

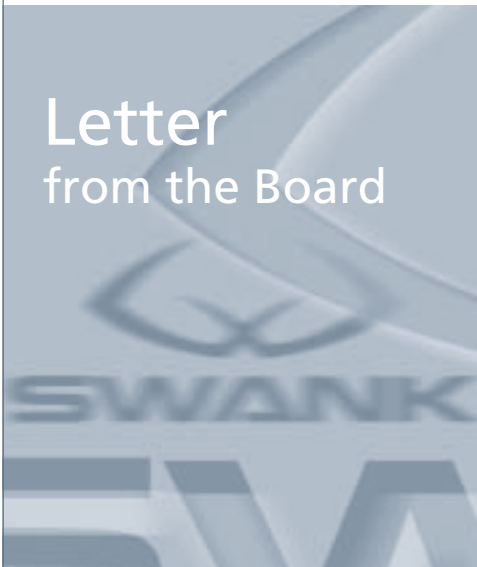
Letter from the Board

It is the second year after Tomorrow Group took over the majority shareholding in Swank in March 2002. Since the investor changeover, the Group has continued to make improvements on the operations in order to increase the Group's competitive strengths in the optical industry.

The result for the Year 2003 was affected by the economic conditions in both the United States and Europe as well as the outbreak of the Severe Acute Respiratory Syndrome epidemic in Hong Kong. Sales orders in the first half of the year were on low side because our overseas customers placed orders in a more conservative manner and also our sales staff deferred their plans to visit overseas customers resulting in delay in the product development programs. The decrease in gross profit margin was mainly due to lower capacity utilization and downward pressure on price in the market. Despite the loss from operation, the Group continued to deliver a positive cash flow and the Group's cash balance was improved as compared with that of Year 2002. Due to sluggish demand for lenses, the shared profit before tax from the Group's 50 percent-owned associate was lower than that of last year.

In order to reduce the financial burden of the Group, the Company entered into a conditional share sale agreement and a conditional loan settlement agreement on 3 September 2003 to restructure the principal loan of HK\$250 million and the accrued loan interest due to Probest Holdings Inc. ("Probest"). Pursuant to which, the Company disposed of its 30% interest in Profitown Investment Corporation ("Profitown") and 30% of loan due from Profitown to the Company to Probest at an aggregate consideration of HK\$3 million and Probest also agreed to waive the repayment of the outstanding principal loan of HK\$47 million and the accrued loan interest thereon since 1 March 2002 up to the effective date of the loan settlement agreement. Together with an open offer became unconditional, the Group raised fund of HK\$37 million after expenses to repay the loan due to Probest, the outstanding principal loan was reduced to HK\$163 million and shall be repaid by three instalments in accordance with the terms of the promissory note with maturity date on 1 June 2006.

Pursuant to the placing agreement and the sale and purchase agreement between Tomorrow Group and SW Kingsway Group, the shareholding of Probest in the Company was reduced to about 51%. The introduction of strategic investor like SW Kingsway Capital Holdings Limited ("SW Kingsway") would help the Group obtain external financing and/or strategic investors in future.



Letter from the Board

In the coming year, the Group continues to add value to our customers for one-stop service. Throughout the continuous improvement plans to be implemented in the coming year, the Group is anticipating a moderate growth in sales orders, an improvement in gross margin, effective cost control as well as higher capacity utilization.

On behalf of the Board

Tam Wing Kin

Executive Director

Hong Kong, 26 April 2004