

TURNOVER AND RESULTS

During the year under review, the economy of Hong Kong has shown no sign of rebound from depression amidst the continuous sluggish economic conditions of the world together with a pool of uncertainties. Bound to the substantial financial deficit of the Government, rising unemployment rate, declining stock indexes and property price, the weak consumer market sentiment, the Hong Kong economy has struggled on its way to total recovery. Under such sluggish business environment, the Company committed to explore opportunities in high-end technology through redeployment of the Group's assets and leverage on the business opportunities from the PRC market, resulting in a solid growth in the Group's results in 2002.

The Group's audited profit after taxation for the year ended 31 December 2002 ("the Year") amounted to HK\$5,405,000, representing an increase of 34% over the previous year. Turnover amounted to HK\$116,396,000, representing an increase of 17% over the previous year, and the earnings per share increased from 0.26 cent to 0.35 cent.

營業額及業績

在回顧之年內，受世界經濟持續低迷及多種不明朗因素影響，香港經濟並未走出低谷。政府嚴重的財政赤字，高企的失業率，低迷的股市和樓市，市民疲弱的消費意欲等，嚴重地制約著香港經濟的復蘇。在這不景氣的營商環境下，本集團本著重點向高科技領域發展的決心，憑著調整集團資產架構的努力以及對中國良好商機的把握，本集團二零零二年的總體業績獲得平穩增長。

截至二零零二年十二月三十一日止年度（「本年度」），本集團經審核之一般業務除稅後溢利為5,405,000港元，較去年同期上升34%，營業額為116,396,000港元，較去年上升17%。每股盈利由0.26仙增加至0.35仙。

REVIEW OF OPERATIONS

(1) Watches and timepieces manufacturing and distribution

Everbright EB Brand Limited (“EB Brand”), wholly owned by the Group, as the backbone of the business network of the Group, provides various supporting services to the Group, including marketing, delivery and distribution, transaction settlement and after-sales services. In order to enhance the reputation of EB Brand, and to attain the dominant position in the watches and timepieces industry, the Group started a series of promotional functions, and has achieved an encouraging result for the year under review.

In early 2002, EB Brand, defeating its competitors, secured the largest order of 200,000 commemorative watches so far in the PRC watches and timepieces industry from Beijing Railway Administration, generating an aggregate turnover of RMB18,468,000. In September, EB Brand, among the 180 top brands in the PRC, was recognized as the “Top Brand of the PRC”. At the same time, EB Brand’s new “268 series” was successfully launched in the Hong Kong Watch and Clock Fair. This new series has brought about the best results since the Group’s participation in the Fair a decade ago in terms of number of models, unit price and turnover. Capitalizing on its established reputation, production facilities and extended distribution network, EB Brand has actively enlarged its market share during the year. According to the statistics published by 國家內貿局中華全國商業信息中心市場信息部, EB Brand, the Group’s own brand, is ranked as the top among the local products and foreign brands in the PRC market in January, February, July, August, September and October of 2002.

業務回顧

(1) 鐘錶製造及分銷業務

本集團全資擁有的光大依波系列品牌有限公司(「依波品牌」),作為本集團網路商務業務支柱,在本集團的其他業務發展中發揮著提供市場推廣、地面配送、貨款結算及售後服務等支援作用。為了全面提升依波品牌的美譽度,實現鐘錶行業第一的目標,依波品牌展開了一連串的推廣活動,並於回顧年內,取得令人鼓舞的成績。

二零零二年初,依波品牌力戰群雄,獲得中國鐘錶行業歷史上最大的訂單,為北京鐵路局生產20萬隻紀念手錶,帶來合共人民幣18,468,000元之營業收入。九月份,依波品牌榮獲“中國名牌產品”殊榮,成為180個中國名牌產品之一。同期,依波品牌新款「268系列」,於香港國際鐘錶展中再創新功,創造了參展10年以來,成功款式最集中、單價及成交額最高的紀錄。依波品牌在過去的一年內,利用其現有的聲譽、生產設施及強大的分銷網路,積極增加市場佔有率,根據國家內貿局中華全國商業信息中心市場信息部公佈的統計信息,其自有品牌「依波表」於二零零二年中的一月、二月、七月、八月、九月及十月位居國產和進口手錶的中國市場佔有率的第一位。

At the end of 2002, the Company has duly launched the large-scale project of “Expansion of Production Plant, Replacement of Facilities, Improvement in Quality Control System, Improvement in Working Conditions and Promotion of the Group’s Image”. Apart from retaining the leading position of local watches and timepieces manufacturer in the PRC, the company tries to introduce certain international well-known brands with favourable terms at the same time. Through the extensive distribution network of the company, a constant flow of revenue to the Group is expected.

