

The Directors submit their report together with the audited financial statements of the Company and the Group for the year ended 30 September 2006.

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 11 to the financial statements.

An analysis of the Group's performance for the year ended 30 September 2006 by business and geographical segments is set out in note 7 to the financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 30 September 2006 are set out in the consolidated income statement on page 36.

The Directors resolved not to make any payment of an interim dividend (2005: HK\$Nil) and do not recommend the payment of a final dividend (2005: HK\$Nil) for the year ended 30 September 2006.

RESERVES

Movements in the reserves of the Group and the Company during the year ended 30 September 2006 are set out in the consolidated statement of changes in equity on page 37 and note 22 to the financial statements respectively.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group and the Company during the year ended 30 September 2006 are set out in note 9 to the financial statements.

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 30 September 2006.

BANK BORROWINGS

Details of the bank borrowings of the Group and the Company as at 30 September 2006 are set out in note 18 to the financial statements.

DIRECTORS

The Directors who held office during the year ended 30 September 2006 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**
Mr. Geoffrey William FAWCETT**
Mr. Charles Robert LAWSON**

* *Non-executive Director*

** *Independent Non-executive Directors*

In accordance with Article 116 of the Articles of Association of the Company, Messrs. SUNG Yee Keung, Ricky, PANG Leung Ming and Andrew David ROSS 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 18 and 19.

DISTRIBUTABLE RESERVES

Details of distributable reserves of the Company as at 30 September 2006 are set out in note 22 to the financial statements.

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 96.

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 30 September 2006, 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

Save as disclosed in note 33 to the financial statements, no Director had material beneficial interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company, its holding company or any of its subsidiaries was a party at any time during the year ended 30 September 2006.

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 30 September 2006, 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 30 September 2006	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	Exercise	Exercise period	Capacity in which interests are held
		held as at 1 October 2005 and 30 September 2006	price per share HK\$		
Mr. SY Ethan, Timothy	26 April 1999	100,000,000	0.150	25 May 1999 to 24 May 2009	Beneficial owner

The above share options are unlisted cash settled options granted pursuant to a share option scheme adopted on 16 March 1999, details of which are set out in note 32 to the financial statements. 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.

Save as disclosed above, as at 30 September 2006, 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 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 30 September 2006, 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	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 30 September 2006.

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 30 September 2006.

MAJOR CUSTOMERS AND SUPPLIERS

The percentages of purchases and sales for the year ended 30 September 2006 attributable to the Group's major suppliers and customers are as follows:

	Percentage of the total purchases/sales accounted for
Purchases	
– the largest supplier	92.03%
– five largest suppliers combined	98.14%
Sales	
– the largest customer	56.52%
– five largest customers combined	87.15%

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.

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.

PENSION SCHEME

On 1 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.

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.

AUDITORS

The financial statements of the Group for the years ended 30 September 2004 to 2006 were audited by Messrs. HLB Hodgson Impey Cheng who were appointed as 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.

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, 21 December 2006