



CHAIRMAN'S STATEMENT

For the year ended 31 December 2003, the Group recorded a turnover of HK\$138,600,000, representing a decrease of 28% when compared to that of last year. Loss attributable to shareholders was HK\$34,069,000, representing a decrease of 71% from the previous year.

The decrease in turnover was primarily due to the recession in the telecommunications industry and the decline in the business of the Clubs, in large part due to the outbreak of the Severe Acute Respiratory Syndrome in the first half of the year.

The Group entered into an agreement with strategic partners to convert the Shanghai Hilltop Country Club into a spa resort with a 4-Star hotel complex. The Shanghai Club was closed towards the end of last year for renovations, and the project is estimated to be completed by the end of 2004.

In October 2003, the Group acquired a 60% interest in The Swank Shop Limited ("Swank"). Swank operates a chain of boutiques and counters retailing premium fashion and the name "Swank" is synonymous with imported luxurious fashion. This acquisition enabled the Group to enter into the premium brand retail business. With the influx of Chinese tourists through the Individual Visit Scheme and continued economic improvement, the Group believes that the current growth in high end retail trade in Hong Kong will continue and is optimistic that Swank can bring to the Group tremendous opportunities in the premium brand retail business.

The Management Discussion and Analysis is set out on pages 3 to 6.

I would like to take this opportunity to thank my fellow directors, dedicated employees, our supportive shareholders and our business partners for their confidence and continued support in the Group.

Joseph Wing Kong LEUNG

Chairman

Hong Kong, 30 March 2004