1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 14 May 2002 as an exempted company with limited liability under the Companies Law (Revised) of the Cayman Islands. The shares of the Company were listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 28 October 2002.

The principal place of business of the Company is located at Room 3308, 33rd Floor, Bank of America Tower, 12 Harcourt Road, Central, Hong Kong.

The Company is principally engaged in investing in listed and unlisted companies established and/or doing business in the Asia Pacific Region, mainly the People's Republic of China excluding Hong Kong and Macau (the "PRC") and Hong Kong, and other Asian countries.

2. PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below :

(a) Basis of preparation

The financial statements on pages 20 to 40 are prepared in accordance with and comply with all applicable Statements of Standard Accounting Practice ("SSAPs") issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance. The financial statements are prepared under the historical cost convention, except for periodic remeasurement of investment securities and trading securities, as further explained in the respective accounting policies below.

(b) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiary made up to 31 December each year. All material intercompany transactions and balances within the Group are eliminated on consolidation.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

(c) Subsidiaries

Subsidiaries are those enterprises controlled by the Company.

Control exists when the Company has the power to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities.

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

(c) Subsidiaries (Continued)

In the Company's balance sheet, subsidiaries are carried at cost less impairment losses. The results of the subsidiaries are accounted for by the Company on the basis of dividends received and receivable at the balance sheet date.

(d) Operating leases

Leases where substantially all the risks and rewards of ownership of assets remain with the lessor are accounted for as operating leases. Annual rentals applicable to such operating leases are charged to the income statement on a straight line basis over the lease terms except where an alternative basis is more representative of the pattern of benefits to be derived from the leased assets. Lease incentives received are recognised in the income statement as an integral part of the aggregate net lease payments made. Contingent rentals are charged to the income statement in the accounting period in which they are incurred.

(e) Investment securities

Investment securities are non-trading investments in listed and unlisted equity securities intended to be held on a long term basis.

Listed securities are stated at their fair values on the basis of their quoted market prices at the balance sheet date, on an individual investment basis. Unlisted securities are stated at their estimated fair values on an individual basis. These are determined by the directors having regard to, inter alia, the prices of the most recent reported sales or purchases, or the projected cash flows of the securities, or comparison of price/revenue ratios, price/earnings ratios and dividends yields of the securities with those of similar listed securities, with allowance made for the lower liquidity of the unlisted securities.

The gains or losses arising from changes in the fair value of an investment security are dealt with as movements in the long term investment revaluation reserve, until the security is sold, collected, or otherwise disposed of, or until the security is determined to be impaired, when the cumulative gain or loss derived from the security recognised in the long term investment revaluation reserve, together with the amount of any further impairment, is charged to the income statement in the period in which the impairment arises.

(f) Trading securities

Trading securities are investments in securities held for trading purposes and are stated at their fair values on the basis of their quoted market prices at the balance sheet date, on an individual investment basis. The gains or losses arising from changes in the fair value of a security are credited or charged to the income statement in the period in which they arise.

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

(g) Foreign currencies

Transactions in foreign currencies are translated into Hong Kong dollars at the rates of exchange ruling at the dates of transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated into Hong Kong dollars at the rates of exchange ruling at that date. Gains and losses arising on exchange are dealt with in the income statement.

On consolidation, the balance sheets of subsidiaries expressed in foreign currencies are translated at the rates of exchange ruling at the balance sheet date and their income statements are translated at an average rate for the year. Gains and losses arising on exchange are dealt with as movements in reserve.

(h) Income tax

Income tax for the year comprises current and deferred taxes.

Current tax is the expected tax payable on the taxable income for the year using tax rates enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profit will be available.

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

(h) Income tax (Continued)

Deferred tax assets and liabilities are not discounted. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited to the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

(i) Cash and cash equivalents

Cash comprises cash on hand and demand deposits repayable on demand with any bank or other financial institution. Cash includes deposits denominated in foreign currencies.

Cash equivalents represent short-term, highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the cash flow statement.

(j) Impairment

The carrying amounts of the Group's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement unless the relevant asset is carried at revalued amount under another accounting standard, in which case the impairment loss is treated as a revaluation decrease under that accounting standard.

(i) Calculation of recoverable amount

The recoverable amount of an asset is the greater of its net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

(j) Impairment (Continued)

(ii) Reversals of impairment

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(k) Employee benefits

(i) Employee entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

Non-accumulating compensated absences are not recognised until the time of leave.

