

The Company has share options schemes under which the Company may grant options to eligible employees to subscribe for shares in the Company. Particulars of the share options of the Company outstanding as at 31st December 2004 are to be set out on pages 11 to 12.

PLANS AND PROSPECTS

Looking ahead, despite the likelihood of Hong Kong's capital market being obsessed by certain uncertainties on the international front with the advent of an interest rate up-cycle in the US, volatility in oil prices and the macro-economic damping measures adopted by the Mainland government, activities in the primary and secondary market in Hong Kong are expected to remain buoyant and sustained by the expected continuing stable growth in the Hong Kong and Mainland economies. Tanrich is dedicated to capture all business opportunities to further expand its businesses, especially in the securities broking, securities margin financing, corporate finance and wealth management businesses.

It is important that competent people lead in every aspect of the Group's business development and planning. We are therefore pleased that two executive directors with extensive experience and professional knowledge have joined Tanrich. We believe that they will bring in innovative management know-how and other important elements to the Group and in associate with the Group's existing dedicated top management to lead Tanrich facing challenges and changes ahead in business development, internal organisational restructuring, cost rationalisation and technological innovation.

SUBSEQUENT EVENTS

Subsequent to 31st December 2004, a former client of TFL has instituted legal proceedings against TFL and two of its employees (one of which was an ex-employee) concerning, inter alia, alleged improper management of the client's trading account and the client claimed for damages in the sum of approximately HK\$3 million. TFL considers that such allegations are without merit and it will defend the proceedings accordingly. In the event that the defence is unsuccessful, TFL may be held liable for the said damages, interest and legal costs in a range of HK\$5 million to HK\$6 million. TFL is in the process of filing a defence and as the case is currently at its infant stage, it is not currently possible to estimate the eventual outcome of the claim and based on legal advice to date, the directors of the Company consider that no provision needs to be made in the accounts.

Save as aforesaid, there were no significant events subsequent to 31st December 2004.