



DIRECTORS' REPORT

The directors have pleasure in presenting their annual report and the audited financial statements for the year ended 31st March, 2005.

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 AND APPROPRIATIONS

The results of the Group for the year ended 31st March, 2005 are set out in the consolidated income statement on page 16.

The directors recommend the payment of a final dividend of 1 cent per share to the shareholders of the Company whose names appear on the register of members on 25th August, 2005.

SHARE CAPITAL

10

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

The Group's investment properties were revalued as at 31st March, 2005 and the surplus of approximately HK\$2,474,000 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 52.

PROPERTY, PLANT AND EQUIPMENT

During the year, the Group acquired property, plant and equipment of approximately HK\$1,295,000.

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.

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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. Ji Hong

(appointed on 25th August, 2004)

Ms. Liu Ji Hong

(resigned on 25th August, 2004)

Independent non-executive directors:

Mr. Wong Yui Leung, Larry

Mr. Lui Wai Shan, Wilson

Mr. Cheung Ngai Lam

Mr. Heman Tsang

(appointed on 4th October, 2004)

(appointed on 9th March, 2005)

(resigned on 9th March, 2005)

In accordance with Clauses 86(2) and 87 of the Company's Bye-laws, Mr. Cheng Lok Hing, Mr. Lui Wai Shan, Wilson, and Mr. Cheung Ngai Lam 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 29 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.



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DIRECTORS' INTERESTS IN SECURITIES

At 31st March, 2005, the interests of the directors and their associates in the shares and underlying shares of the Company as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance ("SFO"), or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, were as follows:

Long positions

Name of director	Number of issued ordinary shares held		Percentage of issued share capital of the Company
	Personal interest	Held by controlled corporation (Note)	
Ms. Chan Oi Ling, Maria Olimpia	–	193,340,000	45.60%
Mr. Lam Yu Ho, Daniel	24,376,000	–	5.75%
Mr. Cheng Lok Hing	8,000,000	–	1.87%
Mr. Cheng Chun Kit	8,200,000	–	1.93%

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.

Other than certain nominee shares in subsidiaries held by Ms. Chan Oi Ling, Maria Olimpia, none of the directors nor their associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations as 31st March, 2005.

ARRANGEMENT TO PURCHASE SHARES OR DEBENTURES

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 31st March, 2005, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO showed that, other than the interests of certain directors disclosed under the section headed "Directors' interests in securities" above, the Company has not been notified of any other relevant interests or short positions in the issued share capital of the Company.

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MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31st March, 2005, aggregate amount of sales attributable to the Group's five largest customers accounted for approximately 35% of the Group's total turnover and the turnover attributable to the Group's largest customer accounted for approximately 12% of the Group's total turnover. The aggregate amount of purchases attributable to the Group's five largest suppliers accounted for approximately 47% of the Group's total purchases and the amount of purchases attributable to the Group's largest supplier was approximately 21% 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.

EMOLUMENT POLICY

The emolument policy of the employees of the Group is set up by the Remuneration and Nomination Committee on the basis of the their merit, qualifications and competence.

The emoluments of the directors of the Company are decided by the Remuneration and Nomination Committee, having regard to the Group's operating results, individual performance and comparable market statistics.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information publicly available to the Company and within the knowledge of the directors, the Company has maintained a sufficient public float throughout the year ended 31st March, 2005.

CHARITABLE DONATIONS

During the year, the Group made charitable donations amounting to HK\$20,600.

POST BALANCE SHEET EVENTS

Details of significant events occurring after the balance sheet date are set out in note 33 to the financial statements.



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CORPORATE GOVERNANCE

The Company has complied throughout the year ended 31st March, 2005 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.

The Company has adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard set out in Appendix 10 to the Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited (the "Model Code"). Having made specific enquiry of all directors, all directors confirmed they have complied with the required standard set out in the Model Code and the code of conduct regarding securities transactions by directors adopted by the Company.

The Company has received, from each of the independent non-executive directors, an annual confirmation of his independence pursuant to Rule 3.13 of the Rules Governing the Listing of Securities of 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, 27th July, 2005