

REPORT OF THE DIRECTORS

董事局報告書

董事局同寅謹呈覽本公司及其附屬公司（統稱「集團」）截至二零零六年三月三十一日止年度之年報及經審核之財務報告。

主要業務

本公司為一投資控股公司。本公司附屬公司之業務包括設計、製造及銷售範圍廣泛之電子產品、證券買賣及地產發展。

業績及分配

截至二零零六年三月三十一日止年度之本集團業績載於第二十七頁之綜合損益表。

董事局已宣派中期股息每股3港仙共二千二百八十二萬六千港元。董事局建議分派末期股息每股3港仙，給予於二零零六年九月十八日名列在股東名冊上之股東。

投資物業

投資物業之變動情況載於財務報告附註15內。

物業、機器及儀器

本年度，本集團為擴張業務而購入之物業、機器及儀器約為六千三百一十三萬四千港元。上述及其他有關本集團物業、機器及儀器於本年度內之變動及詳情，已載於財務報告附註16內。

股本

於本年內，本公司於香港聯合交易所有限公司（「聯交所」）購回共六百二十二萬七千五百股。董事局認為當時公司股票交易價格以每股淨資產值折扣交易，回購股份會增加本公司之每股資產淨值。本公司亦因行使購股權而發行四百五十萬股新股。

股本之變動情況載於財務報告附註35內。

The directors present their annual report and the audited consolidated financial statements of the Company and its subsidiaries (the "Group") for the year ended 31 March 2006.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. Its subsidiaries are principally engaged in the design, manufacture and sale of a wide range of electronic products, securities trading and property development.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 March 2006 are set out in the consolidated income statement on page 27.

An final dividend of HK3 cents per share amounting to HK\$22,826,000 was paid to the shareholders during the year. The directors recommend the payment of a final dividend of HK3 cents per share to the shareholders whose names appear on the register of members of the Company on 18 September 2006.

INVESTMENT PROPERTIES

Details of the movements during the year in the investment properties of the Group are set out in note 15 to the consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

During the year, the Group acquired property, plant and equipment of HK\$63,134,000 to expand its business. Details of the movements during the year in the property, plant and equipment of the Group are set out in note 16 to the consolidated financial statements.

SHARE CAPITAL

During the year, the Company repurchased a total of 6,227,500 of its own shares on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The directors considered that, as the Company's shares were trading at a discount to the net asset value per share, the repurchases would increase the net asset value per share of the Company. The Company also issued 4,500,000 new shares as a result of the exercise of options.

Details of the movements during the year in the share capital are set out in note 35 to the consolidated financial statements.

可供分派儲備

根據1981百慕達公司法，除累計溢利外，本公司之實繳盈餘亦可分派予股東。惟本公司不能在下列情況從實繳盈餘中宣派或支付股息或作出分派：

- (a) 作出分派後無法或將會無法償還到期之債務；或
- (b) 其資產之可變現價值較負債、已發行股份及股份溢價之總和為低。

董事局認為在結算日本公司可供分派之儲備包括實繳盈餘七千五百二十六萬三千港元（二零零五年：七千五百二十六萬三千港元）及累計溢利四千六百萬二千港元（二零零五：九千三百六十九萬七千港元）。

董事及董事服務合約

於本年度及截至本報告日期為止之董事如下：

執行董事：

劉錫康
劉錫淇
劉錫澳

非執行董事：

韓相田

獨立非執行董事：

何厚鏘
陳澤仲
卓育賢

劉錫澳先生、韓相田先生及何厚鏘先生將依照本公司之章程細則第82條於即將召開之股東週年大會上告退，及有資格膺選連任。

擬於即將召開之股東週年大會被提名膺選連任之任何董事，概無與本公司或其附屬公司訂有本集團不可於一年內毋須補償（法定賠償除外）而終止之服務合約。

獨立非執行董事之委任期限為二年直至二零零七年九月三十日及依照本公司細則用輪值告退方法委任。

DISTRIBUTABLE RESERVES OF THE COMPANY

In addition to accumulated profits, under The Companies Act 1981 of Bermuda, contributed surplus is also available for distribution. However, the Company cannot declare or pay a dividend, or make a distribution out of contributed surplus if:

- (a) it is, or would after the payment be, unable to pay its liabilities as they become due; or
- (b) the realisable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium account.

