

The directors present their report and the audited financial statements of the Company and the Group for the year ended 31 March 2006.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the subsidiaries comprise the trading and distribution of electronic products and other merchandise and securities investment and trading. There were no significant changes in the nature of the Group's principal activities during the year.

RESULTS AND DIVIDENDS

The Group's loss for the year ended 31 March 2006 and the state of affairs of the Company and the Group at that date are set out in the financial statements on pages 34 to 100.

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

SUMMARY FINANCIAL INFORMATION

A summary of the published results and assets, liabilities and minority interests of the Group for the last five financial years, as extracted from the audited financial statements and restated/reclassified as appropriate, is set out below. This summary does not form part of the audited financial statements.

RESULTS

	Year ended 31 March				
	2006 <i>HK\$'000</i>	2005 <i>HK\$'000</i>	2004 <i>HK\$'000</i>	2003 <i>HK\$'000</i>	2002 <i>HK\$'000</i>
Revenue					
Continuing operations	10,323	39,858	15,821	(5,061)	38,253
Discontinued operations	-	-	-	84,833	104,927
	10,323	39,858	15,821	79,772	143,180
Profit/(loss) before tax					
Continuing operations	(46,482)	25,125	1,204	(72,649)	(53,166)
Discontinued operations	-	-	-	6,241	4,870
	(46,482)	25,125	1,204	(66,408)	(48,296)
Tax					
Continuing operations	-	-	-	1,600	1,420
Discontinued operations	-	-	-	-	-
	-	-	-	1,600	1,420
Profit/(loss) before minority interests	(46,482)	25,125	1,204	(64,808)	(46,876)
Minority interests	-	-	-	110	31
Profit/(loss) for the year attributable to ordinary equity holders of the parent	(46,482)	25,125	1,204	(64,698)	(46,845)

ASSETS, LIABILITIES AND MINORITY INTERESTS

	As at 31 March				
	2006 HK\$'000	2005 HK\$'000	2004 HK\$'000	2003 HK\$'000	2002 HK\$'000
Total assets	371,921	325,003	242,533	225,699	408,061
Total liabilities	14,401	9,093	14,148	18,262	145,981
Minority interests	-	-	-	-	110
	357,520	315,910	228,385	207,437	261,970

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Company and the Group during the year are set out in note 13 to the financial statements.

SHARE CAPITAL AND SHARE OPTIONS

Details of movements in the Company's share capital and share options, during the year are set out in notes 26 and 28 to the financial statements, respectively.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Wednesday, 23 August 2006 to Monday, 28 August 2006 (both days inclusive) during which period no transfer of shares of the Company will be registered. In order to qualify for attending the annual general meeting of the Company to be held on Monday, 28 August 2006, all transfers of shares of the Company accompanied by the relevant share certificates and transfer forms must be lodged with the Company's share registrar in Hong Kong, Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 22 August 2006.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's bye-laws or the Companies Act 1981 of Bermuda which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

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

RESERVES

Details of movements in the reserves of the Company and the Group during the year are set out in note 27 to the financial statements and in the consolidated statement of changes in equity, respectively.

DISTRIBUTABLE RESERVES

At 31 March 2006, the Company had no reserves available for distribution. The Company's share premium account and capital redemption reserve, with an aggregate balance of HK\$310,556,000, may be distributed in the form of fully paid bonus shares.

MAJOR CUSTOMERS AND SUPPLIERS

In the year under review, sales of electronic products to the Group's five largest customers accounted for 90% of the sales from the electronic products segment for the year and sales to the largest customer included therein amounted to 45%. Purchases of electronic products from the Group's five largest suppliers accounted for less than 91% of the purchases from the electronic products segment for the year.

None of the directors of the Company or any of their associates or any shareholders (which, to the best knowledge of the directors, own more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest customers.

DIRECTORS

The directors of the Company during the year were:

Executive directors:

Mr. Wong Howard
Mr. Wong Yat Fai
Mr. Wu Qing

Non-executive directors:

Mr. Li Chi Ming*
Mr. Tung Tat Chiu, Michael*
Mr. Wan Ngar Yin, David*

* Independent non-executive directors

The independent non-executive directors are appointed initially for one year and thereafter their appointment is subject to renewal on an annual basis in accordance with their employment contracts.

