **HK$'000**	2006 HK$'000
Within 30 days	**43,896**	35,341
31 – 90 days	**36,726**	44,057
91 – 120 days	**7**	6,942
	80,629	86,340

The Group allows a credit period normally ranging from 30 to 90 days to its trade customers.

17. AMOUNTS DUE FROM/TO GROUP COMPANIES

	2007 **HK$'000**	2006 HK$'000
Amounts due from fellow subsidiaries		
– trade	**–**	3,642
– non-trade	**–**	29
	–	3,671
Amount due to immediate holding company		
– trade (Note)	**301**	–
– non-trade	**30**	26
	331	26
Amounts due to fellow subsidiaries		
– trade (Note)	**8,798**	–

Note: The trade payables to immediate holding company and fellow subsidiaries were acquired through the acquisition of SWTW.

The trade receivables from fellow subsidiaries as at 31 March 2006 were aged over 120 days.

The following is an aged analysis of trade payables due to immediate holding company and fellow subsidiaries:

	2007 **HK$'000**	2006 HK$'000
Within 90 days	**40**	–
91 – 180 days	**173**	–
181 – 365 days	**8,719**	–
Over 365 days	**167**	–
	9,099	–

The amounts are unsecured, interest free and repayable within one year from the balance sheet date.

18. BANK BALANCES AND CASH

Bank balances and cash comprise cash held by the Group and short-term bank deposits at fixed rate with an original maturity of three months or less at prevailing market interest rates ranged from 3.4% to 4.4% (2006: from 3.3% to 4.3%).

19. TRADE AND OTHER PAYABLES

	2007	2006
	HK$'000	HK$'000
Trade payables	**277,111**	359,280
Other payables	**37,853**	27,726
	314,964	387,006

The following is an aged analysis of trade payables:

	2007	2006
	HK$'000	HK$'000
Within 90 days	**47,499**	121,032
91 days – 365 days	**214,166**	230,786
Over 365 days	**15,446**	7,462
	277,111	359,280

The amount of trade payables above includes amounts of HK$275,686,000 (2006: HK$359,053,000) and HK$1,239,000 (2006: HK$227,000) which are denominated in Swiss Franc and Euro respectively.

20. SHARE CAPITAL

	Notes	Number of shares	Amount HK$'000
Ordinary shares of HK$0.10 each			
Authorised:			
At 1 April 2005	(a)	1,000,000	100
Increase in authorised share capital	(b)	1,999,000,000	199,900
At 31 March 2006 and 31 March 2007		2,000,000,000	200,000
Issued and fully paid:			
Issue of shares at nil-paid on 18 August 2004 and credited as fully paid in accordance with the Reorganisation	(a) & (c)	1,000,000	100
Issue of shares to shareholders in accordance with the Reorganisation	(c)	1,000,000	100
Capitalisation of share premium account	(d)	304,000,000	30,400
Placing of shares to professional and institutional investors	(e)	91,800,000	9,180
Issue of shares to public	(e)	10,200,000	1,020
At 31 March 2006 and 31 March 2007		408,000,000	40,800

The movements in the Company's authorised and issue share capital are as follows:

(a) Upon incorporation, the authorised share capital of the Company was HK$100,000 divided into 1,000,000 ordinary shares of HK$0.10 each, all of which were allotted and issued at nil-paid on 18 August 2004.

(b) On 19 September 2005, the authorised share capital of the Company was increased from HK$100,000 to HK$200,000,000 by the creation of an additional 1,999,000,000 ordinary shares of HK$0.10 each.

(c) On 19 September 2005, as part of the Reorganisation, the Company (i) issued to SWL an aggregate of 1,000,000 new ordinary shares of HK$0.10 each credited as fully paid at par, and (ii) credited as fully paid at par for the then existing 1,000,000 ordinary shares issued at nil-paid on 18 August 2004 held by SWL as set out in (a) above, in consideration of and in exchange for the acquisition of the entire share capital of Sincere Brand Holdings Limited.

