

DIRECTORS' REPORT

The directors of the Company present their annual report and the audited consolidated financial statements for the year ended 31st December, 2006.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The activities of its principal subsidiaries, associate and jointly controlled entity are set out in notes 15, 16 and 17 to the consolidated financial statements, respectively.

RESULTS

The results of the Group for the year ended 31st December, 2006 are set out in the consolidated income statement on page 24.

The Company had no distributable reserve at 31st December, 2006 and no dividend was paid or proposed during the year.

SHARE CAPITAL

Details of the movements in the share capital of the Company during the year are set out in note 33 to the consolidated financial statements.

RESERVES

Details of the movements in the reserves of the Group and the Company during the year are set out in the consolidated statement of changes in equity on page 28 of the annual report and in note 34 to the consolidated financial statements, respectively.

INVESTMENT PROPERTIES HELD FOR SALE

During the year, the Group's investment properties held for sale were disposed of at a net consideration of HK\$61,830,000. Details of this are set out in note 28 to the consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

During the year, the Group acquired property, plant and equipment totalling HK\$20,424,000 for the purpose of expanding the Group's operations.

Details of this and other movements in the property, plant and equipment of the Group during the year are set out in note 14 to the consolidated financial statements.

DIRECTORS' REPORT

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 consolidated financial statements and restated and reclassified as appropriate, is set out on page 92. This summary does not form part of the audited consolidated financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

The five largest customers and the largest customer accounted for approximately 47% and 27% of the Group's total sales for the year, respectively.

The five largest suppliers and the largest supplier accounted for approximately 20% and 5% of the Group's total purchases for the year, respectively.

None of the directors of the Company, their associates or any shareholder (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 customers or suppliers.

DIRECTORS AND DIRECTORS' SERVICE CONTRACTS

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

Executive Directors:

Suen Cho Hung, Paul (*Chairman*)

Sue Ka Lok (*Chief Executive Officer*)

Cao Jian An

Independent Non-executive Directors:

Sun Ka Ziang, Henry

Kwok Ming Fai

Wong Yun Kuen

DIRECTORS' REPORT

In accordance with Article 105(A) of the Company's Articles of Association, Mr. Cao Jian An and Dr. Wong Yun Kuen will retire at the forthcoming annual general meeting by rotation and, being eligible, offer themselves for re-election.

Each of the independent non-executive directors is appointed for a term of twelve-month period. The term will be automatically renewed for successive twelve-month periods unless terminated by either party in writing prior to the expiry of the term. All the independent non-executive directors are also subject to retirement by rotation and re-election at least once every three years at the annual general meeting of the Company in accordance with the Company's Articles of Association.

None of the directors of the Company 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.

DIRECTORS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31st December, 2006, the interests of the directors and chief executive of the Company in the shares, underlying shares and debentures 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 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 Listed Issuers (the "Model Code") contained in the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), were as follows:

Name of director	Capacity	Number of ordinary shares held	Approximate percentage of the issued share capital of the Company
Suen Cho Hung, Paul	Interest held by controlled corporation (<i>Note</i>)	358,157,745	29.5%

Note: These shares are beneficially owned by Top Media Resources Limited, a company which is wholly-owned by All Sino Resources Limited which in turn is wholly-owned by Mr. Suen Cho Hung, Paul.

DIRECTORS' REPORT

Save as disclosed above, at 31st December, 2006, none of the directors or chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be 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.

SHARE OPTION SCHEMES

Particulars of the Company's share option schemes and details of movements in the share options of the Company during the year are set out in note 35 to the consolidated financial statements.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the section headed "Share Option Schemes" above, 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 acquisition of shares in, or debt securities (including debentures) of, the Company or any other body corporate, and none of the directors or their spouse or children under the age of eighteen, had any rights to subscribe for the securities of the Company, or had exercised any such rights during the year.

DIRECTORS' REPORT

INTERESTS OF SHAREHOLDERS DISCLOSEABLE UNDER THE SFO

As at 31st December, 2006, the register of interest kept by the Company under section 336 of the SFO shows that the following shareholders had notified the Company of relevant interests in the issued share capital of the Company.

Name of shareholder	Capacity (Note)	Number of ordinary shares held	Approximate percentage of the issued share capital of the Company
Top Media Resources Limited	Beneficial owner	358,157,745	29.5%
All Sino Resources Limited	Interest held by controlled corporation	358,157,745	29.5%
Suen Cho Hung, Paul	Interest held by controlled corporation	358,157,745	29.5%

Note: Top Media Resources Limited is wholly-owned by All Sino Resources Limited which in turn is wholly-owned by Mr. Suen Cho Hung, Paul. Accordingly, Mr. Suen Cho Hung, Paul and All Sino Resources Limited are deemed to be interested in 358,157,745 shares of the Company under the SFO.

Save as disclosed above, the Company had not been notified of other relevant interests or short positions in the shares or underlying shares of the Company as at 31st December, 2006 as required pursuant to section 336 of the SFO.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the year and up to the date of this annual report, no directors of the Company is considered to have an interest in a business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group, pursuant to Rule 8.10 of the Listing Rules, other than those businesses of which the directors of the Company were appointed as directors to represent the interests of the Company.

DIRECTORS' REPORT

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

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, subsisting at the end of the year or at any time during the year.

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

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

CORPORATE GOVERNANCE

The consolidated financial statements of the Company for the year ended 31st December, 2006 had been reviewed by the Audit Committee of the Company before they were duly approved by the Board of Directors under the recommendation of the Audit Committee.

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

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

EMOLUMENT POLICY

The Group remunerates its employees based on their performance, experience and prevailing market rate. Other employee benefits included insurance and medical cover, subsidised training programme as well as share option scheme.

The determination of emoluments of the directors of the Company had taken into consideration of their respective responsibilities and contributions to the Company and by reference to market benchmark.

SUFFICIENCY OF PUBLIC FLOAT

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

DIRECTORS' REPORT

POST BALANCE SHEET EVENTS

Details of significant post balance sheet events are set out in note 43 to the consolidated financial statements.

AUDITORS

A resolution will be proposed at the forthcoming annual general meeting of the Company to re-appoint Messrs. Deloitte Touche Tohmatsu as auditors of the Company.

On behalf of the Board

Suen Cho Hung, Paul

Chairman

Hong Kong, 4th May, 2007