



NATIONAL ELECTRONICS HOLDINGS LIMITED
(INCORPORATED IN BERMUDA WITH LIMITED LIABILITY)

ANNUAL REPORT 2007

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Executive Directors

Jimmy Lee Yuen Ching
Chairman
James Lee Yuen Kui
Managing Director
Loewe Lee Bon Chi
(appointed on 22nd May, 2007)
Peter Lee Yuen Wong
(resigned on 10th July, 2007)
Edward Lee Yuen Cheor
Ricky Wai Kwong Yuen
(appointed on 26th May, 2006)

Non-Executive Director

Dorathy Lee Yuen Yu

Independent Non-Executive Directors

Dr. Samson Sun, M.B.E., J.P.
William Chan Chak Cheung
Chan Kwok Wai

Auditors

Deloitte Touche Tohmatsu

Solicitors

Baker & McKenzie
Johnson, Stokes & Master
Richards Butler

Company Secretary

Yue Man Ying

Principal Bankers

The Hongkong and Shanghai Banking
Corporation Limited
Hang Seng Bank Limited
Bank of China (Hong Kong) Limited
Industrial and Commercial Bank of China (Asia) Limited
The Bank of East Asia, Limited
Chiyu Banking Corporation Limited
DBS Bank (Hong Kong) Limited
Standard Chartered Bank (Hong Kong) Ltd.
Fubon Bank (Hong Kong) Limited

Registered Office

Canon's Court,
22 Victoria Street,
Hamilton HM12,
Bermuda.

Principal Office

Suite 3201, Gloucester Tower,
The Landmark, 11 Pedder Street,
Central,
Hong Kong.

Registrars

Butterfield Corporate Services Limited,
Rosebank Centre,
14 Bermudiana Road, Pembroke,
Bermuda.

Branch Registrars and Transfer Office

Standard Registrars Limited,
Level 25, Three Pacific Place,
1 Queen's Road East,
Hong Kong.

On behalf of the Board (the "Board") of Directors (the "Directors") of National Electronics Holdings Limited (the "Company"), I am pleased to report the results of the Company and its subsidiaries (together, the "Group") for the year ended 31st March, 2007.

RESULTS

The audited consolidated profit attributable to shareholders of the Group for the year ended 31st March, 2007 was HK\$113,266,470 (2006 – HK\$60,104,762). The earnings per share of the Company for the year ended 31st March, 2007 was 10.7 HK cents per share (2006 – 5.5 HK cents per share).

FINAL DIVIDEND

The Board recommends the payment of a final dividend of 2.0 HK cents per share for the year ended 31st March, 2007 (2006 – 1.5 HK cents).

BUSINESS REVIEW

WATCHES AND WATCH COMPONENTS

During the period under review, the performance of the Group's watch manufacturing division was not satisfactory. Further to my statement in the Company's interim report for the six months ended 30th September, 2006, the high oil prices continued to affect the USA and European demand for the Group's multi-function LCD sport watches. The profit margin has further declined due to the rising cost of raw materials, labour charges, utilities and other costs and the appreciation of Renminbi. The Group has also made provision for its slow moving inventories.

However, the demand for analogue quartz watches remain stable and the performance for the Group's watch component trading division has improved as compared with the previous year.

PROPERTY DEVELOPMENT AND INVESTMENT

During the year under review, the Group sold 80% of its equity interest in its subsidiary, which held the site at 202-206 Queen's Road Central, Hong Kong to Citi Property Investors and occupation permit of the building was obtained at the end of 2006. The Group has also successfully disposed of two commercial units in Lippo Centre, Queensway, Hong Kong. The Group enjoyed satisfactory capital gain for the above disposals.

On 12th February, 2007, the Group entered into an agreement to purchase a commercial development site at 87 and 89 Jervois Street and the purchase was completed in May 2007. The Group intends to construct a boutique hotel on this location.



The analogue-digital altimeter watch is used to measure the altitude and barometric pressure for cross-country sports such as mountaineering, hiking or skiing.

PROSPECTS

WATCHES AND WATCH COMPONENTS

The Group has finalized its negotiation with the Nanning Industrial Park in Nanning Guang Xi Province and is now planning the first phase of its relocation scheme. In the long run, the Group hopes to reduce its direct labor and overhead cost.

The Group will continue its efforts in developing non-watch consumer electronic products such as wind meters, Electronic Sports Training Timers etc. to increase the watch division's profit margin.

The Group is optimistic that its watch component trading business will continue to grow as demand for "complication" analogue quartz watch movements as well as mechanical watch movements remains strong.

PROPERTY DEVELOPMENT AND INVESTMENT

Overseas

The occupancy programme of the Group's "One St. Thomas" residential project in Toronto is on schedule as per our interim announcement.

Local

"The Putman", the Group's Luxurious Boutique Hotel Project at 202 Queen's Road Central, Hong Kong and a Joint Venture with Citi Property Investors, had its grand opening at the end of May 2007. The response was quite sensational and the rentals achieved have surpassed our original expectations.

The foundation work of the Group's second Joint Venture project with Citi Property Investors at 137-138 Connaught Road West, Hong Kong was completed and the first phase of the super-structure work has commenced. The building is expected to be completed by the end of 2008.

The demolition work of the existing old building at 21 Whitfield Road, Causeway Bay, Hong Kong has commenced and will be completed by September 2007. This site will be developed into a new-built boutique hotel.

On 18th April, 2007, the Group entered into a Sale & Purchase agreement to dispose of its investment property at 45th Floor, Far East Finance Centre, Admiralty, Hong Kong and the transaction was completed on 25th May, 2007 with satisfactory capital gain.



The analogue watch with five indicators shows local time, 24 city time zones, compass, temperature and alarm time.

On 25th April, 2007, the Group entered into an agreement to acquire the luxurious residential property at 59 Shouson Hill Road, Hong Kong for investment purposes.

On 9th May, 2007, the Group acquired the penthouse floor (22/F including the roof) of Century Tower II, Tregunter Path, Hong Kong for investment purposes. On the same day, the Group entered into an agreement to purchase a development site at No. 101 & 103 Bonham Strand and No. 127 Wing Lok Street, Hong Kong. The purchase was completed on 10th July, 2007. The Group intends to construct a boutique hotel on this site.

On 4th June, 2007, the Group entered into an agreement with Citi Property Investors to acquire 20% of its interest at No. 50 to 59 Connaught Road Central, Hong Kong with a site area of 11,488 sq. ft. which will be redeveloped into an A-Grade office building for long term investment purposes. The transaction was completed on 28th June, 2007.

With the strength of our investment partners, the Group hopes to enter into new Joint Venture opportunities with them in Hong Kong and China.

It is the Group's view that the demand for new-built designer boutique hotels in Hong Kong and China has just begun. There is strong potential for further growth in this sector of the market and the Group intends to expand its activities in this area.

On 22nd May, 2007, the Board announced the appointment of Mr. Loewe Bon Chi Lee of the Group as an Executive Director of the Company. The Board welcomes Loewe and looks forward to his continuous contribution to the Group.

On 10th July, 2007, Mr. Peter Yuen Wong Lee resigned as an Executive Director of the Group due to his retirement.

Finally, on behalf of the Board of Directors, I would like to thank all the staff of the Group for their loyalty and dedication during the previous year.

Lee Yuen Ching Jimmy
Chairman

Hong Kong, 16th July, 2007



The Handheld Windmeter measures wind speed used for sailing and other sports.



BUSINESS REVIEW

WATCHES AND WATCH COMPONENTS

The turnover of the Groups watch Manufacturing Division decreased by 16.8% to HK\$366 million due to increasing market competition and weak demand for the Group's LCD sport watches. However, the sales revenues generated from trading of watch components increased by 7.4% to HK\$658 million due to increase demand for "complicated" analogue quartz movements and mechanical movements.

High raw material prices, increased labour and utility charges and a higher than usual provision of HK\$16.6 million worth of slow and obsolete stock contributed to the negative result of the watch manufacturing segment.

The segmental result of the watch component trading division was positive. Turnover as well as profit margin improved as compared with the previous year.

PROPERTY DEVELOPMENT AND INVESTMENT

The significant increase in the profit of the Group's property development and investment business was mainly due to the gain of HK\$89 million on disposal of an 80% equity interest in a subsidiary which held the site at 202-206 Queen's Road Central, Hong Kong and the increase in the fair value of investment properties of HK\$35.5 million.

ASSOCIATES

The Group shared a profit of HK\$13.4 million from its associates and a reversal of allowance for amount due from associates of HK\$7.5 million was made.

FINANCIAL REVIEW

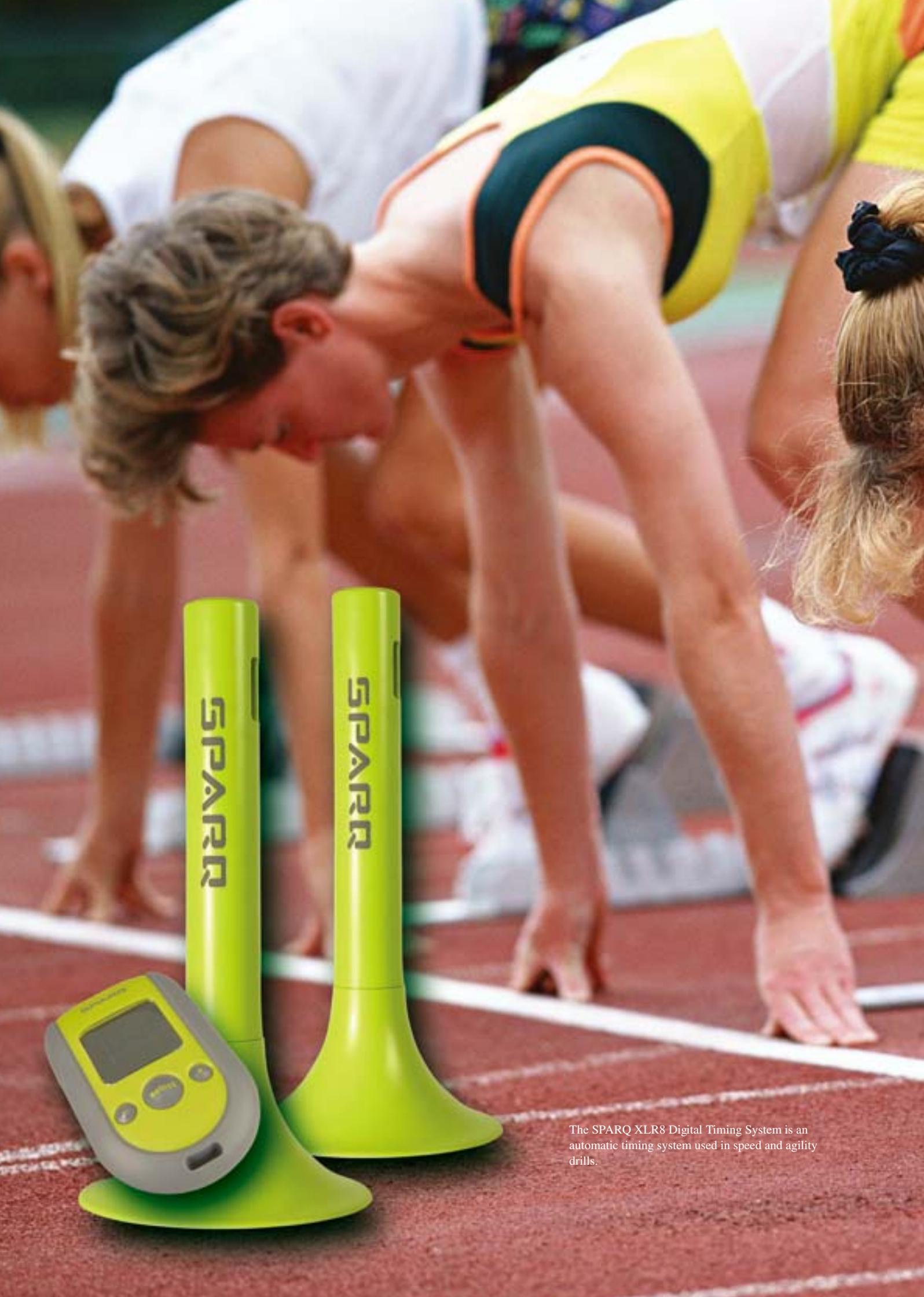
LIQUIDITY AND FINANCIAL RESOURCES

As at 31st March, 2007, the Group's total borrowings were HK\$986 million, representing an increase of HK\$222 million from last year. The maturity profile spreads over a period of 25 years, with HK\$660 million repayable within one year, HK\$178 million within two to five years and HK\$148 million beyond five years.

As at 31st March, 2007, the Group's gearing ratio was 0.64 (2006: 1.28) which is calculated based on the Group's long-term borrowings of approximately HK\$326 million and shareholders' funds of approximately HK\$506 million.

As at 31st March, 2007, the Group's total bank balances and cash was approximately HK\$189 million (2006: HK\$119 million).

Similar to last year, the Group has maintained a reasonable level of cash resources and stand-by credit facilities to provide adequate liquid funds to finance its commitments and working capital requirements.



The SPARQ XLR8 Digital Timing System is an automatic timing system used in speed and agility drills.

TREASURY POLICIES

As at 31st March, 2007, 43.5% of the Group's borrowings was in HK\$, 1% in US\$, 11% in JPY and 44.5% in CAD.

As at 31st March, 2007, 80% of the Group's bank balances and cash was in HK\$, 11% in US\$ and 9% in CAD.

All the Group's borrowings are variable-rate borrowings. The Group will carefully monitor its foreign exchange exposure and forward contracts have been used as hedging instruments.

FUTURE PLANS FOR MATERIAL INVESTMENTS

Other than the acquisitions mentioned in the Chairman's Statement, the Group currently has no other plans for material investments. All the aforesaid acquisitions have been funded by bank borrowings and the internal resources of the Group.

