

The Directors submit their report together with the audited accounts of the Group and the Company for the year ended 30th September, 2004.

PRINCIPAL ACTIVITIES AND SEGMENT INFORMATION

The principal activity of the Company is investment holding. The principal activities of the principal subsidiaries of the Company are set out in note 25 to the accounts.

An analysis of the Group's performance for the year ended 30th September, 2004 by business and geographical segments is set out in note 2 to the accounts.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 30th September, 2004 are set out in the consolidated profit and loss account on page 31.

The Directors resolved not to make any payment of an interim dividend (2003: Nil) and do not recommend the payment of a final dividend (2003: Nil) for the year ended 30th September, 2004.

RESERVES

Movements in the reserves of the Group and the Company during the year ended 30th September, 2004 are set out in note 19 to the accounts.

FIXED ASSETS

Details of the movements in fixed assets of the Group and the Company during the year ended 30th September, 2004 are set out in note 10 to the accounts.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 30th September, 2004.

WARRANTS

Details of the movements of warrants of the Company during the year ended 30th September, 2004 are set out in note 18 to the accounts.

DIRECTORS

The Directors who held office during the year ended 30th September, 2004 and up to the date of this report are as follows:

Mr. SY Ethan, Timothy	
Mr. CHEUNG Wing Yin, Vigny Wiley	
Mr. SUNG Yee Keung, Ricky	
Mr. WAN Kwok Cheong	
Mr. PANG Leung Ming	
Mr. KO Wai Lun, Warren*	
Mr. Andrew David ROSS**	(appointed on 17th December, 2004)
Mr. Geoffrey William FAWCETT**	(appointed on 17th December, 2004)
Mr. Charles Robert LAWSON**	(appointed on 29th June, 2005)
Mr. IP Man Tin, David**	(resigned on 28th June, 2004)
Mr. TAI Ah Lam, Michael**	(resigned on 7th July, 2004)
Mr. Ian Grant ROBINSON**	(removed on 13th July, 2004)
Mr. Richard Nicholas TANNER**	(removed on 13th July, 2004)

* Non-executive Director

** Independent Non-executive Directors

In accordance with Articles 99 and 116 of the Articles of Association of the Company, Messrs. SUNG Yee Keung, Ricky, PANG Leung Ming, Andrew David ROSS, Geoffrey William FAWCETT and Charles Robert LAWSON shall retire from office at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

BIOGRAPHICAL DETAILS OF DIRECTORS

Brief biographical details of the Directors are set out on pages 14 and 15.

DISTRIBUTABLE RESERVES

Details of distributable reserves of the Company as at 30th September, 2004 are set out in note 19 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 70.

DIRECTORS' SERVICE CONTRACTS

None of the Directors who are proposed for re-election at the forthcoming annual general meeting have a service contract with the Company or any of its subsidiaries which is not determinable by the employing company within one year without payment of compensation, other than statutory compensation.

CONNECTED TRANSACTIONS

No transactions were entered into by the Group during the year ended 30th September, 2004, which constitute connected transactions under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

DIRECTORS' INTERESTS IN CONTRACTS

No contracts of significance in relation to the Group's business to which the Company, its holding company or any of its subsidiaries was a party, and in which any Director of the Company had a material interest, whether directly or indirectly, subsisted at any time during the year ended 30th September, 2004.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the year, no Director has been recorded as having interests in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

DIRECTORS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30th September, 2004, the following Directors and chief executive of the Company had the following interests in long positions in the shares and underlying shares of the Company as recorded in the register required to be kept under section 352 of the Securities and Futures Ordinance (Chapter 571 of the Laws of the Hong Kong) (the "SFO"):

(a) Ordinary shares

Name of Director	Number of shares held as at 30th September, 2004	Approximate percentage of shareholding	Capacity in which interests are held
Mr. CHEUNG Wing Yin, Vigny Wiley	10,000,000	0.19%	Beneficial owner
Mr. SUNG Yee Keung, Ricky	72,913,303*	1.41%	Beneficial owner
Mr. WAN Kwok Cheong	11,000,000	0.21%	Beneficial owner

* These shares include 250,000 shares which were jointly owned by Ms. SUNG Mei Ling, the sister of Mr. SUNG Yee Keung, Ricky.

