

DIRECTORS' REPORT

The Directors present their annual report and the audited financial statements for the year ended 30th April, 2005.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company and provides corporate management services. The activities of its principal subsidiaries are set out in note 30 to the financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 30th April, 2005 are set out in the consolidated income statement on page 19.

An interim dividend of HK1.5 cents per share amounting to HK\$6,330,000 was paid to the shareholders during the year.

The directors now recommend the payment of a final dividend of HK2.5 cents per share to the shareholders whose names appear on the register of members on 28th September, 2005, amounting to HK\$10,550,000. Subject to the approval of the shareholders at the forthcoming Annual General Meeting, the proposed final dividend will be payable on 12th October, 2005.

DISTRIBUTABLE RESERVES

At 30th April, 2005, the Company's reserves available for cash distribution amounted to HK\$199,505,000. Under the Companies Law (2003 Revision) of the Cayman Islands, the share premium account and the contributed surplus are distributable to the shareholders of the Company provided that immediately following the date on which any dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business.

PROPERTY, PLANT AND EQUIPMENT

During the year, the construction in progress amounting to HK\$40,129,000 was completed and reclassified to moulds.

The Group continued its plant replacement policy and expended HK\$25,621,000 on new plant, machinery and equipment and HK\$96,726,000 on construction in progress during the year.

Details of these and other movements during the year in the property, plant and equipment of the Group are set out in note 12 to the financial statements.

SHARE CAPITAL

Details of the share capital of the Company are set out in note 21 to the financial statements.

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

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MAJOR CUSTOMERS AND SUPPLIERS

Since the Group has a wide customer base, the aggregate sales attributable to the Group's five largest customers were less than 15% of the Group's total turnover for the year.

The Group's five largest suppliers together accounted for 36% of the total purchases for the year. The largest supplier accounted for 14% of the total purchases for the year.

At no time during the year did a director, an associate of a director or any shareholder (which to the knowledge of the directors owns more than 5% of the Company's share capital) have an interest in any of the Group's five largest suppliers.

DIRECTORS

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

Executive directors:

Yeung Kui Wong, *Chairman*
Hung Kwok Wa
Lai Wing Chuen

Non-executive directors:

Paul Steven Wolansky
Leung Ping Chung, Hermann (alternate to Paul Steven Wolansky)

Independent non-executive directors:

Tam Ping Kuen, Daniel (appointed on 27th September, 2004)
Luo Ben Jin
Lau Tai Chim

In accordance with the provisions of the Company's Articles of Association, Lau Tai Chim would retire by rotation and, being eligible, offer himself for re-election.

Tam Ping Kuen, Daniel, who was appointed during the year by the Directors, would retire in accordance with the Articles of Association and, being eligible, offers himself for re-election.

No director 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).

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DIRECTORS' INTERESTS IN SHARES AND UNDERLYING SHARES

At 30th April, 2005, the interests of the directors and their associates in the shares and underlying shares of the Company and its associated corporations, 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 Issuers, were as follows:

Long positions:

Name of director	Capacity	Number of issued ordinary shares held	Percentage of the issued share capital of the Company
Yeung Kui Wong	Held by controlled corporation	201,800,000 (note 1)	47.82%
Yeung Kui Wong	Held by controlled corporation	30,250,000 (note 2)	7.17%
		232,050,000	54.99%

Notes:

- (1) The ordinary shares of the Company are held in the name of Imperial Profit Enterprises Limited, the entire issued share capital of which is legally and beneficially owned by Mr. Yeung Kui Wong. Under the SFO, Mr. Yeung Kui Wong is deemed to be interested in all the shares registered in the name of Imperial Profit Enterprises Limited.
- (2) The ordinary shares of the Company are held in the name of Primer Capital Investments Limited, the entire issued share capital of which is legally and beneficially owned by Mr. Yeung Kui Wong. Under the SFO, Mr. Yeung Kui Wong is deemed to be interested in all the shares registered in the name of Primer Capital Investments Limited.

Other than as disclosed above, none of the directors, nor their associates, had any interests or short positions in any shares and underlying shares of the Company or any of its associated corporations as at 30th April, 2005.

SHARE OPTION

Particulars of the Company's share option scheme are set out in note 23 to the financial statements.

No option has been granted under the Company's share option scheme since its adoption.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Other than the share option scheme disclosed in the section "Share Option" 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, and neither the directors, nor any of 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.

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DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

No contract 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 or indirectly, subsisted at the end of the year or at any time during the year.

SUBSTANTIAL SHAREHOLDERS

As at 30th April, 2005, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that other than the interests disclosed above in respect of certain directors of the Company, the following shareholders had notified the Company of relevant interests in the issued share capital of the Company:

Name of shareholder	Capacity	Number of issued ordinary shares held	Percentage of the issued share capital of the Company
Imperial Profit Enterprises Limited	Beneficial owner	201,800,000	47.82%
Primer Capital Investments Limited	Beneficial owner	30,250,000	7.17%
The Cathay Investment Fund, Limited	Beneficial owner	43,987,500	10.42%
New China Management Corp.	Others (<i>Note</i>)	43,987,500	10.42%

Note: New China Management Corp. is the investment manager of The Cathay Investment Fund, Limited and is deemed to be interested in the same 43,987,500 shares under the SFO.

All the interests stated above represent long positions, and other than as described above, the Company has not been notified of any other relevant interests or short positions in the issued capital of the Company as at 30th April, 2005.

MODEL CODE FOR SECURITIES TRANSACTIONS

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

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CORPORATE GOVERNANCE

The Company has complied throughout the year ended 30th April, 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 "Listing Rules"), except that the independent non-executive directors of the Company are not appointed for a specific term as they are subject to retirement by rotation and re-election at the Company's annual general meetings in accordance with the Company's Articles of Association.

The Company has received from each of Mr. Luo Ben Jin, Mr. Lau Tai Chim and Mr. Tam Ping Kuen, Daniel an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rule and the Company still considers the independent non-executive Director to be independent. Likewise, the Company still considers Mr. Tam Ping Kuen, Daniel, who was appointed during the year, has met the independent guidelines in Rule 3.13 of the Listing Rules, to be independent.

The Directors have complied throughout the year ended 30th April, 2005 the Model Code for Securities Transacted by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules.

EMOLUMENT POLICY

As at 30th April, 2005, the Group had approximately 1,800 full time employees. Around 50 staff were based in Hong Kong and the rest were in our plants in China. Competitive remuneration packages are structured to commensurate with individual job duties, performance and years of experience.

PUBLIC FLOAT

The Company maintained the prescribed public float throughout the year ended 30th April, 2005 under the Listing Rules, based on the information that is publicly available to the Company and within the knowledge of the Directors.

PRE-EMPTIVE RIGHTS

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

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

Yeung Kui Wong

Chairman

15th August, 2005