

Directors' Report

董事會報告

The Directors submit herewith their report together with the audited financial statements of the Company and the Group for the year ended 31 December 2005.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. Its subsidiaries are principally engaged in the provision of financial services including broking, securities margin financing, money lending, investment trading and holding, corporate finance and asset management.

SUBSIDIARIES

Particulars of the Company's principal subsidiaries are set out in note 16 to the financial statements.

RESULTS

The results of the Group for the year ended 31 December 2005 and the state of the Company's and the Group's affairs as at that date are set out in the financial statements on pages 31 to 92.

The Directors do not recommend the payment of any dividend in respect of the year ended 31 December 2005.

SHARE CAPITAL

Details of the movements in share capital of the Company during the year are set out in note 24 to the financial statements.

RESERVES

Details of movements during the year in the reserves of the Group and the Company are set out in note 28 to the financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

In the year under review, turnover attributable to the Group's five largest customers accounted for less than 30% of the total turnover for the year.

The Group is a provider of financial services. In the opinion of the Directors, it is therefore of no value to disclose details of the Group's suppliers.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment during the year are set out in note 14 to the financial statements.

董事全人謹將本公司及本集團截至二零零五年十二月三十一日止年度之報告及經審核財務報表呈覽。

主要業務

本公司之主要業務為投資控股。附屬公司之主要業務為提供金融服務，包括經紀、證券孖展融資、貸款、投資買賣及控股、企業融資及資產管理。

附屬公司

本公司的主要附屬公司詳情載於本財務報表附註 16。

業績

本集團截至二零零五年十二月三十一日止年度的業績及本公司及本集團於該日的財政狀況載於第 31 至 92 頁的財務報表內。

董事建議不派付截至二零零五年十二月三十一日止年度任何股息。

股本

年內本公司股本變動詳情載於財務報表附註 24。

儲備

本集團及本公司年內的確儲備變動詳情載於財務報表附註 28。

主要客戶及供應商

於回顧年度，五大客戶所佔本集團營業額不足全年總營業額的 30%。

本集團提供金融服務。董事認為披露本集團供應商之資料並無參考價值。

物業、廠房及設備

年內本集團的物業、廠房及設備變動詳情載於財務報表附註 14。

DIRECTORS

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

Executive Directors

Chan How Chung, Victor
Lee Huei Lin
Boo Chun Lon

Independent Non-executive Directors

Yuen Wai Ho
On Kien Quoc
Chow Siu Ngor

In accordance with Bye-law 99 of the Bye-laws, Ms Lee Huei Lin and Mr Yuen Wai Ho retire and, are eligible for re-election at the forthcoming annual general meeting. Mr Yuen Wai Ho offers himself for re-election at the forthcoming annual general meeting. Ms Lee Huei Lin retires and, due to personal reasons, does not offer herself for re-election.

DIRECTORS' SERVICE CONTRACTS

No Director proposed for re-election and re-appointment at the forthcoming annual general meeting has an unexpired service contract, which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than normal statutory compensation.

DIRECTORS' INTERESTS IN CONTRACTS

Details of the Directors' interests in contracts are set out in note 32 to the financial statements.

Save as disclosed above, no other contracts of significance to which the Company, its holding companies, its fellow subsidiaries or any of its subsidiaries was a party and in which a Director had a material interest, subsisted at the end of the year or at any time during the year.

董事

本財政年度內及截至本報告日期，本公司董事如下：

執行董事

陳孝聰
李慧玲
巫峻龍

獨立非執行董事

阮煒豪
溫國堅
鄒小岳

根據公司細則第 99 條，李慧玲女士及阮煒豪先生須在即將召開之股東週年大會上依章輪值告退，惟合資格膺選連任。阮煒豪先生願意在即將召開之股東週年大會上膺選連任。李慧玲女士退任，鑑於私人理由，不擬膺選連任。

董事的服務合約

擬在即將召開之股東週年大會上膺選連任之董事概無與本公司或任何附屬公司訂立如不作出賠償（法定賠償除外）則不能於一年內終止之服務合約。

董事所佔合約權益

董事所佔合約權益之詳情載於財務報表附註 32。

除上文披露者外，本公司、其控股公司、其同集團附屬公司或其任何附屬公司在年終時或本年度內任何時間，概無訂立任何令董事擁有重大權益之重要合約。

Directors' Report (continued)

董事會報告 (續)

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SECURITIES

As at 31 December 2005, the interests or short positions of the Directors and chief executives and their associates in the shares of the Company as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance (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 were as follows:

Long position in the ordinary shares of HK\$0.01 each ("Shares") in the Company

Name of Director 董事姓名	Number of Shares 股份數目	Type of interest 權益類別	Percentage of issued share capital 佔已發行股本百分比
Chan How Chung, Victor ("Mr Chan") 陳孝聰 (「陳先生」)	1,617,902,690 (Note) (附註)	Interest of a controlled corporation 受控制公司權益	53.93%

Note:

Mr Chan was taken to be interested in 1,617,902,690 Shares by virtue of his 83.88% attributable shareholding interest in TingKong-RexCapital Holdings Limited. TingKong-RexCapital Holdings Limited is a contributory of TKR Finance Limited (in liquidation), which had a security interest over such Shares. TingKong-RexCapital Holdings Limited was owned as to 52.1% by REXCAPITAL Partners Incorporated and as to 44.8% by Mr Chan. REXCAPITAL Partners Incorporated was owned as to 75% by Mr Chan.

Save as disclosed above, as at 31 December 2005, none of the Directors or chief executives, nor their associates, had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

董事及主要行政人員之證券權益

於二零零五年十二月三十一日，董事及本公司主要行政人員及彼等之聯繫人士於本公司之股份中擁有根據證券及期貨條例（「證券及期貨條例」）第 352 條須記錄在本公司存置之名冊上之權益及淡倉或根據標準守則須知會本公司及香港聯合交易所有限公司（「聯交所」）之權益或淡倉如下：

於本公司每股 0.01 港元普通股（「股份」）之好倉

Name of Director 董事姓名	Number of Shares 股份數目	Type of interest 權益類別	Percentage of issued share capital 佔已發行股本百分比
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附註：

鑑於陳先生在 TingKong-RexCapital Holdings Limited 的應佔股東權益為 83.88%，TingKong-RexCapital Holdings Limited 為鼎康御泰財務有限公司（清盤中）之分擔人，而該公司在這些股份有保證權益，故陳先生被視為擁有該等股份之權益。TingKong-RexCapital Holdings Limited 52.1% 和 44.8% 權益分別由 REXCAPITAL Partners Incorporated 和陳先生擁有。REXCAPITAL Partners Incorporated 75% 權益由陳先生擁有。

除上文所述者外，於二零零五年十二月三十一日，各董事或主要行政人員或彼等之聯繫人士概無於本公司或其任何相聯法團（定義見證券及期貨條例第 XV 部）之股份、相關股份或債權證中擁有任何根據證券及期貨條例第 352 條須記錄在名冊上之權益或淡倉或根據標準守則須知會本公司及聯交所之權益或淡倉。

SHARE OPTIONS

The following is a summary of the principal terms of the share option scheme adopted by the Company on 22 November 2002 (the "Scheme").

The purpose of the Scheme is to enable the Company to grant options to executives and employees of the Group and other persons who have made a contribution to the Group as incentives and/or rewards for their contributions to the Company or its subsidiaries.

According to the Scheme, the Board may grant options to the eligible participants as defined in the Scheme to subscribe for such number of shares as the Board may determine. Options granted should be accepted within 30 days from the date of offer. Upon acceptance of the options, the grantee shall pay HK\$1.00 to the Company by way of consideration for the grant.

The exercise price of options shall be determined by the Board, save that such price will not be less than the highest of (a) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date of grant, which must be a business day; (b) the average of the closing prices of the shares as stated in the Stock Exchange's daily quotations sheet for the five business days immediately preceding the date of grant, and (c) the nominal value of a share.

The maximum number of shares which may be issued upon exercise of all options to be granted under the Scheme and any other share option scheme(s) of the Company must not exceed 10% of the issued share capital of the Company on the date of approval and adoption of the Scheme provided that the Company may at any time seek approval from its shareholders to refresh the limit to 10% of the shares in issue as at the date of approval by the shareholders in general meeting where such limit is refreshed. Options previously granted under any share option schemes of the Company (including those outstanding, cancelled, lapsed in accordance with such schemes or exercised options) will not be counted for the purpose of calculating the limit as refreshed.