CHARGES ON ASSETS

As at 31st March, 2007, certain properties of the Group of approximately HK\$1,326 million (2006: HK\$977 million) were pledged to secure banking facilities for the Group.

EMPLOYEES

As at 31st March, 2007, the Group employed approximately 3,450 employees in Hong Kong, the PRC and other overseas countries. The staff costs for the year including director's emoluments amounted to HK\$115 million (2006: HK\$106 million). Remuneration is determined by reference to market terms as well as the qualifications and experiences of the staff concerned. Salaries are reviewed annually and discretionary bonuses may be paid depending on individual performance and the profitability of the Group.

DIRECTORS AND SENIOR MANAGEMENT OF THE COMPANY

EXECUTIVE DIRECTORS

Mr. Jimmy Lee Yuen Ching, aged 60, is the Chairman of the Group. He received his university education in the United States and Canada. His initial experience in the watch industry was gained in his family's watch business and he subsequently became a co-founder of the Group. He was responsible for the founding of the Group's property division fifteen years ago and has been responsible for the management of the property division since that time.

Mr. James Lee Yuen Kui, aged 53, is the Managing Director of the Group. He joined the Group in 1976 and is currently responsible for administration, trading of watch components and material procurement from foreign suppliers.

Mr. Loewe Lee Bon Chi, aged 27, graduated from Harvard University and obtained a bachelor of arts degree with honours in economics. He joined the Group in July 2005 and is responsible for overseeing the overall operations of the watch components trading division as well as the property development and investment division. Prior to joining the Group, he was an investment banker at JP Morgan in New York.

Mr. Edward Lee Yuen Cheor, aged 49, joined the Group in 1981 and is currently responsible for the supervision in the properties development in Hong Kong.

Mr. Ricky Wai Kwong Yuen, M.Sc., aged 60, is the President and an executive Director of National Electronics and Watch Company Limited. Mr. Wai joined the Group in 1976 and is responsible for its LCD and LCD hybrid watch business and other electronic products.

NON-EXECUTIVE DIRECTOR

Ms. Dorothy Lee Yuen Yu, aged 47, has not previously held any positions with the Company or its subsidiaries before joining the Group in September 2004. Ms. Lee is the sister of Mr. James, Lee Yuen Kui and Mr. Edward, Lee Yuen Cheor, who are also executive Directors of the Company. She is also a cousin of Mr. Jimmy, Lee Yuen Ching, the Chairman of the Company and an aunt of Mr. Loewe, Lee Bon Chi, an executive Director of the Company.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Dr. Samson Sun, M.B.E., J.P., aged 82, is the Chairman of the Sun International Group of companies. He was the Deputy Chairman of Gilman & Co., Limited and later of Inchage Hong Kong in each case from 1967 to 1985. Dr. Sun is the Honorary Permanent President of The Federation of Hong Kong Watch Trades & Industries Limited. He has over 51 years' experience in the manufacturing, marketing and distribution of watches and 23 years' experience in the marketing and distribution of consumer and electronic products. Dr. Sun has chaired many voluntary community services and charitable organizations and is the former Vice-Chairman of Business and Professionals Federation of Hong Kong (BPF).

Mr. William Chan Chak Cheung, aged 59, graduated from the University of Toronto with a Bachelor of Arts degree. He is also a member of the Canadian Institute of Chartered Accountants. Mr. Chan is the Chairman of Chine Connect Company Limited, a consulting company. Mr. Chan is an independent non-executive Director of King Fook Holdings Limited, a company listed on Main Board of the Stock Exchange of Hong Kong Limited. Mr. Chan is a retired partner of PricewaterhouseCoopers ("PwC") after a career spanning 34 years in Canada, Hong Kong and Mainland China. He was partner in charge of China tax services at PwC and brings experience in solving complex business issues in many different industries.

Mr. Chan Kwok Wai, aged 48, has been an independent non-executive Director of the Company since April 2005. Mr. Chan is a member of the Hong Kong Securities Institute and an associate member of CPA Australia. Mr. Chan is currently a director of High Progress Consultants Limited. He is also an independent non-executive Director of Junefield Department Store Group Limited, China Investments Holdings Limited, Tern Properties Company Limited, Chinese Estates Holdings Limited and Far East Consortium International Limited, the shares of all of which are listed on the Stock Exchange.

SENIOR MANAGEMENT

Mr. Andrew Lo Kwong Yiu, B.Sc. (Econ.), B.Sc. (Building Surveying), FRICS, aged 53, is an executive Director of National Properties Holdings Limited. Mr. Lo joined the Group in 1992 and is responsible for property development projects.

Mr. Yuen Wai Keung, B.Sc. (Mech.), aged 51. Mr. Yuen joined the Group in 1983 and is the General Manager of National Electronics and Watch Company Limited.

DIRECTORS' REPORT

The directors have pleasure in presenting to shareholders their annual report and the audited consolidated financial statements for the year ended 31st March, 2007.

PRINCIPAL ACTIVITIES

The Company is an investment holding company and its subsidiaries are principally engaged in the manufacture, assembly and sale of electronic watches and watch parts, trading of watch movements and watch parts, property development and property investment.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31st March, 2007 are set out in the consolidated income statement on page 21.

The directors now recommend the payment of a dividend of 2.0 HK cents per share to the shareholders of the Company whose names appear on the register of members on 9th August, 2007 amounting to approximately HK\$20,637,718.

INVESTMENT PROPERTIES AND PROPERTY, PLANT AND EQUIPMENT

Details of movements during the year in the investment properties and property, plant and equipment of the Group are set out in notes 14 and 15 to the consolidated financial statements, respectively.

MAJOR PROPERTIES

Details of the major properties of the Group at 31st March, 2007 are set out on page 68.

SUBSIDIARIES AND ASSOCIATES

Details of the Company's subsidiaries and associates at 31st March, 2007 are set out in notes 41 and 17 to the consolidated financial statements, respectively.

SHARE CAPITAL

Details of movements during the year in the share capital of the Company are set out in note 29 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

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

DISTRIBUTABLE RESERVES OF THE COMPANY

The Company's reserves available for distribution to shareholders as at 31st March, 2007 and 2006 were as follows:

	2007 HK\$	2006 HK\$
Contributed surplus	90,854,039	90,854,039
Retained profits	21,028,685	18,932,651
	111,882,724	109,786,690

Under the Companies Act 1981 of Bermuda (as amended), the contributed surplus account of a company is available for distribution. However, a company cannot declare or pay a dividend, or make a distribution out of contributed surplus if:

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

PURCHASE, SALE OR REDEMPTION OF SHARES

During the year, the Company repurchased certain of its own shares on The Stock Exchange of Hong Kong Limited, details of which are set out in note 29 to the consolidated financial statements.

None of the Company's subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year.

DIRECTORS

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

EXECUTIVE DIRECTORS

Jimmy Lee Yuen Ching

Chairman

James Lee Yuen Kui

Managing Director

Loewe Lee Bon Chi (appointed on 22nd May, 2007)

Peter Lee Yuen Wong (resigned on 10th July, 2007)

Edward Lee Yuen Cheor

Ricky Wai Kwong Yuen (appointed on 26th May, 2006)

NON-EXECUTIVE DIRECTOR

Dorathy Lee Yuen Yu

INDEPENDENT NON-EXECUTIVE DIRECTORS

Dr. Samson Sun, M.B.E., J.P.

William Chan Chak Cheung

Chan Kwok Wai

In accordance with the Bye-laws 99 of the Company, Mr. James Lee Yuen Kui, Ms. Dorathy Lee Yuen Yu and Mr. William Chan Chak Cheung, shall retire by rotation and, being eligible, offer themselves for re-election.

In accordance with Bye-laws 102 of the Company's Bye-Laws, Mr. Loewe Lee Bon Chi shall retire and offer himself for re-election at the forthcoming Annual General Meeting.

Each non-executive and independent non-executive directors, except Mr. Chan Kwok Wai who was appointed for a term of three years commencing from 20th April, 2005, were appointed for a term of period up to his retirement and re-election by rotation under the bye-laws of the Company.

APPOINTMENT OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received, from each of the independent non-executive directors, an annual confirmation of his independence pursuant to Rule 3.13 of the Rules Governing the Listing Securities on the Stock Exchange of Hong Kong Limited. The Company considers all of the independent non-executive directors are independent.

SERVICE CONTRACTS

Save as disclosed above, none of the directors has entered into any service agreement with any member of the Group nor are there any other service agreements proposed which will not expire or be determinable by the Company within one year without payment of compensation (other than statutory compensation).

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

No contracts of significance to which the Company or any of its 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.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

At no time during the year was the Company or any of its 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.

DIRECTORS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

At 31st March, 2007, the interests of the directors, chief executives and their associates in the shares and debentures 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 pursuant to the Model Code for Securities Transactions by the Directors of Listed Companies, were as follows:

Name of director	Capacity	Shares of HK\$0.10 each				Percentage of the issued share capital of the Company
		Personal interests	Corporate interests	Other interests	Total interests	
Mr. Jimmy Lee Yuen Ching	Chairman	—	—	253,106,873 (note a)	253,106,873	24.490%
Mr. James Lee Yuen Kui	Managing Director	5,940	—	252,102,979 (note b)	252,108,919	24.393%
Mr. Peter Lee Yuen Wong	Director	—	—	252,102,979 (note b)	252,102,979	24.393%
Mr. Edward Lee Yuen Cheor	Director	—	—	252,102,979 (note b)	252,102,979	24.393%
Mr. Ricky Wai Kwong Yuen	Director	—	37,267,767 (note d)	—	37,267,767	3.606%
Dr. Samson Sun, M.B.E., J.P.	Director	—	4,988,968 (note c)	—	4,988,968	0.483%

Notes:

- (a) The 253,106,873 shares are part of the property of a discretionary trust of which Mr. Jimmy Lee Yuen Ching and his family members are named beneficiaries.
- (b) The 252,102,979 shares are part of the property of a discretionary trust of which each of Messrs. James Lee Yuen Kui, Peter Lee Yuen Wong and Edward Lee Yuen Cheor are named beneficiaries.
- (c) The 4,988,968 shares are held by a company controlled by Dr. Samson Sun, M.B.E., J.P.
- (d) The 37,267,767 shares are held by two companies controlled by Mr. Ricky Wai Kwong Yuen.

Saved as disclosed above, at 31st March, 2007, none of the director or chief executive or any of their associates had any interests, or short positions in any shares, underlying shares or debentures of the Company or its associated corporations as defined in the SFO Ordinance.

SUBSTANTIAL SHAREHOLDERS

Other than the interests of certain directors disclosed under the heading "Director's Interests in Shares, Underlying Shares and Debentures" above, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO discloses no other person as having a notifiable interest or short position in the issued share capital of the Company as at 31st March, 2007.

MAJOR SUPPLIERS AND CUSTOMERS

For the year ended 31st March, 2007, the Group's five largest suppliers accounted for approximately 81.44% of the Group's purchases of which 75.29% was attributable to the largest supplier. The Group's five largest customers accounted for approximately 57.32% of the Group's turnover of which 19.54% was attributable to the largest customer.

None of the directors, their associates or any shareholders (which to the knowledge of the directors owns more than 5% of the Company's share capital) has any interest in the Group's five largest suppliers or customers during the year.

CORPORATE GOVERNANCE

The Company has complied throughout the year ended 31st March, 2007 with the Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

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.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Company, there is sufficient public float of not less than 25% of the Company's issued shares as required under the Listing Rules throughout the year ended 31st March, 2007.

DONATIONS

During the year, the Group made charitable donations amounting to HK\$22,100.

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

LEE YUEN CHING JIMMY

CHAIRMAN

16th July, 2007

For the year ended 31st March, 2007 (the “Year”), in the opinion of the Board, the Group applied the principles in the Code on Corporate Governance Practices (the “CG Code”) set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and complied with the code provisions in the CG Code.

Model Code

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 of the Listing Rules. The Company has made specific enquiries to all Directors who have confirmed that, during the Year, they have complied with the required standard set out in the Model Code.

The Board

As at 31st March, 2007, the Board consisted of 9 directors including 5 executive directors, 1 non-executive director and 3 independent non-executive directors (the “INEDs”).

During the Year, the Board held 4 meetings. Attendance of each director at the Board meetings held in the Year is set out below:

Directors	Meetings Attended/Held
Executive Directors:	
Mr. Jimmy Lee Yuen Ching (Chairman)	4/4
Mr. James Lee Yuen Kui (Managing Director)	4/4
Mr. Peter Lee Yuen Wong	1/4
Mr. Edward Lee Yuen Cheor	4/4
Mr. Ricky Wai Kwong Yuen (Appointed on 26th May, 2006)	2/4
Non-Executive Director:	
Ms. Dorathy Lee Yuen Yu	1/4
Independent Non-Executive Directors:	
Dr. Samson Sun	4/4
Mr. William Chan Chak Cheung	4/4
Mr. Chan Kwok Wai	4/4

The Board is responsible for leadership and control of the Group. The Board reviews and approves the objectives, strategies, directions and policies of the Group. The Board also reviews the Group’s performance and monitored the activities of the Group. The Board has appointed several Board committees to oversee different areas of the Company’s affairs. Details of these Board committees are given below.

The Board has delegated the responsibility of the day-to-day operations of the Group to the management of the Group.

Mr. James Lee Yuen Kui, Mr. Peter Lee Yuen Wong, Mr. Edward Lee Yuen Cheor and Ms. Dorathy Lee Yuen Yu are brothers and sister and they are cousins of Mr. Jimmy Lee Yuen Ching.

The Company has received annual confirmations of independence from each of the INEDs and considers all INEDs are independent in accordance with the guidelines set out in Rule 3.13 of the Listing Rules.

In accordance with the Bye-laws of the Company, at each annual general meeting (the “AGM”) one-third of the Directors shall retire from office by rotation save any Director holding office as Chairman or Managing Director. The Directors to retire in every year shall be those who have been longest in office since their last election. The retiring Directors shall be eligible for re-election.

