

CHAIRMAN'S STATEMENT

Financial Highlights

After written off goodwill of approximately HK\$5 million arising from the acquisition of an associate and a jointly controlled entity and picking up loss recorded by a jointly controlled entity of approximately HK\$3.3 million, the Group recorded a loss attributable to shareholders of HK\$5,159,000 for the financial year ended 30 April 2005, compared with HK\$185,000 for 2004. Total turnover for the year under review declined by about 68% to HK\$29,223,000, resulting from the discontinuation of the shipment sales and mining operations that contributed approximately 70% of total turnover recognized in last financial year. Despite that, the Group has successfully reduced its overall liabilities by applying the proceeds from properties sold to repay the HK\$150 million outstanding principal of the convertible bonds due January 2006. The Group's debt-to-equity ratio was brought down to 23% at balance sheet date, a reduction of over 90% over the previous year.

Business Review

Financial Services

Under the negative market sentiment caused by surging commodity prices, rising US interest rate and macroeconomic austerity measures introduced by the Central Government in Beijing, Hong Kong Hang Sang Index fluctuated only within a narrow trading band for the latter half of the financial year ended 30 April 2005.

Faced with intense competitions from banks, the bottom line of the Group's brokerage division suffered for the financial year under review. Total turnover registered a decline of about 10% over last year. In addition to securities brokerage service, the Group has re-activated its futures operation since February 2005. As its launching date was close to the financial year-end, the Group may have to wait a bit longer before it could give a fair assessment to this operation's contribution. The Group has been installing a market-tested electronic trading system for both its securities and futures trading operations so as to provide better and more comprehensive services to our clients in an efficient manner. For bullion trading, due to adverse market conditions and, in particular, the sudden strengthening of the US dollar relative to bullion price in early 2005, a loss was recorded in the second half of the financial year that almost eroded the entire profits in the first half of the financial year in the same sector. Following the system upgrade and other enhancement programs implemented, the overhead was increased further. However, the benefit of the enhanced efficiency and services quality induced by the new system can outrange the cost increment while the new system will enable the Group to provide a wider range of products and services to our customers. The acquisition of the 50% interest in a local forex dealing company during the year also allowed our clients to assess a fuller range of financial products.

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Business Review (continued)

Base Metal

Consistent with the policy of the Group to reduce the investment and participation in the base metal industry, the Group discontinued its business involving the provision of in-warehouse metal sales during the year ended 30 April 2004 and discontinued its shipment sales operations during the year ended 30 April 2005. On 7 February 2005, the Group entered into a conditional agreement to sell its entire interest and an interest-free shareholder loan in the mining operation company in the PRC to a company listed on the TSX Venture Exchange. As at 30 April 2005, such disposal was not completed. Upon the completion of the disposal, the Group will cease to engage in any mining business.

Other Segment

The corporate and other segment comprises the holding of investment properties, holding of investment in jointly controlled entities and associates, loan financing, provision of management and consultancy services together with corporate income and expense items. The results in this segment mainly comprised the revaluation surplus of about HK\$1 million for the investment properties, realized gain of about HK\$5.4 million on disposal of properties and certain equity interest in an investee company, bad debt recovered from a long outstanding receivable of about HK\$4 million net of the corporate expenses of about HK\$8 million.

Prospect

The financial year of 2004/05 marks a watershed for the Group highlighted by concentrating on its core business in financial services. This allows a more efficient use of the Group's resources, enabling its management to develop better services and grasp every possible opportunity. In the year ahead, the Group will take a more proactive approach in its marketing and research, or probably introducing more financial products or other value added services in anticipation meet of an evolving business environment. By upgrading its service level and broadening market depth, the Group targets to gain a larger share of the securities brokerage market. Through the coordination of the futures and securities brokerages, as well as the bullion and leveraged forex trading operations, the synergies resulted from daily administration and resources allocation could be further enhanced. In addition, the Group will follow its policy to review its investment portfolio from time to time and dispose of or acquire investments so as to improve the Group's financial position and operating result.

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Appreciation

I wish to express my sincere appreciation to all the staff of the Group for their continuing dedication and the enduring support.

Haywood Cheung

Chairman & Managing Director

Hong Kong, 23 August 2005