

The directors have pleasure in presenting their annual report and the audited financial statements of the Company and its subsidiaries (the "Group") for the year ended 31 December 2004.

### PRINCIPAL ACTIVITIES

The Company acts as an investment holding company.

The principal activities of the Group are development, exploration and production of crude oil in South Sumatra, Indonesia, and provision of electronics manufacturing services in the United Kingdom.

The principal activities of the subsidiaries are set out in note 14 to the financial statements.

### RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2004 are set out in the consolidated profit and loss account on page 17.

For the year ended 31 December 2004, the Company has not declared or paid any dividend on its ordinary shares (2003: Nil). The Company currently intends to retain all available funds for use in the operations and expansion of its business.

### FIXED ASSETS

During the year the Group's fixed assets increased to US\$13.45 million from US\$11.58 million at the end of 2004.

Details of the movements during the year in the fixed assets of the Group and the Company are set out in note 13 to the financial statements.

### SHARE CAPITAL

During the year, 73,840,000 ordinary shares were issued, of which all shares were issued by exercising the convertible debenture for an aggregate consideration of approximately US\$9,288,000.

Save as disclosed above, during the year neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's ordinary shares.

## DIRECTORS' PROFILES

The following table set forth the Company's directors and executive officers as of the date of this Report of the Directors.

Name	Age	Positions held	Since
Zhou Ling	56	Chairman of the Board	2003
Lee Sin Pyung	39	Managing Director	2002
Sit Mei	33	Executive Director	2002
Lu Ren Jie	70	Independent Non-executive Director	1999
Chai Wood Chew	46	Independent Non-executive Director	2002
Ho Choi Chiu	73	Independent Non-executive Director	2004
Lam Lee Yu	36	Company Secretary	2001
Hung Wai Leung	34	Accountant	2003

**Mr. Zhou Ling** has been the Chairman of the Board of Directors of the Company since August 2003. Mr. Zhou also serves president of Fortune World Publishing Co., Ltd., and president of Shen-Shen Venture Capital Investment Co., Ltd. in China.

**Ms. Lee Sin Pyung** has been the Company's Managing Director since 2002. Prior to her joining the company, Ms. Lee had worked for a number of multi-international companies, and has extensive experience and exposure to international business.

**Ms. Sit Mei** has been the Company's executive director since 2002. Ms. Sit graduated from Holmes College in Melbourne, Australia. She joined the Company in January 2001. From February 2003 to present, Ms. Sit also serves as a Director and the President of Oxford Technologies Corp., a majority owned subsidiary of the Company in 2003.

**Mr. Lu Ren Jie** has been an independent non-executive director of the Company since in 1999 and he is a member of the audit committee. Mr. Lu has over 38 years of experience in petroleum industry and had been responsible for many oilfield projects in China. He was an associate of the World Associate of Production Science and Chairman of Shengli Branch of Society of Petroleum Engineers. Mr. Lu is currently a part-time professor at Shanghai Communication University and Petroleum University.

**Mr. Chai Woon Chew** has been the Company's independent non-executive director since 2002. From 1994 to the present, Mr. Chai has been a partner at Michael Chai & Co., a law firm in Kuala Lumpur, Malaysia. From 1991 to 1994, he was a legal associate with Shook Lin & Bok, a law firm in Kuala Lumpur, Malaysia. Mr. Chai holds a Bachelor of Laws (Hons) degree from the University of Buckingham, and a Bachelor of Science (Hons) degree in Chemistry from University of Surrey, UK. Mr. Chai is qualified as Barrister at Law from Lincoln's Inn, England.

**Mr. Ho Choi Chiu** was elected as independent non-executive director of the Company in September 2004. Mr. Ho is a practicing Certified Public Accountant and a partner of C.C. Ho & Co., a public accountant firm in Hong Kong. Mr. Ho is a member of the Audit Committee of the Board of Directors of the Company.

**Ms. Lam Lee Yu** has been the Company Secretary since 2001. She received her B.A. degree from the University of Hong Kong. Ms. Lam had involved in senior management in different industries. She is a member of the Institute of Chartered Secretaries and Administrators and the Hong Kong Institute of Company Secretaries. Ms. Lam also serves as Director of Great Admirer Limited, a wholly owned subsidiary of the Company.

**Mr. Hung Wai Leung** joined the Group in September 2003 as Accountant. Mr. Hung obtained his B.B.A. degree from Hofstra University, New York, and a MBA degree from the Hong Kong University of Science & Technology. Mr. Hung is an associate member of the Hong Kong Society of Accountants.

## DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

At 22 April 2005, the interests and short positions of the directors in the share capital of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as required to be recorded in the register by the Company pursuant to 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"), were as follows:

### Long positions in the Company's ordinary shares

Name	Number of Ordinary Shares held		Approximate % of shareholding
	Personal interests	Corporate interests	
Zhou Ling	–	79,914,000	14.68
Lee Sin Pyung	–	3,300,000	0.61

Save as disclosed above, as at 25 April 2005, there were no other directors and chief executive of the Company and their respective associates who had any interest or short position in the shares, underlying shares and debentures of the Company or any of its associated corporations that were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or which were required, pursuant to the Model Code contained in the Listing Rules, to be notified to the Company and the Stock Exchange.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES OR DEBENTURES**

During the year under review, the Company, or any of its subsidiaries, has not purchased, sold, or redeemed any of the Company's securities. 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 and neither the directors nor the chief executives, nor any of their spouses or children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such right.