In the opinion of the directors, the Company's reserves available for distribution at the balance sheet date consisted of contributed surplus of HK\$75,263,000 (2005: HK\$75,263,000) and accumulated profits of HK\$46,002,000 (2005: HK\$93,697,000).

DIRECTORS AND SERVICE CONTRACTS

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

Executive directors:

Lau Sak Hong, Philip
Lau Sak Kai, Anthony
Lau Sak Yuk, Andy

Non-executive director:

Hon Sheung Tin, Peter

Independent non-executive directors:

Ho Hau Chong, Norman
Chan Chak Chung
Chuck Winston Calptor

In accordance with the Company's Bye-law 82, Lau Sak Yuk, Andy, Hon Sheung Tin, Peter and Ho Hau Chong, Norman will retire and, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

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

Independent non-executive directors have been appointed for a term of two years until 30 September 2007 and are subject to retirement by rotation as required by the Company's Bye-laws.

董事之合約利益及關連交易

於本年度內，劉錫康先生，本公司主要股東，為本集團之一項非上市持作買賣投資之減值提供個人擔保額達一千伍佰萬港元。(二零零五年：一千伍百萬港元)。

於本年結日或本年度任何時間內，本公司或其附屬公司並未與任何董事訂立重要合約而使彼等直接或間接地獲得重大利益。

董事之證券權益

截至二零零六年三月三十一日，根據證券及期貨條例（「證券及期貨條例」）第XV部該部份要求依照證券及期貨條例第XV部之第七及八部份之定義（包括根據證券及期貨條例之定義，他們持有或被視為持有權益或淡倉）或按本公司根據證券及期貨條例第352條而設之登記冊所記錄，或根據上市公司董事進行證券交易的標準守則另行通知本公司及聯交所，各董事及主要行政人員於本公司及聯繫公司之股份中之權益及淡倉如下：

DIRECTORS' INTERESTS IN CONTRACTS AND CONNECTED TRANSACTIONS

During the year, Mr. Lau Sak Hong, Philip, a substantial shareholder of the Company, has provided a personal guarantee to indemnify the Group for any impairment of an unlisted available-for-sale investment to the extent of HK\$15 million (2005: HK\$15 million).

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

DIRECTORS' INTERESTS IN SECURITIES

As at 31 March 2006, the interests and short positions of the directors or chief executive of the Company in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which are required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") to be notified to the Company and the Stock Exchange were as follows:

| 董事姓名 | Name of director | 長倉／淡倉 Long position/ short position | 身份 Capacity | 持股數目 Number of shares held | 持股百分比 Approximate percentage of shareholding |
|--|----------------------|---|--|----------------------------------|---|
| 執行董事： Executive directors: | | | | | |
| 劉錫康 | Lau Sak Hong, Philip | 長倉 Long position | 實益擁有人 Beneficial owner | 70,284,072 | 9.24% |
| | | | 擁有被控公司之權益 (附註a) Interest of controlled corporation (note a) | 3,018,090 | 0.40% |
| | | | 擁有被控公司之權益 (附註b) Interest of controlled corporation (note b) | 10,100,415 | 1.33% |
| | | | 信託基金持有 (附註c) Held by trust (note c) | 168,114,050 | 22.09% |
| | | | | 251,516,627 | 33.06% |

董事之證券權益 (續)

