



Directors' Report

The directors are pleased to present the annual report and the audited financial statements of the Group for the year ended 30 June 2006.

PRINCIPAL ACTIVITIES OF THE GROUP'S SUBSIDIARIES

The Company is an investment holding company. The principal activities of its principal subsidiaries are set out in note 41 to the financial statements.

RESULTS

The results of the Group for the year ended 30 June 2006 are set out in the consolidated income statement on page 22.

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the past five financial years is set out on page 78.

PROPERTY, PLANT AND EQUIPMENT

Movements in the property, plant and equipment of the Group during the year 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 32 to the financial statements.

DIRECTORS

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

Executive Directors

Mr. Lu Liang

Mr. Ng Yan

Mr. Tao Wei Ming

Mr. Ho Chi Wing (*Chairman*)

Mr. Lee Tsung Hei, David Chris (*Chief Executive Officer*) (appointed on 3 April 2006)

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DIRECTORS (cont'd)

Independent Non-Executive Directors

Mr. Cheng Sheung Hing

Mr. Cheng Kwong Choi, Alexander

Mr. Law Tai Yan

In accordance with Articles 94 and 102 (A) of the Company's Articles of Association, Messrs. Lu Liang, Ng Yan, Ho Chi Wing, Tao Wei Ming, Cheng Sheung Hing and Cheng Kwong Choi, Alexander and Law Tai Yan shall retire at the 2006 annual general meeting held on 24 November 2006 ("AGM") and shall be re-elected as directors of the Company at the AGM.

The terms of office of the independent non-executive directors are subject to retirement by rotation in accordance with the Company's Articles of Association.

None of the directors had any 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.

SHARE OPTIONS

Under the Company's share options schemes, details of which are set out in note 34 to the financial statements, a director of the Company has personal interests in share options to subscribe for the shares of the Company and details of movements during the year are as follows:

Name of director	Scheme type	Month of grant	Exercisable period	Number of share options	
				Exercise price HK\$	Outstanding at 1.7.2003 & 30.6.2006
Mr. Lu Liang	1999	May 2002	24 May 2002 to 23 May 2012	0.202	25,835,000

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Save as disclosed under section "Share Options", 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.

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DIRECTORS' INTERESTS IN SHARES

Save as disclosed under section "Share Options", none of the directors, chief executives nor their associates, had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporation as at 30 June 2006.

SUBSTANTIAL SHAREHOLDERS

At 30 June 2006, the register of substantial shareholders maintained by the Company under Part XV of the Securities and Futures Ordinance showed that the following persons had an interest of 5% or more in the Company's issued share capital:

Name of shareholder	Notes	Number of ordinary shares of the Company held		Percentage of shareholding
		Direct interest	Deemed interest	
Ventures Victory Limited		227,325,000		7.93%
East Marton Group Limited		275,928,500		9.62%
KG Investments Holdings Limited	1	275,928,500		9.62%
Absolute Rich Assets Limited ("Absolute Rich")	2	99,830,000		3.48%
Precise Time International Limited ("Precise Time")	2	61,880,000		2.16%
Success Pacific Enterprises Limited ("Success")	2	99,830,000		3.48%
Mr. Li Jian Min	2		261,540,000	9.12%
Ambang Jaya Sdn. Bhd. ("Ambang")	3	166,615,000		5.81%
Angkasa Marketing (Singapore) Pte Limited ("Angkasa")	3	75,000,000		2.62%
Amsteel Corporation Berhad ("Amsteel")	3		241,615,000	8.43%
Mr. Cheng Heng Jem	4		241,615,000	8.43%
ATNT Global Investments Co. Limited ("ATNT Global")	5	180,030,000		6.28%
Asia Tele-net and Technology Corporation Limited ("Asia Tele-net")	5		180,030,000	6.28%
Cyber Relationship Limited ("Cyber")	6	175,000,000		6.10%
China National Real Estate Development Group Company	6		175,000,000	6.10%
Kargill High Growth Fund		165,000,000		5.75%

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SUBSTANTIAL SHAREHOLDERS (cont'd)

Notes:

1. KG Investments Holdings Limited is deemed to be interested in the Company's shares held by Global Treasure Investments Limited, its indirect subsidiary, by means of holding indirect and direct controlling interests in KGI International Holdings Limited and KGI Limited.
2. Mr. Li Jian Min is deemed to be interested in the Company's shares in which Absolute Rich, Precise Time and Success are interested.
3. Ambang and Angkasa are wholly-owned subsidiaries of Amsteel which is deemed to be interested in those shares of the Company beneficially owned by Ambang and Angkasa respectively.
4. Mr. Cheng Heng Jem is deemed to be interested in the Company's shares in which Amsteel is interested.
5. ATNT Global is a wholly-owned subsidiary of Asia Tele-net which is deemed to be interested in those shares of the Company beneficially owned by ATNT Global.
6. Cyber is a wholly-owned subsidiary of China National Real Estate Development Group Company which is deemed to be interested in those shares of the Company beneficially owned by Cyber.

Save as disclosed above, the Company has not been notified of any other interests representing 5% or more of the issued share capital of the Company at 30 June 2006.

DIRECTORS' INTERESTS IN CONTRACTS

No 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.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

At 30 June, 2006, none of the Directors had any interests in competing business of the Group which was required to be disclosed pursuant to Rule 8.10 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

There was no purchase, sale or redemption by the Company or its subsidiaries, of the Company's listed securities during the year ended 30 June 2006.



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AUDITORS

The Company's financial statements for the year ended 30 June 2006 were audited by Messrs. Patrick Ng & Company, while the Company's financial statements for the year ended 30 June 2005 were audited by Messrs. CCIF CPA Limited.

A resolution will be submitted to the forthcoming annual general meeting to re-appoint Messrs. Patrick Ng & Company as auditors of the Company.

On behalf of the Board

Ho Chi Wing

Chairman

Hong Kong, 25 October 2006