

DIRECTORS' REPORT

The directors have pleasure in presenting their annual report and the audited consolidated financial statements for the year ended 31st March, 2006.

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 and property investment.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31st March, 2006 are set out in the consolidated income statement on page 17.

The directors recommend the payment of a final dividend of HK1 cent per share to the shareholders of Company whose names appear on the register of members on 17th August, 2006. The remaining profit for the year of HK\$8,232,176 will be retained.

SHARE CAPITAL

Details of the share capital of the Company are set out in note 26 to the consolidated financial statements. There was no movement during the year.

INVESTMENT PROPERTIES

All of the investment properties of the Group were fair valued as at 31st March, 2006. The net decrease in fair value of investment properties amounting to HK\$21,177 has been charged directly to consolidated income statement during the year.

Details of these and other movements during the year in the investment properties of the Group are set out in note 14 to the consolidated financial statements.

Particulars of the Group's investment properties are set out on pages 61 to 62.

PROPERTY, PLANT AND EQUIPMENT

During the year, the Group acquired property, plant and equipment of approximately HK\$1,317,000.

Details of these and other movements during the year in the property, plant and equipment of the Group are set out in note 15 to the consolidated financial statements.

DISTRIBUTABLE RESERVES OF THE COMPANY

The Company's reserve available for distribution to shareholders as at 31st March, 2006 were as follows:

	2006	2005
	HK\$	HK\$
Contributed surplus	67,960,971	72,200,972
Accumulated losses	(43,669,408)	(42,722,212)
	24,291,563	29,478,760

Under the Companies Act 1981 of Bermuda (as amended), contributed surplus is available for distribution to shareholders. However, the Company cannot declare or pay a dividend, or make a distribution out of contributed surplus if:

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

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DIRECTORS AND SERVICE CONTRACTS

The directors of the Company who served 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

Independent non-executive directors:

Mr. Wong Yui Leung, Larry
 Mr. Lui Wai Shan, Wilson
 Mr. Cheung Ngai Lam

In accordance with Clauses 86(2) and 87 of the Company's Bye-laws, Ms. Chan Oi Ling, Maria Olimpia, Mr. Lam Yu Ho, Daniel, Mr. Cheng Chun Kit and Mr. Wong Yui Leung, Larry retire by rotation 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 independent 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

Saved as disclosed in note 34 to the consolidated 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

At 31st March, 2006, the interests of the directors and their associates in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 352 of the Securities and Futures Ordinance (the "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 contained in the listing rules, were as follows:

Long positions

Name of director	Number of issued ordinary shares held		Percentage of issued share capital of the Company
	Personal interests	Other interests	
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	-	1.89%
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, chief executive, nor their respective associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations within the meaning of Part XV of the SFO as at 31st March, 2006.

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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, 2006, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows 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.

DEALINGS IN 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.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31st March, 2006, aggregate amount of sales attributable to the Group's five largest customers accounted for approximately 36% 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 17% 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.

APPOINTMENT OF INDEPENDENT NON-EXECUTIVE DIRECTORS

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 Listing Rules. The Company considers all of the independent non-executive directors are independent.

EMOLUMENT POLICY

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

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

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.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is 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, 2006.

CHARITABLE DONATIONS

During the year, the Group made charitable donations amounting to HK\$5,283.

POST BALANCE SHEET EVENT

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

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CORPORATE GOVERNANCE

The Company has complied throughout the year ended 31st March, 2006 with all the provisions of the code on Corporate Governance practices as set out in Appendix 14 of the Listing Rules except that the roles of the chairman and chief executive officer of the Company were not separate and was performed by the same individual and the independent non-executive directors of the Company are not appointed for specific terms but they are subject to retirement by rotation and re-election at the annual general meetings of the Company.

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, 26th July, 2006