

Report of the Directors

The directors submit their report together with the audited accounts for the period from 5th December, 2001 (date of incorporation) to 31st December, 2002.

PRINCIPAL ACTIVITIES

The principal activities of the Company and its subsidiaries during the period are investment in securities listed on the Stock Exchange and unlisted investments with a potential for earnings growth and capital appreciation. The activities of the principal subsidiaries are set out in Note 11 to the accounts.

The Group's turnover for the period comprised interest earned from short term loans, short term investments in convertible notes and bonds and bank deposits.

GEOGRAPHICAL ANALYSIS OF OPERATIONS

An analysis of the Group's performance for the period by geographical markets is set out in Note 2 to accounts.

RESULTS AND APPROPRIATIONS

The results of the Group for the period are set out in the consolidated profit and loss account on page 15.

The directors do not recommend payment of a dividend.

RESERVES

Movements in the reserves of the Group and the Company during the period are set out in Note 16 to the accounts.

FIXED ASSETS

Details of the movements in fixed assets of the Group are set out in Note 9 to the accounts.

SHARE CAPITAL

Details of the movements in share capital of the Company are set out in Note 15 to the accounts.

DISTRIBUTABLE RESERVES

Distributable reserves of the Company at 31st December, 2002 are set out in Note 16 to the accounts.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's Memorandum and Articles of Association or the laws of the Cayman Islands.

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FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the financial period is set out on page 40.

PURCHASE, SALE OR REDEMPTION OF SHARES

The Company has not redeemed any of its shares during the period. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the period.

DIRECTORS

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

Mr. Choi Wai Yin	(Appointed on 8th January, 2002)
Ms. Chow Siu Fan	(Appointed on 8th January, 2002)
Mr. Chan Nap Kee, Joseph	(Appointed on 20th March, 2002)
Mr. Kong Tze Wing	(Appointed on 8th January, 2002)
Mr. Siu Siu Ling, Robert	(Appointed on 8th January, 2002)

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In accordance with the Article 88 of the Company's Articles of Association, Ms. Chow Siu Fan and Mr. Chan Nap Kee, Joseph shall retire by rotation from office and, being eligible, offer themselves for re-election. All other directors continue in office.

Mr. Kong Tze Wing and Mr. Siu Siu Ling, Robert are independent non-executive directors.

The term of office of each of the independent non-executive directors is the period up to his retirement by rotation in accordance with the Company's Articles of Association.

DIRECTORS' SERVICE CONTRACTS

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

DIRECTORS' INTERESTS IN CONTRACTS

No contracts of significance in relation to the Group's business 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 period or at any time during the period.

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BIOGRAPHICAL DETAILS OF DIRECTORS

Brief biographical details of directors are set out below:

Executive Directors:

Mr. Choi Wai Yin, aged 44, is an executive Director. Mr. Choi holds a bachelor degree in Business Administration from the Chinese University of Hong Kong, and has over 18 years of experience in finance and fund management. From 1992 to 1994, he was a manager of the assessing department of BOCI Direct Investment Management Limited managing direct investment funds of approximately US\$120 million. From 1994 to 1998, he was an executive director of CEF New Asia Partners Limited managing two direct investment funds, namely CEF New Asia Company Limited and CEFNA Greater China Investments Company Limited, of approximately US\$180 million on behalf of independent third parties. Mr. Choi is currently an investment adviser registered under the Hong Kong Securities Ordinance and an executive director of Success Talent Investments Limited which is the investment manager of a listed investment company on the Stock Exchange, Earnest Investment Holdings Limited. Mr. Choi will contribute to formulate the business direction of the Company, structure investment deals and monitor the performance of individual projects.

