

Management Discussion and Analysis

管理層討論及分析

BUSINESS REVIEW AND PROSPECTS

During the year, the Group was principally engaged in the provision of financial services, including money lending, investment trading and holding, broking, securities margin financing and asset management. In order to diversify business, the Group had also explored investment opportunities in China and other Asian areas.

Money Lending

Interest income from money lending accounted for 31% (2004: 12%) of the Group's turnover. The Group recorded a loss due to the prudent approach towards provision concerning money lending business. The Group will continue to adopt a prudent and conservative financing policy and stringent control on loan lending.

Investment Trading and Holding

Hong Kong experienced a static investment environment in the first half of 2005, dampened by rising interest rates and oil prices. The Group has slowed down its investment trading activities. The unrealized loss on securities amounted to HK\$6,536,000. Nevertheless, market sentiment recovered stably in the second half. The Group is optimistic to see improvement in this business segment.

Broking and Securities Margin Financing

Turnover of the local stock market in 2005 grew by 13.7% as compared with 2004, reaching a record market turnover of HK\$4,520.4 billion. However, the Group's performance in this segment was affected by keen competition in the industry as well as a sharp rise in rental and other operating costs. The Group made a strategic decision to close down two branches during the year. Turnover of the Group's broking business decreased 60% to HK\$12,778,000, representing 30% of the total turnover. Turnover of the Group's securities margin financing business decreased 35% to HK\$14,270,000 representing 34% of the total turnover.

業務回顧與展望

於本年度，本集團主要提供各項金融服務，包括貸款、投資買賣及控股、經紀服務、證券孖展融資及資產管理服務。為了把業務多元化，本集團已在中國及其他亞洲地區發掘投資機會。

貸款業務

貸款業務之利息收入佔本集團總營業額 31% (二零零四年：12%)。本集團於貸款業務方面採取審慎的會計處理，故錄得虧損。本集團將繼續採取審慎及保守的融資政策，以及嚴謹監控貸款。

投資買賣及控股

受利率及油價上升影響，香港二零零五年上半年投資市場交投淡靜。本集團已減慢其投資買賣活動。證券之未變現虧損為 6,536,000 港元。然而，市場於下半年穩定復甦，本集團對此業務表現持續向好感到樂觀。

經紀業務及證券孖展融資

本地股票市場於二零零五年的成交額達 45,204 億港元的歷史新高，與二零零四年比較上升 13.7%。然而，本集團之表現亦受到業內激烈競爭、租金及營運成本上升等因素影響，因而作出策略性決定，於回顧年內關閉兩間分行。經紀業務之營業額減少 60% 至 12,778,000 港元，佔本集團總營業額 30%。本集團的證券孖展融資業務的營業額減少 35% 至 14,270,000 港元，佔本集團總營業額 34%。

Asset Management

Turnover from this segment accounted for 3% of the Group's total turnover. In line with the successful launch of several large-scale H-share IPOs and the first REIT, The Link, the Group's asset management business achieved solid investment returns during the year. In order to meet the investment interests of our clients, the Group terminated one of the funds during the year. Cited by inflow of funds (especially renowned hedge funds) in the local market, the growth momentum of this segment remains strong. Our investment team will continue to provide personalized and tailor-made services for our clients.

LOOKING AHEAD

The Group has been streamlining the operation and identifying suitable opportunities to enrich its business portfolio.

Subsequent to the year end in March 2006, the Group entered into an agreement to acquire Multi Glory Limited, which will hold a controlling stake in Shenzhen Sinodata Technology Co., Ltd. ("Sinodata"), for a total consideration of HK\$227,880,000. Sinodata is one of the largest computer ticket lottery system and machine providers in China. Details of this transaction are set out in the Company's announcement dated 22 March 2006.

The acquisition will position the Group to capture the high growth potentials of this emerging market and strengthen the long-term profitability. The Group will keep on identifying potential investment opportunities, with a view to bring long-term favourable returns to our shareholders.

資產管理

這項業務之營業額佔本集團總營業額3%。於回顧年內，隨着多個大型H股成功進行首次公開招股，以及第一個房地產投資信託基金—領匯成功上市，本集團的資產管理業務獲得穩健的回報。為了迎合客戶的投資取向，本集團在年內取消其中一個基金。資金流入本地市場（尤其是著名的對沖基金），使這項業務保持強勁增長。我們的投資小組將繼續為客戶提供個人化及度身訂造的服務。

展望

為了強化業務組合，本集團已開始精簡架構及物色合適商機。

年結後於至二零零六年三月，本集團訂立協議，以總代價227,880,000港元收購Multi Glory Limited，Multi Glory Limited將持有深圳市思樂數據技術有限公司（「思樂數據」）之控股權。思樂數據為中國其中一家最大型的電腦彩票系統及機器供應商。此項交易詳情載於本公司於二零零六年三月二十二日刊發之公佈。

此收購令本集團受惠於此新興市場之增長潛力，並可強化本集團長遠之盈利能力。本集團會繼續開拓具潛力之投資商機，務求為股東帶來長遠可觀回報。

FINANCIAL REVIEW

Result

For the year ended 31 December 2005, the Group recorded a turnover of HK\$41,938,000 (2004: HK\$169,137,000), representing a decrease of 75%. The decrease in turnover was mainly due to the decrease in contribution from investment trading and holding activities. Turnover of this segment decreased by 99% to HK\$617,000 for the year ended 31 December 2005 in comparison with last year (2004: HK\$91,955,000).

Loss for the year was HK\$50,700,000 (2004: loss of HK\$77,674,000), representing a decrease of 35%. The loss per share was 1.69 cents (2004: 2.59 cents). The loss was improved as the Group imposed a strict control on securities margin financing and money lending sectors.