DIRECTORS' INTERESTS IN SECURITIES (Continued)

| 董事姓名 | Name of director | 長倉／淡倉 Long position/ short position | 身分 Capacity | 持股數目 Number of shares held | 持股百分比 Approximate percentage of shareholding |
|--------------|--|---|--|----------------------------------|---|
| 劉錫淇 | Lau Sak Kai, Anthony | 長倉 Long position | 實益擁有人 | 37,265,929 | 4.90% |
| | | | Beneficial owner | | |
| | | | 擁有被控公司之權益 (附註a) | 3,018,090 | 0.40% |
| | | | Interest of controlled corporation (note a) | | |
| | | | 擁有被控公司之權益 (附註b) | 10,100,415 | 1.33% |
| | | | Interest of controlled corporation (note b) | | |
| | | | | 50,384,434 | 6.63% |
| 劉錫澳 | Lau Sak Yuk, Andy | 長倉 Long position | 實益擁有人 | 35,059,108 | 4.61% |
| | | | Beneficial owner | | |
| | | | 擁有被控公司之權益 (附註a) | 3,018,090 | 0.40% |
| | | | Interest of controlled corporation (note a) | | |
| | | | 擁有被控公司之權益 (附註b) | 10,100,415 | 1.33% |
| | | | Interest of controlled corporation (note b) | | |
| | | | | 48,177,613 | 6.34% |
| 非執行董事： | Non-executive director: | | | | |
| 韓相田 | Hon Sheung Tin, Peter | 長倉 Long position | 實益擁有人 Beneficial owner | 194,645 | 0.03% |
| 獨立非執行 董事： | Independent non-executive director: | | | | |
| 卓育賢 | Chuck Winston Calptor | 長倉 Long position | 實益擁有人 Beneficial owner | 770,000 | 0.10% |

董事之證券權益 (續)

附註:

- (a) 該等股份乃透過由劉錫康、劉錫淇及劉錫澳 (連同其他家族成員簡稱「劉氏家族」) 實益擁有之公司K.K. Nominees Limited持有。
- (b) 該等股份乃透過由劉氏家族實益擁有之公司 Wincard Management Services Limited持有。
- (c) 該等股份由一全權信託基金實益擁有之公司 Philip Lau Holding Corporation直接或間接持有，該全權信託基金之受益人包括劉錫康及其聯繫人士。

除上文所披露者及某些董事以本公司或其附屬公司受託人身份持有附屬公司之若干代理人股份外，於二零零六年三月三十一日並未有任何董事或主要行政人員於本公司或有關公司依據證券及期貨條例第十五條七及八部份規定須予存置之登記冊所載記錄顯示或根據上市公司條例第352條董事進行證券交易標準守則須知會本公司及聯交所擁有權益。

購股權計劃

根據本公司於二零零二年九月十二日舉行之股東特別大會所通過採用為期五年之購股權計劃「計劃」。主要目的在於鼓勵及獎勵參與者對本集團作出之貢獻。可參與該計劃人仕包括員工、非執行董事、商品或服務供應商、顧客、諮詢人或顧問以及集團公司股東。

根據該計劃，購股權最高可授出股份之總數，不得超過於計劃獲通過之日已發行股份之10%而整體已授出及可行使購股權股份數目不可超過當時已發行股份之30%。

於購股權授出之日的十二個月內，各參與者（主要股東、獨立非執行董事及其親屬除外）行使購股權而發行及將予發行之股份總數不可超過當時已發行股本之1%。

DIRECTORS' INTERESTS IN SECURITIES (Continued)

Notes:

- (a) These shares are held by K.K. Nominees Limited, a company which is beneficially owned by Lau Sak Hong, Philip, Lau Sak Kai, Anthony and Lau Sak Yuk, Andy (hereinafter collectively with other family members referred to as the "Lau's family").
- (b) These shares are held by Wincard Management Services Limited, a company which is beneficially owned by the Lau's family.
- (c) These shares are beneficially owned directly or indirectly by Philip Lau Holding Corporation, a company beneficially owned by a discretionary trust, the discretionary objects of which include Lau Sak Hong, Philip and his associates.

