

REPORT OF THE DIRECTORS

董事會報告書

The directors of the Company (the "Board") submit their report together with the audited financial statements for the year ended 31 March 2016.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The activities of its principal subsidiaries are set out in note 35 to the financial statements.

An analysis of the Group's performance for the year by operating segment is set out in note 5 to the financial statements.

RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 March 2016 are set out in the consolidated income statement on page 40.

No interim dividend was paid during the year (2015: HK\$0.02 per ordinary share).

The directors did not recommend the payment of a final dividend in respect of the year ended 31 March 2016 (2015: HK\$0.01 per ordinary share).

DONATIONS

During the year, the Group made charitable donations of HK\$293,000.

SHARES ISSUED IN THE YEAR

Details of the shares issued in the year ended 31 March 2016 are set out in note 21 to the financial statements.

FIVE-YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 1 of this annual report.

DISTRIBUTABLE RESERVES

As at 31 March 2016, the distributable reserves of the Company available for distribution as dividends to shareholders amounted to HK\$79,568,000 (2015: HK\$61,309,000).

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's Bye-laws although there is no restriction against such rights under the laws in Bermuda.

本公司董事會（「董事會」）提呈董事會報告書連同截至2016年3月31日止年度的經審核財務報表。

主要業務

本公司的主要業務為投資控股。其主要附屬公司的業務載於財務報表附註35。

本集團年內的營運分部表現載於財務報表附註5。

業績及股息

本集團截至2016年3月31日止年度的業績載於第40頁的綜合收益表內。

年內，本公司並沒有派發中期股息（2015：每股普通股港幣0.02元）。

董事會不建議派發截至2016年3月31日止年度的末期股息（2015：每股普通股港幣0.01元）。

捐款

年內，本集團作出慈善捐款港幣293,000元。

年內已發行股份

截至2016年3月31日止年度已發行的股份的詳情載於財務報表附註21。

五年財務摘要

本集團於過去五個財政年度之業績以及資產及負債摘要載於年報第1頁。

可分派儲備

截至2016年3月31日，本公司可作為股息向股東分派的可分派儲備為港幣79,568,000元（2015年：港幣61,309,000元）。

優先認股權

本公司的公司細則並無有關優先認股權的規定，百慕達的法例亦無對該等權利作出限制。

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

- Group Turnover decreased by 13.7% (FX neutral: 10.7%)
- Group Gross Profit Margin down 1.6 percentage point to 59.7%
- Group Net Loss at HK\$190.0 million
- Inventory reduced by HK\$229.1 million, or 17.3% y-o-y
- Net cash inflow from operating activities of HK\$226 million

The Group's businesses comprise principally of watch retailing ("CITY CHAIN"), optical retailing ("OPTICAL 88" and "eGG Optical Boutique"); and the wholesale trading of watches ("SEIKO"). Operating around 640 shops in Hong Kong, Macau, Mainland China, Singapore, Malaysia and Thailand, our businesses offer affordable lifestyle products and quality services targeting middle class consumers in Asia.

In the financial year under review, the slowdown in emerging economies, volatile stock markets, a strong US dollar and a weak yuan contributed to weak consumer sentiment, falling tourist numbers and sluggish domestic consumption in markets where the Group operates.

For the year ended 31 March 2016, the Group recorded a decline in turnover of 13.7% (FX neutral: 10.7 %) to HK\$3,401.7 million (2015: HK\$3,940.8 million) and a loss attributable to the Group's equity holders of HK\$190.0 million (2015: net profit of HK\$91.8 million).

管理層討論及分析

業務回顧

- 集團營業額下跌13.7% (撇除匯率因素：10.7%)
- 集團毛利率下跌1.6百分點至59.7%
- 集團虧損淨額為HK\$190.0百萬
- 存貨按年減少HK\$229.1百萬或17.3%
- 營運現金流入淨額HK\$226百萬

集團的業務主要包括鐘錶零售(「時間廊」)、眼鏡零售(「眼鏡88」及「eGG Optical Boutique」)，以及鐘錶批發貿易(「精工」)。集團於香港、澳門、中國內地、新加坡、馬來西亞及泰國經營約640間店舖，目標客群為亞洲區內的中產消費者，為其提供價格合理的時尚產品和優質服務。

回顧本財政年度，新興經濟體增長放緩、股市動盪、美元強勢及人民幣疲弱，導致集團經營所在地區市場消費氣氛低迷、旅客人數下降及本地消費不景氣。

截至2016年3月31日止年度，集團錄得營業額下降13.7% (撇除匯率因素：10.7%) 至HK\$3,401.7百萬(2015：HK\$3,940.8百萬)，集團權益持有人應佔虧損HK\$190.0百萬(2015：純利HK\$91.8百萬)。

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

The Group would report a loss attributable to shareholders of HK\$88.8 million (2015: Profit of HK\$147.4 million) after excluding (i) the non cash impact of an increase in the liability component of convertible bonds of HK\$71.3 million (2015: HK\$55.4 million); (ii) a provision made for onerous leases of shops of HK\$17.6 million (2015: HK\$0.2 million); (iii) an impairment of intangible assets related to our Swiss movement assembly facilities of HK\$26.4 million (2015: nil); and (iv) the bargain purchase and fair value gain made on acquisition of a subsidiary of HK\$14.1 million (2015: nil).

During the year under review, the Group adopted a two pronged strategy to reduce inventory and maintain a stable cash flow. Group net cash inflows from operating activities increased to HK\$226 million (2015: HK\$81.0 million) and Group inventory stood at HK\$1,098.6 million, down 17.3% (2015: HK\$1,327.7 million) against that as at 31 March 2015; with the size of inventory reduction outpacing the decline in turnover as inventory turnover days was shortened to 293 days (2015: 318 days).

The gross profit margin for the Group narrowed to 59.7% compared to 61.3% in FY2014/15 as aggressive promotional incentives were implemented to drive sales in a market severely impacted by the downturn. However, due to the more resilient nature of the optical business, Optical 88 and eGG, were able to maintain gross profit margins at stable levels.

Group operating costs fell by 2.1% to HK\$ 2,160.4 million (2015: HK\$ 2,207.3 million). The Group expects operating costs to be further reduced in FY2016/17. We have seen some softening of shop rentals towards the end of Q4 FY15/16, in Hong Kong, and we expect to see further downward pressure.

Group net debt decreased by around 5.6% to HK\$521.7 million (2015: HK\$552.4 million) whilst Group gearing ratio edged up to 42.4% (2015: 38.2%). Excluding convertible bonds, bank borrowings net of bank balance was reduced to HK\$75.3 million (2015: HK\$171.7 million) with increased operating cash inflow.

FINAL DIVIDEND

Due to the challenging operating environment, the Board does not recommend the payment of a final dividend for the year ended 31 March 2016 (2015: HK\$0.01 per ordinary share).

管理層討論及分析(續)

若撇除：

- (1)可換股債券負債部份增加之非現金影響 HK\$71.3 佰萬 (2015：HK\$55.4 佰萬)；
- (2)就部分店舖虧損的撥備 HK\$17.6 佰萬 (2015：HK\$0.2 佰萬)；
- (3)與集團瑞士機芯裝嵌設施有關的無形資產減值 HK\$26.4 佰萬 (2015：零) 及
- (4)收購一間附屬公司之議價及公平值收益 HK\$14.1 佰萬 (2015：零)

集團錄得股東應佔虧損 HK\$88.8 佰萬 (2015：溢利 HK\$147.4 佰萬)。

回顧本年度，集團採取雙管齊下策略，減少存貨及維持穩健的現金流。與2015年3月31日相比，集團營運現金流入淨額增加至約 HK\$226 佰萬 (2015：HK\$81 佰萬)，集團存貨為 HK\$1,098.6 佰萬，比去年同期減少 17.3% (2015：HK\$1,327.7 佰萬)；而存貨減幅大於營業額下跌幅度，導致存貨周轉日數縮短至 293 日 (2015：318 日)。

由於經濟放緩影響，集團推行各項推廣措施以刺激銷售，毛利率從2014/15財政年度的61.3%收窄至59.7%。然而，由於眼鏡業務較為穩定，「眼鏡88」及「eGG」的毛利率維持穩健的水平。

集團的營運成本下降2.1%至HK\$2,160.4 佰萬 (2015：HK\$2,207.3 佰萬)。集團預期，於2016/17財政年度營運成本將進一步減低。香港店舖租金於2015/16財政年度第四季有所降低，預期將進一步下調。

集團的淨債務減少約5.6%至HK\$521.7 佰萬 (2015：HK\$552.4 佰萬)，而集團的借貸比率則微升至42.4% (2015：38.2%)。若撇除可換股債券的影響，銀行淨貸款(減去銀行結餘)下降至 HK\$75.3 佰萬 (2015：HK\$171.7 佰萬)，主要因為營運現金流入的增加。

末期股息

由於營運環境充滿挑戰，董事會不建議宣派截至2016年3月31日止年度之末期股息(2015：每股普通股 HK\$0.01)。

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

CITY CHAIN GROUP

- City Chain Group turnover down 18.5%
- City Chain Group LBIT of HK\$31.0 million

City Chain Group with around 350 stores in Hong Kong, Macau, Mainland China, Singapore, Thailand and Malaysia together with on-line stores at <http://citychain.tmall.com/> and <http://titus.tmall.com/> posted a decrease in turnover of 18.5% to HK\$1,803.8 million (2015: HK\$2,212.5 million) whilst recording a LBIT of HK\$31.0 million (2015: EBIT of HK\$189.4 million) due to the decline in turnover and a squeeze on gross profit margin. However, tight inventory management and prudent stock replenishment led to faster stock turnover and inventory was reduced by 32.2% y-o-y.

Hong Kong and Macau

City Chain Hong Kong and Macau saw turnover falling by 20.3% to HK\$1,169.9 million. (2015: HK\$1,467.4 million). This was due to the decline in Mainland Chinese tourist traffic and associated spending fall, together with the general economic slowdown in Hong Kong and Macau.

With the decrease in turnover and narrowed gross profit margin triggered by promotions to boost consumer purchase, dis-economies of scale hit bottom line and EBIT decreased to HK\$43.9 million (2015: HK\$244.3 million). This was despite operating costs (other than shop rentals) dropping by 12.2%. The Group is also streamlining fixed costs to reduce the ratio of fixed costs to turnover whilst retaining more flexibility with variable costs. Inventory was reduced by 29.9% y-o-y.

Mainland China

Our operations in Mainland China faced a very challenging operating environment following volatile stock markets and the depreciation of the yuan in mid 2015 and a further slowdown of the Chinese economy in the second half of FY 2015/16. Turnover fell by 5.6% (FX neutral: 3.3%) to HK\$218.0 million (2015: HK\$230.9 million) with a corresponding decrease in number of shops. LBIT widened to HK\$74.7 million (2015: HK\$55.1 million).

管理層討論及分析(續)

「時間廊」集團

- 「時間廊」集團營業額下降18.5%
- 「時間廊」集團除利息及稅項前虧損為HK\$31.0百萬

「時間廊」集團於香港、澳門、中國內地、新加坡、泰國及馬來西亞營運約350間店舖，並於<http://citychain.tmall.com/>及<http://titus.tmall.com/>經營電商業務，其營業額減少18.5%至HK\$1,803.8百萬(2015：HK\$2,212.5百萬)，並因營業額減少及毛利率下降而錄得除利息及稅項前虧損HK\$31.0百萬(2015：除利息及稅項前溢利HK\$189.4百萬)。然而，嚴謹的存貨管理及採購策略使存貨流轉加快，存貨水平按年減少32.2%。

香港及澳門

「時間廊」香港及澳門營業額下跌20.3%至HK\$1,169.9百萬(2015：HK\$1,467.4百萬)，原因包括中國內地旅客人數減少，相關旅客消費下降，而香港與澳門整體經濟放緩亦影響零售表現。

銷售下跌與及市場推廣活動引致毛利率受壓及相關負規模效應下，儘管營運成本(不包括店舖租金)已下降12.2%，EBIT減少至HK\$43.9百萬(2015：HK\$244.3百萬)。集團正調節固定成本，以降低固定成本佔營業額之百分比，並以變動成本提高營運彈性。存貨按年則減少29.9%。

中國內地

由於2015年股市波動及人民幣貶值，以及2015/16財政年度下半年中國經濟進一步放緩，集團的中國內地業務面臨極具挑戰的環境。營業額下降5.6%(撇除匯率因素：3.3%)至HK\$218.0百萬(2015：HK\$230.9百萬)，而店舖數目亦相應減少。虧損擴大至HK\$74.7百萬(2015：HK\$55.1百萬)。

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

Our e-business saw strong turnover growth. This momentum is expected to continue in FY2016/17. The fast growing Mainland online market is an important focal point and key to our O₂O strategy. To capture this growth, we continue to invest in our e-business by enriching the product mix and appeal of our house brands through increased marketing.

Mainland China continues to be the focus for the long term development of City Chain both online and offline.

South East Asia

With reduced number of shops in Thailand and Singapore and the introduction of GST in Malaysia, turnover dropped by 19.1% to HK\$415.9 million (2015: HK\$514.1 million) and a minor loss of HK\$0.2 million (2015: EBIT of HK\$ 0.3 million) was posted. Following a dissatisfactory performance in the first half, we saw a profit contribution in the second half.

The losses in Singapore and Thailand were contained in FY2015/16 with disciplined management of operating costs and closure of non-performing shops. Malaysia remains a profitable market despite the adverse external conditions.

