

Report of the Directors

The Directors submit their report together with the audited accounts of the Company and the Group for the year ended 30th September, 2005.

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 24 to the accounts.

An analysis of the Group's performance for the year ended 30th September, 2005 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, 2005 are set out in the consolidated profit and loss account on page 30.

The Directors resolved not to make any payment of an interim dividend (2004: Nil) and do not recommend the payment of a final dividend (2004: Nil) for the year ended 30th September, 2005.

RESERVES

Movements in the reserves of the Group and the Company during the year ended 30th September, 2005 are set out in note 18 to the accounts.

FIXED ASSETS

Details of the movements in fixed assets of the Group and the Company during the year ended 30th September, 2005 are set out in note 9 to the accounts.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S 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, 2005.

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DIRECTORS

The Directors who held office during the year ended 30th September, 2005 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)

* Non-executive Director

** Independent Non-executive Directors

In accordance with Article 116 of the Articles of Association of the Company, Messrs. CHEUNG Wing Yin, Vigny Wiley, WAN Kwok Cheong and KO Wai Lun, Warren shall retire by rotation 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, 2005 are set out in note 18 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 68.

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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, 2005, which constituted 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 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, 2005.

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.

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DIRECTORS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30th September, 2005, 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, 2005	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, 2004 and 30th September, 2005	Exercise price per share HK\$	Exercise period	Capacity in which interests are held
Mr. SY Ethan, Timothy	26th April, 1999	100,000,000	0.150	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 17 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.

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DIRECTORS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES (CONTINUED)

Save as disclosed above, as at 30th September, 2005, 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 of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code").

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, 2005, the register of substantial shareholders maintained under section 336 of the SFO shows that the following company (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	56.96%

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, 2005.

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, 2005.

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MAJOR CUSTOMERS AND SUPPLIERS

The percentages of purchases and sales for the year ended 30th September, 2005 attributable to the Group's major suppliers and customers are as follows:

	Percentage of the total purchases/sales accounted for
Purchases	
– the largest supplier	91.80%
– five largest suppliers combined	99.34%
Sales	
– the largest customer	35.38%
– five largest customers combined	65.57%

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, 2005, the Group advanced approximately HK\$251 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, 2005 amounted to HK\$278,962,592 which is calculated on the basis of a total number of 5,165,973,933 shares of the Company in issue on 30th September, 2005 and the average closing price of HK\$0.054 per share for the five business days immediately preceding the suspension of trading in the shares of the Company 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.

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CORPORATE GOVERNANCE

Throughout the year ended 30th September, 2005, the Company has complied with the Code of Best Practice as previously set out in Appendix 14 to the Listing Rules prior to 1st January, 2005, which remains applicable to the year under review.

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules as the code for dealing in securities of the Company by the Directors. Having made specific enquiry of all Directors, the Company considers that the Directors complied with the required standard set out in the Model Code throughout the year under review.

During the year under review, the Company had an insufficient number of Independent Non-executive Directors ("INEDs") as required under rule 3.10 of the Listing Rules. On 17th December, 2004, two INEDs, namely Messrs. Andrew David ROSS and Geoffrey William FAWCETT, were appointed to the Board. On 29th June, 2005, Mr. Charles Robert LAWSON was appointed as an additional INED of the Company. Consequent upon the appointment of Mr. LAWSON as an INED of the Company, the Company has, since that point in time, been in compliance with and is currently compliant with rule 3.10 of the Listing Rules regarding the appointment of INEDs.

The existing Audit Committee of the Company was established on 17th December, 2004 following the appointment of two INEDs of the Company on the same date. The then Audit Committee comprised two INEDs and one Non-executive Director, which is in compliance with rule 3.21 of the Listing Rules in respect of the composition of an audit committee.

The Audit Committee of the Company currently comprises three INEDs, namely Messrs. Andrew David ROSS, Geoffrey William FAWCETT and Charles Robert LAWSON and one Non-executive Director, namely Mr. KO Wai Lun, Warren.

Each of the INEDs has made an annual confirmation of independence pursuant to rule 3.13 of the Listing Rules. The Company is of the view that all INEDs meet the independence guidelines set out in rule 3.13 of the Listing Rules and are independent in accordance with the terms of the guidelines.

The audited annual results of the Group for the year ended 30th September, 2005 have been reviewed by the Audit Committee.

PUBLIC FLOAT

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

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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.

In addition to the mandatory contributions, 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. Total monthly contributions made by employees are capped at 5% of the employees' salaries.

AUDITORS

The accounts of the Group for the years ended 30th September, 2004 and 2005 were audited by Messrs. HLB Hodgson Impey Cheng who were appointed auditors of the Company in June 2005 in place of Messrs. Moores Rowland Mazars.

Messrs. Moores Rowland Mazars were appointed to fill the casual vacancy occasioned upon the resignation of Messrs. RSM Nelson Wheeler in November 2004, who were auditors of the Company for the year ended 30th September, 2003. Apart from the aforementioned, there have been no other changes of the Company's auditors in the past three years.

Messrs. 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, 16th January, 2006