

Chairman's Statement

Year 2003 was started with challenges followed by resilient recovery locally and globally. In the first half of the Year 2003, the bleak Hong Kong's economy was further worsened by the rampant spread of SARS in Hong Kong and Mainland China. However, the Hong Kong's economy reached its bottom and promptly recovered after the Chinese government has taken certain positive measures including CEPA and the free travel scheme started in a number of China provinces. On a macro basis, the global economy has also been gradually improving after the war between the United States and Iraq in the second half of the Year 2003. Despite the varying factors, the Group has consecutively recorded a profit for the Year 2003.

In the year ended 30 November 2003, the Group reported a profit of approximately HK\$15,590,000 due mainly to the gain from the sale of subsidiaries as part of the Group's business restructuring process and profit in securities investment and trading business which has now been developed to become one of the main lines of the Group's business. In addition, the Group has also participated in a joint venture project in developing villa type houses in Kau To Shan which is one of the prime location in Hong Kong for deluxe low rise residences. In view of the current positive conditions in and the anticipated prosperous future of the local property market, the management has decided to actively participate in this kind of project of development of villa type houses and make it as one of the Group's principal business activities so as to strengthen the Group's earning potential. With a satisfactory result achieved in 2003, total shareholders' equity of the Company further improved by 48% to HK\$51,183,000 up to 30 November 2003 as compared with the corresponding last year end.

The Company held an extraordinary general meeting shortly after the year end to approve the capital reorganisation and the change in the company name to Polytec Asset Holdings Limited. The objectives of the relevant resolutions passed in the extraordinary general meeting are to facilitate future distribution of dividends on earnings and to reflect that a new group with clear direction, vision and strategies has been developed.

Consistent with prior years, the management continues its aggressive but prudent approach in diversifying and conducting its business and is considering various business opportunities for the strengthening of the earning bases of the Group.

Finally, I would like to take this opportunity to express my thanks and gratitude to our staff and management team for their hard work and dedication over the past year.

Yeung Kwok Kwong
Chairman

Hong Kong, 22 March 2004