管理層討論及分析(續)

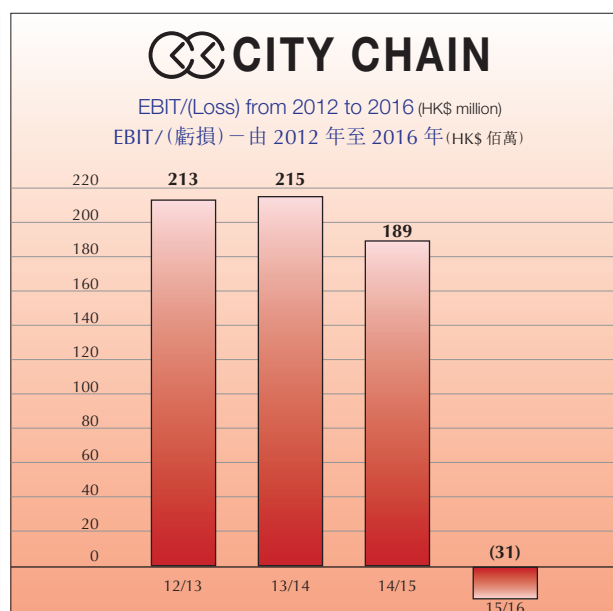
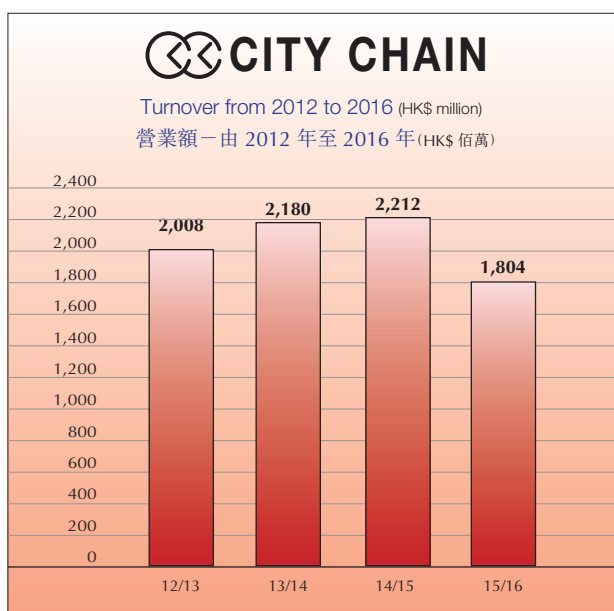
集團電子商貿營業額增長強勁，增長勢頭預期於2016/17財政年度延續。迅速發展的中國內地電商市場是集團現在及未來發展重點以達至線上線下交叉銷售及體驗提升(O₂O)的策略。為把握該增長機遇，集團繼續投放資源在電子商務業務，透過豐富產品組合及社交媒體推廣增加自有品牌的銷售。

中國內地繼續成為「時間廊」線上、線下長期雙線發展的策略重點。

東南亞

由於泰國及新加坡店舖數目減少，加上馬來西亞開徵銷售稅的影響，營業額下跌19.1%至HK\$415.9百萬(2015：HK\$514.1百萬)，並錄得HK\$0.2百萬輕微虧損(2015：溢利HK\$0.3百萬)。集團的東南亞業務上半年表現欠佳，但下半年則已恢復盈利貢獻。

由於關閉表現欠佳的店舖加上嚴控營運成本，新加坡及泰國的虧損於2015/16財政年度有所下降。儘管外在經營環境不理想，馬來西亞仍能錄得盈利。



MANAGEMENT DISCUSSION AND ANALYSIS (continued)

OPTICAL 88 GROUP

- Optical 88 Group turnover down 10.3%
- Optical 88 Group EBIT down 46.7% to HK\$32.6 million

Given cautious local consumption, Optical 88 Group with around 220 stores in Hong Kong, Macau, Mainland China, Singapore, Thailand and Malaysia posted a decrease in turnover of 10.3% to HK\$1,092.2 million (2015: HK\$1,218.1 million) and a corresponding decline in EBIT to HK\$32.6 million (2015: EBIT of HK\$61.2 million). Through a committed focus on providing differentiated professional eye care services, gross profit margin improved. Further, y-o-y, inventory was reduced by 19.3%.

Hong Kong and Macau

With weak local consumption and reduced tourist spend, Hong Kong and Macau posted a turnover decrease of 9.2% to HK\$758.5 million (2015: HK\$835.6 million) with EBIT falling by 44.5% to HK\$52.9 million (2015: HK\$95.4 million) but a healthy gross profit margin was maintained. Operating costs other than shop rentals dropped by 4.6%.

We are targeting the market potential of aging demographics and the ever increasing demand of children with eye-care needs. The Group is also developing the market for hearing aid care and so far results have been within expectations. Therefore, we will continue to further explore and develop this in the next year.

Mainland China

Amid weak market sentiment and fierce competition, our Mainland China business maintained turnover at HK\$105.0 million (2015: HK\$105.8 million) and achieved a significant reduction in loss to HK\$9.7 million (2015: HK\$27.5 million), contributed by profit growth in Southern China. Excluding Eastern China, where operations have ceased, Mainland China turnover in local currency terms edged up 5.2% and loss fell to HK\$8.4 million (2015: HK\$20.2 million). Southern China reported almost break-even results in the second half of FY2015/16 as operating costs decreased by 4.0% y-o-y.

管理層討論及分析(續)

「眼鏡88」集團

- 「眼鏡88」集團營業額下降10.3%
- 「眼鏡88」集團EBIT下降46.7%至 HK\$32.6 佰萬

鑒於消費意欲下滑，「眼鏡88」集團（於香港、澳門、中國內地、新加坡、泰國及馬來西亞擁有約220間店舖）之營業額減少10.3%至HK\$1,092.2佰萬（2015：HK\$1,218.1佰萬），EBIT相應減少至HK\$32.6佰萬（2015：EBIT為HK\$61.2佰萬）。透過重點發展專業護眼服務，毛利率因而有所提升。另外，存貨亦按年減少約19.3%。

香港及澳門

受本地消費疲弱及旅客消費下降影響，香港及澳門之營業額減少9.2%至HK\$758.5佰萬（2015：HK\$835.6佰萬），EBIT下降44.5%至HK\$52.9佰萬（2015：HK\$95.4佰萬），但毛利率仍維持在穩健的水平。營運成本（不包括店舖租金）則下降4.6%。

集團致力開拓因人口老化而帶來的市場商機，以及不斷增長的兒童護眼市場。集團亦正拓展助聽器市場，迄今為止成效符合預期。因此，集團將於來年繼續開發該具潛力市場。

中國內地

由於市場氣氛低迷及競爭激烈，中國內地業務營業額維持在HK\$105.0佰萬（2015：HK\$105.8佰萬），虧損則大幅收窄至HK\$9.7佰萬（2015：HK\$27.5佰萬），主因受益於華南地區營運效益提升。若撇除已撤店的華東區，中國內地業務按當地貨幣計算的營業額增加5.2%，虧損下降至HK\$8.4佰萬（2015：HK\$20.2佰萬）。華南地區於2015/16年下半年之業績接近收支平衡，而營運成本亦按年減少4.0%。

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

South East Asia

Faced with sluggish domestic consumption and depreciation of local currencies, turnover declined by 17.3% to HK\$228.7 million (2015: HK\$ 276.7 million) and a loss of HK\$ 10.6 million (2015: HK\$6.7 million) was reported. Gross profit margin in Thailand was under pressure whilst gross profit margin in Malaysia saw an uplift.

However, bottom line performance in Southeast Asia greatly improved, turning to a profit in the second half of FY2015/16 with positive contributions from Thailand and Malaysia.

Well contained operating costs helped to alleviate the unfavorable decline in gross profit and the loss in Singapore narrowed in the second half of FY2015/16.

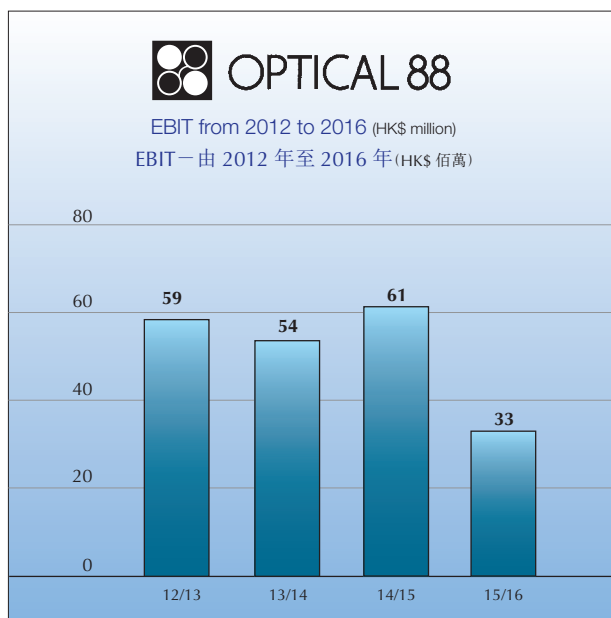
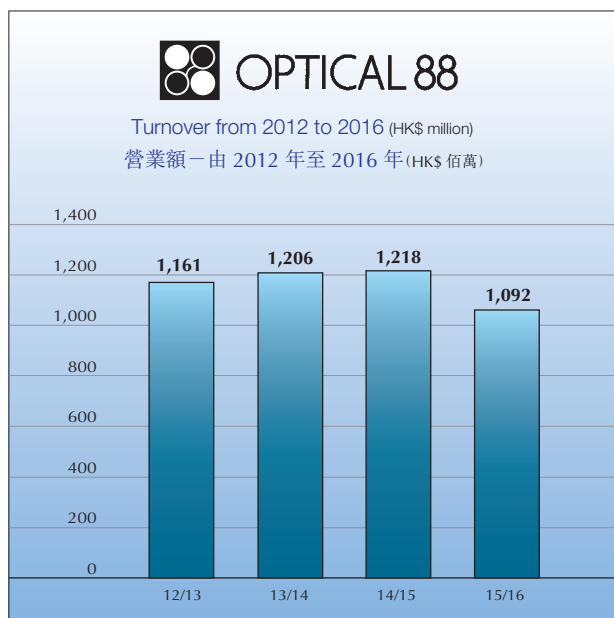
管理層討論及分析(續)

東南亞

由於消費疲弱兼貨幣貶值，營業額減少17.3%至HK\$228.7佰萬(2015：HK\$276.7佰萬)，並錄得虧損HK\$10.6佰萬(2015：HK\$6.7佰萬)。泰國毛利率略為下降，但同時馬來西亞毛利率則有所改善。

然而，由於東南亞業績於2015/16財政年度下半年大幅改善並扭虧為盈，主要受惠於泰國及馬來西亞的盈利貢獻。

透過控制營運成本紓緩毛利下滑的不利影響，新加坡的虧損於2015/16財政年度下半年已有所收窄。



MANAGEMENT DISCUSSION AND ANALYSIS (continued)

eGG OPTICAL BOUTIQUE

- Turnover up 42.5% to HK\$161.6 million
- Breakeven in Hong Kong
- Positive same store sales growth

With the gradual roll out of eGG, there are currently 23 stores in Hong Kong, 38 stores in Mainland China and 7 stores in Southeast Asia. Organic growth contributed to a turnover of HK\$161.6 million, a rise of 42.5% from FY2014/15. (2015: HK\$113.4 million).

eGG Hong Kong has gained popularity achieving a pleasing turnover growth of 43.4% to HK\$102.4 million (2015: HK\$71.4 million) and almost breakeven results (2015: loss of HK\$0.7 million).

In Mainland China, turnover was sharply up by 40.7% as there were further shop rollouts in Southwestern China and Guangdong. Loss increased to HK\$20.1 million (2015: HK\$15.3 million) due to initial diseconomies of scale associated with new shops. The Group maintains a positive view on the prospects of eGG in Mainland China.

eGG was started in Malaysia and Singapore in FY2015/16 and results achieved so far have been within expectations. There are plans for further roll out.

管理層討論及分析(續)

「eGG OPTICAL BOUTIQUE」

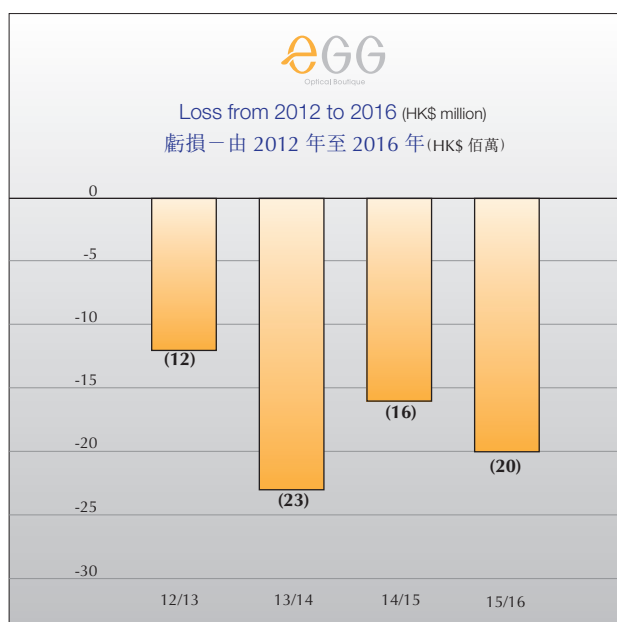
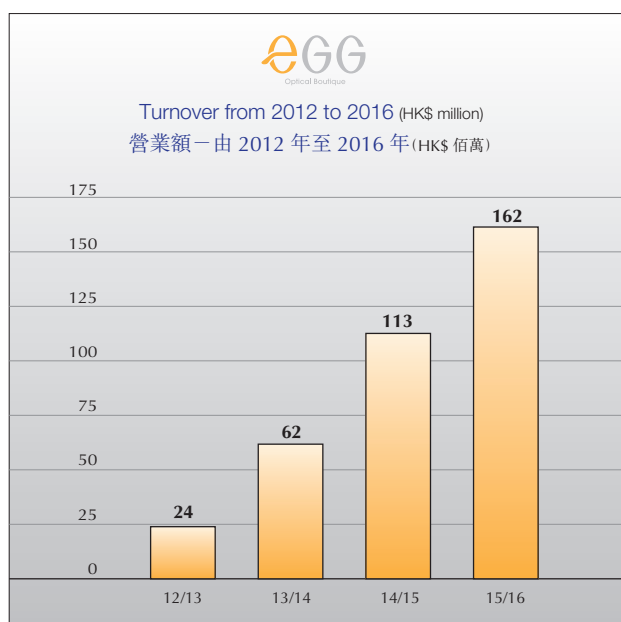
- 營業額上升42.5%至 HK\$161.6 佰萬
- 香港業務收支平衡
- 同店銷售繼續增長

隨著「eGG」逐步拓展業務，現時香港已有23間店舖，中國內地有38間店舖，而東南亞有7間店舖。得益於內部增長，營業額增加至HK\$161.6佰萬，較2014/15年度上升42.5%（2015：HK\$113.4佰萬）。

香港的「eGG」受到追求時尚的消費者歡迎，營業額大幅增長43.4%至HK\$102.4佰萬（2015：HK\$71.4佰萬），業績並接近收支平衡（2015：虧損HK\$0.7佰萬）。

中國內地營業額顯著上升40.7%，由於集團在中國西南地區及廣東進一步開設新店所帶動。虧損增加至HK\$20.1佰萬（2015：HK\$15.3佰萬），乃由於新店開業初期未能產生規模效益。集團對中國內地的「eGG」前景展望保持樂觀。

「eGG」於2015/16財政年度開始在馬來西亞及新加坡營運，迄今為止的表現符合預期。集團計劃進一步在當地拓展分店網絡。



MANAGEMENT DISCUSSION AND ANALYSIS (continued)

SUPPLY CHAIN MANAGEMENT AND WHOLESALE TRADING

This business division is made up of the Group's supply chain and watch and optical wholesale units.

Turnover decreased by 13.3% to HK\$344.1 million (2015: HK\$396.9 million) due to the slowdown in the Group's watch and optical wholesale businesses hit by a contraction in orders from retailers.

In view of the current sluggish sentiment in the traditional Swiss made mechanical watch market segment, a non-cash impairment of HK\$26.4 million was made with respect to our Swiss subsidiary engaged in the manufacture and assembly of Swiss mechanical watch movements. This impairment resulted in EBIT falling to HK\$10.2 million (2015: HK\$85.1 million).

