

Chairperson's statement

I am pleased to announce the audited consolidated final results of the Company and its subsidiaries (the "Group") for the period from 1 April 2003 to 31 December 2003.

The Group recorded a 73% fall in turnover to approximately HK\$7.3 million (31 March 2003: HK\$27.4 million). As explained in our interim report, a main reason for the drop in the turnover was the disposal of the Group's entire brokerage businesses in mid 2002. This was also adversely affected by a reduction in revenue from our corporate finance and financial advisory operations and the change of year-end date from 31 March to 31 December with effect from this year. Nonetheless, with the gain on disposal of the Group's investment in a mutual fund, the Group reversed its loss in the first half ended 30 September 2003 and posted a profit attributable to shareholders of approximately HK\$7.1 million for the nine months ended 31 December 2003. Profit for the year ended 31 March 2003 was approximately HK\$199.8 million, which included a non-recurring profit from the disposal of the brokerage businesses of approximately HK\$187.4 million.

The Directors do not recommend the payment of a final dividend for the nine months ended 31 December 2003.

Operation Review

Revenue

After the disposal of the brokerage businesses to a fellow subsidiary in mid 2002, the Group has only carried on its businesses in corporate finance and financial advisory services and investment and trading in securities. Affected by the sluggish local stock market, the outbreak of Severe Acute Respiratory Syndrome ("SARS") in the first half of 2003 and the change of year-end date commencing this year, turnover of the corporate finance and financial advisory businesses fell by approximately 67%.

With the combination of the disposal of brokerage businesses and persistent low interest rates, the Group's interest income fell significantly.

On account of disposal of investment in a mutual fund during the period, the Group realized approximately HK\$11.9 million profit therefrom and reported a total net contribution of approximately HK\$14.0 million to operating profit from securities investment and trading.

Costs

In line with a decline in the Group's turnover, staff costs and other operating expenses fell by approximately 30% and 42%, respectively over the nine month period, owing largely to the disposal of the brokerage businesses in May 2002.

Liquidity and Financial Conditions

The Group had cash reserves of HK\$76.7 million as at 31 December 2003. Most of cash reserves was placed in HK\$ and US\$ short-term deposits with major banks in Hong Kong.

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Gearing ratio is measured on the basis of the Group's total interest bearing debts net of cash reserves over the Company's shareholders' funds as of the reporting date. Net of debt balances, the Group had a net cash surplus of approximately HK\$76.7 million and approximately HK\$163 million at the close of 31 December 2003 and 31 March 2003, respectively. As such, a gearing ratio, as required under paragraph 32 of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), at these two days did not exist.

Employment and Remuneration Policy

The Group had a total of 18 employees, including executive directors, at 31 December 2003. Remuneration packages including basic salaries, bonuses, provident funds, and other kinds of staff benefits are competitive and are performance based. The Group also adopts a share option scheme under which the Directors may, at their discretion, offer to any employees and executive directors of the Group options to subscribe for shares in the Company.

Possible Change in the Controlling Shareholder of the Company

As stated in the joint announcement dated 16 December 2003 (the "Announcement"), Kim Eng Holdings Limited and Kim Eng Investment Limited (the "Vendors"), being the controlling shareholder of the Company, entered into the Share Sale Agreement (as defined in the Announcement) on 7 December 2003 with VXL Capital Partners Corporation Limited ("VXL"), pursuant to which the Vendors have conditionally agreed to sell, and VXL has agreed to purchase, their entire holding of approximately 70.01% of the issued capital of the Company. Completion of the Share Sale Agreement is subject to the fulfillment of a number of conditions precedent. Upon completion of the Share Sale Agreement, VXL will be the controlling shareholder of the Group.

Prospects

As mentioned in our previous reports, the business outlook for the Group heavily relies on the prospect for our corporate finance and corporate advisory operations after the disposal of its brokerage businesses.

Despite the possible change in the controlling shareholder of the Group in the coming months, VXL has clearly indicated its intention in the Announcement that VXL will maintain the listing of the issued ordinary shares of the Company on The Stock Exchange of Hong Kong Limited and the Group will continue its existing core business of corporate finance and corporate advisory businesses. Both VXL and its directors are of the opinion that the financial markets in the region and the PRC would offer vast business opportunity for the Group; and that leveraging on the extensive business connections of Datuk Lim, the sole beneficial owner of VXL, VXL may assist the Group in expanding its client base and identifying strategic partners for the corporate finance advisory business and in exploring other suitable business opportunities.

Appreciation

On behalf of the Board, I take this opportunity to express thanks to all our clients, business associates and shareholders for their support and to our fellow directors and staff for their dedication and contribution during the period.

By Order of the Board
Lee Woo Sau Yin, Gloria
Chairperson

Hong Kong, 12 February 2004