

The directors have pleasure in submitting their first report together with the audited financial statements of the Company for the period from 28 June 2002 (date of incorporation) to 31 December 2002.

CHANGE OF COMPANY NAME

Pursuant to a special resolution on 24 July 2002, the Company changed its name from First Asia Capital Limited to First Asia Capital Investment Limited (第一亞洲資本投資有限公司).

LISTING ON THE MAIN BOARD OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

The Company was incorporated on 28 June 2002 as an exempted company with limited liability in the Cayman Islands under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands.

The Company was established in preparation for the listing of the Company's shares on the Main Board of the Stock Exchange. Details of the placing and new issue of the Company's shares are set out in the Prospectus dated 17 September 2002. The shares of the Company have been listed on the Stock Exchange with effect from 27 September 2002.

PRINCIPAL ACTIVITY

The principal activity of the Company is investment in listed and unlisted companies in Hong Kong and the People's Republic of China (the “PRC”). The Company commenced its business on 27 September 2002.

No business or geographical analysis of the Company's performance for the period is provided as all of the turnover and contributions to operating results of the Company are attributable to investments in equity securities listed in Hong Kong.

RESULTS AND APPROPRIATIONS

The results of the Company for the period ended 31 December 2002 and the state of affairs of the Company at that date are set out in the financial statements on pages 18 and 19 respectively.

The directors do not recommend the payment of a dividend in respect of the period ended 31 December 2002.

RESERVES

Movements in the reserves of the Company during the period are set out in Note 15 to financial statements.

As at 31 December 2002, the Company's reserves available for distribution to shareholders were HK\$22,753,000 under the Companies Law of the Cayman Islands.

SHARE CAPITAL

Details of the movements in share capital of the Company are set out in Note 14 to financial statements.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's Memorandum and Articles of Association and there was no restriction against such rights under the laws of Cayman Islands.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

The Company has not redeemed any of its shares during the period ended 31 December 2002.

DIRECTORS

The directors of the Company who held office during the financial period are:

Executive Directors

Mr Li Sze Tang (<i>Chairman</i>)	(Appointed on 4 July 2002)
Mr Tang Yu Lap	(Appointed on 14 August 2002)
Mr Chiu Sui Keung	(Appointed on 14 August 2002)
Mr Cheung Ting Kee	(Appointed on 4 July 2002 and resigned on 14 August 2002)

Independent Non-executive Directors

Mr Kwok Ming Wa	(Appointed on 16 September 2002)
Mr Wang Tianye	(Appointed on 16 September 2002)

In accordance with Articles 88 and 89 of the Company's Articles of Association, Mr Chiu Sui Keung shall retire by rotation and, being eligible, offer himself for re-election.

Mr Kwok Ming Wa and Mr Wong Tianye are independent non-executive directors and were appointed for a two-years term expiring on 15 September 2004.

DIRECTORS' SERVICE CONTRACTS

Each of the executive directors has entered into a service contract with the Company for an initial fixed term of three years in respect of Mr Li Sze Tang, and one year in respect of Mr Tang Yu Lap and Mr Chiu Sui Keung respectively, commencing on 27 September 2002 and all will continue thereafter until terminated by not less than three months' notice in writing served by either party on the other, which notice shall not expire until after the respective initial fixed terms. Each of these executive directors is entitled to the respective basic salary (subject to an annual increment at the discretion of the directors of not more than 5% of the annual salary at the time of the relevant review). In addition, in respect of each financial year of the Company, each of the executive directors is also entitled to a discretionary bonus provided that the aggregate amount of the bonuses payable to all the executive directors in respect of any financial year of the Company may not exceed 15% of the audited net profit of the Company (after taxation but before extraordinary and exceptional items and payment of such bonuses) in respect of that financial year of the Company. An executive director is required to abstain from voting and is not counted in the quorum in respect of any resolution of the directors regarding the amount of the monthly salary and the discretionary bonus payable to him.

The independent non-executive directors have been appointed for an initial term of two years subject to retirement by rotation in accordance with the Company's Articles of Association.

Saved as disclosed above, no other directors have entered into service agreements with the Company which are not determined by the Company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN CONTRACTS

The directors' interests in contracts are set out in Note 16 to financial statements. Apart from foregoing, no other contracts of significance in relation to the Company's business to which the Company or its holding company was a party and in which a director of the Company has a material interest, whether directly or indirectly, subsisted at the end of the period or at any time during the period.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the period was the Company or its holding company a party to any arrangements to enable the directors acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate.

DIRECTORS' INTERESTS IN EQUITY OR DEBT SECURITIES

As at 31 December 2002, the interests of the directors and chief executive in the share capital of the Company and its associated corporations (within the meaning of the 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 were as follows:

Name of directors	Number of ordinary shares of the Company held			Total
	Personal interest	Family interest	Corporate interest	
Mr Li Sze Tang	–	–	10,000,000 <i>(Note)</i>	10,000,000

Note: These shares are held by First Asia International Holdings Limited, the entire issued share capital of which is held as to 60% by Mr Li Sze Tang and as to 40 % by Madam Wong Lap Woon (the spouse of Mr Li Sze Tang).

