1. CORPORATE INFORMATION

The Company announced on 12 October 2005 that the Company proposed to change the domicile of the Company from the Cayman Islands to Bermuda by way of discontinuation in the Cayman Islands and continuation as an exempted company under the laws of Bermuda (the "Change of Domicile"). The Change of Domicile was approved by a special resolution passed at an extraordinary general meeting held on 2 December 2005, and had become effective on 6 January 2006.

The new registered office of the Company is located at Canon's Court, 22 Victoria Street, Hamilton HM 12, Bermuda. The Company's shares are listed on the Main Board of the Stock Exchange of Hong Kong Limited.

The principal activity of the Company is investment and trading of listed and unlisted companies. During the year, the Company had proposed to increase its investment threshold from investing by not more than 20% of its assets outside Hong Kong and the People's Republic of China (the "PRC") to 50%, and such proposed resolution was approved by the shareholders at the annual general meeting held on 27 May 2005.

2. BASIS OF PREPARATION

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations (hereinafter collectively referred to as "HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong, the disclosure requirements of the Hong Kong Companies Ordinance, and the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules").

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain available-for-sale investments and financial assets at fair value through profit or loss.

3. ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimate and assumptions that affect the application of polices and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

3. ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

During the year, the Company's recording of available-for-sale investments is a key source of estimation uncertainty. The Company determines that an available-for-sale investment is impaired when there has been a significant or prolonged decline in the fair value below its cost. The determination of when a decline in fair value below its cost is not recoverable within a reasonable time period is judgemental by nature, so profit and loss could be affected by differences in this judgement.

4. THE ADOPTION OF NEW HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Company has adopted all of the new HKFRSs issued by HKICPA that are relevant to its operations and effective for accounting periods beginning on or after 1 January 2005. The adoption of these new HKFRSs did not result in substantial changes to the Company's accounting polices except as stated below.

HKASs 32 and 39

The adoption of HKASs 32 and 39 has resulted in a change in the accounting policy for recognition, measurement, and disclosure of financial instruments. For and up to the year ended 31 December 2004, investments of the Company were classified into trading securities, non-trading securities and convertible loans receivable. In accordance with the provision of HKAS 39, the investments have been re-classified into financial assets at fair value through profit and loss, available-for-sale investments, and loans and receivables respectively. The classification depends on the purpose for which the investments were held. Available-for-sale investments and financial assets at fair value through profit and loss are measured at fair value and loans and receivables are measured at amortised cost.

As HKAS 39 does not permit to recognise, derecognise and measure financial assets and liabilities on a retrospective basis, all the related financial impact on the Company's financial statements are reflected as opening adjustments to the Company's accumulated losses, or if appropriate, another category of equity as at 1 January 2005 and accordingly, the comparative figures as presented in the financial statements have not been restated.

4. THE ADOPTION OF NEW HONG KONG FINANCIAL REPORTING STANDARDS (CONTINUED)

The Company has not applied the following new standards or interpretations that have been issued but are not yet effective. The application of these standards or interpretations, will not have material impact on the financial statements of the Company.

HKAS 1 (Amendment)	Capital Disclosures (1)
HKAS 19 (Amendment)	Actuarial Gains and Losses, Group Plans and Disclosures (2)
HKAS 21 (Amendment)	Net Investment in a Foreign Operation (2)
HKAS 39 (Amendment)	Cash Flow Hedge Accounting of Forecast Intragroup Transactions (2)
HKAS 39 (Amendment)	The Fair Value Option (2)
HKAS 39 and HKFRS 4 (Amendments)	Financial Guarantee Contracts (2)
HKFRS 6	Exploration for and Evaluation of Mineral Resources (2)
HKFRS 7	Financial Instruments: Disclosures (1)
HKFRS – Int 4	Determining whether an Arrangement contains a Lease (2)
HKFRS – Int 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds (2)
HK(IFRIC) – Int 6	Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment (3)
HK(IFRIC) – Int 7	Applying the Restatement Approach under HKAS 29 Financial Reporting in Hyperinflationary Economies (4)

(1) Effective for annual periods beginning on or after 1 January 2007.

(2) Effective for annual periods beginning on or after 1 January 2006.

(3) Effective for annual periods beginning on or after 1 December 2005.

(4) Effective for annual periods beginning on or after 1 March 2006.