OUTLOOK

As we expect the soft retail climate in the regions where we operate to persist in the foreseeable future, we shall continue in FY2016/17 with prudent strategies adopted in FY2015/16, such as maintaining healthy cash flow; reducing/containing costs and CAPEX; and maintaining strict inventory control.

Nevertheless, we believe that the middle class demographic will continue to expand and favorable consumption patterns will eventually return. Therefore, our vision to transform the Group into a major retailer in Greater China has not changed and remains pivotal to the Group's future growth.

FINANCE

The Group's gearing ratio as at 31 March 2016 was 42.4% (2015: 38.2%). Group gearing ratio was calculated based on the Group's net debt of HK\$521.7 million (2015: HK\$552.4 million) and shareholders' funds of HK\$1,229.8 million (2015: HK\$1,446.5 million). The Group's net debt was calculated based on the Group's borrowings of HK\$674.5 million (2015: HK\$631.8 million) and convertible bonds of HK\$446.4 million (2015: HK\$380.7 million) less the Group's bank balances and cash of HK\$599.2 million (2015: HK\$460.1 million).

Of the Group's borrowings at balance sheet date, HK\$656.4 million (2015: HK\$579.7 million) were repayable within 12 months.

管理層討論及分析 (續)

供應鏈管理及批發貿易

此業務分部由集團供應鏈以及鐘錶及眼鏡批發業務組成。

營業額減少13.3%至HK\$344.1百萬(2015: HK\$396.9百萬)，此乃由於集團鐘錶及眼鏡批發業務受零售商訂單減少所影響。

鑒於傳統瑞士製機械手錶市場不景，集團已就從事瑞士機械手錶機芯製造及裝嵌業務之附屬公司作出非現金減值撥備HK\$26.4百萬。減值導致此分部EBIT下跌至HK\$10.2百萬(2015: HK\$85.1百萬)。

前景

預期區內零售市場在可見的將來會持續疲弱，集團於2015/16財政年度所執行的各項審慎策略，如維持穩健的現金流；減少及控制成本及資本開支；以及維持嚴謹的存貨控制及採購，將於2016/17年繼續執行。

儘管如此，集團相信，區內中產消費人口將持續擴大，零售市場亦會重現興旺。因此，致力將集團建設成大中華地區的主要零售商，仍然是集團的長遠發展目標，沒有改變！

財務

集團於2016年3月31日的借貸比率為42.4% (2015: 38.2%)，該項比率是根據集團的淨債務HK\$521.7百萬(2015: HK\$552.4百萬)及股東資金HK\$1,229.8百萬(2015: HK\$1,446.5百萬)計算。集團的淨債務是根據集團的貸款HK\$674.5百萬(2015: HK\$631.8百萬)和可換股債券HK\$446.4百萬(2015: HK\$380.7百萬)減集團的銀行結餘及現金HK\$599.2百萬(2015: HK\$460.1百萬)。

集團於結算日的貸款總額中，HK\$656.4百萬(2015: HK\$579.7百萬)的貸款須於未來十二個月內償還。

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

Of the Group's borrowings, 3% (2015: 3%) were denominated in foreign currencies. The Group's bank borrowings denominated in Hong Kong Dollars were on a floating rate basis at either bank prime lending rates or short term inter-bank offer rates.

Prior to the date of this report, the Group has obtained a one-off waiver from a bank from strict compliance with certain covenant requirement of a bank borrowing amounted to HK\$222,364,000.

The Group does not engage in speculative derivative trading.

As at 31 March 2016, the Group does not have any significant contingent liabilities.

On 23 June 2016, the Company announced that the Company entered into an amendment deed with the holder of convertible bonds of HK\$371,022,600 issued on 18 December 2012, (the "Convertible Bonds") to early redeem the outstanding Convertible Bonds at 100% of their principal amount, to pay the accrued coupon interest of HK\$6,493,000 up to 18 December 2016, and a sum equivalent to a payment for the put option of the Convertible Bonds (if the put option in the original Convertible Bond Instrument has not been exercised on or prior to the early redemption date) of HK\$111,306,780 on or before 30 September 2016.

STAFF

The Group's remuneration policies are reviewed on a regular basis and remuneration packages are in line with market practices in the relevant countries where the Group operates. As of 31 March 2016, the Group had 3,668 (2015: 3,876) employees. The Group offers KPI related bonuses to eligible employees based on the performance of the Group and the individual employee. The Group also provides related training programmes to improve the quality, competence and skills of its employees.

管理層討論及分析(續)

集團的貸款總額中約3% (2015 : 3%)以外幣結算。而集團的港幣貸款，均按銀行最優惠利率或短期銀行同業拆息基準，以浮動息率計算。

在此報告日期前，本集團已從一間銀行獲得有關借貸金額HK\$222,364,000的合約要求的相關豁免。

集團不參與純投機的衍生工具交易。

於2016年3月31日，集團並沒有任何重大的或然負債。

於2016年6月23日，本公司宣佈，本公司與於2012年12月18日發行的HK\$371,022,600可換股債券(「可換股債券」)持有人訂立修訂契據，於2016年9月30日或之前，提早贖回可換股債券百分百本金、支付截至2016年12月18日的已產生票面利息HK\$6,493,000，及支付相等於HK\$111,306,780可換股債券的認沽期權款項(如果該可換股債券認沽期權在提早贖回日或之前尚未被行使)。

員工

集團以其經營國家的人力資源市場為準則，釐定給予當地僱員的報酬，並定時進行檢討。本集團於2016年3月31日共有3,668位(2015年：3,876位)僱員。集團就業績及個別僱員表現提供按「關鍵績效指標」釐定之獎金予合資格的僱員。集團亦提供相關的培訓計劃改善僱員質素、能力及技能。

**DIRECTORS AND INTERESTS IN TRANSACTIONS,
ARRANGEMENTS AND CONTRACTS**

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

| | |
|-----------------------------|--|
| Joseph C. C. Wong | (Chairman and Chief Executive Officer) |
| Vincent Lau Tak Bui | (retirement effective from 1 July 2015) |
| Wallace Kwan Chi Kin | |
| Sakorn Kanjanapas | |
| Mary Ma Xuezheng | (resignation effective on the Early Redemption Date) |
| (also known as Mary Ma) | |
| Alex Wong Yu Tsang | (resignation effective on the Early Redemption Date) |
| (also known as Alex Wong) | |
| Nelson Wu Chun Sang | (independent non-executive) |
| Lawrence Wu Chi Man | (independent non-executive) |
| Agnes Kwong Yi Hang | (independent non-executive) |

Mr. Vincent Lau Tak Bui resigned on 1 July 2015 as executive director of the Company due to retirement.

Due to the early redemption by the Company of the HK\$371,022,600 convertible bonds due 2017 issued by the Company on 18 December 2012 (the "Convertible Bonds"), the outstanding Convertible Bonds shall be redeemed no later than 30 September 2016 (the "Early Redemption Date"), Ms. Ma Xuezheng (also known as Mary Ma) and Mr. Wong Yu Tsang, Alex (also known as Alex Wong) have tendered their resignations as non-executive directors of the Company with effect from the Early Redemption Date.

Each of Mr. Lau, Ms. Ma and Mr. Wong have confirmed that they have no disagreement with the Board and nothing relating to the affairs of the Company needed to be brought to the attention of the shareholders of the Company.

In accordance with Bye-law 110(A), Mr. Nelson Wu Chun Sang and Mr. Sakorn Kanjanapas will retire by rotation at the forthcoming Annual General Meeting ("AGM") and, being eligible, offer themselves for re-election.

董事會及交易、協議及合約權益

年內及直至本報告日期的在任董事如下：

| | |
|-----|----------------|
| 黃創增 | (主席及行政總裁) |
| 劉德杯 | (於2015年7月1日退休) |
| 關志堅 | |
| 黃創江 | |
| 馬雪征 | (於提早贖回日辭任) |
| 黃宇錚 | (於提早贖回日辭任) |
| 胡春生 | (獨立非行政董事) |
| 胡志文 | (獨立非行政董事) |
| 鄺易行 | (獨立非行政董事) |

劉德杯先生已於2015年7月1日因退休辭任本公司執行董事。

由於本公司提前贖回本公司於2012年12月18日發行的2017年到期HK\$371,022,600可換股債券(「可換股債券」)，未行使可換股債券須於2016年9月30日(「提早贖回日」)前贖回，馬雪征女士及黃宇錚先生已提呈辭任本公司非行政董事一職，自提早贖回日起生效。

劉先生、馬女士及黃先生各自確認，彼等與董事會並無意見分歧，亦無有關本公司之事宜須予知會本公司股東。

按照公司細則第110(A)條，胡春生先生及黃創江先生將於應屆股東週年大會(「股東週年大會」)輪席告退，惟彼等合資格並願膺選連任。

REPORT OF THE DIRECTORS

董事會報告書

DIRECTORS AND INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS (continued)

During the year and up to the date of this report, Mr. Joseph C. C. Wong, Mr. Sakorn Kanjanapas, Mr. Wallace Kwan Chi Kin and Mr. Vincent Lau Tak Bui (up to 1 July 2015) are also directors in certain subsidiaries of the Company. Other directors of the Company's subsidiaries in Hong Kong during the year and up to the date of this report are: Ms. Caroline Chong Sue Peng, Mr. William Hui Kin Wai, Mr. Cheng Hok Yuk, Ms. Stella Chow Yin Oi, Mr. Lancelot Lo Kwun Fung, Mr. Wong Kai Kwong, Ms. Emily Choy Pik Yin, Ms. Leung Sze Mun and Mr. Johnny Chan Koon Kiu.

No director has a service contract with the Company which is not determinable by the employer within one year without payment of compensation (other than statutory compensation).

The Company's directors have formal letters of appointment setting out the key terms and conditions of their appointment. During the year, Mr. Joseph C. C. Wong, Mr. Wallace Kwan Chi Kin and Mr. Vincent Lau Tak Bui (up to 1 July 2015) were each eligible to an annual bonus determinable under the terms of a KPI based executive bonus scheme with respect to their management of the Group. Provision for the bonuses in respect of the directors eligible under the executive bonus scheme for the year ended 31 March 2016 amounted to HK\$9,936,000 (2015: HK\$16,945,000).

Apart from the foregoing, no other transactions, arrangements and contracts of significance in relation to the Group's businesses to which the Company's subsidiaries or its holding company was a party and in which a director of the Company and the director's connected party had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR EXECUTIVES

Chairman and Chief Executive Officer

Joseph C. C. WONG, aged 56, was appointed executive director of the Company in 1986. Mr. Wong undertook his tertiary studies in the United Kingdom. He graduated from the University of Bradford with a B.Sc. in Industrial Engineering (First Class Honours). Mr. Wong also holds a M.Sc. (with Distinction) in Operational Research from the University of Southampton. Mr. Wong is the Founding Honorary Patron of the HKU Foundation for Education Development and Research and has been serving the Board of Directors of the Foundation for over 15 years. He is also a member of the Court of the University of Hong Kong. He was awarded an Honorary Fellowship by the University of Hong Kong in 2012. He is a brother of Mr. Sakorn Kanjanapas, a non-executive director of the Company.

董事會及交易、協議及合約權益(續)

年內及直至本報告日期，黃創增，黃創江，關志堅及劉德杯(至2015年7月1日)同為本公司若干附屬公司董事。年內及直至本報告日期，其他香港附屬公司董事：張素萍大律師、許健偉先生，鄭學玉先生，周燕愛女士，盧冠峯先生，黃啓光先生，蔡碧欣女士，梁思敏女士及陳冠橋先生。

各董事概無與本公司訂立本公司不可於1年內免付補償(法定賠償除外)而終止的服務合約。

本公司董事均有正式委任信，載列其委任的主要條款及條件。年內，黃創增先生、關志堅先生及劉德杯先生(至2015年7月1日)就管理本集團作出貢獻而合資格根據「關鍵績效指標」之行政人員花紅計劃條款獲得待定金額之年度花紅。截至2016年3月31日止年度，就行政人員花紅計劃合資格董事而作出之行政人員花紅撥備為港幣9,936,000元(2015年：港幣16,945,000元)。

除上述者外，於年終時或年內任何時間，概無任何本公司、其附屬公司或其控股公司所簽訂而本公司董事及其關聯方直接或間接享有重大利益之與本集團業務有關之重要交易、協議及合約。

董事及高級管理人員的履歷詳情

主席及行政總裁

黃創增先生，56歲，於1986年獲委任為本公司董事。黃先生於英國接受高等教育，畢業於布拉德福德大學並擁有工業工程專業理學士學位(一級榮譽)。黃先生亦持有英國南開普敦大學運籌學理碩士學位(最優等)。黃先生為香港大學教育發展研究基金會名譽贊助人並已於該基金的董事會任職逾十五年。彼亦為香港大學校董會的成員並於2012年獲得香港大學名譽院士銜頭。黃先生為本公司非行政董事黃創江先生之胞弟。

REPORT OF THE DIRECTORS

董事會報告書

DIRECTORS AND INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS (continued) BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR EXECUTIVES (continued)

Directors

Vincent LAU Tak Bui (retirement effective on 1 July 2015), aged 58, was appointed executive director of the Company in 2006. Mr. Lau was CEO of the Thong Sia Group of Companies (“Thong Sia Group”) (acquired by the Company in September 2005) between 2002 and 2012. He was appointed Vice-Chairman of Thong Sia Group in 2012. He is an associate member of the Hong Kong Institute of Certified Public Accountants. Up till Mr. Lau’s retirement, he was Group Chief Operating Officer.

Wallace KWAN Chi Kin, aged 46, joined the Group in November 2011 as Group Finance Director and was appointed an executive director and Chief Financial Officer of the Company in July 2013. Mr. Kwan holds a Bachelor of Social Science Degree from The Chinese University of Hong Kong. He also holds a Master of Business Administration Degree from the University of Manchester and a Master of Laws in Corporate & Financial Law from The University of Hong Kong. He is a member of the Hong Kong Institute of Certified Public Accountants and also a fellow of the Association of Chartered Certified Accountants. Mr. Kwan has over 20 years of experience in financial management having worked at an international audit firm and listed companies.

Sakorn KANJANAPAS, aged 66, was appointed a non-executive director of the Company in 1987. He is a brother of the Chairman and CEO of the Company.

