

The directors herein present their report and the audited financial statements of the Company and the Group for the year ended 31 March 2007.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of its subsidiaries consisted of investment holding, metals and minerals trading, and the manufacture, trading and distribution of consumer products. During the year, the Group discontinued its consumer products operation with details set out in note 10 to the financial statements.

SEGMENT INFORMATION

An analysis of the Group's performance for the year by business and geographical segments is set out in note 5 to the financial statements.

RESULTS AND DIVIDENDS

The Group's loss for the year ended 31 March 2007 and the state of affairs of the Company and the Group at that date are set out in the financial statements on pages 22 to 66.

The directors do not recommend the payment of any dividend in respect of the year.

SUMMARY FINANCIAL INFORMATION

The following is a summary of the results of the Group for the last five financial reporting years and of its assets and liabilities at the respective financial reporting year end dates, as extracted from the published audited financial statements of the Group.

RESULTS

	Year ended 31 March				
	2007	2006	2005	2004	2003
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
TURNOVER	56,469	105,273	182,169	163,077	140,245
LOSS BEFORE TAX	(13,936)	(15,547)	(5,831)	(66,661)	(11,851)
Tax	—	—	450	—	(197)
LOSS FOR THE YEAR	(13,936)	(15,547)	(5,381)	(66,661)	(12,048)
ATTRIBUTABLE TO:					
Equity holders of the Company	(14,440)	(11,043)	(823)	(67,510)	(14,479)
Minority interests	504	(4,504)	(4,558)	849	2,431
	(13,936)	(15,547)	(5,381)	(66,661)	(12,048)

ASSETS, LIABILITIES AND MINORITY INTERESTS

	As at 31 March				
	2007	2006	2005	2004	2003
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
TOTAL ASSETS	35,479	29,389	47,353	73,107	132,067
TOTAL LIABILITIES	(13,935)	(3,591)	(4,765)	(21,656)	(21,905)
MINORITY INTERESTS	—	(370)	(4,874)	(12,914)	(12,065)
	21,544	25,428	37,714	38,537	98,097

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Company and of the Group are set out in note 14 to the financial statements.

SUBSIDIARIES AND ASSOCIATES

Particulars of the Company's principal subsidiaries and associates are set out in notes 15 and 16 to the financial statements, respectively.

BORROWINGS

As at 31 March 2007, the Group had no outstanding bank and other borrowings (2006: Nil), except for HK\$10,140,000 (2006: Nil) advanced from a director of the Company to the Group.

SHARE CAPITAL AND SHARE OPTIONS

Details of movements in the Company's share capital and share options during the year, together with the reasons therefor, are set out in notes 21 and 22 to the financial statements, respectively.

PRE-EMPTIVE RIGHTS

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

RESERVES

Details of movements in the reserves of the Company during the year are set out in note 23 to the financial statements. Detail of movements in the reserves of the Group during the year are presented in the consolidated statement of changes in equity on page 24 of the financial statements.

DISTRIBUTABLE RESERVES

At the balance sheet date, the Company had no accumulated profits available for distribution. Under the Companies Act 1981 of Bermuda (as amended), the contributed surplus of the Company in the amount of HK\$87,109,000 as at 31 March 2007 (2006: HK\$87,109,000) is distributable to shareholders in certain circumstances, prescribed by Section 54 thereof, which the Company is currently unable to satisfy.

MAJOR CUSTOMERS AND SUPPLIERS

The information in respect of the Group's sales and purchases attributable to the major customers and suppliers respectively during the financial year is as follows:

	Percentage of the Group's total
Sales	
– the largest customer	86%
– five largest customers combined	94%
Purchases	
– the largest supplier	88%
– five largest suppliers combined	93%

None of the directors, their associates or any shareholder (which to the knowledge of the directors owns more than 5% of the Company's share capital) had an interest in the major customers or suppliers noted above.

DIRECTORS

The directors of the Company during the year were:

Executive directors

Mr. Cheung Ngan	(Chairman)
Mr. Chan Chung Chun, Arnold	(Deputy Chairman)

Independent non-executive directors

Mr. Chan Francis Ping Kuen
Mr. Hu Guang
Mr. Chan Chak Paul

Mr. Chan Francis Ping Kuen and Mr. Hu Guang shall retire from the Board in accordance with the Company's bye-laws, and being eligible, shall offer themselves for re-election as directors of the Company at the forthcoming annual general meeting.

REMUNERATION OF DIRECTORS AND OF THE FIVE HIGHEST PAID INDIVIDUALS

Details of the directors' remuneration and that of the five highest paid individuals in the Group are set out in notes 7 and 8 to the financial statements, respectively.

DIRECTORS' SERVICE CONTRACTS

None of the directors has a service contract with the Company which is not determinable by the Company within one year without payment other than statutory compensation.