Each non-executive and independent non-executive director, except Mr. Chan Kwok Wai who was appointed for a term of three years commencing from 20th April, 2005, was appointed for a term of period up to his retirement by rotation and re-election in accordance with the Bye-laws of the Company.

With the introduction of the CG Code and to comply with code provision A.4.2 of the CG Code, all Directors (including the Chairman and the Managing Director of the Group) voluntarily retire at the AGM at least once every three years.

Chairman and Managing Director

The Chairman of the Board is Mr. Jimmy Lee Yuen Ching and the Managing Director of the Group is Mr. James Lee Yuen Kui. The roles of the Chairman and the Managing Director were segregated. The Chairman is primarily responsible for the management and effective performance of the Board as well as the high-level strategies determination. The Managing Director is primarily responsible for the day-to-day management of the business of the Group.

Remuneration Committee

The Board has established a remuneration committee (the "RC") and its principle roles and functions are:

- (i) to make recommendations to the Board on the Company's policy and structure of remuneration of the Directors and senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration;
- (ii) to determine the remuneration packages of the directors and senior management; and
- (iii) to review and approve performance based remuneration by reference to corporate goals and objectives resolved by the Board from time to time.

The RC consists of 5 members. They are Dr. Samson Sun who is the Chairperson of the RC, Mr. Chan Kwok Wai, Mr. William Chan Chak Cheung, Mr. Jimmy Lee Yuen Ching and Mr. James Lee Yuen Kui.

During the Year, the RC held one meeting with full attendance. The RC reviewed the remuneration policy of the Group and the remuneration packages of the Directors and the senior management.

Nomination Committee

The Board has established a nomination committee (the "NC"). The NC is responsible for developing criteria to identify, assess the qualifications of and evaluate candidates for the Board. They identify individuals suitably qualified in terms of skill, knowledge and experience to become members of the Board, taking into account of the then existing composition of the Board in terms of skill, knowledge and experience and make recommendation to the Board for approval.

The NC consists of 5 members. They are Mr. William Chan Chak Cheung who is the Chairperson of the NC, Dr. Samson Sun, Mr. Chan Kwok Wai, Mr. Jimmy Lee Yuen Ching and Mr. James Lee Yuen Kui.

During the Year, the NC held one meeting with full attendance. The NC reviewed the policy on nomination and appointment of Directors and the structure, size and composition (including skill, knowledge and experience) of the Board. The NC also assessed the independence of the INEDs. In May 2006, the NC recommended Mr. Ricky Wai Kwong Yuen to the Board to be appointed as an Executive Director.

Audit Committee

The Board has established an audit committee (the “AC”) and its principal roles and functions are:

- (i) to make recommendation to the Board on the appointment, reappointment and removal of the Company’s auditors and to review and monitor their independence and objectivity and the effectiveness of the audit processing accordance with applicable standard;
- (ii) to oversee the Group’s relation with the Company’s auditors;
- (iii) to review the financial information of the Group including monitoring the integrity of the Group’s financial statements, annual reports and accounts, and interim reports and reviewing significant accounting policies; and
- (iv) to oversee the Group’s financial reporting system and internal control procedures.

The AC comprised 3 members and all of them are INEDs. Attendance of each member at the AC meetings held in the Year is set out below:

Members	Meetings Attended/Held
Dr. Samson Sun (Chairman)	4/4
Mr. William Chan Chak Cheung	4/4
Mr. Chan Kwok Wai	4/4

The following is a summary of the work performed by the AC during the Year:

- Reviewed the audited annual results of the Group for the year ended 31st March, 2006;
- Reviewed the interim results of the Group for the six months ended 30th September, 2006;
- Reviewed the internal audit reports covering the evaluation of internal controls of the Group; and
- Reviewed the auditors’ remuneration and their performance and confirmed their independence.

Auditors’ Remuneration

During the Year, the remuneration payable to the Company’s external auditors, Messrs. Deloitte Touche Tohmatsu, is set out below:

Services rendered	Fee payable HK\$’000
Audit services	1,580
Non-audit services	520
Total	<u>2,100</u>

Accountability and Audit

The Directors acknowledge their responsibility for preparing the financial statements of the Group for each financial year which give a true and fair view of the state of affairs of the Group. The reporting responsibilities of the Company's auditors are set out in this annual report on page 20.

The Board has conducted a review of the effectiveness of the system of internal control of the Group. The Board considered the Group has effective internal control system. Nevertheless, the Board will continue to improve the Group's internal control system through periodic review and recommendation from external auditors identified during their audit.

The non-audit services are relating to taxation services and the issue of an accountant's report for inclusion in a major transaction circular of the Company in accordance with the Listing Rules.

INDEPENDENT AUDITOR'S REPORT

For the year ended 31st March, 2007



TO THE SHAREHOLDERS OF NATIONAL ELECTRONICS HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of National Electronics Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 21 to 67, which comprise the consolidated balance sheet as at 31st March, 2007, and the consolidated income statement, consolidated statement of changes in equity and 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, in accordance with section 90 of the Bermuda Companies Act, 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 31st 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
16th July, 2007

CONSOLIDATED INCOME STATEMENT

For the year ended 31st March, 2007

	NOTES	2007 HK\$	2006 HK\$
Revenue	6	1,066,224,323	1,045,505,970
Cost of sales		(949,730,533)	(950,112,380)
Gross profit		116,493,790	95,393,590
Other income	7	10,165,112	3,134,439
Increase in fair value of investment properties		35,508,189	16,000,000
Distribution costs		(8,049,545)	(8,446,224)
Administrative expenses		(92,819,771)	(67,072,947)
Other expenses	9	(20,583,279)	—
Finance costs	8	(22,879,746)	(14,986,831)
Gain on disposal of subsidiaries	32	89,298,098	37,912,580
Loss on dissolution of an associate		(5,364)	—
Share of results of associates		13,427,803	(8,179)
Share of results of jointly controlled entities		—	(1,410)
Profit before taxation	9	120,555,287	61,925,018
Income tax expenses	11	(7,288,817)	(1,820,256)
Profit for the year		113,266,470	60,104,762
Dividend:	12		
2006 final dividend paid of 1.5 HK cents (2005: 0.5 HK cent) per ordinary share		21,200,734	5,427,937
Earnings per share – Basic	13	10.7 HK cents	5.5 HK cents

CONSOLIDATED BALANCE SHEET

At 31st March, 2007

	NOTES	2007 HK\$	2006 HK\$
Non-current assets			
Investment properties	14	345,000,000	166,000,000
Property, plant and equipment	15	72,073,736	68,951,429
Prepaid lease payments	16	42,457,834	42,411,871
Deposits held in trust for property under development for sale		—	69,658,709
Deposit paid for acquisition of a property		18,000,000	—
Interests in associates	17	13,427,803	31,564
Available-for-sale investments	18	17,820,000	13,615,000
		508,779,373	360,668,573
Current assets			
Inventories	19	155,891,724	185,317,344
Prepaid lease payments	16	639,204	624,626
Investment held for trading	20	3,936,786	3,827,671
Inventory of unsold properties		100,739,388	126,282,153
Properties under development for sale	21	830,940,024	635,083,626
Deposits held in trust for property under development for sale		5,703,533	—
Bills receivables	22	11,000,000	10,422,991
Trade receivables, deposits and prepayments	22	100,816,895	123,364,878
Amounts due from associates	17	17,464,354	1,144,399
Tax recoverable		1,272,990	767,333
Bank balances and cash	23	188,641,735	119,157,381
		1,417,046,633	1,205,992,402
Current liabilities			
Trade payables and accrued expenses	24	164,309,200	147,900,811
Bills payables	24	88,401,894	75,904,757
Amount due to an associate	17	—	16,987
Amount due to a related party	25	2,216,099	7,556,135
Taxation payable		780	470
Derivative financial instruments	26	840,864	1,320,498
Obligations under finance leases	27	2,548,094	2,882,947
Deposits received from sale of properties under development		162,636,657	—
Bank loans	28	660,303,841	217,020,225
Bank overdrafts	28	—	262,792
		1,081,257,429	452,865,622
Net current assets		335,789,204	753,126,780
Total assets less current liabilities		844,568,577	1,113,795,353

CONSOLIDATED BALANCE SHEET

At 31st March, 2007

	NOTES	2007 HK\$	2006 HK\$
Capital and reserves			
Share capital	29	103,351,393	107,590,393
Reserves		402,264,366	318,147,906
		505,615,759	425,738,299
Non-current liabilities			
Provision for long service payments	30	3,779,297	4,361,984
Obligations under finance leases	27	3,040,796	4,790,361
Bank loans	28	325,655,517	546,380,630
Deposits received from sale of properties under development		—	131,130,989
Deferred tax liabilities	31	6,477,208	1,393,090
		338,952,818	688,057,054
		844,568,577	1,113,795,353

The financial statements on pages 21 to 67 were approved and authorised for issue by the board of directors on 16th July, 2007 and are signed on its behalf by:

JIMMY LEE YUEN CHING
Director

JAMES LEE YUEN KUI
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31st March, 2007

	Share capital HK\$	Share premium HK\$	Exchange reserve HK\$	Investment revaluation reserve HK\$	Contributed surplus HK\$	Capital redemption reserve HK\$	Retained profits HK\$	Total HK\$
At 1st April, 2005	109,790,393	22,785,730	(2,229,446)	2,947,500	66,141,751	19,530,440	157,146,662	376,113,030
Exchange difference not recognised in the consolidated income statement	—	—	(1,866,409)	—	—	—	—	(1,866,409)
Gain on fair value changes of available-for-sale investments	—	—	—	2,080,000	—	—	—	2,080,000
Net income (expense) recognised directly in equity	—	—	(1,866,409)	2,080,000	—	—	—	213,591
Profit for the year	—	—	—	—	—	—	60,104,762	60,104,762
Total recognised income and expense for the year	—	—	(1,866,409)	2,080,000	—	—	60,104,762	60,318,353
Dividend paid	—	—	—	—	—	—	(5,427,937)	(5,427,937)
Repurchase of own shares	(2,200,000)	—	—	—	—	2,200,000	(5,265,147)	(5,265,147)
At 31st March, 2006	107,590,393	22,785,730	(4,095,855)	5,027,500	66,141,751	21,730,440	206,558,340	425,738,299
Exchange difference not recognised in the consolidated income statement	—	—	157,809	—	—	—	—	157,809
Gain on fair value changes of available-for-sale investments	—	—	—	1,650,000	—	—	—	1,650,000
Net income recognised directly in equity	—	—	157,809	1,650,000	—	—	—	1,807,809
Profit for the year	—	—	—	—	—	—	113,266,470	113,266,470
Total recognised income for the year	—	—	157,809	1,650,000	—	—	113,266,470	115,074,279
Dividend paid	—	—	—	—	—	—	(21,200,734)	(21,200,734)
Repurchase of own shares	(4,239,000)	—	—	—	—	4,239,000	(13,996,085)	(13,996,085)
At 31st March, 2007	103,351,393	22,785,730	(3,938,046)	6,677,500	66,141,751	25,969,440	284,627,991	505,615,759

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31st March, 2007

	2007 HK\$	2006 HK\$
OPERATING ACTIVITIES		
Profit before taxation	120,555,287	61,925,018
Adjustments for:		
Finance costs	22,879,746	14,986,831
Share of results of associates	(13,427,803)	8,179
Share of results of jointly controlled entities	—	1,410
Allowance for doubtful debts	—	2,214,382
Allowance for inventories	16,620,837	6,255,594
Provision for long service payments	497,457	542,426
Amortisation of prepaid lease payments	635,039	624,626
Depreciation	16,608,037	13,723,392
Interest income	(5,408,453)	(643,523)
Dividend income from unlisted investment	(271,544)	—
Reversal of impairment loss recognised in respect of other non-current assets	—	(561,605)
Reversal of allowance for amount due from associates	(7,529,220)	—
Increase in fair value of investment properties	(35,508,189)	(16,000,000)
Gain on disposal of property, plant and equipment	(267,372)	(170,211)
Loss on disposal of available-for-sale investments	—	4,453
Discount on acquisition of subsidiaries	—	(681,524)
Gain on disposal of subsidiaries	(89,298,098)	(37,912,580)
Loss on dissolution of an associate	5,364	—
Loss (gain) on fair value changes of investment held for trading	288,987	(169,289)
Loss on fair value changes of derivative financial instruments	840,864	1,320,498
Loss on derecognition of derivative financial instruments	—	645,446
Operating cash flows before movements in working capital	27,220,939	46,113,523
Decrease (increase) in inventories	12,804,783	(32,881,473)
Decrease (increase) in inventory of unsold properties	25,785,959	(6,193,697)
Increase in properties under development for sale	(234,374,245)	(225,136,452)
Increase in bills receivables	(577,009)	(4,422,991)
Decrease (increase) in trade receivables, deposits and prepayments	21,802,220	(48,647,240)
Increase in trade payables and accrued expenses	16,493,312	56,183,650
Decrease in derivative financial instruments	(1,320,498)	(3,387,250)
Increase in bills payables	12,497,137	12,116,183
Decrease (increase) in deposits held in trust for sale of property under development	64,931,007	(34,331,050)
Decrease in amount due from a jointly controlled entity	—	50
Utilisation of provision for long service payments	(1,080,144)	(312,498)
Increase in deposit received from sale of properties under development	29,668,687	63,093,350
Cash used in operations	(26,147,852)	(177,805,895)
Hong Kong Profits Tax paid	(2,655,463)	(4,196,595)
Overseas tax paid	(54,583)	(51,950)
NET CASH USED IN OPERATING ACTIVITIES	(28,857,898)	(182,054,440)

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31st March, 2007

	NOTES	2007 HK\$	2006 HK\$
INVESTING ACTIVITIES			
Additions to investment properties		(143,491,811)	—
Deposit paid for acquisition of a property		(18,000,000)	—
Purchase of property, plant and equipment		(19,001,147)	(11,254,811)
Advance to associates		(8,790,735)	(8,673,619)
Additions to available-for-sale investments		(2,550,000)	—
Repayment from an associate		82,683,967	69,747,543
Net cash inflow arising from disposal of subsidiaries	32	30,605,119	7,800,332
Proceeds from disposal of available-for-sale investments		—	4,085,107
Net cash inflow arising on acquisition of subsidiaries	33	—	1,316,424
Dividend received from an associate		26,200	1,280,000
Dividend received from unlisted investment		271,544	—
Proceeds from disposal of property, plant and equipment		419,000	1,259,152
Interest received		5,408,453	643,523
NET CASH (USED IN) GENERATED FROM INVESTING ACTIVITIES		(72,419,410)	66,203,651
FINANCING ACTIVITIES			
(Repayment to) advance from a related party		(5,340,036)	7,556,135
New bank loans raised		319,582,421	316,682,177
Interest paid		(49,929,520)	(26,532,145)
Dividend paid		(21,200,734)	(5,427,937)
Repayment of bank loans		(55,350,584)	(75,915,024)
Repayment of obligations under finance leases		(2,822,418)	(3,721,954)
Repurchase of own shares		(13,996,085)	(5,265,147)
Repayment to an associate		(16,987)	(1,559,911)
NET CASH GENERATED FROM FINANCING ACTIVITIES		170,926,057	205,816,194
NET INCREASE IN CASH AND CASH EQUIVALENTS		69,648,749	89,965,405
CASH AND CASH EQUIVALENTS AT 1ST APRIL		118,894,589	28,940,736
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		98,397	(11,552)
CASH AND CASH EQUIVALENTS AT 31ST MARCH		188,641,735	118,894,589
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS			
Bank balances and cash		188,641,735	119,157,381
Bank overdrafts		—	(262,792)
		188,641,735	118,894,589

1. GENERAL

The Company is incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The addresses of the registered office and principal place of business of the Company are disclosed in the Corporate Information to the annual report.