Mary MA Xuezheng, aged 64, was appointed a non-executive director of the Company in December 2012. Ms. Ma graduated from Capital Normal University. She was appointed a non-executive director of the Securities and Futures Commission on 15 November 2013. She is a Managing Partner of Boyu Capital Advisory Co. Ltd., the adviser to the investment fund which ultimately owns Sapphire Illuminatus Holdings Limited. Prior to Boyu Capital, Ms. Ma was a Partner of TPG Capital and co-Chairman of TPG China where she primarily focused on investments in the Greater China region. Before joining TPG, Ms. Ma was a Senior Vice President and Chief Financial Officer of Lenovo Group Ltd. Ms. Ma has been a member of the Lenovo board since 1997 and currently serves as non-executive Vice Chairman, a role she has served since 2007. She is also a non-executive director of Wumart Stores, Inc. and a non-executive

董事會及交易、協議及合約權益(續)

董事及高級管理人員的履歷詳情(續)

董事

劉德杯先生(於2015年7月1日退休), 58歲, 於2006年獲委任為本公司行政董事。自2002年至2012年期間, 劉先生為通城集團(本公司於2005年9月收購)的行政總裁。劉先生於2012年獲委任為通城集團副主席。彼為香港會計師公會會員, 截至劉先生的退休之日, 彼為本集團首席營運總監。

關志堅先生, 46歲, 自2011年11月加入本集團出任集團財務總監及於2013年7月獲委任為本公司行政董事及首席財務總裁。彼擁有香港中文大學社會科學學士。彼亦擁有曼徹斯特大學工商管理碩士及香港大學公司及金融法法學碩士。彼為香港會計師公會會員及特許公認會計師公會資深會員。關先生曾在國際審計師事務所及上市公司任職, 擁有超過20年的財務管理經驗。

黃創江先生, 66歲, 於1987年獲委任為本公司非行政董事。彼乃本公司主席兼行政總裁之胞兄。

馬雪征女士, 64歲, 於2012年12月獲委任為本公司非行政董事。馬女士畢業於首都師範大學。彼於2013年11月15日獲委任為證券及期貨事務監察委員會非執行董事。彼為博裕投資顧問有限公司的管理合夥人, 而博裕投資顧問有限公司為最終擁有 Sapphire Illuminatus Holdings Limited 的投資基金的顧問。加入博裕資本前, 馬女士為 TPG Capital 的合夥人及 TPG 中國區的聯席主席, 主要專注於大中華區投資。加入 TPG 前, 馬女士為聯想集團有限公司的資深副總裁及首席財務總裁。馬女士自1997年起出任聯想董事會成員, 並自2007年擔任董事會非行政副主席。馬女士亦為北京物美商業集團股份有限公司的非行政董事及聯合利華的非行政董事。2009年至2011年期間, 馬女士為達芙妮國際控股有限公司的非行

REPORT OF THE DIRECTORS

董事會報告書

DIRECTORS AND INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS (continued) BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR EXECUTIVES (continued)

Directors (continued)

director of Unilever N.V. and Unilever PLC. Between 2009 and 2011, Ms. Ma was a non-executive director of Daphne International Holdings Ltd. Between 2009 and 2013, Ms. Ma was a member of the Listing Committee of the Hong Kong Stock Exchange and between 2004 and 2013, was an independent non-executive director of Standard Chartered Bank (Hong Kong) Limited. Ms. Ma has been a member of The Hong Kong Institute of Directors since 2000. Ms. Ma worked for The Chinese Academy of Sciences before joining Lenovo.

Alex WONG Yu Tsang, aged 38, was appointed a non-executive director of the Company in December 2012. Mr. Wong holds a Bachelor of Business Administration degree (First Class Honours) from the Chinese University of Hong Kong. Mr. Wong is an executive director of Boyu Capital Advisory Co. Ltd., the adviser to the investment fund which ultimately owns Sapphire Illuminatus Holdings Limited. Prior to Boyu Capital, Mr. Wong was an executive director at Goldman Sachs' Principal Investment Area. Prior to this, Mr. Wong was a consultant in McKinsey & Company's Corporate Finance Practice.

WU Chun Sang, aged 59, was appointed an independent non-executive director of the Company in 2004. He is a Macau Registered Auditor. He is also a fellow member of the Association of Chartered Certified Accountants, UK and an associate member of the Hong Kong Institute of Certified Public Accountants.

Lawrence WU Chi Man, aged 58, was appointed an independent non-executive director of the Company in 2005. He graduated from Bristol University, UK with a BSc(Eng) and PhD in Aeronautical Engineering. He is a Professor at the Department of Physics and Material Science at the City University of Hong Kong. He is a fellow of the Hong Kong Institution of Engineers (HKIE). He is also a Council Member of the HKIE. He received the Taishan (泰山學者) Scholar award from the Shandong Provincial Government in 2012.

Agnes KWONG Yi Hang, aged 57, holds a PhD in Molecular Immunology from the University of Hong Kong. She was appointed an independent non-executive director of the Company in 2006. She is a director of Health Wisdom Limited, the company is a health consultancy.

董事會及交易、協議及合約權益(續)

董事及高級管理人員的履歷詳情(續)

董事(續)

政董事。馬女士自2009年至2013年期間為香港聯交所上市委員會成員，並於2004年至2013年期間為渣打銀行(香港)有限公司的獨立非行政董事。馬女士自2000年起為香港董事學會成員。馬女士於加入聯想前曾任職中國科學院。

黃宇錚先生，38歲，於2012年12月獲委任為本公司非行政董事。黃先生持有香港中文大學頒授的工商管理學士學位(一級榮譽)。彼為博裕投資顧問有限公司的行政董事，而博裕投資顧問有限公司為最終擁有 Sapphire Illuminatus Holdings Limited 的投資基金的顧問。加入博裕資本前，黃先生為高盛直接投資部的執行董事。此前，黃先生為麥肯錫公司企業財務部顧問。

胡春生先生，59歲，於2004年獲委任為本公司獨立非行政董事。彼為澳門註冊核數師。彼亦為英國特許公認會計師公會資深會員及香港會計師公會會員。

胡志文教授，58歲，於2005年獲委任為本公司獨立非行政董事。彼畢業於英國布里斯托大學，獲得航空工程學士及博士銜頭。彼為香港城市大學物理及材料科學系教授及香港工程師學會資深會員，亦為香港工程師學會理事。於2012年，彼獲得山東省政府頒發的泰山學者獎。

鄺易行博士，57歲，擁有香港大學頒授之分子免疫學博士銜頭。彼於2006年獲委任為本公司獨立非行政董事。彼為一所健康顧問公司，Health Wisdom Limited 的董事。

REPORT OF THE DIRECTORS

董事會報告書

DIRECTORS AND INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS (continued) BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR EXECUTIVES (continued)

Chief Counsel and Company Secretary

Caroline CHONG, aged 54, joined the Group in 1997. She graduated from the University of Kent, United Kingdom with a Bachelor of Arts (Law) (Hons) degree. She is admitted as a Barrister in England and Wales, and, Hong Kong. She heads the Group Legal and Corporate Secretariat and Group Human Resources. Ms. Chong was awarded the “Managing IP In-House Award” organised by the Euromoney Legal Media Group in 2012 to recognize leading lawyers.

SHARE OPTIONS

The Company and its subsidiaries did not set up or operate any share option scheme for the year ended 31 March 2016 and up to the date of publication of this Annual Report.

DIRECTORS' INTERESTS

As at 31 March 2016, the interests and short positions of the directors, and the Company's chief executive in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”)) as recorded in the register required to be kept under Section 352 of the 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:

董事會及交易、協議及合約權益(續)

董事及高級管理人員履歷(續)

首席法律顧問及公司秘書

張素萍大律師，54歲，於1997年加入本集團。彼畢業於英國肯特大學，榮獲法律(榮譽)學士學位。彼在英格蘭及威爾斯以及香港獲認可為大律師。彼領導集團法律及公司秘書事務及集團人力資源。張大律師於2012年榮獲Euromoney Legal Media Group(「歐洲貨幣法律傳媒集團」)之Managing IP In-House Award(「企業內部知識產權管理獎」)。

購股權

本公司及其附屬公司於截至2016年3月31日止年度及直至本年報刊發日期並無設立或進行任何購股權計劃。

董事之權益

於2016年3月31日，按本公司根據證券及期貨條例(「證券及期貨條例」)第352條而置存之登記冊所記錄，董事及本公司之最高行政人員於本公司或其任何相聯法團(按證券及期貨條例第XV部之定義)之股份、相關股份及債券中擁有之權益及淡倉，或根據上市發行人董事進行證券交易之標準守則而須知會本公司及聯交所之權益及淡倉如下：

REPORT OF THE DIRECTORS
董事會報告書

**DIRECTORS AND INTERESTS IN TRANSACTIONS,
ARRANGEMENTS AND CONTRACTS (continued)**

董事會及交易、協議及合約權益(續)

DIRECTORS' INTERESTS (continued)

董事之權益(續)

(a) The Company – Ordinary shares

(a) 本公司 – 普通股

Long position in shares and underlying shares of the Company

於本公司之股份及相關股份之好倉

| Name of Director 董事姓名 | Number of shares 股份數目 | | | | Total 總數 | Approximate percentage of issued share capital 佔已發行 股本之 概約百分比 |
|-----------------------------------|----------------------------------|----------------------------|---|---------------------------|-------------|---|
| | Personal interest 個人權益 | Family interest 家屬權益 | Corporate/ trust interest 法團/ 信託權益 | Other interest 其他權益 | | |
| Mr. Joseph C. C. Wong 黃創增先生 | 548,474,814 | 11,000 | 1,195,100 (Note 2) (附註 2) | – | 549,680,914 | 52.53 |
| Mr. Wallace Kwan Chi Kin 關志堅先生 | – | – | – | – | – | – |
| Mr. Sakorn Kanjanapas 黃創江先生 | 67,221,078 (Note 1) (附註 1) | – | 1,195,100 (Note 2) (附註 2) | – | 68,416,178 | 6.54 |

Notes:

附註：

- (1) Options granted by Mr. Sakorn Kanjanapas to Mr. Joseph C.C. Wong to purchase such shares within a period of 3 years from 27 August 2012 lapsed on 27 August 2015.
- (2) Yee Hing Company Limited, directly and indirectly through its subsidiary including Active Lights Company Limited, held 1,195,100 shares of the Company as at 31 March 2016. 55% of the total issued ordinary shares of Yee Hing Company Limited is held by Klayze Holdings Limited, which is the trustee of a discretionary trust (the "Trust"). Mr. Joseph C. C. Wong and Mr. Sakorn Kanjanapas are the beneficiaries of the Trust and were therefore deemed to be interested in 1,195,100 shares of the Company through the Trust's interest in Yee Hing Company Limited.

- (1) 黃創江先生授予黃創增先生自2012年8月27日起計3年期內購買有關股份的購股權已於2015年8月27日失效。
- (2) 於2016年3月31日，義興有限公司直接或間接通過其附屬公司Active Lights Company Limited持有本公司1,195,100股股份。Klayze Holdings Limited以作為一項酌情信託(「信託」)之受託人身份持有義興有限公司全部已發行普通股之55%權益。黃創增先生及黃創江先生為信託之受益人，故被視為通過信託於義興有限公司之權益而擁有本公司1,195,100股股份權益。

REPORT OF THE DIRECTORS
董事會報告書

DIRECTORS AND INTERESTS IN TRANSACTIONS,
ARRANGEMENTS AND CONTRACTS (continued)
DIRECTORS' INTERESTS (continued)

董事會及交易、協議及合約權益(續)

董事之權益(續)

(b) Subsidiaries

(b) 附屬公司

| | Number of shares 股份數目 | | | Total 總數 | Approximate percentage of the total preference shares in issue as at 31 March 2016 於2016年 3月31日 佔全部已 發行優先股 概約百分比 |
|---|-------------------------------|----------------------------|--------------------------------|-------------|--|
| | Personal interests 個人權益 | Family interest 家屬權益 | Corporate interests 法團權益 | | |
| (i) City Chain (Thailand) Company Limited – Preference shares ¹ City Chain (Thailand) Company Limited – 優先股 ¹ | | | | | |
| Mr. Joseph C. C. Wong 黃創增先生 | 200 | – | 208,800 | 209,000 | 99.52 |
| Mr. Sakorn Kanjanapas 黃創江先生 | 200 | – | 208,800 | 209,000 | 99.52 |
| (ii) Stelux Watch (Thailand) Company Limited – Preference shares ² Stelux Watch (Thailand) Company Limited – 優先股 ² | | | | | |
| Mr. Joseph C. C. Wong 黃創增先生 | 600 | – | – | 600 | 16.67 |
| Mr. Sakorn Kanjanapas 黃創江先生 | 600 | – | – | 600 | 16.67 |
| (iii) Optical 88 (Thailand) Company Limited – Preference shares ³ Optical 88 (Thailand) Company Limited – 優先股 ³ | | | | | |
| Mr. Joseph C. C. Wong 黃創增先生 | 5,000 | – | 225,000 | 230,000 | 90.20 |
| Mr. Sakorn Kanjanapas 黃創江先生 | 5,000 | – | 225,000 | 230,000 | 90.20 |
| (iv) Stelux (Thailand) Limited – Preference shares ⁴ Stelux (Thailand) Limited – 優先股 ⁴ | | | | | |
| Mr. Joseph C. C. Wong 黃創增先生 | 5,100 | – | – | 5,100 | 100 |

**DIRECTORS AND INTERESTS IN TRANSACTIONS,
ARRANGEMENTS AND CONTRACTS (continued)**
DIRECTORS' INTERESTS (continued)

(b) Subsidiaries (continued)

Notes:

- (1) City Chain (Thailand) Company Limited is a subsidiary of the Company. Each preference share carries a right to vote and a right to an annual fixed dividend but not to any other profit sharing. The corporate interests of each of Mr. Joseph C. C. Wong and Mr. Sakorn Kanjanapas in 208,800 preference shares duplicate with each other.
- (2) Stelux Watch (Thailand) Company Limited is a subsidiary of the Company. Each preference share carries a right to vote and a right to an annual fixed dividend but not to any other profit sharing.
- (3) Optical 88 (Thailand) Company Limited is a subsidiary of the Company. Each preference share carries a right to vote and a right to an annual fixed dividend but not to any other profit sharing. The corporate interests of each of Mr. Joseph C. C. Wong and Mr. Sakorn Kanjanapas in 225,000 preference shares duplicate with each other.
- (4) Stelux (Thailand) Limited is a subsidiary of the Company. Mr. Joseph C. C. Wong is entitled to approximately 8.6% of the voting power of such subsidiary and an annual fixed dividend by virtue of the 5,100 preference shares held by him but not to any other profit sharing.

Save as disclosed above, no directors, chief executive of the Company or their associates have any interest or short positions in the shares or underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the 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.

