

Report of the Directors

The directors submit their report together with the audited accounts for the year ended 31 December 2003.

PRINCIPAL ACTIVITIES

The principal activities of the Company and its subsidiaries during the year are investment in securities listed on The Stock Exchange of Hong Kong Limited (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 12 to the accounts.

The Group's turnover for the year comprised dividends from listed investments, and 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 year by geographical markets is set out in Note 2 to accounts.

RESULTS AND APPROPRIATIONS

The results of the Group for the year are set out in the consolidated profit and loss account on page 21.

The directors do not recommend payment of a dividend.

RESERVES

Movements in the reserves of the Group and of the Company during the year are set out in Note 20 to the accounts.

FIXED ASSETS

Details of the movements in fixed assets of the Group are set out in Note 10 to the accounts.

SHARE CAPITAL

Details of the movements in share capital of the Company are set out in Note 19 to the accounts.

DISTRIBUTABLE RESERVES

Distributable reserves of the Company at 31 December 2003 are set out in Note 20 to the accounts.

Report of the Directors

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.

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last two financial year/period is set out on page 54.

PURCHASE, SALE OR REDEMPTION OF SHARES

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

DIRECTORS

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

Mr. Choi Wai Yin

Ms. Chow Siu Fan

Mr. Chan Nap Kee, Joseph

Mr. Kong Tze Wing

Mr. Siu Siu Ling, Robert

Mr. Wong Wing Hong, Benny (Appointed on 3 July 2003)

In accordance with Article 87 of Company's Article of Association, Mr. Wong Wing Hong, Benny holds office until the forth coming annual general meeting of the Company and being eligible, offers himself for re-appointment.

In accordance with Article 88 of the Company's Articles of Association, Mr. Kong Tse Wing and Ms. Chow Sui Fan shall retire by rotation from office. Mr. Kong Tse Wing, being eligible, offer himself 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.

Report of the Directors

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 year or at any time during the year.

BIOGRAPHICAL DETAILS OF DIRECTORS

Brief biographical details of directors are set out below:

Executive Directors:

Mr. Choi Wai Yin, aged 45, 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 Securities and Futures 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 40, 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.

Report of the Directors

Mr. Chan Nap Kee, Joseph, aged 43, 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 Securities and Futures 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.

Mr. Wong Wing Hong, Benny, aged 43, is an executive director of the Company and is involved in formulating the business direction of the Company’s structured investment deals and monitor the performances of individual projects. He has been a director of Asia Top Group Holdings Limited, a closed-end fund now having assets of over HK\$200 million, since November 2000. He is responsible for formulating investment strategies and structuring investment projects for the closed-end fund. He is also the managing director of Global Concept Investment Limited which has been engaged in providing asset management and corporate finance and related advisory services since 1999. Besides, he has over 20 years’ experience in commercial banking. He had been the senior manager and member of the Credit Committee of Ansbacher Hong Kong Limited, member of Henry Ansbacher group of United Kingdom (“UK”) for 13 years and had served in a UK-based international bank for 6 years. His duties included credit review of corporate clients including Hong Kong listed and unlisted companies involving in the manufacturing, trading and investment industries. Mr. Wong completed a study in corporate financial management given by the Graduate School of Business, Stanford University.

Report of the Directors

Independent Non-executive Directors:

Mr. Kong Tze Wing, aged 52, 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 51, 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.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

At 31 December 2003, none of the directors and chief executives have any interest in and short positions in the shares, underlying shares and debentures of the Company or any associated corporations (within the meaning of the Securities and Futures Ordinance ("SFO")), as recorded in the register maintained by the Company under Section 352 of the SFO or as notified to the Company.

None of the directors and chief executives (including their spouses and children under 18 years of age) had any interest in, or had been granted, or exercised, any rights to subscribe for shares of the Company and its associated corporations (within the meaning of the SFO).

At no time during the year was the Company, its associated companies or any of its subsidiaries a party to any arrangement to enable the directors or chief executives of the Company to acquire any interests or short positions in the shares, underlying shares or debentures of, the Company or its associated corporations.

Report of the Directors

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES OF THE COMPANY

The register of substantial shareholders maintained under section 336 of the SFO shows that as at 31 December 2003, the Company had been notified of the following substantial shareholders' interests and short position, being 5% or more of the Company's issued share capital.

Name of shareholder	Number of ordinary shares
Endless Wealth Limited#	15,000,000

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 24 to the accounts.

Save as disclosed in Note 24 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 year.

CONNECTED TRANSACTIONS

Significant related party transactions entered by the Group during the year ended 31 December 2003, which also constitute connected transactions under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules"), required to be disclosed in accordance with Chapter 14 of the Listing Rule are disclosed in Note 24 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.

The management fee paid during the year amounted to HK\$886,321 (2002: HK\$471,478). The transaction was entered into by the Company 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.

Report of the Directors

COMPLIANCE WITH THE CODE OF BEST PRACTICE OF THE LISTING RULES

Throughout the year, 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. Two meetings were held during the current financial year.

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.

Mr. Wong Wing Hong, Benny, is a director of Super Plus Investments Limited which is engaged in investing in a diversified portfolio of investments in listed and unlisted companies involving in distribution of consumer products in Greater China.

Report of the Directors

AUDITORS

The accounts have been audited by PricewaterhouseCoopers.

By order of the Board

Choi Wai Yin

Executive Director

Hong Kong, 21 April 2004.