5. SIGNIFICANT ACCOUNTING POLICIES

(a) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the "functional currency"). The financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation currency.

(ii) Transactions and balances

Transactions in foreign currencies are translated into the functional currency using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the rates ruling on the balance sheet date. Profits and losses resulting from this translation policy are included in the income statement, except when deferred in equity as qualifying cash flow hedges or qualifying not investment hedged.

Translation differences on non-monetary items, such as equity instruments held at fair value through profit and loss, are reported as part of the fair value gain or loss. Translation difference on non-monetary items, such as equities classified as available-for-sale financial assets, are included in the fair value reserve in equity.

(b) Fixed assets and depreciation

An item of fixed asset is recognised as an asset when it is probable that future economic benefits associated with the asset will flow to the Company and the cost of the asset to the Company can be measured reliably.

Fixed assets are stated at cost less accumulated depreciation and impairment.

Depreciation is provided on the straight-line method so as to write down the cost of fixed assets to their estimated residual value over their anticipated useful lives at the following annual rates:

Leasehold improvements	:	Over the lease term period
Furniture and fixtures	:	20%
Office equipment	:	25%

5. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Fixed assets and depreciation (Continued)

Gains or losses arising from the retirement or disposal of fixed assets are determined as the difference between the estimated net disposal proceeds and the carrying amounts of the assets and are recognised in the income statement on the date of retirement or disposal.

The assets' useful lives and residual values are reviewed, and adjusted if appropriate, at each balance sheet date.

(c) Investments

Prior to 1 January 2005, the investments of the Company were classified into investments in trading securities, non-trading securities and convertible loans receivable.

(i) Trading securities

Trading securities were investments in listed or unlisted securities held for trading purposes. Listed trading securities were stated at their fair values on the basis of their quoted market prices at the balance sheet date on an individual investment basis. Unlisted trading securities were stated at their estimated fair values on an individual basis. The estimated fair values were determined by the directors having regard to information known to them and on market conditions existing at the balance sheet date. The gains or losses arising from changes in the fair value of a trading security were credited or charged to the income statement for the period in which they arose.

(ii) Non-trading securities

Non-trading securities were investments in listed and unlisted securities not intended to be held for trading purposes. Listed non-trading securities were stated at their fair values on the basis of their latest available quoted or traded market prices at the balance sheet date on an individual investment basis. Unlisted non-trading securities were stated at their estimated fair values on an individual basis. The estimated fair values were determined by the directors having regard to information known to them and on market conditions existing at the balance sheet date.

5. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Investments (Continued)

(ii) Non-trading securities (Continued)

The gains or losses arising from changes in the fair values of a non-trading security were dealt with as movements in the investment revaluation reserve until the security was sold, collected, or otherwise disposed of, or until the security was determined to be impaired, when the cumulative gain or loss derived from the security recognised in the investment revaluation reserve, together with the amount of any further impairment, was charged to the income statement for the period in which the impairment arises. Where the circumstances and events which led to an impairment ceased to exist and there was persuasive evidence that the new circumstances and events will persist for the foreseeable future, the amount of the impairment previously charged and any appreciation in fair value was credited to the income statement to the extent of the amount previously charged.

(iii) Held-to-maturity securities

Dated debt securities that the Company had the ability and intention to hold to maturity were classified as held-to-maturity securities. Held-to-maturity securities were stated in the balance sheet at cost plus/less any discount/premium amortised to date. The discount or premium was amortised over the period to maturity and included as interest income/expense in the income statement. Provision was made when there was diminution in value.

From 1 January 2005 onwards, the Company classifies its investments in the following categories: financial assets at fair value through profit and loss, available-for-sale investments, and loans and receivables. Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date.

(i) Financial assets at fair value through profit or loss

An investment is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the balance sheet date.

(ii) Available-for-sale investments

Available-for-sale investments are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

5. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Investments (Continued)

(iii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Company provides money, goods or services directly to a debtor with no intention of trading the receivable. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets.

Purchases and sales of investments are recognised on trade date, the date on which the Company commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Investments are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Available-for-sale investments and financial assets at fair value through profit and loss are subsequently carried at fair value. Loans and receivables are carried at amortised cost using the effective interest method. Realised and unrealised gains and losses arising from changes in the fair value of the financial assets at fair value through profit or loss are included in the income statement in the period in which they arise. Unrealised gains and losses arising from changes in the fair value of non-monetary securities classified as available-for-sale are recognised in equity. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the income statement.

