

# Directors' Report

The directors present their annual report and the audited consolidated financial statements of the Company and its subsidiaries (hereinafter collectively referred to as the "Group") for the year ended 31 December 2006.

## PRINCIPAL ACTIVITIES

The Company is an investment holding company. The principal activities of its subsidiaries and associate are set out in notes 30 and 31 to the consolidated financial statements, respectively.

## RESULTS

The results of the Group for the year ended 31 December 2006 are set out in the consolidated income statement on page 20.

The directors do not recommend the payment of a dividend.

The Company did not have any reserves available for distribution.

## PROPERTY, PLANT AND EQUIPMENT

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

## SHARE CAPITAL

Details of movements during the year in share capital of the Company are set out in note 21 to the consolidated financial statements.

## Directors' Report (Continued)

### DIRECTORS

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

#### **Executive directors:**

Mr. Chiu Kong - Chairman

Mr. Hui Richard Rui - Deputy Chairman

Mr. Tsui Ching Hung

Ms. Cheung Sze Man (appointed on 1 November 2006)

Mr. Tang Chi Ming (appointed on 9 March 2007)

Mr. Chung Nai Ting (resigned on 9 March 2007)

Mr. Tse Lanny Cheuk Ming (resigned on 9 March 2007)

#### **Independent non-executive directors:**

Mr. Sin Chi Fai (appointed on 1 November 2006)

Ms. Chan Ling, Eva (appointed on 9 March 2007)

Mr. Chan Sek Nin Jackey (appointed on 12 April 2007)

Mr. Tong Wui Tung (resigned on 1 November 2006)

Mr. Chan Sze Hung (resigned on 9 March 2007)

Mr. Miu Frank H. (resigned on 12 April 2007)

In accordance with Clause 86(2) of the Company's Bye-laws, Ms. Chan Ling, Eva, Mr. Chan Sek Nin Jackey, Ms. Cheung Sze Man, Mr. Sin Chi Fai and Mr. Tang Chi Ming retire by rotation and being eligible, offer themselves for re-election at the forthcoming annual general meeting.

In accordance with Clause 87 of the Company's Bye-laws, Mr. Chiu Kong retires by rotation and is eligible for re-election at the forthcoming annual general meeting.

All of the remaining directors continue in office.

None of the directors who are proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable within one year without payment of compensation, other than statutory compensation.

## Directors' Report (Continued)

### BIOGRAPHICAL DETAILS OF DIRECTORS

Brief biographical details of directors as at the date of this report are set out below:

#### Executive Directors

**Mr. Chiu Kong**, aged 49, was appointed as director of the Company in July 1999. Mr. Chiu is the chairman of the Company. He has over 15 years of experience in import and export trading, and business development. Before joining the Group, Mr. Chiu had worked for various trading and engineering companies. He is responsible for the Group's overall management and business development.

**Mr. Hui Richard Rui**, age 39, was appointed as director of the Company in September 2004. Mr. Hui is the deputy chairman of the Company. He graduated from University of Technology, Sydney of Australia with a bachelor degree in mechanical engineering. Prior to joining the Group, he has over 10 years of experience in management positions of companies in Australia, Hong Kong and the People's Republic of China.

**Ms. Cheung Sze Man**, aged 36, was appointed as director of the Company in November 2006. She holds a Bachelor of Commerce degree and a Bachelor of Arts degree from the University of Auckland in New Zealand, and is a member of both the Hong Kong Institute of Certified Public Accountants and CPA Australia. Ms. Cheung has accumulated audit experience in an international accounting firm and has diverse experience in corporate finance, accounting and human resource management by holding senior positions in private and public listed companies. Prior to joining the Company, she has held directorship in Hong Kong and overseas public listed companies.

**Mr. Tang Chi Ming**, aged 34, was appointed as director of the Company in March 2007. He holds a Bachelor of Science degree in Business Administration from the Salem International University, the United States of America. Mr. Tang has developed considerable experience in corporate management, information technology consulting, property and securities investments by serving key position and directorship in private enterprises.

**Mr. Tsui Ching Hung**, aged 53, was appointed as director of the Company in November 1999. He holds a Master of Science degree in Polymer Science and a Master of Business Administration degree obtained from the University of Aston and University of Warwick in the United Kingdom respectively. He has over 10 years of experience in senior management positions of several multinational corporations in Hong Kong.

## Directors' Report (Continued)

### Independent Non-executive Directors

**Ms. Chan Ling, Eva**, aged 41, was appointed as director of the Company in March 2007. She has 19 years of experience in auditing, accounting and finance in both international accounting firms and listed companies. She is a member of the Institute of Chartered Accountants in Australia, a fellow member of the Association of Chartered Certified Accountants and also a practicing member of the Hong Kong Institute of Certified Public Accountants.

