



Chairman's Statement

2005

Consolidated results

The turnover of the Group for the year ended 31 March 2005 was HK\$143.7 million, representing an increase of 264.1% compared to last year. The increase was mainly contributed by the wedding services business acquired in March 2004, which achieved a total turnover of about HK\$105.3 million. The operating profit of the Group for the year amounted to HK\$19.7 million as compared to a profit of HK\$14.5 million last year. This increase in operating profit was mainly due to the contribution of HK\$15 million from the wedding services business. If the first instalment of US\$1.42 million received under a legal dispute settlement of US\$2.5 million from Opal Technologies Inc. ("Opal") were excluded from last year's operating profit, the increase in the operating profit this year would be about 467%.

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 business of provision of wedding services under the trade names of "Cite Du Louvre" and "Wonderful Arts Wedding Services" in Hong Kong has contributed significant income to the Group.

Investment in convertible note

On 19 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 offer to pay US\$2.5 million (about HK\$19.5 million) in full settlement of debts of US\$10.3 million (about HK\$80.34 million), being principal and accumulated interest and costs adjudged by the Court ("Judgement Debts"), provided that the US\$2.5 million was paid punctually by 2 instalments as follows:

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.

The Judgement Debts related to moneys due to MGL under a US\$10 million 4% convertible note due on 9 April 2003 issued by Opal (the "Note"). Trading of securities of Opal on NASDAQ Bulletin Board has been suspended since 23 May 2001 primarily due to its failure to file its audited financial statements with the Securities and Exchange Commission of the United States of America.

As the Company was not able to obtain any updated financial information from Opal, the Company made a full provision of HK\$78 million for the Note in its financial statements for the year ended 31 March 2001 in view of Opal's uncertain financial position.

As the financial position of Opal was uncertain and the costs of taking further legal action to recover the Judgement Debts might be substantial, the Company and MGL accepted the terms of the Settlement Deed.

MGL received the first instalment of US\$1.42 million in January 2004. The second instalment of US\$1.08 million was scheduled to be received on 19 October 2004. However, Opal has requested for further extension and thus, the second instalment of the settlement is still outstanding. As the financial position of Opal is not known, it would be difficult and costly to take legal action to enforce the payment immediately, and the Company and MGL agreed to grant the extension requested by Opal.



Chairman's Statement *(continued)*



Prospect

The current principal activities of the Group are restaurant operations, property investment and wedding services business. The Group's financial position is strong with net assets of HK\$244.8 million. Management will look for suitable investment opportunities to expand the business of the Group.

Liquidity and financial resources

The Group finances its operations with internally generated resources. The Group maintains good business relationships with banks and has banking facilities available for future business development.

The gearing ratio of the Group, based on total borrowings to shareholders' equity, was Nil (2004: 2.9%) as at 31 March 2005.

Details of the charges on Group assets

At 31 March 2005, the net book value of investment properties and leasehold land and buildings charged as security for the Group's bank facilities amounted to HK\$154 million (2004: HK\$138 million) for the Group's banking facilities of HK\$52 million (2004: HK\$52 million).

Employees

As at 31 March 2005, the Group had a total of about 280 employees. The Group remunerates its employees based on their performance, experience and prevailing industry practices.

On behalf of the Board
Yeung Chi Hang
Chairman

Hong Kong, 28 July 2005