

## CHAIRMAN'S STATEMENT

The sluggish economy of Hong Kong was further impacted by the threat of war in Middle East and the outbreak of SARS. For the financial year 2002-2003, the Group continued with the "prudent" concept introduced in the previous financial year.

### BUSINESS REVIEW

The Group continued to reduce its trading business and it was the main reason for the decrease in the Group's turnover by about 60% to HK\$25.0 million. The turnover was mainly derived from the telecommunication services business, which accounted for approximately 46.8% of the total turnover. Its business performance showed a great improvement as the net loss ratio has been narrowed down to 9.1% and it is expected that this business would break-even in the next year. The investment and financial services business continued to suffer a significant loss this year as continuing high unemployment rate, falling property prices and deflationary pressure was undermined in the local investment markets.

In October 2002, the Group has purchased an equity stake of 70% of a Taiwan company which engaged in the provision of travel agent services. The business already has contribution to the total turnover of the Group and it is optimistic it would provide a stable income to the Group in the coming years.

### PROSPECTS

The strong signs of recovery from SARS are already apparent, we believe that the economy of Hong Kong would pick up gradually in the coming years. In the coming fiscal year, the Group would maintain the prudence strategy in order to minimize bad debts arising from the customers. In addition, the Group would continue to look for acquisition opportunities with immediate revenue and reliable cash flow to contribute to the Group.

### APPRECIATION

Both the Board and I would like to take this opportunity to thank all our employees for their hardworking during the years, business colleagues for their referrals and/or guidance, partners and customers in trying to achieve the target. Finally, we would like to thank you, our shareholders, for your continuous support and confidence.

**Chan Tak Hung**

*Chairman*

Hong Kong, 29th September 2003