In accordance with bye-law 98 of the bye-laws of the Company, Mr. Wong Yat Fai and Mr. Wu Qing, the existing directors of the Company, will retire as directors of the Company by rotation at the forthcoming annual general meeting and, being eligible, will offer themselves for re-election at the said meeting.

The Company has received annual confirmations of independence from Mr. Li Chi Ming, Mr. Tung Tat Chiu, Michael and Mr. Wan Ngar Yin, David and as at the date of this report still considers them to be independent.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the directors of the Company and the senior management of the Group are set out on pages 8 to 9 of the annual report.

DIRECTORS' SERVICE CONTRACTS

Mr. Wong Howard has a service contract with the Company for a term of two years commencing on 1 February 2005, which is subject to termination by either party giving not less than three months' written notice.

The Company has service agreements with Mr. Wong Yat Fai and Mr. Wu Qing for a term of two years and of 16 months commencing on 1 April 2005 and 1 December 2005, respectively. The agreements are subject to termination by either party giving not less than three months' written notice.

All the independent non-executive directors have entered into letter of appointment with the Company for an initial term of one year and are subject to retirement by rotation and re-election at the annual general meeting in accordance with the bye-laws of the Company.

Apart from the foregoing, no director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment, other than statutory compensation.

DIRECTORS' REMUNERATION

The directors' fees are subject to shareholders' approval at general meetings. Other emoluments are determined by the Company's board of directors with reference to directors' duties, responsibilities and performance and the results of the Group.

DIRECTORS' INTERESTS IN CONTRACTS

Save as disclosed above, no director had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company, its holding company, or any of its subsidiaries or fellow subsidiaries was a party during the year.

DIRECTORS' INTERESTS IN SHARES

At 31 March 2006, the interests of the directors of the Company in the shares of the Company, as recorded in the register required to be kept by the Company pursuant to 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 (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"), were as follows:

Long positions in ordinary shares of the Company:

Name of director	Capacity	Number of ordinary shares held	Percentage of the Company's issued share capital
Mr. Wong Howard	Beneficial owner	21,299,000	1.88%
Mr. Wong Yat Fai	Beneficial owner	21,299,000	1.88%
Mr. Wu Qing	Beneficial owner	21,299,000	1.88%

In addition to the above, as at 31 March 2006, Mr. Wong Howard and Mr. Wong Yat Fai had non-beneficial personal equity interests in certain subsidiaries held for the benefit of the Company solely for the purpose of complying with the previous requirements of a minimum of two shareholders.

Save as disclosed above, as at 31 March 2006, none of the directors or chief executive of the Company had any interests or short position in the shares, underlying shares or debentures of the Company or any 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 and 8 of Part XV of the SFO (including interests and short positions which he was deemed or taken to have under such provisions of the SFO) or which were required to be entered into the register kept by the Company pursuant to Section 352 of the SFO or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the heading "Directors' interests in shares" above and in the share option scheme disclosures in note 28 to the financial statements, at no time during the year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any director or their respective spouse or minor children, or were any such rights exercised by them; or was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

At 31 March 2006, the following interests of 5% or more of the Company's issued share capital were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Name of substantial shareholder	Long/short position	Capacity	Number of ordinary shares	Percentage of the Company's issued share capital
Radford Capital Investment Limited (<i>note a</i>)	Long	Interests held by a controlled corporation	92,782,000	8.19%

Note:

- a. Radford Capital Investment Limited held the interests in the share capital of the Company via its wholly-owned subsidiary "Winning Horsee Limited".

Save as disclosed above, as at 31 March 2006, no persons had an interest or a short position in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the directors, the directors confirmed that at least 25% of the Company's total issued share capital was held by the public as at the date of this report.

DIRECTORS' INTERESTS IN A COMPETING BUSINESS

During the year and up to the date of this report, the following directors are considered to have interests in a business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group, as defined in the Listing Rules.

CORPORATE GOVERNANCE

Details of the corporate governance are set out in the section headed "Corporate Governance Report" in this annual report.

AUDITORS

Ernst & Young will retire and a resolution for their reappointment as auditors of the Company will be proposed at the forthcoming annual general meeting.

ON BEHALF OF THE BOARD

Wong Howard

Chairman

Hong Kong
20 July 2006