英皇鐘錶珠寶有限公司
EMPEROR WATCH & JEWELLERY LIMITED

(Incorporated in Hong Kong with limited liability)

Stock Code: 887

Annual Report 2008

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CORPORATE INFORMATION

DIRECTORS

Cindy Yeung
Chan Hung Ming
Wong Chi Fai
Fan Man Seung, Vanessa
Yip Kam Man*
Chan Hon Piu*
Lai Ka Fung, May*

* *Independent Non-executive Directors*

COMPANY SECRETARY

Liu Chui Ying

QUALIFIED ACCOUNTANT

Ho Koon Man

AUDIT COMMITTEE

Yip Kam Man *(Chairperson)*
Lai Ka Fung, May
Chan Hon Piu

REMUNERATION COMMITTEE

Wong Chi Fai *(Chairman)*
Yip Kam Man
Lai Ka Fung, May

AUDITOR

Deloitte Touche Tohmatsu
Certified Public Accountants
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Hong Kong

COMPLIANCE ADVISER

SinoPac Securities (Asia) Limited
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Central
Hong Kong

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

25th Floor
Emperor Group Centre
288 Hennessy Road
Wanchai
Hong Kong

SHARE REGISTRAR

Tricor Secretaries Limited
26th Floor, Tesbury Centre
28 Queen's Road East
Wanchai, Hong Kong

PRINCIPAL BANKERS

The Hong Kong and Shanghai Banking Corporation Limited
The Bank of East Asia, Limited
Chong Hing Bank Limited

WEBSITE

http://www.emperorwatchjewellery.com

STOCK CODE

887

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL HIGHLIGHTS

	Year ended 31 December	
	2008	2007
	HK$'000	HK$'000
Revenue		
Watch		
Hong Kong	1,521,615	1,292,120
Macau	79,864	53,964
PRC	14,539	–
Jewellery		
Hong Kong	200,214	191,545
Macau	22,130	23,834
PRC	4,107	–
	1,842,469	1,561,463
Profit for the year	222,222	158,788
Basic earnings per share	HK10.7 cents	HK$15.9

MANAGEMENT DISCUSSION AND ANALYSIS

Emperor Watch and Jewellery ("EWJ" or "the Group") is a leading retailer of mainly Swiss-made luxurious watches in Hong Kong and Macau with target customers ranging from middle to high income earners from all over the world. Having established its foothold for over 60 years, the Group has developed a long standing relationship with renowned watch manufacturers offering a wide range of prestigious and luxury watch brands.

EWJ also offers self-designed fine jewellery products, predominantly diamond, jade, pearl, 999.9 fine gold and precious stone products. EWJ's in-house designers regularly launch stylish jewellery products so as to keep up with the ever-changing trends and fashion styles. Apart from its self-designed jewellery products, the Group can also provide customized design and production services for customers wishing to create their own exclusive, one-and-only jewellery products.

The Group takes pride in its extensive network of retail outlets at prime locations in Hong Kong and Macau. These include multi-brand shops as well as specialty outlets for specific brands. Anchor shops have not only enabled the Group to reap synergies with international watch brand suppliers, but have also helped to foster loyalty among customers attracted to specific watch brands.

Emperor Watch & Jewellery Limited ("the Company") was successfully listed on the main board of the Stock Exchange on 21 July 2008 through initial public offering ("IPO") under the stock code of 887. It marks a milestone for the Group to further enhance market recognition of its high-end jewellery and watches retailing business as well as solidify its brand name.

FINANCIAL REVIEW

For the year under review, EWJ reported revenue growth of 18.0% to HK$1,842.5 million. Approximately 87.7% of turnover was from watch retailing while the remaining was from sale of jewellery products. The increase in turnover was attributable to sales growth from existing shops, expansion in retail network as well as strong demand of tourists from mainland China.

During the year, the Group has benefitted from the increase in spending power and thus demand for luxury products. A tight discount control policy was implemented with lesser discount being offered to customers. Hence, the Group recorded a handsome and substantial gross profit margin, with gross profit rising 47.0% to HK$514.2 million and margin improved to 27.9% from 22.4% as compared with last year.

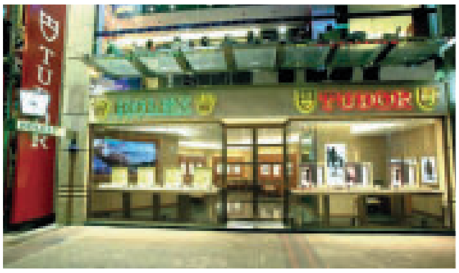
Profit after taxation for the year rose by a robust 39.9% to HK$222.2 million.

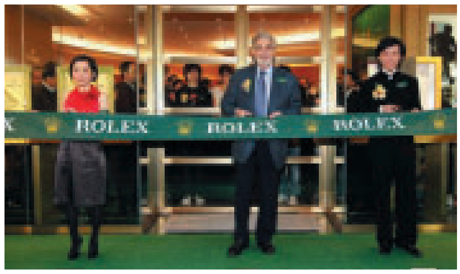
MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Expansion of Retail Network at Prime Locations

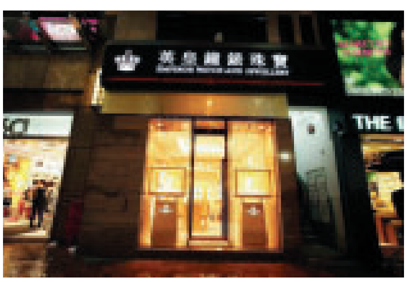
In line with the Group's focus on tourists and high-end market, the Group has a total of 11 outlets in Hong Kong and four in Macau, amongst which four has been opened during the year under review. All outlets are located in prime shopping areas, namely Central, Wanchai, Causeway Bay and Tsimshatsui, and inside the Grand Emperor Hotel in Macau.

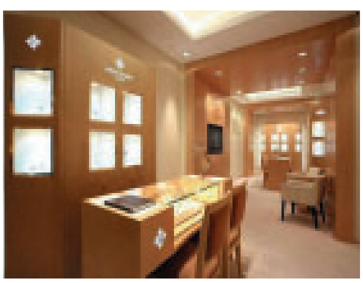




The opening of new shops further solidified the Group's relationship with brand suppliers. The success of the outlets has encouraged the management of the Group to develop similar stores with watch brands in different areas in Hong Kong and Macau to further propel sales and revenue.

EWJ has launched during the year two additional retail outlets for international watch brands, namely a Patek Philippe retailer in Causeway Bay, Hong Kong and a Cartier retailer at Grand Emperor Hotel, Macau. The shops offer elegant and fine timepieces for the specific Swiss brands and are well-positioned in the prime shopping areas where the overwhelming demand for luxurious products can be captured.





MANAGEMENT DISCUSSION AND ANALYSIS

The Group has also expanded its footprint in Central and Causeway Bay, the two most prominent shopping districts for tourists and the middle and elite demographics. Located in the pivotal heart of the city, the outlets have supplemented the existing shops in the districts by offering a different brand mix and received vast support from customers.

Meanwhile, EWJ has leveraged on its popularity and brought its expertise and experience across the border. During the year under review, the Group has set up its PRC headquarter in Beijing and opened a total of four outlets in mainland China, including two in Shanghai, and one in each of Chongqing and Tianjin. Extending footprint to one of the highest economic growth countries in the world marks an important milestone for the Group.

Brand Recognition and Effective Marketing Programme

Leveraging its long history with loyal customers, EWJ regularly launches marketing campaigns both individually and jointly with brand suppliers. EWJ held the "Precious Jade" Jewellery Exhibition at the Grand Emperor Hotel in Macau in May 2008 to showcase its latest jade collection, reflecting nobility and elegance.

EWJ also joined hands with Henderson Land Development Company Limited last July to showcase dazzling designs by the world's leading jewellery experts at the "Royal Jewellery Show at the Beverly Hills". The value of the jewellery totalled at an overwhelming HK$100 million.

In November 2008, EWJ organized a jewellery event in IFC Hong Kong, featuring gorgeous jewellery pieces under the theme of "Glittering Insane". Many of Hong Kong's industry tycoons, top celebrities and socialites attended the event to witness the sheer glamour and classic beauty of the exquisite Emperor jewellery collections.

MANAGEMENT DISCUSSION AND ANALYSIS

Enjoying synergies with other business operations under the Emperor Group. EWJ was a proud sponsor of the Joey Yung Starlight Concert in January and April 2008.

The EWJ brand is highly regarded in Hong Kong. The Group was awarded the "Prime Awards for the Best Brand Enterprise in Greater China 2008" in February 2008, the "East Week Hong Kong Service Awards – Watch Retailer" in March 2008 and the "East Week Best Brand in Greater China 2008" in September 2008.

The Group has also gained much popularity amongst brand suppliers. During the year under review, Patek Philippe has launched a limited edition exclusively for EWJ called the "Serata High Jewellery Set". This beautiful and rare timepiece set is only available at EWJ outlets.

EWJ has also proudly co-organised timepiece exhibitions with individual watch brands. In October 2008, a very successful Audemars Piguet and Emperor Watch and Jewellery Rose Gold Exhibition was held at the nostalgically chic restaurant, The Pawn to compliment the heritage, class and beauty of the renowned Audemars Piguet brand. In November 2008, the Piaget Polo Chronograph Exhibition was held in EWJ's Tsimshatsui outlet to celebrate the watch brand's timeless beauty and impeccable craftsmanship.

CORPORATE SOCIAL RESPONSIBILITIES

During the year under review, EWJ has utilised its resources to support charitable organisations and cultural development. It has donated jewellery to charitable organisations including Lions Club of Tsing Ma Hong Kong, Lifeline Express, Benji's Centre and Wai Yin Association for fund raising purposes, and also to Hong Kong Philharmonic Orchestra to boost local cultural development.

EWJ has also actively encouraged its staff to contribute to the community. Its colleagues have enthusiastically participated in "Tree Planting Challenge", an event jointly organised by Emperor Foundation and Friends of the Earth in May 2008, and a friendship tour to the quake-hit area in Sichuan jointly organised by Emperor Foundation, Emperor Entertainment Group and Social Workers Across Borders in September 2008. The Group's staff have also participated in the Blood Donation Day of Hong Kong Red Cross and Dress Special Day of the Community Chest.

EWJ has been awarded the Caring Company Logo 2008/09 during the year in recognition of its community involvements.

MANAGEMENT DISCUSSION AND ANALYSIS

CAPITAL STRUCTURE

On 13 March 2008, the Company was incorporated in Hong Kong with authorised share capital of HK$10,000 divided into 1,000,000 shares of HK$0.01 each.

On 19 March 2008, 1 share of HK$0.01 was transferred by the subscriber to Allmighty Group Limited ("Allmighty Group").

Pursuant to the written resolutions of the Company's sole shareholder passed on 19 June 2008:

(i) the authorised share capital of the Company was increased from HK$10,000 to HK$1,000,000,000 by the creation of an additional 99,999,000,000 shares of HK$0.01 each;

(ii) 9,999,999 shares of HK$0.01 each were issued to Allmighty Group to rank pari passu in all respects with the existing shares pursuant to the Group Reorganisation.

Pursuant to the Loan Capitalisation Issue, (details of which were set out in the section "Share Capital" of the prospectus of the Company dated 30 June 2008 (the "Prospectus"), Allmighty Group were further allotted and issued 3,140,000,000 shares of HK$0.01 each on 17 July 2008;

Pursuant to the IPO Share Offer, a total of 1,350,000,000 shares of HK$0.01 each were issued on 17 July 2008.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2008, the Group's current assets and current liabilities were approximately HK$1,506.4 million and HK$123.4 million respectively. Both current ratio (the ratio of current assets over current liabilities) and quick ratio (the ratio of current assets less inventories over current liabilities) of the Group enhanced significantly to 12.2 and 2.4 from 1.7 and 0.2 in the preceding year respectively. Total equity of the Group also increased to approximately HK$1,402.5 million (2007: approximately HK$361.2 million) as at 31 December 2008. The enhancement in liquidity and equity was mainly attributable to its IPO proceeds and the profit after taxation for the year.

As at 31 December 2008, the Group had total bank loans and bank overdrafts of approximately HK$17.4 million. These bank borrowings were denominated in Hong Kong dollar, interest bearing, repayable with fixed terms and secured by corporate guarantee of the Company. The gearing ratio of the Group (expressed as percentage of total debt over total assets) decreased to 1.2% from 22.7% in the preceding year. The Group also has available unutilised banking facilities of approximately HK$205.5 million.

With sufficient bank balances and cash of HK$167.5 million as well as existing banking facilities, the Directors consider that the Group has sufficient working capital for its operations and the future development of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

FOREIGN EXCHANGE EXPOSURE

The Group's transactions are mainly denominated in HKD, MOP, RMB and USD. During the year under review, the Group did not have any material foreign exchange exposure.

CAPITAL EXPENDITURES

During the year ended 31 December 2008, the Group acquired property, plant and equipment of approximately HK$24.9 million, which was financed by the Group's internal resources. As at 31 December 2008, the Group had operating lease commitment of HK$396.8 million.

CONTINGENT LIABILITIES

As at 31 December 2008, the Group did not have any material contingent liabilities.

EMPLOYEE AND REMUNERATION POLICY

As at 31 December 2008, the Group has 257 (2007: 136) salespersons and 139 (2007: 58) office staff. Total staff costs (including directors' remuneration) were HK$80.8 million (2007: HK$71.5 million). Employees' remuneration was determined in accordance with individual's responsibility, performance and experience. Staff benefits include contributions to retirement benefit scheme, medical allowance and other fringe benefit.

USE OF IPO PROCEEDS

The net proceeds from the Company's IPO amounted to approximately HK$549.5 million were partially applied during the period from the listing date up to the date of this report and such application is consistent with the proposed usage of the net proceeds set out in the Prospectus.

PROSPECTS

Looking forward, EWJ is positive about the prospects of the luxurious watch and jewellery retail market. The Group will continue to expand its retail network in key tourist districts in Hong Kong as well as mainland China.

In Hong Kong, the Group has planned to open a 17,000-sf outlet in a heritage location in Tsimshatsui. In an effort to meet the constantly changing demands and styles and trends, EWJ will be offering a younger and trendier line of jewellery designs in a beautifully designed decor. In addition to jewellery, there will also be a very unique F&B outlet within the shop, so as to provide a one-stop shopping and relaxing environment for its customers. This new outlet will be part of a new retail promenade that promises to be the talk of town not just locally but internationally. Many prominent international fashion labels and watch brands have already confirmed the opening of their new shops in this soon-to-be-opened retail utopia.

