

The directors present their report and the audited financial statements of the Company for the year ended 31 March 2001.

**PRINCIPAL ACTIVITIES**

The Company is an investment holding company. Its principal subsidiaries are engaged in watch trading.

During the year, the Group operated ten retail shops : eight in Hong Kong and two in the Guangdong Province in the People's Republic of China.

**RESULTS AND DIVIDENDS**

The results of the Group for the year are set out in the consolidated income statement on page 25.

An interim dividend of 3 cents per share was paid during the year. The directors recommend a final dividend of 6 cents per share. The total dividends declared in respect of the year are set out in note 8 to the financial statements.

**FINANCIAL SUMMARY**

A summary of the results and of the assets and liabilities of the Group for the past five financial years is set out on page 56.

**SHARE CAPITAL AND SHARE OPTIONS**

Details of changes in the issued share capital of the Company are set out in note 21 to the financial statements.

Details of the share options granted by the Company are set out in note 22 to the financial statements. No option was granted or exercised during the year.

## **RESERVES**

Movements during the year in the reserves of the Group and of the Company are set out in note 23 to the financial statements.

## **INVESTMENT PROPERTIES**

Details of movements in the Group's investment properties during the year are set out in note 10 to the financial statements.

## **OTHER PROPERTIES, PLANT AND EQUIPMENT**

Details of movements of the Group's other properties, plant and equipment are set out in note 11 to the financial statements.

## **SUBSIDIARIES**

Details of the Company's principal subsidiaries at 31 March 2001 are set out in note 34 to the financial statements.

## **BORROWINGS**

Bank borrowings of the Group at 31 March 2001 comprised one mortgage loan. The amount of the mortgage loan which is repayable within one year is shown under current liabilities in the balance sheet.

Repayment schedules of the Group's obligations under a finance lease and the mortgage loan are set out in notes 17 and 18 to the financial statements respectively.

No interest was capitalised by the Group during the year.

**DIRECTORS AND DIRECTORS' SERVICE CONTRACTS**

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

**Executive directors:**

Yeung Ming Biu (*Chairman and Managing Director*)

Siu Leung Wai

Fung Kwong Yiu

Chan Che Kwong, William

Yeung Man Yee, Shirley

Yeung Him Kit, Dennis

**Independent non-executive directors:**

Sun Ping Hsu, Samson, Dr.

Li Sau Hung, Eddy, Dr.

In accordance with Bye-law 87 of the Company's Bye-laws, one third of the directors, including non-executive directors, will retire from office by rotation. However, no director holding office as Chairman or Managing Director shall be subject to retirement by rotation or be taken into account in determining the number of directors to retire. Accordingly, Messrs. Siu Leung Wai and Yeung Him Kit, Dennis retire by rotation and, being eligible, offer themselves for re-election.

The term of office of each non-executive director is the period up to his retirement as required by the Company's Bye-laws as indicated above.

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

## DIRECTORS' INTERESTS IN SHARES OF THE COMPANY

As at 31 March 2001, the interests of the directors and their associates in the shares of the Company as recorded in the register maintained by the Company under Section 29 of Hong Kong's Securities (Disclosure of Interests) Ordinance ("SDI Ordinance") were as follows:

Name of director	Number of shares held			
	Personal interest	Family interest	Corporate interest	Other interest
Yeung Ming Biu	10,787,260	6,000,000	96,800,000 <i>Note (a)</i>	—
Siu Leung Wai	—	—	6,069,244 <i>Note (b)</i>	<i>Note (c)</i>
Fung Kwong Yiu	1,803,152	—	—	<i>Note (c)</i>
Chan Che Kwong, William	9,778,515	—	—	<i>Note (d)</i>
Yeung Man Yee, Shirley	—	167,547	—	<i>Note (e)</i>
Yeung Him Kit, Dennis	—	—	—	<i>Note (f)</i>
Sun Ping Hsu, Samson, Dr.	—	—	2,000,000 <i>Note (g)</i>	—
Li Sau Hung, Eddy, Dr.	—	—	—	—

**DIRECTORS' INTERESTS IN SHARES OF THE COMPANY** *(Continued)**Notes:*

- (a) Mr. Yeung Ming Bui and his wife, Madam Au Po Kee, are the beneficial owners of 45% and 22.5% respectively of the issued share capital of Realtower Holdings Limited. Realtower Holdings Limited is the beneficial owner of 55% of the issued share capital of Furama Investments Limited, which is the beneficial owner of 80% of the issued share capital of Datsun Holdings Limited. Datsun Holdings Limited is the beneficial owner of 96,800,000 shares in the Company.
- (b) Mr. Siu Leung Wai and his family members are the beneficial owners of the entire issued share capital of Power Dragon Holdings Limited, which is the beneficial owner of 6,069,244 shares in the Company.
- (c) Messrs. Siu Leung Wai and Fung Kwong Yiu are the beneficial owners of 21% and 6% respectively of the issued share capital of Real Champ Limited, which is the beneficial owner of 20% of the issued share capital of Datsun Holdings Limited.
- (d) Mr. Chan Che Kwong, William is the beneficial owner of 10% of the issued share capital of Furama Investments Limited and 10% of the issued share capital of Y.H. Chan Limited, which is the beneficial owner of 25% of the issued share capital of Furama Investments Limited. Furama Investments Limited is the beneficial owner of 80% of the issued share capital of Datsun Holdings Limited (see note (a)). Y.H. Chan Limited also directly holds 294,365 shares in the Company.
- (e) Madam Yeung Man Yee, Shirley is the beneficial owner of 7.5% of the issued share capital of Realtower Holdings Limited (see note (a)).
- (f) Mr. Yeung Him Kit, Dennis is the beneficial owner of 10% and 7% of the issued share capitals of Realtower Holdings Limited and Real Champ Limited respectively (see notes (a) and (c)).
- (g) Dr. Sun Ping Hsu, Samson and his family members are beneficial owners of the entire issued share capital of Sun International Limited, which is the beneficial owner of 2,000,000 shares in the Company.

