

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

PRINCIPAL ACTIVITY

The Company was incorporated on 28 June 2002 as an exempted company with limited liability in the Cayman Islands under the Companies Law, Cap.22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The principal activity of the Company is investment in listed and unlisted companies in Hong Kong and in the PRC.

The Shares of the Company were listed on the Stock Exchange with effect from 27 September 2002.

Business or geographical analysis of the Company's assets and liabilities for the year is set out in Note 6.

RESULTS AND APPROPRIATIONS

The results of the Company for the year ended 31 December 2005 and the state of affairs of the Company at that date are set out in the financial statements on pages 18 to 41.

The Board has resolved not to recommend the payment of dividend for the year ended 31 December 2005 (2004: Nil).

RESERVES

Details of the movements in reserves of the Company during the year are set out in Note 11 to the financial statements.

As at 31 December 2005, the Company's reserves available for distribution to shareholders were HK\$232,000 (2004: HK\$3,215,000) under the Companies Law of the Cayman Islands.

SHARE CAPITAL

Details of the movements in share capital of the Company during the year are set out in Note 10 to the financial statements.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's Memorandum and Articles of Association and there is no restriction against such rights under the laws of Cayman Islands.

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

During the year ended 31 December 2005, the Company has not purchased, sold nor redeemed any of its listed securities.



Directors' Report

DIRECTORS

The directors during the financial year were:

Executive Directors

Mr Wu Tse Wai, Frederick
Mr Tam Wai Keung, Billy
Mr Fong Chi Wah (Appointed on 1 November 2005)
Mr Li Sze Tang (Resigned on 1 November 2005)

Independent Non-executive Directors

Mr Tang King Fai, Kelvin
Mr Wong Che Man, Eddy (Appointed on 20 February 2006)
Mr Lam Yuk Lau (Appointed on 20 February 2006)
Mr Chow Wan Hoi, Paul (Resigned on 20 February 2006)
Mr Hui Wing Sang, Wilson (Resigned on 20 February 2006)

Pursuant to Articles 88 and 89 of the Company's Articles of Association, Mr Tam Wai Keung, Billy will retire by rotation and, being eligible, offer himself for re-election.

Pursuant to Article 87 (3) of the Article of Association, Mr Wong Che Man, Eddy and Mr. Lam Yuk Lau, being director appointed after 2005 annual general meeting of the Company, shall retire and, being eligible, offers himself for re-election.

DIRECTORS' SERVICE CONTRACTS

Each of the executive directors, except Mr Tam Wai Keung, Billy, has entered into a service contract with the Company. Service contract with Mr Wu Tse Wai, Frederick was commenced on 6 January 2004, with initial fixed term of one year. On 1 November 2005, Mr. Fong Chi Wah was appointed as the Company's executive director. His services contract was commenced on the same day. All director's service contracts will continue thereafter until terminated by not less than three months' notice in writing served by either party on the other, which notice shall not expire until after the respective initial fixed terms. Each of these executive directors, except Mr Tam Wai Keung, Billy, is entitled to their respective basic salary (subject to an annual increment of not more than 5% of the annual salary at the time of the relevant review at discretion of the directors). In addition, in respect of each financial year of the Company, each of the executive directors is also entitled to a discretionary bonus provided that the aggregate amount of the bonuses payable to all the executive directors in respect of any financial year of the Company may not exceed 15% of the audited net profit of the Company (after taxation but before extraordinary and exceptional items and payment of such bonuses) in respect of that financial year of the Company. An executive director is required to abstain from voting and is not counted in the quorum in respect of any resolutions of the directors regarding the amount of the monthly salary and the discretionary bonus payable to himself.

There is no service contract signed between the Company and each of Mr Chow Wan Hoi, Paul, Mr Hui Wing Sang, Wilson and Mr Tang King Fai, Kelvin. The directors of the Company, including independent non-executive directors are subject to retirement by rotation in accordance with the Company's Articles of Association.

Saved as disclosed above, no other director has entered into service agreement with the Company which is not determined by the Company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN CONTRACTS

The directors' interests in contracts are set out in Note 22 to financial statements. Apart from foregoing, no other contracts of significance in relation to the Company's business to which the Company 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' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the year was the Company a party to any arrangements to enable the directors to acquire benefits by means of acquisition of shares in or debentures of the Company or any associated corporations.

DIRECTORS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2005, the interests and short positions of the directors and the chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinances ("SFO")), as recorded in the register maintained by the Company under Section 352 of the SFO, or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies ("Model Code") were as follows:

Name of directors	Nature of interest	Number of ordinary shares held	% of issued shares
Mr Tam Wai Keung, Billy	Personal	8,250,000	16.50%

Other than as disclosed above, none of the directors or chief executives of the Company had any interest or short positions in the shares, underlying shares or debentures of the Company or any associated corporations.