購股權

以下為本公司於二零零二年十一月二十二日採納之購股權計劃（「該計劃」）之主要條款概要。

該計劃旨在使本公司可向曾對本集團作出貢獻之本集團行政人員及僱員及其他人士授出購股權，作為彼等對本公司或其附屬公司作出貢獻之獎勵及／或回報。

根據該計劃，董事會可向該計劃所界定之合資格參與者授出購股權，以認購董事會所釐定數目之股份。授出之購股權須自邀約日期起計30日內接納。接納購股權時，承授人須向本公司支付1.00港元作為獲授購股權之代價。

購股權之行使價由董事會釐定，惟不得低於(a)授出購股權當日（須為營業日）聯交所每日報價表所示之股份收市價；(b)截至授出購股權日期前五個營業日聯交所每日報價表所示之股份平均收市價；或(c)股份面值（以最高者為準）。

因行使根據該計劃及本公司任何其他購股權計劃授出之所有購股權而可發行之股份上限，不得超過批准及採納該計劃當日本公司已發行股本之10%，惟本公司可隨時徵求股東批准將上限重新釐定為股東於股東大會上批准重新釐定上限當日之已發行股份之10%。計算重新釐定之上限時，先前根據本公司任何購股權計劃授出之購股權（包括根據該等計劃尚未行使、已註銷、已失效或已行使之購股權）不會計算在內。

SHARE OPTIONS (continued)

The total number of shares issued and which may fall to be issued upon exercise of the options granted under the Scheme and any other share option scheme(s) of the Company (including exercised, cancelled and outstanding options) to each eligible participant in any 12-month period up to and including the date of grant shall not exceed 1% of the shares in issue as at the date of grant. Options granted to substantial shareholders or independent non-executive directors in excess of 0.1% of the Company's issued share capital on the date of grant or with a value in excess of HK\$5,000,000 must be approved in advance by the Company's shareholders.

The period during which an option may be exercised will be determined by the Board at its absolute discretion, save that no options can be exercised more than 10 years after it has been granted. There is no general requirement that an option must be held for any minimum period before it can be exercised. The Scheme will expire on 22 November 2012.

At 31 December 2005, no Director had any interests in options to subscribe for shares of the Company. During the year ended 31 December 2005, 210,000,000 number of share options were granted under the Scheme. The closing price of the Shares on 23 September 2005, being the trading date immediately before the date of grant of such options, was HK\$0.086. The total number of Shares available for issue under the Scheme was 300,000,000 Shares (representing 8.33% of the Shares in issue as at the date of this report).

The fair value of options granted during the year as determined by an independent third party valuer using a Black-Scholes pricing model was approximately HK\$7,040,000. Key assumptions used in the valuation of the options granted on 26 September 2005 include a expected volatility of share price of 80% per annum, a risk-free rate of interest of 3.81% per annum on the date of grant. The expected volatility is based on the historical volatility of the Company's share price over the previous two years.

購股權 (續)

於截至及包括授出購股權日期之前任何 12 個月內，因行使各合資格參與者根據該計劃及本公司任何其他購股權計劃獲授之購股權（包括已行使、撤銷及未行使之購股權）而已發行及可發行之股份總數，不得超過授出購股權當日之已發行股份之 1%。倘向主要股東或獨立非執行董事授出超逾本公司於授出日期之已發行股本之 0.1% 或價值超出 5,000,000 港元之購股權，則須先經本公司股東批准。

購股權行使期將由董事會全權釐定，惟授出購股權日期起計 10 年後不可行使購股權。本公司並無規定行使前必須持有購股權之最短期限。該計劃將於二零一二年十一月二十二日屆滿。

於二零零五年十二月三十一日，董事沒有任何可認購本公司股份的購股權權益。根據該計劃，在截至二零零五年十二月三十一日止年度，210,000,000 份購股權已授出。股份於二零零五年九月二十三日，即授出這些購股權當天的交易日的收市價為 0.086 港元。根據該計劃，可供發行的股份總數為 300,000,000 股（約相當於本報告日已發行股份的 8.33%）。

年內已授出購股權的公允價值由獨立第三方估值師採用柏力克舒爾斯估值模式訂定為 7,040,000 港元。於二零零五年九月二十六日已授出購股權的估值採用的主要假設包括每年股價預計波動性 80%、於授出日的免風險年利率 3.81%。預計波動性按本公司過去兩年的股價歷史波動性釐定。

SHARE OPTIONS (continued)

The movements in share options granted under the Scheme during the year are shown below:

Category of participant	Number of options 購股權數目				At 31 December 2005	Date of offer to grant options	Exercise price per Share (HK\$)	Exercisable period
	At 1 January 2005	Granted during the period	Exercised during the period	Lapsed during the period				
參與人類別	於二零零五年一月一日	期內授出	期內行使	期內失效	於二零零五年十二月三十一日	購股權授出日期	每股行使價(港元)	可行使期間
Total employees 僱員總數	60,000,000	-	-	(30,000,000)	30,000,000	11/12/2003	0.138	3/1/2004 - 2/1/2014
Other eligible participants 其他合資格參與人士	-	30,000,000	-	-	30,000,000	26/9/2005	0.102	26/10/2005 - 25/10/2015
	60,000,000	-	-	-	60,000,000	11/12/2003	0.138	3/1/2004 - 2/1/2014
	-	180,000,000	-	-	180,000,000	26/9/2005	0.102	26/10/2005 - 25/10/2015
Total 總數	<u>120,000,000</u>	<u>210,000,000</u>	<u>-</u>	<u>(30,000,000)</u>	<u>300,000,000</u>			

購股權 (續)

於本年內就該計劃所授出購股權之變動如下：

ARRANGEMENT TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed above, at no time during the year was the Company, its holding companies, its fellow subsidiaries or any of its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

購買股份或債券之安排

除上文披露者外，本公司、其控股公司、其同集團附屬公司或其任何附屬公司於年內任何時間概無參與任何安排，致使各董事可藉購入本公司或任何其他公司之股份或債券而獲益。

Directors' Report (continued)

董事會報告 (續)

DIRECTORS' INTEREST IN COMPETING BUSINESS

Pursuant to rule 8.10(2) of the Listing Rules, details of the interests held by the Directors in businesses that are considered to compete or is likely to compete, either directly or indirectly, with the businesses of the Group, are disclosed as follows:

Name of company

公司名稱

- | | |
|---|--|
| 1 | RPI Finance Limited ("RPI")
御泰財務有限公司 (「御泰財務」) |
| 2 | D & M Finance Limited ("D&M") |
| 3 | Drake & Morgan Limited ("Drake & Morgan") |
| 4 | TKR Finance Limited ("TKRF") (in liquidation)
鼎康御泰財務有限公司 (「鼎康御泰財務」) (清盤中) |

Mr Chan How Chung, Victor is a director and deemed to be the substantial shareholder of the above companies. Ms Lee Huei Lin is a director of these companies. The terms and conditions of the financing loans of each of RPI, D&M and TKRF are market driven and agreed at arm's length between the borrowers and the financiers. The client base of Drake & Morgan is different from that of the Group and the business transactions are carried out at arm's length and at the prevailing market prices. When making decisions on the above competing business, the relevant directors, in the performance of their duties as directors of the Company, have acted and will continue to act in the best commercial interest of the Group.

SUBSTANTIAL SHAREHOLDERS

As at 31 December 2005, the interests or short positions of the following parties (other than a Director or chief executive of the Company) in the shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO were as follows:

董事於競爭性業務中之權益

根據上市規則第 8.10(2)條，董事所擁有而與或可能與本集團業務有直接或間接競爭之業務權益詳情披露如下：

Competing business

競爭性業務

- | |
|----------------------------|
| Money lending
貸款 |
| Money lending
貸款 |
| Securities dealing
證券買賣 |
| Money lending
貸款 |

陳孝聰先生為董事及被視為上述公司之主要股東。李慧玲女士為上述公司之董事。御泰財務、D & M及鼎康御泰財務各自之財務貸款之條款及條件均由市場導向並由借貸雙方經公平磋商協定。Drake & Morgan的客戶與本集團不同，業務買賣按公平條款及市價進行。於制訂上述競爭業務之決策時，有關董事（於履行彼等作為本公司董事之職務時）經已並將繼續採取符合本集團最佳商業利益之行動。

主要股東

於二零零五年十二月三十一日，按本公司根據證券及期貨條例第 336 條須存置之登記冊所載，下列各方（除本公司一名董事或一名行政人員外）於本公司股份中擁有之權益或淡倉如下：

Name of Shareholders 股東名稱	Number of Shares 股份數目	Type of interest 權益類別	Percentage of issued share capital 佔已發行股本百分比
Kingly Profits Corporation	1,998,805,635 (Note) (附註)	Beneficial and other interests 實益及其他權益	66.63%
TKR Finance Limited (in liquidation) 鼎康御泰財務有限公司 (清盤中)	1,764,102,690	Security interest 保證權益	58.80%

SUBSTANTIAL SHAREHOLDERS (continued)

Note:

Kingly Profits Corporation was owned as to 70.18% by King United Agents Limited. King United Agents Limited was wholly owned by Mr To Shu Fai.

