

Report of the Directors

6

The directors submit their report together with the audited accounts for the year ended 31 December 2004.

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 11 to the accounts.

The Group's turnover for the year comprised dividends from investments.

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 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 19 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 18 to the accounts.

DISTRIBUTABLE RESERVES

Distributable reserves of the Company at 31 December 2004 are set out in Note 19 to the accounts.

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, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last three financial years is set out on page 46.

Report of the Directors

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

Mr. Chan Nap Kee, Joseph

Ms. Chow Siu Fan (Resigned on 28 May 2004)

Mr. Kong Tze Wing

Mr. Siu Siu Ling, Robert

Mr. Wong Wai Kwong, David (Appointed on 28 May 2004)

Mr. Wong Wing Hong, Benny

Mr. Ng Yick Man, Andy (Appointed on 28 May 2004)

In accordance with Article 87 of the Company's Article of Association, Mr. Wong Wai Kwong, David and Mr. Ng Yick Man, Andy hold office until the forth coming annual general meeting of the Company and being eligible, offers themselves for re-appointment.

In accordance with Article 88 of the Company's Articles of Association, Mr. Chan Nap Kee, Joseph shall retire by rotation from office. All other directors continue in office.

Mr. Kong Tze Wing, Mr. Siu Siu Ling, Robert and Mr. Ng Yick Man, Andy 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.

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.

Report of the Directors

BIOGRAPHICAL DETAILS OF DIRECTORS

Brief biographical details of directors are set out below:

Executive Directors:

Mr. Choi Wai Yin, aged 46, 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. He is 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 and an independent non-executive director of Fushan Holdings Limited. Mr. Choi will contribute to formulate the business direction of the Company, structure investment deals and monitor the performance of individual projects.

Mr. Chan Nap Kee, Joseph, aged 44, 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. Since 2000, he has been an executive director of Pacific Crown Investment Fund Limited, a fund of approximately US\$87 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.

Report of the Directors

Mr. Wong Wai Kwong, David, age 47, is an executive director of the Company. Mr. Wong is a fellow of the Association of Chartered Certified Accountants, and a Certified Public Accountant. He has over 25 years of experience in finance, accounting, corporate and taxation affairs. Mr. Wong is an independent non-executive director of Yugang International Limited, Y. T. Realty Group Limited, The Cross-Harbour (Holdings) Limited, Upbest Group Limited, UBA Investments Limited, Qualipak International Holdings Limited and Cardlink Technology Group Limited, a non-executive director of Tonic Industries Holdings Limited, and a director of EganaGoldpfeil (Holdings) Limited and Egana Jewellery & Pearls Limited. All of the above companies are listed in Hong Kong. Mr. Wong ceased to be a non-executive director of Dickson Group Holdings Limited in May 2003. Save as disclosed above, Mr. Wong has not held any directorship in any other listed public company in the last three years.

Mr. Wong Wing Hong, Benny, aged 45, 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. Mr. Wong 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 involved 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.

Independent Non-executive Directors:

Mr. Kong Tze Wing, aged 53, 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 Institute of Certified Public 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 SAR government to sit on various committees in Hong Kong. Mr. Kong is also an independent non-executive director of Ultra Group Holdings Limited.

Report of the Directors

Mr. Siu Siu Ling, Robert, aged 52, 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. Mr. Siu is also an independent non-executive director of Ultra Group Holdings Limited, Shanxi Central Pharmaceutical International Limited and GP Nano Technology Group Limited and an executive director of MAXX Bioscience Holdings Ltd.

Mr. Ng Yick Man, Andy, age 47, is an independent non-executive director. Mr. Ng has over 22 years' experience in the fields of finance, accounting, taxation and corporate governance. He is currently a Teaching Fellow of the Faculty of Business Administration of The Chinese University of Hong Kong. He is a fellow member of the Hong Kong Institute of Certified Public Accountants, the Taxation Institute of Hong Kong and CPA Australia. Mr. Ng is an independent non-executive director of EganaGoldpfeil (Holdings) Limited.

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

As at 31 December 2004, none of the directors or chief executive (including their spouses and children under 18 years of age) of the Company had any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO") which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests and short positions which he was taken or deemed to have under such provisions of the SFO) or which 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 for Securities Transactions by Directors of Listing Companies (the "Model Code") in the Listing Rules, to be notified to the Company and the Stock Exchange.

At no time during the year, have the directors and chief executive (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 subsidiaries or its associated companies a party to any arrangement to enable the directors or chief executives (including their spouses and children under 18 years of age) of the Company to hold any interests or short positions in the shares, underlying shares in 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

As at 31 December 2004, the following persons or corporations, interest in 5% or more in the shares and underlying shares of the Company have been notified to the Company and recorded in the register of substantial shareholders' interests in shares and short positions required to be kept under Section 336 of Part XV of the SFO:

Name of shareholder	Number of ordinary shares	% of total issued shares
Endless Wealth Limited [#]	15,000,000	20.83%

[#] Principally engaged in investment holding business, and wholly owned by and controlled by Mr. Chin Melvyn Michael.

Save as disclosed above, as at 31 December 2004, the Directors are not aware of any other persons who have interests or short positions in the shares, underlying shares of equity derivatives or debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) which would be required to be disclosed to the Company pursuant to Part XV of the SFO.

MANAGEMENT CONTRACTS

Details of the significant management contracts in relation to the Group's business are set out in Note 25 to the accounts.

Save as disclosed in Note 25 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

- (a) Significant related party transactions entered by the Group during the year ended 31 December 2004, which do not constitute connected transactions under the Rules Governing the Listing Securities on the Stock Exchange of Hong Kong Limited ("Listing Rules"), are disclosed in Note 26 to the accounts.
- (b) Other related party transactions, which also constitute connected transactions under the Listing Rules, required to be disclosed in accordance with Chapter 14 of the Listing Rules, are disclosed in Note 25 to the accounts.

Report of the Directors

The investment manager of the Company is regarded as a connected person of the Company under Chapter 14A 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\$1,051,370 (2003: HK\$886,321). 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.

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 Institute of Certified Public 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 three independent non-executive directors, namely Mr. Kong Tze Wing, Mr. Siu Siu Ling, Robert and Mr. Ng Yick Man, Andy. 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.

Report of the Directors

13

Mr. Chan Nap Kee, Joseph is a managing member of Oriental Patron Capital Growth Fund and an executive 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.

CLOSURE OF REGISTER OF MEMBERS

The register of members will be closed from 13 June 2005 to 17 June 2005, both days inclusive, during which no transfer of shares will be effected. 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 10 June 2005.

AUDITORS

The accounts have been audited by PricewaterhouseCoopers.

By order of the Board
Choi Wai Yin
Executive Director

Hong Kong, 25 April 2005.