In China, EWJ plans to boost its marketing share in first and second tier cities such as Beijing, Shanghai and Chongqing . The Group hopes to open more outlets in mainland China by the end of 2009, capturing the economic and spending growth in the country.

MANAGEMENT DISCUSSION AND ANALYSIS

In order to increase profit growth and margin, the Group will diversify its product offerings in jewellery products. It will also continue to strengthen its relationship with brand suppliers through individual and jointly-organised marketing events as well as enhance its own corporate image.

The Group will adopt stable and cautious financial strategies and is determined to sustain its leadership in the luxurious watch and jewellery retail market in the region and generate satisfactory returns for its shareholders.

BIOGRAPHIES OF DIRECTORS AND SENIOR EXECUTIVES

EXECUTIVE DIRECTORS

CINDY YEUNG, aged 44, joined the Group in September 1990. She is responsible for the Group's strategic planning, business growth and development and overseeing different operations within the Group. She became a director of Emperor Watch & Jewellery (HK) Company Limited, an operating arm of the retail outlets of the Group in Hong Kong, in April 1999. The Group has been under her management since then. She has over 18 years of experience in the watch and jewellery industry. She obtained the qualification of Graduate Gemologist of GIA in December 1988. She also graduated in the University of San Francisco in May 1989 with a Bachelor's Degree of Science in Business Administration majoring in Management, with emphasis in International Business. She joined the sales department of Anju Jewelry Ltd, a US based company engaging in trading of jewellery products prior to joining the Group in 1990. Ms. Yeung is a daughter of Dr. Yeung Sau Shing, Albert ("Dr. Albert Yeung") who is a deemed controlling shareholder of the Company.

CHAN HUNG MING, aged 60, joined the Group in July 2005. He is responsible for overseeing the retail outlet operations in Macau and Hong Kong. He has over 28 years of experience in watch and jewellery trade. Prior to joining the Group, he has worked as general manager in charge of the retail and watch boutique outlets in Hong Kong and the PRC in Dickson Watch & Jewellery division under Dickson Concepts (International) Limited, a listed company on the Main Board of the Stock Exchange of Hong Kong Limited, for over 20 years. He has rich experience in the watch and jewellery industry.

WONG CHI FAI, aged 53, is responsible for overall corporate and business planning of the Group. He has been involved in the management of the Group since November 1998 and he has been appointed as a director of EWJ Watch & Jewellery Company Limited since its incorporation in Macau in August 2005. He has been an associate of the Hong Kong Institute of Certified Public Accountants since October 1981 and a fellow of the Association of Chartered Certified Accountants since May 1987. He has over 20 years' experience in finance and management spanning a diverse range of businesses from manufacturing to property investment and development, hotel management and publishing. He is also the joint managing director of Emperor International Holdings Limited ("EIHL"), a director of Emperor Entertainment Hotel Limited ("EEH") and New Media Group Holdings Limited ("New Media"), all are listed companies on the Main Board of the Stock Exchange and a director of Emperor Entertainment Group Limited ("EEG"), a company listed on the Growth Enterprise Market of the Stock Exchange.

FAN MAN SEUNG, VANESSA, aged 46, has been involved in the management of the Group since November 1998. She assumes the corporate responsibilities of a company's chairperson, including overseeing the overall corporate and business strategy of the Group, managing and ensuring the Board functions effectively. She also assumes the responsibilities imposed on a company's chairperson by the Code on Corporate Governance Practices of the Listing Rules. She has been a lawyer by profession in Hong Kong since August 1988 and a fellow member of the Association of Chartered Certified Accountants since September 2007. She has over 15 years' experience in management in various businesses including property investment and development, hotel management and publishing. She holds a Master's Degree in Business Administration from Asia International Open University in May 1995. Ms. Fan is also the joint managing director of EIHL and a director of EEH, New Media and EEG.

BIOGRAPHIES OF DIRECTORS AND SENIOR EXECUTIVES

INDEPENDENT NON-EXECUTIVE DIRECTORS

YIP KAM MAN, aged 42, is a Certified Public Accountant. She is a member of the Hong Kong Institute of Certified Public Accountants and has been a fellow of the Association of Chartered Certified Accountants since January 2001. She graduated from The University of Nottingham in the United Kingdom in July 1988 with a Bachelor's Degree in Arts (Hons). She has been engaged in the audit field (including internal audit for listed companies in Hong Kong) for more than 18 years. She is currently, and also before joining the Company, running an audit firm. She joined the Company in June 2008.

CHAN HON PIU, aged 48, graduated from The University of Hong Kong with a Bachelor's Degree in Social Sciences in 1983. He also obtained the Certificate of Education in September 1985 and a Master Degree in Laws in November 1995 from The University of Hong Kong. He has been admitted as a solicitor in Hong Kong since September 1991 and is now a practising solicitor in Hong Kong. He is currently, and also before joining the Company, working as a solicitor in a law firm in Hong Kong. He joined the Company in June 2008.

LAI KA FUNG, MAY, aged 43, is a Certified Public Accountant. She has been a member of the Hong Kong Institute of Certified Public Accountants since 1999 and a fellow of The Association of Chartered Certified Accountants since 2003. She obtained a Master's Degree of Arts in International Accounting from City University of Hong Kong in 2001. She has been engaged in the audit field for more than 10 years. She is currently and also before joining the Company, the sole proprietor of May K.F. Lai & Co., Certified Public Accountants. She joined the Company in June 2008.

DIRECTORS' REPORT

The directors (the "Directors") of Emperor Watch & Jewellery Limited (the "Company", together with its subsidiaries, the "Group") present their first report and the audited consolidated financial statements for the year ended 31 December 2008.

CORPORATE REORGANISATION

The Company was incorporated with limited liability in Hong Kong on 13 March 2008 under the Hong Kong Companies Ordinance (Cap. 32).

Pursuant to a reorganisation scheme to rationalise the structure of the Group in preparation for the public listing of the Company's shares on the Stock Exchange of Hong Kong Limited (the "Stock Exchange"), the Company became the holding company of the companies now comprising the Group on 19 June 2008.

Details of the group reorganisation are set out in note 1 to the consolidated financial statements and are more fully explained in the paragraph headed "Statutory and General Information – Corporate Reorganisation" in Appendix V of the Prospectus.

The shares of the Company were listed on the Stock Exchange with effect from 21 July 2008.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. The activities of its principal subsidiaries are set out in note 35 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2008 are set out in the consolidated income statement on page 30.

On 28 April 2008, an interim dividend of HK$730,000 per share in respect of the year ended 31 December 2008 amounting to HK$73,000,000 was declared by Emperor Watch & Jewellery (HK) Company Limited. Such amount was paid to its then shareholder on 15 May 2008.

The Directors recommend the payment of a final dividend of HK0.6 cent per share for the year ended 31 December 2008 to the shareholders whose names appeared on the register of members of the Company on 18 May 2009, amounting to HK$27,000,000, and the retention of the remaining profit for the year.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in the property, plant and equipment of the Group during the year are set out in note 13 to the consolidated financial statements.

SHARE CAPITAL

Details of movements in the share capital of the Company during the year are set out in note 24 to the consolidated financial statements.

DIRECTORS' REPORT

DISTRIBUTABLE RESERVES OF THE COMPANY

The Company's reserves available for distribution to shareholders as at 31 December 2008, calculated under Section 79B of the Companies Ordinance, amounted to HK$164.2 million.

DIRECTORS

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

Executive directors

Ms. Cindy Yeung	(appointed on 18 March 2008)
Mr. Chan Hung Ming	(appointed on 10 June 2008)
Mr. Wong Chi Fai	(appointed on 18 March 2008)
Ms. Fan Man Seung, Vanessa	(appointed on 18 March 2008)

Independent non-executive directors

Ms. Yip Kam Man	(appointed on 16 June 2008)
Mr. Chan Hon Piu	(appointed on 16 June 2008)
Ms. Lai Ka Fung, May	(appointed on 16 June 2008)

Subject to the respective service contract, the term of office of each Director, including the independent non-executive Directors, is the period up to his/her retirement by rotation in accordance with the Articles of Association of the Company.

In accordance with Article 82 of the Company's Articles of Association, Mr. Chan Hung Ming, Ms. Yip Kam Man, Mr. Chan Hon Piu and Ms. Lai Ka Fung, May will retire at the forthcoming annual general meeting ("AGM") and, being eligible, offer themselves for re-election.

In accordance with Article 83(1) of the Company's Articles of Association, Ms. Cindy Yeung, Mr. Wong Chi Fai and Ms. Fan Man Seung, Vanessa will retire at the forthcoming AGM and, being eligible, offer themselves for re-election.

DIRECTORS' SERVICE CONTRACTS

None of the Directors proposed for re-election at the forthcoming AGM has an unexpired service contract with the Group which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SECURITIES

As at 31 December 2008, the interests and short positions of the Directors and the chief executives and their associates in the shares of the Company and its associated corporations, as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance ("SFO"), or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, were as follows:

Long positions

Name of Director	Capacity/ Nature of interests	Number of issued ordinary shares held	Approximate percentage holding
Ms. Cindy Yeung *(Note)*	Beneficiary of a trust	3,370,480,000	74.90%

Note: The above shares were held by Allmighty Group, a wholly-owned subsidiary of Diamond Palace Limited ("Diamond Palace") which in turn was wholly-owned by Million Way Holdings Limited ("Million Way"). Million Way was held by STC International Limited ("STC International") which is the trustee of The Albert Yeung Discretionary Trust ("AY Trust"), the founder of which was Dr. Yeung Sau Shing, Albert ("Dr. Albert Yeung"). Ms. Cindy Yeung was deemed to be interested in the above shares held by Allmighty Group by virtue of being one of the eligible beneficiaries of the AY Trust.

Other than as disclosed above, none of the Directors, chief executives nor their associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations as at 31 December 2008.

SHARE OPTION SCHEME

The Company has adopted a share option scheme (the "Share Option Scheme") on 19 June 2008 to provide incentives to the relevant participants, including the Directors and eligible employees of the Group, and to enable the Company to recruit high-calibre employees and attract human resources that are valuable to the Group. Particulars of the Share Option Scheme are set out in note 32 to the consolidated financial statements.

No options were granted by the Company under the Share Option Scheme since its adoption.

Save as disclosed above, at no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable any Director or chief executive of the Company or their spouse or children under 18 years of age to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' REPORT

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

At no time during the year was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries, a party to any arrangements to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Details of the connected transactions and related party transactions are set out in the section "Connected Transaction" of this report and note 34 to the consolidated financial statements. Save for the above, no contract of significance, to which the Company, its holding company, subsidiaries or fellow subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

SUBSTANTIAL SHAREHOLDERS

As at 31 December 2008, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that other than the interests disclosed above in respect of certain directors and chief executives, the following shareholders had notified the Company of relevant interests and short positions in the issued share capital of the Company.

Long positions

Ordinary shares of HK$0.01 each of the Company

Name of shareholder	Capacity/ Nature of interests	Number of issued ordinary shares interest in or deemed to be interested	Approximate percentage holding
Allmighty Group	Legal/beneficial owner *(Note 1)*	3,370,480,000	74.90%
Diamond Palace	Interest in controlled company *(Note 1)*	3,370,480,000	74.90%
Million Way	Interest in controlled company *(Note 1)*	3,370,480,000	74.90%
STC International	Trustee *(Note 2)*	3,370,480,000	74.90%
Dr. Albert Yeung	Settlor of the AY Trust *(Note 2)*	3,370,480,000	74.90%
Ms. Luk Siu Man, Semon	Interest of spouse *(Note 3)*	3,370,480,000	74.90%
Mr. Cheng Yu Tung	Interest in controlled company	233,000,000	5.18%
Chow Tai Fook Nominee Limited	Beneficial owner	233,000,000	5.18%

SUBSTANTIAL SHAREHOLDERS (Continued)

Notes:

1. The entire issued share capital of Allmighty Group was held by Diamond Palace which in turn was wholly-owned by Million Way.

2. Million Way was held by STC International. STC International and Dr. Albert Yeung were the trustee and settlor of the AY Trust respectively. By virtue of the SFO, each of STC and Dr. Albert Yeung was deemed to be interested in the 3,370,480,000 shares held by Allmighty Group.

3. Ms. Luk Siu Man, Semon was deemed to be interested in the 3,370,480,000 shares held by Allmighty Group by virtue of the deemed interests held by her spouse, Dr. Albert Yeung.

Other than as disclosed above, the Company has not been notified of any relevant interests or short positions in the issued share capital of the Company as at 31 December 2008.

CONNECTED TRANSACTIONS

The Group had the following transactions with connected parties of the Company in relation to the tenancy agreements for operation of the Group's business in Hong Kong and Macau.

