Chairman's Statement

The Group recorded a profit attributable to shareholders of US$5.1 million (2003: loss of US$7.3 million) in the year ended 31 March 2004, representing earnings per share of 0.4 US cent (2003: loss per share of 0.6 US cent). The profit was mainly attributable to the Group's share of profit after tax from Bridge Investment Holding Limited ("**BIH**") of US$6.7 million. Additionally, the revenue of the corporate investment business division increased significantly to US$1.4 million (2003: US$0.1 million), while the revenue of the asset management business division was reduced by 49% to US$1.1 million (2003: US$2.2 million), which was primarily due to the reduction in assets under management. The technology and internet stock investment environment remains poor, but our exposure is limited and fully provided for.

The value of shareholders' equity increased by 14.2% to US$97.3 million (2003: US$85.2 million) over the previous year. Net assets per share were 8.2 US cents (2003: 7.2 US cents), an increase of 13.9% over the previous year.

I set out below a brief summary of the main elements of the profit after tax attributable to shareholders as follows:

	US$ million
Share of profit connected with BIH	
(after adjustment in accordance with the Group's accounting policy)	7.0
Share of profit from other associates	0.4
Corporate investments	(0.7)
Asset management	(1.0)
Other operating losses	(0.3)
Profit before tax	5.4
Tax	(0.3)
Net profit after tax attributable to shareholders	5.1

In terms of the consolidated balance sheet, the main elements consist of:

	US$ million
Stake in BIH	91.3
Value of technology related assets	0.4
Other net assets	5.6
Total net assets	97.3

Full details of the figures and summary are contained in this annual report and the Management's Discussion and Analysis section, respectively.

It should be noted that the Directors have made what they believe to be fair provisions in relation to the technology related assets due to the difficulties encountered within the sector.

Chairman's Statement

On 27 October 2003, the Directors declared an interim dividend of 0.295 US cent per share for the year ended 31 March 2004 (2003: Nil). In addition, on 19 July 2004, the Directors proposed a dividend of 2.72 US cents per share for the year. Accordingly, the Directors have approved a distribution in aggregate of 3.015 US cents per share or approximately 90% of the proceeds received (or to be received) from BIH, which is in line with the Directors' stated intention concerning distributions received from BIH.

Shareholders will be interested to know that since the Company listed its shares on The Stock Exchange of Hong Kong Limited in May 1997, the Company has paid and proposed a total of US$132.4 million (approximately HK$1,029 million) in dividends. This dividend includes the cash dividend paid to shareholders in lieu of shares of Charlemagne Capital Limited ("**CCL**"). Shareholders who elected to receive CCL shares will have received an even larger amount in dividends since the listing of the Company's shares over seven years ago.

During the year and up to the date of this report, no new shares, whether ordinary or deferred shares, were issued to third parties (2003: Nil) apart from 4.1 million shares, which were issued pursuant to the exercise of various options and registered warrants. Your Directors have decided that it is in the best interests of the Company not to seek a mandate from shareholders to issue new shares up to a maximum of 20% of the Company's issued share capital.

My fellow Director, Jamie Gibson, will provide an update concerning the main operations of the Group, which are as follows:

1 BRIDGE INVESTMENT HOLDING LIMITED

Bridge Investment Holding Limited ("**BIH**" and collectively with its subsidiaries, the "**BIH Group**") recorded a profit attributable to shareholders of US$8.3 million (2003: loss of US$16.9 million) for the year ended 31 March 2004, representing earnings per share of US$0.18 (2003: loss per share of US$0.38).

The change in results is mainly due to the following items:

i) Operating Income:

Bridge Securities Co., Ltd ("**BSC**") generated operating income before significant non-operating items and tax of KRW 3.5 billion (approximately US$2.96 million), which was consolidated by BIH. In addition, BIH amortised negative goodwill of US$5.9 million, which is included in BIH's income statement for the financial year concerned.

