

To Shareholders,

On behalf of the Board of Directors, I hereby present the annual report of the Group for the year ended 31 March 2004.

FINANCIAL RESULTS

The Group's audited consolidated loss for the year ended 31 March 2004 was HK\$20,255,000 compared with last year's attributable loss of HK\$29,287,000. The net assets value of the Group increased from HK\$115,982,000 as at 31 March 2003 to HK\$169,094,000 as at 31 March 2004.

Turnover for the year amounted to HK\$80,307,000 whilst last year's figure as restated was HK\$53,546,000. Details of the breakdown of the turnover can be seen on note 5 to the financial statements.

In July 2003, the Group disposed of the loss-making subsidiary, Polywise Investments Limited ("Polywise"), to an independent third party and recorded a gain on disposal of approximately HK\$21,934,000 thereon. After the disposal of Polywise, the operating results of the Group has been improved and the Group's gearing level has also been reduced significantly.

On the expenses side, the level of total operating expenses increased in this year mainly due to the provision for impairment of investment securities amounted to HK\$19,400,000 and the provision for bad and doubtful debts amounted to HK\$10,463,000. General and administrative expenses increased from last year's figure of HK\$9,179,000 to HK\$10,628,000 in this year being in line with the increase in the size of our operation. Finance costs decreased from last year's figure of HK\$23,538,000 to HK\$7,411,000 this year.

FINAL DIVIDEND

The Directors do not recommend the payment of any final dividend for the financial year.

MANAGEMENT DISCUSSION AND ANALYSIS

1. OVERVIEW

Investment in casino services and gaming business, property related investments, investment in securities and money-lending businesses have been the Group's core businesses for the past year. During the year, the Group also invested in a company which is involved in the provision of brokerage and financial services, money-lending and investment holding. Due to the increase in the working capital of the Group in this year, there was an increase in the size of the operation of the money-lending businesses and hence the interest income derived thereon.

2. SUMMARY OF THE GROUP'S MAIN BUSINESSES AND INVESTMENTS

Investment in casino services and gaming business

The Group acquired a 20% interest in King Kong International Investments Limited ("King Kong") in December 2003 and has provided a shareholder loan of HK\$40,000,000 to King Kong for financing its operation. King Kong is principally engaged in casino services and gaming business in Macau. Although the investment in King Kong is a relatively recent one for the Group, return on that investment has already been recorded. In this financial year, dividends income from King Kong was HK\$11,443,000. With the opening up of more casinos from overseas consortium, gaming business is getting very competitive in Macau. However, the management is still very optimistic about this investment as we believe whilst competition is keen, overall business volume will also grow.

Property investment and development

As mentioned above, the Group had disposed of the subsidiary, Polywise, in July 2003. Polywise held a 30% interest in the property development project of Guangzhou Le Palais which situated in Guangzhou city of the Mainland China. During the year, the Group has also disposed of its entire interest in certain office units in Oriental Building at Jianshe Road, Shenzhen, the Mainland China and recorded a gain of HK\$1,933,000 from such disposal.

Subsequent to the year end date, the Group entered into an agreement in late July 2004 for the disposal of our interest in certain units located in Wyfold Industrial City in Buji, Shenzhen, the Mainland China to an independent third party at a consideration of HK\$3,600,000.

On the other hand, we had completed the acquisition of certain office units in Causeway Bay, Hong Kong in June 2003. Rental income from these property investments represents a mean of steady recurring income for the Group.

In view of recent improvement in the local property market, the Group expects that our property investments will benefit from the up-rising property prices and rentals.

Investment in securities

The performance of the Group's investment in securities was not satisfactory in the year. During the year, the Group had recorded a net loss on sale of listed securities of HK\$27,045,000. On the other hand, there was an unrealised holding gain of HK\$12,645,000 on the investments in securities held at 31 March 2004. As at 31 March 2004, the fair value of the listed securities held was HK\$51,402,000 and the carrying value of debt securities was HK\$7,500,000.

Money-lending businesses

The Group's money-lending businesses have provided a reasonably sound return on our funds employed thereon. Due to the increase in the level of our surplus funds, the Group had been able to utilise the cash resources more efficiently during the year via the money-lending businesses.

Other investments holdings

During the year, the Group had invested HK\$28,500,000 in the equity interest in a company principally engages in the provision of brokerage and financial services, money-lending and investment holding. Though this investment has not yet attributed positively to the Group's result, the management is optimistic about its future outlook.

3. PROSPECTS

During the year, the Group has shifted part of its attention to investment opportunities in Macau as we believe there would be a continual improvement in the economy of Hong Kong and Macau within the Pearl River Delta Region. After the placings of shares and convertible notes by the Company in the past twelve months, capital base of the Company has been further strengthened. The Group is now better positioned to take on new investment opportunities as they arise.