Name of counterparty	Date of agreement	Location	Terms	Amount of rental paid during the year ended 31 December 2008 *(HK$'000)*
(1) Great Future Hong Kong Limited *(note 1)*	20 March 2008	Shops A, D2 and E2, G/F, Harilela Mansion, 81 Nathan Road, Tsimshatsui, Kowloon	1 April 2008 – 31 March 2011	4,353 *(note 3)*
(2) Very Sound Investments Limited *(note 1)*	24 July 2007	Shop Unit G03, G/F, Emperor Group Centre, 288 Hennessy Road, Wanchai, Hong Kong	1 September 2007 – 31 Mar 2010	1,416
(3) Very Sound Investments Limited *(note 1)*	22 June 2007	Shop Unit G04 and G05, G/F, Emperor Group Centre, 288 Hennessy Road, Wanchai, Hong Kong	1 April 2007 – 31 March 2010	2,640

DIRECTORS' REPORT

CONNECTED TRANSACTIONS (Continued)

Name of counterparty	Date of agreement	Location	Terms	Amount of rental paid during the year ended 31 December 2008 *(HK$'000)*
(4) Very Sound Investments Limited *(note 1)*	16 May 2008	Units 2501-5, 25/F, Emperor Group Centre, 288 Hennessy Road, Wanchai, Hong Kong	1 April 2008 – 31 March 2010	2,015 *(note 3)*
(5) Forever Crown Limited *(note 1)*	29 June 2006	Shop Q, G/F (including Mezzanine Floor), Hong Kong Mansion, 2-10 Great George Street, Causeway Bay, Hong Kong	16 July 2006 – 15 July 2009	4,555
(6) Planwing Limited *(note 1)*	24 July 2007	Shops 1 & 2, G/F, 8 Russell Street, Causeway Bay, Hong Kong (together with the right to use an outdoor advertising sign board erected on 5/F)	1 September 2007 – 31 August 2010	12,600
(7) Headwise Investment Limited *(note 1)*	16 May 2008	Units 1803, 18/F, Emperor Group Centre, 288 Hennessy Road, Wanchai, Hong Kong	1 April 2008 – 31 March 2010	146 *(note 3)*
(8) Richorse Limited *(note 1)*	16 May 2008	G/F (Shop A including the yard) & 1/F (Office A), Tak Fat Building, 50-52 Russell Street, Causeway Bay, Hong Kong	1 July 2008 – 30 June 2011	3,500

CONNECTED TRANSACTIONS (Continued)

Name of counterparty	Date of agreement	Location	Terms	Amount of rental paid during the year ended 31 December 2008 *(HK$'000)*
(9) Richorse Limited *(note 1)*	23 October 2008	G/F & M/F, 54 & 56 Russell Street, Causeway Bay, Hong Kong together with the right to use a LED display on external wall from 2-5/F facing Russell Street and an advertising signboard on roof facing Tang Lung Street, Hong Kong	23 October 2008 - 22 October 2011	798 *(note 4)*
(10) Golden Pegasus Investment Limited *(note 1)*	16 May 2008	Portion of 12/F, The Ulferts Centre, 4 Kin Fat Lane, Tuen Mun, New Territories	1 April 2008 - 31 March 2011	41 *(note 3)*
(11) Pacific Strong Bases (Holding) Company Limited *(note 2)*	27 March 2006	Shops 1-4, G/F, Grand Emperor Hotel, 288 Avenida Commercial De Macau, Macau	1 April 2006 - 31 March 2009	2,602
(12) Pacific Strong Bases (Holding) Company Limited *(note 2)*	2 June 2008	Shop 5, G/F, Grand Emperor Hotel, 288 Avenida Commercial De Macau, Macau	1 July 2008 - 30 June 2011	546

Remark: The above monthly rental payments are exclusive of rates, management fee and other outgoing charges.

DIRECTORS' REPORT

CONNECTED TRANSACTIONS (Continued)

Notes:

(1) These seven companies were indirect wholly-owned subsidiaries of Emperor International Holdings Limited ("EIHL"). EIHL was indirectly owned as to 55.92% by the AY Trust which is founded by Dr. Albert Yeung, a deemed substantial shareholder of the Company.

(2) Pacific Strong Bases (Holding) Company Limited was a 50% owned subsidiary of Emperor Entertainment Hotel Limited ("EEH"). EEH was indirectly owned as to 43.43% by the AY Trust which is founded by Dr. Albert Yeung, a deemed substantial shareholder of the Company.

(3) The amount included the 3 months rental paid for the period from January to March 2008.

(4) The amount is the total rental paid during the year after the expiry of the first two months rent free period.

The above transactions constitute continuing connected transactions for the Company under Rule 14A.34 of the Rules governing the listing of securities on the Stock Exchange (the "Listing Rules") and the transactions under items (1) to (8) and items (10) to (12) are subject to reporting and announcements requirements and independent shareholders' approval requirements set out in Rules 14A.45 to 14A.48 of the Listing Rules following the listing of shares of the Company. The Company has applied for, and the Stock Exchange has agreed to grant a waiver from strict compliance with announcement requirement and indepdendent shareholders' approval requirement under the Listing Rules in respect of the said transactions. For the transaction under item (9), which was entered into after the listing of shares of the Company, it is subject to reporting, announcement and independent shareholders' approval requirements under the Listing Rules and the Company has complied with such requirements accordingly.

The business of EIHL and its subsidiaries includes property development and investment in prime areas in Hong Kong and the business of EEH and its subsidiaries includes the operation of a hotel in Macau. As EIHL group and EEH group are able to provide suitable locations for the Group's business. The Directors believed that maintaining the tenancy at the existing addresses will ensure the stability of the Group's business and to avoid the incurrence of relocation costs.

Pursuant to Rule 14A.38 of the Listing Rules, the Directors engaged the auditor of the Company to perform certain agreed upon procedures in respect of continuing connected transactions of the Group and the auditor reported the factual findings on these procedures to the Board of Directors. The procedures were performed solely to assist the Directors to evaluate whether the continuing connected transactions entered into by the Group for the year ended 31 December 2008:

(a) have received the approval of the Directors of the Company;

(b) have been entered into in accordance with the terms of the relevant agreements governing such transactions; and

(c) have not exceeded the relevant cap amount for the financial year ended 31 December 2008 as disclosed in the Prospectus and the previous announcement.

Pursuant to Rule 14A.37 of the Listing Rules, the independent non-executive Directors have reviewed the continuing connected transactions and the report of the auditors and have confirmed that the transactions have been entered into by the Company in the ordinary course of its business, on normal commercial terms, and in accordance with the terms of the agreement governing such transactions that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

MAJOR CUSTOMERS AND SUPPLIERS

During the year, aggregate sales attributable to the Group's five largest customers were less than 30% of total turnover.

During the year, aggregate purchases attributable to the Group's five largest suppliers represented approximately 75% of the Group's total purchases and the largest supplier accounted for approximately 35% of the Group's total purchases.

None of the directors of the Company, their associates or any shareholders which, to the knowledge of the Directors of the Company, owns more than 5% of the Company's issued share capital, has a beneficial interest in the share capital of any of the above major customers and suppliers of the Group.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

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

CORPORATE GOVERNANCE

Principal corporate governance practices adopted by the Company are set out in the Corporate Governance Report on pages 23 to 27.

MANAGEMENT CONTRACTS

No contracts, other than employment contracts, concerning the management and administration of the whole or any substantial part of the Company's business were entered into or subsisted during the year.

EMOLUMENT POLICY

The emolument policy of the Group to reward its employees (including full-time executive Directors) is based on their individual responsibilities, performance, qualifications, competence displayed, market comparables and the performance of the Group. Remuneration packages and bonus typically comprises salaries, allowances, commissions, discretionary bonus and/or other benefits-in-kind, including the Group's contribution to retirement benefits schemes.

DIRECTORS' REPORT

EMOLUMENT POLICY (Continued)

To provide incentive to the relevant participants, including the Directors and eligible employees, the Company has adopted a Share Option Scheme. Details of the Share Option Scheme and Retirement Benefits Schemes are set out in notes 32 and 33 to the consolidated financial statements respectively. The Remuneration Committee will regularly review and determine from time to time the remuneration and compensation of the Directors and the senior executives of the Group.

RETIREMENT BENEFITS SCHEMES

Particulars of the Group's retirement benefits schemes are set out in note 33 to the consolidated financial statements.

SUFFICIENCY OF PUBLIC FLOAT

The Company has maintained a sufficient public float under the Listing Rules from the date of listing to 31 December 2008.

DONATIONS

During the year, the Group made charitable donation amounting to HK$1,032,000.

AUDITOR

These consolidated financial statements were audited by Messrs. Deloitte Touche Tohmatsu.

A resolution will be submitted to the forthcoming AGM to re-appoint Messrs. Deloitte Touche Tohmatsu as auditor of the Company.

On behalf of the Board

Cindy Yeung
Executive Director

Hong Kong, 1 April 2009

CORPORATE GOVERNANCE REPORT

The shares of the Company were listed on the Main Board of the Stock Exchange on 21 July 2008 ("Listing Date"). The directors of the Company ("Directors" or "Board") are fully aware of the importance of corporate ethics in running a successful company. The Company had complied with all the code provisions of the Code on Corporate Governance Practices ("the Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") since the Listing Date. The Board will continue to review and monitor its current corporate practices and procedures of the Company from time to time with an aim to maintaining and further enhancing the standard of corporate governance practices of the Company.

THE BOARD

Board composition

The Board is responsible to lead and control the business operations of the Group. Decisions made are driven for the best interest of the shareholders and maximizing the shareholders' wealth. The Directors formulate strategic directions, oversee the operations and monitor the financial and management performance of the Group as a whole.

As at 31 December 2008, the Board comprised seven Directors, with four Executive Directors namely Ms. Cindy Yeung, Mr. Chan Hung Ming, Mr. Wong Chi Fai ("Mr. Wong") and Ms. Fan Man Seung, Vanessa ("Ms. Fan") and three Independent Non-executive Directors namely Ms. Yip Kam Man, Mr. Chan Hon Piu and Ms. Lai Ka Fung, May. The biographies of the Directors are set out on pages 11 to 12 of this report under the "Biographies of Directors and Senior Executives" Section.

An induction regarding the duties and responsibilities of being a Director, the relevant laws and regulations applicable to the Directors, duty of disclosure of interest and business of the Group has been provide to all Directors shortly upon their appointment as Directors of the Company.

A procedure has been approved by the Board to enable Directors to seek independent professional advice at the Company's expenses in appropriate circumstances.

Management functions

The roles of chairman and chief executive officer are separated and are not performed by the same individual. In substance, Ms. Fan assumes the corporate responsibility of managing the Board that are typically taken up by a company's chairperson whilst Ms. Cindy Yeung assumes the role of chief executive officer who is responsible for the executive management of the Group's operations.

Currently, Ms. Cindy Yeung and Mr. Chan Hung Ming (assisted by various senior management of the Group who have extensive experience in the watch and jewellery industry) manage the daily operation of the Group; while Mr. Wong and Ms. Fan who possess extensive experience and adequate skills in overall business administration as well as technical knowledge on retail business operation, oversee the strategic growth of the Group. However, Mr. Wong and Ms. Fan do not engage in the day-to-day operation of the Group. Such arrangement enables the Group to capitalize the professional knowledge and practical working experience in various fields of both Ms. Fan and Mr. Wong which are in the interests of the Group.

CORPORATE GOVERNANCE REPORT

Independent Non-executive Directors

The Independent Non-executive Directors are all professionals with well recognized experience and expertise in legal and accounting aspects who provide valuable advice to the Board, including advice on corporate governance related matters without any undue influence. They are appointed for an initial term of two years and shall continue thereafter on a yearly basis subject to early termination by either party.

The Company has received a confirmation of independence from each of the Independent Non-executive Directors. The Board considers each of them to be independent by reference to the factors stated in the Listing Rules. The Independent Non-executive Directors have been expressly identified as such in all corporate communications of the Company that disclose the names of Directors.

Board Meetings

The Board held three board meetings during the period from 21 July 2008, i.e. the Listing Date, to 31 December 2008 with full attendance by all the Directors and will meet regularly at approximately quarterly intervals.

The Company Secretary of the Company is responsible for formulating good boardroom practices of the Company in order to comply with the Listing Rules. Board meeting notice was sent to the Directors at least 14 days prior to each regular board meeting. The Directors have access to the advice and services of the Company Secretary and key officers of the company secretarial team regarding the Board procedures, and all applicable rules and regulations in respect of the meetings are followed. Draft and final versions of the minutes of Board meetings and Board committee meetings, drafted in sufficient details by the secretary of the meetings, were circulated to the Directors for their comment and record respectively. Originals of such minutes, being kept by the Company Secretary, are open for inspection at any reasonable time on reasonable notice by any Director. A procedure has been approved by the Board to ensure Directors to seek independent professional advice at the Company's expenses in appropriate circumstances.

Delegation by the Board

To assist the Board in execution of its duties and facilitate effective management, certain functions of the Board have been delegated by the Board to the Audit Committee and Remuneration Committee. The Board set up the Audit Committee and Remuneration Committee both on 19 June 2008. The members of the Committees mainly consist of Independent Non-executive Directors. Clear written terms of reference are given to these two Committees and details of these two Committees are set out in the paragraphs "Audit Committee" and "Remuneration Committee" below. The Company has not established any nomination committee.

1. *Audit Committee*

The Audit Committee comprising three Independent Non-executive Directors, namely Ms. Yip Kam Man (Chairperson of the Committee), Mr. Chan Hon Piu and Ms. Lai Ka Fung, May, was set up on 19 June 2008. The Audit Committee is primarily responsible for making recommendations to the Board on the appointment and removal of the external auditor, to approve the remuneration and terms of engagement of external auditor, review financial information and oversight of the financial reporting system and internal control procedures. The specific written terms of reference has been set out in the Company's website at www.emperorwatchjewellery.com. The Audit Committee convened one meeting during the year ended 31 December 2008 for approving the unaudited interim results of the Company for the six months ended 30 June 2008. All the committee members attended that meeting.

2. Remuneration Committee

The Remuneration Committee comprising three members, namely Mr. Wong Chi Fai (Chairman of the Committee) being an Executive Director, Ms. Yip Kam Man and Ms. Lai Ka Fung, May, both being Independent Non-executive Directors, was set up on 19 June 2008. The primary duties of the Remuneration Committee are making recommendation to the Board on the Company's policy and structure for the remuneration of Directors and senior executives and determining specific remuneration package for all Executive Directors. Details of the remuneration of each of the Directors for the year ended 31 December 2008 are set out in note 9(a) to the consolidated financial statements. The specific written terms of reference of the Remuneration Committee are available at the Company's website at www.emperorwatchjewellery.com. The Remuneration Committee did not convene any meeting during the year ended 31 December 2008.

Securities transactions by Directors

The Company has adopted a code of conduct regarding securities transactions by Directors on no less exacting terms than the required standard of dealings set out in Appendix 10 of the Listing Rules prior to the listing of its shares on Stock Exchange. Having made specific enquiry to all Directors of the Company, all the Directors confirmed that they have complied with the required standard of dealings and the code of conduct.

ACCOUNTABILITY AND AUDIT

The Directors acknowledge their responsibilities for preparing, with support from the Finance & Accounts Department, the financial statements of the Group. The auditor of the Company has made a statement about their reporting responsibilities in the Independent Auditor's Report. Management has provided information and explanation to the Board to enable it to make an informed assessment of the financial and other information put before the Board for approval. The Directors believed that they have selected suitable accounting policies and applied them consistently, made judgment and estimates that are prudent and reasonable and ensured the financial statements are prepared on a "going concern" basis.