(ii) Pension obligations

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance, for all of its employees in Hong Kong. Contributions are made based on a percentage of the employees' basic salaries and are charged to the income statement as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

(l) Share option scheme

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. The financial impact of share options granted under the share option scheme is not recorded in the Company's or the Group's balance sheet until such time as the options are exercised, and no charge is recorded in the income statement or balance sheet for their cost. Upon the exercise of share options, the resulting shares issued are recorded by the Company as additional share capital at the nominal value of the shares, and the excess of the exercise price per share over the nominal value of the shares is recorded by the Company in the share premium account. Options which are cancelled prior to their exercise date, or which lapse, are deleted from the register of outstanding options.

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

(m) Recognition of revenue

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases :

(a) proceeds from disposal of trading securities are accounted for on a trade date basis;

(b) interest income from bank deposits is recognised on a time proportion basis by reference to the principal outstanding and the rate applicable; and

(c) dividend income is recognised when the Group's right as a shareholder to receive payment is established.

(n) Dividends

Final dividends proposed by the directors are classified as a separate allocation of retained profits within the capital and reserves section of the balance sheet, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

(o) Related parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence.

(p) Recently issued accounting standards

The Hong Kong Institute of Certified Public Accountants has issued a number of new and revised Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards ("new HKFRSs") which are effective for accounting periods beginning on or after 1 January 2005.

The Group has not early adopted these new HKFRSs in the financial statements for the year ended 31 December 2004. The Group has already commenced an assessment of the impact of these new HKFRSs but is not in a position to state whether these new HKFRSs would have a significant impact on its results of operations and financial position.

3. TURNOVER AND REVENUE

Turnover represents the proceeds from the sale of trading securities. An analysis of turnover and other revenue is as follows :

	2004	2003
	HK$'000	HK$'000
Turnover	**39,599**	57,701
Bank interest income	**29**	222
Dividend income from trading securities	**51**	194
Dividend income from investment securities	**–**	1,770
Other revenue	**80**	2,186
Total revenue	**39,679**	59,887

4. SEGMENT INFORMATION

The Group is principally engaged in investment in listed and unlisted companies. Accordingly, no further analysis by business segment is provided. In determining the Group's geographical segments, revenue and assets are attributed to the segments based on the location of assets.

The following tables present revenue and assets of the Group's geographical segments.

Group

	Hong Kong		**The PRC**		**Consolidated**	
	2004	2003	**2004**	2003	**2004**	2003
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Segment revenue :						
Sale proceeds from trading securities	**39,599**	57,701	**–**	–	**39,599**	57,701

	Hong Kong		**The PRC**		**Consolidated**	
	2004	2003	**2004**	2003	**2004**	2003
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Other segment information :						
Segment assets	**35,334**	44,416	**27,747**	35,797	**63,081**	80,213

5. LOSS BEFORE TAXATION

	2004	2003
	HK$'000	HK$'000
Loss before taxation is arrived at after charging :		
Staff costs (excluding directors' remuneration – *Note 15*) :		
Wages, salaries and other allowances	**654**	720
Retirement benefits scheme contributions	**13**	12
	667	732
Auditors' remuneration	**128**	200
Operating lease charges in respect of land and buildings	**94**	141

6. TAXATION

No provision for Hong Kong profits tax has been made in the financial statements as the companies within the Group did not derive any assessable profits for the year (2003 : Nil).

Reconciliation between tax expense and accounting loss of applicable tax rate is as follows :

	2004	2003
	HK$'000	HK$'000
Loss before taxation	**16,443**	13,033
Tax at applicable rate of 17.5% (2003 : 17.5%)	**(2,878)**	(2,280)
Tax effect of non-taxable income	**(14)**	(73)
Tax effect of non-deductible expenses	**1,418**	390
Tax effect on tax losses not recognised	**1,474**	1,963
Tax charge for the year	**–**	–

At 31 December 2004, the Group had deferred tax assets of approximately HK$4,881,000 (2003 : HK$3,407,000) arising from tax losses. The deferred tax assets are not recognised as it is uncertain whether future taxable profit will be available for utilising tax losses. Under the current tax legislation, the tax losses can be carried forward indefinitely.

7. LOSS ATTRIBUTABLE TO SHAREHOLDERS

The loss attributable to shareholders for the year ended 31 December 2004 dealt with in the financial statements of the Company was HK$16,439,000 (2003 : HK$13,026,000).