(b) Share options

Name of Director	Date of grant	Number of options held as at 1st October, 2003 and 30th September, 2004	Exercise price per share HK\$	Exercise period	Capacity in which interests are held
Mr. SY Ethan, Timothy	26th April, 1999	100,000,000	0.15	25th May, 1999 to 24th May, 2009	Beneficial owner

The above share options are unlisted cash settled options granted pursuant to a share option scheme adopted on 16th March, 1999, details of which are set out in note 18 to the accounts. Upon exercise of the share options in accordance with the said share option scheme, ordinary shares of HK\$0.01 each in the share capital of the Company are issuable.

DIRECTORS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES (cont'd)

(c) Warrants

Name of Director	Date of grant	Number of warrants held as at 1st October, 2003	Number of warrants expired	Number of warrants held as at 30th September, 2004	Exercise price per share HK\$	Exercise period	Capacity in which interests are held
Mr. CHEUNG Wing Yin, Vigny Wiley	27th August, 2001	1,111,111	1,111,111	–	0.68	27th August, 2001 to 26th August, 2004	Beneficial owner
Mr. SUNG Yee Keung, Ricky	27th August, 2001	8,924,444	8,924,444	–	0.68	27th August, 2001 to 26th August, 2004	Beneficial owner
Mr. WAN Kwok Cheong	27th August, 2001	1,222,222	1,222,222	–	0.68	27th August, 2001 to 26th August, 2004	Beneficial owner

The above warrants were cash settled equity derivatives listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Upon exercise of the subscription right conferred by the warrants, ordinary shares of HK\$0.01 each in the share capital of the Company were issuable. All warrants expired at 5:00 p.m. on 26th August, 2004 and none of them were exercised during the year before expiry.

Save as disclosed above, as at 30th September, 2004, none of the Directors, chief executive of the Company or their respective associates 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 entered in the register kept by the Company pursuant to section 352 of the SFO, or were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies.

Apart from the above, at no time during the year was the Company, its holding company or any of its subsidiaries a party to any arrangement to enable the Directors to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.

INTERESTS OF SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS DISCLOSEABLE UNDER THE SFO

As at 30th September, 2004, the register of substantial shareholders maintained under section 336 of the SFO shows that the following companies (not being Directors or chief executive of the Company) had long positions of 5% or more in the shares of the Company which fall to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO:

Name of shareholder	Capacity	Number of shares	Approximate percentage of shareholding
Optimum Pace International Limited	Beneficial owner	2,942,608,695 (Note)	56.96%
LGT Trust Management Limited	Interest of controlled corporation	2,942,608,695 (Note)	56.96%

Note: These shares are registered in the name of Optimum Pace International Limited, the entire issued share capital of which is held by LGT Trust Management Limited as trustee of The Optimum Pace Trust, a discretionary trust.

Save as disclosed above, no other person was recorded in the register required to be kept under section 336 of the SFO as having an interest or short position in the shares or underlying shares of the Company as at 30th September, 2004.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year ended 30th September, 2004.

MAJOR CUSTOMERS AND SUPPLIERS

The percentages of purchases and sales for the year ended 30th September, 2004 attributable to the Group's major suppliers and customers are as follows:

	Percentage of the total purchases/sales accounted for
Purchases	
– the largest supplier	51.52%
– five largest suppliers combined	99.06%
Sales	
– the largest customer	16.81%
– five largest customers combined	54.37%

None of the Directors, their associates or any shareholder (which to the knowledge of the Directors owns more than 5% of the Company's issued share capital) had an interest in the five largest suppliers or customers of the Group noted above.

