

CHAIRMAN'S STATEMENT

I have pleasure in presenting to the shareholders the annual report of the Company for the year ended 31st December, 2003.

BUSINESS REVIEW

Early in the year 2003, the global economy continued to be affected by political turbulences. Poor market sentiment, rising unemployment rate and prolonged deflation continued to dampen local's investor confidence and private consumption. The difficult local business environment was further hit by the impact of Severe Acute Respiratory Syndrome crisis in Hong Kong and other Asian countries. Given the weak global and local economic conditions, the stock and property markets remained stagnant in the first half of the year.

In the second half of the year, the introduction of Closer Economic Partnership Arrangement between China Mainland and Hong Kong and the surge of China Mainland visitors have helped to stimulate the growth of local consumer demand and business activities. The rally in the stock and property markets have boosted consumer confidence and investment sentiment in the second half of the year. The local economic activities picked up gradually.

In spite of the challenging environment of 2003, the Group was able to achieve a net profit attributable to shareholders of HK\$5 million, against a net loss of HK\$16.3 million for last year. Due to keen competition in the mortgage loan sector and the fall of market rates, the total loan portfolio of the Group has decreased in size and the level of income generated from mortgage finance has fallen. Total turnover of the Group for the year amounted to HK\$74.4 million. The Group is debt-free and maintained a strong liquidity position over the year.

PROSPECTS

Looking forward, the encouraging economic growth of China Mainland and the upturn of the local stock and property markets may accelerate economic activities in Hong Kong. The improving global economy will provide added momentum to domestic economic activities and as a result a generally positive economic outlook for Hong Kong is expected. With its strong financial position, the Group is well-positioned to seek new and suitable investment opportunities.

APPRECIATION

On behalf of the Board of Directors, I would like to express my sincere appreciation to the management and all our staff for their dedicated service during the year.

Ning Gaoning

Chairman

9th March, 2004