



Report of the Directors

The directors submit their report together with the audited financial statements of Hantec Investment Holdings Limited (the “Company”) and its subsidiaries (collectively referred as “the Group”) for the year ended 31st December 2005.

PRINCIPAL ACTIVITIES AND SEGMENTAL ANALYSIS OF OPERATIONS

The principal activity of the Company is investment holding. The activities of the subsidiaries are set out in Note 7 to the financial statements. An analysis of the Group’s performance for the year by business and geographical segments is set out in Note 20 to the financial statements.

RESULTS AND APPROPRIATIONS

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

No interim dividend has been declared.

The directors do not recommend the payment of any final dividend.

RESERVES

Movements in the reserves of the Group and of the Company during the year are set out in Note 16 to the financial statements.

Distributable reserves of the Company at 31st December 2005 calculated under the Company Act 1981 of Bermuda (as amended), amounted to HK\$190,519,964. Details are set out in Note 16 to the financial statements.

DONATIONS

Charitable and other donations made by the Group during the year amounted to HK\$574,451.

FIXED ASSETS

Movements in fixed assets of the Group during the year are set out in Note 6 to the financial statements.

FIVE YEAR FINANCIAL SUMMARY

A summary of the results and the assets and liabilities of the Group for the last five years is set out on page 98.

DIRECTORS

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

Chairman:

Mr. Tang Yu Lap

Deputy Chairman:

Mr. Tang Ping Sum

Executive Directors:

Mr. Sze Chong Hoi (resigned on 25th January 2006)
Ms. Chan Na Wah (resigned on 28th February 2005)
Mr. Lam Ngok Fung
Ms. Ng Chiu Mui
Ms. Poon Wai Ming
Mr. Law Kai Yee (appointed on 18th November 2005)

Non-executive Directors:

Mr. Fong Wo, Felix
Mr. Man Kong Yui (retired on 20th May 2005)

Independent Non-executive Directors:

Mr. Yu Man Woon
Mr. Chung Shui Ming, Timpson
Mr. Cheng Wing Chi
Prof. Nyaw Mee Kau (appointed on 26th February 2005)

In accordance with bye-law 86(2) of the Company, Mr. Law Kai Yee shall retire at the forthcoming annual general meeting and he, being eligible, offers himself for re-election.

In accordance with bye-law 87 of the Company, Ms. Poon Wai Ming, Ms. Ng Chiu Mui and Mr. Fong Wo, Felix shall retire at the forthcoming annual general meeting (the "AGM"). Mr. Tang Yu Lap, being the chairman of the Company, is not required to retire according to bye-law 87 of the Company; however, he voluntarily retires in the forthcoming AGM in order to comply with the requirement under the Codes of Corporate Governance Practices stipulated in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). Except Ms. Poon Wai Ming who will not seek for re-appointment, all the other retiring directors, being eligible, offer themselves for re-election.



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The company has received annual independent confirmations from the independent non-executive directors, namely Mr. Yu Man Woon, Mr. Chung Shui Ming, Timpson, Mr. Cheng Wing Chi and Prof. Nyaw Mee Kau, and considers them to be independent.

DIRECTORS' SERVICE CONTRACTS

Mr. Tang Yu Lap has entered into a service agreement with the Company commencing on 1st June 2000 and ended on 31st May 2003. The service contract continued thereafter without a specified term. Either party can terminate the contract by giving not less than three months' prior written notice. Ms. Ng Chiu Mui has entered into a service agreement with the Company commencing on 14th January 2004 which has not specified a term. Either party can terminate the agreement by giving not less than three months' prior written notice. As these agreements were signed before 31st January 2004, no shareholders' approval is required.

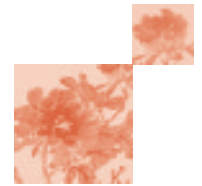
Mr. Law Kai Yee has a service agreement with the Company for a period of three years commencing on 18th November 2005. Either party can terminate the agreement by giving not less than three months' prior written notice.

Mr. Fong Wo, Felix has not entered into any service agreement with the Company nor any members of the Group. He is entitled to a director remuneration approved by the Board.

Save as aforesaid, none of the directors proposed for re-election at the forthcoming annual general meeting has entered into any service agreements 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

Except for the directors' service agreements, no contracts of significance in relation to the Company's business to which the Company, its fellow subsidiaries or its holding company 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.



DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE EQUITY OR DEBT SECURITIES

At 31st December 2005, the Register of Directors' and Chief Executive's Interests And Short Positions kept by the Company as required under Section 352 of the Securities and Futures Ordinance (the "SFO") shows the following interests held by the directors and the chief executive:

(a) Interests in ordinary shares of HK\$0.1 each

Name of shareholder	Number of ordinary shares			Total
	Personal interests	Corporate interests	Family interests	
Mr. Tang Yu Lap	500,000	256,372,000 ⁽¹⁾	–	256,872,000
Ms. Ng Chiu Mui	–	–	256,872,000	256,872,000 ⁽²⁾
Mr. Lam Ngok Fung	274,000	–	–	274,000
Ms. Poon Wai Ming	30,000	–	–	30,000
Mr. Law Kai Yee	200,000	–	–	200,000

(1) 256,372,000 shares of the Company are held by Hantec Holdings Limited, a company in which Mr. Tang Yu Lap beneficially owned 35% of its issued share capital.

(2) Ms. Ng Chiu Mui is the spouse of Mr. Tang Yu Lap and is taken to be interested in the shares held by Mr. Tang Yu Lap personally and the corporate interests Mr. Tang Yu Lap held.

(b) Interests in options to acquire ordinary shares of HK\$0.1 each

Save as disclosed below, at no time during the year and up to the date of this report was the Company, its subsidiaries, its associates, its holding company or its fellow subsidiaries a party to any arrangement to enable the directors, chief executive or employees of the Company to hold any interests or short positions in the shares or underlying shares in, or debentures of, the Company or its associates.

Save as disclosed in the information on share options below, at no time during the year any of the directors and the chief executive (including their spouses or their minor children) had any interests in, or had been granted or exercised, any rights to subscribe for the shares of the Company and its associates up to the date of this report (within the meaning of the SFO).

As the interest stated above represent long positions. At 31st December 2005, no short positions were recorded in the highest of Directors' and Chief Executive's Interest and Short Positions required to be kept under Section 352 of the SFO.

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INFORMATION ON SHARE OPTIONS

Share options are granted to directors, executives and employees under the Share Option Scheme adopted on 10th July 2000. Details of the share options outstanding as at 31st December 2005 which have been granted under the scheme are as follows:

Grantees	Date of grant	Options held at 1st January 2005	Options exercised during the year	Options held at 31st December 2005	Exercise price HK\$	Exercisable period
Directors						
Mr. Tang Yu Lap	9/5/2001	600,000	–	600,000	0.6128	9/8/2001 – 8/8/2006
Mr. Tang Ping Sum	2/11/2000	700,000	–	700,000	0.66	2/2/2001 – 1/2/2006
	9/5/2001	500,000	–	500,000	0.6128	9/8/2001 – 8/8/2006
Mr. Sze Chong Hoi	2/11/2000	500,000	–	500,000	0.66	2/2/2001 – 1/2/2006
	9/5/2001	500,000	–	500,000	0.6128	9/8/2001 – 8/8/2006
Ms. Poon Wai Ming	2/11/2000	1,650,000	–	1,650,000	0.66	2/2/2001 – 1/2/2006
	9/5/2001	700,000	–	700,000	0.6128	9/8/2001 – 8/8/2006
Aggregate total of employees	2/11/2000	4,750,000	–	3,800,000	0.66	2/2/2001 – 1/2/2006
	9/5/2001	4,050,000	–	2,650,000	0.6128	9/8/2001 – 8/8/2006

- (a) Pursuant to the requirement of the Listing Rules, no further options can be granted under the existing share option scheme and hence no options has been granted to any eligible person during the year ended 31st December 2005.
- (b) Within the meaning under Part XV of the SFO, Ms. Ng Chiu Mui is taken to be interested in the options to subscribe for 600,000 ordinary shares which Mr. Tang Yu Lap holds.
- (c) During the year, the options carrying rights to subscribe for 500,000 ordinary shares at HK\$0.66 per share and 500,000 ordinary shares at HK\$0.6128 granted to Ms. Chan Na Wah, a then executive director have lapsed due to her resignation. Options carrying right to subscribe 500,000 ordinary shares granted to Mr. Man Kong Yui, a then non-executive director have lapsed due to his retirement as director. Options carrying rights to subscribe 450,000 ordinary shares at HK\$0.66 per share and to subscribe 400,000 shares at HK\$0.6128 per share granted to some employees have lapsed due to their resignation.

INFORMATION ON SHARE OPTIONS (CONTINUED)

(d) The options to subscribe for ordinary shares at HK\$0.66 each have been expired on 1st February 2006.