INTERNAL CONTROL

The Board is responsible for maintaining and reviewing the effectiveness of the Group's internal control system. The internal control system is implemented to minimize the risks to which the Group is exposed and used as a management tool for the day-to-day operation of business. The system can only provide reasonable but not absolute assurance against misstatements or losses.

The internal control system has been designed to safeguard the shareholders' investment and assets of the Group. It should provide a basis for the maintenance of proper accounting records and assist in compliance with the relevant rules and regulations.

CORPORATE GOVERNANCE REPORT

The Board had conducted a review on the effectiveness of internal control system (including financial, operational and compliance controls and risk management functions) of the Group and considered that its internal control system is effective and adequate and the Company has complied with the code provisions on internal control of the Code.

The Board has also conducted a review and considered the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function, and training programmes and budget.

COMMUNICATION WITH SHAREHOLDERS

The Company communicates with the shareholders mainly in the following ways: (i) the holding of annual general meeting which provides an opportunity for the shareholders to communicate directly to the Board; (ii) the publication of announcements, annual reports, interim reports and/or circulars as required under the Listing Rules and press releases of the Company providing updated information of the Group; and (iii) the availability of latest information of the Group on the Company's website; and (iv) the holding of press conference from time to time. There is regular dialogue with institutional shareholders and general presentations are made when financial results are announced. Shareholders and investors are welcome to visit the Company's website and raise enquires through our Investor Relations Department whose contact details are available on the Company's website.

No annual general meeting was held after the Listing Date. The first annual general of the Company will be held on 18 May 2009 whereupon the chairperson of the annual general meeting and the chairman/member of each of the Audit Committee and the Remuneration Committee will be available thereat to answer questions from the shareholders. The meeting will be conducted by way of poll.

AUDITOR'S REMUNERATION

During the year under review, the remuneration paid/payable to the Company's auditor, Messrs. Deloitte Touche Tohmatsu, is set out as follows:

Service rendered	**Fees paid/payable**
	HK$'000
Audit services	1,500
Non-audit services – acted as reporting Accountants for IPO	2,570

CORPORATE GOVERNANCE IN RESPECT OF NON-COMPETITION DEED

Pursuant to the deed of non-competition undertaking dated 27 June 2008 ("Deed") entered into between the Company on one part, and Allmighty Group Limited, Diamond Palace Limited, Jumbo Gold Investments (PTC) Limited (formerly known as Jumbo Gold Investments Limited) and Dr. Yeung Sau Shing, Albert on the other part (collectively as the "Covenantors"), the Covenantors had given undertakings to the Company that restricted the Covenantors to establish, invest, manage or operate in any of the Restricted Business (as defined in the Deed).

The Company had adopted certain measures to ensure that the terms of the Deed were duly complied with by the respective parties and that:

1. the Covenantors had made an annual confirmation to the Company in which they declared and confirmed that they had fully complied with the undertakings in the Deed and that they had not received nor were aware of any New Business Opportunities (as defined in the Deed) that required the Covenantors to offer to the Company by the Deed;

2. the Independent Non-executive Directors had made an annual review on the compliance of the undertakings in the Deed by the Covenantors on their existing or future competing businesses and formed the view that the Covenantors had fully complied with the undertakings in the Deed; and

3. the Covenanters shall provide, or procure to provide, necessary information pursuant to the Non-competition Deed upon the Company's request from to time.

Details of the other measures in respect of the Non-Competition Deed are set out in the Prospectus.

INDEPENDENT AUDITOR'S REPORT

Deloitte.
德勤

TO THE MEMBERS OF EMPEROR WATCH & JEWELLERY LIMITED
英皇鐘錶珠寶有限公司
(incorporated in Hong Kong with limited liability)

We have audited the consolidated financial statements of Emperor Watch & Jewellery Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 30 to 81, which comprise the Group's and the Company's balance sheets as at 31 December 2008, and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the consolidated financial statements

The directors of the Company are responsible for the preparation and the true and fair presentation of these consolidated financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the Companies Ordinance. This responsibility includes designing, implementing and maintaining internal controls 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 141 of the Companies Ordinance, 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 controls relevant to the Group'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 Group's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of the Company, as well as evaluating the overall presentation of the consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT

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 Company and of the Group as at 31 December 2008 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 Companies Ordinance.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
1 April 2009

CONSOLIDATED INCOME STATEMENT

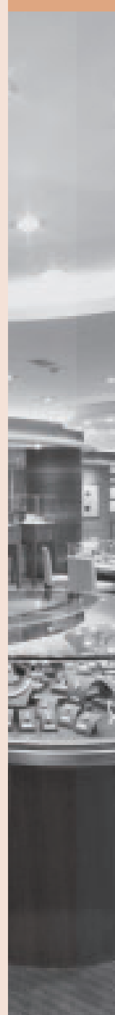
For the year ended 31 December 2008

	Notes	2008 HK$'000	2007 HK$'000
Revenue	5	1,842,469	1,561,463
Cost of sales		(1,328,233)	(1,211,673)
Gross profit		514,236	349,790
Other income	6	1,539	109
Selling and distribution expenses		(169,737)	(115,486)
Administrative expenses		(64,879)	(39,488)
Initial Public Offering ("IPO") expenses		(9,181)	–
Finance costs	7	(2,675)	(3,168)
Profit before taxation	8	269,303	191,757
Taxation	10	(47,081)	(32,969)
Profit for the year		222,222	158,788
Attributable to:			
Equity holders of the Company		222,571	158,788
Minority interests		(349)	–
		222,222	158,788
Dividends	11	73,000	245,000
Earnings per share	12		
Basic		HK10.7 cents	HK$15.9

CONSOLIDATED BALANCE SHEET

At 31 December 2008

	Notes	2008 HK$'000	2007 HK$'000
Non-current asset			
Property, plant and equipment	13	33,581	21,793
Current assets			
Inventories	14	1,205,417	800,799
Receivables, deposits and prepayments	16	133,497	40,403
Amount due from immediate holding company	17	4	–
Bank balances and cash	18	167,504	46,706
		1,506,422	887,908
Current liabilities			
Payables, deposits received and accrued charges	19	102,264	73,805
Amount due to immediate holding company	20	–	184,421
Amounts due to related companies	20	–	765
Amount due to a related party	20	491	–
Dividend payable		–	245,000
Taxation payable		16,418	22,531
Obligation under a finance lease			
– due within one year	21	25	75
Bank borrowings - due within one year	22	4,200	4,200
		123,398	530,797
Net current assets		1,383,024	357,111
Total assets less current liabilities		1,416,605	378,904



CONSOLIDATED BALANCE SHEET

At 31 December 2008

	Notes	2008 HK$'000	2007 HK$'000
Non-current liabilities			
Obligation under a finance lease			
– due after one year	21	–	25
Bank borrowings - due after one year	22	13,200	17,400
Deferred taxation	23	872	262
		14,072	17,687
Net assets		1,402,533	361,217
Capital and reserves			
Share capital	24	45,000	3
Reserves	25	1,352,651	361,214
Equity attributable to equity holders of the Company		1,397,651	361,217
Minority interests		4,882	–
Total equity		1,402,533	361,217

The consolidated financial statements on pages 30 to 81 were approved and authorised for issue by the Board of Directors on 1 April 2009 and are signed on its behalf by:

CINDY YEUNG
DIRECTOR

CHAN HUNG MING
DIRECTOR

BALANCE SHEET

At 31 December 2008

	Notes	HK$'000
Non-current assets		
Investments in subsidiaries	15	855,549
Amount due from a subsidiary – due after one year	17	739,139
		1,594,688
Current assets		
Amount due from a subsidiary – due within one year	17	48,254
Amount due from immediate holding company	17	4
Bank balances and cash		11
		48,269
Current liability		
Accrued charges		382
Net current assets		47,887
Net assets		1,642,575
Capital and reserves		
Share capital	24	45,000
Reserves	25	1,597,575
Total equity		1,642,575

CINDY YEUNG
DIRECTOR

CHAN HUNG MING
DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

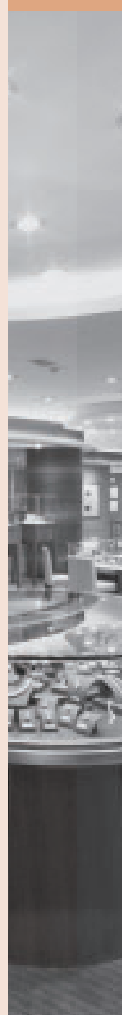
For the year ended 31 December 2008

	Attributable to equity holders of the Company									
	Share capital HK$'000	Share premium HK$'000	Merger reserve HK$'000	Other reserve HK$'000 (Note 25a)	Capital reserve HK$'000 (Note 25b)	Translation reserve HK$'000	Accumulated profits HK$'000	Total HK$'000	Minority interests HK$'000	Total HK$'000
At 1 January 2007	3	-	-	344,003	2,529	-	100,894	447,429	-	447,429
Profit for the year and total income recognised for the year	-	-	-	-	-	-	158,788	158,788	-	158,788
Dividend declared	-	-	-	-	-	-	(245,000)	(245,000)	-	(245,000)
At 31 December 2007	3	-	-	344,003	2,529	-	14,682	361,217	-	361,217
Exchange differences arising on translation of foreign operations recognised directly in equity	-	-	-	-	-	812	-	812	304	1,116
Profit (loss) for the year	-	-	-	-	-	-	222,571	222,571	(349)	222,222
Total income (expenses) recognised for the year	-	-	-	-	-	812	222,571	223,383	(45)	223,338
Issue of shares by the Company at nil-paid and credited as fully paid arising from the Group Reorganisation (Note 24(ii)(c))	97	372,906	(373,003)	-	-	-	-	-	-	-
Issue of promissory notes arising from the Group Reorganisation (Note 25(a)(iii))	-	-	-	(373,006)	-	-	-	(373,006)	-	(373,006)
Dividend paid by a subsidiary to its then shareholder prior to the Group Reorganisation	-	-	-	-	-	-	(73,000)	(73,000)	-	(73,000)
Issue of shares by way of capitalisation of loan from immediate holding company (Note 24(ii)(d))	31,400	668,865	-	-	-	-	-	700,265	-	700,265
Issue of shares by way of placing and public offering (Note 24(ii)(e))	13,500	567,000	-	-	-	-	-	580,500	-	580,500
Expenses incurred in connection with issue of new shares of the Company	-	(21,708)	-	-	-	-	-	(21,708)	-	(21,708)
Acquisition of subsidiaries (Note 28)	-	-	-	-	-	-	-	-	4,927	4,927
At 31 December 2008	45,000	1,587,063	(373,003)	(29,003)	2,529	812	164,253	1,397,651	4,882	1,402,533

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2008

	Notes	2008 HK$'000	2007 HK$'000
OPERATING ACTIVITIES			
Profit before taxation		269,303	191,757
Adjustments for:			
Allowance for inventories		130	6,369
Depreciation of property, plant and equipment		13,834	9,307
Loss on disposal of property, plant and equipment		99	2,959
Impairment loss on goodwill		355	–
Interest expenses		2,675	3,168
Interest income		(1,190)	(23)
Operating cash flows before movements in working capital		285,206	213,537
Increase in inventories		(402,794)	(221,438)
Increase in receivables, deposits and prepayments		(44,096)	(10,858)
(Decrease) increase in payables, deposit received and accrued charges		(32,490)	24,816
Increase in amount due to a fellow subsidiary		–	57
(Decrease) increase in amount due to related companies		(765)	689
Net cash (used in) generated from operations		(194,939)	6,803
Profits tax paid		(52,584)	(15,945)
NET CASH USED IN OPERATING ACTIVITIES		(247,523)	(9,142)
INVESTING ACTIVITIES			
Repayment from fellow subsidiaries		–	14,786
Repayment from immediate holding company		–	7
Proceeds from disposal of property, plant and equipment		–	52
Acquisition of subsidiaries	28	14,235	–
Interest received		1,190	23
Purchase of property, plant and equipment		(24,942)	(17,150)
NET CASH USED IN INVESTING ACTIVITIES		(9,517)	(2,282)



CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2008

	Notes	2008 HK$'000	2007 HK$'000
FINANCING ACTIVITIES			
Proceeds from issue of new shares		580,500	–
Expenses paid in connection with the issue of new shares		(21,708)	–
Dividend paid by a subsidiary to its then shareholders prior to the Group Reorganisation		(318,000)	–
Repayments of a finance lease		(75)	(75)
Interest paid		(2,675)	(3,168)
New bank loans raised		170,000	–
Repayments of bank loans		(174,200)	(33,989)
Advances from fellow subsidiaries		–	72,971
Advance from a related party		491	–
Advance from immediate holding company		142,834	31,801
Advance from ultimate holding company		–	2,860
Repayment to shareholders of immediate holding company		–	(9,520)
NET CASH FROM FINANCING ACTIVITIES		377,167	60,880
NET INCREASE IN CASH AND CASH EQUIVALENTS		120,127	49,456
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		46,706	(2,750)
Effect of foreign exchange rate changes		671	–
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, represented by bank balances and cash		167,504	46,706

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2008

1. GENERAL

The Company is a public limited company incorporated in Hong Kong and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") with effect from 21 July 2008. Its immediate holding company is Allmighty Group Limited ("Allmighty Group"), which was incorporated in British Virgin Islands ("BVI") with limited liability. The directors of the Company (the "Directors") consider that its ultimate holding company is STC International Limited, which was incorporated in BVI with limited liability and is the trustee for the Albert Yeung Discretionary Trust, the settlor of which is Dr. Yeung Sau Shing, Albert ("Dr. Albert Yeung"). The address of the registered office and principal place of business of the Company is 25/F, Emperor Group Centre, 288 Henessy Road, Wanchai, Hong Kong.

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

The Company acts as an investment holding company. The activities of its principal subsidiaries are set out in note 35.

Under a group reorganisation scheme (the "Group Reorganisation") to rationalise the structure of the Group in preparation for the listing of the Company's shares on the Stock Exchange, the Company became the holding company of the Group on 19 June 2008. Details of the Group Reorganisation were set out in the paragraph headed "Statutory and General Information – Corporate Reorganisation" in Appendix V to the prospectus of the Company dated 30 June 2008.