The fair values of quoted investments are based on current bid prices. For unlisted securities, the Company establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models refined to reflect the issuer's specific circumstances.

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the securities are impaired. If any such evidence exists for available-for-sale investments, the cumulative loss, measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the income statement, is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

5. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

(e) Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

(f) Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Company and when the revenue can be measured reliably, on the following bases:

(i) Dividend income from listed investments is recognised when the share price of the investment goes ex-dividend. Dividend income from unlisted investments is recognised when the shareholders' right to receive payment is established;

(ii) Interest income is recognised on a time-apportioned basis on the principal outstanding and at the rates applicable; and

(iii) Proceeds from disposal of investments, listed and unlisted, are recognised on the trade date when a sale and purchase contract is entered into.

(g) Operating leases

Leases where substantially all the risks and rewards of ownership of assets remain with the leasing company are accounted for as operating leases. Payments made under operating leases net of any incentives received from the leasing company are charged to the income statement on a straight-line basis over the lease periods.

5. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

(i) Related party transactions

Two parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals (being members of key management personnel, significant shareholders and/or their close family members) or other entities and include entities which are under the significant influence of related parties of the Company where those parties are individuals, and post-employment benefit plans for the benefit of employees of the Company or of any entity that is a related party of the Company.

5. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Events after the balance sheet date

Post-year-end events that provide additional information about the Company's position at the balance sheet date or those that indicate the going concern assumption is not appropriate are adjusting events and are reflected in the financial statements. Post-year-end events that are not adjusting events are disclosed in the notes when material.

6. FINANCIAL RISK MANAGEMENT

Financial risk factors

The Company's activities expose it to market price risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

(a) Market price risk

The Company is exposed to the equity securities price risk of the investments held by the Company which are classified in the balance sheet either as available-for-sale investments or as financial assets at fair value through profit or loss. The Company continues to monitor the portfolio and aims to reduce such risk by diversification.

(b) Liquidity risk

To manage its liquidity risk, the Company has maintained a portfolio of marketable securities and relatively strong cash position.

(c) Credit risk

The Company does not have a significant concentration of credit risk.

7. TURNOVER AND REVENUE, LOSS BEFORE TAXATION

	2005 HK$	2004 HK$
(a) Turnover and revenue:		
Dividend income from trading securities listed in Hong Kong	**17,930**	22,280
Interest on convertible loans receivable	**435,288**	519,534
Proceeds from sales of financial assets at fair value through profit or loss	**655,140**	–
Total	**1,108,358**	541,814

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

	2005 HK$	2004 HK$
(b) Loss before taxation is stated after charging:		
Auditors' remuneration	**150,000**	140,000
Total staff costs (Note 8)	**345,600**	110,400
Depreciation of fixed assets	**68,215**	176,978
Loss on disposal of fixed assets	**16,461**	–
Operating lease rentals in respect of office premises	**–**	180,000
Realised loss on disposals of financial assets at fair value through profit and loss	**150,360**	–
Net unrealised holding losses from financial assets at fair value through profit and loss	**479,010**	–
Net unrealised holding losses from trading securities	**–**	2,255,375
Investment management fee	**360,000**	454,360

8. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

The emoluments of each director for the year ended 31 December 2005 is set out below:

	Fees	
	2005	2004
	HK$	HK$
Executive directors		
Mr. CHAN Chak Paul	**57,600**	19,200
Mr. NGAI Wah Sang	**57,600**	19,200
Mr. WANG Daming	**57,600**	19,200
Independent Non-executive directors		
Mr. Benny LUI	**57,600**	19,200
Mr. Oliver Yeung Kam LAI (a)	**57,600**	14,400
Mr. CHAN Francis Ping Kuen (b)	**52,800**	–
Ms. CHAN Bow Ye, Bonita (c)	**4,800**	19,200
	345,600	110,400

Notes:

(a) Appointed on 27 September 2004

(b) Appointed on 7 February 2005

(c) Resigned on 7 February 2005

No directors waived any emoluments and no emoluments were paid to the directors as inducement to join or upon joining the Company or as compensation for loss of office during the year.

The Company did not employ any employee other than the directors of the Company for the current and prior years.

9. TAXATION

(a) No provision for Hong Kong profits tax has been made as the Company had no assessable profits arising in Hong Kong for the current and prior years.