Save as disclosed above and other than certain nominee shares in subsidiaries held by directors in trust for the Company or its subsidiaries, as at 31 March 2006, none of the directors or chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or as recorded in the register kept by the Company pursuant to section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code in the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

SHARE OPTIONS

The Company's share option scheme was approved and adopted at the special general meeting of the Company held on 12 September 2002 (the "Scheme") for a period of 5 years. The primary purpose is to provide incentives or rewards to participants for their contribution to the Group. Eligible participants of the Scheme included any employees, non-executive directors, suppliers of goods or services, customers, advisors or consultant and shareholders of any member of the Group.

The maximum number of shares options which may be issued upon exercise of all options to be granted under the Scheme must not, in aggregate, exceed 10% of the shares in issue while overall limit for all outstanding options granted and yet to be exercised must not exceed 30% of the shares in issue from time to time.

The total number of shares issued and to be issued upon exercise of the option granted to each participant (except substantial shareholder, independent non-executive director, or their respective associates) in any 12 month period up to the date of the grant shall not exceed 1% of the shares in issue.

購股權計劃 (續)

購股權可行使期限由董事局決定，惟不可於授出日起計超過五年。承授人可於購股權限內任何時間行使購股權。

購股權之股份認購價由董事局決定，惟有關價格不得低過(i)於授予購股權當日，股份之收市價；(ii)授出日期前連續五個交易日股份平均收市價；或(iii)股份於授出日期之面值以最高者計算。

授出購股權之代價為1港元，該金額在任何情況下將不可退還。

本年度，根據計劃已授予之購股權變動情況如下：

SHARE OPTIONS (Continued)

The period within which the shares must be taken up under an option is any period as determined by the Board, which shall not be more than 5 years from the date on which the option is granted. The option may be exercised by the grantee at any time during the option period.

The subscription price of the share options is determined by the Board, but will be no less than the highest of (i) the closing price of the shares on the offer date; (ii) the average of the closing price of the shares of the 5 trading day immediately preceding the offer date; or (iii) the nominal value of the shares on the offer date.

The consideration for the grant is HK\$1 and it will in no circumstance be refundable.

The movements of the options granted to certain employees of the Group under the Scheme were as follows:

| 擬予日期 Date of grant | 行使價 Exercise price 港元 HK\$ | 購股權數目 Number of share options | | | |
|-----------------------|-------------------------------------|--|--|--|--|
| | | 於二零零五年 四月一日之 購股權數目 Outstanding as at 1.4.2005 | 在本年內授予 購股權數目 Granted during the year | 本年度內行使 購股權數目 Exercised during the year | 於二零零六年 三月三十一日 購股權數目 Outstanding as at 31.3.2006 |
| 2.5.2003 | 0.40 | 4,700,500 | — | 3,000,000 | 1,700,500 |
| 10.10.2003 | 0.86 | 15,144,000 | — | — | 15,144,000 |
| 24.8.2004 | 0.808 | 3,000,000 | — | — | 3,000,000 |
| 2.11.2004 | 0.814 | 2,650,000 | — | — | 2,650,000 |
| 7.2.2005 | 0.67 | 1,500,000 | — | 1,500,000 | — |
| 22.12.2005 | 0.80 | — | 4,910,000 | — | 4,910,000 |
| 5.1.2006 | 0.89 | — | 19,160,000 | — | 19,160,000 |
| | | 26,994,500 | 24,070,000 | 4,500,000 | 46,564,500 |

本年度內根據計劃，本公司沒有授予購股權予董事。

No share options were granted to the directors of the Company pursuant to the Scheme during the year.