20. SHARE CAPITAL (continued)

(d) On 13 October 2005, 304,000,000 ordinary shares of HK$0.10 each were allotted and issued as fully paid at par to the then shareholders of the Company in proportion to their then respective shareholdings at the close of business on 19 September 2005, by way of capitalisation of the sum of HK$30,400,000 standing to the credit of the share premium account of the Company, conditional on the share premium account being credited as a result of the new issue and placing of shares as set out in (e) below. For the purpose of calculating earnings per share, these shares were deemed to have been in issue throughout both years.

(e) On 13 October 2005, 102,000,000 ordinary shares of HK$0.10 each were issued by way of placing to professional and institutional investors and public offer to the public at a price of HK$1.08 per share.

All the shares which were issued by the Company during the period from 21 July 2004 (date of incorporation) to 31 March 2006 rank pari passu with each other in all respect.

The Company uses the net proceeds from the then issue of shares to further develop the Group's business and for general working capital purposes.

21. DEFERRED TAXATION

The following are the major deferred tax assets/(liability) recognised and movements thereon during the current and prior accounting periods.

	Accelerated accounting depreciation HK$'000	Allowance for inventories HK$'000	Allowance for doubtful debts HK$'000	Amortisation of intangible asset HK$'000	Others HK$'000	Total HK$'000
At 1 April 2005	936	11,180	700	–	–	12,816
Credit (charge) to income statement for the year (note 10)	47	887	(700)	–	–	234
At 31 March 2006 and 1 April 2006	983	12,067	–	–	–	13,050
Currency realignment	–	2	–	–	1	3
Arising from acquisition of a subsidiary	21	709	–	(3,600)	412	(2,458)
Charge to income statement for the year (note 10)	(359)	(2,090)	–	–	(335)	(2,784)
At 31 March 2007	**645**	**10,688**	**–**	**(3,600)**	**78**	**7,811**

The Group has unused tax losses of approximately HK$3,100,000 (2006: HK$1,700,000) available for offset against future profits. Deferred tax assets have not been recognised in respect of these losses due to the unpredictability of future profit streams. The unused tax losses will be carried forward indefinitely.

For the purpose of balance sheet presentation, certain deferred tax assets and liability have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	2007 HK$'000	2006 HK$'000
Deferred tax assets	**11,411**	13,050
Deferred tax liability	**(3,600)**	–
	7,811	13,050

22. ACQUISITION OF A SUBSIDIARY

On 1 October 2006, the Group acquired 100% of the share capital of SWTW which is principally engaged in trading of luxury watches, for consideration of HK$27,535,000.

	Acquirees' carrying amounts before acquisition HK$'000	Fair value adjustment HK$'000	Fair values HK$'000
Net assets acquired:			
Property, plant and equipment	1,309	–	1,309
Intangible asset	–	14,300	14,300
Deferred tax assets	1,142	–	1,142
Inventories	33,506	–	33,506
Trade and other receivables	7,700	–	7,700
Bank balances and cash	8,469	–	8,469
Trade and other payables	(843)	–	(843)
Amounts due to group companies	(32,715)	–	(32,715)
Taxation payable	(1,733)	–	(1,733)
Deferred tax liability	–	(3,600)	(3,600)
Total consideration satisfied by cash	16,835	10,700	27,535
Net cash outflow arising on acquisition:			
Cash consideration paid			(27,535)
Bank balances and cash acquired			8,469
Net outflow of cash and cash equivalents in respect of the acquisition of a subsidiary			(19,066)

The subsidiary acquired during the year contributed HK$31,856,000 to the Group's turnover and HK$3,640,000 to the Group's profits for the period between the date of acquisition and the balance sheet date.

If the acquisition had been completed on 1 April 2006, total group revenue for the year would have been HK$491,150,000, and profit for the year would have been HK$47,254,000. The pro forma information is for illustrative purposes only and is not necessary an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 April 2006, nor is it intended to be a projection of future results.