(b) The taxation on the Company's loss before taxation differs from the theoretical amount that would arise using the taxation rate of Hong Kong as follows:

	2005	2004
	HK$	HK$
Loss before taxation	**(2,800,571)**	(6,142,836)
Tax at the domestic income tax rate of 17.5% (2004: 17.5%)	**(490,100)**	(1,074,996)
Tax effect of income that is not taxable in determining taxable profit	**(3,138)**	(3,699)
Tax effect of expenses that are not deductible in determining taxable profit	**101,403**	451,150
Tax effect of other temporary differences not recognized	**(42,797)**	419,968
Tax effect of tax losses not recognized	**434,632**	207,577
Taxation	**–**	–

(c) A deferred tax asset has not been recognised in the financial statements due to the uncertainty of future profit streams against which the asset can be utilised.

(d) At 31 December 2005, the major components of unprovided deferred tax asset are as follows:

	2005	2004
	HK$	HK$
Deductible temporary differences		
– accelerated deprecation allowances	**6,864**	46,540
Accumulated unused tax losses	**4,310,965**	3,876,333
	4,317,829	3,922,873

The deductible temporary differences and unused tax losses do not expire under current tax legislation.

10. LOSS PER SHARE

The calculation of basic loss per share is based on the loss for the year of HK$2,800,571 (2004: HK$6,142,836) and the adjusted number of ordinary shares of 9,000,000 (2004: 9,000,000) taking into account the effect of a Capital Reorganisation which became effective on 2 February 2006 (Note 17).

No diluted loss per share is presented for the current and prior years as the Company had no dilutive potential ordinary shares in issue.

11. DIVIDEND

No interim dividend was paid during the year (2004: Nil). The directors do not recommend the payment of any final dividend for the year (2004: Nil).

12. FIXED ASSETS

	Leasehold improvements	**Furniture and fixtures**	**Office equipment**	**Total**
	HK$	HK$	HK$	HK$
Cost:				
At 1 January 2004 and 31 December 2004	385,478	28,521	171,122	585,121
Disposals/write off	(385,478)	(28,521)	(115,782)	(529,781)
At 31 December 2005	–	–	55,340	55,340
Accumulated depreciation:				
At 1 January 2004	214,154	9,507	71,194	294,855
Charge for the year	128,493	5,704	42,781	176,978
At 31 December 2004	342,647	15,211	113,975	471,833
Charge for the year	42,831	1,901	23,483	68,215
Disposals/write off	(385,478)	(17,112)	(86,730)	(489,320)
At 31 December 2005	–	–	50,728	50,728
Net book value:				
At 31 December 2005	**–**	**–**	**4,612**	**4,612**
At 31 December 2004	42,831	13,310	57,147	113,288

13. AVAILABLE-FOR-SALE INVESTMENTS

	2005	2004
	HK$	HK$
At 1 January 2005	**15,000,000**	–
Disposal	**(500,000)**	–
At 31 December 2005	**14,500,000**	–
Available-for-sale investments include the following:		
Unlisted securities		
Equity securities – Hong Kong	**4,000,000**	–
Equity securities – outside Hong Kong	**10,500,000**	–
Total	**14,500,000**	–

Particulars of the Company's available-for-sale investments as at 31 December 2005 are as follows:

Name of investee company	**Place of incorporation**	**Particulars of issued shares/ registered capital**	**Attributable equity interest**	**Principal activities**
Star River Consultants Limited *	British Virgin Islands	100 shares of US$1 each	30%	Investment holding
Join Group International Limited *	Hong Kong	100 shares of HK$1 each	30%	Investment holding
北京大明潤誠投資顧問有限公司*	PRC	RMB 2,000,000	25.5%	Provision of investment and business management consulting services
Artronic Productions (Australia) Pty Limited **	Australia	100 ordinary shares of AUD1 each	15%	Manufacturing and trading of printed circuit board
Health Dynamic Limited *	British Virgin Islands	100 shares of US$1 each	20%	Investment holding
Ocean Pharmaceutical (HK) Limited *	Hong Kong	1,000 shares of HK$1 each	20%	Sourcing and trading of pharmaceutical products

13. AVAILABLE-FOR-SALE INVESTMENTS (CONTINUED)

* The Company's investments in Star River Consultants Limited, Join Group International Limited, 北京大明潤誠投資顧問有限公司, Health Dynamic Limited and Ocean Pharmaceutical (HK) Limited with attributable equity interest held between 20% to 30% are initially recorded at cost and adjusted thereafter for any changes in fair value. These companies are not treated as associates because the Company is not in a position to exercise any significant influence over the financial and operating policies of these companies or to participate in their operations.