Save as disclosed above, the register required to be kept under Section 336 of the SFO shows that as at 31 December 2005, the Company had not been notified of any other person who had an interest or short position in the shares and underlying shares of the Company.

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.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

The Company and its subsidiaries have not purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2005.

CONNECTED TRANSACTIONS

Particulars of connected transactions of the Company and the Group during the year ended 31 December 2005 are set out in note 32 to the financial statements.

Brokerage commission and interest income therefrom was received from Directors and their associates in the ordinary course of the Group's business of dealing in securities. Commission rates are set at the same level as those normally offered to third party clients. For the year ended 31 December 2005, the total brokerage commission and interest income received from associates of certain Directors in relation to margin securities trading amounted to HK\$1,048,000. Total outstanding sum due from these associates in respect of the margin financing as at 31 December 2005 was HK\$8,788,000. The outstanding amount in the margin accounts had been fully repaid subsequent to the year ended 31 December 2005.

BANK LOANS AND OTHER BORROWINGS

Details of bank borrowings of the Company and the Group as at 31 December 2005 are set out in note 27 to the financial statements.

主要股東 (續)

附註：

Kingly Profits Corporation 70.18% 權益由 King United Agents Limited 擁有。King United Agents Limited 由杜樹輝先生全資擁有。

除上文所披露者外，根據證券及期貨條例第 336 條置存之登記冊所顯示，於二零零五年十二月三十一日，本公司並無獲知會任何其他人士於本公司股份或相關股份中擁有權益或淡倉。

管理合約

年內沒有簽訂管理本公司全部或任何重大部分的業務的合約或存在這種合約。

買賣或贖回本公司上市證券

本公司及其附屬公司於截至二零零五年十二月三十一日止年度內概無買賣或贖回本公司任何上市證券。

關連交易

本公司及本集團於截至二零零五年十二月三十一日止年度之關連交易詳情列載於財務報表附註 32。

董事與彼等之聯繫人士於本集團的正常證券交易中收取關連交易帶來的經紀佣金和利息收入。佣金率按與向第三方客戶提供的相同水平釐定。截至二零零五年十二月三十一日止年度，從若干董事的聯繫人士收取的孖展交易經紀佣金及利息收入總額為 1,048,000 港元。於二零零五年十二月三十一日，應收該等聯繫人士有關孖展融資的款項總額為 8,788,000 港元。於截至二零零五年十二月三十一日止年度，該等孖展賬戶之欠款已全數償還。

銀行貸款及其他借款

本公司及本集團於二零零五年十二月三十一日之銀行貸款詳情列載於財務報表附註 27。

Directors' Report (continued)

董事會報告 (續)

FIVE YEAR FINANCIAL SUMMARY

A summary of the consolidated results and of the assets and liabilities of the Group for the last five financial years is set out on page 93.

RETIREMENT BENEFIT SCHEME

Particulars of the retirement benefit scheme of the Group are set out in note 29 to the financial statements.

PRE-EMPTIVE RIGHTS

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

CORPORATE GOVERNANCE

The Company is committed to maintain a high standard of corporate governance practices. Information on the corporate governance practices adopted by the Company is set out in the Corporate Governance Report on pages 14 to 19.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company's total issued share capital was held by the public as at the date of this report.

POST BALANCE SHEET EVENTS

Particulars of the post balance sheet events of the Group are set out in note 33 to the financial statements.

AUDITORS

Ting Ho Kwan & Chan retire and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of Ting Ho Kwan & Chan is to be proposed at the forthcoming annual general meeting.

By order of the Board

Chan How Chung, Victor
Executive Director

Hong Kong, 27 April 2006

五年財務概要

本集團於過去五個財政年度之綜合業績及資產與負債概要列載於本年報第 93 頁。

退休福利計劃

本集團退休福利計劃詳情列載於財務報表附註 29。

優先認購權

本公司之公司細則或百慕達法例並無有關本公司須按比例向現有股東發售新股之優先認購權規定。

企業管治

本公司致力保持優質企業管治守則。本公司採用的企業管治守則資料載於第 14 至 19 頁的企業管治報告。

公眾持股量

根據公開資料及就各董事所知，於本報告日，不少於本公司 25% 的總已發行股本由公眾持有。

結算日後事項

本集團的結算日後事項詳情載於本財務報表附註 33。

核數師

丁何關陳會計師行即將告退，惟符合資格並願膺選連任。在即將召開之股東週年大會上將提呈決議案，續聘丁何關陳會計師行為本公司核數師。

承董事會命

報行董事
陳孝聰

香港，二零零六年四月二十七日