(2) Properties investment

During the year, the Group continues to rent a portion of its head office to China Everbright Holdings Company Limited (“CEH”), the major shareholder of the Company at HK\$185,000 per month, contributing a steady rental income for the Group. On the other hand, the factory complex in Dongguan County, Guangdong Province, the PRC is leased to an independent third party tenant during the year. Given the default rental payment of HK\$1,320,000 up to 31 December 2002, the Group has terminated the lease in February 2003. In order to maximize the return from the properties investment, the Group is actively identifying other potential tenants of integrity and considering the disposal of the property when such an opportunity arises.

二零零二年底，公司還正式啟動了「擴建廠房、更新設備、改造質控系統、改善辦公環境、提升公司形象」的大規模工程項目，為使依波品牌繼續穩企中國國內品牌主要製造商之領先地位的同時，以更優越的條件引入部分國際知名品牌，利用其發達的分銷網路進行銷售，為本集團創造更穩定及可觀的收入。

(2) 物業投資

本集團於期內繼續將持有之香港的主要辦事處的部分樓面以月租185,000港元出租予中國光大集團有限公司（「光大集團」，為本公司之主要股東），為本集團錄得穩定的租金收入。此外，本集團擁有的於中國廣東省東莞市的工廠綜合大樓，期內租予一獨立租客，但由於該租客出現了未能按時支付租金的情況，截至二零零二年十二月三十一日止，共欠租金約1,320,000港元，本集團於二零零三年二月與該租客終止有關租賃合約。本集團現正積極尋找其他誠信租客，或考慮尋找良機將該物業出售，以使該投資資金獲得最大化之收益。

(3) Communication products distribution

The Group has been negotiating with GMAI-Asia Com, Inc. (“GMAI-Asia”), the major shareholder of China Everbright Telecom-Land Network Limited (“Telecom-Land Network”) in respect of the operation and development plan of Telecom-Land Network. However, Telecom-Land Network has shown no improvement from loss making. To further cut down investment with unsatisfactory performance in the Group’s portfolio, the Group has commenced negotiation with GMAI-Asia in relation to the disposal of its 35% shareholdings in Telecom-Land Network.

(3) 通訊產品分銷業務

本集團一直與中國光大通訊天地網路系統有限公司(「通訊天地網路」)之主要股東邁寧亞聯有限公司(「邁寧亞聯」)積極商討有關通訊天地網路的經營及發展計劃，但是始終未能有效改善通訊天地網路虧損之經營狀況。為了進一步精減集團內的不良投資，本集團正與邁寧亞聯進行磋商，出售其所持通訊天地網路35%控股權予邁寧亞聯。

FINANCIAL POSITION

At the end of 2002, the Group had net assets of approximately HK\$519,250,000. The Group presently holds cash and bank balance of approximately HK\$357,504,000 as current capital. The Group recovered the outstanding balance from the disposal of its 100% interest in Goodnice International Limited as scheduled, providing the Group with adequate working capital to support the growth of its existing businesses while strengthening its diversifying operations.

財政狀況

於二零零二年年底，本集團之淨資產值約為519,250,000港元，現持有現金及銀行結餘逾357,504,000港元作為流動資金。本集團如期收回出售德麗國際有限公司100%股權之餘款，使本集團擁有更充裕的營運資金，在支援現有業務發展的同時，為集團業務多元化發展提供堅實的基礎。

EMPLOYEES AND REMUNERATION POLICY

The Group employed approximately 600 full-time staff in Hong Kong and the PRC, covering management, administration and manufacturing functions. The remuneration packages offered by the Group include basic salary, bonus and other fringe benefits. In order to encourage the continual support and contribution from the staff, the Group in its discretion rewards its staff with bonus with reference to their performance, subject to the Group's revenue. In addition, the Group provides medical insurance and retirement scheme for its employees. Directors and full-time employees of the Company in Hong Kong have participated in the Mandatory Provident Fund Scheme. Share options may be granted to the directors of the Company and all full time employees of the Group to subscribe the shares of the Company in accordance with Chapter 17 of the Listing Rules and the terms and conditions of the Share Option Scheme.