SHARE OPTIONS

The Company has conditionally adopted the share option scheme pursuant to written resolutions of the sole shareholder adopted on 10 September 2002. The Board of Directors or a duly authorised committee thereof (the "Board") may at any time following the date of adoption and before the tenth anniversary thereof, offer to grant to any director (including independent non-executive directors) or full-time employee of the Company, an option to subscribe for shares. The subscription price will be determined by the Board (subject to adjustment), and will not be less than (i) the closing price of the shares of the Company as stated in the Stock Exchange's daily quotation sheet on the date of grant, which must be a business day; (ii) the average closing price of the shares of the Company as stated in the Stock Exchange's daily quotation sheets for the five trading days immediately preceding the date of grant; or (iii) the nominal value of the shares of the Company, whichever is the highest. The maximum number of shares in respect of which options may be granted under this scheme may not exceed 10% of the issued share capital of the Company from time to time. An option may be exercised at any time before the expiration of ten years from the date of adoption of the relevant share option scheme.

As at 31 December 2002, no option has been granted or agreed to be granted under the share option scheme.

SUBSTANTIAL SHAREHOLDERS

The register of substantial shareholders maintained under Section 16(1) of the SDI Ordinance shows that as at 31 December 2002, the Company had been notified of the following substantial shareholder's interests, being 10% or more of the Company's issued share capital. These interests are in addition to those disclosed above in respect of the directors and chief executive.

Name of shareholder	Number of ordinary shares held
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First Asia International Holdings Limited (<i>Note</i>)	10,000,000
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Note: The entire issued share capital of First Asia International Holdings Limited is held as to 60% by Mr Li Sze Tang and as to 40% by Madam Wong Lap Woon (the spouse of Mr Li Sze Tang).

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 period.

MAJOR CUSTOMERS AND SUPPLIERS

The Company's entire turnover is derived from the Company's investment in equity securities listed or unlisted in Hong Kong and the PRC and the disclosure of information regarding to customers and suppliers would not be meaningful.

CONNECTED TRANSACTIONS

Investment Management Agreement

Pursuant to the Investment Management Agreement, the Company appointed Hantec Asset as its Investment Manager. The Investment Manager has agreed to provide the Company with investment management services for a period commencing on 27 September 2002 and expiring on the second anniversary thereof and shall continue for successive periods of two years each for an investment management fee of HK\$700,000.80 per annum payable monthly in advance by twelve equal monthly instalments of approximately HK\$58,333.40 each.

Hantec Asset Management is beneficially wholly-owned by Hantec Investment Holdings Limited ("Hantec Investment"), which is a listed company on the Main Board of the Stock Exchange. Hantec Investment is approximately 66% owned by Hantec Holdings Limited ("Hantec Holdings"). Hantec Holdings is in turn 35% owned by Mr Tang Yu Lap, a director of the Company, 20% owned by Mr Fan Wai Ming, 10% owned by Mr Man Kong Yui and the other 35% owned by Mr Yeung Sai Hong and his associates. Save as disclosed above, Mr Fan Wai Ming, Mr Man Kong Yui, Mr Yeung Sai Hong and his respective associates are independent third parties not connected with any of the directors, the chief executives of the substantial shareholders of the Company or their respective associates.

CONNECTED TRANSACTIONS *(Continued)*

Custodian Agreement

Pursuant to the Custodian Agreement, the Company appointed Standard Chartered Bank as its custodian. The custodian has agreed to provide the Company securities services including the safe custody and physical settlement of the securities in the investment portfolio of the Company, and the collection of dividends and other entitlements in respect of such securities. The Custodian Agreement was effective on 27 September 2002 and continues to be in force until terminated by either the Company or the custodian giving to the other not less than 90 days' notice in writing expiring at any time.

Licence Agreement

Pursuant to the Licence Agreement to be entered into between First Asia Finance Group Limited ("First Asia Finance Group") as licensor and the Company as licensee (the "Licence Agreement") prior to 27 September 2002, First Asia Finance Group agreed to license the non-exclusive use of the premises in Hong Kong, namely Room 1502, 15th Floor, World Wide House, No. 19 Des Voeux Road Central, Hong Kong to the Company at HK\$1.00 per month. The premises are used by the Company as an office. The Licence Agreement shall be terminated by First Asia Finance Group by serving a written notice on the Company at any time and shall automatically be terminated upon the determination for whatever reason of the tenancy agreement dated 2 January 2002 and made between First Asia Finance Group as tenant and an independent landlord in respect of the above premises.

First Asia Finance Group is beneficially wholly-owned by First Asia International Holdings Limited. First Asia Finance Group is therefore a connected person of the Company.

The Board of Directors, including the independent non-executive directors, are of the view that the above connected transactions have been entered into on normal commercial terms and arm's length basis and in the ordinary and usual course of business of the Company, and that the terms of the above connected transactions are fair and reasonable to the shareholders and the Company as a whole.

COMPLIANCE WITH THE CODE OF BEST PRACTICE OF THE LISTING RULES

Throughout the period ended 31 December 2002, the Company has complied with the Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange.

AUDIT COMMITTEE

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Company and discussed internal control and financial reporting matters including a review of the financial statements for the period from 28 June 2002 (date of incorporation) to 31 December 2002.

SUBSEQUENT EVENTS

On 16 April 2003, the Company has entered into a revised investment management agreement with Hantec Asset to reduce the investment management fee to HK\$280,000 per annum from 1 May 2003 to 26 September 2004. Apart from the foregoing, there was no other change in the terms of the Investment Management Agreement dated 10 September 2002.

AUDITORS

Messrs HLB Hodgson Impey Cheng were appointed by the Board of Directors on 25 March 2003 to act as auditors of the Company to fill the casual vacancy arising from the resignation of Messrs PKF.

A resolution will be submitted to the annual general meeting of the Company to re-appoint Messrs HLB Hodgson Impey Cheng as auditors of the Company.

Apart from the foregoing, there were no other changes of auditors of the Company.

On behalf of the Board

Li Sze Tang

Chairman

Hong Kong, 22 April 2003