The principal activities of the Company and its subsidiaries (the “Group”) are the manufacture, assembly and sale of electronic watches and watch parts, trading of watch movements and watch parts, property development and property investment.

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 standards, amendments and interpretations (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 1st December, 2005, 1st January, 2006 or 1st March, 2006. The adoption of the new HKFRSs had no material effect on how the Group’s 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 or revised standards, amendment or interpretations that have been issued but are not yet effective. The directors of the Company anticipate that the application of these 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
HKAS 23 (Revised)	Borrowing Costs ²
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 1st January, 2007
- ² Effective for annual periods beginning on or after 1st January, 2009
- ³ Effective for annual periods beginning on or after 1st May, 2006
- ⁴ Effective for annual periods beginning on or after 1st June, 2006
- ⁵ Effective for annual periods beginning on or after 1st November, 2006
- ⁶ Effective for annual periods beginning on or after 1st March, 2007
- ⁷ Effective for annual periods beginning on or after 1st January, 2008

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared on the historical cost basis except for investment properties and certain financial instruments, which are measured at fair values, as explained in the accounting policies set out below.

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards 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) made up to 31st March each year. 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 in line with those used by other members of the Group.

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

Excess of an acquirer's interest in the net fair value of an acquiree's identifiable assets, liabilities, and contingent liabilities over cost ("discount on acquisitions")

A discount on acquisition arising on an acquisition of subsidiaries represents the excess of the net fair value of an acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the business combination. Discount on acquisition is recognised immediately in profit or loss.

Associates

An associate is an entity over which the investor has significant influence and that is neither a subsidiary nor an investment in a joint venture.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, investments in associates are carried in the consolidated balance sheet at cost as adjusted for post-acquisition changes in the Group's share of net assets of the associate, less any identified impairment loss. When the Group's share of losses of an associate equals or exceeds its interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. An additional share of losses is provided for and a liability is recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that associate.

Where a group entity transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Revenue recognition

Revenue is measured at fair value of the consideration received or receivable and represents the amounts received and receivable for goods sold and services provided net of discounts during the year.

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

Revenue arising from the sale of completed properties are recognised upon the execution of the sale and purchase agreement.

When a development property is sold in advance of completion, revenue is only recognised upon completion of development. Deposits and installments received from purchasers prior to this stage are included in liabilities.

Rental income, including rentals invoiced in advance from properties let under operating leases, is recognised on a straight line basis over the terms of the relevant leases. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

Dividend income from investments is recognised when the shareholders' right to receive payment has been established.

Interest income from a financial asset 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 estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Management fee income is recognised when services are rendered.

Investment properties

On initial recognition, investment properties are measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured using the fair value model. Gain or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use or no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the asset is determined as the difference between the net disposal proceeds and the carrying amount of the asset is included in the consolidated income statement in the year in which the item is derecognised.

Property, plant and equipment

Property, plant and equipment, other than construction in progress, are stated at cost less subsequent accumulated depreciation and accumulated impairment losses.

Construction in progress represents property, plant and equipment in the course of construction for production or for its own use purposes. Construction in progress is stated at cost less accumulated impairment losses. Depreciation of these assets, on the same basis as other property, plant and equipment, commences when the assets are ready for their intended use.

Depreciation is provided to write off the cost of items of property, plant and equipment other than construction in progress over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or the terms of the relevant lease, whichever is shorter.

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 on the derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the consolidated income statement in the year in which the item is derecognised.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised in the consolidated income statement on a straight-line basis over the term of the relevant lease.

The Group as lessee

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing (see below).

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease. 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.

Leasehold land and buildings

The land and buildings elements of a lease of land and buildings are considered separately for the purposes of lease classification. To the extent that the allocation of the lease payments between the land and buildings elements can be made reliably, the leasehold interests in land are classified as prepaid lease payments under operating leases, which are carried at cost and released to income statement over the lease term on a straight-line basis.

Properties under development for sale

Properties under development for sale are stated at the lower of cost and net realisable value. Net realisable value represents the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale.

The cost of properties under development for sale includes land cost, construction cost, borrowing costs capitalised and other direct development expenditure.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. Capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

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 consolidated. 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. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

Financial assets are classified into one of the following categories, including financial assets at fair value through profit or loss, loans and receivables, available-for-sale financial assets and held-to-maturity financial assets. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. The Group's financial assets comprise of investment held for trading, available-for-sale financial assets and loans and receivables. The accounting policies adopted in respect of the Group's financial assets are set out below.

Investment held for trading

At each balance sheet date subsequent to initial recognition, investment held for trading are measured at fair value, with changes in fair value recognised directly in profit or loss in the period in which they arise.

Loans and receivables

Loans and receivables (including bills receivables, trade receivables, amounts due from associates and bank balances) 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 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.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated or not classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments. At each balance sheet date subsequent to initial recognition, available-for-sale financial assets are measured at fair value. Changes in fair value are recognised in equity, until the financial asset is disposed of or is determined to be impaired, at which time, the cumulative gain or loss previously recognised in equity is removed from equity and recognised in profit or loss. Any impairment losses on available-for-sale financial assets are recognised in profit or loss. Impairment losses on available-for-sale equity investments will not reverse in profit or loss in subsequent periods.

For available-for-sale debt investments, impairment losses are subsequently reversed if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

Available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less any identified impairment losses at each balance sheet date subsequent to initial recognition. An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired. The amount of the impairment loss is measured as the difference between the carrying amount of the asset and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses will not reverse in subsequent periods.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

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 accounting policies adopted in respect of financial liabilities and equity instruments are set out below.

Financial liabilities

The Group's financial liabilities mainly include trade payables, bills payables, bank borrowings and overdrafts, amount due to an associate and amount due to a related party. These financial liabilities are subsequently measured at amortised cost, using the effective interest method.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Derivative financial instruments

The Group's derivative financial instrument does not qualify for hedge accounting. Derivatives that do not qualify for hedge accounting are deemed as financial assets held for trading or financial liabilities held for trading. Changes in fair value of such derivatives are recognised directly in profit or loss.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and the cumulative gain or loss that had been recognised directly in equity is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in profit or loss.

Inventories

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

Unsold completed properties are stated at the lower of cost and net realisable value.

Impairment of assets

At each balance sheet date, the Group reviews the carrying amounts of its assets to determine whether there is any indication that these assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment loss is recognised in the profit or loss 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 in the profit or loss immediately.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Foreign currencies

The individual financial statements of group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in Hong Kong dollars, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

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 carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. 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 retranslation of monetary items, are included 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 except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity, in which cases, the exchange differences are also recognised directly in equity.

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 dollars) 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 exchange reserve). Such exchange differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

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 the profit as reported in the consolidated income statement because it excludes items of income and 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 other 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 is realised. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Retirement benefit costs

The contributions payable to the retirement benefits schemes are charged as an expense when employees have rendered service entitling them to the contributions.

For provision for long service payments, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations carried out at each balance sheet date. Actuarial gains and losses are recognised by amortising the amount by which cumulative unrecognised gains and losses exceed 10% of the defined benefit obligation over the average future working life of the participating employees. The amount recognised in the consolidated balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses and unrecognised past service cost.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the process of applying the entity's accounting policies, which are described in note 3, management has made the following estimations that have effect on the amounts recognised in the consolidated financial statements.

The key assumption concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of giving a rise to a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Allowance of doubtful debts

In determining whether there is objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 31st March, 2007, the carrying amount of trade receivables is approximately HK\$67,367,000.

5. FINANCIAL INSTRUMENTS

a. Financial risk management objectives and policies

The Group's major financial instruments include available-for-sale investments, investment held for trading, bills receivables, trade receivables, amounts due from associates, bank balances, trade payables, bills payables, bank borrowings and amount due to a related party. 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.

Credit risk

The Group's maximum exposure to credit risk in the event of the counterparts' failure to perform their obligations as at 31st March, 2007 in relation to each class of recognised financial assets is the carrying amounts of those assets as stated in the consolidated balance sheet. In order to minimise the credit risk, the management of the Group has policies in place for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at each balance date to ensure that adequate impairment losses are made for irrecoverable amounts. In this regards, management considers that the Group's credit risk is significantly reduced.

The credit risk on the Group's bank balances and cash is limited because the majority of the counterparties are banks or corporations with high credit standing.

The Group's concentration of credit risk is on a major customer whose base is in North America mentioned in note 22 to the consolidated financial statements and the exposure of the remaining receivables spread over a number of counterparties and customers.

Market risk

(i) Foreign exchange risk

The Group has foreign currency sales and purchases and certain trade receivables, trade payables and bank loans of the Group are denominated in foreign currencies which expose the Group to foreign currency risk. In order to mitigate the foreign currency risk, foreign currency forward contracts are entered into in accordance with the Group's risk management policies.

(ii) Fair value interest rate risk

The Group's fair value interest rate risk relates to fixed-rate short term bank fixed deposits and fixed-rate debt securities. The Group will take action to hedge against any foreseeable interest rate exposure, if necessary.

(iii) Cash flow interest rate risk

The Group is exposed to cash flow interest rate risk through the changes in interest rates relates mainly to the Group's variable-rates bank borrowings and bank deposits and balances. The Group's treasury policy is in place to monitor and manage its exposure to fluctuation in interest rates.

(iv) Price risk

The Group's available-for-sale investments and investment held for trading are measured at fair value at each balance sheet date. Therefore, the Group is exposed to price risk. The management will monitor the risks of the price movements and take appropriate actions when it is required.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2007

5. FINANCIAL INSTRUMENTS (Cont'd)

b. Fair value

The fair values of financial assets and financial liabilities are determined as follows:

- the fair values of financial assets with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market bid prices; and
- the fair values of other financial assets and financial liabilities 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 recorded at amortised cost in the consolidated financial statements approximate their corresponding fair values.

6. SEGMENT INFORMATION

Business segments

For management purposes, the Group is currently organised into four divisions - manufacture of watches, trading of watch movements, property development and property investment. These divisions are the basis on which the Group reports its primary segment information.

Principal activities are as follows:

Manufacture of watches	—	manufacture, assembly and sale of electronic watches and watch parts.
Trading of watch movements	—	trading of watch movements and watch parts.
Property development	—	development and sale of properties.
Property investment	—	holding of properties for investment and leasing purposes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2007

6. SEGMENT INFORMATION (Cont'd)

Segment information about these businesses is presented below.

2007

	Manufacture of watches HK\$	Trading of watch movements HK\$	Property development HK\$	Property investment HK\$	Eliminations HK\$	Consolidated HK\$
REVENUE						
External sales	365,665,479	653,115,394	430,438	47,013,012	—	1,066,224,323
Inter-segment sales	—	4,386,619	—	—	(4,386,619)	—
Total revenue	365,665,479	657,502,013	430,438	47,013,012	(4,386,619)	1,066,224,323
Inter-segment sales are charged at cost.						
RESULT						
Segment result	(8,378,871)	14,342,749	(2,565,102)	51,778,974	—	55,177,750
Interest income						5,408,453
Unallocated other income						4,872,405
Unallocated corporate expenses						(4,166,197)
Other expenses						(20,583,279)
Finance costs						(22,879,746)
Gain on disposal of subsidiaries	—	—	89,298,098	—	—	89,298,098
Share of result of associates	—	—	—	13,427,803	—	13,427,803
Profit before taxation						120,555,287
Income tax expenses						(7,288,817)
Profit for the year						113,266,470

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2007

6. SEGMENT INFORMATION (Cont'd)

BALANCE SHEET

	Manufacture of watches HK\$	Trading of watch movements HK\$	Property development HK\$	Property investment HK\$	Eliminations HK\$	Consolidated HK\$
ASSETS						
Segment assets	171,199,739	126,119,023	863,374,120	450,668,471	—	1,611,361,353
Interests in associates						13,427,803
Amount due from associates						17,464,354
Unallocated corporate assets						283,572,496
Consolidated total assets						<u>1,925,826,006</u>
LIABILITIES						
Segment liabilities	61,622,017	90,428,197	252,004,290	6,330,853	—	410,385,357
Amount due to a related party						2,216,099
Unallocated corporate liabilities						1,007,608,791
Consolidated total liabilities						<u>1,420,210,247</u>

OTHER INFORMATION

	Manufacture of watches HK\$	Trading of watch movements HK\$	Property development HK\$	Property investment HK\$	Unallocated HK\$	Consolidated HK\$
Capital additions	13,418,036	4,986,700	634,472	699,939	—	19,739,147
Depreciation of property, plant and equipment	10,427,149	4,166,117	476,090	1,650,292	21,027	16,740,675
Amortisation of prepaid lease payments	323,638	—	—	311,401	—	635,039
Increase in fair value in investment properties	—	—	—	35,508,190	—	35,508,190
Gain on disposal of property, plant and equipment	—	137,372	130,000	—	—	267,372

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2007

6. SEGMENT INFORMATION (Cont'd)

2006

	Manufacture of watches HK\$	Trading of watch movements HK\$	Property development HK\$	Property investment HK\$	Eliminations HK\$	Consolidated HK\$
REVENUE						
External sales	439,745,203	600,890,070	424,492	4,446,205	—	1,045,505,970
Inter-segment sales	—	11,462,014	—	—	(11,462,014)	—
Total revenue	439,745,203	612,352,084	424,492	4,446,205	(11,462,014)	1,045,505,970

Inter-segment sales are charged at cost.

