



Chairman's Statement

Consolidated results

The turnover of the Group for the year ended 31st March 2004 was HK\$39.5 million, representing an increase of 4.9% compared to last year. The increase was mainly due to increase in turnover of HK\$4.9 million contributed by new wedding operations. Such increase was reduced by decrease in turnover from restaurant operations of HK\$2.9 million due to impact of the Severe Acute Respiratory Syndrome ("SARS"). The operating profit of the Group amounted to HK\$14.5 million as compared to a profit of HK\$4.4 million in last year. This increase in operating profit was mainly due to the fact that the Group has reached a legal dispute settlement of US\$2.5 million with Opal Technologies Inc. ("Opal") and has received the first instalment of US\$1.42 million under the settlement.

Restaurant operations

The business of the Star House Branch is stable and profitable.

Investment properties

The investment properties have contributed steady rental income to the Group.

Wedding operations

The Group has purchased the business of provision of wedding services under the trade names of "Cite Du Louvre" and "Wonderful Arts Wedding Services" in Hong Kong for a cash consideration of HK\$24 million in March 2004. The acquisition of this business provides a good opportunity for the Group to diversify the business portfolio and venture into the leisure servicing industry in Hong Kong.

Investment in convertible note

On 19th January 2004, Marlborough Gold Limited ("MGL"), a wholly owned subsidiary of the Company, entered into a deed of settlement with Opal (the "Settlement Deed").

Under the Settlement Deed, MGL agreed to accept Opal's payment of US\$2.5 million (about HK\$19.5 million) in full settlement of the debts of US\$10.3 million (about HK\$80.34 million) with interest at the rate of 8.72% per annum from 4th February 2002 to 22nd March 2002 and thereafter at judgement rate until payment and HK\$1,550.00 fixed costs under a judgement dated 22nd March 2002 provided that the US\$2.5 million is paid punctually by 2 instalments:

- 1 US\$1.42 million within 1 month from the date of the Settlement Deed; and
- 2 US\$1.08 million within 6 months from the date of the Settlement Deed.

MGL has received the first instalment of US\$1.42 million. By a letter dated 30th June 2004 from Opal to MGL, Opal requested for three months' extension for payment of the second instalment of US\$1.08 million which was due to MGL on 19th July 2004. As the financial position of Opal was unknown, it would be difficult and costly to take legal action to enforce the payment immediately, the Company and MGL agree to grant the extension as requested by Opal.

The judgement debts related to moneys due to MGL under a US\$10 million 4% convertible note due on 9th April 2003 issued by Opal (the "Note"). The Company made a full provision of HK\$78 million for the Note in its accounts for the year ended 31st March 2001 in view of Opal's uncertain financial position.

Trading of securities of Opal on NASDAQ Bulletin Board has been suspended since 23rd May 2001 primarily due to its failure to file its audited accounts with the Securities and Exchange Commission of the United States of America. The Company was not able to obtain any update financial information from Opal. As the financial position of Opal was uncertain and the costs of taking further legal action to recover the judgement debts may be substantial, the Company and MGL accepted the terms of the Settlement Deed.



Chairman's Statement *(continued)*



Prospect

The current principal activities of the Group are restaurant operations, property investment and wedding operations. The Group's financial position is strong with net assets value of HK\$208 million. The acquisition of wedding service business would enhance the revenue base of the Group and bring about a reasonable return to the Group. The management will look for good business opportunities.

Liquidity and financial resources

The Group finances its operations with internally generated resources. The Group maintains good business relationship with banks and has banking facilities available for future business development. The Group has HK\$6 million bank borrowings which were fully repaid in June 2004.

The gearing ratio of the Group, based on total borrowings to shareholders' equity, was 2.9% (2003: Nil) as at 31 March 2004.

Details of the charges on group assets

At 31st March 2004, investment properties and leasehold land and buildings of HK\$138 million (2003: HK\$120 million) were pledged as security to banks for the banking facilities of HK\$52 million (2003: HK\$52 million).

Employees

As at 31st March 2004, the Company had a total of about 280 employees. The Group remunerates its employees based on their performance, experience and prevailing industry practices. The purpose of the new share option scheme is to attract and retain quality personnel and other persons to provide incentive to them to contribute to the business and operation of the Group. The Group also provides in-house and external training programme for its staff.

On behalf of the Board
Yeung Chi Hang
Chairman

Hong Kong, 20th July 2004