SHARE OPTION SCHEME

The Company's share option scheme (the "Scheme"), which was adopted by an ordinary resolution of the shareholders at the special general meeting of the Company on 5 January 2004, constitutes a share option scheme governed by Chapter 17 of the Listing Rules.

Pursuant to the Scheme, the board of directors is empowered, at its discretion, to invite any full-time employees of the Company or any of its subsidiaries or associates, including any executive directors and non-executive directors of the Company or any of its subsidiaries or associates, to take up options to subscribe for shares in the Company. Details of the Scheme are set out in note 22 to the financial statements.

DIRECTORS' RIGHTS TO ACQUIRE SHARES

There were no new share options granted to directors under the Scheme during the year and there were no outstanding share options granted to the directors at the balance sheet date.

At no time during the year was the Company or any of its subsidiaries a party to any arrangement to enable the Company's directors, their respective spouse, or children under 18 years of age to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

At the balance sheet date, the interests and short positions of the directors in the shares and underlying shares of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which had been notified to the Company and the Stock Exchange pursuant to Divisions 7 & 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required pursuant to the Model Code for Securities Transactions by Directors of Listed Companies to be notified to the Company and the Stock Exchange were as follows:

Name of Director	Capacity/ Nature of interest	Number of shares		Approximate percentage of shareholding in the Company
		Long position	Short position	
Mr. Cheung Ngan	Personal	311,232,469	–	30.12%

Save as disclosed above, as at the balance sheet date, none of the directors of the Company have interest or short positions in the shares and underlying shares or other securities of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 & 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required pursuant to the Model Code for Securities Transactions by Directors of Listed Companies to be notified to the Company and the Stock Exchange.

DIRECTORS' INTERESTS IN CONTRACTS

No director, whether directly or indirectly, had a beneficial interest in any contract of significance to the business of the Company to which the Company or any of its subsidiaries was a party during the year.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

At as 31 March 2007, the following shareholders had registered an interest or short position in the shares or underlying shares of 5% or more of the issued share capital of the Company in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

Name of Shareholder	Capacity/ Nature of interest	Number of shares		Approximate percentage of shareholding in the Company
		Long position	Short position	
Mr. Cheung Ngan	Personal	311,232,469	–	30.12%
Earnest Investments Holdings Limited	Beneficial owner	92,595,000	–	8.96%

BIOGRAPHICAL DETAILS IN RESPECT OF DIRECTORS

Name	Age	Position held	Number of years of service	Business experience
Mr. Cheung Ngan	50	Chairman, Director	9	Joined the Group in March 1998 and is responsible for the development of corporate strategies, corporate planning, marketing and management functions of the Group. He has over 23 years working experience in corporate management and knowledge of PRC investments.
Mr. Chan Chung Chun, Arnold	47	Deputy Chairman, Director	12	Joined the Group in April 1995 and is responsible for general corporate investment and the financial advisory functions of the Group. He has extensive working experience in accountancy and commercial fields, particularly in the manufacturing, marketing and retailing of consumer products in Hong Kong and the PRC.

Report of the Directors

Name	Age	Position held	Number of years of service	Business experience
Mr. Chan Francis Ping Kuen	48	Independent Non-Executive Director	2	Appointed as independent non-executive director of the Company in September 2004. Mr. Chan holds a bachelor degree in economics from the University of Sydney in Australia. He is a member of The Institute of Chartered Accountants in Australia and also a member of the Hong Kong Institute of Certified Public Accountants. Mr. Chan has over 22 years of experience in auditing, accounting and financial management and previously worked for an international accounting firm and a number of listed companies in Hong Kong and the United States. Mr. Chan is currently the directors of several companies listed on the main board and the Growth Enterprise Market of the Stock Exchange.
Mr. Hu Guang	39	Independent Non-Executive Director	2	Appointed as independent non-executive director of the Company in September 2004. Mr. Hu holds a master degree of business administration from Tianjin University in the PRC. Mr. Hu is currently the General Manager of 天津大眾投資發展有限公司 in Tianjin, the PRC and has over 16 years experience in investment, finance and property development in the PRC.
Mr. Chan Chak Paul	46	Independent Non-Executive Director	2	Appointed as independent non-executive director of the Company in February 2005. Mr. Chan has extensive experience in trading industries and PRC investment. Mr. Chan used to hold several senior management positions in both foreign and local companies.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

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

PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the directors as at the date of this report, the Company has maintained sufficient public float as required under the Listing Rules during the year.

AUDITOR

Horwath Hong Kong CPA Limited retire and a resolution for their reappointment as auditor of the Company will be proposed at the forthcoming annual general meeting.

ON BEHALF OF THE BOARD

Cheung Ngan

Chairman

Hong Kong

31 May 2007