

The directors of the Company are pleased to present their annual report together with the audited financial statements of the Group for the year ended 31 December 2005.

PRINCIPAL ACTIVITIES AND SEGMENT ANALYSIS

The Company is an investment holding company. Its subsidiaries are principally engaged in the design and fabrication of metal stamping and plastic injection moulds and the manufacture of metal stamping and plastic injection components.

An analysis of the Group's turnover and operating result by business segment for the year ended 31 December 2005 is set out in Note 5 to the financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

The percentage of purchases and sales for the year ended 31 December 2005 attributable to the Group's major suppliers and customers are as follows:

Purchases

The largest supplier	35.4%
Five largest suppliers combined	59.0%

Sales

The largest customer	18.3%
Five largest customers combined	53.3%

None of the Directors, their associates, or any shareholders (which, to the knowledge of the directors, owned more than 5% of the Company's share capital) had a beneficial interest in the Group's major suppliers or customers noted above.

RESULTS

The results of the Group for the year ended 31 December 2005 are set out in the consolidated income statement on page 51.

DIVIDENDS

The Board recommends the payment of a final dividend of HK2.6 cents per ordinary share, totaling approximately HK\$15,600,000. Subject to the approval of the directors' recommendation by the shareholders at the annual general meeting to be held 24 May 2006, the final dividend will be payable on or about 30 May 2006. Including the interim and special dividends paid on 20 October 2005 in respect of the six months ended 30 June 2005, the total dividends declared for the year ended 31 December 2005 will be HK\$31,200,000.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment during the year ended 31 December 2005 are set out in Note 6 to the financial statements.

In preparation for the listing of the Group, certain of the leasehold land, land use right and buildings of the Group with cost of approximately HK\$84,736,000 had been valued. The valuation of such leasehold land, land use right and buildings amounted to HK\$121,100,000 as at 28 February 2005, the valuation date. The leasehold land, land use right and buildings had not been stated at valuation in the consolidated financial statements of the Group. In the consolidated financial statements of the Group, the up-front prepayments made for the leasehold land and land use right are expensed in the income statement on a straight-line basis over the period of the lease or, where there is impairment, the impairment is expensed in the income statement. Buildings are stated at cost less accumulated depreciation and accumulated impairment losses. Should the leasehold land, land use right and buildings be stated at valuation, the additional depreciation and amortisation that would be charged to the income statement amounted to approximately HK\$2,433,000.

BORROWINGS AND INTEREST CAPITALISED

Details of borrowings are set out in Note 17 and Note 18 to the financial statements. Interest and other borrowing costs capitalised by the Group during the year ended 31 December 2005 are set out in Note 24 to the financial statements.

RESERVES

Details of movements in reserves during the year ended 31 December 2005 are set out in Note 20 to the financial statements.

DONATIONS

The donations made by the Group during the year ended 31 December 2005 amounted to HK\$1,000,000.

PENSION SCHEMES

Details of the Group's pension schemes are set out in Note 23 to the financial statements.

SHARE CAPITAL

Details of the movement in share capital of the Company are set out in Note 19 to the financial statements.

DISTRIBUTABLE RESERVES

Distributable reserves of the Company at 31 December 2005 amounted to HK\$16,825,000 (2004: Nil).

FOUR YEAR FINANCIAL SUMMARY

A four year financial summary of the Group is set out on page 108.

MANAGEMENT CONTRACTS

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 ended 31 December 2005.

DIRECTORS AND DIRECTORS' SERVICE CONTRACTS

The directors of the Company during the year ended 31 December 2005 and up to the date of this report were:

EXECUTIVE DIRECTORS

Mr. Zhang Hwo Jie (<i>Chairman</i>)	
Mr. Zhang Jian Hua (<i>Vice-Chairman</i>)	(appointed on 14 September 2005)
Mr. Zhang Yaohua (<i>Chief Executive Officer</i>)	(appointed on 11 January 2005)
Mr. Nomo Kenshiro	(appointed on 11 January 2005)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Dr. Lui Sun Wing	(appointed on 11 January 2005)
Mr. Choy Tak Ho	(appointed on 11 January 2005)
Mr. Chan Wai Dune	(appointed on 11 January 2005)

In accordance with the Company's Articles of Association, Mr. Zhang Hwo Jie, Mr. Zhang Jian Hua, Mr. Zhang Yaohua and Mr. Nomo Kenshiro shall retire from office and, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

None of the Directors has a service contract with the Company or any of its subsidiaries which is not terminable within one year without payment of compensation other than statutory compensation.

