

# CHAIRMAN'S STATEMENT

## FINAL RESULTS

I am pleased to report that the Group has registered a marked improvement in its results for 2003. Chiefly due to impressive business performance of all continuing operations of the Group and the disposal of the loss-making chemical fibers business during the year, a profit attributable to shareholders of HK\$13,644,000 was achieved in contrast to the previous year's loss of HK\$36,048,000, symbolized an encouraging progress of the Group in restructuring and enhancing the return of its business portfolio.

## BUSINESS REVIEW AND PROSPECTS

Against the backdrop of the Iraq War in the first half of the year and later the outbreak of the Severe Acute Respiratory Syndrome ("SARS"), it is encouraging that the Group has been able to turnaround its results for 2003. All continuing business segments of the Group – power generation, trading, financing, property and securities have delivered impressive results and an overall operating profit of HK\$11,267,000 was reported for the year compared to last year's operational loss of HK\$13,331,000 (excluding the effect of the discontinued chemical fibers operation). Such achievement reflected focused management efforts directed to improve profitability of the Group, delivered by way of cultivating new income source, improving operating efficiency as well as strengthening cost control.

The Group's jointly controlled entity which operates two shopping centers in Shanghai and Suzhou in the People's Republic of China ("PRC"), continued to perform well. For 2003, the shopping centers again reported a double digit sales growth year-on-year and achieved a total turnover of approximately HK\$400 million. As a result of strong sales growth and hence increase in profitability of the jointly controlled entity, the Group's share of profit rose to HK\$4,964,000, representing a significant increase of 101% over last year. The Group's associate, which operates a general hospital in Xian, the PRC, was nevertheless adversely affected by the SARS epidemic in the Mainland. The hospital experienced a substantial drop of its income during the outbreak of SARS and a lower than expected turnover of about HK\$77 million was recorded for 2003. Despite the fact that the activity level of the hospital had gradually returned to its normal level after the SARS effect was contained, the hospital incurred an overall loss for the year and a loss of HK\$1,989,000 was shared by the Group.

# CHAIRMAN'S STATEMENT

The management has always been proactive in looking for investment opportunities that are expected to add substantial value to the Group. In October 2003, the Group completed the acquisition of an effective 80% interest in each of the two power plants in Sanmenxia City, Henan Province, the PRC for a total consideration of HK\$160,000,000. Both power plants have an installed capacity of 50 megawatts with the first is in production and the second is due for completion of construction before end of 2004. Since acquisition, the power plant in production generated a revenue of HK\$15,907,000 and contributed an operating profit of HK\$3,585,000 to the Group's 2003 results. It is expected that the new power plant operation will continue to contribute positively to the Group's results in light of strong demand for electricity in the region where the power plants are located. Moreover, contributions from the power plant operation, in terms of profitability and recurring cash income, are expected to be more significant when construction of the second power plant is completed.

The acquisition of the power plant operation represented a further step of the Group in building a diversified business portfolio with strong recurrent earnings base. For 2004, it continues to be the priority of the management to further improve the Group's financial performance with the view to lay down a solid foundation for future growth. Our approach for new investments will continue to be proactive and prudent, and emphasis will be placed on those business opportunities that are Mainland-related and well positioned to benefit from the continuous growth of China's economy.

## APPRECIATION

I am pleased to conclude that the Group has achieved very encouraging results for 2003. I would like to take this opportunity to express my gratitude to my colleagues on the Board and all staff members of the Group for their hard work, loyal service and contributions during the year.

**Suen Cho Hung, Paul**

*Chairman*

Hong Kong, 26th April, 2004