

DIRECTORS' REPORT

The directors have pleasure in presenting their annual report and the audited financial statements for the year ended 31st March, 2003.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. Its subsidiaries are principally engaged in the manufacture and sale of accessories for photographic, electrical and multimedia products, property investment and development.

RESULTS

The results of the Group for the year ended 31st March, 2003 are set out in the consolidated income statement on page 15.

The directors do not recommend the payment of a dividend and proposed that the profit for the year be retained.

SHARE CAPITAL

Details of the share capital of the Company are set out in note 22 to the financial statements. There was no movement during the year.

INVESTMENT PROPERTIES

During the year, the Group acquired investment properties of approximately HK\$456,000. In addition, the Group's investment properties were revalued as at 31st March, 2003 and the surplus of approximately HK\$344,000 arising on the revaluation has been credited as income during the year.

Details of these movements during the year in the investment properties of the Group are set out in note 12 to the financial statements.

Particulars of the Group's investment properties are set out on page 56.

PROPERTY, PLANT AND EQUIPMENT

During the year, the Group acquired property, plant and equipment of approximately HK\$24,696,000.

Details of these and other movements during the year in the property, plant and equipment of the Group are set out in note 13 to the financial statements.

DIRECTORS AND SERVICE CONTRACTS

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

Executive directors:

Ms. Chan Oi Ling, Maria Olimpia (*Chairman*)
 Mr. Lam Yu Ho, Daniel (*Managing Director*)
 Mr. Cheng Lok Hing
 Mr. Cheng Chun Kit
 Ms. Liu Ji Hong

Independent non-executive directors:

Mr. Wong Yui Leung, Larry
 Mr. Heman Tsang

In accordance with Clauses 86(2) and 87 of the Company's Bye-laws, Mr. Cheng Chun Kit and Ms. Liu Ji Hong retire and, being eligible, offer themselves for re-election in the forthcoming annual general meeting.

None of the directors proposed for re-election at the forthcoming annual general meeting has a service contract which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

The term of office of each non-executive director is the period up to his retirement by rotation in accordance with the Company's Bye-laws.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Save as disclosed in note 30 to the financial statements, no other contracts of significance to which the Company or any of its subsidiaries was a party and in which a director of the Company had a material interest, whether directly and indirectly, subsisted at the end of the year or at any time during the year.

DIRECTORS' INTERESTS IN SECURITIES

(i) Shares

At 31st March, 2003, the interests of the directors and their associates in the shares of the Company as recorded in the register maintained by the Company pursuant to Section 29 of the Hong Kong's Securities (Disclosure of Interests) Ordinance (the "SDI Ordinance") were as follows:

Name of director	Number of shares held	
	Personal interest	Other interest <i>(Note)</i>
Ms. Chan Oi Ling, Maria Olimpia	–	193,340,000
Mr. Lam Yu Ho, Daniel	24,376,000	–
Mr. Cheng Lok Hing	8,000,000	–
Mr. Cheng Chun Kit	8,200,000	–

Note: These shares are held by Honeyard Corporation. The entire issued share capital of Honeyard Corporation is held by The Honeyard Trust, a discretionary trust of which the family members of Ms. Chan Oi Ling, Maria Olimpia are discretionary beneficiaries.

In addition to the above, each of Ms. Chan Oi Ling, Maria Olimpia and Mr. Lam Yu Ho, Daniel holds 500,000 non-voting deferred shares in Mascotte Investments Limited, a subsidiary of the Company. Honeyard Corporation holds one non-voting deferred share in Newland Kingdom Limited, a subsidiary of the Company.

(ii) Share option scheme

No share options were granted or exercised during the year and there is no share option outstanding as at 31st March, 2003. Particulars of the Company's share option scheme are set out in note 23 to the financial statements.

Other than certain nominee shares in subsidiaries held by Ms. Chan Oi Ling, Maria Olimpia, none of the directors and their associates had any personal, family, corporate or other interests in the securities of the Company or any of its associated corporations as defined in the SDI Ordinance at 31st March, 2003.

ARRANGEMENT TO PURCHASE SHARES OR DEBENTURES

Save as 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. In addition, none of the directors, or their spouses or children under the age of 18 had any right to subscribe for the securities of the Company or had exercised any such right during the year.

SUBSTANTIAL SHAREHOLDERS

As at 31st March, 2003, the register of substantial shareholders maintained under Section 16(1) of the SDI Ordinance showed that, other than the interests of a director disclosed under the heading "Directors' Interests in Securities" as shown above, the Company has not been notified of any other interest representing 10% or more of the issued share capital of the Company as at 31st March, 2003.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31st March, 2003, the aggregate amount of turnover attributable to the Group's five largest customers accounted for approximately 35.7% of the Group's total turnover and the amount of turnover attributable to the Group's largest customer was approximately 14.3% of the Group's total turnover. The aggregate amount of purchases attributable to the Group's five largest suppliers accounted for approximately 48.8% of the Group's total purchases and the amount of purchases attributable to the Group's largest supplier was approximately 11.5% of the Group's total purchases.

None of the directors, their associates or any shareholders (which to the knowledge of the directors owns more than 5% of the Company's issued share capital) has any interest in any of the Group's five largest customers or suppliers.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year.

PRE-EMPTIVE RIGHTS

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

CHARITABLE DONATIONS

During the year, the Group made charitable donations amounting to HK\$77,000.

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CORPORATE GOVERNANCE

The Company has complied throughout the year ended 31st March, 2003 with the Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

AUDITORS

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

On behalf of the Board

Chan Oi Ling, Maria Olimpia

Chairman

Hong Kong, 25th July, 2003