RESULT

Segment result	22,689,415	991,303	(6,123,179)	20,196,720	—	37,754,259
Interest income						643,523
Unallocated other income						6,915,750
Unallocated corporate expenses						(6,304,674)
Finance costs						(14,986,831)
Gain on disposal of subsidiaries	—	—	37,912,580	—	—	37,912,580
Share of results of associates	—	—	(3,200)	(4,979)	—	(8,179)
Share of results of jointly controlled entities	—	—	(1,410)	—	—	(1,410)
Profit before taxation						61,925,018
Income tax expenses						(1,820,256)
Profit for the year						60,104,762

BALANCE SHEET

	Manufacture of watches HK\$	Trading of watch movements HK\$	Property development HK\$	Property investment HK\$	Eliminations HK\$	Consolidated HK\$
ASSETS						
Segment assets	234,327,016	126,378,321	723,339,159	297,953,002	—	1,381,997,498
Interest in an associate						31,564
Amount due from an associate						1,144,399
Unallocated corporate assets						183,487,514
Consolidated total assets						1,566,660,975
LIABILITIES						
Segment liabilities	83,959,174	80,741,193	182,114,942	4,035,614	—	350,850,923
Amount due to an associate						16,987
Amount due to a related party						7,556,135
Unallocated corporate liabilities						782,498,631
Consolidated total liabilities						1,140,922,676

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2007

6. SEGMENT INFORMATION (Cont'd)

OTHER INFORMATION

	Manufacture of watches HK\$	Trading of watch movements HK\$	Property development HK\$	Property investment HK\$	Unallocated HK\$	Consolidated HK\$
Capital additions	13,472,034	4,934,698	—	5,037	—	18,411,769
Depreciation of property, plant and equipment	7,893,463	3,982,498	406,081	1,667,693	16,027	13,965,762
Amortisation of prepaid lease payments	313,225	—	—	311,401	—	624,626
Increase in fair value in investment properties	—	—	—	16,000,000	—	16,000,000
(Gain) loss on disposal of property, plant and equipment	(29,630)	(144,032)	—	3,451	—	(170,211)

Geographical segments

The Group's operations are located in Hong Kong, North America and Europe.

The following table provides an analysis of the Group's sales by geographical market, irrespective of the origin of the goods/services:

	Sales revenue by geographical market	
	2007 HK\$	2006 HK\$
Hong Kong and other regions in the People's Republic of China (the "PRC")	712,362,173	607,810,043
North America	218,444,471	264,956,291
Europe	131,245,326	168,123,957
Others	4,172,353	4,615,679
	1,066,224,323	1,045,505,970

6. SEGMENT INFORMATION (Cont'd)

The following is an analysis of the carrying amount of segment assets, additions to investment properties and additions to property, plant and equipment, analysed by the geographical area in which the assets are located:

2007

	Carrying amount of segment assets HK\$	Additions to investment properties HK\$	Additions to property, plant and equipment HK\$
Hong Kong and other regions in the PRC	730,880,143	143,491,811	19,722,525
North America	880,481,210	—	16,622
Total segment assets	1,611,361,353	143,491,811	19,739,147

2006

	Carrying amount of segment assets HK\$	Additions to investment properties HK\$	Additions to property, plant and equipment HK\$
Hong Kong and other regions in the PRC	709,063,611	—	18,370,161
North America	672,933,887	—	41,608
Total segment assets	1,381,997,498	—	18,411,769

7. OTHER INCOME

	2007 HK\$	2006 HK\$
Bank interest income	5,408,453	643,523
Discount on acquisition of subsidiaries	—	681,524
Dividend income from unlisted investments	271,544	—
Gain on disposal of property, plant and equipment	267,372	170,211
Gain on fair value changes of investment held for trading	—	169,289
Management fee income received from an associate	1,272,960	—
Sundry income	2,944,783	1,469,892
	10,165,112	3,134,439

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2007

8. FINANCE COSTS

	2007 HK\$	2006 HK\$
Interest on:		
Amount due to a related party	266,331	—
Bank loans and overdrafts		
– wholly repayable within five years	39,928,293	21,668,460
– not wholly repayable within five years	9,357,166	4,346,759
Obligations under finance leases	377,730	516,926
Total borrowing costs	49,929,520	26,532,145
Less: Amount capitalised to properties under development for sale	(27,049,774)	(11,545,314)
	22,879,746	14,986,831

Borrowing costs capitalised during the year are calculated by applying a capitalisation rate of 6% (2006: 5%) to expenditure on properties under development for sale.

9. PROFIT BEFORE TAXATION

	2007	2006
	HK\$	HK\$
Profit before taxation has been arrived at after charging:		
Allowance for doubtful debts	—	2,214,382
Allowance for inventories	16,620,837	6,255,594
Auditors' remuneration	1,649,614	1,600,522
Depreciation of property, plant and equipment	16,740,675	13,965,762
Less: Amount capitalised to properties under development for sale	(132,638)	(242,370)
	16,608,037	13,723,392
Amortisation of prepaid lease payments	635,039	624,626
Loss on disposal of available-for-sale investments	—	4,453
Loss on fair value changes of investment held for trading	288,987	—
Loss on fair value changes of derivative financial instruments	840,864	1,320,498
Loss on derecognition of derivative financial instruments	—	645,446
Minimum lease payments for operating leases in respect of land and buildings	2,731,575	2,072,918
Share of taxation of an associate	3,828,263	—
Staff costs including directors' emoluments	114,786,782	105,504,042
Less: Amount capitalised to properties under development for sale	(578,655)	(11,152,543)
	114,208,127	94,351,499
Exchange loss, net	2,372,467	997,015
Cost of inventories recognised as an expense	933,109,696	943,856,786
and after crediting:		
Reversal of allowance for amounts due from associates	7,529,220	—
Gain on fair value changes of investment held for trading	—	169,289
Gross rental income from properties	7,483,452	4,870,697
Less: Outgoings	(1,742,950)	(51,488)
Net rental income from properties	5,740,502	4,819,209

Minimum lease payments for operating leases in respect of staff quarters amounting to HK\$5,216,833 (2006: HK\$4,615,520) are included in staff costs.

Other expenses represent the construction costs on property under development of an associate incurred by the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2007

10. DIRECTORS' AND EMPLOYEES' REMUNERATION

(a) Directors' remuneration

	Mr. Jimmy Lee Yuen Ching HK\$	Mr. James Lee Yuen Kui HK\$	Mr. Peter Lee Yuen Wong HK\$	Mr. Edward Lee Yuen Cheor HK\$	Dr. Samson Sun, M.B.E., J.P. HK\$	Mr. William Chan Chak Cheung HK\$	Ms. Dorathy Lee Yuen Yu HK\$	Mr. Chan Kwok Wai HK\$	Mr. Ricky Wai Kwong Yuen HK\$	Mr. Tommy Tam Hok Lam HK\$	Total HK\$
2007											
Fees	50,000	50,000	50,000	50,000	200,000	150,000	50,000	150,000	50,000	—	800,000
Other emoluments											
Salaries and other benefits	5,620,000	2,700,000	578,655	1,097,486	—	—	—	—	3,060,000	—	13,056,141
Retirement benefit scheme contributions	12,000	12,000	—	12,000	—	—	—	—	12,000	—	48,000
	5,682,000	2,762,000	628,655	1,159,486	200,000	150,000	50,000	150,000	3,122,000	—	13,904,141
2006											
Fees	50,000	50,000	50,000	50,000	200,000	150,000	50,000	150,000	—	50,000	800,000
Other emoluments											
Salaries and other benefits	5,620,000	2,700,000	570,661	1,020,000	—	—	—	—	—	1,728,000	11,638,661
Retirement benefit scheme contributions	12,000	12,000	—	12,000	—	—	—	—	—	12,000	48,000
	5,682,000	2,762,000	620,661	1,082,000	200,000	150,000	50,000	150,000	—	1,790,000	12,486,661

Note:

1. Mr. Tommy Tam Hok Lam resigned as an executive director on 31st March, 2006 and Mr. Ricky Wai Kwong Yuen was appointed as an executive director on 26th May, 2006.
2. The performance related incentive payment is determined as a percentage of the revenue of the Group for the two years ended 31st March, 2007.

Included in salaries and other benefits is an amount of HK\$2,937,486 (2006: HK\$3,628,000) in respect of accommodation provided to the directors of the Company.

Besides above remuneration, two of the Group's properties are provided to the directors as an accommodation. The rateable value of the property is amounting to HK\$583,740 (2006: HK\$507,480).

10. DIRECTORS' AND EMPLOYEES' REMUNERATION (Cont'd)

(b) Employees' emoluments

Of the five individuals with the highest emoluments in the Group, three (2006: four) are directors of the Company whose emoluments are included in the disclosures in note (a) above. The emoluments of the remaining two (2006: one) individuals are as follows:

	2007	2006
	HK\$	HK\$
Salaries and other benefits	6,763,613	5,170,000

The emoluments were within the following band:

	No. of employees	
	2007	2006
	HK\$	HK\$
HK\$3,000,001 to HK\$3,500,000	2	—
HK\$5,000,001 to HK\$5,500,000	—	1

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2007

11. INCOME TAX EXPENSES

	2007 HK\$	2006 HK\$
The charge comprises:		
Hong Kong Profits Tax		
Current year	2,347,643	1,412,504
Overprovision in prior years	(146,394)	—
	2,201,249	1,412,504
Other jurisdictions – current year	3,450	51,950
	2,204,699	1,464,454
Deferred tax liabilities (note 31)	5,084,118	355,802
	7,288,817	1,820,256

Hong Kong Profits Tax is calculated at 17.5% on the estimated assessable profit for both years.

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

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

	2007 HK\$	2006 HK\$
Profit before taxation	120,555,287	61,925,018
Tax at Hong Kong Profits Tax rate of 17.5%	21,097,175	10,836,878
Tax effect of share of results of associates	(2,349,866)	1,432
Tax effect of share of results of jointly controlled entities	—	247
Tax effect of expenses not deductible for tax purpose	6,162,360	1,252,378
Tax effect of income not taxable for tax purpose	(19,146,046)	(9,548,111)
Tax effect of deductible temporary differences not recognised	(113,795)	(770,151)
Tax effect of tax losses not recognised	4,476,256	4,289,952
Tax effect on different tax rate of operations in other jurisdictions	(204,769)	(161,019)
Utilisation of tax losses previously not recognised	(2,675,649)	(3,455,468)
Overprovision in prior years	(146,394)	—
Effect of tax exemption (note)	(667,873)	(776,647)
Others	857,418	150,765
	7,288,817	1,820,256

Note: The assessable profits of certain subsidiaries are subject to Hong Kong Profits Tax on a 50: 50 apportionment basis.

12. DIVIDEND

The final dividend of 2.0 HK cents for the year ended 31st March, 2007 (2006: 1.5 HK cents) per share has been proposed by the directors and is subject to approval by the shareholders in the forthcoming annual general meeting.

13. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the following data:

	2007	2006
	HK\$	HK\$
Earnings for the purpose of basic earnings per share	113,266,470	60,104,762
	Number of shares	
	2007	2006
Weighted average number of ordinary shares for the purpose of basic earnings per share	1,053,941,605	1,083,381,512

No diluted earnings per share has been presented as there were no potential ordinary shares in both years.

14. INVESTMENT PROPERTIES

	HK\$
FAIR VALUE	
At 1st April, 2005	150,000,000
Increase in fair value recognised in the consolidated income statement	16,000,000
At 31st March, 2006 and 1st April, 2006	166,000,000
Additions	143,491,811
Increase in fair value recognised in the consolidated income statement	35,508,189
At 31st March, 2007	345,000,000

All of the Group's leasehold interests in land held under operating leases to earn rentals or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment properties.

The investment properties are situated in Hong Kong under medium-term leases and are rented under operating leases.

The fair value of the Group's investment properties at 31st March, 2007 have been arrived at on the basis of a valuation carried out on that date by DTZ Debenham Tie Leung Limited, independent qualified professional valuers not connected with the Group. DTZ Debenham Tie Leung Limited is a member of the Hong Kong Institute of Surveyors, and has appropriate qualifications and recent experiences in the valuation of properties in the relevant locations. The valuation, which conforms to Valuation Standards on Properties of the Hong Kong Institute of Surveyors, was arrived at by reference to market evidence of transaction prices for similar properties.