As part of the Group Reorganisation, promissory notes in aggregate of HK$373,006,000 were issued in April and June 2008 as settlement for transfer of shares in EWJ Watch & Jewellery Company Limited ("EWJ Macau"), Emperor Watch & Jewellery (HK) Company Limited ("EWJ HK") and Treasure Bright Investments Limited from Allmighty Group and its subsidiaries. In addition, an exchange of shares was taken place on 19 June 2008 where Multiford Group Limited, a wholly owned subsidiary of Allmighty Group, agreed to sell and the Company agreed to purchase the entire issued share capital of Wise Sunshine Enterprise Limited at a consideration satisfied by the allotment and issue of 9,999,999 shares by the Company, credited as fully paid, to Allmighty Group.

The Group Reorganisation completed on 19 June 2008 was in substance to intersperse Wise Sunshine Enterprises Limited and the Company between Allmighty Group and the then companies comprising the Group. The consolidated financial statements have been prepared by using the principles of merger accounting.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has applied the following amendments and interpretations ("new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") which are or have become effective.

HKAS 39 & HKFRS 7 (Amendments)	Reclassification of Financial Assets
HK(IFRIC) – Int 11	HKFRS 2 – Group and Treasury Share Transactions
HK(IFRIC) – Int 12	Service Concession Arrangements
HK(IFRIC) – Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The adoption of the new HKFRSs had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

The Group has not early applied the following new and revised standards, amendments or interpretations that have been issued but are not yet effective.

HKFRSs (Amendments)	Improvements to HKFRSs[1]
HKAS 1 (Revised)	Presentation of Financial Statements[2]
HKAS 23 (Revised)	Borrowing Costs[2]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[3]
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation[2]
HKAS 39 (Amendment)	Eligible Hedged Items[3]
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate[2]
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations[2]
HKFRS 3 (Revised)	Business Combinations[3]
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments[2]
HKFRS 8	Operating Segments[2]
HK(IFRIC) – Int 9 & HKAS 39 (Amendments)	Embedded Derivatives[4]
HK(IFRIC) – Int 13	Customer Loyalty Programmes[5]
HK(IFRIC) – Int 15	Agreements for the Construction of Real Estate[2]
HK(IFRIC) – Int 16	Hedges of a Net Investment in a Foreign Operation[6]
HK(IFRIC) – Int 17	Distribution of Non-cash Assets to Owners[3]
HK(IFRIC) – Int 18	Transfers of Assets from Customers[7]

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

[1] Effective for annual periods beginning on or after 1 January 2009 except for the amendments to HKFRS 5, effective for annual periods beginning on or after 1 July 2009

[2] Effective for annual periods beginning on or after 1 January 2009

[3] Effective for annual periods beginning on or after 1 July 2009

[4] Effective for annual periods ending on or after 30 June 2009

[5] Effective for annual periods beginning on or after 1 July 2008

[6] Effective for annual periods beginning on or after 1 October 2008

[7] Effective for transfers on or after 1 July 2009

The application of HKFRS 3 (Revised) may affect the Group's accounting for business combination for which the acquisition date is on or after 1 January 2010. HKAS 27 (Revised) will affect the accounting treatment for changes in the Group's ownership interest in a subsidiary. The Directors anticipate that the application of the other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared on the historical cost basis and in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Companies Ordinance. The principal accounting policies adopted are set out below.

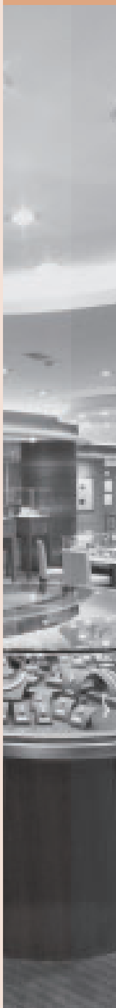
Basis of consolidation

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

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

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

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



3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Merger accounting for business combination involving entities under common control

The consolidated financial statements incorporate the financial statements items of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling party.

The net assets of the combining entities or businesses are consolidated using the existing book values from the controlling parties' perspective. No amount is recognised in respect of goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest.

The consolidated income statement includes the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where this is a shorter period, regardless of the date of the common control combination.

The comparative amounts in the consolidated financial statements are presented as if the entities or businesses had been combined at the previous balance sheet date or when they first came under common control, whichever is shorter.

Goodwill

Goodwill arising on an acquisition of a business represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities of the relevant business at the date of acquisition. Such goodwill is carried at cost less any accumulated impairment losses.

Capitalised goodwill arising on an acquisition of a business is presented separately in the consolidated balance sheet.

For the purposes of impairment testing, goodwill arising from an acquisition is allocated to each of the relevant cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the acquisition. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, and whenever there is an indication that the unit may be impaired. For goodwill arising on an acquisition in a financial year, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that financial year. When the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated to reduce the carrying amount of any goodwill allocated to the unit first, and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in the consolidated income statement. An impairment loss for goodwill is not reversed in subsequent periods.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Goodwill (Continued)

On subsequent disposal of the relevant cash-generating unit, the attributable amount of goodwill capitalised is included in the determination of the amount of profit or loss on disposal.

Revenue recognition

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

Revenue from sales of goods is recognised when the goods are sold and title has passed.

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

Property, plant and equipment

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

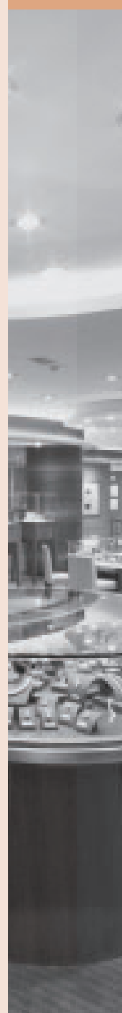
Depreciation is provided to write off the cost of items of property, plant and equipment over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method.

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

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 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.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using specific identification basis for watches and certain identifiable and separable jewellery, and the weighted average method for other jewellery.



3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investment in a subsidiary

Investment in a subsidiary is included in the Company's balance sheet at cost less any identified impairment loss.

Financial instruments

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

Financial assets

The Group's financial assets are all classified as loans and receivables.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period.

Interest income is recognised on an effective interest basis.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At each balance sheet date subsequent to initial recognition, loans and receivables (including receivables, deposits, amount due from immediate holding company and bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment loss on financial assets below).

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been impacted.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For financial assets that are assessed not to be impaired individually, such as receivables, are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio, as well as observable changes in national or local economic conditions that correlate with default on receivables. No credit period is granted by the Group as the receivables are all correlate to credit cards centers.

For financial assets carried at amortised cost, 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 estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2008

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

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.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Interest expense is recognised on an effective interest basis.

Financial liabilities

Financial liabilities (including payables, amount due to immediate holding company, amounts due to related companies, amount due to a related party, dividend payable, obligation under a finance lease and bank borrowings) are subsequently measured at amortised cost, using the effective interest method.

Equity instruments

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

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 receivable 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 or cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

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.

Taxation

Taxation represents the sum of the tax currently payable and deferred taxation.

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 or expense that are taxable or deductible in other years, and it further excludes income statement items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred taxation 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 taxation 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 of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred taxation liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxation (Continued)

Deferred taxation 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 taxation 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 taxation is also dealt with in equity.

Borrowing costs

All borrowing costs are recognised as and included in finance costs in the consolidated income statement in the year in which they are incurred.

Retirement benefit costs

Payments to defined contribution retirement benefit plans, the Mandatory Provident Fund Scheme and state-managed retirement benefit schemes are charged as an expense when employees have rendered service entitling them to the contributions.

Foreign currencies

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

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise.

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 Group (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 translation reserve).

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Share-based payment transactions

Share options granted to Directors and employees of the Group

The fair value of services received determined by reference to the fair value of share options granted at the grant date is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity (share options reserve).

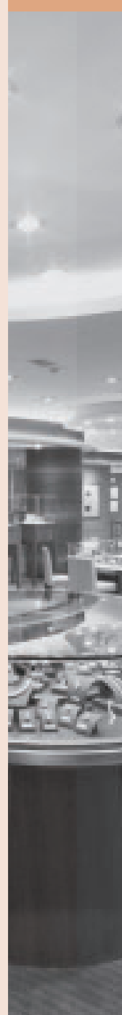
At each balance sheet date, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the estimates during the vesting period, if any, is recognised in profit or loss, with a corresponding adjustment to share options reserve.

At the time when the share options are exercised, the amount previously recognised in share options reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share options reserve will be transferred to accumulated profits.

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 those assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.



4. KEY SOURCE OF ESTIMATION UNCERTAINTY

In the process of applying the Group's accounting policies, which are described in note 3, the management of the Company has made the following estimation that have a significant risk of causing a material adjustment to the carrying amount of assets within the next financial year.

Allowance for inventories

The management of the Company estimates the net realisable value of inventories based primarily on the latest market prices and current market conditions. The Group carries out an inventory review at each balance sheet date and makes allowance on obsolete and slow moving items to write off or write down inventories to their net realisable values. Where the subsequent estimated net realisable value of inventories is less than the original estimate, a material impairment loss may arise.

5. REVENUE AND SEGMENT INFORMATION

Revenue represents the net amounts received and receivable for goods sold less returns and trade discount.

Geographical segments

In prior year, the operations of the Group were located in Hong Kong and Macau only. Subsequent to the acquisition of several subsidiaries during the year as detailed in note 28, the Group has expanded its operations to other regions in the People's Republic of China ("PRC").

The operations of the Group are currently located in Hong Kong, Macau and other regions in the PRC. The corresponding geographical locations of the Group's assets, which are the same as locations of customers, are the basis on which the Group reports its primary segment information.

Consolidated income statement for the year ended 31 December 2008

	Hong Kong HK$'000	Macau HK$'000	Other regions in the PRC HK$'000	Elimination HK$'000	Consolidated HK$'000
Revenue					
External sales	1,721,831	101,993	18,645	–	1,842,469
Inter-segment sales*	43,907	7,849	2,173	(53,929)	–
	1,765,738	109,842	20,818	(53,929)	1,842,469
* Inter-segment sales are charged at cost					
Segment profit (loss)	280,756	17,493	(8,587)	–	289,662
Unallocated corporate expenses					(9,693)
Interest income					1,190
IPO expenses					(9,181)
Finance costs					(2,675)
Profit before taxation					269,303
Taxation					(47,081)
Profit for the year					222,222

5. REVENUE AND SEGMENT INFORMATION (Continued)

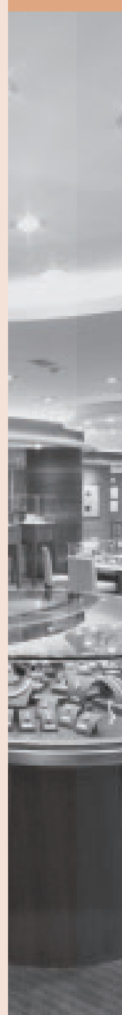
Geographical segments (Continued)

Other information for the year ended 31 December 2008

	Hong Kong HK$'000	Macau HK$'000	Other regions in the PRC HK$'000	Consolidated HK$'000
Additions to property, plant and equipment	18,384	1,274	6,063	25,721
Depreciation	(11,449)	(1,895)	(490)	(13,834)
Loss on disposal of property, plant and equipment	(99)	–	–	(99)
Impairment loss on goodwill	–	–	(355)	(355)

Consolidated balance sheet as at 31 December 2008

	Hong Kong HK$'000	Macau HK$'000	Other regions in the PRC HK$'000	Consolidated HK$'000
ASSETS				
Segment assets	1,199,915	107,752	64,828	1,372,495
Unallocated corporate assets				167,508
Consolidated total assets				1,540,003
LIABILITIES				
Segment liabilities	46,409	1,335	54,398	102,142
Unallocated corporate liabilities				35,328
Consolidated total liabilities				137,470



5. REVENUE AND SEGMENT INFORMATION (Continued)

Geographical segments (Continued)

Consolidated income statement for the year ended 31 December 2007

	Hong Kong HK$'000	Macau HK$'000	Elimination HK$'000	Consolidated HK$'000
Revenue				
External sales	1,483,665	77,798	–	1,561,463
Inter-segment sales*	33,138	–	(33,138)	–
	1,516,803	77,798	(33,138)	1,561,463
* Inter-segment sales are charged at cost				
Segment profit	188,897	10,813	–	199,710
Unallocated corporate expenses				(4,808)
Interest income				23
Finance costs				(3,168)
Profit before taxation				191,757
Taxation				(32,969)
Profit for the year				158,788

5. REVENUE AND SEGMENT INFORMATION (Continued)

Geographical segments (Continued)

Other information for the year ended 31 December 2007

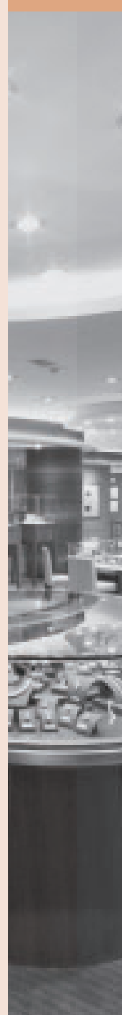
	Hong Kong HK$'000	Macau HK$'000	Consolidated HK$'000
Additions to property, plant and equipment	17,135	406	17,541
Depreciation	(7,647)	(1,660)	(9,307)
Loss on disposal of property, plant and equipment	(2,959)	–	(2,959)

Consolidated balance sheet as at 31 December 2007

	Hong Kong HK$'000	Macau HK$'000	Consolidated HK$'000
ASSETS			
Segment assets	795,365	67,630	862,995
Unallocated corporate assets			46,706
Consolidated total assets			909,701
LIABILITIES			
Segment liabilities	71,026	2,879	73,905
Unallocated corporate liabilities			474,579
Consolidated total liabilities			548,484

Business segment

The Group is principally engaged in the sales of watches and jewellery. No business segment analysis is presented as the management of the Company considers this as a single business segment.