8. LOSS PER SHARE

The calculation of basic loss per share is based on the current year's loss attributable to shareholders of HK$16,443,000 (2003 : HK$13,033,000) and the 105,420,000 (2003 : 105,420,000) ordinary shares in issue during the year.

Diluted loss per share amounts were not presented because there were no potential ordinary shares in existence for both years.

9. INVESTMENT IN A SUBSIDIARY

	Company	
	2004	2003
	HK$'000	HK$'000
Unlisted shares, at cost	**1**	1
Amount due from a subsidiary	**10**	6

The amount due from a subsidiary is unsecured, interest-free and has no fixed terms of repayment.

Particulars of the subsidiary at 31 December 2004 is as follows :

Name	**Place of incorporation and operations**	**Particulars of issued share capital**	**Percentage of issued capital held by the Company directly**	**Principal activities**
Golden 21 (BVI) Limited	British Virgin Islands	1 ordinary share of US$1	100	Dormant

10. INVESTMENT SECURITIES

	Group and Company	
	2004	2003
	HK$'000	HK$'000
Unlisted equity securities outside Hong Kong, at acquisition cost	**34,027**	34,027
Impairment loss	**(8,050)**	–
Investment securities, at fair value	**25,977**	34,027

10. INVESTMENT SECURITIES (Continued)

				Investment value		
Name	Notes	**Place of establishment**	**Particulars of equity interest held**	**Acquisition cost** HK$'000	**Fair value estimated by the directors** HK$'000	**Percentage of interest held**
Nantong Einolda Smart Card Manufacturing Co., Ltd. (南通毅能達智能卡製造有限公司) ("Nantong Einolda")	(i)	PRC	Registered capital	15,500	10,230	24.00
北京綜藝達軟件技術有限公司 (「北京綜藝達」)	(ii)	PRC	Registered capital	18,527	15,747	13.09

Notes :

(i) Nantong Einolda is principally engaged in the production of sim-cards for use in credit cards and data storage cards. The investment in Nantong Einolda is not equity accounted for under SSAP 10 "Accounting for investments in associates". This is because the directors are of the opinion that the Group is not in a position to exercise significant influence over the financial and operating policies of Nantong Einolda.

(ii) 北京綜藝達 is principally engaged in the research, development and manufacture of network commercial management software.

As at balance sheet date, provisions for impairment loss of HK$5,270,000 and HK$2,780,000 were made against investment in Nantong Einolda and 北京綜藝達, respectively. The impairment provision was determined by the directors based on the estimated fair value of the investment securities after considering the past and anticipated future performance of the investment securities and discussion with the management of the investee companies.

The amount due from an investee company of approximately HK$1,770,000 is unsecured, interest-free and is due from 北京綜藝達. During the year, the directors of the Company decided to acquire further interest in 北京綜藝達 and the related consideration would be satisfied by the amount due from 北京綜藝達. This intended acquisition and settlement of consideration had been agreed by the holding company of 北京綜藝達. Accordingly, the balance due from 北京綜藝達 is classified as a non-current asset as at 31 December 2004. As at 31 December 2003, the balance was classified as part of deposits and other receivables under current assets.

As at the date of these financial statements, the pricing and statutory registration of the aforementioned additional acquisition were in progress.

11. TRADING SECURITIES

	Group and Company	
	2004	2003
	HK$'000	HK$'000
Listed securities in Hong Kong, at market value	**11,817**	15,793
Provision for impairment *(Note)*	**–**	(1,209)
	11,817	14,584

Note:

In prior years, the Group and the Company had invested in AKuP International Holdings Limited ("AKuP"), a company incorporated in the Cayman Islands and listed on the Growth Enterprise Market ("GEM") of the Stock Exchange.

Trading in shares of AKuP has been suspended since 5 February 2004 due to the fact that the management of AKuP could not be contacted for clarification of unusual movements in price and trading volume of AKuP's shares. A provision for impairment of approximately HK$1,209,000 was made by the directors of the Company for the year ended 31 December 2003 to fully provide for the carrying value of the investment in AKuP's shares as on that date. On 30 November 2004, the Stock Exchange proposed to exercise its rights to cancel the listing of AKuP's shares on the Stock Exchange pursuant to Rule 9.14 of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the "GEM Listing Rules''). AKuP would have a period of six months from 30 November 2004 for the submission of a valid resumption proposal and to remedy those matters that gave rise to the Stock Exchange's proposal to cancel the listing of AKuP's shares on the Stock Exchange.