DIRECTORS' INTEREST IN CONTRACTS

Save as the directors' service contracts, no other contracts of significance in relation to the Company's business to which the Company, its subsidiaries or holding companies was a party and in which a director of the Company has a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

DIRECTORS' INTEREST IN COMPETING BUSINESS

In order to eliminate competing business with the Group, on 20 April 2005, Mr. Zhang Hwo Jie, Mr. Zhang Yaohua and Mr. Zhang Jian Hua, who are directors and beneficial shareholders of the Company, separately made a non-competition undertaking to the Company. As at the date of this report, none of the directors of the Company are considered to have direct or indirect interests in businesses which compete or are likely to compete with the businesses of the Group pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

CONNECTED TRANSACTIONS

Pursuant to the Chapter 14A of the Listing Rules, the following connected transaction requires disclosure in the annual report of the Company. The following connected transaction also constitutes related party transaction which are set out in Note 33 to the financial statements.

Deeds of tax indemnity provided by the directors and shareholders in favour of the Group

As disclosed in the Company's Prospectus dated 29 April 2005, on 28 April 2005, the Company entered into a deed of tax indemnity with Prosper Empire Limited which is a 65% shareholder of the Company and Mr. Zhang Hwo Jie, Mr. Zhang Jian Hua and Mr. Zhang Yaohua who are directors and beneficial shareholders of the Company (together the "Indemnifiers") under which each of the Indemnifiers has jointly and severally undertaken to indemnify the Group in connection with, inter alia, any taxation and related costs falling on any member of the Group (other than those established subsequent to the listing of the Company) resulting from any income, profits, gains, transactions, events, matters, things or businesses earned, accrued, received, entered into, carried on, or occurring on or before the listing date of the Company. This deed of tax indemnity was approved by the Board of Directors on 20 April 2005.

The Hong Kong Inland Revenue Department ("HKIRD") is currently in the possess of re-examining the tax position of EVA Limited and EVA Holdings Limited, wholly owned subsidiaries of the Company, in respect of the financial years prior to 31 December 2003. Up to date, the result of the re-examination has not been finalised by the HKIRD but, in this connection, a sum of HK\$1,000,000 had been placed by EVA Limited to the Commissioner of Inland Revenue deposit account of the HKIRD during the year ended 31 December 2005 as deposits for any possible tax charge that may be imposed by the HKIRD in respect of the financial years prior to 31 December 2003. In addition, a service fee of approximately HK\$671,000 was also paid in connection with the related tax advisory services. The total sum of HK\$1,671,000 had been indemnified and reimbursed by the Indemnifiers to EVA Limited in accordance with the above-mentioned deed of tax indemnity during the year ended 31 December 2005.

The above transaction constitute a connected transaction in accordance with the Chapter 14A of the Listing Rules which requires disclosure in the annual report of the Company.

SPECIFIC PERFORMANCE OBLIGATIONS OF THE CONTROLLING SHAREHOLDERS

No specific performance obligations of the controlling shareholders are required to be disclosed under paragraph 13.18 of Chapter 13 of the Listing Rules.

SHARE OPTIONS

The Company conditionally adopted a share option scheme (the "Share Option Scheme") on 20 April 2005 which became unconditional on 11 May 2005. No options have been granted under the Share Option Scheme since its adoption.

The following is a summary of the Share Option Scheme disclosed in accordance with the Listing Rules:

1. Purpose of the Scheme

The purpose of the Share Option Scheme is to provide the people and the parties working for the interests of the Group with an opportunity to obtain an equity interest in the Company, thus linking their interest with the interests of the Group and thereby providing them with an incentive to work better for the interests of the Group.

2. Participants of the Scheme

- a. full-time or part-time employees of the Group;
- b. directors (including any executive, non-executive and independent non-executive directors) of the Group;
- c. substantial shareholders of each member of the Group;
- d. associates of directors or substantial shareholders of each member of the Group; and
- e. trustees of any trust pre-approved by the Board, the beneficiary of which includes any of the above-mentioned persons.

3. Total number of shares available for issue under the Share Option Scheme and the percentage of issued share capital as at the date of this report

The total number of shares available for issue under the Share Option Scheme must not exceed 52,000,000 shares, representing 8.67% of the issued share capital of the Company as at the date of this report, unless the Company obtains further approval from the shareholders. However, the maximum number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and other share option schemes of the Company must not exceed 30% of the total number of shares in issue from time to time.