6. OTHER INCOME

	2008 HK$'000	2007 HK$'000
Interest income from bank deposits	1,190	23
Others	349	86
	1,539	109

7. FINANCE COSTS

	2008 HK$'000	2007 HK$'000
Interests on:		
bank borrowings wholly repayable within five years	2,664	3,157
finance lease	11	11
	2,675	3,168

8. PROFIT BEFORE TAXATION

	2008 HK$'000	2007 HK$'000
Profit before taxation has been arrived at after charging:		
Allowance for inventories	130	6,369
Auditor's remuneration		
– current year	1,500	1,415
– underprovision in prior year	353	–
Cost of inventories included in cost of sales	1,324,515	1,200,388
Depreciation of property, plant and equipment	13,834	9,307
Impairment loss on goodwill	355	–
Loss on disposal of property, plant and equipment	99	2,959
Operating lease payment in respect of rented premises	97,052	49,503
Staff costs, including Directors' remuneration		
– salaries and other benefits costs	78,553	69,988
– retirement benefits scheme contributions	2,290	1,512

9. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

(a) Directors

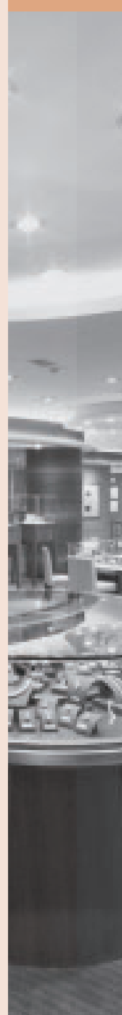
Details of the emoluments paid and payable to the Directors for the years ended 31 December 2008 and 2007 are as follows:

For the year ended 31 December 2008

	Fees HK$'000	Salaries, allowance and benefits-in-kind HK$'000	Performance related incentive payment HK$'000	Retirement benefits scheme contributions HK$'000	Total HK$'000
Ms. Cindy Yeung	45	1,890	1,000	12	2,947
Mr. Chan Hung Ming	45	1,158	227	12	1,442
Mr. Wong Chi Fai	45	–	–	–	45
Ms. Fan Man Seung, Vanessa	45	–	–	–	45
Ms. Yip Kam Man	67	–	–	–	67
Mr. Chan Hou Piu	67	–	–	–	67
Ms. Lai Ka Fung, May	67	–	–	–	67
	381	3,048	1,227	24	4,680

For the year ended 31 December 2007

	Fees HK$'000	Salaries, allowance and benefits-in-kind HK$'000	Performance related incentive payment HK$'000	Retirement benefits scheme contributions HK$'000	Total HK$'000
Ms. Cindy Yeung	–	840	141	12	993
Mr. Chan Hung Ming	–	494	458	12	964
Mr. Wong Chi Fai	–	–	–	–	–
Ms. Fan Man Seung, Vanessa	–	–	–	–	–
Ms. Yip Kam Man	–	–	–	–	–
Mr. Chan Hon Piu	–	–	–	–	–
Ms. Lai Ka Fung, May	–	–	–	–	–
	–	1,334	599	24	1,957



9. DIRECTORS' AND EMPLOYEES' EMOLUMENTS (Continued)

(b) Employees

Of the five individuals with the highest emoluments in the Group, two (2007: nil) were the Directors whose emoluments are included in the note 9(a) above. The emoluments of the remaining three (2007: five) individuals were as follows:

	2008 HK$'000	2007 HK$'000
Salaries, allowance and benefits-in-kind	3,205	3,137
Performance related incentive payment	355	3,006
Retirement benefits scheme contributions	39	63
	3,599	6,206

Their emoluments were within the following bands:

	Number of employees	
	2008	2007
HK$1,000,001 to HK$1,500,000	3	5

Notes:

(i) The performance related incentive payment is determined as a percentage of the turnover of the Group for the year.

(ii) No Director waived any emoluments during the two years ended 31 December 2008.

10. TAXATION

	2008 HK$'000	2007 HK$'000
The charge comprises:		
Current year		
Hong Kong	44,029	31,813
PRC	50	–
Macau	2,086	1,261
	46,165	33,074
Under(over)provision in prior year:		
Hong Kong	(30)	–
Macau	336	–
	306	–
Deferred taxation (note 23):		
Current year charge (credit)	625	(105)
Attributable to a change in tax rate	(15)	–
	610	(105)
	47,081	32,969

On 26 June 2008, the Hong Kong Legislative Council passed the Revenue Bill 2008 which reduced corporate profits tax rate from 17.5% to 16.5% effective from the year of assessment 2008/2009. Therefore, Hong Kong Profits Tax is calculated at 16.5% (2007: 17.5%) of the estimated assessable profit for the year. The brought forward deferred taxation liability balance has been adjusted to reflect the tax rates that are expected to apply to the respective periods when the asset is realised or the liability is settled.

On 16 March 2007, the PRC promulgated the Law of the PRC on Enterprise Income Tax (the "New Law") by Order No. 63 of the President of the PRC. On 6 December 2007, the State Council of the PRC issued Implementation Regulation of the New Law. Under the New Law and Implementation Regulation, the Enterprise Income Tax rate of the Group's subsidiaries in the PRC was 25% from 1 January 2008 onwards.

The Macau Complimentary Income Tax is calculated progressively at rates ranging from 3% to 12% of the estimated assessable profit for the year.

Details of deferred taxation are set out in note 23.

10. TAXATION (Continued)

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

	2008 HK$'000	2007 HK$'000
Profit before taxation	269,303	191,757
Tax charge at Hong Kong Profits Tax rate of 16.5% (2007: 17.5%)	44,435	33,557
Tax effect of expenses not deductible for tax purpose	2,593	2
Tax effect of income not taxable for tax purpose	(182)	–
Effect of different tax rates of a subsidiary operated in other jurisdiction	(914)	(590)
Tax effect of tax losses not recognised	875	–
Underprovision in respect of prior years	306	–
Others	(32)	–
Taxation for the year	47,081	32,969

11. DIVIDENDS

A final dividend for the year ended 31 December 2008 of HK0.6 cent per share has been proposed by the Directors and is subject to approval by the shareholders in forthcoming annual general meeting.

No dividend has been paid or declared by the Company since its incorporation and up to the year ended 31 December 2008.

During the year ended 31 December 2008, Emperor Watch & Jewellery (HK) Company Limited ("EWJHK"), a subsidiary of the Company, declared and approved an interim dividend of HK$730,000 per share in respect of the year ended 31 December 2008 amounting to HK$73,000,000 and paid to its then shareholder in May 2008.

During the year ended 31 December 2007, EWJHK declared and approved an interim dividend of HK$2,450,000 per share in respect of the year ended 31 December 2007 amounting to HK$245,000,000. The interim dividend was subsequently paid to its then shareholder in February 2008.

12. EARNINGS PER SHARE

The calculations of basic earnings per share are based on the profit for the year of HK$222,571,000 (2007: HK$158,788,000) attributable to equity holders of the Company and on the basis of 2,070,983,607 weighted average number of ordinary shares that would have been issued throughout the year (2007: 10,000,000 shares in issue on the assumption that the Group Reorganisation had been effective on 1 January 2007).

No diluted earnings per share has been presented as there is no potential dilutive ordinary shares outstanding during the years ended 31 December 2008 and 2007.

13. PROPERTY, PLANT AND EQUIPMENT

THE GROUP

	Leasehold improvements HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicle HK$'000	Total HK$'000
COST				
At 1 January 2007	20,747	8,992	406	30,145
Additions	13,668	3,873	–	17,541
Disposals	(5,192)	(3,620)	–	(8,812)
At 31 December 2007	29,223	9,245	406	38,874
Additions	17,612	7,330	–	24,942
Acquisition of subsidiaries	406	373	–	779
Disposals	(136)	(51)	–	(187)
At 31 December 2008	47,105	16,897	406	64,408
ACCUMULATED DEPRECIATION				
At 1 January 2007	8,006	5,434	135	13,575
Provided for the year	8,046	1,180	81	9,307
Eliminated on disposals	(2,420)	(3,381)	–	(5,801)
At 31 December 2007	13,632	3,233	216	17,081
Provided for the year	11,792	1,961	81	13,834
Eliminated on disposals	(53)	(35)	–	(88)
At 31 December 2008	25,371	5,159	297	30,827
CARRYING VALUES				
At 31 December 2008	21,734	11,738	109	33,581
At 31 December 2007	15,591	6,012	190	21,793

13. PROPERTY, PLANT AND EQUIPMENT (Continued)

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

Leasehold improvements	Over the unexpired lease term or five years, whichever is shorter
Furniture, fixtures and equipment	10% – 33.3%
Motor vehicle	20%

The carrying value of a motor vehicle held under a finance lease as at 31 December 2008 was HK$92,000 (2007: HK$166,000).

14. INVENTORIES

	THE GROUP	
	2008 HK$'000	2007 HK$'000
Raw materials	10,588	10,572
Goods held for resale	1,194,829	790,227
	1,205,417	800,799

15. INVESTMENT IN SUBSIDIARY

	THE COMPANY	
	2008 HK$'000	2007 HK$'000
Unlisted shares	373,006	–
Deemed capital contribution (note 17)	482,543	–
	855,549	–

16. RECEIVABLES, DEPOSITS AND PREPAYMENTS

	THE GROUP	
	2008 HK$'000	2007 HK$'000
Trade receivables	8,612	9,997
Rental deposits	58,999	18,363
Other receivables, deposits and prepayments	65,886	12,043
	133,497	40,403

The sales are normally settled within 7 days.

16. RECEIVABLES, DEPOSITS AND PREPAYMENTS (Continued)

All trade receivables at the respective balance sheet dates are aged less than 7 days. Whole of the trade receivables are neither past due nor impaired. The concentration of risk is limited as majority of sales transactions are settled by credit cards and cash, while the counterparties are either banks or other financial institutions with minimal credit risk.

The Group's trade receivables that are not denominated in the functional currencies of the respective group entities are as follows:

	2008 HK$'000	2007 HK$'000
Macau Pataca ("MOP")	267	1,708

17. AMOUNT DUE FROM A SUBSIDIARY/IMMEDIATE HOLDING COMPANY

The Group/The Company

The amount due from immediate holding company is unsecured, interest-free and repayable on demand.

The Company

Amount due from a subsidiary with principal amount of HK$1,249,829,000 is expected to be settled by 31 December 2018. On application of HKAS 39 "Financial Instrument-Recognition and Measurement", the fair value of this amount is determined based on effective interest rate of 5% per annum on initial recognition. The difference between the principal amount of the advance and its fair value, determined on initial recognition amounting to HK$482,543,000, has been included in the investment cost in a subsidiary as deemed contribution to the subsidiary (note 15).

	2008 HK$'000	2007 HK$'000
Analysed for reporting purpose as:		
Current	48,254	–
Non-current	739,139	–
	787,393	–

18. BANK BALANCES AND CASH

Bank balances carry interest at market rates which range from 0.01% to 1.12% (2007: 2.25% to 2.5%) per annum.

The Group's bank balances and cash that are not denominated in the functional currencies of the respective group entities are as follow:

	2008 HK$'000	2007 HK$'000
Hong Kong dollars ("HKD")	35,486	–
MOP	956	987
United States dollars ("USD")	67	166

19. PAYABLES, DEPOSITS RECEIVED AND ACCRUED CHARGES

	THE GROUP	
	2008 HK$'000	2007 HK$'000
Trade payables	18,745	48,072
Other payables, deposit received and accrued charges	83,519	25,733
	102,264	73,805

The aged analysis of trade payables at the respective balance sheet dates are as follows:

	THE GROUP	
	2008 HK$'000	2007 HK$'000
0 – 30 days	16,849	33,709
31 – 60 days	1,388	13,531
61 – 90 days	43	767
Over 90 days	465	65
	18,745	48,072

The Group normally receives credit terms of 30 to 60 days.

19. PAYABLES, DEPOSITS RECEIVED AND ACCRUED CHARGES (Continued)

The Group's trade payables that are not denominated in the functional currencies of the respective group entities are as follows:

	2008 HK$'000	2007 HK$'000
USD	952	9,184

20. AMOUNT(S) DUE TO IMMEDIATE HOLDING COMPANY/RELATED COMPANIES/ A RELATED PARTY

The amounts due to immediate holding company/related companies were unsecured, interest-free and were fully settled during the year ended 31 December 2008.

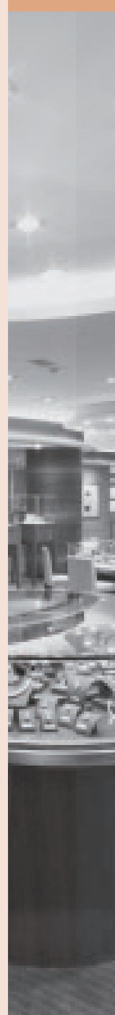
The related companies represented subsidiaries held by a substantial shareholder of the Company.

The amount due to a related party represented amount due to Dr. Albert Yeung, a substantial shareholder of the Company, is unsecured, interest-free and repayable on demand.

21. OBLIGATION UNDER A FINANCE LEASE

The Group

	Minimum lease payments		Present value of minimum lease payments	
	2008 HK$'000	2007 HK$'000	2008 HK$'000	2007 HK$'000
Amount payable under a finance lease:				
Within one year	28	86	25	75
In more than one year but not more than two years	–	28	–	25
	28	114	25	100
Less: Future finance charges	(3)	(14)	–	–
Present value of lease obligation	25	100	25	100
Less: Amount due within one year shown under current liabilities			(25)	(75)
Amount due after one year			–	25



21. OBLIGATION UNDER A FINANCE LEASE (Continued)

The Group has leased its motor vehicle under a finance lease. The lease term is 4 years. Interest rate underlying obligation under a finance lease is fixed at the contract date at 3.5% per annum.

The Group's obligation under a finance lease is secured by the lessor's charge to the leased asset.

22. BANK BORROWINGS

	THE GROUP	
	2008	2007
	HK$'000	HK$'000
Secured bank loans	17,400	21,600
Carrying amount repayable:		
Within one year	4,200	4,200
In more than one year but not more than two years	13,200	4,200
In more than two years but not more than five years	–	13,200
	17,400	21,600
Less: Amount due within one year shown under current liabilities	(4,200)	(4,200)
Amount due after one year	13,200	17,400

The bank borrowings carry interest at weighted average effective interest rates of approximately 3.51% (2007: 5.98%) per annum and were secured over certain properties of fellow subsidiaries in prior year. The charges had been released upon the provision of limited guarantee by the Company to the bank during the year. Details of the limited guarantee provided by the Company are set out in note 34.