Ms. Chow Siu Fan, aged 39, is an executive Director. Ms. Chow is a fellow member of the Association of Chartered Certified Accountants and an associate member of the Hong Kong Society of Accountants. She has worked for a Big-Four international audit firm in Hong Kong and has over 10 years' experience in finance, direct investment, corporate management, project management and strategic planning. Ms. Chow has extensive experience in direct investment and project management, in particular, the PRC market, where she has experienced analysing the potential of investment projects, budgeting, fund arrangement and market investment decisions. With the experience of Ms. Chow, the Company can explore the opportunities in investment projects in the PRC which is expected to benefit from the accession of the PRC into the World Trade Organisation. She will also be responsible for structuring acquisitions and disposition of unlisted investment projects and negotiating the terms of the transactions.

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Mr. Chan Nap Kee, Joseph, aged 42, is an executive Director. Mr. Chan holds a master degree in science from the University of Strathclyde in Glasgow, Scotland, United Kingdom and a diploma in “China Investment and Trade” from Beijing University, the PRC, and has over 18 years’ experience in corporate finance and fund management. Since 1994, he has been the director of Oriental Patron Asia Limited where he provides investment and advisory service to listed and unlisted companies as well as individuals in and outside of Hong Kong which include advisory services on public offering of securities, mergers and acquisition and debt financing exercises. Since 1996, he has been a managing member of Oriental Patron Capital Growth Fund, a fund of approximately HK\$10 million for independent third parties which mainly focuses on medium and small cap listed companies in Hong Kong. Mr. Chan is a dealer and an investment adviser registered under the Hong Kong Securities Ordinance. Currently he is also an executive director of AVANTA Investment (International) Limited which is the investment manager of a listed investment company on the Stock Exchange, Everest International Investments Limited. In addition, since 2000, he has been a director of Pacific Crown Investment Fund Limited, a fund of approximately US\$62 million for independent third parties. Mr. Chan is the executive director of Oriental Patron Fund Management, which is the investment manager of Concepta Investments Limited, a Chapter 21 investment company listed on the Stock Exchange in March 2003. Mr. Chan will contribute to formulate the business direction of the Company and monitor the performance of listed and unlisted investments.

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Independent Non-executive Directors:

Mr. Kong Tze Wing, aged 51, is an independent non-executive Director. Mr. Kong has been a fellow member of the Association of Chartered Certified Accountants since 1985 and became a fellow of the Hong Kong Society of Accountants in 1995. He is also a Board Member and Chairman of the China Liaison Committee of the Hong Kong Association of Accounting Technician as well as the Chairman of the Institute of Financial Accountants in Hong Kong. Mr. Kong has been a Certified Public Accountant since 1981. Mr. Kong holds a bachelor degree in Accounting and a bachelor degree in Business Administration. He is a sole practitioner of the firm Messrs. James T. W. Kong & Co., Certified Public Accountants. Mr. Kong was an elected District Board member in 1991 and is currently an elected District Council member. He is actively participating in community services and has been appointed by the Hong Kong government to sit on various committees and appeal boards in Hong Kong.

Mr. Siu Siu Ling, Robert, aged 50, is an independent non-executive Director. Mr. Siu has been a solicitor since 1992 and has been admitted as a solicitor in England and Wales since 1993. Mr. Siu holds a bachelor degree in law and a postgraduate certificate in law. Mr. Siu was a partner of the former firm Messrs. Joseph Chu, C.P. Cheung & Co. from 1997 to 1998 and partner of the firm Messrs. C.P. Cheung & Co. from 1997 to 2000. He is now a sole practitioner of the firm Messrs. Robert Siu & Co., Solicitors. Mr. Siu’s practice is mainly in the field of commercial and corporate finance.

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DIRECTORS' INTERESTS IN EQUITY OR DEBT SECURITIES

At 31st December, 2002, none of the directors and executives have any interest in the shares of the Company and its associated corporations (within the meaning of the Hong Kong Securities (Disclosure of Interests) Ordinance ("SDI Ordinance")), as recorded in the register maintained by the Company under Section 29 of the SDI Ordinance or as notified to the Company.

At no time during the period, did the directors and chief executive (including their spouses and children under 18 years of age) have any interest in, or been granted, or exercised, any rights to subscribe for shares or warrants of the Company and its associated corporations (within the meaning of the SDI Ordinance").

