

On behalf of the Board of Directors, I am pleased to present to you the Group's annual report and audited financial statements, for the year ended March 31, 2005.

Financial Results

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The Group recorded a net loss attributable to shareholders of approximately HK\$6.7 million for the full year. The second half year recorded a net profit of HK\$4,205,298 that showed a turn-around from the net loss of HK\$10,891,718 recorded in the first half financial year. This was due to the generally improved economic environment and investment climate in Hong Kong during the last quarter of 2004 and early 2005 which enable the Group's investments to improve performance during the period. Furthermore, as a result of some special management attention and efforts given to certain investee companies, only a net amount of HK\$1,223,794 provision was required during the year and this is a significant improvement over the total amount of HK\$7,371,281 provision made in the previous year.

Cash balances as of March 31, 2005 stood at a healthy level of HK\$3,813,037 and the Directors believe that the Group has sufficient financial resources to meet with its working capital requirements and to capitalize on any new opportunities.

Net Assets value per share was maintained at HK\$0.09 as at March 31, 2005, the same as at the same date in the previous year.

Business review

During the later part of 2004, the investment market in Hong Kong has experienced a period of consolidation after the rapid rebound in the economy after the SARS and the turbulence in middle east.

Hang Seng Index climbed from 12,682 to 13,517 as at our financial year end, an increase of approximately 7% when compared with the beginning of our financial year. This increase was much smaller than the approximately 47% jump in the previous 12 months period ended on March 31, 2004. Within our financial year, we experienced a mixture of positive and negative factors that bear significant impact on our investment consideration.

本人代表董事會欣然提呈本集團年報及二零零五年三月三十一日止年度之經審核財務報表。

財務業績

本集團本年度錄得股東應佔淨虧損約6,700,000港元。

財務業績

本集團全年錄得股東應佔淨虧損約6,700,000港元。下半年度錄得淨盈利約4,205,298港元，對比上半財政年度錄得10,891,718港元的淨虧損有明顯的進步。由於二零零四年最後一季及二零零五年初香港普遍經濟環境及投資氣氛的好轉，於期內本集團之投資表現因此得以改善。另一方面，就着對部份投資公司特別的管理關注及努力，本年度的淨撥備為1,223,794港元及對比去年的7,371,281港元撥備有顯著的改善。

於二零零五年三月三十一日之現金結餘處於健康水平達3,813,037港元及董事相信本集團有充裕的財政資源應付運作資金要求及任何新的機會。

於二零零五年三月三十一日，每股資產淨值約0.09港元與去年同日相同。

業務回顧

香港投資市場在非典形肺炎及中東恐怖襲擊後的快速復甦，於二零零四年末，經歷了一段的調整期。

恒生指數於本財務年度完結上升至13,517點，對比本財務年度初的12,682點上升約7%。對比較至二零零四年三月三十一日的前12個月財政年度上升約47%，升幅大減。於財政年度內，我們經歷了兩極條件的混合，並對我們的投資考慮有重大影響。

The low interest rate era was more or less over at the end of 2004. The Federal Reserve at the US have increased interest rates over 11 times as the US economy was seen climbing out of the trough slowly. In an increasing interest rate environment, there could be some adverse impact on the property and investment market in the US as well as the world. Due to the exchange rate peg system, Hong Kong's interest rate movements have to follow those in the US.

The rapid increase in energy prices and commodities prices worldwide have already caused major concern over the corporate earnings levels and the general economy. Sooner or later this will have a spill-over effect on inflation. The average price for oil was estimated to be US\$45 a barrel which was almost 50% increase over that in the previous year. The price has jumped recently to the US\$55 – US\$62 levels. The airlines and many energy-consuming industries have suffered tremendously during the period.

The fiscal measures taken by the Chinese Government since April 2004 to tighten up bank lending and to dampen the over-heated economy have produced some cooling effect on the economy and many commodities prices actually declined since then. Property markets in many provinces have consolidated, in particularly Shanghai where excessive speculation was experienced. The property market in Hong Kong rebound very well in 2004 but started to feel the pinch of the higher interest rates and higher prices, although the outlook is still bullish.

The depreciation of the US\$ during 2004 had brought some benefits to the Hong Kong export sector as the HK\$ is pegged with it. This has also created some stimulating effect on investments from overseas as assets look cheaper to non-US\$ based investors.