The fair value of the intangible asset acquired has been determined on a provisional basis, awaiting the receipt of professional valuation.

23. OPERATING LEASE COMMITMENTS

At the balance sheet date, the Group had commitments for future minimum lease payments payable under non-cancellable operating leases in respect of rented premises which fall due as follows:

	2007 HK$'000	2006 HK$'000
Within one year	**17,438**	6,219
In the second to fifth years inclusive	**26,115**	3,061
	43,553	9,280

Operating lease payments represent rental payable by the Group for certain of its rental premises. Leases are negotiated for an average term of three years and rentals are fixed over the lease period.

24. CAPITAL COMMITMENTS

	2007 HK$'000	2006 HK$'000
Capital expenditure in respect of acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements	**620**	–

25. RETIREMENT BENEFITS SCHEMES

The Group operates a mandatory provident fund scheme ("MPF Scheme") for all employees in Hong Kong. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of an independent trustee. Under the MPF Scheme, the employers and the employees are each required to make contribution to the MPF Scheme at rates specified in the rules. The only obligation of the Group with respect to the MPF Scheme is to make the required contributions under the MPF Scheme.

The Group also operates a defined contribution plan under the Labor Pension Act ("LPA") in Taiwan. Under this scheme, the employers are required to make contribution to the scheme at the rates specified in LPA. The only obligation of the Group with respect to the scheme is to make the required contribution under the scheme.

26. RELATED PARTY TRANSACTIONS

(a) Transactions

During the year, the Group had the following transactions with the following related parties:

	2007 HK$'000	2006 HK$'000
Sales to immediate holding company	**–**	12,484
Sales to fellow subsidiaries	**172**	18,629
Purchases from fellow subsidiaries	**3,885**	3,858
Management fee paid to immediate holding company	**–**	1,800

(b) Compensation of key management personnel

The key management personnel are the directors of the Company. The details of the remuneration paid to them are set out in note 9.

(c) Acquisition of a subsidiary

During the year, the Group acquired 100% of the share capital of SWTW from SWL, the immediate holding company, for a consideration of HK$27,535,000.

27. SUBSIDIARIES

Details of the Company's subsidiaries are as follows:

Name of subsidiary	Place of incorporation	Issued and fully paid share capital	Proportion of nominal value of issued share held by the Company		Principal activity
			Directly	*Indirectly*	
Sincere Brand Holdings Limited	British Virgin Islands	US$200	100%	–	Investment holding
Sincere Brand Management Limited	Hong Kong	HK$1,000,000	–	100%	Trading of watches
Sincere Watch Co. Ltd.	Taiwan	NTD1,000,000	–	100%	Trading of watches
Pendulum Limited	Hong Kong	HK$2	–	100%	Inactive

None of the subsidiaries had issued any debt securities at the end of the year.

FINANCIAL SUMMARY

RESULTS

	For the year ended 31 March				
	2007	2006	2005	2004	2003
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Turnover	**470,833**	394,119	513,738	395,337	340,345
Profit before taxation	**53,298**	61,700	63,268	43,926	34,065
Income tax expenses	**(9,683)**	(11,780)	(11,117)	(6,989)	(5,447)
Profit for the year	**43,615**	49,920	52,151	36,937	28,618
Earnings per share					
Basic (HK cents)	**10.7**	14.1	17.0	12.1	9.4

ASSETS AND LIABILITIES

	At 31 March				
	2007	2006	2005	2004	2003
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Total assets	**541,087**	585,720	435,984	352,862	338,117
Total liabilities	**(329,151)**	(388,880)	(359,210)	(228,240)	(230,432)
Total equity	**211,936**	196,840	76,774	124,622	107,685

Notes:

1. *The results for each of the three years ended 31 March 2005 were extracted from the prospectus of the Company dated 30 September 2005.*
2. *Assets and liabilities of the Group as at 31 March 2005, 2004 and 2003 were extracted from the prospectus of the Company dated 30 September 2005.*

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