

The Board of Directors submits their annual report together with the audited financial statements for the year ended 31 December 2006.

PRINCIPAL ACTIVITIES

The Group, through various subsidiaries and associated companies, is principally engaged in the business of property investment, investment in securities trading, investing in energy related businesses and acquiring, exploring and developing natural resources. Details of the principal activities and other particulars of the Company's subsidiaries and associated companies are set out in notes 17 and 18 to the financial statements respectively.

RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 December 2006 are set out in the consolidated income statement on page 26.

The Board of Directors does not recommend the payment of a final dividend.

DONATIONS

During the year, the Group made charitable donations amounting to HK\$115,387.

RESERVES

Movements in the reserves of the Group and the Company during the year are set out in note 24 to the financial statements.

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 pages 70 and 71.

INVESTMENT PROPERTIES AND FIXED ASSETS

Details of significant changes in the investment properties and fixed assets of the Group during the year are set out in notes 15 and 16 respectively to the financial statements.

Particulars of the major properties of the Group as at 31 December 2006 are set out on page 72.

BORROWINGS

Details of the bank and other borrowings of the Group and the Company are set out in note 22 to the financial statements.

SHARE CAPITAL

Details of movements in the share capital of the Company during the year are set out in note 23 to the financial statements.

SHARE OPTIONS

Details of the share option scheme of the Company are set out in note 25 to the financial statements. During the year, 561,408,635 share options were granted, 224,408,635 share options were exercised and 80,000,000 share options were cancelled under the share option scheme of the Company. As at 31 December 2006, 257,000,000 share options were outstanding.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year.

OPTIONS OR SIMILAR RIGHTS

Save as set out in note 25 to the financial statements, the Company or any of its subsidiaries has no outstanding, options or similar rights as at 31 December 2006.

DIRECTORS

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

Executive Directors

Chuang Yueheng, Henry

King Phillip

Lo Kan Sun

Wong Ying Seung, Asiong

Wang Lin (appointed on 3 May 2006)

Independent Non-executive Directors

Nakajima Toshiharu

Lin Wai Yi

Liu Jian

Shum Ming Choy (appointed on 1 August 2006)

Yau Yan Ming, Raymond (appointed on 16 October 2006)

Lam Ping Cheung (resigned with effect from 26 June 2006)

Miu Frank H. (resigned with effect from 27 March 2007)

Alternate Director

Lee Kwan Ching (Alternate Director to Lo Kan Sun)

In accordance with Article 120 of the Articles of Association of the Company, Mr. Lo Kan Sun, Mr. Wong Ying Seung, Asiong and Mr. Nakajima Toshiharu retire by rotation and, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

In accordance with Article 100 of the Articles of Association of the Company, Mr. Wang Lin, Mr. Shum Ming Choy and Mr. Yau Yan Ming, Raymond retire and, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

The term of office of each independent non-executive Director is for a period of three years but subject to retirement by rotation and re-election at the general meetings of the Company in accordance with the Articles of Association of the Company.

The Directors proposed for re-election at the forthcoming annual general meeting do not have service contracts which are not determinable by the Company within one year without payment of compensation other than statutory compensation.

Directors' Report

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

The Directors of the Company who held office as at 31 December 2006 had the following interests in the shares of the Company, its holding company, subsidiaries and other associated corporations (within the meaning of the Securities and Futures Ordinance ("SFO")) at that date as recorded in the register of directors' interests and short positions required to be kept under section 352 of the SFO:-

Interests in the Company

Name of director	Number of ordinary shares of HK\$0.1 each held		Approximate percentage of shareholding
	Personal interests	Family interests	
Wong Ying Seung, Asiong	25,736,000	—	0.73%

Apart from the foregoing, none of the Directors of the Company or any of their spouses or children under eighteen years of age has any interest or short position in the shares, underlying shares or debentures of the Company, any of its holding company, subsidiaries or fellow subsidiaries, as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company pursuant to the Model Code for Securities Transactions by Directors of Listed Companies.

Save as set out in note 25 to the financial statements regarding the Company's share option scheme, at no time during the year was the Company, any of its holding company, subsidiaries or fellow subsidiaries a party to any arrangement 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.

DIRECTORS' INTERESTS IN CONTRACTS

There was no other contract of significance to which the Company, its holding company or 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.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

The Company has been notified of the following interests in the Company's issued shares as at 31 December 2006 amounting to 5% or more of the ordinary shares, warrants and convertible notes in issue:

Interests in the Company

	Number of ordinary shares of HK\$0.1 each held	Approximate percentage of shareholding
Heritage International Holdings Limited	550,808,000	15.71%
Radford Capital Investment Limited	180,259,363	5.14%
Freeman Corporation Limited	176,456,000	5.03%
Wang Sing (Note 1)	250,000,000	7.13%

Note 1: Mr. Wang Sing is the brother of a Director of the Company, Mr. Wang Lin.

Apart from the foregoing, no other interests required to be recorded in the register kept under section 336 of the SFO have been notified to the Company.

RETIREMENT SCHEME

The Group provides a defined contribution retirement scheme under the Mandatory Provident Fund Scheme (the "Scheme") in Hong Kong to all staff. Under the Scheme, employer and employees are each required to make contributions to the scheme at 5% of the employees' relevant income.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2006, the aggregate amount of turnover and purchases attributable to the Group's five largest customers and suppliers respectively represented less than 30% of the Group's total turnover and purchases.

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.

Directors' Report

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of Association of the Company, or the laws of Hong Kong, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

SUFFICIENCY OF PUBLIC FLOAT

The Company has maintained a sufficient public float throughout the year ended 31 December 2006.

POST BALANCE SHEET EVENTS

Details of significant events occurring after the balance sheet date are set out in note 33 to the financial statements.

AUDITORS

A resolution will be submitted at the annual general meeting to re-appoint Moores Rowland Mazars, Chartered Accountants, Certified Public Accountants, as auditors of the Company.

On behalf of the Board

Willie International Holdings Limited

Chuang Yueheng, Henry

Chairman

Hong Kong, 18 April 2007