** The Company's investment in Artronic Productions (Australia) Pty Limited is held through two intermediate holding companies which act as investment vehicles for the sole purpose of investing in Artronic Productions (Australia) Pty Limited. These intermediate holding companies have no other activities.

14. NON-TRADING SECURITIES

	2005	2004
	HK$	HK$
Non-current unlisted equity securities, at cost	**–**	20,656,000
Less: Impairment loss recognised	**–**	(5,656,000)
Fair value at 31 December	**–**	15,000,000

15. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS

	2005	2004
	HK$	HK$
Equity securities listed in Hong Kong, at cost	**7,016,099**	–
Net unrealised holding losses	**(5,006,049)**	–
Fair value as at 31 December	**2,010,050**	–

15. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS (CONTINUED)

The carrying amount of the above financial assets are classified as follows:

	2005 HK$	2004 HK$
Held for trading	**600,000**	–
Designated as fair value through profit or loss on initial recognition	**1,410,050**	–
Market value of equity securities listed in Hong Kong	**2,010,050**	–

Changes in fair value of financial assets at fair value through profit or loss are recorded in administrative and other operating expenses in the income statement and presented within the section on operating activities in the cash flow statement.

Particulars of the Company's financial assets at fair value through profit and loss as at 31 December 2005 are as follows:

Equity securities listed on the Stock Exchange:

Name of investee company	Place of incorporation	Number of share held	Proportion of investee's capital owned	Cost HK$	Market value HK$	Unrealised holding (losses)/ gains HK$	Dividend income received during the year HK$	Dividend cover	Net assets attributable to the Company HK$
(a) China Elegance (Holdings) Limited ("China Elegance")	Bermuda	19,095,000	2.16%	6,204,788	1,336,650	(4,868,138)	–	N/A	732,478
(b) China Mobile (Hong Kong) Limited ("China Mobile")	Hong Kong	2,000	Less than 1%	55,311	73,400	18,089	1,820	3.3%	27,500
(c) Shougang Concord International Enterprises Co., Ltd. ("Shougang Concord")	Hong Kong	1,200,000	Less than 1%	756,000	600,000	(156,000)	–	N/A	541,461
				7,016,099	2,010,050	(5,006,049)	1,820		

15. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS (CONTINUED)

A brief description of the business and financial information of the listed investee companies, based on their published annual and interim reports, is as follows:

(a) China Elegance is principally engaged in investment holding, metals and minerals trading, and the manufacturing, trading and distribution of consumer products. The audited consolidated net loss attributable to equity holders of China Elegance for the year ended 31 March 2005 was approximately HK$823,000 (2004: HK$67,510,000). As at 31 March 2005, the audited consolidated net asset value attributable to equity holders of China Elegance was approximately HK$37,714,000 (2004: HK$38,537,000). The unaudited consolidated net loss attributable to equity holders of China Elegance for the six months ended 30 September 2005 was approximately HK$2,184,000 (2004: HK$1,836,000). As at 30 September 2005, the unaudited consolidated net asset value attributable to equity holders of China Elegance was approximately HK$33,883,000 (2004: HK$36,701,000).

(b) China Mobile is principally engaged in the provision of mobile communications and related services in the PRC and investment holding. The audited consolidated net profit attributable to equity holders of China Mobile for the year ended 31 December 2005 was approximately RMB53,549,000,000 (2004: RMB 41,749,000,000 restated). As at 31 December 2005, the audited consolidated net asset value attributable to equity holders of China Mobile was approximately RMB272,824,000,000 (2004: RMB 233,161,000,000).

(c) Shougang Concord is principally engaged in manufacturing, sale and trading of steel products, manufacturing and installation of kitchen and laundry equipment, shipping, and electricity generation. The audited consolidated net profit attributable to equity holders of Shougang Concord for the year ended 31 December 2005 was approximately HK$305,032,000. As at 31 December 2005, the audited consolidated net asset value attributable to equity holders of Shougang Concord was approximately HK$2,226,334,000.

