

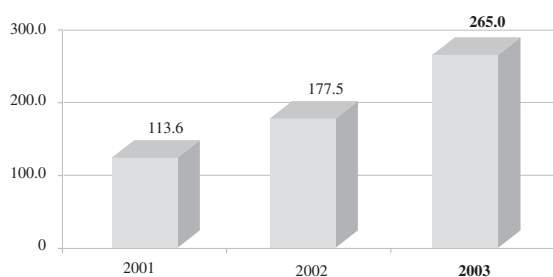
Business Review

The Group's primary business goals for 2003 were to achieve sustainable increase in turnover, to improve operational efficiency and to attain positive EBITDA for the Group. Despite the challenging market conditions during the year under review, the Group delivered all its promises. In 2003, turnover increased by 27.1%, operating cost reduced by 23.0% as compared to 2002 and positive EBITDA of HK\$23.8 million for the year was achieved.

In 2003, the Group remained focused on increasing the revenue and improving the operating results of the ZONE telecommunication operations ("ZONE") in the United States, Hong Kong and Singapore.

ZONE US operation continues to increase its revenue from its voice telecommunication-related services, particularly from growth in the corporate segment. ZONE US has also expanded its range of services targeting mainly at the corporate segment, including the addition of local dedicated services, managed IP-VPN, frame relay and other data solutions; enhanced toll-free services, and other IP-centric offerings. The addition of these added services coupled with ZONE's carrier neutral value proposition has enabled ZONE US to provide enhanced value to its customers via a consultative sales process, cost savings, best-in-breed telecommunication solutions, and a higher level of customer service.

**Turnover of ZONE US
(HK\$ millions)**

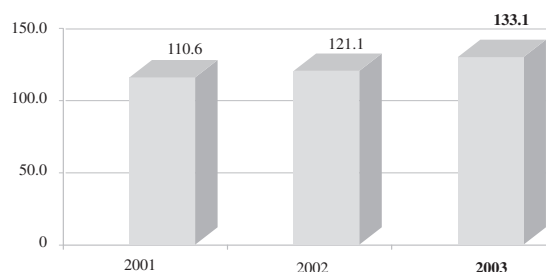


ZONE Hong Kong remains competitive despite difficult market environment. ZONE has managed to establish itself as one of the key providers of IDD services to corporate customers. ZONE Hong Kong has also implemented a number of initiatives to capitalise on opportunities made available via new IP-based technologies. These technologies will enable ZONE

Hong Kong to introduce new and innovative services at reduced network costs. Growth for the coming year is likely to come from serving Hong Kong corporate customers with presences in Mainland China. ZONE is confident that it can provide such customers with attractive IP-centric alternatives built around value-added and cost-saving incentives.

ZONE Singapore recorded another year of consistent revenue growth. It enjoys a growing reputation for providing reliable quality, unique web-enabled features and dependable customer service. ZONE Singapore has been successful in signing up sizable corporate customers including those from the logistics, hospitality, IT and service-related industries. In 2004, ZONE Singapore will be increasing its sales efforts and also upgrading its technology platform to provide for projected growth.

**Turnover of ZONE Asia*
(HK\$ millions)**



* ZONE Hong Kong and ZONE Singapore

In line with its strategic decision to focus on the ZONE telecommunication business, the Group disposed of its interest in two subsidiaries engaging in the event management business in January 2003.

In 2003, the ZONE operations have all achieved positive EBITDA and positive net cash inflow while continuing to steadily increase their respective market shares. **Looking ahead** to 2004, the Group will continue to grow its existing businesses while maintaining financial and operational vigilance. The Group will explore opportunities where it can utilise new technologies and capitalise on present technology platforms and existing customer bases to expand within and beyond its current geographical locations into other complementary telecommunication services including IP-centric, wireless and data-related services.