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For the year ended 31st March, 2007

15. PROPERTY, PLANT AND EQUIPMENT

	Buildings in Hong Kong HK\$	Freehold land and buildings outside Hong Kong HK\$	Buildings outside Hong Kong HK\$	Construction in progress HK\$	Leasehold improvements HK\$	Plant and machinery HK\$	Motor vehicles HK\$	Furniture, fixtures and office equipment HK\$	Antiques and pictures HK\$	Tools and moulds HK\$	Total HK\$
THE GROUP											
COST											
At 1st April, 2005	19,206,209	5,164,099	6,367,821	587,730	25,684,407	69,690,874	22,516,644	59,845,858	—	45,133,019	254,196,661
Exchange realignment	—	(26,680)	—	—	23,205	—	—	153,023	—	—	149,548
Additions	—	—	—	266,692	2,567,818	8,742,569	3,982,953	2,678,597	153,140	20,000	18,411,769
Transfer from other non-current assets	—	—	—	—	—	—	—	—	10,235,986	—	10,235,986
Disposals	—	—	—	—	—	—	(2,400,314)	(27,520)	—	—	(2,427,834)
At 31st March, 2006	19,206,209	5,137,419	6,367,821	854,422	28,275,430	78,433,443	24,099,283	62,649,958	10,389,126	45,153,019	280,566,130
Exchange realignment	—	36,083	—	52,549	77,189	30,127	32,919	74,168	—	—	303,035
Additions	—	—	1,200,000	2,038	854,218	2,661,637	4,715,505	2,033,478	344,600	7,927,671	19,739,147
Reclassification	—	—	—	—	—	110,864	—	(110,864)	—	—	—
Disposals	—	—	—	—	—	—	(778,120)	(77,718)	—	—	(855,838)
At 31st March, 2007	19,206,209	5,173,502	7,567,821	909,009	29,206,837	81,236,071	28,069,587	64,569,022	10,733,726	53,080,690	299,752,474
DEPRECIATION											
At 1st April, 2005	6,618,745	1,042,844	1,508,627	—	22,700,582	60,226,442	18,407,954	43,981,313	—	44,447,560	198,934,067
Exchange realignment	—	(5,388)	—	—	8,424	—	—	50,729	—	—	53,765
Provided for the year	458,498	131,729	218,513	—	2,069,526	4,632,519	1,464,025	4,140,616	831,130	19,206	13,965,762
Eliminated on disposals	—	—	—	—	—	—	(1,335,293)	(3,600)	—	—	(1,338,893)
At 31st March, 2006	7,077,243	1,169,185	1,727,140	—	24,778,532	64,858,961	18,536,686	48,169,058	831,130	44,466,766	211,614,701
Exchange realignment	—	8,196	—	—	(1,813)	636	1,507	19,046	—	—	27,572
Provided for the year	458,807	132,654	186,746	—	2,057,389	4,870,943	1,937,681	4,073,090	836,866	2,186,499	16,740,675
Reclassification	—	—	—	—	—	20,137	—	(20,137)	—	—	—
Eliminated on disposals	—	—	—	—	—	—	(646,870)	(57,340)	—	—	(704,210)
At 31st March, 2007	7,536,050	1,310,035	1,913,886	—	26,834,108	69,750,677	19,829,004	52,183,717	1,667,996	46,653,265	227,678,738
CARRYING VALUES											
At 31st March, 2007	11,670,159	3,863,467	5,653,935	909,009	2,372,729	11,485,394	8,240,583	12,385,305	9,065,730	6,427,425	72,073,736
At 31st March, 2006	12,128,966	3,968,234	4,640,681	854,422	3,496,898	13,574,482	5,562,597	14,480,900	9,557,996	686,253	68,951,429

15. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

The above items of property, plant and equipment, other than construction in progress, are depreciated on a straight-line basis after taking into account of their estimated residual values at the following rates per annum:

Category of assets	Estimated useful lives
Freehold land	Nil
Buildings	Over the shorter of the terms of leases, or 50 years
Leasehold improvements	14 ¹ / ₃ % - 33 ¹ / ₃ %
Plant and machinery	25%
Motor vehicles	25%
Furniture, fixtures and office equipment	14 ¹ / ₃ % - 25%
Antiques and pictures	10%
Tools and moulds	15% - 33 ¹ / ₃ %

The carrying values of property, plant and equipment held under finance leases are as follows:

	2007	2006
	HK\$	HK\$
Plant and machinery	2,543,709	2,919,291
Motor vehicles	1,974,089	2,850,125
	4,517,798	5,769,416

16. PREPAID LEASE PAYMENTS

The Group's prepaid lease payments comprise:

	2007	2006
	HK\$	HK\$
Leasehold land in PRC held under		
– medium-term leases	9,788,112	9,296,623
Leasehold land in Hong Kong held under		
– long leases	24,082,770	24,284,497
– medium-term leases	9,226,156	9,455,377
	43,097,038	43,036,497
Analysed for reporting purposes as:		
– Non-current asset	42,457,834	42,411,871
– Current asset	639,204	624,626
	43,097,038	43,036,497

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2007

17. INTERESTS IN ASSOCIATES

	2007 HK\$	2006 HK\$
Cost of investment in unlisted associates	312	160
Share of post-acquisition reserves	13,427,491	31,404
	13,427,803	31,564

The amounts due from associates are unsecured, interest-free and repayable on demand.

Particulars of the associates at 31st March, 2007 are as follows:

Name of associate	Form of business structure	Place of incorporation/ operation	Proportion of nominal value of issued share capital indirectly held by the Company	Principal activity
Forthright Investment Limited	Incorporated	Hong Kong	20%	Property development
Gilligan Development Limited	Incorporated	British Virgin Island	20%	Investment holding
Roebuck Investments Limited	Incorporated	British Virgin Island	20%	Investment holding
Roebuck II Investments Limited	Incorporated	British Virgin Island/Hong Kong	20%	Investment holding
Schofield Development Limited	Incorporated	British Virgin Island/Hong Kong	20%	Investment holding
Super Plus Limited	Incorporated	Hong Kong	20%	Property development
The Putman Management Limited	Incorporated	Hong Kong	20%	Hotel management

17. INTERESTS IN ASSOCIATES (Cont'd)

The summarised financial information in respect of the Group's associates is set out below:

	2007	2006
	HK\$	HK\$
Total assets	335,510,199	106,276,201
Total liabilities	(306,102,242)	(143,831,394)
Net assets (liabilities)	29,407,957	(37,555,193)
Group's share of net assets of associates	13,427,803	31,564
Revenue	—	—
Profit (loss) for the year	121,262,167	(24,806)
Group's share of results of associates for the year	13,427,803	(8,179)

18. AVAILABLE-FOR-SALE INVESTMENTS

	2007	2006
	HK\$	HK\$
Club debentures, unlisted	17,820,000	13,615,000
Unlisted equity securities, at cost	1,000,000	1,000,000
Less: impairment loss recognised	(1,000,000)	(1,000,000)
	—	—
	17,820,000	13,615,000

As at the balance sheet date, all available-for-sale investments are stated at fair value, except for those unlisted equity investments of which their fair values cannot be measured reliably. Fair values of those investments have been determined by reference to market prices in secondary markets.

The unlisted equity securities issued by private entities are measured at cost less impairment at each balance sheet date because the range of reasonable fair value estimates is so significant that the directors of the Company are of opinion that their fair values cannot be measured reliably.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2007

19. INVENTORIES

	2007 HK\$	2006 HK\$
Raw materials and consumables	54,596,537	73,036,778
Work in progress	12,678,748	18,793,669
Finished goods	88,616,439	93,486,897
	155,891,724	185,317,344

20. INVESTMENT HELD FOR TRADING

The amount represents investment in the debt securities listed in Austria with fixed interest rate of 5% and maturity date on 19th May, 2014. The fair value of the held for trading investment is determined based on quoted market bid price available on the relevant stock exchange.

21. PROPERTIES UNDER DEVELOPMENT FOR SALE

Included in properties under development for sale an amount of HK\$106,932,820 (2006: HK\$568,142,738) will be realised after twelve months from the balance sheet date.

22. BILLS RECEIVABLES, TRADE RECEIVABLES, DEPOSITS AND PREPAYMENTS

Included in bills receivables is discounted bills receivables with full recourse of HK\$11,000,000 (2006: HK\$9,000,000) which is aged within 30 days.

The Group has a policy of allowing an average credit period of 30-60 days to its trade customers.

Included in trade receivables, deposits and prepayments are trade receivables of HK\$67,367,839 (2006: HK\$99,151,884) with an aged analysis as follows:

	2007 HK\$	2006 HK\$
Within 30 days	39,396,192	44,843,794
31 to 90 days	27,062,557	34,364,807
91 to 180 days	612,898	7,109,470
Over 180 days	296,192	12,833,813
	67,367,839	99,151,884

As at 31st March, 2007, trade receivables included an amount of approximately HK\$38 million receivable from a major customer.

23. BANK BALANCES AND CASH

Bank balances and cash comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less. The bank balances carry interest rates ranging from 2.75% to 4.99% (2006: 1.00% to 4.25%).

24. BILLS PAYABLES, TRADE PAYABLES AND ACCRUED EXPENSES

Included in bills payables, trade payables and accrued expenses are payables in respect of trade of HK\$129,345,872 (2006: HK\$138,180,528) with an aged analysis as follows:

	2007	2006
	HK\$	HK\$
Within 30 days	111,333,063	77,012,736
31 to 90 days	13,821,861	27,460,188
91 to 180 days	1,942,134	33,562,693
Over 180 days	2,248,814	144,911
	129,345,872	138,180,528

25. AMOUNT DUE TO A RELATED PARTY

		Balance	Balance
Name of Company	Term	at	at
		31.3.2007	31.3.2006
		HK\$	HK\$
CPI Asia National 2 Limited	Unsecured, interest bearing at HIBOR + 0.9% per annum and repayable on demand	2,216,099	7,556,135

CPI Asia National 2 Limited is a major shareholder of the Group's associates including Roebuck II Investments Limited, Schofield Development Limited and Super Plus Limited.

26. DERIVATIVE FINANCIAL INSTRUMENTS

In the current year, the Group has used currency derivatives to hedge significant future foreign currency transactions. The Group has entered into a variety of foreign currency forward option contracts in the management of its exchange rate exposures. The instruments purchased are primarily purchasing Japanese Yen and selling United States dollar.

At 31st March, 2007, the fair value of the Group's foreign currency forward option contracts is estimated to be a financial liability of approximately HK\$841,000 (2006: HK\$1,320,000). These amounts are based on market prices quoted by banks at the balance sheet date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2007

27. OBLIGATIONS UNDER FINANCE LEASES

	Minimum lease payments		Present value of minimum lease payments	
	2007 HK\$	2006 HK\$	2007 HK\$	2006 HK\$
Amounts payable under finance leases				
Within one year	2,874,391	3,277,125	2,548,094	2,882,947
In the second to fifth years inclusive	3,521,131	5,547,647	3,040,796	4,790,361
	6,395,522	8,824,772	5,588,890	7,673,308
Less: future finance charges	(806,632)	(1,151,464)	N/A	N/A
Present value of lease obligations	5,588,890	7,673,308	5,588,890	7,673,308
Less: Amount due within one year shown under current liabilities			(2,548,094)	(2,882,947)
Amount due after one year			3,040,796	4,790,361

It is the Group's policy to lease certain of its plant and machinery, motor vehicles under finance leases. The leases term are for 3 to 4 years. All the leases were denominated in Hong Kong dollars. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

The Group's obligations under finance leases are secured by the lessors' charge over the leased assets.

28. BANK LOANS AND OVERDRAFTS

	2007	2006
	HK\$	HK\$
Secured		
Bank loans	837,045,699	649,691,524
Unsecured		
Bank loans	148,913,659	113,709,331
	985,959,358	763,400,855
Bank overdrafts - unsecured	—	262,792
	985,959,358	763,663,647

Bank loans denominated in currencies other than the functional currency of the relevant group companies analysed as:

	2007	2006
	HK\$	HK\$
United States dollars	7,639,745	2,251,619
Japanese Yen	110,511,610	127,607,684

The maturity of the above bank overdrafts and loans is as follows:

	2007	2006
	HK\$	HK\$
On demand or within one year	660,303,841	217,283,017
More than one year, but not exceeding two years	23,599,327	343,315,185
More than two years, but not exceeding five years	153,898,459	65,373,117
More than five years	148,157,731	137,692,328
	985,959,358	763,663,647
Less: Amount due within one year shown under current liabilities	(660,303,841)	(217,283,017)
Amount due after one year	325,655,517	546,380,630

All the Group's borrowings are variable-rate borrowings which carry interest at HIBOR or LIBOR plus certain basis points and subject to cash flow interest rate risk. Interest is repricing every three months and the range of interest rates is at 1.35% to 10.25% (2006: 1.33% to 8.5%).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2007

29. SHARE CAPITAL

	Number of shares		Amount	
	2007	2006	2007 HK\$	2006 HK\$
Ordinary shares of HK\$0.1 each				
Authorised:				
At 1st April and 31st March	1,500,000,000	1,500,000,000	150,000,000	150,000,000
Issued and fully paid:				
At 1st April	1,075,903,928	1,097,903,928	107,590,393	109,790,393
Cancelled on repurchase of shares	(42,390,000)	(22,000,000)	(4,239,000)	(2,200,000)
At 31st March	1,033,513,928	1,075,903,928	103,351,393	107,590,393

During the year, the Company repurchased certain of its own shares on The Stock Exchange of Hong Kong Limited.

These repurchased shares were cancelled upon repurchase and, accordingly, the issued share capital of the Company was reduced by the nominal value of these shares with a corresponding increase in the capital redemption reserve. The premium paid on repurchase was charged to retained profits.