The ranges of effective interest rates (which are also equal to contracted interest rates) on the Group's bank borrowings are as follows:

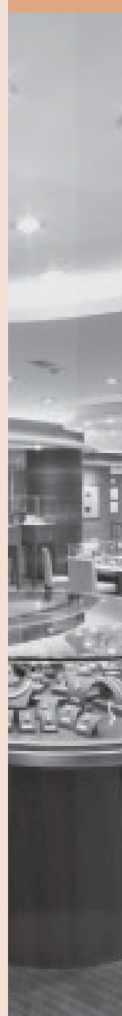
	2008		2007	
	HK$'000	%	HK$'000	%
Effective interest rate:				
Variable-rate borrowings	17,400	1.45-4.06	21,600	4.20-8.31

23. DEFERRED TAXATION

The following is the major deferred taxation liability recognised by the Group and the movements thereon during the year:

	Accelerated tax depreciation HK$'000
At 1 January 2007	367
Credit to consolidated income statement	(105)
At 31 December 2007	262
Charge to consolidated income statement	625
Effect of change in tax rate	(15)
At 31 December 2008	872

At the balance sheet date, the Group has unused tax losses of approximately HK$5,304,000 (2007: Nil) available to off set against future profits. No deferred taxation asset has been recognised in respect of tax losses due to unpredictability of future profit streams. Included in unrecognised tax loses are approximately HK$5,304,000 (2007: Nil) that will expire on 31 December 2013.



24. SHARE CAPITAL

(i) The amount of share capital of HK$3,000 shown on consolidated balance sheet as at 31 December 2007 represented the aggregate issued share capital of Beauty Royal Limited, Charter Loyal Limited, Emperor Watch & Jewellery (HK) Company Limited, Glad Fortune Limited, Glory Wish Limited, Moral Step Limited, Perfect Perform Limited, Treasure Bright Investments Limited and Trillion Winner Limited, all of which became subsidiaries of the Company during the year.

(ii) The movements in the Company's authorised and issued share capital during the period from 13 March 2008 (date of incorporation) to 31 December 2008 are as follows:

	Notes	Number of shares	Amount HK$'000
Ordinary shares of HK$0.01 each			
Authorised:			
Upon incorporation on 13 March 2008	(a)	1,000,000	10
Increase in authorised share capital	(b)	99,999,000,000	999,990
At 31 December 2008		100,000,000,000	1,000,000
Issued and fully paid:			
Issue of shares on 18 March 2008	(a)	1	–
Issue of shares to the sole shareholder in accordance with the Group Reorganisation	(c)	9,999,999	100
Issue of shares by way of capitalisation of loan from immediate holding company	(d)	3,140,000,000	31,400
Issue of shares by way of placing and public offer	(e)	1,350,000,000	13,500
At 31 December 2008		4,500,000,000	45,000

24. SHARE CAPITAL (Continued)

(ii) (Continued)

(a) Upon incorporation, the authorised share capital of the Company was HK$10,000 dividend into 1,000,000 ordinary shares of HK$0.01 each. One subscriber's share of HK$0.01 was transferred to Allmighty Group on 19 March 2008.

(b) On 19 June 2008, the authorised share capital of the Company was increased from HK$10,000 to HK$1,000,000,000 by the creation of an additional 99,999,000,000 ordinary shares of HK$0.01 each.

(c) On 19 June 2008, as part of the Group Reorganisation, 9,999,999 new ordinary shares of HK$0.01 each were allotted and issued to Allmighty Group in exchange of the entire issued share capital of Wise Sunshine Enterprises Limited held by Multifold Group Limited, a company wholly owned by Allmighty Group.

(d) On 17 July 2008, as part of the Group Reorganisation, 3,140,000,000 new ordinary shares of HK$0.01 each were allotted and issued to Allmighty Group by way of capitalisation of loan from Allmighty Group.

(e) On 17 July 2008, 1,350,000,000 new ordinary shares of HK$0.01 each were issued by way of placing to professional, institutional and private investors and public offer to the public at a price of HK$0.43 per share. On 21 July 2008, the Company's shares were listed on the Main Board of the Stock Exchange.

All the shares which were issued by the Company during the period rank pari passu with each other in all aspects.

25. RESERVES

The Group

(a) Other reserve represents the aggregate amount of:

(i) the difference between the nominal value of share capital and the amount due to immediate holding company capitalised for issue of 344 ordinary shares of US$1 each in Treasure Bright Investments Limited of HK$343,997,000;

(ii) the capital contribution by Allmighty Group in Emperor Watch and Jewellery Company Limited prior to the Group Reorganisation of HK$6,000; and

(iii) promissory notes issued in exchange for shares in EWJ Macau, EWJ HK and Treasure Bright Investments Limited.

(b) Capital reserve represents the excess of the value of net assets acquired over purchase consideration from Emperor Watch and Jewellery Company, Limited (now renamed as Prime Sharp Limited), a fellow subsidiary, by Emperor Watch & Jewellery (HK) Company Limited in 1987.

25. RESERVES (Continued)

The Company

	Share premium HK$'000	Accumulated profit HK$'000	Total HK$'000
At 13 March 2008	–	–	–
Profit for the period and total recognised income for the period	–	10,512	10,512
Issue of shares by the Company at nil-paid and credited as fully paid arising from the Group Reorganisation	372,906	–	372,906
Issue of shares by way of capitalisation of loan from immediate holding company	668,865	–	668,865
Issue of shares by way of placing and public offering	567,000	–	567,000
Expenses incurred in connection with issue of new shares	(21,708)	–	(21,708)
At 31 December 2008	1,587,063	10,512	1,597,575

26. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure the entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balances.

The capital structure of the Group consists of debts, which includes borrowings disclosed in note 22, cash and cash equivalents and equity attributable to equity holders of the Company, comprising issued share capital and reserves.

The Directors review the capital structure periodically. The Group considers the cost of capital and risks associated with the capital, and will balance its overall capital structure through the new share issues of the Company as well as the raise of bank borrowings.

The Group's overall strategy remains unchanged from prior year.

27. FINANCIAL INSTRUMENTS

a. Categories of financial instruments

	THE GROUP		THE COMPANY	
	2008	2007	2008	2007
	HK$'000	HK$'000	HK$'000	HK$'000
Financial assets				
Loans and receivables (including cash and cash equivalent)	185,273	66,079	787,408	–
Financial liabilities				
At amortised cost	98,772	510,046	–	–

b. Financial risk management objectives and policies

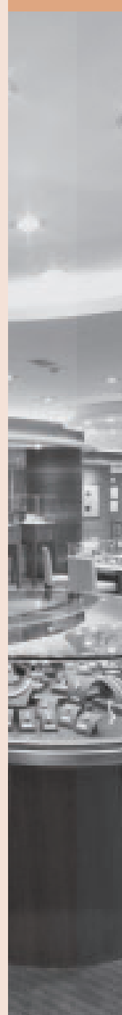
The Group's financial instruments include receivables, deposits, amount due from immediate holding company, bank balances and cash, payables, amount due to immediate holding company, amounts due to related companies, amount due to a related party, dividend payable, obligation under a finance lease and bank borrowings. 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 of the Company manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

The Group's activities expose primarily to the financial risks of changes in interest rates and foreign currency exchange rates (see below).

(i) Interest rate risk

The Group has exposed to cash flow interest rate risk due to the fluctuation of the prevailing market interest rate on bank borrowings (see note 22), which carry at prevailing market interest rates (i.e. margin % plus HIBOR). The Group currently does not use any derivative contracts to hedge its exposure to interest rate risk. However, the management of the Company will consider hedging significant interest rate exposure should the need arise.



27. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

Market risk (Continued)

(i) Interest rate risk (Continued)

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates from the Group's variable-rate bank borrowings. The analysis is prepared assuming the bank borrowings outstanding at the balance sheet date was outstanding for the whole year. A 200 basis points (2007: 200 basis points) increase or decrease is used, which represents management's assessment of the reasonable possible change in interest rates.

If interest rates had been 200 basis points (2007: 200 basis points) higher and all other variables were held constant, the Group's post-tax profit for the year ended 31 December 2008 would decrease by HK$291,000 (2007: HK$502,000). An equal and opposite impact on the Group's post-tax profits for the year would be resulted if the interest rates has been 200 basis points (2007: 200 basis points) lower.

(ii) Foreign currency risk

The Group undertakes certain sales and purchases transactions denominated in MOP, RMB, HKD and USD. As the foreign exchange rate of HKD is closed to MOP and HKD is pegged with USD, the Directors consider the Group's exposure to foreign currency risk of these currencies is minimal. The Group is mainly exposed to currency fluctuation of RMB against HKD, the functional currency of the relevant group entitles. The Group manages its foreign currency risk by closely monitoring the movements of the foreign currency rates. The Directors conduct periodical review of foreign currency exposure and will consider hedging significant foreign exchange exposure should the need arise.

27. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

Market risk (Continued)

(ii) Foreign currency risk (Continued)

The carrying amounts of the Group's foreign currency denominated monetary assets and liabilities at the respective balance sheet dates are as follows:

	2008 HK$'000	2007 HK$'000
Assets		
HKD	35,486	–
MOP	1,223	2,695
USD	67	166
Liabilities		
USD	952	9,184

Sensitivity analysis

The following table details the Group's sensitivity to a 2% (2007: Nil) appreciation in RMB, which is the functional currency of the relevant Group entities, relative to HKD. 2% (2007: Nil) is the sensitivity rate used in the management's assessment of the reasonably possible change in foreign currency rates. The sensitivity analysis in the following table includes only outstanding HKD denominated monetary items and adjusts their translation at the year end for 2% (2007: Nil) change in foreign currency rate. A negative number indicates decrease in profit for the year. There would be an equal and opposite impact on the profit for the year where RMB weakens 2% (2007: Nil) against HKD.

	2008 HK$'000	2007 HK$'000
HKD	(710)	–

27. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

Credit risk

The Group

As at 31 December 2008, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amounts of the respective recognised financial assets as stated in the balance sheet.

The management of the Company considers the credit risk exposure of the Group is low as the sales are normally settled within 7 days. The management of the Company nonetheless reviews the recoverable amount of each individual debt regularly, if any, to ensure that adequate impairment losses are recognised for irrecoverable amounts. In this regard, the Directors consider that the Group's credit risk is significantly reduced.

The Group has a certain concentration of credit risk as 34% (2007: Nil) of receivables, deposits and prepayments was placed as consignment deposit to a consignor in the PRC.

The Group has no other significant concentration of credit risk, with exposure spread over a large number of counterparties. In addition, sales are made in either cash or via major credit cards issued by banks or other financial institutions. The credit risk on liquid funds and credit card sales are limited because the counterparties are either banks or other financial institutions with high credit rankings assigned by credit-rating agencies, or state-owned banks.

The Company

The Company's credit risk is primarily attributable to amount due from a subsidiary. In order to minimise the credit risk, the Directors of the Company review the recoverable amount of amount due from a subsidiary at balance sheet date to ensure that adequate impairment loss is made for irrecoverable amount. In this regard, the Directors of the Company consider that the Company's credit risk is significantly reduced.

The Company has provided limited financial guarantee to a subsidiary. The management considers the Company's exposure to credit risk arising from default payment by this subsidiary to the bank is limited as this subsidiary has sufficient net assets to repay its borrowing to bank.

27. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

Liquidity risk

The Group's liquidity position is monitored closely by the management of the Company. In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management of the Company monitors the utilisation of bank borrowings and ensures compliance with loan covenants.

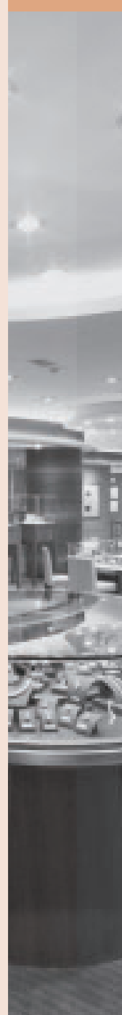
The Group mainly relies on bank borrowings as a significant source of liquidity. As at 31 December 2008, the Group has available unutilised overdraft and bank loan facilities of HK$205,500,000 (2007: HK$45,350,000).

The following table details the Group's remaining contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

THE GROUP

	Weighted average effective interest rate %	Less than 3 months HK$'000	3-6 months HK$'000	6-12 months HK$'000	1-2 years HK$'000	2-5 years HK$'000	Total undiscounted cash flows HK$'000	Total HK$'000
At 31 December 2008								
Payables	-	80,856	-	-	-	-	80,856	80,856
Amount due to a related party	-	491	-	-	-	-	491	491
Obligation under a finance lease	3.50	21	7	-	-	-	28	25
Bank borrowings	3.40	1,150	1,144	2,269	13,464	-	18,027	17,400
		82,518	1,151	2,269	13,464	-	99,402	98,772
At 31 December 2007								
Payables	-	58,195	65	-	-	-	58,260	58,260
Amount due to immediate holding company	-	184,421	-	-	-	-	184,421	184,421
Amounts due to related companies	-	765	-	-	-	-	765	765
Obligation under a finance lease	3.50	21	22	43	28	-	114	100
Dividend payable	-	245,000	-	-	-	-	245,000	245,000
Bank borrowings	5.98	1,368	1,352	2,657	5,126	13,874	24,377	21,600
		489,770	1,439	2,700	5,154	13,874	512,937	510,146

The Company has no contractual liability as at 31 December 2008.



27. FINANCIAL INSTRUMENTS (Continued)

c. Fair value

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

The Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair values.

28. ACQUISITION OF SUBSIDIARIES

During the year, the Group acquired 100% of the issued share capital of Nobel Strength Investments Limited, Riverdragon Investments Limited, Famous Gold Investments Limited, Luckcharm Limited, Timejoy Group Limited and their subsidiaries for a total consideration of HK$47. The principal activity of these companies is investment holding while their subsidiaries are mainly engaged in sales of watches and jewellery. This acquisition has been accounted for using the purchase method. The amount of goodwill arising as a result of the acquisition was HK$355,000 and was impaired at year end.

The net assets acquired in the transactions, and the goodwill arising, are as follows:

	Fair value HK$'000
Net assets acquired:	
Property, plant and equipment	779
Inventories	1,851
Receivables, deposits and prepayments	48,110
Bank balances and cash	14,235
Trade and other payable	(60,403)
	4,572
Minority interests	(4,927)
	(355)
Goodwill	355
Total consideration satisfied by cash	–
Net cash inflow arising on the acquisition:	
Cash consideration paid	–
Bank balances and cash acquired	14,235
	14,235

The Directors consider the carrying value of net assets acquired approximates its fair value.

