

The directors present their annual report and the audited financial statements of the Company for the year ended 30 June 2005.

## PRINCIPAL ACTIVITIES

The Company is an investment holding company. Its principal subsidiaries are engaged in investment holding, property development and general trading.

## RESULTS

The results of the Group for the year ended 30 June 2005 are set out in the consolidated income statement on page 14.

## PROPERTY, PLANT AND EQUIPMENT

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

Particulars of the properties of the Group as at 30 June 2005 are set out on page 48.

## DIRECTORS

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

### Executive directors:

Law Fong (*Chairman*)  
Chen Te Kuang Mike

### Non-executive director:

Oung Shih Hua, James

### Independent non-executive directors:

Zhu Pei Qing  
Lu Ti Fen  
Kwok Wai Chi (*appointed on 30 September 2004*)

In accordance with the provisions of the Company's Bye-laws, Messrs. Oung Shih Hua, James and Lu Ti Fen retire and, being eligible, offer themselves for re-election.

The term of office for each non-executive director or independent non-executive director, is the period up to his/her retirement by rotation in accordance with the Company's Bye-laws.

None of the directors being proposed for re-election at the forthcoming annual general meeting has a service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

The Company has received annual confirmation from each of the independent non-executive directors as regards their independence of the Company and considers that each of the independent non-executive directors is independent to the Company.

## DIRECTORS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 30 June 2005, the interests and short positions of the directors of the Company and their associates in the shares and underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register required to be kept by the Company under Section 352 of 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 the Listed Companies (the "Model Code") were as follows:

Ordinary shares of HK\$0.50 each of the Company (long position):

Name of director	Capacity	Number of issued ordinary shares held	Percentage of the issued share capital of the Company
Chen Te Kuang Mike	Beneficial owner	5,000,000	0.95%
	Held by a controlled corporation ( <i>Note</i> )	21,035,000	3.98%
		26,035,000	4.93%
Oung Shih Hua, James	Beneficial owner	5,000,000	0.95%

*Note:* These shares are held by Goldenfield Equities Limited, a company in which Chen Te Kuang Mike has beneficial interest.

Save as disclosed above, as at 30 June 2005, none of the directors of the Company had any interests or short positions in the shares or underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which had been recorded in the register kept by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

## SUBSTANTIAL SHAREHOLDERS

As at 30 June 2005, the persons (other than the directors of the Company) who had interests and short position in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Long position:

Name of shareholder	Capacity	Number of issued ordinary shares held	Percentage of issued share capital of the Company
Five Star Investments Limited ("Five Star") (Note)	Beneficial owner	267,815,017	50.7%

Note: Five Star is owed as to 67% by Oung Chin Liang Fung and 33% by Lilian Oung.

Other than as disclosed above, as at 30 June 2005, the Company had not been notified of any interests or short positions in the shares and underlying shares of the Company which were required to be recorded in the register kept by the Company under Section 336 of the SFO.

## SHARE OPTIONS AND DIRECTORS' RIGHTS TO ACQUIRE SHARES

Details of the Company's share option scheme are set out in note 23 to the financial statements. No share options have been granted under the scheme since its adoption.

Save as disclosed above, at no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable the directors or chief executives of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate. None of the spouses or children under the age of 18 of the directors had any right to subscribe for the securities of the Company or had exercised such rights during the year.

## DIRECTORS' INTEREST IN CONTRACTS OF SIGNIFICANCE

Details of the directors' interest in contracts of significance are set out in note 31 to the financial statements.

Save as disclosed above, there was 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 or indirectly, subsisted at the end of the year or at any time during the year.

## PLEDGE OF SHARES BY CONTROLLING SHAREHOLDER

The Group entered into a loan agreement with a bank during the year ended 30 June 2004 for which security has been provided by Five Star, the controlling shareholder of the Company. Five Star has pledged its holding of 267,815,017 ordinary shares of HK\$0.50 each in the Company to the bank in order to secure the term loan facilities granted to the Group.

## CONNECTED TRANSACTIONS

Details of the connected transactions entered into during the year are set out in note 31 to the financial statements.

## MAJOR CUSTOMERS AND SUPPLIERS

During the year, the aggregate sales attributable to the Group's five largest customers were less than 30% of the Group's total sales.

The aggregate purchases during the year attributable to the Group's five largest suppliers comprised 94% of the Group's total purchases while the purchases attributable to the Group's largest supplier was approximately 74% of the Group's total purchases.

At no time during the year did a director, an associate of a director or a shareholder of the Company (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 or customers.

## PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's Bye-laws although there are no restrictions against such rights under the laws in Bermuda.

## CORPORATE GOVERNANCE

In the opinion of the directors of the Company, the Company has complied throughout the year ended 30 June 2005 with the Code of Best Practice (the "Code") as set out in Appendix 14 of The Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") in force immediately prior to 1 January 2005, except that the non-executive or independent non-executive directors of the Company have not been appointed for specific terms as required by paragraph 7 of the Code but are subject to retirement by rotation and re-election at the annual general meetings of the Company in accordance with the provisions of the Company's Bye-laws.

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by the directors. All directors of the Company have confirmed, following specific enquiry by the Company, that they have complied with the required standard set out in the Model Code throughout the year ended 30 June 2005.

## DISCLOSURE PURSUANT TO RULE 13.20 OF THE LISTING RULES

Pursuant to Rule 13.20 of the Listing Rules, details of property sale receivables from the following entities as at 30 June 2005, which exceed 8% of the consideration ratio as set out in Rule 14.07 of the Listing Rules are as follows:

Name of entities	Amount of property sale receivables HK\$'000	Percentage of market capitalisation
Century Pacific Holdings Limited	40,273	16%
Chinese Regency Limited	59,185	23%
Cyber Bright Limited	39,235	15%
Gateway International Development Limited	41,601	16%
Grand House International Limited	43,400	17%
Jation Limited	40,818	16%
Kingfield International Limited	39,317	15%
Lam Chan Kit Lin Teresa	39,317	15%
Sun Crown Trading Limited	40,055	16%

The property sale receivables are interest-free, unsecured and with payment terms with 14 days after the issue of notice of completion by the Group, resulted from the sales of developed properties to customers in the ordinary course of business of the Group.

## PURCHASE, SALE AND REDEMPTION OF SHARES

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

## AUDIT COMMITTEE

The audit committee comprises one non-executive director and three independent non-executive directors and reports to the board of the directors. The audit committee meets with the Group's senior management regularly to review the effectiveness of the internal control systems and the interim and annual reports of the Company.

## PUBLIC FLOAT

As at the date of this report, based on the information publicly available to the Company and within the knowledge of the directors of the Company, over 25% of the issued share capital of the Company was held by the public as required under the Listing Rules.

## POST BALANCE SHEET EVENT

Details of a significant event occurred after the balance sheet date are set out in note 32 to the financial statements.

## 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

**Law Fong**

*CHAIRMAN*

Hong Kong

25 October 2005