

Report of the Directors

The directors submit their report together with the audited financial statements for the year ended 31st December, 2004.

PRINCIPAL ACTIVITIES

The principal activities of the Company and its subsidiaries during the year are investments 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 15 to the financial statements.

The Group's turnover for the year comprised dividends from listed and unlisted investments, and interest earned from loan, investments in convertible bonds, bank deposits, arrangement fee income and other sources.

RESULTS AND APPROPRIATIONS

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

The Board of Directors has recommended a dividend out of the share premium account of the Company of HK2 cents per share (2003: Nil) in respect of the year ended 31st December, 2004, totaling not less than HK\$2,922,047 (2003: Nil) which is subject to approval of shareholders at the forthcoming annual general meeting to be held on 28th June, 2005 and compliance with the Companies Law of the Cayman Islands.

If approved, the said dividend will be paid on or about 5th July, 2005 to shareholders whose names appear on the register of members of the Company at the close of business on 28th June, 2005.

CLOSURE OF REGISTER OF MEMBERS

The register of members will be closed from Wednesday, 22nd June, 2005 to Tuesday, 28th June, 2005, both days inclusive. In order to qualify for the dividend, all completed transfer forms accompanied by the relevant share certificates must be lodged with the share registrars of the Company in Hong Kong, Secretaries Limited, Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong, not later than 4:00 p.m. on Tuesday, 21st June, 2005.

RESERVES

Movements in the reserves of the Group and the Company during the year are set out in Note 22 to the financial statements.

FIXED ASSETS

Details of the movements in fixed assets of the Group are set out in Note 12 to the financial statements.

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SHARE CAPITAL

Details of the movements in share capital of the Company are set out in Note 21 to the financial statements.

DISTRIBUTABLE RESERVES

Distributable reserves of the Company at 31st December, 2004 are set out in Note 22 to the financial statements.

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.

FIVE YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 66.

CONVERTIBLE BONDS

Details of the convertible bonds issued by a subsidiary of the Group are set out in Note 25 to the financial statements.

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.

SHARE OPTION

The Company do not have share option scheme during the year.

DIRECTORS

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

Lee Fong Lit David	
Chow Pok Yu Augustine	
Tong Kim Weng Kelly	
Lam Andy Siu Wing, JP	(appointed on 23rd March, 2004)
Ho Man Kai Anthony	(appointed on 3rd September, 2004)
Wong Yun Kuen	(appointed on 3rd September, 2004)
Ong Hong Hoon	(resigned on 3rd September 2004)

In accordance with the Company's article 93, Mr. Ho Man Kai Anthony and Dr. Wong Yun Kuen shall retire from office at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

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In accordance with the Company's Articles 98(b), Dr Chow Pok Yu Augustine and Mr. Tong Kim Weng Kelly shall retire from office by rotation at the forthcoming annual general meeting, being eligible, offer themselves for election.

Mr. Ho Man Kai Anthony, Mr. Tong Kim Weng Kelly and Dr. Wong Yun Kuen are independent non-executive directors.

The Company has received annual confirmation from each of the independent non-executive directors as regards their independence to the company and consider that each of the independent non-executive directors is independent to the Company.

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 Company which is not determinable within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN CONTRACTS

Details of Dr. Chow Pok Yu Augustine's interest in contracts of significance in relation to the Group's business are set out in Note 27 to the financial statements.

Save as disclosed above, no other 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 AND SENIOR MANAGEMENT

Brief biographical details of directors and senior management are set out below:

Executive Directors:

Mr. Lee Fong Lit David, aged 58, joined the Company in February 1998. He is also the Chairman of the Board of the Company. He obtained his BSc degree from McGill University in Montreal and his MBA degree from Columbia University, New York. Mr. Lee has over 29 years experience in the international finance and investment management industry. He is involved in investing in equity markets of Singapore, Malaysia and Hong Kong.

Dr. Chow Pok Yu Augustine, aged 52, joined the Company in June 1996. He is also the Chief Executive Officer of the Company. He holds a MSc from London Business School and Ph.D from University of South Australia. Dr. Chow has vast experience in managing public listed companies that are involved in manufacturing, marketing and financial services and specialising in mergers and acquisitions.

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Mr. Lam Andy Siu Wing, JP, aged 55, joined the Company in March 2004. He is also the qualified accountant of the Company. He has involved in strategic investment and planning for listed and unlisted companies over 19 years. He holds an MBA degree from Oklahoma City University. Professionally, Mr. Lam is an American Certified Public Accountant, a Certified Fraud Examiner, a Chartered Secretaries and a Chartered Marketer. He also has served on a number of government committees, boards, and tribunals in Hong Kong and was appointed as a Justice of the Peace on 1st July, 2001.

Independent Non-executive Directors:

Mr. Ho Man Kai Anthony, aged 53, joined the Company in September 2004. He is also the Chairman of the audit committee and remuneration committee. He graduated from The Chinese University of Hong Kong with a BBA degree and an MBA degree from the University of East Asia, Macau. Mr. HO has over 30 years' experience in management accounting, corporate administration and financial management. He held management positions before with Gammon-Swire Joint Venture, Drageges et Travaux Publics, Mass Transit Railway Corporation and The Hong Kong Jockey Club. He is a Fellow Professional National Accountant of the National Institute of Accountants.