The Closer Economic Partnership Arrangements (CEPA) with China have produced very positive impact on Hong Kong's economy since its implementation in 2004. In particularly the tourists, retailing, entertainment and property investment sectors have benefited most. The importance of the boost to Hong Kong's consumers' willingness to spend and confidence to invest in longer term time frame cannot be overly emphasized. Although the Group does not have any investee companies directly falling into the related sectors, the favorable indirect effect could be felt during the year.

With the adoption of a more conservative reporting and valuation policy, the Group recorded a net loss of approximately HK\$6.7 million for the full year. This loss was partly contributed by the depreciation in value of some listed investment, and partly by the provision for some equity investments. However, the second half year results were actually showing a net profit figure of HK\$4,205,298, a much better position over the loss of HK\$10,891,718 recorded in the first half year, reflecting some reduction of certain provisions required on equity investments.

低息時代於二零零四年年底差不多結束。因美國經濟已逐漸走出困境，美國聯邦儲備局已將利率調高超過11次，此利率增高的環境將對美國及世界的地產及投資市場產生負面影響。在香港，因聯繫利率系統的關係，利率將跟隨美國而浮動。

世界能源及期貨價格的高速增長已對企業盈利水平及普遍經濟做成憂慮，並快將加劇通脹。對比上年度，平均油價上升50%至大約45美元一桶，近期更提升至55至62美元一桶。在此期間致令航空及眾多耗用能源的工業受到嚴重影響。

自二零零四年四月起，中國政府推行財政議案以收緊銀行借貸及紓緩經濟過熱，對經濟有降溫作用並致使期貨價格實際從此下降。於各省的地產市場已作整合，特別是好像上海這些經歷過份投機的省份。香港的借貸市場於二零零四年反強，即使前景仍看好，但已開始對高息及高價感疑惑。

因港元與美元掛鈎，香港的出口業因美元於二零零四年貶值而受益，並因資產對以非美元為本的投資者較相宜而對海外投資者產生刺激作用。

與中國自二零零四年起的更緊密經貿關係安排對香港產生正面的影響，旅遊、零售、娛樂及物業投資事業更是特別受惠。但不可過份吹捧此對促進香港顧客購買慾的重要及長期投資的信心。雖然本集團並沒有任何投資公司直接隸屬有關行業，但本年度仍能間接受惠於此利好因素。

因應採納較保守的報告及估值政策，本集團全年錄得6,700,000港元的淨虧損。此虧損部份歸因於某些上市證券投資的貶值及部份歸因於某些股本投資的減值撥備。但是，下半年度業績實際對比上半年錄得4,205,298港元淨利潤，對比上半年錄得10,891,718港元的虧損為好，此反映出部份股本投資減值撥備的減少。

The Group's investment portfolio comprised of approximately net market value of HK\$65 million listed equity investments and approximately HK\$1.9 million net value of unlisted investments. To enhance the shareholders' value, the Management will closely monitor the trend of the investment and securities markets and to manage the portfolio prudently and proactively in line with those changes in the market and economic conditions.

Prospects

The outlook is cautiously positive for Hong Kong in 2005. The appointment of the new Chief Executive for Hong Kong SAR with high popularity and strong support from the Chinese Government has brought a more stable political scene to Hong Kong. We have seen the general improvement over the consumer spending and investor confidence. Property prices showed constant increases and the stock market appears to breakout on the upside from the trading range recently. Corporate earnings are expected to improve in the latter half of 2005.

The official appreciation of the Chinese currency by 2% would have some encouraging impact on Hong Kong's economy, particularly for those that have substantial earnings in China, in retail, tourism, property and those that have sales proceeds in China but with substantial US\$ borrowings. The smaller than expected adjustment might continue to attract money flow into Hong Kong on speculation of further revaluation, thus improving the banking liquidity and the economy at a whole.

The Management would regularly review its investment portfolio and to increase in sectors where higher growth is envisaged and to reduce in sectors where conditions are less favorable. Careful selection of investments is important to improve the financial returns to the Group.

In the coming year, the performance of the investee companies would be closely monitored and for those where future financial returns are not expected to be satisfactory would possibly be divested in order to re-allocate the resources to other more profitable ventures.

Benefiting from the planned construction of the Hong Kong-Zuhai-Macau Mega Bridge and the Central Government's latest 9 plus 2 policy, the Management of the Group believes that Macau's economic and property market would rebound. In order to grip the upward trend of the Macau property market, the Group has invested in a company with Macau properties projects which is expected to produce stable rental income and opportunities for capital appreciation.

