

# Report of the Directors

The Board of Directors (“Board”) is pleased to submit their report together with the audited accounts of the Company and its subsidiaries (the “Group”) for the year ended 30 April 2006.

## Principal Activities

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are securities trading and investments, property investment and management consultancy.

An analysis of the Group’s revenue and loss for the year by principal activity for the year ended 30 April 2006 is set out in note 6 to the accounts.

## Results and Appropriations

The results of the Group for the year ended 30 April 2006 are set out in the consolidated income statement on page 21.

The Board does not recommend the payment of a final dividend for the year ended 30 April 2006 (2005: Nil). No interim dividend was declared during the year (2005: Nil).

Details of the preference dividend payable during the year are set out in note 13 to the accounts.

## Property, Plant and Equipment

Details of the movements in property, plant and equipment of the Company and the Group during the year are set out in note 15 to the accounts.

## Share Capital and Share Options

Details of the movements in the Company’s share capital and share options during the year are set out in note 25 to the accounts.

## Reserves

Details of the movements in the reserves of the Company and the Group during the year are set out in note 26 to the accounts.

# Report of the Directors

## Major Customers and Suppliers

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

## Directors

The Directors of the Company during the year and as at the date of this report were as follows:

### Executive directors

Mr. Li Qiao Feng ( <i>Chairman</i> )	
Mr. Chen Shengjie ( <i>Deputy Chairman</i> )	
Mr. Tsoi Chi Keung	(resigned on 13 January 2006)
Mr. Li Yi	(resigned on 13 January 2006)
Mr. Zhang He	(appointed on 21 April 2006)

### Independent non-executive directors

Mr. Li Xin	(resigned on 21 April 2006)
Mr. Chen Baoying	(resigned on 21 April 2006)
Mr. Seto Man Fai	(resigned on 1 January 2006)
Mr. Wang Guoqi	(appointed on 21 April 2006)
Mr. Wang Qihong	(appointed on 21 April 2006)
Mr. Wong Sat	(appointed on 21 April 2006)

In accordance with bye-law numbered 86(2) of the Company's bye-laws ("Bye-Laws"), Messrs. Zhang He, Wong Guoqi, Wang Qihong and Wong Sat, being Directors appointed after the 2005 annual general meeting of the Company, shall retire and, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

Pursuant to bye-law numbered 87(2) of the Bye-Laws, Messrs. Zhang He, Wang Guoqi, Wang Qihong and Wong Sat shall retire from office as Directors by rotation at the forthcoming annual general meeting and being eligible, offer themselves for re-election.

## Independence Confirmation

The Company has received, from each of independent non-executive Directors, an annual confirmation of the independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the independent non-executive Directors are independent.

# Report of the Directors

## Biographical Details of Directors

### Executive Directors

**Mr. Li Qiao Feng**, aged 35, joined the Company as an executive Director on 27 October 2004 and appointed as Chairman of the Company on 11 April 2005. Mr. Li graduated from the Graduate School of Chinese Social Science Academy (中國社會科學院研究院), is a holder of a master degree in currency banking (貨幣銀行). He has over ten years' experience in capital administration and corporate management

**Mr. Zhang He**, aged 45, is an executive director. Mr. Zhang has over 20 years of experience in the aspects of finance/accounting and corporate management. Prior to joining the Company, Mr. Zhang worked in China Everbright Group in both the Hong Kong and the PRC offices over 13 years. He also worked for Deloitte Touche Tohmatsu, being an international public accounting firm, in Tokyo, Japan in audit aspect. Mr. Zhang holds a bachelor degree of finance and economy from the Renmin University of China, the PRC.

**Mr. Chen Shengjie**, aged 45, was appointed as the deputy chairman and an executive director of the Company on 27 October 2004. Mr. Chen graduated from Beijing Finance and Trade College, the PRC with a bachelor degree in economics. He previously worked for the State Administration of Audit and the Resources Development in the PRC and has over 7 years of experience in audit and over 10 years of experience in resources-re-cycling. Currently, he is the vice chairman of China Resources Recycling Association, the vice chairman of the committee of "China ISO14000 Accreditation" and the general manager of China Chengtong Resources Recycling Development Utilisation Company.

