



The year under review was a year of consolidation for our Group and a series of restructuring measures had been carried out. Several non-core subsidiary companies were disposed, some investment properties situated at less favourable locations were sold, and carrying values of all long term investments were diligently reviewed and adequate provisions were made against these investments that reflected a conservative view of these assets at this point of time. Also, we maintained stringent cost control and kept expenditure down, and concentrated our resources on high growth business segments.

We continue to follow our policy of focusing on our core businesses, and at the same time allocating resources to invest into potentially profitable long term investments. The Group will closely monitor each existing business operation and investment project, and try to ensure they have a satisfactory financial position to generate revenue and achieve future growth as well. Non-performing investment or operation will be re-engineered or be disposed.

This repositioning strategy gave the Group a clear business direction to enable us to utilize our resources better and open up new business opportunities. Despite the present adverse business environment in Hong Kong and uncertainties of the global economic and political environment triggered by the terrorist attack, war in the Middle East and poor consumption sentiment, we are confident that our new position will enable us to prepare for the future challenges. Furthermore, we will strive to enhance corporate governance by raising the level of transparency and accountability in the future.

The business outlook for Hong Kong should be much improved following the entry of China into the WTO and the strengthened economic tie between the PRC and Hong Kong. Both of them will provide tremendous business opportunities and significant economic benefits for Hong Kong enterprises. In the coming year, the Group will continue to seek merger and acquisition opportunities in the PRC, which will add value to our Group and make progress with China's rapid economic growth.

I would like to express my deep appreciation to our shareholders for their support and to our staff for their dedication, loyalty and hard work over the year.

Johnny Wing Fai Tam

Managing Director

Hong Kong, 30 July 2003