**INTERESTS OF SHAREHOLDERS DISCLOSEABLE PURSUANT
TO THE SFO**

As at 31 March 2016, the following persons had interests in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO:

董事會及交易、協議及合約權益(續)

董事之權益(續)

(b) 附屬公司(續)

附註：

- (1) City Chain (Thailand) Company Limited 為本公司的附屬公司。每股優先股享有投票權及每年的固定股息，但並無權利分取任何其他盈利。黃創增先生及黃創江先生各自以法團名義權益持有的 208,800 股優先股為互相重複。
- (2) Stelux Watch (Thailand) Company Limited 為本公司的附屬公司。每股優先股享有投票權及每年的固定股息，但並無權利分取任何其他盈利。
- (3) Optical 88 (Thailand) Company Limited 為本公司的附屬公司。每股優先股享有投票權及每年的固定股息，但並無權利分取任何其他盈利。黃創增先生及黃創江先生各自以法團名義權益持有的 225,000 股優先股為互相重複。
- (4) Stelux (Thailand) Limited 為本公司的附屬公司。黃創增先生於該附屬公司所持有的 5,100 股優先股享有該附屬公司大概 8.6% 投票權及每年的固定股息，但並無權利分取任何其他盈利。

除上文所披露者外，根據本公司依據證券及期貨條例第 352 條而置存登記冊所記錄或本公司及聯交所根據上市公司董事進行證券交易的標準守則所獲通知，本公司各董事、最高行政人員或彼等的聯繫人士概無在本公司或其任何相聯法團（按證券及期貨條例第 XV 部的定義）的股份或相關股份中擁有任何權益或淡倉。

根據證券及期貨條例須予以披露之股東權益

根據證券及期貨條例第 336 條而置存之登記冊所記錄，以下人士於 2016 年 3 月 31 日於本公司之股份或相關股份中擁有權益：

REPORT OF THE DIRECTORS

董事會報告書

DIRECTORS AND INTERESTS IN TRANSACTIONS,
ARRANGEMENTS AND CONTRACTS (continued)

董事會及交易、協議及合約權益(續)

INTERESTS OF SHAREHOLDERS DISCLOSEABLE PURSUANT
TO THE SFO (continued)

根據證券及期貨條例須予以披露之股東權益(續)

Long positions in shares and underlying shares of the Company

於本公司之股份及相關股份之好倉

| Name of Director 董事姓名 | Number of shares 股份數目 | | | | Total 總數 | Approximate percentage of issued share capital 佔已發行 股本之 概約百分比 |
|--------------------------------|------------------------------|----------------------------|---|---------------------------|-------------|---|
| | Personal interest 個人權益 | Family interest 家屬權益 | Corporate/ trust interest 法團/ 信託權益 | Other interest 其他權益 | | |
| Mr. Joseph C. C. Wong 黃創增先生 | 548,474,814 | 11,000 | 1,195,100 (Note 1) (附註 1) | – | 549,680,914 | 52.53 |
| Mr. Sakorn Kanjanapas 黃創江先生 | 67,221,078 | – | 1,195,100 (Note 1) (附註 1) | – | 68,416,178 | 6.54 |
| Boyu Capital Holdings Ltd. | – | – | 190,268,000 (Note 2) (附註 2) | – | 190,268,000 | 18.18 |
| NTAsian Discovery Master Fund | 54,250,000 | – | – | – | 54,250,000 | 5.18 |

Notes:

附註：

- (1) Yee Hing Company Limited, directly and indirectly through its subsidiary including Active Lights Company Limited, held 1,195,100 shares of the Company as at 31 March 2016. 55% of the total issued ordinary shares of Yee Hing Company Limited is held by Klayze Holdings Limited, which is the trustee of a discretionary trust (the "Trust"). Mr. Joseph C. C. Wong and Mr. Sakorn Kanjanapas are the beneficiaries of the Trust and were therefore deemed to be interested in 1,195,100 shares of the Company through the Trust's interest in Yee Hing Company Limited.
- (2) The Company has issued convertible bonds in an aggregate principal amount of HK\$371,022,600 to Sapphire Illuminatus Holdings Limited (the "Convertible Bonds"), all of which were outstanding as at 31 March 2016. The Convertible Bonds are convertible into shares of the Company at the initial conversion price of HK\$1.95 per new share. Assuming the exercise in full of the conversion right attaching to the Convertible Bonds at the initial conversion price, a total of 190,268,000 new shares of the Company will be issued. Sapphire Illuminatus Holdings Limited is wholly-owned by Boyu Capital Fund I, L.P., which is wholly-owned by Boyu Capital General Partner I, L.P., which is wholly-owned by Boyu Capital General Partner I, Ltd., which is in turn wholly-owned by Boyu Capital Holdings Ltd.

- (1) 於2016年3月31日，義興有限公司直接或間接通過其附屬公司Active Lights Company Limited持有本公司1,195,100股股份。Klayze Holdings Limited(以作為一項酌情信託(「信託」)之受託人身份持有義興有限公司全部已發行普通股之55%權益。黃創增先生及黃創江先生為信託之受益人，故被視為通過信託於義興有限公司之權益而擁有本公司1,195,100股股份權益。
- (2) 本公司向Sapphire Illuminatus Holdings Limited(「Sapphire」)發行綜合本金總額為港幣371,022,600元的可換股債券，截至2016年3月31日Sapphire尚未行使該權益。可換股債券可以根據初步兌換價每股港幣1.95元兌換為公司之股份。若按初步兌換價悉數行使可換股債券附帶之換股權，公司將會發行總數190,268,000股新股份。Sapphire由Boyu Capital Fund I, L.P.全資擁有，而Boyu Capital Fund I, L.P.由Boyu Capital General Partner I, L.P.全資擁有，而Boyu Capital General Partner I, L.P.由Boyu Capital General Partner I, Ltd.全資擁有，而Boyu Capital General Partner I, Ltd.又是由Boyu Capital Holdings Ltd.全資擁有。

**DIRECTORS AND INTERESTS IN TRANSACTIONS,
ARRANGEMENTS AND CONTRACTS (continued)**
**INTERESTS OF SHAREHOLDERS DISCLOSEABLE PURSUANT
TO THE SFO (continued)**

Save as disclosed above, the directors are not aware of any person (other than a director or chief executive of the Company or his/her respective associate(s)), who had an interest or short position in the shares or underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO as at 31 March 2016.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

The Company has not redeemed any of its shares during the year. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the year.

MAJOR CUSTOMERS AND SUPPLIERS

The percentages of purchases and sales for the year attributable to the Group's major suppliers and customers are as follows:

Purchases

- the largest supplier
- five largest suppliers combined

Sales

- the largest customer
- five largest customers combined

None of the directors, their associates or any shareholder (which to the knowledge of the directors owns more than 5% of the Company's share capital) had an interest in the major suppliers or customers noted above.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

SUFFICIENCY OF PUBLIC FLOAT

Based on information publicly available to the Company and to the best knowledge of the directors of the Company, at least 25% of issued share capital of the Company was held by public members as at the date of this report.

董事會及交易、協議及合約權益(續)

根據證券及期貨條例須予以披露之股東權益(續)

除上文所披露者外，於2016年3月31日，按本公司根據證券及期貨條例第336條而置存之登記冊所記錄，董事概無知悉有任何人士(董事或本公司之最高行政人員或其各自之聯繫人除外)於本公司之股份或相關股份中擁有權益或淡倉。

上市證券的購買、出售或贖回

本公司於年內並無贖回其任何股份。本公司或其任何附屬公司於年內並無購買或出售本公司的任何股份。

主要客戶及供應商

本集團主要供應商及客戶應佔本年度採購額及銷售額百分比如下：

採購額

- 最大供應商 26%
- 五大供應商合計 46%

銷售額

- 最大客戶 1%
- 五大客戶合計 2%

就各董事所知各董事、彼等之聯繫人士擁有本公司已發行股本5%以上之股東並無於上述主要供應商或客戶擁有權益。

管理合約

年內，本公司並無簽訂或存有任何有關於整體或部分主要業務的管理及行政合約。

足夠公眾持股量

根據本公司可公開獲得之資料及據本公司董事所知，於本報告日期本公司已發行股本中至少25%由公眾人士持有。

**DIRECTORS AND INTERESTS IN TRANSACTIONS,
ARRANGEMENTS AND CONTRACTS (continued)**
**CONFIRMATION OF INDEPENDENCE BY INDEPENDENT
NON-EXECUTIVE DIRECTORS**

The Company has received confirmations of independence from its independent non-executive directors, who have confirmed their independence as of 1 April 2015 up to and including 31 March 2016. The Company considers its independent non-executive directors to be independent.

Mr. Nelson Wu Chun Sang was appointed an independent non-executive director of the Company in 2004 and by the forthcoming AGM will have served 12 years. Mr. Wu has confirmed his independence as regards each of the factors referred to in Rule 3.13(1) to (8) of the Listing Rules; he does not have any past or present financial or other interest in the business of the Company or its subsidiaries or any connection with any connected person (as defined under the Listing Rules); and there are no other factors that may affect his independence. Therefore, the Board believes that Mr. Wu is independent and proposes his re-election as an independent non-executive director of the Company at the forthcoming AGM.

CONTINUING CONNECTED TRANSACTIONS

The following continuing connected transactions are based on normal commercial terms agreed after arms' length negotiations between the parties and are in the ordinary and usual course of business of the Group. The continuing connected transactions are subject to the annual review, reporting and announcement requirements under Chapter 14A of the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules") and exempt from independent shareholders' approval.

董事會及交易、協議及合約權益(續)

獨立非行政董事的獨立性確認

本公司已接獲獨立非行政董事對彼等由2015年4月1日至2016年3月31日(包括該日)期內的獨立性的確認。本公司認為獨立非行政董事均具獨立性。

胡春生先生於2004年獲委任為本公司獨立非行政董事及截至應屆股東週年大會已任職12年。胡先生已就上市規則第3.13(1)至(8)條所述各因素確認其獨立性，其過往或現時並無於本公司或其附屬公司的業務中擁有任何財務或其他利益或與任何關連人士(定義見上市規則)有任何關連及概無其他因素可能影響其獨立性。因此，董事會相信胡先生仍具獨立性及建議其於應屆股東週年大會重選為本公司獨立非行政董事。

持續關連交易

以下持續關連交易乃基於訂約各方經公平磋商後協定的一般商業條款，並於本集團一般及日常業務過程中進行。持續關連交易須遵守聯交所證券上市規則(「上市規則」)第十四A章有關年度審閱、申報及公告的規定，並獲豁免獨立股東的批准。

**DIRECTORS AND INTERESTS IN TRANSACTIONS,
ARRANGEMENTS AND CONTRACTS (continued)
CONTINUING CONNECTED TRANSACTIONS (continued)**

**Continuing connected transactions of the Group for the financial
year ended 31 March 2016**

The following continuing connected transactions under the heading above have been reviewed by the directors (including the independent non-executive directors) of the Company. The independent non-executive directors of the Company have confirmed that during the year all these transactions were entered into:

- (a) in the ordinary and usual course of business of the Group;
- (b) either (i) on normal commercial terms; or (ii) where there was no available comparison on terms no less favourable to or from the Group than terms available to or from independent third parties; and
- (c) in accordance with the relevant agreements governing such transactions on terms that were fair and reasonable and in the interests of the shareholders of the Company as a whole.

The Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The Company's auditor has issued an unqualified letter containing his findings and conclusions in respect of the continuing connected transactions disclosed by the Group below in accordance with paragraph 14A.56 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. A copy of the auditor's letter has been provided by the Company to The Stock Exchange of Hong Kong Limited.

董事會及交易、協議及合約權益(續)

持續關連交易(續)

本集團截至2016年3月31日止財政年度之持續關連交易

上述標題下的以下各項持續關連交易已由本公司董事(包括獨立非行政董事)審閱。本公司的獨立非行政董事已確認年內的所有該等交易：

- (a) 於本集團一般及日常業務過程中訂立；
- (b) (i) 按一般商業條款訂立；或(ii) 倘無可供比較的公司作為參考時，則按對本集團而言不遜於給予或取自獨立第三方的條款訂立；及
- (c) 根據規管該等交易的相關協議按公平合理並符合本公司股東整體利益的條款訂立。

根據香港會計師公會頒佈的香港鑒證業務準則第3000號(修訂)「歷史財務資料審核或審閱以外之鑒證工作」並參考實務說明第740號「香港上市規則規定的持續關連交易的核數師函件」，本公司核數師已受聘對本集團持續關連交易作出報告。根據香港聯合交易所有限公司證券上市規則第14A.56條，本公司核數師已就本集團以下披露的持續關連交易發出無保留意見函件，其中載有其發現及結論。本公司已向香港聯合交易所有限公司提供核數師函件副本。

REPORT OF THE DIRECTORS

董事會報告書

DIRECTORS AND INTERESTS IN TRANSACTIONS,
ARRANGEMENTS AND CONTRACTS (continued)
CONTINUING CONNECTED TRANSACTIONS (continued)

董事會及交易、協議及合約權益(續)

持續關連交易(續)

Summary of the continuing connected transactions:

持續關連交易概要：

| Connected persons 關連人士 | Nature of transactions 交易性質 | Income/ (expenses) 收入/(支出) HK\$'000 港幣仟元 | Annual Caps 年度上限 HK\$'000 港幣仟元 | Notes 附註 |
|--|---|--|---|-------------------------|
| International Optical Manufacturing Company Limited and its subsidiaries ("IOM") 國際眼鏡製造廠有限公司及其附屬公司 ("IOM") | Manufacture and supply of optical products and purchase of optical products 製造及供應眼鏡產品及購買眼鏡產品 | (913) | (5,600) | (i) & (xiii) |
| Mengiwa Property Investment Limited ("MPIL") as Landlord 明華物業投資有限公司 ("明華")， 作為業主 | Leasing of properties 租賃物業 | (14,750) | (15,308) | (ii) to (viii) & (xiii) |
| Active Lights Company Limited ("ALCL") and Thong Sia Company Limited ("TSCL"), each of them as Landlord Active Lights Company Limited ("ALCL") 及 Thong Sia Company Limited ("TSCL")，彼等各自作為業主 | Leasing of properties 租賃物業 | (1,975) | (1,975) | (ix) to (xi) & (xiii) |
| MPIL as Principal 明華，作為委託人 | Provision of management and property agency liaison services 提供管理及物業代理 聯絡服務 | 2,340 | 2,831 | (xii) & (xiii) |

**DIRECTORS AND INTERESTS IN TRANSACTIONS,
ARRANGEMENTS AND CONTRACTS (continued)
CONTINUING CONNECTED TRANSACTIONS (continued)**

Notes:

Manufacture and supply of optical products and purchase of optical products

- (i) The Group announced on 22 March 2013 (“Announcement”), that on 21 March 2013, the Group, through certain of its wholly-owned subsidiaries, entered into the Manufacturing and Supply Agreements 2013 with IOM with effect from 1 April 2013 to 31 March 2016 to renew the Manufacturing and Supply Agreements. All definitions in this note have the same meaning as referred to in the Announcement.

The Group has continued to engage IOM to design, manufacture and supply house-brand and licensed-brand optical products to the Group typically for cash with payment terms ranging from 30 days to 90 days, upon receipt of invoice. The terms of purchases have been determined on an individual purchase order basis based on prevailing industry conditions and the purchases have been made on normal commercial terms.

The annual cap for the year ended 31 March 2016 was set at HK\$5,200,000 based on the Group’s past experience and best estimation of the maximum amount of future purchases.

