

DIRECTORS' REPORT

The Board presents their annual report and the audited financial statements of the Company and the Group for the year ended 31 March 2006.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investing in listed and unlisted companies in the PRC, Hong Kong and Taiwan.

SEGMENT INFORMATION

No segment information is presented as all revenue, results, assets and liabilities of the Group are attributable to investment activities which are carried out or originated principally in Hong Kong.

MAJOR CUSTOMERS AND SUPPLIERS

The Group's turnover was principally derived from its divestments in securities and it is believed that the disclosure of information regarding customers and suppliers would not be meaningful.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 March 2006 and the state of affairs of the Company and the Group at that date are set out in the financial statements on pages 16 to 41.

The Board does not recommend payment of any dividend for the year ended 31 March 2006 (2005: Nil).

SHARE CAPITAL

Details of the share capital of the Company during the year are set out in note 15 to the financial statements.

RESERVES

Details of the movements in reserves of the Group during the year are set out in the consolidated statement of changes in equity on page 19 of this report and other details of the reserves of the Group and the Company is set out in note 17 to the financial statements.

DISTRIBUTABLE RESERVES

Under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, share premium of the Company is distributable to the shareholders of the Company subject to the provisions of the Memorandum and Articles of Association and a statutory solvency test. The Articles of Association provide that an ordinary resolution passed by the shareholders of the Company is required for any distribution out of the share premium account.

The Company's reserves available for distribution comprise the share premium and accumulated profits. In the opinion of the Board, the Company's reserves available for distribution to the shareholders at 31 March 2006 was HK\$15,294,690 (2005: HK\$11,596,116).

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DIRECTORS

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

Executive Directors:

Mr. Jerry CHIOU

Mr. POON Ho-man

Non-Executive Director:

Mr. HSIEH Chin-chen

(resigned on 11 May 2006)

Independent Non-Executive Directors:

Mr. HA Tak-kong

Mr. HUANG Ching-chung

Mr. PENG Feng

(appointed on 22 November 2005)

Mr. FU Heng-yang

(resigned on 22 November 2005)

In accordance with the Company's Articles of Association, Mr. HA Tak-kong and Mr. PENG Feng shall retire and, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

DIRECTORS' SERVICE CONTRACTS

Mr. POON Ho-man entered into service contracts with the Company for an initial term of three years commencing on 1 March 2005 unless terminated by not less than three months' written notice or payment in lieu of such notice served by either party.

Mr. Jerry CHIOU entered into service contracts with the Company for an initial term of three years commencing on 28 July 2003 unless terminated by not less than three months' written notice or payment in lieu of such notice served by either party.

Save as disclosed above, no director proposed for re-election at the forthcoming annual general meeting has a service contract which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

DIRECTORS' INTERESTS IN CONTRACTS

Saved as disclosed in note 19 to the financial statements, no other 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.

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DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN EQUITY OR DEBT SECURITIES

As at 31 March 2006, the interests and short positions of the directors and chief executives in the ordinary shares and underlying shares of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO") (including interest which they are deemed or taken to have under such provisions 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 of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transaction by Directors of Listed Companies (the "Model Code") were as follows:

Name of director	Nature of interest	Number of shares held	Approximate percentage of shareholding
Mr. POON Ho-man	Interest in controlled corporation	4,812,000	20.00%

Notes:

Mr. POON Ho-man, an executive director of the Company, is interested by virtue of his 100% shareholding in Planters Universal Limited, a company incorporated in the British Virgin Islands.

Save as disclosed above, none of the directors and chief executives had any interests in equity or debt securities of the Company or of any of its associated corporations which were required to be notified to the Company and the Stock Exchange as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notifiable to the Company and the Stock Exchange pursuant to the Model Code.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Save as disclosed in the share option scheme in note 16 to the financial statements, at no time during the year was the Company or its subsidiaries a party to any arrangements to enable the Company's directors or members of its management to acquire benefits by means of the acquisition of shares in or debt securities (including debentures) of the Company or any other body corporate.

CONNECTED TRANSACTIONS

During the year, the Group has entered into the following transactions with "connected persons" for the purpose of the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules"):

(a) Investment Management Agreement

Pursuant to the investment management agreement dated 3 March 2004 (the "IM Agreement"), the Company appointed AVANTA Investment Management Limited ("AVANTA") as its investment manager to provide investment management services to the Company. AVANTA was entitled to an investment management fee of HK\$450,000 per annum, which shall be paid in advance on a monthly basis (i.e. at a monthly payment of approximately HK\$37,500) net of tax incurred as a result of the payment, except for Hong Kong profits tax. During the year, the Company paid investment management fee of HK\$93,750 (2005: HK\$450,000) to AVANTA.

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The Company and AVANTA entered into a termination agreement on 14 June 2005 whereas both parties mutually agreed to waive the termination notice requirement as stipulated in the IM Agreement and to terminate the IM Agreement with effect from the close of business on 15 June 2005 with no penalty nor compensation required.