16. TRADING SECURITIES

	2005 HK$	2004 HK$
Equity securities listed in Hong Kong, at cost	–	7,015,479
Net unrealised holding losses	–	(4,476,919)
Fair value at 31 December	–	2,538,560

17. SHARE CAPITAL

	2005 HK$	2004 HK$
Authorised:		
1,000,000,000 ordinary shares of HK$0.02 each	**20,000,000**	20,000,000
Issued and fully paid:		
360,000,000 ordinary shares of HK$0.02 each	**7,200,000**	7,200,000

During the year, the Company proposed to implement a capital reorganisation (the "Capital Reorganisation") which involved:

(a) consolidating every 40 existing shares of HK$0.02 each into one consolidated share of HK$0.8 each ("Consolidated Shares");

(b) reducing the nominal value of the then issued Consolidated Shares from HK$0.8 to HK$0.02 each by cancelling the paid up capital to the extent of HK$0.78 on each of the then issued Consolidated Shares (the "Capital Reduction") with a credit of approximately HK$7.02 million arising from the Capital Reduction be transferred to the contributed surplus account;

(c) sub-dividing each authorised but unissued Consolidated Share into 40 adjusted shares of HK$0.02 each ("Adjusted Shares");

(d) cancelling the entire amount standing to the credit of the share premium account of the Company as at 30 June 2005 (the "Share Premium Cancellation") and crediting the credit of approximately HK$50.3 million arising from the Share Premium Cancellation to the contributed surplus account; and

(e) the aggregate amount arising from the Capital Reduction and the Share Premium Cancellation to be credited to the contributed surplus account, which will be used, amongst others, to set off against the accumulated losses of the Company.

17. SHARE CAPITAL (CONTINUED)

After the Capital Reorganisation had become effective on 2 February 2006, the Company's authorised share capital remains at HK$20,000,000 but is now divided into 1,000,000,000 Adjusted Shares of HK$0.02 each and the Company's issued share capital is reduced to HK$180,000 represented by 9,000,000 Adjusted Shares.

In addition to the Capital Reorganisation as mentioned above, the Company also proposed an open offer of 72,000,000 offer shares at HK$0.1 per offer share on the basis of eight offer shares for every Adjusted Share held by the qualifying shareholder on the record date (the "Open Offer"). The Open Offer was approved by an ordinary resolution passed at a special general meeting held on 9 January 2006, and had completed on 15 March 2006. After the completion of the Open Offer, the Company's issued share capital and share premium will be increased by HK$1,440,000 and approximately HK$5,760,000 respectively.

18. SHARE OPTIONS

Under the Company's Existing Scheme, the directors may, at their discretion, invite full-time employees, including executive directors of the Company, to take up options to subscribe for shares of the Company subject to the terms and conditions stipulated therein.

During the year ended 31 December 2005, no option was granted, exercised or cancelled under the Existing Scheme. There were no outstanding share option as at 31 December 2005.

19. SHARE PREMIUM

Pursuant to the Companies Law of the Cayman Islands, share premium of the Company was distributable to the shareholders, subject to the provisions of the Company's Articles of Association and a statutory solvency test. In accordance with Article 143 of the Company's Articles of Association, no dividend shall be declared or payable except out of the profits, any reserves of the Company set aside from profits which the directors determined was no longer needed and, with the approval of the shareholders of the Company, out of share premium.

As a result of the Change of Domicile and Capital Reorganisation which had become effective on 6 January 2006 and 2 February 2006 respectively, the aggregate amount credited to the contributed surplus account is available for distribution under the Companies Act 1981 of Bermuda, subject to the condition that 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 accounts.

In the opinion of the directors, at 31 December 2005, where Change of Domicile and Capital Reorganisation not yet effected, the reserves available for distribution to shareholders pursuant to the Companies Law of the Cayman Islands amounted to HK$19,654,148 (2004 : HK$22,454,719).

20. NET ASSET VALUE PER SHARE

The calculation of the net asset value per share is based on the net assets of the Company as at 31 December 2005 of HK$26,854,148 (2004: HK$29,654,719) and the adjusted number of ordinary shares of 9,000,000 (2004: 9,000,000) taking into account the effect of a Capital Reorganisation which became effective on 2 February 2006.

21. EVENTS AFTER THE BALANCE SHEET DATE

Other than those matters disclosed in the Notes 1, 17 and 19 to the financial statements, there were no other significant events after the balance sheet date and up to the date of approval of these financial statements.

22. AUTHORISATION FOR ISSUE OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 24 April 2006.