At no time during the period 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.

SUBSTANTIAL SHAREHOLDERS

The register of substantial shareholders maintained under section 16(1) of the Securities (Disclosure of Interests) Ordinance shows that as at 31st December, 2002, the Company had been notified of the following substantial shareholders' interests, being 10% or more of the Company's issued share capital.

Name of shareholder	Number of ordinary shares
Typical Success Limited*	15,000,000
Endless Wealth Limited**	15,000,000

* Principally engaged in investment holding business, and wholly owned by and controlled by Mr. Tsang Cheuk Lau.

** Principally engaged in investment holding business, and wholly owned by and controlled by Mr. Chin Melvyn Michael.

MANAGEMENT CONTRACTS

Details of the significant management contracts in relation to the Group's business are set out in Note 19 to the accounts.

Save as disclosed in Note 19 to the accounts, 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 period.

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MAJOR CUSTOMERS AND SUPPLIERS

During the period, the Group earned less than 30% of its turnover from its five largest customers.

The Group is an investment company. In the opinion of the directors, the Group does not have any supplier.

CONNECTED TRANSACTIONS

Significant related party transactions entered by the Group during the period ended 31st December, 2002, which also constitute connected transactions under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules”), are disclosed in Note 19 to the accounts.

The investment manager of the Company is regarded as a connected person of the Company under Chapter 14 of the Listing Rules. Accordingly, the investment management agreement constitutes a connected transaction of the Company.

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The management fee paid during the period amounted to HK\$471,478. The transaction was entered into by the companies in the ordinary and usual course of business in accordance with the terms of the agreement, conducted on normal commercial terms and did not exceed the cap amount as prescribed in the waiver granted by the Stock Exchange. The transaction had been reviewed by the independent non-executive directors and received approval from the Company’s board of directors.

COMPLIANCE WITH THE CODE OF BEST PRACTICE OF THE LISTING RULES

Throughout the period, the Company was in compliance with the Code of Best Practice as set out in the Listing Rules except that independent non-executive directors of the Company were not appointed for a specific term as they are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Company’s Articles of Association.

AUDIT COMMITTEE

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 Society of Accountants.

The Audit Committee provides an important link between the Board and the Company’s auditors in matters coming within the scope of the Group’s audit. It also reviews the effectiveness of internal controls and risk evaluation. The Committee comprises two independent non-executive directors, namely Mr. Kong Tze Wing and Mr. Siu Siu Ling, Robert. One meeting was held during the current financial period.

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DIRECTORS' INTEREST IN COMPETING BUSINESS

Set out below is information disclosed pursuant to paragraph 8.10(2) of the Listing Rules:

Mr. Choi Wai Yin is an executive director of Success Talent Investments Limited, which is the investment manager of a listed company on the Stock Exchange, Earnest Investment Holdings Limited. In view of the differences in the investment objectives, it is believed that his roles in this company would not result in any conflicts of interest with the Company. Mr. Choi will abstain from voting on transactions where conflicts of interest arise between the Company and Earnest Investment Holdings Limited.

Mr. Chan Nap Kee, Joseph is a managing member of Oriental Patron Capital Growth Fund and a director of Pacific Crown Investment Fund Limited. Mr. Chan is also an executive director of Oriental Patron Fund Management, which is the investment manager of a listed company on the Stock Exchange, Concepta Investments Limited. In view of the differences in the investment objectives, portfolios and size of investment funds, it is believed that his roles in these funds would not result in any conflicts of interest with the Company. Mr. Chan will abstain from voting on transactions where conflicts of interest arise between the Company and Oriental Patron Capital Growth Fund and the funds administered by Pacific Crown Investment Fund Limited.

AUDITORS

The accounts have been audited by PricewaterhouseCoopers who retire and, being eligible, offer themselves for re-appointment.

By order of the Board

Choi Wai Yin

Executive Director

Hong Kong, 8th April, 2003