購股權計劃 (續)

附註:

- (a) 以上購股權由授出日起五年內行使。
- (b) 本年度並無購股權失效或取消。
- (c) 行使購股權當日之前一日，加權平均收市價為每股0.94港元。
- (d) 於二零零五年十二月二十二日購股權授出日之前一日，收市價為每股0.80港元。
- (e) 於二零零六年一月五日購股權授出日之前一日，收市價為每股0.89港元。

購買股份或債券之安排

除根據本公司購股權計劃授予用以認購本公司股份之購股權外，本公司或其任何附屬公司於本年度內概無參與任何安排，使董事能藉此獲得本公司或其他任何法人團體之股份或債券而獲得利益。

主要股東

於二零零六年三月三十一日，根據本公司按證券及期貨條例第336條第十五部份規定而設置之主要股東權益及淡倉登記冊記錄所顯示，以下人仕(除上述披露有關董事所持之權益外)持有本公司已發行股本及相關股份百分之五或以上之股份權益：

SHARE OPTIONS (Continued)

Notes:

- (a) The above options were granted for an exercise period of five years from the date of grant of the options.
- (b) No option was lapsed or cancelled during the year.
- (c) The weighted average closing price per share immediately before the dates on which the options were exercised was HK\$0.94.
- (d) The closing price per share immediately before 22 December 2005, the date on which the options were granted, was HK\$0.80.
- (e) The closing price per share immediately before 5 January 2006, the date on which the options were granted, was HK\$0.89.

ARRANGEMENT TO PURCHASE SHARES OR DEBENTURES

Other than option holdings disclosed above, at no time during the year was the Company or any of its subsidiaries, a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDERS

As at 31 March 2006, the following person, other than the interest disclosed above in respect of the directors, had interest in 5% or more in the shares and underlying shares of the Company have been notified to the Company and recorded in the register of substantial shareholders' interests in shares and short positions required to be kept under Section 336 of Part XV of the SFO:

| 姓名 | Name | 持有普通股份數目 Number of ordinary shares in which interested | 佔已發行股本 之百分比 % of total issued shares |
|-----|---------------|---|---|
| 李裕章 | Lee Yu Chiang | 42,140,878 | 5.54% |

除上述外，於二零零六年三月三十一日，根據《證券及期貨條例》第336條須予備存之登記冊，並無記錄其他人士在本公司之股份及相關股份中擁有任何權益及淡倉。

Save as mentioned above and in section of "Directors' Interests in Securities", as at 31 March 2006, the register maintained by the Company pursuant to section 336 of the SFO recorded no other interests or short positions in shares of the Company.

購買、出售或贖回上市證券

本年度內，本公司在香港聯合交易所有限公司（「聯交所」）購回本公司股份詳情如下：

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year, the Company repurchased its shares on the Stock Exchange as follows:

| 月份 | Month | 購回每股0.40港元 股份數目 Number of shares of HK\$0.40 each repurchased | 每股價格 | | 總額 Aggregate consideration 千港元 HK\$'000 |
|----------|----------------|---|-----------------------------|------------------------------|---|
| | | | 最低價 Lowest 港元 HK\$ | 最高價 Highest 港元 HK\$ | |
| 二零零五年四月 | April 2005 | 385,000 | 0.67 | 0.68 | 260 |
| 二零零五年五月 | May 2005 | 417,500 | 0.68 | 0.69 | 284 |
| 二零零五年六月 | June 2005 | 700,000 | 0.68 | 0.70 | 483 |
| 二零零五年八月 | August 2005 | 1,082,500 | 0.58 | 0.58 | 628 |
| 二零零五年九月 | September 2005 | 1,800,000 | 0.56 | 0.59 | 1,040 |
| 二零零五年十月 | October 2005 | 1,642,500 | 0.56 | 0.59 | 944 |
| 二零零五年十一月 | November 2005 | 200,000 | 0.69 | 0.69 | 138 |
| | | 6,227,500 | | | 3,777 |

該等購回股份已全部註銷，而本公司已發行股本之面值亦相應減低。購回股份之溢價總額已在累計溢利中扣除。而相等於購回及註銷股份面值則由累計溢利轉撥往股本贖回儲備。

The above shares were cancelled upon repurchase and accordingly the issued share capital of the Company was reduced by the nominal value of these shares. The premium on repurchase was charged against accumulated profits. An amount equivalent to the nominal value of the shares cancelled was transferred from accumulated profits to the capital redemption reserve.