### Independent Non-executive Directors

**Mr. Wang Guoqi**, aged 45, is an independent non-executive Director. Mr. Wang is a qualified accountant of The Chinese Institute of Certified Public Accountants, the PRC. Mr. Wang has extensive experience in accounting and financing areas in different industries. Currently, he is the managing partner of Hua-Ander CPAs in the PRC. Mr. Wang holds a doctor degree in philosophy from The University of London, the United Kingdom.

**Mr. Wang Qihong**, aged 51, is an independent non-executive Director. Mr. Wang has extensive experience in postal and tele-communications field in the PRC. Mr. Wang graduated from Liao Ning University, the PRC.

**Mr. Wong Sat**, aged 41, is an independent non-executive Director. Mr. Wong has over 15 years of experience in aspects of engineering and management. Currently, he is the general manager of Gold-in Technology Development Limited in Hong Kong. Mr. Wong holds a bachelor degree in engineering from The Tianjin University, the PRC.

# Report of the Directors

## Directors' Service Contracts

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 of compensation (other than statutory compensation).

## Directors' Interests in Contracts

No contract of significance in relation to the Company's business to which the Company, its holding company, or any of its subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the year end or at any time during the year.

## Directors' Interests in Securities

As at 30 April 2006, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO") as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company or The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") were as follows:

### Long position in shares of the Company

Name of Director	Type of interests	Interest in Shares	Approximate percentage of total issued ordinary shares	Interest in underlying shares/debentures	Approximate percentage of total issued ordinary shares
Mr. Li Qiao Feng ( <i>Note</i> )	Personal	330,000	0.02%	—	—

*Note:* Mr. Li Qiao Feng, the Chairman of the Company.

Save as disclosed above, none of the Directors, chief executives of their associates had any interests and short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations as defined in Part XV of SFO as recorded in the register to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

# Report of the Directors

## Directors' Right to Acquire Shares or Debentures

The share option scheme of the Company adopted on 27 October 1998 had been terminated and simultaneously a new share option scheme (the "Scheme") had been approved and adopted at the annual general meeting of the Company held on 13 October 2003.

The purpose of the Scheme is a share incentive scheme to enable the Company to grant options to selected participants as incentives or rewards for their contribution to the Group. Under the Scheme, the Board may, at its discretion, grant options to any eligible participants (as set out in the Company's circular dated 19 September 2003).

The principal terms of the Scheme are summarized as follows:

- (i) The maximum number of Shares in respect of which options may be granted under the Scheme must not, in aggregate, exceed 10% of the issued share capital of the Company as at the approval of the Scheme, unless approval of the shareholders has been obtained to renew the limit. The maximum number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme and any other share option schemes adopted of the Group shall not in aggregate exceed 30% of the Shares in issue from time to time.
- (ii) The maximum entitlement of each participant under the Scheme in any 12-month period shall not exceed 1% of the Shares in issue as at the date of grant.
- (iii) The exercise price is determined by the Board in its absolute discretion at a price not less than the highest of (a) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant, which must be a trading day; (b) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheet for the five trading days immediately preceding the date of grant; and (c) the nominal value of a Share.
- (iv) An option may be accepted by a proposed grantee within 7 days from the date of the offer of grant of the option. There is no minimum period for which an option must be held before it can be exercised. An option may be exercised at any time after the date upon which the option is deemed to be granted and accepted and prior to the expiry of ten years from that date.
- (v) Upon acceptance of the option, the grantee shall pay of HK\$1.00 to the Company by way of consideration for the grant of the option.
- (vi) Subject to earlier termination by the Company in general meeting, the Scheme will remain valid for a period of 10 years commencing on 13 October 2003, being the date on which it was adopted.