Having regard to the aforementioned deadline and the lack of a valid resumption proposal as at the date of these financial statements, the directors of the Company consider it is appropriate to utilise the impairment provision of approximately HK$1,209,000 to fully write off the carrying value of the investment in AKuP's shares.

Particulars of the trading securities holding as at 31 December 2004, disclosed pursuant to Section 129 of the Hong Kong Companies Ordinance, are as follows :

Name	Place of establishment/ incorporation	Particular of equity interests held	Acquisition cost HK$'000	Market value as at 31 December 2004 HK$'000	Percentage of interests held
Jiangsu Nandasoft Company Limited	PRC	H shares	10,937	8,114	10.84

The market value of the trading securities at the date of approval of these financial statements was approximately HK$10,573,000.

12. SHARE CAPITAL

	2004 HK$'000	2003 HK$'000
Authorised :		
3,000,000,000 ordinary shares of HK$0.10 each	**300,000**	300,000
Issued and fully paid :		
105,420,000 ordinary shares of HK$0.10 each	**10,542**	10,542

13. SHARE OPTION SCHEME

The Company conditionally adopted a share option scheme (the "SO Scheme") on 7 October 2002 (the "Adoption Date") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the SO Scheme include any persons being employees, officers, agents, consultants or representatives of the Group. The SO Scheme became unconditional on 28 October 2002 upon the listing of the Company's shares on the Stock Exchange and, unless otherwise cancelled or amended, will remain in force for 10 years from the Adoption Date.

The maximum number of shares issuable under share options to each eligible participant in the SO Scheme within any 12-month period, is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options to any eligible participant in excess of this limit is subject to shareholders' approval in a general meeting. The total number of shares which may be issued upon exercise of all share options to be granted must not represent more than 10% of the nominal amount of all the issued shares of the Company (the "10% Limit") as at the date on which trading in the shares of the Company on the Stock Exchange first commenced. The Company may seek approval from its shareholders in a general meeting to refresh the 10% Limit at any time in accordance with the Listing Rules.

The maximum number of unexercised share options currently permitted to be granted under the SO Scheme is an amount equivalent, upon their exercise, to 30% of the shares of the Company in issue from time to time.

Share options granted to a director, chief executive or substantial shareholder of the Company, or any of their respective associates, are subject to the approval of the independent non-executive directors (excluding any independent non-executive director who is a proposed grantee of the share options). In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or any of their respective associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the closing price of the Company's shares at the date of the grant) in excess of HK$5 million, within and 12-month period, are subject to the shareholders' approval in a general meeting in accordance with the Listing Rules.

13. SHARE OPTION SCHEME (Continued)

The offer of a grant of share options shall remain open for acceptance for a period of 28 days from the date of the offer of the grant. The grant of share options is effective upon payment of a nominal consideration of HK$1 in total by the grantee. The exercise price of the share options is determinable by the directors, but may not be less than the higher of (i) the closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the share options, which must be a trading day; (ii) the average closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheets for the five trading days immediately preceding the date of grant of the share options; and (iii) the nominal value of the Company's shares.

Further details of the SO Scheme are disclosed in the prospectus of the Company dated 15 October 2002.

At 31 December 2004 and up to the date of approval of these financial statements, no share options have been granted under the SO Scheme.

14. RESERVES

(a) Group

The amounts of the Group's reserves and the movements therein for the current and prior year are presented in the consolidated statement of changes in equity on page 24.

(b) Company

	Share premium account HK$'000	**Accumulated losses** HK$'000	**Total** HK$'000
At 1 January 2003	85,277	(4,546)	80,731
Loss for the year	–	(13,026)	(13,026)
At 31 December 2003 and 1 January 2004	85,277	(17,572)	67,705
Loss for the year	–	(16,439)	(16,439)
At 31 December 2004	**85,277**	**(34,011)**	**51,266**

In accordance with the Companies Law (2002 Revision) of the Cayman Islands, the share premium account is distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as and when they fall due in the ordinary course of business. The share premium account may also be distributed in the form of fully paid bonus shares.

15. DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID EMPLOYEES

Directors' remuneration, disclosed pursuant to the Listing Rules and Section 161 of the Hong Kong Companies Ordinance, is as follows :

	2004	2003
	HK$'000	HK$'000
Fees	**105**	95
Other emoluments		
Basic salaries, housing benefits, other allowances and benefits in kind	**1,470**	1,680
Retirement benefits scheme contributions	**34**	36
	1,504	1,716
	1,609	1,811

Fees include HK$105,000 (2003 : HK$95,000) payable to the independent non-executive directors. There were no other emoluments payable to the independent non-executive directors during the year (2003 : Nil).