Chairman's Statement

I BRIDGE INVESTMENT HOLDING LIMITED (Continued)

ii) Significant Non-Operating Gains:

The BIH Group experienced the following significant non-operating gains (net of minority interest):

- Realised gain of US$1.8 million from the sale of certain properties at BSC;
- Unrealised revaluation gain of US$2.7 million from BSC's Korean Stock Exchange membership;
- Realised gain of US$1.9 million from BSC's partial realisation of its interest in the Stock Market Stabilisation Fund ("**SMSF**");
- Unrealised gain of US$3.1 million from BSC's interest in the SMSF;
- Refund of US$1.0 million received by BSC from the Korean tax authorities; and
- Write-back of certain provisions of US$3.9 million.

iii) Significant Non-Operating Expenses:

The BIH Group experienced the following significant non-operating charge and write-down (net of minority interest):

- Restructuring charge of US$3.8 million incurred in respect of the early retirement programme and the closure of 9 retail branches at BSC; and
- Full write-down of the BIH Group's deferred tax assets of US$9.1 million.

The BIH directors decided to write down the BIH Group's deferred tax assets in full because, in their opinion, it is not probable that the future taxable profit in the near future will be available against which the deductible temporary differences and unused tax losses can be utilised.

BSC reported a net profit after tax of KRW 2.7 billion (approximately US$2.28 million) for the year ended 31 March 2004, taking into account all significant non-operating items. At the Operating Income level, BSC was only marginally profitable. Substantial losses, which were incurred at the Retail Division, were offset by profits in the Wholesale and Proprietary Trading Divisions and in Treasury. The divisional results below represent the pre-tax profit/(loss), after both direct and allocated expenses, of each Division at BSC.

Chairman's Statement

I BRIDGE INVESTMENT HOLDING LIMITED (Continued)

Divisional and segmental analysis of BSC and the BIH Group figures is as follows:

	At BSC KRW billions	At BIH US$ millions
Wholesale	4.5	
Proprietary Trading	3.0	
Treasury	13.7	
Retail	(17.7)	
Operating Income	3.5	
Significant Non-Operating Gains	12.6	
Significant Non-Operating Expenses	(9.5)	
BSC Pre-Tax Income (Note)	6.6	14.4
Taxes	(3.9)	
Net Income	2.7	
BIH Corporate and Other Interests		6.4
Consolidated Pre-Tax Profit		20.8
Write-down of Deferred Tax Assets		(11.5)
Minority Interest		(1.0)
Net Profit for the Year		8.3

Note:

Shareholders should note that the difference between the BSC and BIH figures at the BSC Pre-Tax Income line is mainly the result of the different accounting standards adopted by BIH in the preparation of its consolidated financial statements. The consolidated financial statements of BIH are prepared in accordance with International Financial Reporting Standards while the financial statements of BSC are prepared in accordance with financial accounting principles generally accepted in the Republic of Korea. The principal accounting adjustments at the BIH level are in respect of i) the unrealised valuation gain on BSC's membership in the Korean Stock Exchange of US$3.4 million, ii) the unrealised gain on BSC's investment in the Stock Market Stabilisation Fund of US$4.0 million, and iii) the unrealised gain on other investments of US$0.5 million.

Chairman's Statement

1 BRIDGE INVESTMENT HOLDING LIMITED (Continued)

1.1 BIH Balance Sheet

Shareholders' equity has increased by 12.2% to US$227.2 million as at 31 March 2004 from US$202.4 million as at 31 March 2003. This increase takes account of BIH's interest in the buy-back of 14.7 million shares by BSC at a cost of approximately US$24.8 million and the payment of a dividend of US$9.2 million by BIH. The increase of shareholders' equity was due to an unrealised foreign exchange revaluation surplus of US$25.7 million and an operating profit of US$8.3 million. A dividend of US$9.2 million was paid to shareholders during the year. Net assets per share were US$5.07 (2003: US$4.52).

1.2 BIH Funding

As at 31 March 2004, the cash balance of the BIH Group excluding BSC was US$4.1 million. The US$7 million bonds and accrued interest due to Tong Yang Investment Bank were fully repaid on 8 August 2003. BIH is now debt free.

A dividend of US$9.2 million was declared and paid during the year.

1.3 Investments

The BIH Group owns 79.32% of the outstanding share capital of BSC, being the BIH Group's only operating company. During the year, the BIH Group acquired 507,340 BSC shares at an average price per share of KRW 1,833, which preceded the share split of 3.9 shares for every one share held that was approved by the BSC directors on 13 May 2004. As a result, the BIH Group's shareholding in BSC has increased to 79.32% from 78.41%.