The Group will not only focus on those listed securities, but also equity investments that possess sound fundamental growth potential and strong management and are able to give rise to recurring dividend income and capital appreciation for medium to long term strategic investment purposes.

本集團的投資組合由淨市值約為65,000,000港元的上市股本投資及約為1,900,000港元的非上市投資淨值。為擴大股東的利益，管理層將緊密地監控投資及證券市場走勢及因應市場及經濟環境的轉變以保守及主動的態度管理組合。

展望

我們對香港於二零零五年前景持審慎樂觀態度、新的香港特別行政區首長之委任，具民意及中國政府支持，令香港政局更為穩定、消費及投資意慾普遍改善。物業價格持續改善，股票市場再上一層。預期二零零五下半年度企業盈利將得以改善。

人民幣升值百分之二，對香港經濟有正面影響，對以主要收入源自中國、零售、旅遊及物業之公司，以及銷售所得款項來源為中國，但以美元借貸為主之公司有利。升值幅度比預期為少，將持續吸引搏取人民幣升值之外來資金湧入香港並將改善銀行資金流動性及整體經濟。

管理層將定期審閱投資組合及增加預期高增長部份之投資及減少投資未符理想之部份。對投資的審慎選擇，對改善本集團的財務回報有着舉足輕重的作用。

本集團將於來年密切注視投資公司之表現，將篩選預期回報未符理想之投資公司，以投放更多資源於回報更佳之項目。

受惠於港珠澳大橋及中央政府之九加二政策，本集團之管理層相信澳門之經濟及物業市場將有所改善，為了掌握澳門物業上升的利好勢頭，本集團投資了一間擁有澳門物業計劃的公司，預期可獲穩定租金收入及資產、資本增值。

本集團除了投資上市公司證券外，亦會對高增長潛力及優質管理之公司作中期至長期策略性投資，以獲取股息及資本增值。

Looking ahead, the investment market condition remains challenging but somewhat more favorable. The Management of the Group will continue to do their utmost to properly manage the investment portfolio and to capture any profitable opportunities at all times with the main objective to maximize shareholders' benefit in the coming year.

Financial review

Liquidity and financial resources

As at March 31, 2005, the Group had bank balances and cash of HK\$3,813,037 (2004: HK\$1,276,005). The Board believes that the Group has sufficient financial resources to satisfy its commitments and working capital requirements.

As at March 31, 2005, part of listed equity securities of the Group and the Company had been pledged to secure margin facilities and loans granted by a related company.

Capital structure

There has been no change to the capital structure of the Company since April 1, 2004.

Capital commitment and contingent liabilities

As at March 31, 2005, the Group had no material capital commitment and contingent liabilities.

Foreign currency fluctuation

The Board believes that the foreign exchange risk is minimal as the Group mainly uses Hong Kong dollars to carry out its business transactions.

Employment

As at March 31, 2005, the Group employed a total of 4 employees, including the executive directors of the Company.

Share options

The Company does not have share option scheme.

Appreciation

The Board would like to take this opportunity to extend our sincere thanks and express appreciation to those who have supported us during the year.

Li Kwok Cheung, George

Executive Director

Hong Kong, July 22, 2005

展望未來，投資市場環境仍然具挑戰性但有所改善，本集團之管理層將繼續密切監察現有投資及謹慎考慮並把握所有現有之投資機會，以增加股東來年之回報。

財務回顧

流動資金及財政資源

於二零零五年三月三十一日，本集團銀行結餘及現金共3,813,037港元（二零零四年：1,276,005港元）。董事會相信本集團具足夠財政資源履行承諾及營運資金要求。

於二零零五年三月三十一日，本集團及本公司之部份上市股本證券已抵押於關聯公司以獲取孖展及借貸。

資本結構

本公司之資本結構由二零零四年四月一日起，並無任何變動。

資金承擔及或然負債

於二零零五年三月三十一日，本集團概無重大資金承擔及或然負債。

外幣波動

董事會相信，由於本集團主要以港元進行商業交易，所承受外匯風險極低。

僱傭

於二零零五年三月三十一日，本集團合共僱用四名僱員（包括本公司執行董事）。

購股權

本公司並無購股權計劃。

鳴謝

董事會謹藉此機會衷心感謝各界人士在本年度對本公司之鼎力支持。

李國祥

執行董事

香港，二零零五年七月二十二日