SHARE OPTIONS

The Company has conditionally adopted the share option scheme pursuant to written resolutions of the sole shareholder adopted on 10 September 2002. The Board of Directors or a duly authorised committee thereof may, at any time following the date of adoption and before the tenth anniversary thereof, offer to grant to any directors (including independent non-executive directors) or full-time employees of the Company, an option to subscribe for shares of the Company. The subscription price will be determined by the Board (subject to adjustment), and will not be less than (i) the closing price of the shares of the Company as stated in the Stock Exchange's daily quotation sheet on the date of grant, which must be a business day; (ii) the average closing price of the shares of the Company as stated in the Stock Exchange daily quotation sheets for the five consecutive trading days immediately preceding the date of grant; or (iii) the nominal value of the shares of the Company, whichever is the highest. The maximum number of shares of the Company in respect of which options may be granted under this scheme may not exceed 10% of the issued share capital of the Company from time to time. An option may be exercised at any time before the expiration of ten years from the date of adoption of the relevant share option scheme.

As at 31 December 2005, no option has been granted or agreed to be granted under the share option scheme.



Directors' Report

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 31 December 2005, the interests or short positions of persons, other than a director or chief executive of the Company, in the shares and underlying shares of the Company as recorded in the register maintained pursuant to Section 336 of the SFO were as follows:

Name of shareholders	Number of ordinary shares held	% of issued shares
Yim Sang	11,658,000	19.43%
Wong Kam Fu	12,372,000	24.74%
First Asia International Holdings Limited	5,320,000	10.64%
Cheung Siu Hung	3,480,000	6.96%
Digipluse Developments Limited	2,828,000	5.66%

Other than as disclose above, the Company has not been notified or any other interests or short positions in shares and underlying shares of the Company representing 5% or more of the issued shares capital of the Company as at 31 December 2005.

MANAGEMENT CONTRACTS

No contract concerning the management and administration of the whole or any substantial parts of the business of the Company were entered into or existed during the year.

MAJOR CUSTOMERS AND SUPPLIERS

The Company's entire turnover is derived from the Company's investment in equity securities listed or unlisted in Hong Kong and the PRC and thus the disclosure of information regarding to customers and suppliers would not be meaningful.

CONNECTED TRANSACTIONS

Investment Management Agreements

The Company entered into the interim investment management agreement with Avanta Investment Management Limited ("Avanta") as its interim investment manager on 16 December 2004 in succession to Hantec Asset Management for the provision of investment management services to the Company. Avanta agreed to provide the Company with investment management services for three months commencing on 16 December 2004 and shall continue for successive periods of three months each unless terminated at any time by either the Company or the interim investment manager by serving on the other party not less than one month prior notice in writing. An investment management fee of HK\$95,000 per quarter would be paid in advance on a monthly basis in advance net of tax incurred as a result of the payment, except for Hong Kong profits tax, to Avanta Investment Management. From 15 November 2005, the investment management fee have been increased to HK\$400,000 annually.

Custodian Agreement

Pursuant to the custodian agreement dated 10 September 2002, the Company appointed Standard Chartered Bank as its custodian. The Standard Chartered Bank has agreed to provide the Company with securities services including the safe custody and physical settlement of the securities in the investment portfolio of the Company, and the collection of dividends and other entitlements in respect of such securities.

On 11 March 2005, the Company appointed Bank of Communications Trustee Limited as its custodian in succession Standard Chartered Bank for the provision of custody services. The Custodian agreement will continue in force until terminated by either the Company or the custodian by giving to the other not less than 90 days' notice in writing expiring at any time.

The board of directors, including the independent non-executive directors, is of the view that the above connected transaction has been entered into on normal commercial terms, on an arm's length basis and in the ordinary and usual course of business of the Company, and that the terms of the above connected transaction are fair and reasonable to the shareholders and the Company as a whole.

AUDIT COMMITTEE

The Audit Committee, comprising three independent non-executive directors, together with the management, has reviewed management the accounting principles and practices adopted by the Company and has discussed internal control and financial reporting matters including a review of the financial statements for the year ended 31 December 2005.

SUBSEQUENT EVENTS

Details of the significant subsequent events are set out in Note 23 to the financial statements.

AUDITORS

HLB Hodgson Impey Cheng retire and being eligible, offer themselves for re-appointment. A resolution for the re-appointment of HLB Hodgson Impey Cheng as auditors of the Company will be proposed at the forthcoming annual general meeting.

On behalf of the Board

Tam Wai Keung, Billy

Chairman

Hong Kong, 26 April 2006