In order for the Group to continue to make purchases of optical products for the Group’s retail operations from the IOM Group after the expiry of the Renewal Retail Purchase Agreement on 31 March 2013, on 21 March 2013, the Group and IOM Group, through their respective subsidiaries, entered into a Further Renewal Retail Purchase Agreement with effect from 1 April 2013 to 31 March 2016.

The annual cap for the year ended 31 March 2016 was set at HK\$400,000 based on the Group’s past experience and best estimation of the maximum amount of future purchases.

Based on the above, the maximum aggregate annual values of purchases of optical products by the Group from the IOM Group under the Manufacturing and Supply Agreements 2013 and the Further Renewal Retail Purchase Agreement in aggregate for the year ended 31 March 2016 were set at HK\$5,600,000.

The Group is satisfied with the business relationship with IOM over the previous years, and IOM’s market knowledge and trend perception in certain major markets, as evidenced by its success in being a supplier to various internationally renowned brands of optical products.

董事會及交易、協議及合約權益(續)

持續關連交易(續)

附註：

製造及供應眼鏡產品及購買眼鏡產品

- (i) 本集團於2013年3月22日公告(「該公告」)，於2013年3月21日，本集團透過其全資附屬公司與IOM訂立2013年製造及供應協議，自2013年4月1日起至2016年3月31日止生效，以重續製造及供應協議。本附註所有定義與該公告所載者具相同涵義。

本集團一直委聘IOM設計、製造及供應自家品牌及特許品牌眼鏡產品，主要以現金支付，支付期限為收取發票後起計30日至90日。採購條款將按現行行業情況及個別採購訂單而釐定，而採購將按正常商業條款進行。

截至2016年3月31日止年度的年度上限設定為港幣5,200,000元，乃根據本集團過往經驗及就未來採購上限所作的最佳預測而釐定。

為了令本集團於2013年3月31日更新零售採購協議屆滿後就本集團的零售業務向IOM集團購買眼鏡產品，於2013年3月21日，本集團與IOM集團透過彼等各自的附屬公司訂立再度更新零售採購協議，自2013年4月1日起至2016年3月31日止期間生效。

截至2016年3月31日止年度的年度上限設定為港幣400,000元，乃根據本集團過往經驗及就未來採購上限所作的最佳預測而釐定。

基於上文所述，截至2016年3月31日止年度，本集團根據2013年製造及採購協議及再度更新零售採購協議從IOM集團採購之眼鏡產品的最高年度購買值設定為港幣5,600,000元。

本集團滿意多年來與IOM的業務關係，而IOM於若干主要市場的市場知識及潮流觸角，自其成功擔任多個國際知名眼鏡產品品牌的供應商足以證明。

**DIRECTORS AND INTERESTS IN TRANSACTIONS,
ARRANGEMENTS AND CONTRACTS (continued)**
CONTINUING CONNECTED TRANSACTIONS (continued)

Notes: (continued)

(i) (continued)

The directors (including all independent non-executive directors) of the Company are of the view that the Manufacturing and Supply Agreements 2013 and the Further Renewal Retail Purchase Agreement were entered into in the usual and ordinary course of business of the Group on normal commercial terms which were agreed after arm's length negotiations between the parties, and that the terms of the above-mentioned agreements and the maximum aggregate annual values of purchases of optical products by the Group from IOM Group are fair and reasonable and are in the interests of the Group and the Shareholders as a whole.

Leasing of office premises and carparking spaces

(ii) The Group announced on 10 December 2012 ("Announcement"), that on 10 December 2012, Stelux Holdings Limited ("SHL"), Thong Sia Watch Company Limited ("TSWCL") and Thong Sia Optics (Hong Kong) Company Limited ("TSOHK"), wholly-owned subsidiaries of the Company, each individually as tenant, entered into the Stelux House Renewal Tenancy Agreements 2013 with Mengiwa Property Investment Limited ("MPIL") in respect of the following properties:

| | |
|-------------|--|
| Premises A: | whole of 27th floor and portion of 28th floor (including 12 carparking spaces) at Stelux House |
| Premises B: | whole of 21st floor (including 3 carparking spaces) at Stelux House |
| Premises C: | office unit numbers 502, 503, 505 and 506 on the 5th floor at Stelux House |
| Premises D: | office unit numbers 1901, 1902 and 1903 with two storerooms numbers 1A and 1B on the 19th floor at Stelux House |
| Premises E: | office unit numbers 1702 and 1703 on the 17th floor at Stelux House |
| Premises F: | storeroom no. 6A on 18th floor at Stelux House |
| Premises G: | portion of office unit numbers 1905 and 1906 with storeroom no. 6A on 19th floor at Stelux House |
| Premises H: | office unit numbers 2201, 2202 and 2206 with storeroom numbers 1A, 1B, 6A and 6B on the 22nd floor of Stelux House |

董事會及交易、協議及合約權益(續)

持續關連交易(續)

附註:(續)

(i) (續)

本公司董事(包括全體獨立非執行董事)認為,2013年製造及採購協議及再度更新零售採購協議為於本集團日常業務中按訂約各方公平磋商後協定的一般商業條款訂立,上述協議之條款及本集團從IOM集團採購之眼鏡產品的最高年度購買值屬公平合理,符合本集團及股東之整體利益。

租賃辦公場所及停車位

(ii) 本集團於2012年12月10日公告(「該公告」),於2012年12月10日,Stelux Holdings Limited(「SHL」)及本公司之全資附屬公司通城鐘錶有限公司(「通城鐘錶」)及通城光學(香港)有限公司(「通城光學」)(各自個別作為租戶)與明華物業投資有限公司(「明華」)訂立2013年寶光商業中心租賃更新協議,內容有關以下物業:

| | |
|-------|--|
| 物業 A: | 寶光商業中心27樓全層及28樓部分(包括12個停車位) |
| 物業 B: | 寶光商業中心21樓全層(包括3個停車位) |
| 物業 C: | 寶光商業中心5樓502室、503室、505室及506室之辦公室單位 |
| 物業 D: | 寶光商業中心19樓1901室、1902室及1903室之辦公室單位(連同1A及1B兩個儲存室) |
| 物業 E: | 寶光商業中心17樓1702室及1703室之辦公室單位 |
| 物業 F: | 寶光商業中心18樓6A儲存室 |
| 物業 G: | 寶光商業中心19樓1905室及1906室之部分辦公室單位(連同6A儲存室) |
| 物業 H: | 寶光商業中心22樓2201室、2202室及2206室之辦公室單位(連同1A、1B、6A及6B儲存室) |

**DIRECTORS AND INTERESTS IN TRANSACTIONS,
ARRANGEMENTS AND CONTRACTS (continued)
CONTINUING CONNECTED TRANSACTIONS (continued)**

Notes: (continued)

(ii) (continued)

All definitions in this note have the same meaning as referred to in the Announcement.

The lease term of the above premises was from 1 April 2013 up to and including 31 March 2016 with no rent-free period.

The total monthly rental of HK\$881,700 comprising HK\$830,000 per calendar month for the office premises (Premises A, B, C, D, E, G and H exclusive of rates, government rent and management charges) and HK\$51,700 per calendar month for the 15 carparking spaces and a storeroom (Premises F) (inclusive of rates, government rent and management charges), both payable monthly in advance in cash by the tenant on the first day of each and every calendar month.

On 21 March 2013, the renewed tenancy agreement in respect of Premises G above was surrendered ("Surrendered Tenancy Agreement") and SHL (as tenant) entered into a new tenancy agreement with MPIL (as landlord) to rent a larger portion of office unit numbers 1905 and 1906 with storeroom no. 6A on 19th floor and an additional 6 carparking spaces at Stelux House for the same rental period as that for the Surrendered Tenancy Agreement ("Tenancy Agreement"). The monthly rental for the Tenancy Agreement was HK\$70,762.90 comprising HK\$51,862.90 per calendar month for the portion of the office units with a storeroom (exclusive of rates, government rent and management charges) and HK\$18,900 per calendar month for the 6 carparking spaces (inclusive of rates, government rent and management charges), both payable in advance in cash by the tenant on the first day of each and every calendar month.

In addition to the above, before the expiration of the Stelux House Renewal Tenancy Agreements 2013, SHL has surrendered the leases of the following premises to MPIL:

- (a) the lease of one car parking space under Premises B was early terminated with effect from 1 June 2014;
- (b) the lease of the Premises C was early surrendered on 31 May 2015 (see (viii) below for further details); and
- (c) the lease of the Premises E was early surrendered on 31 October 2015.

董事會及交易、協議及合約權益(續)

持續關連交易(續)

附註：(續)

(ii) (續)

本附註所有定義與該公告所載者具相同涵義。

上述物業租期自2013年4月1日起至2016年3月31日(包括該日)止，並無免租期。

月租總額港幣881,700元，包括辦公室物業租金每個曆月港幣830,000元(物業A、B、C、D、E、G及H(不包括差餉、政府地租及管理費))及15個停車位及一個儲存室(物業F)租金每個曆月港幣51,700元(包括差餉、政府地租及管理費)，兩者均須由租戶於每個曆月首日以現金預付。

於2013年3月21日，有關物業G的租賃更新協議已退回(「退租協議」)，而SHL(作為租戶)與明華(作為業主)訂立新租賃協議，於與退租協議相同的租賃期內租用寶光商業中心19樓1905室及1906室之大部分辦公室單位(連同6A儲存室)及額外6個停車位(「租賃協議」)。租賃協議月租港幣70,762.90元，包括部分辦公室單位連同一個儲存室租金每個曆月港幣51,862.90元(不包括差餉、政府地租及管理費)及6個停車位租金每個曆月港幣18,900元(包括差餉、政府地租及管理費)，兩者均須由租戶於每個曆月首日以現金預付。

除上述外，於2013年寶光商業中心租賃更新協議到期前，SHL與明華已提早終止以下停車位及辦公室單位的租賃：

- (a) 就物業B而言，其中一個停車位租賃已提早終止並自2014年6月1日起生效；
- (b) 物業C的租賃已於2015年5月31日提早終止(其他有關細節，參見以下附註(viii))；及
- (c) 物業E的租賃已於2015年10月31日提早終止。

DIRECTORS AND INTERESTS IN TRANSACTIONS,
ARRANGEMENTS AND CONTRACTS (continued)
CONTINUING CONNECTED TRANSACTIONS (continued)

Notes: (continued)

(ii) (continued)

SHL, as tenant, has been granted the naming right of Stelux House and each of SHL, TSWCL and TSOHK has been granted an option for the Premises A, B, C, D, E, H and the Tenancy Agreement, but not an obligation, to renew the relevant tenancy agreement with the landlord every three years for three more years for a maximum of 15 years commencing from 1 April 2016 at the then prevailing open market rent.

The monthly rents of all the above-mentioned office premises were determined on an arm's length basis taking into account the valuations conducted by an independent property valuer dated 2 November 2012, which indicate that the renewal rental rates under the Stelux House Tenancy Renewal Agreements 2013 and the Tenancy Agreement were favourable to the Group as compared with the prevailing market rental values of the subject premises, while the rental rates for carparking spaces were determined with reference to the prevailing market rental rates. Accordingly, the Directors considered the Stelux House Renewal Tenancy Agreements 2013 and the Tenancy Agreement were on normal commercial terms and were fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Group has been using the subject office premises (including the carparking spaces) primarily for office, administrative and storage purposes over a long period of time. In order to avoid possible disruption to its business due to relocation, the Group intends to continue to lease/licence the subject office premises (including the carparking spaces) following the expiration of the relevant leases/licences. The directors consider it to be in the interests of the Company and the Shareholders as a whole for the Group to continue to use the subject premises as long as the relevant rental/licence fee and other terms are favourable to the Group so as to avoid relocation and refurbishment costs which otherwise the Group will have to incur.

(iii) The Group announced on 22 May 2013 ("Announcement"), that on 22 May 2013, SHL (as tenant) entered into two tenancy agreements with MPIL (as landlord) as summarized below. All definitions in this note have the same meaning as referred to in the Announcement.

(a) to rent office unit number 2205 on 22nd floor at Stelux House for a term of two years ten months and nine days commencing on 23 May 2013 and expiring on 31 March 2016 ("Tenancy Agreement A). The monthly rental of HK\$23,850 (exclusive of rates, government rent and management charges) was payable in advance in cash by the tenant on the first day of each and every calendar month; and

董事會及交易、協議及合約權益(續)

持續關連交易(續)

附註:(續)

(ii) (續)

SHL (作為租戶) 獲授寶光商業中心之命名權, 以及SHL、通城鐘錶及通城光學物業A、B、C、D、E、H及租賃協議各自獲授選擇權(但無責任)可每三年與業主按當時現行公開市場租金將有關租賃協議續期, 每次續期三年, 由2016年4月1日起計最多續期十五年。

上述辦公室物業的月租經公平原則釐定, 並計及獨立物業估值師於2012年11月2日進行的估值, 該估值顯示2013年寶光商業中心租賃更新協議及租賃協議項下續期租金與有關物業當時現行市場租值比較, 對本集團有利, 而停車位之租金則參考現行市場租金釐定。因此, 董事認為, 2013年寶光商業中心租賃更新協議及租賃協議乃按一般商業條款訂立, 屬公平合理, 並符合本公司及股東之整體利益。

本集團一直將上述有關物業(包括停車位)長期作為首要的辦公室、管理及儲存用途。為避免因搬遷可能給其業務帶來之干擾, 本集團於有關租賃/許可協議屆滿後, 繼續租賃/許可使用有關物業(包括停車位)。董事認為, 只要有關於租金/許可費及其他條款對本集團有利及使本集團可避免產生搬遷及裝修費用, 本集團繼續使用有關物業實符合本公司及股東之整體利益。

(iii) 本集團於2013年5月22日公告(「該公告」), 於2013年5月22日, SHL(作為租戶)與明華(作為業主)訂立兩份租賃協議, 概述如下。本附註所有定義與該公告所載者具相同涵義。

(a) 租用寶光商業中心22樓2205室之辦公室單位, 為期兩年十個月零九日, 自2013年5月23日起至2016年3月31日(包括首尾兩日)屆滿(「租賃協議A」)。月租港幣23,850元(不包括差餉、政府地租及管理費), 須由租戶於每個曆月首日以現金預付; 及

**DIRECTORS AND INTERESTS IN TRANSACTIONS,
ARRANGEMENTS AND CONTRACTS (continued)
CONTINUING CONNECTED TRANSACTIONS (continued)**

Notes: (continued)

(iii) (continued)

- (b) to rent storeroom number 1B on 20th floor at Stelux House for a term of two years eight months and nineteen days from 13 July 2013 up to and including 31 March 2016 (“Tenancy Agreement B). The monthly rental of HK\$5,000 (inclusive of rates, government rent and management charges) was payable in advance in cash by the tenant on the first day of each and every calendar month.

The above monthly rents were determined on an arm’s length basis taking into account the prevailing market rental rates at Stelux House. Accordingly, the directors considered that the terms of the Tenancy Agreements A and B reflected normal commercial terms and were fair and reasonable, and the entering into of Tenancy Agreements A and B were in the interests of the Company and the Shareholders as a whole.