1.4 Significant Developments

Below is a summary of the more significant developments concerning the realisation of BIH's interest in BSC:

- The BIH directors have approved a dividend of US$2.00 per share on 19 July 2004 payable on or around 18 August 2004;
- BSC is in the process of completing on or around 16 August 2004, the mandatory purchase of 150 million shares at KRW 1,000 per share at a total cost of KRW 150 billion (approximately US$130.7 million) equivalent to 39.8% of BSC's shareholders' funds;
- In April 2004, BSC sold two properties for the aggregate sum of KRW 71.4 billion (approximately US$62.2 million);

1 BRIDGE INVESTMENT HOLDING LIMITED (Continued)

1.4 Significant Developments (Continued)

- BSC has completed the disposal of 5.5 million Treasury Shares at an average price per share of KRW 830.90 to facilitate the retention of BSC's listing on the Korean Stock Exchange, which has reduced the BIH Group's interest in BSC to 77.36% from 79.32%;

- 321 employees out of 441 eligible employees have accepted early retirement. These employees will leave BSC by 31 August 2004. The early retirement programme will cost BSC approximately KRW 29.8 billion (approximately 26.0 million); and

- BSC will close 19 branches leaving 10 branches.

BSC management estimates that it will have approximately 230 employees (31 March 2003: 772 employees) and not more than 10 branches (31 March 2003: 39 branches) by 31 August 2004. In addition, BSC management estimates that the costs associated with the reduction of BSC's headcount and branches will be charged to the BIH Group's income statement during the financial year ended 31 March 2005. Consequently, the BIH directors consider that it is unlikely that BSC will be profitable in the near future given the scale back in operations, expected early retirement payment of KRW 29.8 billion (approximately US$26.0 million) and the capital reduction of KRW 150 billion (approximately US$130.7 million).

The BIH directors expect that the completion of BSC's current restructuring programme will considerably assist the BIH Group in realising its interest in BSC. The BIH directors are hopeful that this can be achieved within the next 12 months although there is no certainty on this timetable.

In June 2004, William Daniel resigned as BSC's Representative Director and Antony Butler was appointed in his place on 15 July 2004. In addition, Andrew Fraser and Nam-sik Yoo resigned as directors of BSC on 15 July 2004, as a result of BSC's effort to reduce costs.

2 FUND MANAGEMENT

The Group had assets under management of US$34.1 million as at 31 March 2004. During the year, Asian Opportunity Fund 1998-II was wound up after returning the bulk of its investments in cash to shareholders. Consequently, the reduction of assets under management has led to the division incurring greater losses than last year. The Group has again taken steps to reduce costs in this area by reducing headcount and relocating its office to smaller premises. However, it is unlikely that these initiatives will return this division to profitability in the foreseeable future.

Chairman's Statement

3 TECHNOLOGY INVESTMENTS

The Directors have decided to make a further provision of approximately US$130,000 against two technology related investments.

The Group's 49.9% associate, Regent Markets Holdings Limited (formerly known as Exchangebet.com Holdings Limited) provides online financial betting services via the websites *betonmarkets.com* and *betonmarkets.co.uk*. Betting turnover for the financial year ended 31 December 2003 was US$63 million, with gross income of US$2.4 million and net profit of US$738,000. The company has continued to grow in the current financial year, with annualised turnover for the year projected above US$100 million. The company's flagship subsidiary, Regent Markets Group Limited, placed a small percentage of its capital to strategic investors in September 2003 at a valuation of approximately US$26 million.

Regent Markets has offices in Malta, the Isle of Man, and Cyberjaya, Malaysia, and operates via bookmakers licences in the UK, the Isle of Man, and Malta. The company's growth leverages from its low cost bases in Malta and IT center in Malaysia, enabling it to generate organic profits, which are invested into marketing, research & development and further expansion.

OUTLOOK

The Group is committed to realising its investment in BIH and we are hopeful that the BIH directors will achieve this within the next 12 months. Your Directors remain committed towards taking steps that will enhance the value of all shareholders' investment in the Company.

I would like to thank my fellow Directors and colleagues for all their hard work during the past year. I would also like to thank Karin Schulte (a former Director of the Company) for her valuable contribution made during her tenure.

Anthony Baillieu

Hong Kong, 19 July 2004