PROSPECT

It is expected that the economic activities continue to be static in the beginning of 2003. The conditions of the Hong Kong economy will be as challenging as it was in the past. With the new investment opportunities arising from the PRC's accession into the WTO; the rapid growth of the PRC economy, together with the Group's advanced manufacturing technology, its cost effective system, extensive distribution network and scientific management method, the management believes that, the strategy to focus on high-end technology and develop a diversified business portfolio would bring along satisfactory results to the Group, and a sustained growth and development of the Group.

僱員及酬金政策

本集團於中港兩地共聘用約六百名全職管理、行政及生產部員工。集團為僱員提供的薪酬計劃包括基本薪金、獎金及其它福利。本集團按表現酌情發放獎金予僱員，以獎勵僱員繼續作出貢獻，惟須視本集團之溢利及僱員表現而定。集團亦為僱員提供全面的醫療保險、吸引人的退休福利計劃。本集團在香港之董事及僱員均已加入強制性公積金計劃。本公司董事及本集團的全體全職僱員還可根據上市規則第十七條及本公司之購股權計劃之條款及條件獲授購股權以認購本公司之股份。

展望

二零零三年初世界之經濟活動預料仍然欠缺動力，香港經濟的發展依然充滿挑戰，本集團將善用中國加入世界經濟貿易組織的優勢，以中國經濟的快速發展作為強大後盾，依仗本集團先進的製造技術、健全的成本效益體制、完善的分銷渠道及科學的管理方法，管理層深信本集團之堅定以高新科技為核心，並使集團業務向多元化發展的策略性決定將可令集團業績受惠，並有助集團之持續增長及發展。

Moreover, apart from its focus on high-end technology, the Group also planned to actively expand its exposure to some other businesses, so as to explore new long-term growth in the coming years. In order to capture the escalating demand from estate property generating from the PRC's accession into the WTO and the Beijing's successful bidding for the host of the Olympic Games in 2008, the Group has made two acquisitions to further diversify its business in March 2003. To further expand its property business, the Group has acquired Beijing Jing Guan Property Development Co. Ltd., the principal business of which is the property development project in East Part of E Area, Taiyanggong New District, Taiyanggong North Street, Chao Yang Qu, Beijing, PRC. Given the prime location of the development project, it is expected that the completion of the project would bring about substantial return and assets value to the Group. To directly explore the construction materials industry, the Group has acquired the Wellpeck International Group Limited from China Everbright International Limited and ING Beijing Investment Company Limited to obtain interest in Everbright Timber Industry (Shenzhen) Company Limited, which engages in manufacturing and trading of construction materials and export of timber products. In view of the prosperous development of the property development industry in the PRC, the Group believes that the construction materials industry will be benefited and the acquisition will directly provide construction materials to the Group's property development projects.

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APPRECIATION

Finally, I would like to take this opportunity to express my gratitude for all the hard work of my colleagues and contribution from business partners during the year under review. Their support is the key to the substantial improvement in terms of asset redeployment and operational results.

Wang Shaolan

Chief Executive Officer

Hong Kong, 27 March 2003

此外，本集團還將積極拓展高科技以外其他領域之業務，以尋找新的利潤增長點。為了抓緊中國加入世貿和北京成功申辦二零零八年奧運會對房地產需求增加的良好機遇，二零零三年三月，本集團進行了兩項收購活動，藉此進一步推動本集團向多元化發展。其中一項通過收購北京京冠房地產開發有限公司，進一步拓展房地產業務。該公司主要發展中國北京市太陽宮北街太陽宮新區E區東部之房地產開發項目。由於該地段條件優越，本集團預計該項目完成後將持續地為集團帶來不俗的投資回報和資產增值；與此同時，本集團向中國光大國際有限公司及ING北京投資有限公司收購Wellpeck International Group Limited，透過該項收購擁有光大木材工業（深圳）有限公司，該公司主要從事建築材料製造與銷售以及買賣及出口林木產品，本集團相信，中國之房地產開發將持續蓬勃發展，建築材料業務亦將相應受惠，而該項收購正為本公司帶來直接開拓建築材料業務的良機，更可直接為本集團之房地產開發專案供應相關的建築材料。

致意

本年度，本集團在資產結構、經營業績方面均取得較大改善。本人謹此向所有在回顧期內努力可嘉的員工及貢獻良多的業務夥伴致以衷心感謝。

王少蘭

行政總裁

香港，二零零三年三月二十七日