

## Chairman's statement

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On behalf of the Board of Directors of Magnum International Holdings Limited ("the Company") I wish to present the results of your Company and its subsidiaries ("the Group") for the financial year ended 31st December 2003.

### Business Review

For the year ended 31st December 2003, the Group recorded a turnover of HK\$7.8 million and a loss before tax of HK\$11.5 million. The turnover of the Group decreased by HK\$2.1 million as compared to the year ended 31st December 2002 and this reduction was in line with the decrease in the overall market transaction volume as a result of weak performance of the Hong Kong stock market during and after the period of the outbreak of the Severe Acute Respiratory Syndrome ("SARS") in 2003.

The loss before tax for the year decreased from HK\$21.8 million in 2002 to HK\$11.5 million in 2003. Such reduction in loss before tax was mainly because the Group recorded unrealized profit for the investments of the Group, mainly shares of the Hong Kong Exchange in the second half of 2003. As with last year, the loss before tax in the current year mainly comprises administrative and operating expenses, diminution in value of the investment properties and financial cost on borrowings.

### Future Prospects

Although the economy of Hong Kong has been recovering after the SARS, there are still many uncertainties that block the development and recovery of the economy. The unstable stock market, deflation, high unemployment rate, low domestic spending and uncertain global environment represent challenges to the business growth of the Group. In view of the present business environment, the Board remains cautious and management will continue to implement proactive plans to strengthen the core business of the Group whilst containing costs with the objective of placing the Group on a stronger footing.

The Group is also constantly looking for new business opportunities and will exercise extra caution in doing so, in the midst of the current unstable economic environment.

As the economy gradually improves and market sentiment pick up, your Board believes that the Group can achieve better results in the year ahead.

## ▶▶ 04 Chairman's statement (continued)

### Appreciation

On behalf of the Board, I would like to record our appreciation to our valued customers, bankers, business partners and shareholders, for their continued support to the Group. I would also like to thank my fellow directors, management and employees for their continued dedication and commitment.

**Lim Teong Leong**  
*Chairman*

26th April 2004