With respect to the Tenancy Agreement A, SHL was granted an option, but not an obligation, to renew the tenancy every three years for three more years for a maximum of 15 years commencing from 1 April 2016 at the then prevailing open market rent.

- (iv) The Group announced on 28 November 2013 (“Announcement”), that on 28 November 2013, SHL (as tenant) entered into a tenancy agreement with MPIL (as landlord) to rent office unit number 601 and storeroom numbers 1A and 1B on 6th floor at Stelux House for a term of two years and three months commencing on 1 January 2014 and expiring on 31 March 2016. All definitions in this note have the same meaning as referred to in the Announcement.

The monthly rental of HK\$42,500 (exclusive of rates, government rent and management charges) was payable in advance in cash by the tenant on the first day of each and every calendar month.

The monthly rental was determined on an arm’s length basis taking into account the valuation on the office unit with two storerooms conducted by an independent property valuer dated 22 November 2013. Accordingly, the directors considered that the terms of the tenancy agreement reflected normal commercial terms and were fair and reasonable, and the entering into of tenancy agreement was in the interests of the Company and the Shareholders as a whole.

SHL early surrendered the above-mentioned tenancy to MPIL on 31 January 2016.

董事會及交易、協議及合約權益(續)

持續關連交易(續)

附註：(續)

(iii) (續)

- (b) 租用寶光商業中心20樓1B號儲存室，為期兩年八個月零十九日，自2013年7月13日起至2016年3月31日(包括首尾兩日)屆滿(「租賃協議B」)。月租港幣5,000元(包括差餉、政府地租及管理費)，須由租戶於每個曆月首日以現金預付。

上述每月租金乃按公平原則釐定，並計及寶光商業中心現行市場租值。因此，董事認為，租賃協議A及B的條款反映一般商業條款，屬公平合理，而訂立租賃協議A及B符合本公司及股東之整體利益。

就租賃協議A而言，SHL獲授予選擇權(但無責任)可每三年按當時現行公開市場租金續租，每次續期三年，由2016年4月1日起計最多續期十五年。

- (iv) 本集團於2013年11月28日公告(「該公告」)，於2013年11月28日，SH(作為租戶)與明(作為業主)訂立租賃協議，租用寶光商業中心6樓601室之辦公室單位及1A及1B號儲存室，為期兩年零三個月，自2014年1月1日起至2016年3月31日屆滿。本附註所有定義與該公告所載者具相同涵義。

月租港幣42,500元(不包括差餉、政府地租及管理費)，須由租戶於每個曆月首日以現金預付。

每月租金乃按公平原則釐定，並計及獨立物業估價師於2013年11月22日就辦公室單位及兩個儲存室進行的估值。因此，董事認為，租賃協議之條款反映一般商業條款，屬公平合理，而訂立租賃協議符合本公司及股東之整體利益。

SHL已於2016年1月31日向明華提早終止了上述租賃。

DIRECTORS AND INTERESTS IN TRANSACTIONS,
ARRANGEMENTS AND CONTRACTS (continued)
CONTINUING CONNECTED TRANSACTIONS (continued)

Notes: (continued)

- (v) The Group announced on 9 April 2014, that on 9 April 2014, SHL (as tenant) entered into a tenancy agreement with MPIL (as landlord) to rent storeroom number 6A on 17th floor at Stelux House for a term commenced from 16 April 2014 and expired on 31 March 2016 (i.e. one year eleven months and sixteen days).

The monthly rental of HK\$4,570 (inclusive of rates, government rent and management charges) was payable in advance in cash by the tenant on the first day of each and every calendar month.

The monthly rental was determined on an arm's length basis taking into account prevailing market rental rates at Stelux House. Accordingly, the directors considered that the terms of the tenancy agreement reflected normal commercial terms and were fair and reasonable, and the entering into this tenancy agreement was in the interests of the Company and the Shareholders as a whole.

In addition, SHL was granted an option, but not an obligation, to renew the tenancy every three years for three more years for a maximum of 15 years commencing from 1 April 2016 at the then prevailing open market rent.

The Group requires more space to meet its operational needs and leasing this additional space at Stelux House (where the Group's headquarter is located) is more convenient than at other locations and will also help to improve operational efficiency.

- (vi) The Group announced on 9 October 2014, that on 9 October 2014, SHL (as tenant) entered into the following tenancy agreements with MPIL (as landlord) to rent office premises and storerooms:

Premises I: whole of 26th floor with storeroom numbers 1A, 1B, 6A and 6B on 26th floor at Stelux House
Premises J: office unit 2203 on 22nd floor at Stelux House
Premises K: office unit 1501 with storeroom number 1A on 15th floor at Stelux House

The lease term of the above premises commenced from 9 October 2014 and expired on 31 March 2016 (i.e. one year five months and twenty three days).

董事會及交易、協議及合約權益(續)

持續關連交易(續)

附註:(續)

- (v) 本集團於2014年4月9日公告,於2014年4月9日,SHL(作為租戶)與明華(作為業主)訂立一份租賃協議,租賃寶光商業中心17樓6A儲存室,自2014年4月16日起至2016年3月31日屆滿(即為期一年十一個月零十六日)。

每月租金為港幣4,570元(包括差餉、政府地租及管理費),須由租戶於每個曆月首日以現金預付。

每月租金乃按公平原則釐定,並計及寶光商業中心現行市場租值。因此,董事認為,租賃協議乃按一般商業條款訂立,屬公平合理,並符合本公司及股東之整體利益。

此外,SHL獲授予選擇權(但無責任),可每三年與業主按當時現行公開市場租金將有關租賃協議續期,每次續期三年,由2016年4月1日起計最多續期15年。

本集團需求更多地方以應付業務需要,租賃寶光商業中心(本集團總部所在地)的額外地方比其他地方更為方便,且有助改善營運效率。

- (vi) 本集團於2014年10月9日公告,於2014年10月9日,SHL(作為租戶)與明華(作為業主)訂立下列租賃協議,租賃辦公室及儲存室:

物業I: 寶光商業中心26樓全層及同層的1A,1B,6A及6B號儲存室
物業J: 寶光商業中心22樓2203室之辦公室單位
物業K: 寶光商業中心15樓1501室之辦公室單位及同層的1A號儲存室

上述物業租賃期自2014年10月9日起及於2016年3月31日屆滿(即一年五個月零二十三日)。

**DIRECTORS AND INTERESTS IN TRANSACTIONS,
ARRANGEMENTS AND CONTRACTS (continued)
CONTINUING CONNECTED TRANSACTIONS (continued)**

Notes: (continued)

(vi) (continued)

The total monthly rental of HK\$352,540 (exclusive of rates, government rent and management charges) was payable in advance in cash by the tenant on the first day of each and every calendar month.

The monthly rents for all the above-mentioned office premises were determined on an arm's length basis taking into account the respective rental valuations conducted by an independent property valuer dated 30 September 2014, which indicate that the rental rates of these office premises are at market rates. Accordingly, the directors considered that the terms of these tenancy agreements reflected normal commercial terms and were fair and reasonable and in the interests of the Company and the Shareholders as a whole.

In addition, SHL was granted an option, but not an obligation, to renew the tenancy every three years for three more years for a maximum of 15 years commencing from 1 April 2016 at the then prevailing open market rent.

The Group requires more space to meet its operational needs and leasing the additional space at Stelux House (where the Group's headquarter is located) is more convenient than at other locations and will also help to improve operational efficiency and reduce overall rental costs.

With respect to Premises K, SHL early surrendered the corresponding tenancy to MPIL on 30 November 2014.

(vii) The Group announced on 29 May 2015 ("Announcement"), that on 29 May 2015, SHL (as tenant) entered into a tenancy agreement with MPIL (as landlord) for the leasing of portions of office unit numbers 1905 and 1906 with storeroom number 6B on 19th floor at Stelux House for a term of ten months from 1 June 2015 up to and including 31 March 2016. All definitions in this note have the same meaning as referred to in the Announcement.

The monthly rental of HK\$25,217.50 (exclusive of rates, government rent and management charges) was payable in advance in cash by the tenant on the first day of each and every calendar month.

董事會及交易、協議及合約權益(續)

持續關連交易(續)

附註：(續)

(vi) (續)

每月租金總額港幣352,540元(不包括差餉、政府地租及管理費)，須由租戶於每個曆月首日以現金預付。

上述所有辦公室的每月租金乃按公平原則釐定，並計及獨立物業估值師於2014年9月30日個別租賃估值，該估值顯示辦公室之租金為市場租值。因此，董事認為，租賃協議乃按一般商業條款訂立，屬公平合理，並符合本公司及股東之整體利益。

此外，SHL獲授予選擇權(但無責任)，可每三年與業主按當時現行公開市場租金將有關租賃協議續期，每次續期三年，由2016年4月1日起計最多續期15年。

本集團需求更多地方以應付業務需要，租賃寶光商業中心(本集團總部所在地)的額外地方比其他地方更為方便，且有助改善營運效率及減低整體租金開支。

就物業K而言，SHL已於2014年11月30日提早終止有關租賃。

(vii) 本集團於2015年5月29日公告，於2015年5月29日，SHL(作為租戶)與明華(作為業主)訂立一份租賃協議，租賃寶光商業中心19樓1905-1906室之部分辦公室單位連同6B號儲存室，為期十個月自2015年6月1日起至2016年3月31日屆滿。本附註所有定義與該公告所載者具相同涵義。

每月租金為港幣25,217.50元(不包括差餉、政府地租及管理費)，須由租戶於每個曆月首日以現金預付。

DIRECTORS AND INTERESTS IN TRANSACTIONS,
ARRANGEMENTS AND CONTRACTS (continued)
CONTINUING CONNECTED TRANSACTIONS (continued)

Notes: (continued)

(vii) (continued)

The monthly rental was determined on an arm's length basis taking into account the rental under an early terminated tenancy agreement, made between MPL and the previous tenant for the premises, for the remaining term of the tenancy between the parties. The directors considered that the terms of the tenancy agreement reflected normal commercial terms and were fair and reasonable, and the entering into of tenancy agreement was in the interests of the Company and the Shareholders as a whole.

In addition, SHL was granted an option, but not an obligation, to renew the tenancy every three years for three more years for a maximum of 15 years commencing from 1 April 2016 at the then prevailing open market rent.

(viii) The Group announced on 29 May 2015 ("Announcement"), that on 29 May 2015, SHL (as tenant) entered into a partial surrender agreement with MPIL (as landlord), with respect to the tenancy agreement entered into by these two parties for office unit numbers 502, 503, 505 and 506 on 5th floor at Stelux House ("5th Floor Tenancy Agreement") on 10 December 2012.

All definitions in this note have the same meaning as referred to in the Announcement.

SHL early surrendered office unit numbers 502, 503, 505 and a portion of 506 of the 5th Floor Tenancy Agreement but continued to rent the remaining portion of office unit 506 and two storeroom nos. 6A and 6B from MPIL ("5th Floor Remaining Tenancy Agreement") with the monthly rental adjusted downwards accordingly (but remaining unchanged per square feet from the rental under the 5th Floor Tenancy Agreement) and all other terms and conditions remaining unchanged.

The monthly rental of HK\$17,325.25 (exclusive of rates, government rent and management charges) was payable in advance in cash by the tenant on the first day of each and every calendar month.

The monthly rental for the 5th Floor Remaining Tenancy Agreement was determined on an arm's length basis taking into account the actual rental per square feet under the 5th Floor Tenancy Agreement. Accordingly, the directors considered that the terms of the 5th Floor Remaining Tenancy Agreement reflected normal commercial terms and were fair and reasonable, and the entering into of tenancy agreement was in the interests of the Company and the Shareholders as a whole.

董事會及交易、協議及合約權益(續)

持續關連交易(續)

附註：(續)

(vii) (續)

每月租金乃按公平原則釐定，並參考業主與前租戶就該辦公室單位所簽署及已提前終止的租賃協議中剩餘租賃期租金。董事認為，租賃協議乃按一般商業條款訂立，屬公平合理，並符合本公司及股東之整體利益。

此外，SHL獲授予選擇權(但無責任)，可每三年與業主按當時現行公開市場租金將有關租賃協議續期，每次續期三年，由2016年4月1日起計最多續期15年。

(viii) 本集團於2015年5月29日公告，於2015年5月29日，SHL(作為租戶)與明華(作為業主)就雙方於2012年12月10日所訂立租賃於寶光商業中心5樓502、503、505及506室之辦公室單位之租賃協議(「5樓租賃協議」)訂立部分提前終止協議。

本附註所有定義與該公告所載者具相同涵義。

SHL提前終止租賃於寶光商業中心5樓502、503、505及部分506室之辦公室單位，但保留向明華租賃506室之部分辦公室單位連同6A及6B號儲存室(「5樓剩餘租賃協議」)。每月租金亦隨著下調(但租金呎價跟5樓租賃協議為持不變)及所有其他條款細則為持不變剩。

每月租金為港幣17,325.25元(不包括差餉、政府地租及管理費)，須由租戶於每個曆月首日以現金預付。

5樓剩餘租賃協議每月租金乃按公平原則釐定，並參考5樓租賃協議實際租賃呎價。董事認為，租賃協議乃按一般商業條款訂立，屬公平合理，並符合本公司及股東之整體利益。

**DIRECTORS AND INTERESTS IN TRANSACTIONS,
ARRANGEMENTS AND CONTRACTS (continued)
CONTINUING CONNECTED TRANSACTIONS (continued)**

Notes: (continued)

(viii) (continued)

In addition, SHL was granted an option, but not an obligation, to renew the 5th Floor Remaining Tenancy Agreement every three years for three more years for a maximum of 15 years commencing from 1 April 2016 at the then prevailing open market rent.

The Group requires more space to meet its operational needs and in addition to renting more office space at Stelux House the Group would also reorganize its current usage of office space at Stelux House by renting whole floors instead of separate individual units on separate floors for greater efficiency. The reorganization had commenced and would be carried out in the current financial year. After the completion of the office space reorganization, the Group would occupy 6th floor, 19th floor, 21st floor, 22nd floor, 27th floor and 28th floor at Stelux House.

Leasing of warehouses and vehicle parking spaces

(ix) The Group announced on 10 December 2012 (“Announcement”), that on 10 December 2012, the Group, through certain of its wholly owned subsidiaries, each individually as tenant/licensee, entered into the Warehouse Leasing and Licence Renewal Agreements 2013 with TSCL and ALCL, each individually as landlord/licensor, to renew the term of the leases/licences of 4 existing warehouse spaces in Hong Kong for terms of three years commenced from 1 April 2013 and expired on 31 March 2016. All definitions in this note have the same meaning as referred to in the Announcement.

Monthly rental totaled HK\$155,920 comprising HK\$146,420 per calendar month (exclusive of rates, government rent and management charges) for 3 warehouse spaces and HK\$9,500 per calendar month (inclusive of rates, government rent and management charges) for the remaining 1 warehouse space, both payable monthly in advance in cash by the tenants on the first day of each and every calendar month.