Pursuant to the investment management agreement dated 14 June 2005 (the "New IM Agreement"), the Company appointed Friedmann Pacific Asset Management Limited ("FPAML"), a company which is 90% owned by Mr. POON Ho-man, an executive director of the Company, as its investment manager to provide investment management services to the Company. FPAML was entitled to a monthly investment management fee at a rate of 2% per annum of the net asset value of the Group calculated in the way as specified by the articles of association of the Company (the "NAV") as at the immediately preceding last dealing day of the Stock Exchange in each calendar month or such other dealing days as considered appropriate by the Board for the purpose of calculating the NAV. In accordance with the New IM Agreement, the investment manager will also be entitled to receive from the Company an annual incentive fee equal to 10% of the surplus net asset value as determined in accordance with the provision of the New IM Agreement and payable annually in arrears within 10 business days after the annual financial statements of the Company have been approved by the shareholders of the Company. The maximum aggregate annual value of the fee payable to FPAML shall not be more than HK\$440,000. During the year, the Company paid to FPAML investment management fee of HK\$191,689 (2005: Nil) and annual incentive fee of HK\$248,311 (2005: Nil) was accrued in the books of the Company.

(b) Licence Agreement

During the year ended 31 March 2006, the Company paid to Friedmann Pacific Financial Services Limited ("FPFSL"), a company in which Mr. POON Ho-man is a common director and has beneficial interests, a licence fee of HK\$144,000 for granting the Company the use of an office premises under a licence agreement between the Company and FPFSL.

(c) Financial Adviser Agreement

Pursuant to a financial adviser agreement dated 1 December 2005, the Company appointed Friedmann Pacific Securities Limited ("FPSL"), a company in which Mr. POON Ho-man is a common director and has beneficial interests, as its financial adviser to provide the Company with professional advice on continuing compliance with the Listing Rules and applicable laws and regulations. The Company paid to FPSL financial adviser fee of HK\$20,000 during the period from 1 December 2005 to 31 March 2006.

MANAGEMENT CONTRACTS

Save as disclosed in the paragraph "Connected Transactions" in this report, no other contracts concerning the management and administration of the whole or any substantial part of the business.

RETIREMENT BENEFITS SCHEME

Details of the retirement benefits scheme are set out in note 20 to the financial statements.

SHARE OPTIONS

Details of the share option scheme are set out in note 16 to the financial statements.

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SUBSTANTIAL SHAREHOLDERS

As at 31 March 2006, to the best knowledge of the Board and chief executives of the Company, the following persons, not being directors or chief executives of the Company, had an interest or short positions in 5% or more in the shares and underlying shares of the Company have notified the Company and being 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 Securities and Futures Ordinance.

Name of shareholder	Capacity	Number of shares held	Approximate percentage of shareholdings
Planters Universal Limited (<i>Note 1</i>)	Beneficial owner	4,812,000	20.00%
POON Ho-man	Interest in controlled corporation	4,812,000	20.00%
LUI Sik-ying	Beneficial owner	4,021,093	16.71%
Linkasia Investment Limited (<i>Note 2</i>)	Beneficial owner	4,011,200	16.67%
BUDIMAN Leo	Interest in controlled corporation	4,011,200	16.67%
CHOY Git-yan Timothy	Beneficial owner	1,206,000	5.01%

Note:

1. Planters Universal Limited, a company incorporated in the British Virgin Islands, is wholly and beneficially owned by Mr. POON Ho-man, an executive director of the Company.
2. Linkasia Investment Limited, a company incorporated in the British Virgin Islands, is wholly and beneficially owned by Mr. BUDIMAN Leo.

Save as disclosed above, at 31 March 2006, the Company had not been notified of any other person, not being an director or chief executive of the Company, who has interest or short positions in the shares of the Company representing 5% or more of the Company's issued share capital.

PURCHASE, SALE AND REDEMPTION OF SHARES

For the year ended 31 March 2006, neither the Company nor its subsidiary had purchased, sold or redeemed any of the Company's shares.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's 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 the existing shareholders.

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FINANCIAL SUMMARY

A financial summary of the results and of the assets and liabilities of the Group, as extracted from the audited financial statements and restated and reclassified as appropriate, is set out on page 42. This summary does not form part of the audited financial statements.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of its directors, the board of directors confirms that the Company has complied with the public float requirement of the Listing Rules for the year ended 31 March 2006.

AUDITORS

The Group's financial statements for the year ended 31 March 2004 and 2005 were audited by Messrs. RSM Nelson Wheeler and Messrs. KLL Associates CPA Limited ("KLL") respectively.

Messrs. BDO McCabe Lo Limited ("BDO") was appointed as auditors of the Company at the extraordinary general meeting held on 19 April 2006 following the resignation of KLL on 15 March 2006. With effect from 2 June 2006, Messrs. HLM & Co. was appointed as auditors of the Company to fill the casual vacancy following the resignation of BDO and to hold office until the conclusion of the next annual general meeting of the Company.

A resolution will be proposed to the forthcoming annual general meeting to re-appoint Messrs. HLM & Co. as the auditors of the Company.

By Order of the Board

POON Ho-man

Executive Director

Hong Kong, 10 July 2006