CONTINUING OBLIGATIONS UNDER CHAPTER 13 OF THE LISTING RULES

In accordance with the requirements under rule 13.20 of the Listing Rules, the Directors reported that as at 30th September, 2004, the Group advanced approximately HK\$216 million to Great Stars (Hong Kong) Limited ("Great Stars") which exceeded 8% of the Company's market capitalisation as at year end. Such advances represented trade receivables arising in the ordinary course of business of the Group with this customer. Great Stars is an independent third party not connected with the Directors, chief executive, substantial shareholders of the Company or any of its subsidiaries or an associate of any of them. These trade receivables are unsecured and interest free and with payment terms of 120 days.

Note: The market capitalisation of the Company as at 30th September, 2004 amounted to HK\$278,962,592 based on the total number of 5,165,973,933 shares of the Company in issue on 30th September, 2004 and the average closing price per share of HK\$0.054 for the five business days immediately preceding the shares of the Company were suspended trading on the Stock Exchange on 19th July, 2004.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Articles of Association although there are no restrictions against such rights under the laws of the Cayman Islands.

COMPLIANCE WITH THE CODE OF BEST PRACTICE OF THE LISTING RULES

In the opinion of the Directors, the Company has complied with the Code of Best Practice as set out in Appendix 14 of the Listing Rules in force prior to 1st January, 2005 (the "Code") throughout the year ended 30th September, 2004, except that the former Independent Non-executive Directors namely Mr. Ian Grant ROBINSON and Mr. Richard Nicholas TANNER were not appointed for specific terms, but were subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the provisions of the Articles of Association of the Company. In the opinion of the Directors, this meets the same objective as set out in paragraph 7 of the Code.

AUDIT COMMITTEE

The Audit Committee currently comprises two Independent Non-executive Directors, namely Messrs. Andrew David ROSS and Geoffrey William FAWCETT and one Non-executive Director, namely Mr. KO Wai Lun, Warren.

The written terms of reference which describe the authority and duties of the Audit Committee were prepared and adopted with reference to "A Guide for The Formation of An Audit Committee" published by the Hong Kong Institute of Certified Public Accountants (previously known as the Hong Kong Society of Accountants). The principal activities of the Audit Committee include the review and supervision of the Group's financial reporting process and internal controls.

The Audit Committee met during the financial year, amongst other things, to review the interim results and final financial statements of the Group prior to recommending them to the Board for approval.

PENSION SCHEME

On 1st December, 2000, the Group set up a Mandatory Provident Fund Scheme ("MPF Scheme") in accordance with the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong). The assets of the MPF Scheme are held separately from those of the Group and are under the control of an independent trustee.

Both the Group and its employees are required to contribute 5% of the employees' monthly salaries. The mandatory contributions required to be made respectively by the Group and an employee are each capped at HK\$1,000 per month. Members are entitled to 100% of the employers' mandatory contributions as soon as they are paid to the relevant MPF Scheme but all benefits derived from the mandatory contributions must be preserved until an employee reaches the retirement age of 65 or in accordance with the rules of the MPF Scheme.

PENSION SCHEME (cont'd)

Certain employees of the Group make voluntary contributions to the MPF Scheme and the Group also makes voluntary contributions of an amount equivalent to that contributed by those employees to the MPF Scheme.

AUDITORS

HLB Hodgson Impey Cheng were appointed as auditors of the Company in June 2005 to fill the casual vacancy occasioned by the removal of Moores Rowland Mazars. Moores Rowland Mazars were appointed as auditors of the Company in November 2004 to fill the casual vacancy occasioned upon the resignation of RSM Nelson Wheeler. RSM Nelson Wheeler and PricewaterhouseCoopers were the auditors of the Company for the years ended 30th September, 2003 and 2002 respectively. Apart from the aforementioned, there have been no other changes of the Company's auditors in the past three years.

HLB Hodgson Impey Cheng will retire at the forthcoming annual general meeting of the Company and a resolution for their re-appointment as auditors of the Company will be proposed at the said meeting.

On behalf of the Board

SY Ethan, Timothy

Chairman

Hong Kong, 23rd August, 2005