Liquidity, Financial Resources and Funding

At 31 December 2005, the Group had net current assets of HK\$99,691,000 (2004: HK\$145,384,000). The net decrease in net current assets was attributable to the loss reported.

At 31 December 2005, the Group had cash reserves of approximately HK\$27,181,000 (2004: HK\$73,928,000), which include approximately HK\$22,161,000 (2004: HK\$65,342,000) of clients' funds that were kept in designated segregated bank accounts. Most of the cash reserves were placed in Hong Kong dollar short-term deposits with major banks in Hong Kong.

The gearing ratio as at 31 December 2005 was 179% (2004: 130%). The gearing ratio was derived by dividing the aggregate of bank borrowings by the amount of shareholders' equity. The liquidity ratio of the Group, represented by a ratio between current assets over current liabilities, was 142% (2004: 150%).

財務回顧 業績

於截至二零零五年十二月三十一日止年度，本集團錄得 41,938,000 港元（二零零四年：169,137,000 港元）之營業額，營業額下跌 75%，主因是投資買賣及控股之收益縮減。與去年（二零零四年：91,955,000 港元相比），此分部業務之營業額於截至二零零五年十二月三十一日止年度下跌 99% 至 617,000 港元。

年內虧損下跌 35%，總額為 50,700,000 港元（二零零四年：虧損 77,674,000 港元）。每股虧損為 1.69 仙（二零零四年：2.59 仙）。自本集團採施更嚴謹之孖展融資及借款管制措施後，虧損情況已有所改善。

流動資金、財務資源及融資

於二零零五年十二月三十一日，本集團之流動資產淨值為 99,691,000 港元（二零零四年：145,384,000 港元）。流動資產淨值減少是由於錄得虧損。

於二零零五年十二月三十一日，本集團有現金儲備約 27,181,000 港元（二零零四年：73,928,000 港元），包括存放於指定銀行獨立賬戶之客戶資金約 22,161,000 港元（二零零四年：65,342,000 港元）。大部份現金儲備均存放於香港主要銀行作為港元短期存款。

於二零零五年十二月三十一日之負債比率為 179%（二零零四年：130%）。負債比率為將銀行貸款總額除以股東資金總額。本集團以流動資產除以流動負債計算之流動資金比率為 142%（二零零四年：150%），反映財務資源充裕。

The Group had outstanding bank overdrafts of approximately HK\$205,579,000 as at 31 December 2005 (2004: HK\$205,678,000). The bank overdrafts were denominated in Hong Kong dollars and interest bearing at prevailing commercial lending rates. Listed investments belonging to clients and the Group were pledged to secure these bank overdrafts. These loans and overdrafts were used to finance the Group's operations. We expect that all these borrowings will be repaid by internal generated funds.

Taking into account the financial resources available to the Group including internally generated funds and available banking facilities, the Group has sufficient working capital to meet its present requirements.

Pledge of Assets

At 31 December 2005, listed investments belonging to clients and the Group with total market value of approximately HK\$89,042,000 and HK\$13,348,000 respectively (2004: HK\$305,074,000 and HK\$22,859,000 respectively) were pledged to banks to secure overdraft facilities granted to the Group.

Capital Structure

There was no change in the Company's capital structure during the year ended 31 December 2005.

Exchange Rate Risk

The Group is exposed to a very limited level of exchange risk as the business transactions of the Group are mainly denominated in Hong Kong dollars.

Material Acquisitions and Disposals of Subsidiaries

The Group had no material acquisition and disposal of subsidiaries during the year ended 31 December 2005.

本集團於二零零五年十二月三十一日有未償還之銀行透支約205,579,000港元(二零零四年: 205,678,000港元)。銀行透支以港元為單位及以現行商業貸款利率計息。屬於客戶及本集團之上市投資已用作擔保該等銀行透支。該等貸款及透支乃用於撥付本集團之營運所需。本集團相信上述所有貸款將以內部資金償還。

連同本集團可動用財務資源(包括內部資金及可用銀行信貸),本集團有足夠營運資金應付現時需要。

資產抵押

於二零零五年十二月三十一日,屬於客戶及本集團所有總市值分別約89,042,000港元及13,348,000港元(二零零四年:分別為305,074,000港元及22,859,000港元)之上市投資已抵押予銀行,作為本集團獲授有期貨款及透支額之擔保。

資本架構

截至二零零五年十二月三十一日止年度內,本公司之股本架構並無任何變動。

匯率風險

由於本集團之業務交易主要以港元為單位,故本集團面對之匯兌風險相當有限。

重大收購及出售附屬公司

本集團於截至二零零五年十二月三十一日止年度並無重大收購及出售附屬公司。

Management Discussion and Analysis (continued)

管理層討論及分析(續)

Human Resources

As at 31 December 2005, the Group had 24 employees.

The Group remunerated its employee mainly based on the individual's performance and experience. Apart from the basic remuneration, discretionary bonus and share options may be granted to eligible employees by reference to the Group's performance as well as individual's performance.

The Group will continue to emphasize on staff training and total quality management to better prepare its staff for the upcoming changes and challenges in the market and industry.

人力資源

於二零零五年十二月三十一日，本集團共有 24 名僱員。

本集團主要按個別員工之表現及經驗釐定僱員薪酬。除基本酬金外，本集團亦會按本集團業績及個別員工表現向合資格僱員發放不定額花紅及購股權。

本集團將繼續重視員工培訓及全面品質管理，使員工能作好充份準備，面對市場及行業未來的轉變及挑戰。