## **DIRECTORS' INTERESTS IN CONTRACTS**

During the year, none of the Company's directors had a material interest, either direct or indirect, in any contract of significance to the business of the Company to which the Company or any its subsidiaries was a party.

During the year, none of the Company's directors or shareholders (which to the knowledge of the directors owned more than 5% of the Company's share capital) had any beneficial interests in any of the Company's customers and suppliers.

## **DIRECTORS' REMUNERATION**

For the year ended 31 December 2004, the Company paid a total of US\$346,000 of directors' remuneration, including salaries and other benefits in kind to its directors, as the same as the previous year. Please see note 6 to the audited financial statements for more detailed information.

## **RELATED PARTIES TRANSACTIONS**

For the year ended 31 December 2004, there were no transactions which are required to be disclosed as connected transactions in accordance with the requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

## **CORPORATE GOVERNANCE**

The Company is governed through its Board of Directors. At 31 December 2004, the Board of Directors of the Company was comprised of six directors, of which three were non-executive directors. Full board meeting is held at least twice a year to approve interim and year-end financial results and to propose interim and final dividends. It is also held as and when necessary to discuss significant transactions, including issuance of securities, material acquisitions and disposals, and connected transactions, if any.

The Board is responsible for the Company's overall strategy, acquisition and divestment policy, approving major capital expenditure projects and consideration of significant financing matters. It monitors the exposure to key business risks and reviews the strategic direction of individual operating subsidiaries, their annual budgets, their progress towards achievement of those budgets and their capital expenditure programs. The Board also considers employee issues and key appointments. Where subsidiaries have separate boards of directors, the minutes of their meetings are circulated to and reviewed by the Board of Directors.

### **Board Committees**

As of 31 December 2004, the Board of Directors of the Company has only one committee, i.e., Audit Committee. The Audit Committee consists of three directors. All of them were independent non-executive directors. During the year the Audit Committee met twice with all members being in attendance. None of the members of the Committee has any personal financial interests, conflicts of interest in the business of the Company and its subsidiaries. The Audit Committee oversees the financial reporting process and the adequacy and effectiveness of the Company's system of internal control. During the year, the Committee carried out their own independent review of the interim and annual financial statements and financial reports and statements included in circulars of the Company published during the year. And with the assistance of the Company's accounting staff, the Committee completed its review of the adequacy and effectiveness of the Company's system of internal control and reported its findings and recommendations to the Board.

### **INVESTOR RELATIONS**

The Company encourages two-way communications with its investors. Extensive information about the Company's activities is provided in the annual report and the interim report that are sent to shareholders. All notifiable transactions as defined in the Listing Rules of the Hong Kong Stock Exchange have been, and will continue to be announced and disclosed by the Company from time to time.

All shareholders have 14 days' notice of the annual general meeting at which all directors and committee chairman is available for questions. All shareholders are encouraged to attend the annual general meeting.

### **SUBSTANTIAL SHAREHOLDERS**

At 25 April 2005, no person, other than Mr. Zhou Ling's interests which are disclosed in the section "Directors' interests and short positions in shares and underlying shares and debentures" above, had registered an interest or short position in the shares or underlying shares or debentures of the Company that was required to be kept by the Company pursuant to Section 336 of the SFO.

There were 544, 285,811 shares of the Company's ordinary shares issued and outstanding at 25 April 2005, and there were no stock options or stock warrants outstanding.

## CODE OF BEST PRACTICE

For the year ended 31 December 2004, the Company was in compliance with the Code of Best Practice as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, except that the independent non-executive directors of the Company are not appointed for specific terms.

## SUBSIDIARIES

As of 31 December 2004, the Company had two major subsidiaries that are actively operating: Seaunion Energy (Limau) Limited, which develops, explores and produces crude oil in Indonesia, and Axiom Manufacturing Services Limited, which provides electronics manufacturing services in the United Kingdom. Please see note 1 to the consolidated financial statements for more detailed information.

## MAJOR CUSTOMERS AND SUPPLIERS

The aggregate sales attributable to the Group's largest customer and five largest customers accounted for 39.53% and 78.26% respectively of the Group's total turnover for the year.

The aggregate purchased attributable to the Group's five largest suppliers accounted for 29.4% of the Group's total purchases of which approximately 13.26% attributable to the largest supplier.

For the year under review, none of the directors, their associates, or any shareholder (which to the knowledge of the directors owns more than 5% of the Company's share capital) has any interest in the Group's five largest customers.

## INTERNAL CONTROL AND FINANCIAL REPORTING

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Company and discussed auditing, internal controls and financial reporting matters for the year ended 31 December 2004.

## INDEPENDENT AUDITORS

A resolution for Johnny Chan & Co. Ltd.'s re-appointment of as auditors of the Company will be proposed at the forthcoming Annual General Meeting.

On Behalf of the Board

**Zhou Ling**

*Chairman*

Hong Kong, 25 April 2005