

Chairman's Statement

On behalf of the Board of Directors of Magnum International Holdings Limited ("the Company") I wish to present the results of your Company and its subsidiaries ("the Group") for the financial year ended 31st December 2005.

BUSINESS REVIEW

For the year ended 31st December 2005, the Group recorded a revenue of HK\$12.3 million and a loss before tax of HK\$8.4 million. The revenue of the Group decreased by HK\$9.6 million as compared to the year ended 31st December 2004, of which HK\$8.8 million was for the securities investment and HK\$1 million was for the securities dealing and margin finance revenue.

The loss before tax for the year increased from HK\$6.2 million in 2004 to HK\$8.4 million in 2005. Such increase in loss before tax was mainly due to the Group recorded the loss arising from the impairment in value of trading right for Hong Kong Stock Exchange of HK\$2.3 million. The loss before tax in current year mainly comprises administrative and operating expenses and financial cost on borrowings.

FUTURE PROSPECTS

The Group announced on 30th March 2006 the proposed change of controlling shareholder of the Company together with certain restructuring. The new controlling shareholder intends to continue the existing business of the Group and will conduct a more detailed review of the operations of the Group with a view to develop a corporate strategy to enhance its existing businesses and asset base and broaden its income stream by various measures, which may include further investing in and expansion of existing businesses into or divesting of loss-making operations of the Group should appropriate opportunities arise.

APPRECIATION

On behalf of the Board, I would like to record our appreciation to our valued customers, bankers, business partners and shareholders, for their continued support to the Group. I would also like to thank my fellow directors, management and employees for their continued dedication and commitment.

Lim Teong Leong

Chairman

25th April 2006