(e) Summary of the prevailing Share Option Scheme is as follows:

Purpose of the scheme	As incentive for continued and improved service with the Group
Participants of the scheme	Employees of the Company or any subsidiaries, including executive directors of the Company or any subsidiaries
Total number of securities available for issue under the scheme	38,633,000 shares (9.9% of the issued shares as at the date of this report)
Maximum entitlement of each participant under the scheme	25% of the aggregate of all shares subject to the scheme
Period within which the shares must be taken up under an option	Five years commencing on the expiry of three months from the date of grant of the option
Minimum period for which an option must be held before it can be exercised	Three months
Amount payable on application or acceptance of the option and the periods within which payments must or may be made or loans made for such purposes must be repaid	Within 21 days from the offer date, the grantee must accept in writing and remit in favour of the Company HK\$1 per option, irrespective of the number of shares covered by the option
Basis of determining the exercise price	The exercise price is determined by the board, but shall be not more than 20 per cent below the average of the closing prices of the shares on the Stock Exchange for five business days immediately preceding the date of grant or the nominal value of the shares, whichever is the higher
Remaining life of the scheme	The scheme will end on the tenth anniversary of the date of adoption



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SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE EQUITY OR DEBT SECURITIES

As at 31st December 2005, the Register of Substantial Shareholders' Interest and Short Positions kept as required under section 336 of the SFO shows that the Company had been notified of the following shareholders' interests, being 5% or more of the Company's issued share capital. These interests are in addition to those disclosed above in respect of the directors.

Interests in ordinary shares of HK\$0.1 each

Name of shareholder	Direct interests	Number of ordinary shares			Percentage
		Corporate interests	Family interests		
Hantec Holdings Limited ("HHL")	256,372,000 ⁽¹⁾	–	–	65.5%	
Convenient Way Limited	–	256,372,000 ⁽²⁾	–	65.5%	
Mr. Yeung Sai Hong	–	256,372,000 ⁽²⁾	–	65.5%	
Ms. Chan Yu Suk	–	–	256,372,000 ⁽²⁾	65.5%	

(1) HHL is the registered and beneficial owner of 256,372,000 shares of the Company.

(2) Convenient Way Limited beneficially owned 35% of the issued capital of HHL and is owned as to 60% by Mr. Yeung Sai Hong whom is regarded as having corporate interest in the 256,372,000 shares held by HHL. Ms. Chan Yu Suk is the spouse of Mr. Yeung Sai Hong and is taken to be interested in the 256,372,000 shares held by HHL.

All the interests stated above represent long positions. As at 31st December 2005, no short positions were recorded in the Register of Substantial Shareholders' Interest and Short Positions required to be kept under section 336 of the SFO.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Bye-Laws or the laws of Bermuda, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

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.

MAJOR CUSTOMERS AND SUPPLIERS

The percentages of turnover for the year attributable to the Group's major customers are as follows:

– the largest customer	25%
– five largest customers combined	34%

Except that the largest customer is an associate of the Company in which the Company holds 30% of its issued share capital indirectly and in one of the other four largest customers, the company holds 17% of its issued share capital, none of the directors, their associates or any shareholders (which to the knowledge of the directors owns more than 5% of the share capital) had an interest in the major customers noted above.

As the Group is engaged in the provision of financial services, the directors are of the opinion that giving information on counterparties would be of limited or of no value.

CONNECTED TRANSACTIONS

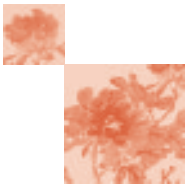
On 11th May 2005, Hantec Taiwan Investments Limited (“HTIL”), an indirect wholly owned subsidiary of the Company entered into a sales and purchase agreement with Ms. Chang Yi Chin (“Ms. Chang”), the owner of 30% of the issued shares capital of 亨達富林證券投資顧問股份有限公司 (formerly known as 富林國際證券投資顧問股份有限公司) (“富林”) whereas HTIL agreed to purchase and Ms. Chang agreed to sell 30% of the issued share capital of 富林 (the “Acquisition”) for a cash consideration of NTD11,899,000, equivalent to approximately HK\$2,975,000. The Acquisition was completed on 6th June 2005. Since the Acquisition, 富林 became a wholly owned subsidiary of the Company. Entering into the sales and purchase agreement constitutes a connected transaction under the Listing Rules as Ms. Chang is a substantial shareholder of 富林. The transaction was exempted from independent shareholders' approval; however, it is subject to the reporting and announcement requirements set out in the Listing Rules.

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.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the directors, the Company has maintained the prescribed public float under the Listing Rules.



Report of the Directors

AUDITORS

The financial statements have been audited by PricewaterhouseCoopers who retire and, being eligible, offer themselves for re-appointment.

On behalf of the board

Tang Yu Lap

Chairman

20th April 2006