

## CHAIRMAN'S STATEMENT

This has been a challenging year for Plus Holdings Limited ("PHL") and its subsidiaries (the "Group"). The overall financial performance of the Group was less than satisfactory. Revenues have decreased in our information technology ("IT") business due to segment restructuring and, to the slow-down in the telecommunications industry in general. Our investment portfolio suffered from the adverse conditions affecting the financial markets in Hong Kong.

Notwithstanding the unsatisfactory results for the fiscal year ended 31 March 2003, we believe that last year's results do not reflect the strength of our underlying businesses, nor our ability to deliver the results our shareholders expect from us.

The strategy of the Group for the future is based on our core competency, that is, to offer innovative IT solutions and services to our customers. In addition to serving the telecommunication industry, we are entering the financial services industry. Through our strategic alliances, we offer international products and solutions at localized cost to match our customers' technology requirements. We assist our customers in employing technology creatively in order to achieve their business objectives.

Our technology arm and major subsidiary, Telecom Plus Technology Holdings Limited ("TPTH") has been engaged in providing network integration products and services for the major telecommunication companies in China. Moving gradually from hardware products to software solutions, TPTH is now focusing on creating added value by offering to its customers leading edge network and operating systems solutions (OSS) infrastructure with local customizability. As business strategy drives services and network deployment, TPTH teams up with its clients in the early stages of strategy implementation in order to provide open, flexible and extensible OSS components that can adapt quickly to any changes in the services offered by the clients.

Parallel with strengthening the operations of TPTH, we have laid the foundation for the second operating arm of the Group, Plus Financial Distribution Holdings Limited ("PFDH"), a wholly owned subsidiary. As a channel enabler and distributor, PFDH will tap into the substantial wealth management market in China, aiming at becoming a major Bancassurance (as defined hereinafter) and wealth management distributor both in the Mainland and in Hong Kong. PFDH will serve as a bridge between wealth management product producers and the financial services sector. It will also provide process and technology advisory services to clients, such as banks, enabling them to distribute wealth management products effectively. Combining strengths with TPTH and providing integrated IT and process outsourcing solutions to its clients, the new subsidiary will also open alternative distribution channels for retail banks in China, such as direct telesales and telemarketing, by collaborating with telecommunication service providers and appropriate retail channels. In short, PFDH is designed to be a one-stop solution-provider by offering wealth management product distribution integrated with channel development, IT platform and customer service capabilities.

The Group will continue to focus on controlling costs and improving profitability. We look to the future with confidence as we build the necessary infrastructure to support our new businesses.

**Zou Yishang**

*Chairman*

14 October 2003