Month of repurchase	Number of shares of HK\$0.1 each	Price per share		Aggregate consideration paid HK\$
		Highest HK\$	Lowest HK\$	
April 2006	2,474,000	0.285	0.245	655,058
May 2006	2,284,000	0.320	0.280	681,933
June 2006	2,410,000	0.340	0.330	808,098
July 2006	4,240,000	0.335	0.330	1,423,705
August 2006	7,630,000	0.325	0.310	2,426,621
September 2006	4,050,000	0.325	0.315	1,290,824
October 2006	3,600,000	0.320	0.310	1,142,503
November 2006	2,560,000	0.315	0.305	802,380
December 2006	8,612,000	0.365	0.345	3,075,616
January 2007	2,942,000	0.375	0.355	1,073,589
February 2007	276,000	0.390	0.375	106,267
March 2007	1,312,000	0.400	0.355	509,491
	42,390,000			13,996,085

30. PROVISION FOR LONG SERVICE PAYMENTS

Under the Hong Kong Employment Ordinance, the Group is obliged to make lump sum payments on cessation of employment in certain circumstances to certain employees who have completed at least five years of service with the Group. The amount payable is dependent on the employee's final salary and years of service, and is reduced by entitlements accrued under the Group's retirement plan that are attributable to contributions made by the Group. The Group does not set aside any assets to fund any remaining obligations.

The amount recognised in the consolidated balance sheet is as follows:

	2007	2006
	HK\$	HK\$
At beginning of the year	4,361,984	4,132,056
Additional provision for the year	497,457	542,426
Utilisation of provision	(1,080,144)	(312,498)
At closing of the year	3,779,297	4,361,984

The most recent actuarial valuation of the present value of the obligations under long service payments was carried out at 31st March, 2007 by Mr. Aaron Wong of Watson Wyatt Hong Kong Limited, who is a Fellow of the Society of Actuaries. The present value of the obligations under long service payments and the related current service cost were measured using the projected unit credit method.

The principal actuarial assumptions as at the balance sheet dates used are as follows:

	2007	2006
Discount rate	4.25%	4.75%
Expected rate of salary increase	2.5%	Nil for the next year commencing from 1st April, 2006 and 1.5% thereafter

Amounts recognised in the consolidated income statement for the year in respect of the obligations under long service payments are as follows:

	2007	2006
	HK\$	HK\$
Current service cost	13,543	10,305
Interest cost	325,106	362,826
Net actuarial losses recognised in current year	158,808	169,295
Net amount charged to consolidated income statement as staff costs	497,457	542,426

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2007

30. PROVISION FOR LONG SERVICE PAYMENTS (Cont'd)

The amounts included in the consolidated balance sheet arising from the Group's obligations under long service payments are as follows:

	2007 HK\$	2006 HK\$
Present value of the obligations under long service payments	6,490,833	7,317,000
Unrecognised actuarial losses	(2,711,536)	(2,955,016)
Obligations under long service payments included in the consolidated balance sheet	3,779,297	4,361,984

Movements in the present value of the defined benefit obligations in the current year were as follows:

	2007 HK\$	2006 HK\$
At 1st April	7,317,000	7,412,760
Current service cost	13,543	10,305
Interest cost	325,106	362,826
Actuarial gains	(84,672)	(156,393)
Benefits paid	(1,080,144)	(312,498)
At 31st March	6,490,833	7,317,000

The Group expects to make a contribution of HK\$1,488,073 (2006: HK\$1,080,144) to the defined benefit plans during the next financial year.

31. DEFERRED TAXATION

	Accelerated tax depreciation HK\$	Revaluation of investment properties HK\$	Tax losses HK\$	Total HK\$
At 1st April, 2005	2,144,160	247,072	(1,353,944)	1,037,288
Charge (credit) to consolidated income statement for the year	499,685	1,400,000	(1,543,883)	355,802
At 1st April, 2006	2,643,845	1,647,072	(2,897,827)	1,393,090
Charge (credit) to consolidated income statement for the year	1,607,088	4,988,933	(1,511,903)	5,084,118
At 31st March, 2007	4,250,933	6,636,005	(4,409,730)	6,477,208

At the balance sheet date, the Company has unused tax losses of HK\$317,243,000 (2006: HK\$297,970,000) available for offset against future profits. A deferred tax asset of approximately HK\$4,410,000 (2006: HK\$2,898,000) has been recognised in respect of approximately HK\$25,198,000 (2006: HK\$16,559,000) of such losses.

No deferred tax asset has been recognised in respect of the remaining HK\$292,045,000 (2006: HK\$281,411,000) of such losses due to the unpredictability of future profit streams. The losses may be carried forward indefinitely.

31. DEFERRED TAXATION (Cont'd)

At the balance sheet date, the Group has deductible temporary differences of HK\$2,086,000 (2006: HK\$2,736,000). No deferred tax asset has been recognised in relation to such deductible temporary difference as it is not probable that sufficient taxable profit will be available against which the deductible temporary differences can be utilised.

32. DISPOSAL OF SUBSIDIARIES

On 8th May, 2006, the Group had partially disposed 80% of equity interest in its subsidiaries including Roebuck Investments Limited, Forthright Investment Limited and Gilligan Developments Limited to an independent third party for a consideration of HK\$31,227,569. Following the disposal, the investment was reclassified to interests in associates.

The net assets of these companies at the date of disposal was as follows:

	8.5.2006 HK\$
<hr/>	
NET LIABILITIES DISPOSED OF:	
Properties under development for sale	71,098,065
Deposits and prepayments	947,500
Bank balances and cash	622,450
Amount due from immediate holding company	772
Trade payables and accrued expenses	(763,482)
Amount due to a fellow subsidiary	(82,684,739)
Bank borrowings	(47,291,095)
	(58,070,529)
Gain on disposal of subsidiaries	89,298,098
Total consideration	31,227,569
Satisfied by:	
Cash consideration	31,732,883
Cost incurred in connection with the disposal	(505,314)
	31,227,569
Cash inflow arising on disposal:	
Cash consideration received (net of cost incurred in connection with the disposal)	31,227,569
Cash and cash equivalents disposed of	(622,450)
	30,605,119

The subsidiaries disposed of during the year incurred a loss of HK\$1,500 to the Group's results during the period from 1st April, 2006 to 8th May, 2006.

The subsidiaries disposed of during the year used HK\$563,453 in operating activities and used HK\$4,157,177 in investing activities and generated HK\$3,870,388 from financing activities during the period from 1st April, 2006 to 8th May, 2006.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2007

32. DISPOSAL OF SUBSIDIARIES (Cont'd)

On 30th March, 2006, the Group had partially disposed of 80% of equity interest in its subsidiaries including Roebuck II Investments Limited, Schofield Development Limited and Super Plus Limited for a consideration of HK\$282,478. Following the disposal, the investment was reclassified to interests in associates.

The net assets of these companies at the date of disposal was as follows:

	30.3.2006
	HK\$
<hr/>	
NET (LIABILITIES) ASSETS DISPOSED OF:	
Properties under development for sale	61,679,020
Deposits and prepayments	27,500,000
Bank balances and cash	8,166
Amount due from immediate holding company	780
Trade payables and accrued expenses	—
Amount due to a fellow subsidiary	(69,748,323)
Bank borrowings	(57,069,745)
	<hr/>
	(37,630,102)
Gain on disposal of subsidiaries	37,912,580
	<hr/>
Total consideration	282,478
	<hr/>
Satisfied by:	
Cash consideration	8,208,498
Cost incurred in connection with the disposal	(400,000)
Interests in associates	(7,526,020)
	<hr/>
	282,478
	<hr/>
Cash inflow arising on disposal:	
Cash consideration received (net of cost incurred in connection with the disposal)	7,808,498
Cash and cash equivalents disposed of	(8,166)
	<hr/>
	7,800,332
	<hr/>

The subsidiaries disposed of in prior year incurred a loss of HK\$8,356 to the Group's results during the period from 1st April, 2005 to 30th March, 2006.

The subsidiaries disposed of in prior year used HK\$28,132,072 in the Group's operating activities and used HK\$9,376,493 in the Group's investing activities and generated HK\$32,069,745 from the Group's financing activities during the period from 1st April, 2005 to 30th March, 2006.

33. ACQUISITION OF SUBSIDIARIES

On 30th September, 2005, the Group acquired the remaining 50% of the issued share capital of New Height Developments Limited which holds the entire issue share capital of Eternity Management Limited, Parklane Limited and Phoenix Limited for consideration of HK\$15,024,614. This acquisition had been accounted for using the purchase method. The discount on acquisition as a result of such acquisition amounting to HK\$681,524 was released to the income statement for the year ended 31st March, 2006.

The net assets acquired in the transaction, and the discount on acquisition arising, were as follows:

	Acquiree's carrying amount before combination and fair value HK\$
<hr/>	
Net assets acquired:	
Bank and cash balances	15,902,424
Tax recoverable	17,116
Creditors and accruals	(213,402)
	15,706,138
Discounts on acquisition released to the consolidated income statement	(681,524)
	15,024,614
Satisfied by:	
Cash	14,586,000
Interests in jointly controlled entities	438,614
	15,024,614
Net cash inflow arising on acquisition:	
Cash consideration paid	(14,586,000)
Cash and cash equivalents acquired	15,902,424
	1,316,424

If the acquisition had been completed on 1st April, 2005, total group revenue for the period would have been HK\$1,046 million; profit for the period would have been approximately HK\$60 million. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1st April, 2005, nor is it intended to be a projection of future results.

34. MAJOR NON-CASH TRANSACTIONS

During the year, the Group entered into finance lease arrangements in respect of assets with a total capital value at the inception of the leases of HK\$738,000 (2006: HK\$7,156,958).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2007

35. CONTINGENT LIABILITIES AND COMMITMENTS

	2007 HK\$	2006 HK\$
Contingent liabilities:		
Other guarantees	247,000	247,000
Capital commitments:		
Contracted for but not provided:		
Acquisition of property, plant and equipment	18,548	111,530
Acquisition of an investment property	1,130,000	20,442,799
Acquisition of a property	72,000,000	—
	73,148,548	20,554,329

36. OPERATING LEASE ARRANGEMENTS

The Group as lessee:

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

	2007 HK\$	2006 HK\$
Within one year	4,712,384	3,276,833
In the second to fifth year inclusive	5,451,159	8,301,057
Over five years	6,387,780	6,346,153
	16,551,323	17,924,043

Operating lease payments represent rental payable by the Group for certain of its office premises, staff quarters and factories. Leases for office premises and staff quarters are negotiated for terms of 2 to 6 years with fixed rentals.

The Group as lessor:

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

	2007 HK\$	2006 HK\$
Within one year	4,305,879	3,681,677
In the second to fifth year inclusive	2,200,000	4,840,000
	6,505,879	8,521,677

Leases are negotiated for terms ranging from 1 to 3 years.

37. RETIREMENT BENEFIT SCHEME

Commencing from 1st December, 2000, the Group's employees are required to join the MPF Scheme. Under the MPF Scheme, both the Group and the employees contribute 5% of the employee's monthly remunerations or HK\$1,000 per month whichever is the smaller to the scheme. The Group's total contribution to the scheme for the year ended 31st March, 2007 is HK\$1,300,555 (2006: HK\$1,525,126). There is no forfeiture of employer's contribution from leaving scheme members under the MPF Scheme.

38. PLEDGE OF ASSETS

At 31st March, 2007, the Group has pledged the following assets and assigned rental income from letting of properties in favour of banks to secure the banking facilities:

	2007	2006
	HK\$	HK\$
Investment property	345,000,000	166,000,000
Buildings in Hong Kong	11,670,159	12,128,966
Freehold land and buildings outside Hong Kong	3,863,467	3,968,234
Properties under development for sale	830,940,024	635,083,626
Inventory of unsold properties	100,739,388	126,282,153
Prepaid lease payments	33,308,926	33,739,874

39. RELATED PARTY TRANSACTIONS

- (1) Transactions with associates

	2007	2006
	HK\$	HK\$
Nature of transaction		
Dividend income received by the Group	26,200	1,280,000
Management fee income received by the Group	1,272,960	—

- (2) The Group's balances with related parties are set out in notes 17 and 25.

- (3) Key management compensation is disclosed in note 10.

40. POST BALANCE SHEET EVENTS

- (a) On 18th April, 2007, Cinic Limited ("Cinic"), a wholly owned subsidiary of the Company, entered into the agreement with Chalco Hongkong Limited ("Chalco") for the disposal of a property located at 45th Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong (the "Property A"). The consideration for the disposal of the Property A to be received by Cinic is HK\$136,000,000 with a gain on disposal of HK\$15,900,000.
- (b) On 25th April, 2007, Rexel Limited ("Rexel"), a wholly owned subsidiary of the Company, entered into the agreement with Mr. Chan Yuen Tung for the sale and purchase of the property located at No. 59 Shouson Hill Road, Bay Villas, Hong Kong (the "Property B"). The consideration for the acquisition of the Property B to be paid by Rexel is HK\$111,800,000.
- (c) On 9th May, 2007, Champion Limited ("Champion"), a wholly owned subsidiary of the Company, entered into the agreement with Fairgold Company Limited ("Fairgold") for the sale and purchase of the property located at 22nd Floor (including the roof thereof) and car parking space no. 9 on Level 1, Century Tower II, Nos. 1 and 1A Tregunter Path, Hong Kong (the "Property C"). The consideration for the acquisition of the Property C to be paid by Champion is HK\$57,500,000.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2007

40. POST BALANCE SHEET EVENTS (Cont'd)

- (d) On 9th May, 2007, Asiatic Limited (“Asiatic”), a wholly owned subsidiary of the Company, entered into the agreement with Eternal Supreme Limited (“Eternal Supreme”) for the sale and purchase of the property located at No. 101 & 103 Bonham Strand and No. 127 Wing Lok Street, Hong Kong (the “Property D”). The consideration for the acquisition of the Property D to be paid by Asiatic is HK\$88,000,000.
- (e) On 4th June, 2007, Smart Rise Investments Limited (“Smart Rise”), a wholly owned subsidiary of the Company, entered into the agreement with Newgrounds Corporate Inc. (“Newgrounds”) for the acquisition of the 20% of the entire issued share capital of Eden Bay Corporation (“Eden Bay”), a company incorporated in the British Virgin Islands (the “Sale Shares”) and 20% of the interest free unsecured shareholder’s loan due by Eden Bay to Newgrounds, amounting to US\$15,413,835 (approximate to HK\$120,447,000) (the “Assigned Shareholder’s Loan”). The consideration for the acquisition of the Sale Shares and the Assigned Shareholder’s Loan to be paid by Smart Rise is US\$15,838,167 (approximate to HK\$123,763,000).
- (f) On 16th July, 2007, Cherish Limited (“Cherish”), a wholly owned subsidiary of the Company, entered into the agreement with Sea Bright Properties Limited for the sale and purchase of the property located at House No. 8 (including carport on lower ground floor, garden on ground floor and main roof), Villa Rosa, No. 88 Red Hill Road, Hong Kong (“Property E”). The consideration for the disposal of Property E to be received by Cherish is HK\$ 82,000,000 with a gain of HK\$34,990,000.

41. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Particulars of the principal subsidiaries at 31st March, 2007 are as follows:

Name of subsidiary	Place/country of incorporation/ operations	Issued share capital	Percentage of nominal value of issued share capital held directly/ indirectly by the Company	Principal activities
Direct subsidiary				
National Electronics (Consolidated) Limited	Hong Kong	4,000 ordinary shares of HK\$0.25 each	100%	Investment holding and trading of electronic products
National Properties Holdings Limited	Hong Kong	100 ordinary shares of HK\$1 each	100%	Investment holding and property management
Indirect subsidiary				
Batilone Limited	Hong Kong	100 ordinary shares of HK\$1 each	100%	Property investment
Brady Limited	Hong Kong	100 ordinary shares of HK\$1 each	100%	Property investment
Charteray International Limited	Hong Kong	100 ordinary shares of HK\$1 each	100%	Property investment
Cherish Limited	Hong Kong	100 ordinary shares of HK\$1 each	100%	Property investment and trading

41. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Cont'd)

Name of subsidiary	Place/country of incorporation/ operations	Issued share capital	Percentage of nominal value of issued share capital held directly/indirectly by the Company	Principal activities
Indirect subsidiary (Cont'd)				
Chirac Limited	Hong Kong	10 ordinary shares of HK\$10 each	100%	Investment holding
Cinic Limited	Hong Kong	2 ordinary shares of HK\$1 each	100%	Property investment
Duprey Limited	Hong Kong	10 ordinary shares of HK\$10 each	100%	Trading of electronic products
Eastbond (Hong Kong) Limited	Hong Kong	10 ordinary shares of HK\$1 each	100%	Manufacture and sale of plastic products
Eastern Mount Limited	Hong Kong	2 ordinary shares of HK\$1 each	100%	Investment holding and subcontracting of electronic products in the PRC
Joyful Asia Group Limited	British Virgin Islands/Hong Kong	100 ordinary shares of US\$1 each	100%	Property investment
Majorell Limited	Hong Kong	100 ordinary shares of HK\$10 each	100%	Property investment and investment holding
Miyota Trading Limited	Hong Kong	100 ordinary shares of HK\$1 each	100%	Trading of electronic products
National Electronics and Watch Company Limited	Hong Kong	100 ordinary shares of HK\$10 each and 200,000 non-voting deferred shares of HK\$10 each (note)	100%	Manufacture and sale of liquid crystal display and quartz analogue watches
National Properties Holdings Limited	British Virgin Islands/Hong Kong	1 ordinary shares of US\$1 each	100%	Investment holding
National Time Limited	Hong Kong	100 ordinary shares of HK\$10 each and 55,000 non-voting deferred shares of HK\$10 each (note)	100%	Trading of electronic watches

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2007

41. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Cont'd)

Name of subsidiary	Place/country of incorporation/ operations	Issued share capital	Percentage of nominal value of issued share capital held directly/ indirectly by the Company	Principal activities
Indirect subsidiary (Cont'd)				
National Telecommunication System Limited	Hong Kong	100 ordinary shares of HK\$10 each and 200,000 non-voting deferred shares of HK\$10 each (note)	100%	Provision of inspection service
Panteria International Limited	British Virgin Islands/Hong Kong	100 ordinary shares of US\$1 each	100%	Property investment
Phoenix Investment S.a.r.l.	Luxembourg	500 ordinary shares of EUR 25 each	100%	Investment holding
Rever Limited	Hong Kong	100 ordinary shares of HK\$1 each	100%	Property investment
Samford Limited	Hong Kong	100 ordinary shares of HK\$1 each	100%	Property investment and trading
Sinoway Enterprises Limited	Hong Kong	100 ordinary shares of HK\$1 each	100%	Property investment
St. Thomas Developments Incorporated	Ontario, Canada	10,000 common shares	100%	Property development
Sun Shine Limited	Hong Kong	2 ordinary shares of HK\$1 each	100%	Investment holding
National Hotel Holdings Limited	British Virgin Islands/Hong Kong	100 ordinary share of US\$1 each	100%	Investment holding
Sun Linkage Limited	British Virgin Islands/Hong Kong	1,000 ordinary shares of US\$1 each	100%	Investment holding
Unionville Development Limited Partnership	Ontario, Canada	Contributed capital of C\$11,336,611	100%	Property development

41. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Cont'd)

Name of subsidiary	Place/country of incorporation/ operations	Issued share capital	Percentage of nominal value of issued share capital held directly/indirectly by the Company	Principal activities
Indirect subsidiary (Cont'd)				
1061383 Ontario Limited	Ontario, Canada	100 common shares of C\$1 each	100%	Property holding
中霸鐘表電子 (深圳) 有限公司 *	PRC	Contributed capital of HK\$14,000,000	100%	Trading of electronic products

* A wholly foreign owned enterprise.

Note: The deferred shares, which are not held by the Group, carry practically no rights to dividends nor to receive notice of nor to attend or vote at any general meeting of the relevant companies nor to participate in any distribution on winding up.

The above table lists the subsidiaries of the Group which, in the opinion of the directors, principally affect the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length. All these subsidiaries are wholly-owned and private limited companies.

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

SCHEDULE OF MAJOR PROPERTIES HELD BY THE GROUP

Details of the major properties held by the Group at 31st March, 2007 are as follows:

(i) Investment property

Location	Lease term	Group's interest	Type
45th Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong	Medium term	100%	Commercial
All offices on 6th Floor & Car parking spaces No. 28, 29 & 57 on 2nd Floor, Citicorp Centre, No. 18 Whitfield Road, Hong Kong	Medium term	100%	Commercial
Nos. 194-196 Queen's Road Central, Hong Kong	Long term	100%	Commercial
No. 21 Whitfield Road, North Point, Hong Kong	Medium term	100%	Commercial

(ii) Property under development for sale

Location	Stage of completion	Category of lease	Group's interest	Approximate site area	Use	Estimated completion date
3952, 3972 and 3988 Highway, No. 7 Markham, Ontario L3R 1L3 Toronto, Canada	Planning is in progress	Freehold	100%	10.9 acres	Residential	Not yet determined
82-98 Charles Street West, ROW in Sultan Street Laneway, 76-80 Charles Street West, 1, 3 Sultan Street and 11 St. Thomas Street, Toronto, Canada	Development is in progress	Freehold	100%	34,793 sq.ft.	Residential	2007

Results:

	Year ended 31st March,				
	2007	2006	2005	2004	2003
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
			(restated)		
Revenue	1,066,224	1,045,506	1,026,973	934,119	693,296
Cost of sales	(949,730)	(950,112)	(919,974)	(846,059)	(619,833)
Gross profit	116,494	95,394	106,999	88,060	73,463
Other income	10,165	3,134	2,844	13,620	23,531
Increase in fair value/reevaluation increase (decrease) in investment properties	35,508	16,000	27,412	22,500	(22,000)
Distribution costs	(8,049)	(8,446)	(8,562)	(15,373)	(14,081)
Administrative expenses	(92,820)	(67,073)	(63,231)	(61,316)	(60,005)
Other expenses	(20,583)	—	—	—	—
Finance costs	(22,880)	(14,987)	(6,075)	(5,830)	(6,939)
Gain on disposal of subsidiaries	89,298	37,913	—	—	—
Loss on dissolution of an associates	(5)	—	—	—	—
Share of results of associates	13,428	(8)	1,316	—	—
Share of results of jointly controlled entities	—	(2)	(71)	10,100	8,728
Profit before taxation	120,556	61,925	60,632	51,761	2,697
Income tax expenses	(7,289)	(1,820)	(2,959)	(568)	56
Net profit for the year	113,267	60,105	57,673	51,193	2,753
Earnings per share	10.7 HK cents	5.5 HK cents	5.2 HK cents	4.5 HK cents	0.2 HK cent

Assets and liabilities:

	At 31st March,				
	2007	2006	2005	2004	2003
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Total assets	1,925,826	1,566,661	1,178,983	908,894	775,197
Total liabilities	1,420,210	1,140,923	806,463	576,265	483,425
Total net assets	505,616	425,738	372,520	332,629	291,772

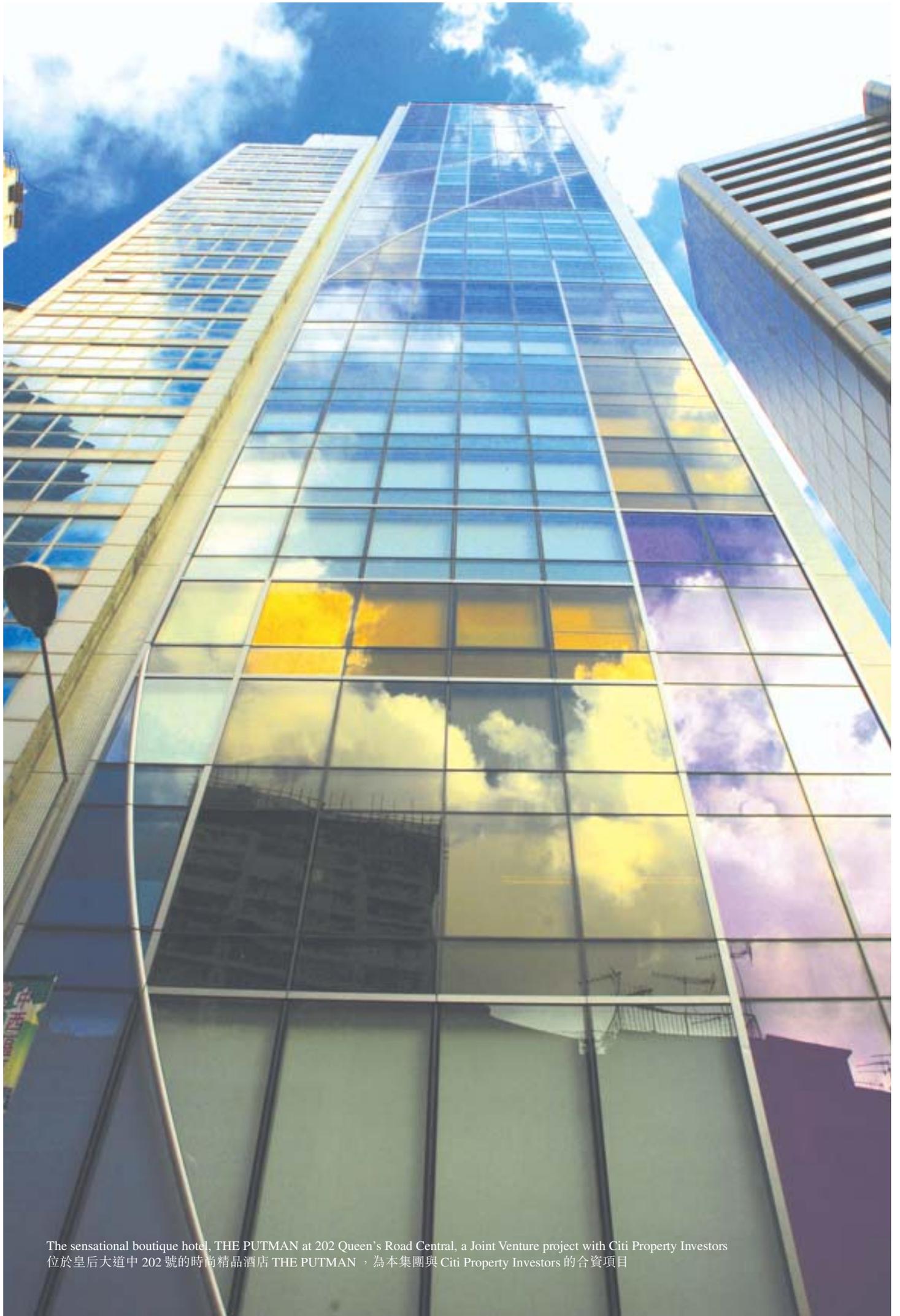
Note: The above financial summary prior to 2005 has not been adjusted to take into account the effect on the adoption of certain HKFRSs that are effective for accounting periods beginning on or after 1st April, 2005 and 1st April, 2006.



One St. Thomas, Toronto, Canada approaching final completion
加拿大多倫多 One St. Thomas 接近竣工階段



50-59 Connaught Road Central, the Group's Joint Venture redevelopment project with Citi Property Investors
中環干諾道中 50-59 號 — 本集團與 Citi Property Investors 的合資重新發展項目



The sensational boutique hotel, THE PUTMAN at 202 Queen's Road Central, a Joint Venture project with Citi Property Investors
位於皇后大道中 202 號的時尚精品酒店 THE PUTMAN，為本集團與 Citi Property Investors 的合資項目



The elegant living environment at THE PUTMAN
THE PUTMAN 的典雅装潢





101-103 Bonham Strand and 127 Wing Lok Street, Sheung Wan — the Group's newly acquired site for a luxurious boutique hotel
本集團近期購入位於上環文咸東街 101-103 號及永樂街 127 號之商業用地，將興建豪華精品酒店



87-89 Jervois Street, Sheung Wan — one of the Group's luxurious boutique hotel redevelopment projects
本集團位於上環蘇杭街 87-89 號之豪華精品酒店發展項目



21 Whitfield Road, another boutique hotel project of the Group's close to Victoria Park
鄰近香港維多利亞公園之威非路道 21 號，為本集團之另一豪華精品酒店發展項目