The monthly rentals/licence fees were determined on an arm’s length basis after having taken into account the valuations on the warehouses conducted by an independent property valuer on 23 November 2012, which indicate that the renewal rentals/licence fees under the Warehouse Leasing and Licence Renewal Agreements 2013 were favourable to the Group as compared with the prevailing market rental/licence fee values of the subject warehouses. Accordingly, the directors considered the Warehouse Leasing and Licence Renewal Agreements 2013 were on normal commercial terms and were fair and reasonable and in the interests of the Company and the Shareholders as a whole.

董事會及交易、協議及合約權益(續)

持續關連交易(續)

附註：(續)

(viii) (續)

此外，SHL 獲授予選擇權（但無責任），可每三年與業主按當時現行公開市場租金將有 5 樓剩餘租賃協議續期，每次續期三年，由 2016 年 4 月 1 日起計最多續期 15 年。

本集團需求更多地方以應付業務需要，除了於寶光商業中心租用更多辦公室外，本集團並重整辦公室。相對於辦公室零碎散落於不同樓層，租用全層辦公室，能增加及有助改善營運效率。重整已開始及於本財政年度進行。待重整辦公室地方完成後，本集團將佔用寶光商業中心 6 樓、19 樓、21 樓、22 樓、26 樓、27 樓及 28 樓全層單位。

租賃貨倉及停車位

(ix) 本集團於 2012 年 12 月 10 日公告（「該公告」），於 2012 年 12 月 10 日，本集團透過其若干全資附屬公司（各自作為租戶／獲許可人）與 TSCL 及 ALCL（各自作為業主／許可人）訂立 2013 年倉庫租賃及許可更新協議，以更新香港 4 個現有倉庫之租賃／許可，自 2013 年 4 月 1 日起至 2016 年 3 月 31 日屆滿，為期三年。本附註所有定義與該公告所載者具相同涵義。

月租總額港幣 155,920 元，包括 3 個倉庫空間租金每個曆月港幣 146,420 元（不包括差餉、政府地租及管理費）及餘下 1 個倉庫空間租金每個曆月港幣 9,500 元（包括差餉、政府地租及管理費），兩者均須由租戶於每個曆月首日以現金預付。

每月租金／許可費乃按公平原則釐定，並計及獨立物業估值師於 2012 年 11 月 23 日對倉庫進行的估值，該估值顯示 2013 年倉庫租賃及許可更新協議項下的續期租金／許可費經與有關倉庫現行市場租金／許可費相比對本集團有利。因此，董事認為，2013 年倉庫租賃及許可更新協議乃按一般商業條款訂立，屬公平合理，並符合本公司及股東之整體利益。

DIRECTORS AND INTERESTS IN TRANSACTIONS,
ARRANGEMENTS AND CONTRACTS (continued)
CONTINUING CONNECTED TRANSACTIONS (continued)

Notes: (continued)

- (x) The Group announced on 9 April 2014 (“Announcement”), that on 9 April 2014, the lease of the warehouse under the Renewal Tenancy Agreement has been surrendered and the warehouse was relocated within the same building for logistic efficiency. A new tenancy agreement was entered into between the existing tenant and the landlord (i.e. TSCL) for a term commenced from 16 April 2014 and expired on 31 March 2016 (i.e. one year eleven months and sixteen days) and for a monthly rental of HK\$9,500. All definitions in this note have the same meaning as referred to in the Announcement.

The monthly rental was determined on an arm’s length basis taking into account prevailing market rental rates in the vicinity. The directors considered that the terms of the tenancy agreement reflected normal commercial terms and were fair and reasonable, and the entering into of this tenancy agreement was in the interests of the Company and the Shareholders as a whole.

- (xi) The Group announced on 9 April 2014, that on 9 April 2014, the Company through two of its wholly-owned subsidiaries entered into two License Agreements with ALCL to license two vehicle parking spaces for a term of one year eleven months and sixteen days commencing on 16 April 2014 and expiring on 31 March 2016. The total monthly license fee was HK\$8,600 (inclusive of management charges but exclusive of rates and government rent).

The monthly license fees were determined on an arm’s length basis taking into account prevailing market rates for the vehicle parking spaces in the vicinity. The directors considered that the terms of the License Agreements reflected normal commercial terms and were fair and reasonable, and the entering into of these License Agreements were in the interests of the Company and the Shareholders as a whole.

The continuing connected transactions as set out in (ii) to (xi) above, in relation to the leasing of properties from connected parties, have been aggregated for the purpose of classification in accordance Rule 14A.81 of the Listing Rules, and the aggregate annual caps for the financial year ended 31 March 2016 was approximately HK\$ 17,283,000.

董事會及交易、協議及合約權益(續)

持續關連交易(續)

附註：(續)

- (x) 本集團於2014年4月9日公告(「該公告」)，於2014年4月9日，根據租賃物業續約協議項下租用倉庫已予取消，倉庫已重新編配以提昇物流效率。現有租戶與業主(即TSCL)已訂立新租賃協議，自2014年4月16日起至2016年3月31日屆滿(即一年十六個月零十六日)，每月租金為港幣9,500元。本附註所有定義與該公告所載者具相同涵義。

每月租金乃按公平原則釐定，並計及附近現行市場租值。董事認為，租賃協議乃按一般商業條款訂立，屬公平合理，訂立此租賃協議符合本公司及股東之整體利益。

- (xi) 本集團於2014年4月9日公告(「該公告」)，於2014年4月9日，本公司透過其兩間全資附屬公司與ALCL訂立兩份獲許可使用協議，獲許可使用兩個車位，為期一年十一個月零十六日，自2014年4月16日起至2016年3月31日屆滿。每月許可費合共港幣8,600元(包括管理費但不包括差餉及政府地租)。

每月許可費乃按公平原則釐定，並計及附近車位現行市場值。董事認為，獲許可使用協議乃按一般商業條款訂立，屬公平合理，訂立獲許可使用協議符合本公司及股東之整體利益。

上述(ii)至(xi)項有關關連人士租用物業的持續關連交易已根據上市規則第14A.81條合併計算供作分類目的，而截至2016年3月31日止財政年度的年度上限總額約為港幣17,283,000元。

**DIRECTORS AND INTERESTS IN TRANSACTIONS,
ARRANGEMENTS AND CONTRACTS (continued)
CONTINUING CONNECTED TRANSACTIONS (continued)**

Notes: (continued)

Provision of management and property agency liaison services

(xii) The Group announced on 10 December 2012 (“Announcement”), that on 10 December 2012, Stelux Properties Agency Limited (“SPAL”), a wholly-owned subsidiary of the Company, as agent, renewed the management and property agency liaison services agreement (“Service Agreement 2013”) with MPIL for a term of three years up to and including 31 March 2016 for the provision of the following services (“Services”):

- (a) contract administration with respect to contracts entered into between MPIL and third parties from time to time;
- (b) property agency liaison and tenancy management;
- (c) management of the property manager of Stelux House; and
- (d) other miscellaneous administrative services.

All definitions in this note have the same meaning as referred to in the Announcement. SPAL has been providing the Services with respect to Stelux House since 1998 and has accumulated relevant knowledge and experience. MPIL is satisfied so far with the Services provided by the Group, whilst the remuneration received by the Group under the Service Agreement is more than enough to cover the relevant costs incurred by the Group in providing the Services. As such, SPAL continued to provide the Services to MPIL following the expiration of the preceding service agreement on 31 March 2013.

Monthly remuneration was set at HK\$195,000 per calendar month (in the first year up to and including 31 March 2014) payable in advance in cash on the first day of each and every calendar month. Parties to the Service Agreement 2013 shall negotiate and agree in good faith to increase the remuneration on an annual basis for the second year and the third year by not more than 10% over that in the preceding year with reference to the actual increase in costs (including but not limited to the related staff salaries) incurred by the Group with respect to the provision of the Services. In the event that no agreement is reached between the parties in negotiating the remuneration for the next year, the remuneration shall remain unchanged.

董事會及交易、協議及合約權益(續)

持續關連交易(續)

附註：(續)

提供管理及物業代理聯絡服務

(xii) 本集團於2012年12月10日公告(「該公告」)，於2012年12月10日，本公司全資附屬公司寶光地產代理有限公司(「寶光地產」)(作為代理)，與明華重續管理及物業代理聯絡服務協議(「2013年服務協議」)，至2016年3月31日(包括該日)止為期三年，提供下列服務(「服務」)：

- (a) 管理明華與第三方不時訂立的合約；
- (b) 物業代理聯絡及租賃管理；
- (c) 管理寶光商業中心的物業管理公司；及
- (d) 其他行政服務。

本附註所有定義與該公告所載者具相同涵義。寶光地產自1998年起向寶光商業中心提供服務，並累積相關知識及經驗。明華迄今滿意本集團提供的服務，同時本集團根據服務協議收取的酬金足以抵銷本集團提供服務所產生的有關成本。因此，寶光地產於2013年3月31日先前服務協議屆滿後繼續向明華提供服務。

每月酬金為每個曆月港幣195,000元(於截至2014年3月31日(包括該日)止第一年度)，須於每個曆月第一日以現金預付。2013年服務協議之訂約方須參考本集團因提供該等服務而產生之實際增加成本(包括但不限於相關員工薪酬)，並按年度基準真誠磋商及協定於第二年度及第三年度之酬金升幅，惟升幅不得超過上一年度酬金之10%。倘訂約方在磋商下一年度酬金時未能達成協議，則該酬勞將維持不變。

**DIRECTORS AND INTERESTS IN TRANSACTIONS,
ARRANGEMENTS AND CONTRACTS (continued)**
CONTINUING CONNECTED TRANSACTIONS (continued)

Notes: (continued)

(xii) (continued)

The monthly remuneration received by the Group for the year ended 31 March 2016 was the same as that under the preceding service agreement for the three years ended 31 March 2013. The remuneration was arrived at after arm's length negotiations between the parties and with reference to the estimate of the costs to be incurred by the Company with respect to the provision of the Services in the financial year ended 31 March 2013. The directors considered the terms of the Service Agreement 2013 were on normal commercial terms and were fair and reasonable and in the interests of the Company and the Shareholders as a whole.

With reference to the monthly remuneration under the Service Agreement 2013, the Annual Cap Amount for this continuing connected transaction was set at HK\$2,831,400 for the financial year ended 31 March 2016.

Relationships between counterparties

(xiii) With respect to transactions (i) to (xii) above, each of IOM, MPIL, TSCL and ALCL is a subsidiary of Yee Hing Company Limited ("Yee Hing"). Yee Hing, directly and indirectly through its subsidiary, held 0.11% of the Company's issued shares as at 31 March 2016. The Trust, of which Mr. Joseph C.C. Wong and Mr. Sakorn Kanjanapas, being directors of the Company, are beneficiaries, holds 55% of the total issued shares of Yee Hing. Therefore, each of IOM, MPIL, TSCL and ALCL is an associate of the aforesaid directors and hence is a connected person of the Company. Therefore, transactions (i) to (xii) above constitute continuing connected transactions for the Company.

The above continuing connected transactions also constitute related party transactions and are disclosed in note 30 to the financial statements.

董事會及交易、協議及合約權益(續)

持續關連交易(續)

附註：(續)

(xii) (續)

本集團截至2016年3月31日止年度所收取的每月酬金與截至2013年3月31日止三個年度先前服務協議項下所收取的酬金相同。酬金按訂約各方公平磋商後達成，並參考本公司於截至2013年3月31日止財政年度提供服務所產生的估計成本。董事認為，2013年服務協議之條款為一般商業條款，屬公平合理，並符合本公司及股東之整體利益。

參照根據2013年服務協議下之每月酬金，該持續關連交易截至2016年3月31日止財政年度之年度上限金額設定為港幣2,831,400元。

與交易對方之關係

(xiii) 就上述(i)至(xii)項之交易而言，IOM、明華、TSCL及ALCL均為義興有限公司(「義興」)之附屬公司。義興直接及間接通過其附屬公司持有本公司於2016年3月31日之已發行股份0.11%。本公司董事黃創增先生及黃創江先生實益擁有的信託持有義興全部已發行普通股之55%。因此，IOM、明華、TSCL及ALCL均為上述董事之聯繫人士，故為本公司之關連人士。因此，上述(i)至(xii)項之交易構成本公司持續關連交易。

上述持續關連交易亦構成有關連人士交易，並於財務報表附註30內披露。

**DIRECTORS AND INTERESTS IN TRANSACTIONS,
ARRANGEMENTS AND CONTRACTS (continued)
PERMITTED INDEMNITY PROVISIONS**

As permitted by the Bye-laws of the Company, a director of the Company may be indemnified out of the Company's assets against any liability incurred by the director, to the extent permitted by Bermuda law. Such permitted indemnity provision has been in force throughout the financial year and is currently in force at the time of approval of this report.

The Company has also taken out and maintained directors' and officers' liability insurance throughout the year, which provides appropriate cover for certain legal actions brought against its directors and officers.

As permitted by the articles of association of the Company's subsidiaries in Hong Kong ("Hong Kong Subsidiaries"), a director or a former director of the Hong Kong Subsidiaries may be indemnified out of the Hong Kong Subsidiaries' assets against any liability incurred by the director to a person other than the Hong Kong Subsidiaries or an associated company of the Hong Kong Subsidiaries, to the extent permitted by law. Such permitted indemnity provision is currently in force at the time of approval of this report.

AUDITORS

The financial statements have been audited by PricewaterhouseCoopers who retire and, being eligible, offer themselves for re-appointment.

Last but not least, I express my most sincere thanks and gratitude to colleagues and staff members for their commitment, hard work and loyalty to the Group during the year.

On behalf of the Board

Joseph C. C. Wong
Chairman and Chief Executive Officer

Hong Kong, 23 June 2016

董事會及交易、協議及合約權益(續)

獲准許的彌償條文

本公司之組織章程細則允許本公司董事可在百慕達法律允許的範圍內，獲得從本公司於其資產中補償所有責任。此等獲准許的彌償條文於財政年度內及至批准本報告時仍為有效。

本公司於年內已購買及維持董事及高級職員責任保險，為其董事及高級職員面對若干法律行動時提供適當的保障。

本公司於香港附屬公司(「香港附屬公司」)之組織章程細則允許香港附屬公司董事或前董事可在法律允許的範圍內，獲得從香港附屬公司於其資產中補償所有除香港附屬公司或香港附屬公司相聯公司以外因該董事為香港附屬公司董事的任何責任。此等獲准許的彌償條文至批准本報告時仍為有效。

核數師

本財務報表已經由羅兵咸永道會計師事務所審核，該核數師任滿告退，惟合資格並願膺選連任。

最後，本人衷心感謝各位員工持續對集團的辛勤貢獻及忠誠服務。

代表董事會

黃創增
主席及行政總裁

香港，2016年6月23日