Mr. Tong Kim Weng Kelly, aged 56, joined the Company in November 1998. He is also a member of the audit committee of the Company. He began his career as an officer of the New Zealand Trade Department and was involved in Trade Promotion and negotiations for the Government. After leaving the public sector, he served in various capacities as a private consultant for the Financial and ICT industries and was principally involved in business development, sourcing and marketing a variety of services and investments. He holds a BA(Hons) Degree in Political Science and Master of Public Policy (MPP) from Victoria University, New Zealand.

Dr. Wong Yun Kuen, aged 47, joined the Company in September 2004. He is also a member of the audit committee and remuneration committee. He received a Ph.D. Degree from Harvard University. He was "Distinguished Visiting Scholar" at Wharton School of the University of Pennsylvania and a consultant at AIG Financial Products Corporation of the United States. Dr. Wong has worked in financial industries in the United States and Hong Kong for more than 10 years, and has considerable experience in Corporate Finance, Investment and Derivative Products. He is member of Hong Kong Securities Institute and Master Financial Professional, a fellow of American Academy of Financial Management, and a Certified E-Commerce Consultant of the Institute of E-Commerce Consultant, U.S.A. Dr. Wong is a lecturer of City University of Hong Kong, an executive director of UBA Investments Limited (Stock Code: 768), and an INED respectively of Haywood Investments Limited (Stock Code: 905), Grand Field Group Holdings Limited (Stock Code: 115), Ultra Group Holdings Limited (Stock Code: 8203), and Poly Investments Holdings Limited (Stock Code: 263).

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Senior Management

The executive directors are closely involved in and are directly responsible for all activities of the Group. The Board of Directors considers that the Group's senior management comprises of the three executive directors.

DIRECTORS' INTERESTS IN EQUITY OR DEBT SECURITIES

At 31st December, 2004, the interests of the directors and chief executive in the shares of the Company and its 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 otherwise notified to the Company and the Stock Exchange of Hong Kong Limited ("the Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") in the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange were as follows:

(a) Ordinary shares of HK\$0.2 each in the Company

Name of director	Personal interests	Number of shares			Other interests	Total	% of issued share capital
		Family interests	Corporate interests				
Lee Fong Lit David	-	-	36,001,576*	-	36,001,576*	29.56	

**Note:* These 36,001,576 shares are held by Sino Path Consultants Limited in the capacity of beneficial owner, a company which is held 70% by Mr. Lee Fong Lit David and 30% by Dr. Chow Pok Yu Augustine.

(b) Share option of the Company

The Company do not have share option scheme during the year and therefore no share option was granted to the directors.

Save as disclosed herein, none of the directors or chief executives of the Company had any interest in the equity or debt securities of the Company or any of its associated corporations (within the meaning of the SFO) as recorded in the register required to be kept under section 352 of the SFO.

At no time during the year 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 SFO).

At no time during the year 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.

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SUBSTANTIAL SHAREHOLDERS

At 31st December, 2004, the register of substantial shareholders maintained under Section 336 of the SFO shows that the Company has not been notified of any substantial shareholders' interests, being 5% or more of the Company's issued share capital, other than those of the directors and chief executive as disclosed above.

MANAGEMENT CONTRACTS

Details of significant management contracts in relation to the Company's business are set out in Note 27 to the financial statements.

Save as disclosed above, no other 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.

MAJOR CUSTOMERS AND SUPPLIERS

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

The Group is an investment holding company. In the opinion of the directors, it is therefore of no value to disclose details of the Group's suppliers.

CONNECTED TRANSACTIONS

Significant related party transactions entered by the Group during the year ended 31st December, 2004, which also constitute connected transactions under the Listing Rules, are disclosed in Note 27 to the financial statements.

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 Appendix 14 to 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.

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all Directors, the Company confirmed that all Directors have complied with the required standard set out in the Model Code.

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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 Institute of Certified Public Accountants and revised in accordance with the code provision of the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules (in force after 1st January 2005).

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 the external audit and internal controls and risk evaluation. The Committee now comprises three independent non-executive directors, namely Mr. Ho Man Kai Anthony, Dr. Wong Yun Kuen and Mr. Tong Kim Weng Kelly. Two meetings of the audit committee were held during the current financial year.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, as at the date of this report, there is sufficient public float of not less than 25% of the Company’s issued shares as required under the Listing Rules.

SUBSEQUENT EVENT

Details of placing of new shares are set out in Note 29 to the financial statements.

AUDITORS

During 2003, the former auditors, Messrs. PricewaterhouseCoopers Certified Public Accountants, resigned and Messrs. Chu and Chu, Certified Public Accountants appointed as auditors of the Company.

Messrs. Chu and Chu, Certified Public Accountants, are the Company’s retiring auditors who, being eligible, offer themselves for re-appointment.

By order of the Board

Lee Fong Lit David

Chairman

Hong Kong, 26th April, 2005