4. Maximum entitlement of each participant under the Share Option Scheme:

The maximum number of shares issued and to be issued upon exercise of the options granted and to be granted pursuant to the Share Option Scheme and any other share option schemes of the Group to each participant (including both exercised and outstanding options) in any twelve month period must not exceed 1% of the total number of the Company's shares in issue. Any further grant of options in excess of this limit must be subject to shareholders' approval in general meeting at which the relevant participant and his associates must abstain from voting.

5. The period within which shares must be taken up under an option;

Commencing on the date of grant of an option and expiring at 10 years from that date.

6. The minimum period for which an option must be held before it can be exercised

There is no general requirement on the minimum period for which an option must be held or the performance targets which must be achieved before an option can be exercised under the terms of the Share Option Scheme.

7. The amount payable on application or acceptance of the option and the period within which payments or calls must or may be made, or loans for such purposes must be paid:

Upon acceptance of the option, the grantee shall pay HK\$1.00 to the Company by way of consideration for the grant. Any offer may be accepted or deemed to have been accepted in respect of less than the number of Shares for which it is offered provided that it is accepted in respect of a board lot for dealing in shares on The Stock Exchange of Hong Kong Limited or an integral multiple thereof. To the extent that the offer is not accepted within 21 days from the date of offer, it will be deemed to have been irrevocably declined and the offer will lapsed.

8. The basis of determining the exercise price:

The subscription price for the shares under the Share Option Scheme shall be determined by the Board in its absolute discretion and notified to the participant, provided that such price shall be at least the highest of (i) the closing price of Shares as stated in the daily quotations of The Stock Exchange of Hong Kong Limited on the date of offer of an option which must be a trading day; (ii) the average closing price of the Shares as stated in the daily quotations of The Stock Exchange of Hong Kong Limited for the five consecutive trading days immediately preceding the date of offer; and (iii) the nominal value of a share.

9. The remaining life of the Scheme:

The Scheme is valid and effective for a period of 10 years. It commenced on 20 April 2005 and will expire on 19 April 2015.

DISCLOSURE OF INTERESTS IN THE SHARE CAPITAL OF THE COMPANY AND ITS ASSOCIATED CORPORATION

As at 31 December 2005, the interests and/or short positions of the directors or chief executive of the Company in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) (the "SFO")) which were required to be notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions of which they were taken or deemed to have taken under such provisions of the SFO), and/or which were required, pursuant to Section 352 of the SFO, to be entered in the registrar referred therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies of the Listing Rules, to be notified to the Company and the Hong Kong Stock Exchange were as follows:

(i) Long position in shares of the Company

Name of director	Capacity	Number of shares	Approximate percentage of interest in the Company as at 31 December 2005
Mr. Zhang Hwo Jie	Interest in a controlled corporation	390,000,000	75%

Note: Mr. Zhang Hwo Jie holds 36% of the entire issued capital of Prosper Empire Limited, which is interested in 75% of the entire issued capital of the Company as at 31 December 2005. Under the SFO, Mr. Zhang Hwo Jie is deemed to be interested in the shares held by Prosper Empire Limited.

(ii) Long position in shares of Prosper Empire Limited, an associated corporation of the Company

Name of director	Capacity	Approximate percentage of interest in Prosper Empire Limited as at 31 December 2005
Mr. Zhang Hwo Jie	Beneficial owner	36%
Mr. Zhang Yaohua	Beneficial owner	33%
Mr. Zhang Jian Hua	Beneficial owner	31%

SUBSTANTIAL SHAREHOLDERS

As at 31 December 2005, the interests or short positions of the persons (other than a director or chief executive of the Company) in the shares or underlying shares of the Company as recorded in the register of interests kept by the Company under section 336 of the SFO are as follows:

Name	Capacity	Number of shares	Approximate percentage of interest as at 31 December 2005
Prosper Empire Limited	Beneficial owner	390,000,000	75%
Ms. Shen Chan Jie Lin	Interest of spouse (<i>Note</i>)	390,000,000	75%

Note: Under the SFO, Ms. Shen Chan Jie Lin is deemed to be interested in the shares held by Mr. Zhang Hwo Jie, who is interested in 36% of the issued share capital of Prosper Empire Limited. The interests of Prosper Empire Limited and Ms. Shen Chan Jie Lin in the 390,000,000 shares of the Company refer to the same parcel of shares.

