

Directors' Report

The directors present their annual report and the audited consolidated financial statements for the year ended 31st December, 2005.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. The activities of its principal subsidiaries, jointly controlled entities and associates are set out in notes 46, 20 and 22 to the consolidated financial statements, respectively.

During the year, the Group entered into a subscription and shareholders' agreement in relation to the subscription of 30% interest in China Rope Holdings Limited ("China Rope").

At the same time, the Group disposed of its entire 51% equity interest in a subsidiary, Bridon Tianjin Rope Ltd. (formerly known as Tianjin Golik – No. 1 Steel Wire Rope Co., Limited) to China Rope.

In addition, the Group disposed of its entire 67.5% equity interest in Luenik Construction Material Company Limited during the year. Details are set out in note 37 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31st December, 2005 are set out in the consolidated income statement on page 18.

No interim dividend was paid to the shareholders during the year. The directors now recommend the payment of a final dividend of 2 HK cents per share to the shareholders on the register of members of the Company on 19th May, 2006, amounting to HK\$11,347,000, and the retention of the remaining profit for the year.

INVESTMENT PROPERTIES

During the year, the Group disposed of certain investment properties with aggregate carrying values of approximately HK\$11 million.

Details of these and other movements during the year in the investment properties of the Group are set out in note 17 to the consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

During the year, the Group acquired property, plant and equipment at a cost of approximately HK\$17 million. In addition, property, plant and equipment with net book values of approximately HK\$21 million were disposed of during the year of which HK\$2 million were through the disposal of subsidiaries.

Details of these and other movements during the year in the property, plant and equipment of the Group are set out in note 18 to the consolidated financial statements.

SHARE CAPITAL AND SHARE OPTIONS

Details of the authorised and issued share capital and share options of the Company are set out in notes 34 and 35 to the consolidated financial statements respectively.

Directors' Report

DISTRIBUTABLE RESERVES OF THE COMPANY

The Company's reserves available for distribution to shareholders as at 31st December, 2005 were as follows:

	2005 HK\$'000	2004 HK\$'000
Contributed surplus	65,891	65,891
Retained profits	68,627	36,277
	134,518	102,168

Under the Companies Act 1981 of Bermuda (as amended), the contributed surplus account of the Company is available for distribution. However, the Company cannot declare or pay a dividend, or make a distribution out of contributed surplus if:

- (a) it is, or would after the payment be, unable to pay its liabilities as they become due; or
- (b) the realisable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium account.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year.

DIRECTORS

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

Executive directors

Mr. Pang Tak Chung (*Chairman*)
 Mr. Ho Wai Yu, Sammy (*Vice Chairman*)
 Mr. John Cyril Fletcher

Non-executive director

Mr. Robert Keith Davies

Independent non-executive directors

Mr. Yu Kwok Kan, Stephen
 Mr. Chan Yat Yan
 Mr. Lo Yip Tong

In accordance with Clauses 86(2) and 87 of the Company's Bye-Laws, Messrs. Ho Wai Yu, Sammy and John Cyril Fletcher retire by rotation and, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

Non-executive directors are not appointed for a specific term. All directors (including non-executive director and independent non-executive directors) are subject to retirement by rotation in accordance with the Company's Bye-Laws.

None of the directors 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' Report

DIRECTORS' INTERESTS IN SECURITIES

At 31st December, 2005, the interests of the directors and chief executive of the Company in the shares of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which are required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules"), were as follow:

(1) Long position
Shares of the Company

Name of directors	Number of ordinary shares held			Percentage of issued shares
	Personal interest	Held by controlled corporation	Total	
Mr. Pang Tak Chung (Note)	116,144,708	195,646,500	311,791,208	54.95%
Mr. Ho Wai Yu, Sammy	2,000	–	2,000	0.00%
Mr. Robert Keith Davies	21,104,292	–	21,104,292	3.72%

Note:

The 195,646,500 shares are held by Golik Investments Ltd. ("GIL") which is wholly owned by Mr. Pang Tak Chung.

Share options

Particulars of the share option scheme of the Company are set out in note 35 to the consolidated financial statements.

No share option was outstanding as at 1st January, 2005 and 31st December, 2005.

(2) Shares in subsidiaries

At 31st December, 2005, Mr. Pang Tak Chung has 5,850 and 20,000 non-voting deferred shares in Golik Metal Industrial Company Limited held by himself and held by a controlled corporation, World Producer Limited, respectively. World Producer Limited is wholly owned by Mr. Pang Tak Chung.

Save as disclosed above, as at 31st December, 2005, none of the directors and chief executives of the Company or their respective associates had or was deemed to have any interests or short positions in any securities of the Company or any of its associated corporations (within the meaning of Part XV of the SFO).

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Save as disclosed in the section headed "Directors' Interests in Securities" above, at no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Directors' Report

SUBSTANTIAL SHAREHOLDERS

As at 31st December, 2005, so far as known to any director of the Company, the following person, had interests in the shares or underlying shares of the Company which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who are expected, directly or indirectly, to be interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at the general meetings of the Company:

Long position in shares of the Company

Name	Number of ordinary shares held	Percentage of issued shares
GIL	195,646,500	34.48%
Pang Tak Chung (Note)	311,791,208	54.95%

Note: Including 195,646,500 shares (approximately 34.48%) held through a controlled corporation, GIL and 116,144,708 shares (approximately 20.47%) held by himself.

Save as disclosed above, the directors are not aware of any other person who, as at 31st December, 2005, had an interest or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

No contract of significance to which the Company or any of 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.

MAJOR CUSTOMERS AND SUPPLIERS

During the year, the aggregate amount of turnover attributable to the Group's five largest customers accounted for less than 30% of the Group's total turnover.

The aggregate amount of purchases attributable to the Group's five largest suppliers accounted for approximately 40% of the Group's total purchases and the purchases attributable to the Group's largest supplier accounted for approximately 16% of the Group's total purchases.

At no time during the year did a director, an associate of a director or a shareholder of the Company (which to the knowledge of the directors owns more than 5% of the Company's share capital) have any interest in any of the Group's five largest customers or suppliers.

APPOINTMENT OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received, from each of the independent non-executive directors, an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the independent non-executive directors are independent.

Directors' Report

EMOLUMENT POLICY

The emoluments of the directors of the Company are decided by the Remuneration Committee, having regard to the Company's operating results, individual performance and comparable market statistics.

The Company has adopted a share option scheme as an incentive to directors and eligible employees, details of the scheme is set out in note 35 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

There are no provision 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.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the directors of the Company, the Board confirms that the Company has maintained during the year the amount of public float as required under the Listing Rules.

AUDITORS

A resolution will be submitted to the forthcoming annual general meeting to re-appoint Messrs. Deloitte Touche Tohmatsu as auditors of the Company.

On behalf of the Board

Pang Tak Chung

Chairman

12th April, 2006