Save as disclosed above and other than certain nominee shares in subsidiaries held by a director in trust for the Group, none of the directors or their associates as at 31 March 2001 had any interest in the shares of the Company or any of its associated corporations as defined in the SDI Ordinance.

## DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Pursuant to the Company's share option scheme, details of which are set out in note 22 to the financial statements, certain directors of the Company were granted options on 30 October 1996 to subscribe for shares in the Company at HK\$0.77 per share.

None of the options was exercised during the year nor was any other option granted during the year. A summary of the outstanding unexercised options as at 31 March 2001 is as follows:

Name of director	Number of shares for which options have been granted at 1.4.2000 and 31.3.2001
Yeung Ming Bui	3,000,000
Siu Leung Wai	2,500,000
Fung Kwong Yiu	2,000,000
Chan Che Kwong, William	2,500,000
Yeung Man Yee, Shirley	2,000,000
Yeung Him Kit, Dennis	2,000,000

Save as disclosed above, at no time during the year was the Company or any of its subsidiaries a party to any arrangement to enable the directors or chief executives of the Company to acquire benefits by means of the acquisition of shares in, or debt securities (including debentures) of, the Company or any other body corporate. Similarly, none of the spouses or children under the age of 18 of the directors or chief executives had any rights to subscribe for securities of the Company or had exercised any such rights during the year.

**SUBSTANTIAL SHAREHOLDERS**

As at 31 March 2001, according to the register maintained under Section 16(1) of the SDI Ordinance, the following persons, in addition to those directors who are listed above under "Directors' interests in shares of the Company", are interested in 10% or more of the issued share capital of the Company:

<b>Name of shareholder</b>	<b>Number of shares</b>
Datsun Holdings Limited	96,800,000
Furama Investments Limited	96,800,000
Realtower Holdings Limited	96,800,000

Realtower Holdings Limited holds 55% of the issued share capital of Furama Investments Limited which holds 80% of the issued share capital of Datsun Holdings Limited. Accordingly, both Realtower Holdings Limited and Furama Investments Limited are deemed under the SDI Ordinance to be interested in the 96,800,000 shares in the Company which are held by Datsun Holdings Limited.

Messrs. Yeung Ming Bui, Siu Leung Wai, Fung Kwong Yiu, Chan Che Kwong, William and Yeung Him Kit, Dennis and Madam Au Po Kee (wife of Mr. Yeung Ming Bui) and Madam Yeung Man Yee, Shirley are deemed by the SDI Ordinance to be interested in the shares of the Company beneficially owned by Datsun Holdings Limited in the manner described under "Directors' interests in shares of the Company".

Save as disclosed above, the Company has not been notified of any other interests representing 10% or more of the issued share capital of the Company as at 31 March 2001.

**DIRECTORS' INTERESTS IN CONTRACTS**

No contract of significance to which the Company or any of its subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

## **CONVERTIBLE SECURITIES, OPTIONS, WARRANTS OR SIMILAR RIGHTS**

Other than the share options referred to in note 22 to the financial statements, the Company had no outstanding convertible securities, options, warrants or similar rights as at 31 March 2001. There was no exercise of options, warrants or similar rights during the year.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES**

During the year, the Company made repurchases of its own shares on The Stock Exchange of Hong Kong Limited as set out in note 21 to the financial statements to enhance the net asset value per share and the earnings per share of the Company. The shares were cancelled upon repurchase by the Company.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's shares during the year.

## **DONATIONS**

During the year, the Group made charitable and other donations totalling HK\$122,700.

## **PRE-EMPTIVE RIGHTS**

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

## **POST BALANCE SHEET EVENT**

Details of a significant post balance sheet event are set out in note 32 to the financial statements.

## **CODE OF BEST PRACTICE**

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



# DIRECTORS' REPORT

## **AUDITORS**

Messrs. Deloitte Touche Tohmatsu have acted as the auditors of the Company for the past three years. A resolution will be submitted at the forthcoming annual general meeting of the Company to re-appoint them.

On behalf of the Board

**YEUNG MING BIU**

*CHAIRMAN AND MANAGING DIRECTOR*

Hong Kong, 18 July 2001