

The Directors present their annual report and the audited financial statements for the year ended 30th April, 2006.

### **PRINCIPAL ACTIVITIES**

The Company acts as an investment holding company and provides corporate management services. The activities of the Group are manufacturing and trading of household electrical appliances and audio-visual products and trading of kitchenware.

### **RESULTS AND APPROPRIATIONS**

The results of the Group for the year ended 30th April, 2006 are set out in the consolidated income statement on page 26.

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

### **DISTRIBUTABLE RESERVES OF THE COMPANY**

At 30th April, 2006, the Company's reserves available for cash distribution amounted to HK\$228,309,000. 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**

Certain of the Group's buildings were revalued at 30th April, 2006. The revaluation resulted in an increase in fair value of approximately HK\$64,171,000, which has been credited directly to the property revaluation reserve.

During the year, construction in progress amounting to approximately HK\$80,303,000 was completed and reclassified to leasehold buildings and moulds.

The Group continued its plant replacement policy and expended HK\$145,517,000 on construction in progress and HK\$5,656,000 on other property, plant and equipment 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 15 to the financial statements.

### **SHARE CAPITAL**

Details of the share capital of the Company are set out in note 27 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.

### MAJOR CUSTOMERS AND SUPPLIERS

The Group's five largest customers together accounted for 29% of the total turnover for the year.

The Group's five largest suppliers together accounted for 18% of the total purchases for the year.

At no time during the year did a director, an associate of a director or any shareholders (which to the knowledge of the directors owns more than 5% of the Company's share capital) has 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

Yeung Ying Fong

(appointed on 28th September, 2005)

#### Non-executive directors:

Paul Steven Wolansky

Leung Ping Chung, Hermann

(alternate to Paul Steven Wolansky)

#### Independent non-executive directors:

Tam Ping Kuen, Daniel

Lau Yau Cheung

Luo Ben Jin

Lau Tai Chim

Au Yeung Po Leung

(appointed on 28th September, 2005)

(retired on 28th September, 2005)

(appointed on 2nd August, 2006)

In accordance with the provisions of the Company's Articles of Association, Mr. Hung Kwok Wa retires by rotation and, being eligible, offer himself for re-election.

Ms. Yeung Ying Fong and Mr. Au Yeung Po Leung, who were appointed in September 2005 and August 2006 respectively by the directors, would like to retire in accordance with the Articles of Association and, being eligible, offer themselves 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).

### DIRECTORS' INTERESTS IN SHARES AND UNDERLYING SHARES

At 30th April, 2006, 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.

Saved 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, 2006.

### SHARE OPTION

Particulars of the Company's share option scheme are set out in note 28 to the financial statements.

### 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.

### 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

The register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that as at 30th April, 2006, other than the interests disclosed above in respect of certain directors of the Company, the following shareholders had notified the Company of relevant interests and short positions in the issued share capital of the Company.

<b>Name of shareholders</b>	<b>Capacity</b>	<b>Number of issued ordinary shares held</b>	<b>Percentage of the issued share capital of the Company</b>
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 Managements 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, 2006.

### 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 of the Stock Exchange of Hong Kong Limited (the "Model Code") and have made enquiries with the directors of the Company that they have complied with the Model Code.

### CORPORATE GOVERNANCE

The Company has complied throughout the year ended 30th April, 2006 with the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules with certain deviations. For details, please refer to the Corporate Governance Report of this annual report.

### EMOLUMENT POLICY

As at 30th April, 2006, the Group had approximately 1,900 full time employees. Around 75 staff were based in Hong Kong and the rest were based in the People's Republic of China. Competitive remuneration packages are structured to commensurate with individual job duties, performance and years of experience.

**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.

**SUFFICIENCY OF PUBLIC FLOAT**

The Company has maintained a sufficient public float throughout the year ended 30th April, 2006.

**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*

23rd August, 2006