

The Company is an investment company listed under Chapter 21 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and is principally engaged in investment in listed and unlisted companies in Hong Kong and in the People’s Republic of China (the “PRC”). There was no change in the nature of the Company’s principal activity during the year. As at 31 December 2005, the total market value of the Company’s investments in listed securities which are classified as financial assets at fair value through profit or loss amounted to HK\$2,710,000.

The Board considered that it is appropriate for the Company to retain financial resources at present to enable it to seize new and attractive investment opportunities as and when they arise. Therefore, the Board has resolved not to recommend the payment of any dividends.

FINANCIAL REVIEW

For the financial year ended 31 December 2005, the Group recorded a loss of HK\$5,248,000 which was mainly attributable to impairment losses totaling HK\$2,043,000 and administrative expenses of HK\$3,538,000 incurred during the year under review. The impairment losses were in relation to a further provision made in respect of the unlisted equity investment in the PRC. The result represents an improvement of approximately 26% as compared to the loss of HK\$7,107,000 for the last financial year ended 31 December 2004. The Group’s turnover for the financial year ended 31 December 2005 represented interest and dividend income.

The net asset value (“NAV”) per share of the Company was HK\$0.07 as at 31 December 2005.

LIQUIDITY AND CAPITAL RESOURCES

On 28 January 2005, the Company entered into an underwriting agreement for the open offer of 80,000,000 new shares at HK\$0.065 per share (“Open Offer”) through two independent underwriters. An ordinary resolution in respect of the Open Offer was passed in the Extraordinary General Meeting held on 17 March 2005. The Open Offer was completed on 18 April 2005. The net proceeds from the Open Offer of approximately HK\$4.7 million has been used for investment.

The current asset ratio of the Group as at 31 December 2005 was 2.66. To further strengthen its liquidity and capital base, the Company has subsequent to the year end, applied to The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) for suspension of trading in its shares from 9:31 am on 10 April 2006 pending for an announcement of a proposed open offer (the “Proposed Open Offer”), proposed change of Company name and other matters.

Chairman Statement

PLEDGE OF ASSETS

As at 31 December 2005, the Group's investment property of HK\$3,860,000 has been pledged to a bank to secure a mortgage loan granted to the Group. The mortgage loan is also joint and severally guaranteed by Mr. Zhou Chao and Ms. Huang Song, executive directors of the Company at nil consideration.

CAPITAL COMMITMENT AND CONTINGENT LIABILITIES

As at 31 December 2005, the Group had no material capital commitment and contingent liabilities.

FOREIGN CURRENCY FLUCTUATION

Most of the underlying investments and business transactions of the Group are denominated in Hong Kong dollars. The Board believes the foreign exchange risk is minimal.

BUSINESS REVIEW AND OUTLOOK

On 12 May 2005, the Company entered into a new investment management agreement with Hua Yu Investment Management Limited ("Hua Yu") with effect from 20 May 2005 to replace Altus Capital Limited ("Altus"), the former investment manager. As Hua Yu has extensive investment experience in the PRC and Hong Kong, the Company believes it will be beneficial to appoint Hua Yu as the investment manager in order to fully capture the investment opportunities in the PRC and Hong Kong.

On 30 May 2005, there was a change in the substantial shareholder of the Company. Xiyang International Limited ("Xiyang") acquired 20.49% of the shares of the Company from Mr. Lee Wing On Samuel, the former substantial shareholder of the Company and 6.20% shares of the Company through the Stock Exchange. After the shares acquisition, Xiyang became the new substantial and largest shareholder of the Company. Xiyang is a company incorporated in Hong Kong and is principally engaged in investments in properties in Hong Kong. The Group has since then focused its efforts in rationalising its investment portfolio.

On 29 July 2005, the Group entered into an agreement with an independent third party to dispose all the equity interests in and loan to Standard Supplies Limited ("SSL") at cost of HK\$500,000 and HK\$250,000 respectively. SSL is principally engaged in the trading of flooring materials in Hong Kong and the PRC. In the opinion of the Directors, the Group has not been in a position to exercise any significant influence over the financial and operating policies of SSL. The reason for the disposal is to streamline the investment portfolio of the Company.

Chairman Statement

On 1 August 2005, the Group acquired a 30% of the equity interest in Summit Asset Holdings Limited (“SAHL”). SAHL is a company incorporated in Hong Kong with limited liability and the other 70% equity interest is owned by an independent third party. SAHL has acquired a residential property in Hong Kong at a consideration of HK\$3,880,000 from an independent third party in September 2005 and the property is held for investment purpose. On 29 December 2005, the Group has further acquired the 70% equity interest and shareholder’s loan of approximately HK\$985,000 at cost of HK\$7 and approximately HK\$985,000 respectively. The reason for the acquisition is for long term capital investment purpose.

On 3 August 2005, the Group acquired a 30% of the equity interest in Rise Profit Holdings Limited (“RPHL”). RPHL is a company incorporated in Hong Kong with limited liability and the other 70% equity interest is owned by an independent third party. RPHL acquired a taxi vehicle and its licence to operate in Hong Kong at a consideration of HK\$3,650,000 from an independent third party. The taxi vehicle and its operating license is held for investment purpose.

From September 2005, the Group has invested in certain listed shares in Hong Kong with a view of gaining good investment returns and yields for our shareholders.

In view of improving global and domestic economic conditions, the Board will continue to pursue investment opportunities which can generate stable revenue and business prospects under Company’s investment philosophy and acceptable level of risks.

APPRECIATION

Finally, I would like to thank all my fellow directors and the Company’s investment manager during the year 2005 and the transitional period. I look forward to their continued support in the years ahead.

On behalf of the Board

Zhou Chao

Chairman

Hong Kong, 18 April 2006