**Mr. Chan Sek Nin Jackey**, aged 50, was appointed as director of the Company in April 2007. He obtained a Diploma in Economics from the Lingnan University in Hong Kong. Mr. Chan is presently holding the capacity of chief operating officer in TVB Pay Vision Limited and has over 15 years of solid experience in sales and marketing in connection with the media industry by holding senior positions in TVB. He also has extensive experience in property development, project management and strategic alliance management by holding senior positions in other private and public listed companies.

**Mr. Sin Chi Fai**, aged 47, was appointed as director of the Company in November 2006. He obtained a diploma in banking from The Hong Kong Polytechnic (now known as The Hong Kong Polytechnic University). Mr. Sin is a director and shareholder of a company engaged in the distribution of data storage media and computer related products to Asian countries. He has over 10 years experience in banking field and has over 10 years sales and marketing experience in information technology industries.

### DIRECTORS AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2006, the interests and short positions of the directors of the Company in the shares, underlying shares and debentures of the Company as recorded in the register required to be kept under Section 352 of the Securities and Futures Ordinance ("SFO") were as follows:

Name of director	Type of interest	Number of shares	Percentage of issued share capital of the Company
Mr. Chiu Kong	Personal	40,000	0.01%
Mr. Hui Richard Rui	Personal	1,050,000	0.2%

The interest stated above represented long positions in the shares of the Company as at 31 December 2006.

## Directors' Report (Continued)

Except as disclosed above, as at 31 December 2006, none of the directors and chief executive of the Company had interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) which are required (a) to be recorded in the register required to be kept under Section 352 of the SFO; or (b) 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.

As at 31 December 2006, there were no share options outstanding under the Company's share option scheme.

### ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Other than disclosed in note 23 to the consolidated financial statements, 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 the acquisition of shares in, or debentures of, the Company or any other body corporate.

### DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

No contract of significance to which the Company or its 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

As at 31 December 2006, the following persons, not being a Director or chief executive of the Company, had interests or short positions in the shares and underlying shares of the Company as recorded in the register (the "Register") maintained by the Company pursuant to Section 336 of the SFO:

Name	Number of shares interested	Approximate shareholding as at 31 December 2006
Unity Investments Holdings Limited	38,293,600	7.20%
Radford Capital Investment Limited	27,971,280	5.26%
Willie International Holdings Limited	34,163,360	6.43%

The interest stated above represented long positions in the shares of the Company as at 31 December 2006.

Other than as disclosed above, the Company has not been notified of any other interest or short positions in the shares and underlying shares of the Company as at 31 December 2006.

## **Directors' Report** (Continued)

### **SHARE OPTIONS, CONVERTIBLE NOTE PAYABLE OR SIMILAR RIGHTS**

The Company had no outstanding share options issued, convertible securities or other similar rights as at 31 December 2006.

### **EMOLUMENT POLICY**

The emolument policy of the employee of the Company is set up by the executive directors on the basis of their merit, qualifications and competence.

The emoluments of the directors of the Company are decided by the Board of Directors, having regard to their responsibility to the Company, their qualifications, experiences and past remuneration, the Company's performance and current market situation.

The Company has adopted a share option scheme as an incentive to directors and eligible employees, details of the scheme is set out in note 23 to the financial statements.

### **PURCHASE, SALE OR 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.

### **MAJOR CUSTOMERS AND SUPPLIERS**

The aggregate amount of purchase attributable to the Group's largest supplier and five largest suppliers taken together accounted for 84% and 100%, respectively, of the Group's total purchase for the year.

The aggregate amount of turnover attributable to the Group's largest customer and five largest customers taken together accounted for 89% and 100%, respectively of the Group's total turnover for the year.

None of the directors, their associates or shareholders of the Company (which to the knowledge of the directors own more than 5% of the Company's issued share capital) has an interest in any of the Group's five largest supplier and customers.

### **PRE-EMPTIVE RIGHTS**

There are no provisions for pre-emptive rights under the Company's Bye-laws or the laws of Bermuda, which would oblige the Company to offer new shares on pro-rata basis to existing shareholders.

## **Directors' Report** (Continued)

### **CORPORATE GOVERNANCE**

The Company has complied throughout the year ended 31 December 2006 with most of the code provisions set out in the Code on Corporate Governance Practices (the "Code") contained in Appendix 14 of the Listing Rules. Further information on the Company's corporate governance practice including any deviations from the Code is set out in the Corporate Governance Report on pages 6 to 10.

### **POST BALANCE SHEET EVENTS**

Details of significant post balance sheet events are set out in note 29 to the financial statements.

### **SUFFICIENCY OF PUBLIC FLOAT**

Based on the information that is publicly available to the Company and within the knowledge of the Directors, as at the date of this report, there is sufficient public float of not less than 25% of the Company's issued shares as required under the Listing Rules.

### **AUDITOR**

A resolution will be submitted to the annual general meeting to re-appoint Messrs. Deloitte Touche Tohmatsu as auditor of the Company.

On behalf of the Board

**Chiu Kong**

*Chairman*

Hong Kong, 25 April 2007