PURCHASES, SALE AND REDEMPTION OF THE SHARES

The Company's shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited on 11 May 2005. Save for the above, neither the Company nor any of its subsidiaries purchases, sold or redeemed any of the Company's shares during the year ended 31 December 2005.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's articles of association or the laws of Cayman Islands where the Company is incorporated.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Friday, 19 May 2006 to Wednesday, 24 May 2006, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to qualify for the entitlement to the proposed final dividend for the year ended 31 December 2005, all transfers of shares of the Company accompanied by the relevant share certificates and transfer forms must be lodged with the Company's share registrar in Hong Kong, namely Computershare Hong Kong Investor Services Limited, at Rooms 1712-1716, 17th floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:00 p.m. on Thursday, 18 May 2006.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company had adopted the code of conduct regarding securities transactions by directors set out in Appendix 10 to the Listing Rules during the year ended 31 December 2005. Having made specific enquiry of all directors, all directors confirm that they have complied with the required standard set out in the Model Code regarding securities transactions by the Directors since the listing of the Company's shares on the Main Board of The Hong Kong Stock Exchange on 11 May 2005.

CORPORATE GOVERNANCE

Principal corporate governance practices adopted by the Company are set out in the Corporate Governance Report on page 31 to page 37.

AUDIT COMMITTEE

The Company has set up an audit committee (the "Committee"), in accordance with the requirements of the Code of Corporate Governance Practices, for the purpose of reviewing and providing supervision on the financial reporting process and internal control system of the Group. The Committee comprises the three independent non-executive directors with Dr. Lui Sun Wing as the chairman. The Audit Committee has reviewed the accounting principles and practices adopted by the Group and discussed internal control and financial reporting matters with management including a review of the audited financial statements for the year ended 31 December 2005.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of its directors, the directors confirm that the Company has maintained a sufficient public float as required under the Listing Rules since the listing of the Company's shares on the Main Board of The Stock Exchange of Hong Kong Limited on 11 May 2005 and up to the date of this report.

SHARE ISSUE AFTER BALANCE SHEET DATE

On 28 February 2006, Prosper Empire Limited entered into a placing agreement pursuant to which Prosper Empire Limited agreed to place 80,000,000 existing ordinary shares with an aggregate nominal value of HK\$8,000,000 owned by Prosper Empire Limited at a price of HK\$1.38 per share to not less than six independent investors. The placing price represented (i) a discount of approximately 7.38% to the closing price of HK\$1.49 per share as quoted on The Stock Exchange of Hong Kong Limited on 23 February 2006, being the last trading day before the terms of the relevant transactions were fixed and (ii) a discount of approximately 7.63% to the average closing price of the shares of approximately HK\$1.494 per share over the last five consecutive trading days up to and including 23 February 2006. On the same day, Prosper Empire Limited entered into a subscription agreement with the Company for the subscription of 80,000,000 new ordinary shares with an aggregate nominal value of HK\$8,000,000 at HK\$1.38 which is equivalent to the placing price. The net subscription price, after deducting the costs of the relevant transactions, amounted to approximately HK\$1.34 per share. The placing shares represented approximately 15.38% of the then existing issued share capital of the Company and approximately 13.33% of the Company issued share capital as enlarged by the subscription and the consequent issuance of 80,000,000 new shares. The relevant transactions are completed on in March 2006 and the net proceeds of approximately HK\$107,462,000 were received by the Group.

The purpose of the share issue through the above-mentioned placing and subscription was to expand the production capacity of the Group and the net proceeds of HK\$107,462,000 are intended to be utilised as to approximately HK\$92,000,000 for the acquisition of new machineries and as to approximately HK\$15,462,000 for general working capital purposes. Up to the date of this report, approximately HK\$9,714,000 and HK\$15,462,000 of the net proceeds had been utilised for the acquisition of new machineries and general working capital respectively, whilst the remaining balances are placed on short-term deposits for future uses.

AUDITORS

The financial statements for the year ended 31 December 2005 have been audited by PricewaterhouseCoopers. A resolution for the re-appointment of PricewaterhouseCoopers as the Company's auditors for the ensuing year is to be proposed at the forthcoming annual general meeting.

By order of the Board

Zhang Hwo Jie

Chairman

Hong Kong, 24 April 2006