## Report of the Directors

Shares options granted on 16 September 2004 under the Scheme were cancelled during the year. No share option was granted to the Directors under the Scheme during the year.

At no time during the year was the Company, its holding company, or any of its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of Shares in, or debentures of, the Company or any other body corporate.

### Substantial Shareholders' Interests in Securities

As at 30 April 2006, so far as is known to the Directors, the following persons (other than the Directors and Chief Executives of the Company) had interests or short positions in the Shares and underlying Shares of the Company as recorded in the required to be kept under section 336 of the SFO.

#### Long positions in Shares

Name of shareholder	Type of interests	Interest in Shares	Approximate percentage of total issued ordinary shares	Interest in underlying shares	Approximate percentage of total issued ordinary shares
Mayrich Developments Limited ( <i>Note 1</i> )	Corporate	203,875,000	9.80%	—	— %
China Times ( <i>Note 2</i> )	Corporate	1,164,978,862	56%	—	— %

*Notes:*

1. Mayrich Developments Limited is wholly and beneficially owned by Mr. Li Jian Ping who is not a connected person of the Company within the meaning of the Listing Rule, and therefore, Mr. Li Jian Ping is deemed to be interested in these shares held by Mayrich Developments Limited.
2. China Times Development Holdings Limited ("China Times") is the controlling shareholder of the Company which is wholly and beneficially owned by Mr. Wang Jian Sheng, and therefore Mr. Wang Jian Sheng is deemed to be interested in these Shares held by China Times.

Save as disclosed above, the Directors are not aware of any other persons who have interests or short positions in the Shares, underlying Shares or debentures of the Company or any associated corporations (within the meaning of the SFO) as recorded in the register required to be kept under section 336 of the SFO.

# Report of the Directors

## Purchase, Sale or Redemption of Securities

During the year under review, the Company has not redeemed any of its securities and neither the Company nor any of its subsidiaries has purchased or sold any of the Company's securities.

## Pre-emptive Rights

No pre-emptive rights exist in the jurisdiction of Bermuda in which the Company is incorporated.

## Management Contracts

No contract concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or existed during the year.

## Audit Committee

The Company established an audit committee in accordance with the requirements of the Code, for the purpose of reviewing and providing supervision over the Group's financial reporting process and internal controls. The audit committee comprising of three independent non-executive Directors, Messrs. Wang Guoqi, Wang Qihong and Wong Sat. The audit committee of the Company has reviewed the final results for the year ended 30 April 2006.

## Model Code for Securities Transactions by Directors

The Company had complied with the code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard of dealings as set out in the Model Code. Having made specific enquiry of all Directors, they have complied with the required standard set out in the Model Code and the code of conduct regarding securities transaction by the Directors adopted by the Company.

## Compliance with the Code of Best Practice

In the opinion of the Directors, the Company has complied with the Code of Best Practice ("Code") as set out in Appendix 14 to the Listing Rules throughout the year under review, except that the independent non-executive Directors are not appointed for a specific term as required by paragraph 7 of the Code, but are subject to retirement by rotation in accordance with the Bye-Laws.

The Code as set out in Appendix 14 to the Listing Rules was replaced by the Code on Corporate Governance Practices ("Code on CG Practices") which has become effective for accounting periods commencing on or after 1 January 2005. Appropriate actions are being taken by the Company for complying with the Code on CG Practices.

# Report of the Directors

## Sufficiency of Public Float

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the date of this annual report, the Company has maintained the prescribed public float under the Listing Rules.

## Subsequent Events

Details of subsequent events are shown in note 34 to the accounts.

## Five Year Financial Summary

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 76 of this report.

## Auditors

Messrs. Patrick Ng & Company shall retire at the forthcoming annual general meeting and, being eligible, offer themselves for re-appointment.

On behalf of the Board  
**Li Qiao Feng**  
*Chairman*

Hong Kong, 28 August 2006