The remuneration of each of the directors fell within the nil to HK$1,000,000 band for both years.

There was no arrangement under which a director of the Group waived or agreed to waive any remuneration during the year (2003 : Nil).

The five highest paid employees during the year included three (2003 : four) directors, details of whose remuneration are disclosed above. Details of the remuneration of the remaining two (2003 : one) non-director, highest paid employees for the year, which fell within the nil to HK$1,000,000 band (2003 : Nil to HK$1,000,000), are as follows :

	2004	2003
	HK$'000	HK$'000
Basic salary, housing benefits, other allowances and benefits in kind	**654**	720
Retirement benefits scheme contributions	**13**	12
	667	732

15. DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID EMPLOYEES (Continued)

During the year, no emoluments were paid by the Group to the directors or the non-director, highest paid employees as an inducement to join, or upon joining the Group, or as compensation for loss of office (2003 : Nil).

16. CONTINGENT LIABILITIES

At the balance sheet date, neither the Group, nor the Company had any significant contingent liabilities.

17. OPERATING LEASES COMMITMENTS

At 31 December 2004, the total future minimum lease payments of the Company and the Group in respect of office premises under non-cancellable operating lease were as follows :

	2004	2003
	HK$'000	HK$'000
Within one year	**51**	94
In the second to fifth years, inclusive	**–**	51
	51	145

The lease runs for an initial period of two years, without any option to renew the lease terms at the expiry date. The lease terms do not have contingent rentals.

18. RELATED PARTY AND CONNECTED TRANSACTIONS

During the year, the Group had the following significant related party transactions :

		2004	2003
	Notes	**HK$'000**	HK$'000
Investment management fee paid/payable to Golden Honour Assets Management Limited	(i)	**1,868**	2,056
Rental expenses paid to Ceres Capital Limited	(ii)	**94**	141

18. RELATED PARTY AND CONNECTED TRANSACTIONS (Continued)

Notes:

(i) Pursuant to the investment management agreement dated 7 October 2002 (the "Investment Management Agreement") entered into between the Company and Golden Honour Assets Management Limited (the "Investment Manager"), the Investment Manager has agreed to provide the Company with investment management services (excluding general administrative services) for a three-year period commencing on 28 October 2002, the date of the commencement of the trading of the Company's shares on the Stock Exchange. The Investment Management Agreement will continue for successive periods of three years, unless terminated at any time by either the Company or the Investment Manger serving not less than six month's notice in writing to the other party, and will expire on the last day of the three-year period or any of the relevant successive periods.

Under the Investment Management Agreement, the Investment Manager is entitled to a monthly management fee equivalent to 2.5% per annum of the net asset value of the Company as at the last dealing day on the Stock Exchange in each calendar month (or such other dealing day as considered appropriate by the board of directors for the purpose of calculating the net asset value of the Company), calculated on the basis of the actual number of days in the relevant calendar month over a year of 365 days. In addition, the Investment Manager is also entitled to an annual incentive fee equivalent to 15% of the surplus in the net asset value of the Company over a financial year or period.

Mr. Chang Chu Fai, Johnson Francis ("Mr. Chang") and Mr. Lim Siang Kai, executive directors of the Company, each have a 15% equity interest in the Investment Manager. Mr. See Lee Seng, Reason, an executive director of the Company, has a 35% equity interest in the Investment Manager and is one of the directors of the Investment Manager.

(ii) Pursuant to the sub-tenancy agreement dated 30 August 2002 (as amended by a supplemental agreement dated 8 October 2002) entered into between the Company and Ceres Capital Limited ("Ceres"), the Company agreed to sublet its office premises from Ceres, which is owned as to approximately 33% by Mr. Chang, for a period commencing from 1 November 2002 to 2 July 2003 (both dates inclusive) at HK$15,000 per month.

On 10 June 2003, the Company entered into a new sub-tenancy agreement with Ceres to sublet its office premises from Ceres for a period of two years commencing from 1 July 2003 at HK$8,500 per month, with a rent free period of one month in May 2004.

The related party transactions set out above also constitute connected transactions under the Listing Rules.

19. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements on pages 20 to 40 were approved by the board of directors on 25 April 2005.