28. ACQUISITION OF SUBSIDIARIES (Continued)

The acquired subsidiaries contributed HK$7.6 millions of net loss to the Group for the period between the date of acquisition and the balance sheet date.

If the acquisition had been completed on 1 January 2008, total group revenue for the year would have been HK$37 millions (unaudited), and net loss for the year would have been HK$4.9 millions (unaudited). 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 1 January 2008, nor is intended to be a projection of future results.

29. MAJOR NON-CASH TRANSACTIONS

As part of the Group Reorganisation, promissory notes in aggregate of HK$373,006,000 were issued in April and June 2008 as settlement for transfer of shares in EWJ Macau, EWJ HK and Treasure Bright Investments Limited.

On 19 June 2008, the Company issued 9,999,999 new ordinary shares of HK$0.01 each and credited as fully paid to Allmighty Group for the exchange of investment in Wise Sunshine Enterprises Limited held by Multifold Group Limited.

On 17 July 2008, the Company allotted 3,140,000,000 new ordinary shares of HK$0.01 each to Allmighty Group by the way of capitalisation of the sum of HK$700,265,000 standing to the credit of the share premium account of the Company.

During the year ended 31 December 2007, the outstanding balances of the amounts due from fellow subsidiaries of HK$45,744,000 and the amounts due to fellow subsidiaries and ultimate holding company of HK$100,072,000 and HK$2,860,000, respectively, were settled through the current account due to immediate holding company at a net amount of HK$57,188,000.

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For the year ended 31 December 2008

30. OPERATING LEASE ARRANGEMENTS

The Group as lessee

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

	2008 HK$'000	2007 HK$'000
Within one year	153,113	53,314
In the second to fifth year inclusive	243,706	47,855
	396,819	101,169

Operating lease payments represent rentals payable by the Group for its offices and shops. Leases are negotiated for terms ranging from one month to three years with fixed monthly rentals and no arrangements have been entered into for contingent rental payments.

Included in the above is future lease payments with related companies of approximately HK$164,464,000 (2007: HK$53,644,000).

The related companies represent subsidiaries owned by a substantial shareholder of the Company.

The Company had no operating lease arrangement at the balance sheet dates.

31. CAPITAL COMMITMENTS

	THE GROUP	
	2008 HK$'000	2007 HK$'000
Capital expenditure in respect of acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements	6,601	516

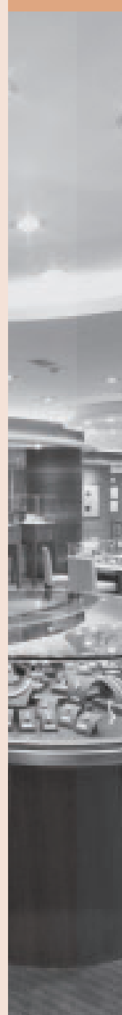
The Company had no capital commitment at the balance sheet dates.

32. SHARE OPTION SCHEME

Pursuant to the written resolutions passed by the then sole shareholder of the Company on 19 June 2008, the Company adopted a share option scheme (the "Share Option Scheme"). The purpose of the Share Option Scheme is to enable the Group to grant options to selected participants as incentives or rewards for their contribution to the Group. Under the Share Option Scheme, the Directors may, at their absolute discretion, invite any employee (whether full-time or part time, including any executive director but excluding any non-executive director), any non-executive director (including independent non-executive directors), any supplier of goods or services, any customer, any person or entity that provides research, development or other technological support, any shareholder, any adviser (professional or otherwise) or consultant to any area of business or business development of the Group or its investee companies to take up options to subscribe for shares in the Company representing up to a maximum 10% of the shares in issue as at the date of commencement of listing of shares of the Company on the Stock Exchange and subject to renewal with shareholders' approval.

The number of shares in respect of which options may be granted to any individual in aggregate within any 12-month period is not permitted to exceed 1% of the Company's issued share capital, without prior approval from the Company's shareholders. Options granted to substantial shareholders or independent non-executive directors in any one year exceeding the higher of 0.1% of the Company's shares in issue and with a value in excess of HK$5,000,000 must be approved by the Company's shareholders. Options granted must be taken up within 28 days of the date of grant, upon payment of HK$1 per each grant of options. Options may be exercised at any time from the date of acceptance of the share option to such date as determined by the board of directors but in any event not exceeding 10 years. The exercise price is determined by the Directors of the Company and will be not less than the highest of the closing price of the Company's shares on the date of grant, the average closing prices of the Company's shares for the five business days immediately preceding the date of grant and the nominal value of the Company's shares.

No option was granted by the Company under the Share Option Scheme since its adoption and up to 31 December 2008.



33. RETIREMENT BENEFITS SCHEMES

The Group participates in defined contribution schemes which are registered under the Hong Kong Occupational Retirement Scheme Ordinance (the "ORSO" Scheme) and a Mandatory Provident Fund Scheme (the "MPF Scheme") established under the Hong Kong Mandatory Provident Fund Ordinance in December 2000. The assets of the schemes are held separately from those of the Group, in funds under the control of independent trustees. Employees who were members of the ORSO Scheme prior to the establishment of the MPF Scheme were offered a choice of staying within the ORSO Scheme or switching to the MPF Scheme, whereas all new employees joining the Group on or after 1 December 2000 are required to join the MPF Scheme.

The retirement benefit cost charged to the consolidated income statement represents contributions payable to the funds by the Group at rates specified in the rules of the schemes. Where there are employees who leave the ORSO Scheme prior to vesting fully in the contributions, the contributions payable by the Group are reduced by the amount of forfeited contributions.

For members of the MPF Scheme, the Group contributes 5% of relevant payroll costs to the Scheme, which contribution is matched by the employee. The maximum amount of contribution is limited to HK$1,000 per each employee.

The ORSO Scheme is funded by monthly contributions from both employees and the Group at 5% of the employee's basic salary, depending on the length of service with the Group.

The eligible employees of the Company's subsidiaries in the PRC and Macau are members of pension schemes operated by Chinese local government and the Macau government respectively. The subsidiaries are required to contribute a certain percentage of the relevant cost of the payroll of these employees to the pension schemes to fund the benefits. The only obligation of the Group with respect to the retirement benefit schemes is to make the required contribution under the schemes.

34. RELATED PARTY TRANSACTIONS

The balance with related party at the respective balance sheet date is set out in note 20.

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

	2008 HK$'000	2007 HK$'000
Sales of goods to Directors and their close family members	3,963	6,914
Purchase of inventories from related companies	555	938
Purchase of inventories from fellow subsidiaries	41	150,663
Rental, electricity and air-conditioning expenses paid to related companies *(Note a)*	37,979	15,027
Rental expenses paid to a fellow subsidiary	2,114	60
Service charge paid to related companies	2,454	757
Advertising expenses paid to related companies	1,544	853
Advisory fee paid to a related company	1,133	–
Commission fee paid to a related company	387	–
Purchases of property, plant and equipment from a fellow subsidiary	–	346
Sub-contracting fee paid to a fellow subsidiary	–	1,300

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2008

34. RELATED PARTY TRANSACTIONS (Continued)

As at 31 December 2008, rental deposits paid to related companies which included in receivable, deposits and prepayment amounting to HK$20,326,000 (2007: HK$6,870,000).

As at 31 December 2008, the Company provided a limited guarantee of HK$455,000,000 to banks in respect of credit facilities granted to a subsidiary. The aggregate amounts utilised by the subsidiary as at 31 December 2008 was HK$17,400,000.

In prior year, the banking facilities granted to a subsidiary of the Company were secured by certain properties held by fellow subsidiaries of the Company, and corporate guarantees given by a fellow subsidiary and a related company amounting to HK$11,000,000. Following the listing of the Company's shares on the Stock Exchange during the year, all of these guarantees and pledge of assets were released.

In addition to the above, a fellow subsidiary has acted as a sales agent of the Group and collected the relevant sales monies from customers on its behalf on a free of charge basis during last year.

Note:

(a) The expenses paid are in relation to the tenancy agreements entered into with the connected persons of the Company. Details of the transactions are disclosed under "Connected Transaction" section in the Directors' Report.

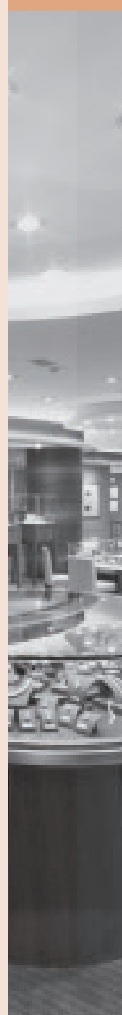
(b) The related companies represent companies controlled by a substantial shareholder of the Company.

(c) The compensation to the Directors and key management personnel of the Group are disclosed in note 9.

35. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Particulars of the Company's principal subsidiaries as at 31 December 2008 and 2007 are as follows:

Name of subsidiary	Place of incorporation/ registration/ operation	Paid up issued/registered ordinary share capital	Attributable equity interest held by the Company 2008	2007	Principal activities
Beauty Royal Limited	Hong Kong ("HK")	HK$2	100%	–	Provision of group tenancy agent services
Bloom Gold Limited	HK	HK$1	100%	–	Investment holding
Charter Loyal Limited	HK	HK$2	100%	–	Provision of group tenancy agent services
Elite Ever Enterprises Limited	British Virgin Islands ("BVI")	US$1	100%	–	Investment holding
Emperor Watch & Jewellery (HK) Company Limited	HK	HK$100	100%	–	Sales of watches & jewellery
Emperor Watch & Jewellery Management Limited (formerly known as Full Gold Enterprises Limited)	BVI	US$1	100%	–	Holding trademarks, logo and domain names of the Group
EWJ Watch and Jewellery Company Limited	Macau	MOP25,000	100%	–	Sales of watches & jewellery
Famous Gold Investments Limited	BVI	US$1	100%	–	Investment holding
First Elite Limited	HK	HK$1	100%	–	Investment holding
Glad Fortune Limited	HK	HK$1	100%	–	Provision of group tenancy agent services



35. PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

Name of subsidiary	Place of incorporation/ registration/ operation	Paid up issued/registered ordinary share capital	Attributable equity interest held by the Company 2008	Attributable equity interest held by the Company 2007	Principal activities
Glory Wish Limited	HK	HK$2	100%	–	Provision of group tenancy agent services
Great Joyful Investments Limited	BVI	US$1	100%	–	Investment holding
Luckcharm Limited	BVI	US$1	100%	–	Investment holding
Moral Step Limited	HK	HK$1	100%	–	Provision of group tenancy agent services
Noble Strength Investments Limited	BVI	US$50,000	100%	–	Investment holding
Perfect Perform Limited	HK	HK$2	100%	–	Provision of group tenancy agent services
Plus Gain Enterprises Limited	BVI	US$1	100%	–	Investment holding
Riverdragon Investments Limited	BVI	US$1	100%	–	Investment holding
Smart Take Limited	HK	HK$1	100%	–	Investment holding
Timejoy Group Limited	BVI	US$1	100%	–	Investment holding
Treasure Bright Investments Limited	BVI	US$345	100%	–	Investment holding and group treasury services
Trillion Winner Limited	HK	HK$1	100%	–	Provision of group tenancy agent services
Uni-Champ Limited	HK	HK$1	100%	–	Investment holding

35. PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

Name of subsidiary	Place of incorporation/ registration/ operation	Paid up issued/registered ordinary share capital	Attributable equity interest held by the Company 2008	2007	Principal activities
Winner Sea Enterprises Limited	BVI	US$1	100%	–	Investment holding
Wise Sunshine Enterprises Limited	BVI	US$1	100%	–	Investment holding
Zeal Team Limited	HK	HK$ 1	100%	–	Provision of group tenancy agent services
北京富嘉佳美鐘錶貿易有限公司*	PRC	HK$5,000,000	51%	–	Sales of watches and jewellery
金匡匯鐘錶珠寶商貿(北京)有限公司#	PRC	HK$30,000,000	100%	–	Sales of watches and jewellery
重慶市盈豐鐘錶珠寶有限公司#	PRC	HK$4,000,000	100%	–	Sales of watches and jewellery
上海裕迅鐘錶珠寶貿易有限公司#	PRC	HK$8,000,000	100%	–	Sales of watches and jewellery
天津盈富鐘錶珠寶商貿有限公司#	PRC	–	100%	–	Sales of watches and jewellery

* This company is a Chinese-foreign Equity Joint Venture.

\# The subsidiaries are wholly foreign owned enterprises.

Other than Wise Sunshine Enterprises Limited, all other subsidiaries are indirectly held by the Company.

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

The Directors are of the opinion that a complete list of the particulars of all subsidiaries of the Group will be of excessive length and therefore the above list contains only the particulars of subsidiaries which principally affect the results or assets of the Group.

FINANCIAL SUMMARY

	For the year ended 31 December			
	2005 HK$'000	2006 HK$'000	2007 HK$'000	2008 HK$'000
RESULTS				
Revenue	645,264	1,084,395	1,561,463	1,842,469
Profit before taxation	31,731	65,084	191,757	269,303
Taxation	(5,605)	(11,121)	(32,969)	(47,081)
Profit for the year	26,126	53,963	158,788	222,222
Attributable to :				
Equity holders of the Company	26,126	53,963	158,788	222,571
Minority interests	–	–	–	(349)
	26,126	53,963	158,788	222,222

	As at 31 December			
	2005 HK$'000	2006 HK$'000	2007 HK$'000	2008 HK$'000
ASSETS AND LIABILITIES				
Total assets	530,883	757,416	909,701	1,540,003
Total liabilities	(481,417)	(309,987)	(548,484)	(137,470)
	49,466	447,429	361,217	1,402,533
Equity attributable to equity holders of the Company	49,466	447,429	361,217	1,397,651
Minority interests	–	–	–	4,882
Total equity	49,466	447,429	361,217	1,402,533

Notes:

1. The Company was incorporated in Hong Kong on 13 March 2008 and became the holding company of the Group with effect from 19 June 2008 upon the completion of the Group Reorganisation as set out in the Prospectus.

2. The results and summary of assets and liabilities for each of the three years ended 31 December 2007 which were extracted from the Prospectus have been prepared on a combined basis to indicate the results of the Group as if the group structure, at the time when the Company's shares were listed on the Stock Exchange, had been in existence throughout those years.