

## REVIEW OF OPERATIONS

### Business Review

In the first half of 2001, the Company faced more challenges than opportunities. Despite the intensive growth in the People's Republic of China ("the PRC") economy as evidenced by an increase of 7.9 per cent in its gross domestic product ("GDP") over the first six months, the sluggish U.S. economy as well as the downturn in the global information technology industry have led to a decrease in the interest rate. In addition, the timepieces industry was still recovering, the profit of the Company was thus under pressure.

Everbright EB Brand Limited ("EB Brand"), a wholly-owned subsidiary of the Group, distributes Adidas and Seiko watches through its networks as the distributor and agent respectively in the PRC, in addition to selling its own EB watches through its sales network in the PRC's market. EB Brand is the sole agent of Chinese Basketball Association ("CBA") to produce and distribute CBA watches. As the major distribution network of the Group, the wholly-owned subsidiaries of EB Brand have a nationwide network of 350 retail outlets in 29 major cities in the PRC. This year is the 10th year's anniversary, EB Brand is planning to introduce some internationally renowned brands and other jewellery accessory products for sale through its distribution network.

During the period, a deficit of approximately HK\$2 million was recorded which represented property devaluation in respect of the Group's investment properties. In view of the declining industrial property market, the Group have entered into several preliminary sales agreements to dispose of all non-core industry properties in Hong Kong.

## 營運回顧

### 業務回顧

於二零零一年上半年，本公司所面對之挑戰大於機遇。儘管中華人民共和國（「中國」）經濟表現強勁，國內生產總值（「GDP」）於首六個月增長高達7.9%，惟美國經濟疲弱，全球資訊科技業逆轉，令息率亦因而下調。此外，由於鐘錶業仍未見復甦，本公司盈利因而受壓。

本集團之全資附屬公司光大依波系列品牌有限公司（「依波品牌」）除了在中國市場之分銷網絡中分銷其本身之依波錶外，亦在全中國之網絡中分別以中國總經銷商及地區代理之身份分銷Adidas及精工錶。除此之外，依波品牌為中國籃球協會（「CBA」）之獨家代理，負責生產及分銷CBA品牌手錶。作為本集團主要分銷網絡，依波品牌全資附屬公司之網絡已遍佈中國各省，在全國29個主要城市擁有350間零售門市。踏入十週年誌慶，依波品牌計劃引入部分國際知名之品牌及其他珠寶手飾產品，並於其分銷網絡中進行銷售。

期內，由於本集團所持的投資物業價值持續下降，致令本集團錄得約2,000,000港元虧絀。鑑於工廠物業市道不景氣，本集團已簽訂數份臨時買賣合約出售香港所持有的全部非核心工廠物業。