In June 2004, the Company entered into a new shares subscription agreement with Solar Sky International Limited ("Solar Sky") for the subscription of 600,000,000 new shares of the Company by Solar Sky. Completion of the agreement is subject to fulfillment of certain conditions. Solar Sky is a wholly owned subsidiary of Tenwin (Holdings) Limited ("Tenwin"). Tenwin is a private limited company and a multinational conglomerate based in Macau with businesses in the areas of airlines, finance, transportation, infrastructure, construction of highway, water supply and sewage services. One of the founder of Tenwin is Mr. Chang Kuo Tien who is also an executive director of Tenwin. The management believes that association with the Tenwin Group provides great opportunities for the Group to expand its business in Macau. The management would also like to take this opportunity to welcome Mr. Ho Hau Chiu, a prominent business man in Macau to act as the Group's consultant starting from June 2004. With the promotion of better economic tie within the Region, the management is optimistic about making further investments in the coming year. Barring any unforeseen circumstances, the Group's result should improve in the coming year.

4. LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31 March, 2004, the Group's total assets and borrowings were HK\$285,085,000 and HK\$3,589,000 respectively. The borrowings of the Group carried floating interest rates calculated by reference to the Hong Kong dollar prime rate and were made in Hong Kong dollar, and thus, there is no exposure to fluctuations in exchange rate. The gearing ratio (total borrowings/total assets) was 1.26%. As at 31 March, 2004, investment properties amounted to HK\$8,540,000 were pledged to a bank to secure a loan facility granted to the Group and investments in securities with carrying amount of HK\$55,649,000 were pledged to a margin finance provider to secure margin financing provided to the Group.

Pursuant to a resolution passed by the shareholders of the Company on 26 September 2003, the amount of HK\$177,833,000 standing to the credit of the Company's share premium account was cancelled and transferred to the contributed surplus account on 29 September 2003.

The Company has carried out two placements of shares in July 2003 and September 2003. 311,330,000 new ordinary shares of HK\$0.01 each were allotted and issued for cash to independent third parties at a price of HK\$0.10 per share in July 2003. Another 373,640,000 new ordinary shares of HK\$0.01 each were also allotted and issued for cash to independent third parties at a price of HK\$0.10 per share in September 2003. Total net proceeds of approximately HK\$67 millions have been raised from the two placements. HK\$40,000,000 of the funds raised has been applied to our investment in the gaming business in Macau and the remaining amount will mainly be used to finance the Group's possible future investment in Macau.

The Company has issued 448,795,182 units of warrants to its shareholders in October 2003 on the basis of one unit of warrant for every five shares held as at 26 September 2003. Each warrant will entitle its holder to subscribe for new shares of the Company at a subscription price of HK\$0.17 per share for the period from 13 October 2003 to 12 April 2005.

4. LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE (continued)

Subsequent to the balance sheet date, the Company has completed a placement of convertible notes of aggregate principal amount of HK\$75,000,000 in April 2004 and a net amount of approximately \$73,000,000 has been raised from it. Up to the date hereof, HK\$23,000,000 has been repaid to certain holders of the convertible notes on redemption and HK\$16,000,000 were converted into 100,000,000 ordinary shares of the Company of HK\$0.01 each by the holders of the convertible notes. The remaining balance of the fund from the placement of the convertible notes will be used to finance the Group's possible future investment in Macau.

In July 2004, the Company has carried out a top up placement of 448,000,000 ordinary shares of HK\$0.01 each at a price of HK\$0.037 per share. Approximately HK\$16,100,000 (after share issuance expenses) has been raised from this exercise and the amount will be used to finance the Group's possible future investment in the Pearl River Delta Region.

5. CONTINGENT LIABILITIES

Details of the Group's contingent liabilities as at 31 March 2004 are set out in the note 29 to the financial statements.

6. EMPLOYEES, REMUNERATION POLICY AND RETIREMENT BENEFITS SCHEME

The Group selects and promotes staff based on their qualification, experience and suitability for the position offered. The Group's remuneration policy aims to retain and motivate staff. Performance of staff is appraised annually to provide a base for the review of the remuneration package. The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme under the Hong Kong Mandatory Provident Fund Schemes Ordinance, for all its employees.

Finally, I would like to take this opportunity to thank all of my fellow directors and members of staff for their dedicated services, support and contribution during the year. Looking forward to their continue support and excellent services in the coming years.

Kwong Kai Sing, Benny

Chairman

Hong Kong
28 July 2004