股份優先購買權

本公司之公司細則或百慕達法例均無對優先購買權作出任何限制，故本公司毋需按比例向現有股東發售新股。

PRE-EMPTIVE RIGHTS

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

主要供應商與客戶

本集團最大及首5間最大之客戶分別佔本集團營業總額17.34%及47.27%。

MAJOR CUSTOMERS AND SUPPLIERS

The aggregate sales attributable to the Group's largest customer and five largest customers accounted for 17.34% and 47.27% respectively of the Group's total turnover for the year.

本集團最大首5間之供應商佔本集團購貨總額少於30%。

Aggregate purchases attributable to the Group's five largest suppliers were less than 30% of the total purchases.

除上文所披露外，本公司董事或其關聯人仕或任何股東（據董事所知持有本公司股份多於5%）在五大客戶中並無持有任何權益。

Save as disclosed above, 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) has any interest in the Group's five largest customers.

薪酬政策

本集團僱員之薪酬政策乃基於僱員之表現、資歷及能力。董事之酬金由薪酬委員會參照本公司之營運業績、個別僱員表現及可比市場數據而釐定。概無任何董事或其任何聯繫人士以及高層僱員參與釐定本身薪酬。

本公司已採納一項購股權計劃作為對董事及合資格員工之獎勵，該計劃詳情列於綜合財務報表附註36。

年度之獨立確認書

本公司已接獲各獨立非執行董事根據上市規則第3.13條而發出之年度獨立確認書。本公司認為所有獨立非執行董事均為獨立人士。

充足公眾持股量

本公司於截至二零零六年三月三十一日止年度內一直維持充足之公眾持股量。

結算日後事項

結算日後事項之詳情列於綜合財務報表附註43。

核數師

由截至二零零三年及二零零四年三月三十一日止之會計年度，本公司之核數師由摩斯倫•馬賽會計師事務所擔任，而截至二零零五年及二零零六年三月三十一日止之會計年度則由德勤•關黃陳方會計師行擔任。

有關重選德勤•關黃陳方會計師行為本公司核數師之決議案將於即將召開之股東週年大會上提呈。

承董事局命
主席
劉錫康

香港，二零零六年七月二十四日

EMOLUMENT POLICY

The emolument policy regarding the employees of the Group is based on their merit, qualifications and competence. The emoluments of the directors are reviewed by the Remuneration Committee, having regard to the Company's operating results, individual performance and comparable market statistics. No director, or any of his associates, and executive is involved in dealing his own remuneration.

The Company has adopted a share option scheme as an incentive to directors and eligible employees, details of the scheme is set out in note 36 to the consolidated financial statements.

ANNUAL CONFIRMATION OF INDEPENDENCE

The Company has received the annual confirmation of independence from each of the independent non-executive directors as required under Rule 3.13 of the Listing Rules. The Company considered all independent non-executive directors to be independent.

SUFFICIENCY OF PUBLIC FLOAT

The Company has maintained a sufficient public float throughout the year ended 31 March 2006.

POST BALANCE SHEET EVENT

Details of the post balance sheet event are set out in note 43 to the consolidated financial statements.

AUDITORS

For the two years ended 31 March 2003 and 2004, Messrs. Moores Rowland Mazars acted as auditors of the Company while Messrs. Deloitte Touche Tohmatsu acted as auditors of the Company for the two years ended 31 March 2005 and 2006.

A resolution will be submitted to the annual general meeting of the Company to re-appoint Messrs. Deloitte Touche Tohmatsu as auditors of the Company.

On behalf of the Board
Lau Sak Hong, Philip
CHAIRMAN

Hong Kong, 24 July 2006