

Chairman's Statement & Management Discussion and Analysis

To Shareholders,

On behalf of the Board of Directors, I hereby present the annual report of the Group for the year ended 31 March 2005.

FINANCIAL RESULTS

The Group's audited consolidated loss for the year ended 31 March 2005 was HK\$19,547,000 compared with last year's attributable loss of HK\$20,255,000. The net assets value of the Group increased from HK\$169,094,000 as at 31 March 2004 to HK\$337,600,000 as at 31 March 2005.

Turnover for the year amounted to HK\$91,965,000 whilst last year's figure was HK\$80,307,000. Details of the breakdown of the turnover can be seen on note 5 to the financial statements.

During the year, the Group acquired 100% equity interest in CU Investment Management Limited and Masters of Masters Limited, which operate investment consultant and entertainment business, respectively, in Hong Kong, for a cash consideration of HK\$2,000,000 each.

On 14 July 2004, the Group disposed of its entire interest in Sun Year Enterprises Limited ("Sun Year") for a cash consideration of HK\$3,600,000, resulting in a loss for the period of approximately HK\$496,000. Sun Year was primarily engaged in the holding of properties in Mainland China.

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\$46,212,000 and the provision for bad and doubtful debts amounted to HK\$5,322,000. General and administrative expenses increased from last year's figure of HK\$10,628,000 to HK\$18,728,000 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\$7,411,000 to HK\$2,454,000 this year.

FINAL DIVIDEND

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

MANAGEMENT DISCUSSION AND ANALYSIS

I. Overview

Investment holding (including investment in casino services and gaming business), property investment, investment in securities and money lending businesses were the Group's core businesses/principal activities for this year. During the year the Group has increased its capital base by almost double via various share placements/allotments and rights issue of shares. With the strengthened capital base, the Group has a very low level of borrowings and is well positioned to take on new opportunities as and when they arise.

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2. Summary of the Group's Main Businesses and Investments

a) *Investment in casino services and gaming business*

The Group's 20% investment in King Kong International Investments Limited ("King Kong") continues to contribute positively to the Group's results with a dividend income of approximately HK\$6.6 million for this financial year. However, as King Kong was unable to provide satisfactory financial information to the Group, subsequent to the financial year end, the Group has requested King Kong to repay its loan of HK\$40 million and the same was repaid in July, 2005. The Group is in negotiation with King Kong to explore possible solution to the provision of financial information to the Group. On the other hand, the Group is also looking to invest in casino services and gaming business in other countries which would provide an attractive return for the Group.

b) *Property investment*

In anticipation of a rising property market, the Group acquired two floors of office building in North Point for HK\$51 million (excluding transaction costs) as long term investment and leasehold property. The Group has also moved its head office to occupy part of the office units to save cost. The rest of the office space was rented out with a good return. The property market has since risen some 40% and a revaluation surplus has been recorded for this financial year. Subsequent to the financial year end, the Group purchased a high class residential unit at Pokfulam for HK\$22 million and two shop spaces in North Point for a gross consideration of HK\$29 million which would both be held as long term investment/leasehold property. The Group would continue to increase its exposure in the local property sector as the management has a positive view on the property market in general.

c) *Investment in listed securities*

Performance of the Group's securities investment was satisfactory this year and has recorded a net gain on sale of listed securities of HK\$33,898,000. On the other hand, there was an unrealised holding loss of HK\$9,705,000 on the investments in listed securities held at 31 March 2005. The Group would continue to maintain its exposure in the equity market for the coming year.

d) *Money lending business*

The Group's money lending businesses have been providing a reasonably sound return on the fund employed though this year's performance was adversely affected by provision made against doubtful receivables. The Group would continue to utilise its surplus cash resources in this line of business.

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e) *Other investment holdings*

During the year, the Group invested a total of HK\$100 million by way of loan (HK\$50 million paid before year end by way of cash and HK\$50 million paid by way of issue of convertible notes in April 2005) in Found Macau Investments International Limited ("Found Macau"), an investment company specializes in the investment in Macau. Found Macau, headed by Mr. Lao Hin Chun, Mr. Filipe Lau and Mr. Lourenco Cheong, is looking at various investment opportunities in Macau in particularly entertainment and casino related industry. With the strong support from its shareholders and very well connected management, Found Macau is expected to make a strong presence in the very competitive business environment in Macau.

3. PROSPECTS

During the year, the Group's capital base has increased from strength to strength and its assets portfolio has improved in quality with the acquisition of various real estate properties in Hong Kong for long term investment purpose. Surplus cash is used in short term lending pending identification of suitable investment opportunities. With a relatively lowly geared balance sheet, the Group is well positioned to take on new investments as and when they arise. The economy in Hong Kong and Macau has continued to improve and the management is optimistic about the future of the Group in the coming year.

4. LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31 March 2005, the Group's total assets and borrowings (including convertible notes) were HK\$413,699,000 and HK\$65,580,000 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 15.85%. As at 31 March 2005, investment properties and leasehold property amounted to HK\$55,800,000 and HK\$16,023,000, respectively, were pledged to a bank to secure certain loan facilities granted to the Group and investments in securities with carrying amount of HK\$134,751,000 were pledged to certain financial institutes to secure margin financing facilities provided to the Group.

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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.

CONTINGENT LIABILITIES

The Company had certain contingent liabilities as at 31 March 2005, details of which have already been disclosed in the Group's audited financial statements for the years ended 31 March 2004 and 2005.

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
27 July 2005