

I am pleased to present to you the annual report of Mansion House Group Limited (the "Company") and its subsidiaries (the "Group") for the financial year ended 31st December, 2003.

REVIEW OF OPERATION

The operating environment for the Company has been difficult in 2003. During the year, the management strived to reduce the Company's debts and improve operational and financial efficiency in order to pave the way for future business development. Other than the reduction in loss attributable to shareholders from HK\$88 million for year 2002 to HK\$37 million for year 2003, the Company recorded net current assets of HK\$16 million as at 31st December, 2003 compared with the net current liabilities of HK\$19 million as at 31st December, 2002.

For our financial services which is one of the Group's core businesses, the first half of 2003 was a challenging period. The Group's brokerage operations was dealt a severe blow by the unfortunate outbreak of SARS (Severe Acute Respiratory Syndrome), and continued to suffer the effects of a sluggish economy, battered investor confidence, and the end of minimum commissions on 30th April, 2003. Entering into the second half year, economy resilience and revival of investor confidence led to an upsurge in turnover of the stock market. Our brokerage operation performance for the year as a whole was comparable with that for the previous year.

In addition, the board of directors (the "Board") successfully placed more than 120 million new shares in 2003 which contributed additional working capital for the Group and thus enhanced the feasibility to seize new business opportunities.

LOOKING FORWARD

Income from brokerage has been and is still under severe pressure as a result of the intense competition in the industry. The Board is taking active steps to expand customer base by strengthening our customer service team on the one hand, and to implement effective cost control measures to further improve the Group's financial position on the other hand for the coming year.

Though the economic environment in Hong Kong is rebounding, the Board considers that sustained rapid economic growth in the People's Republic of China ("PRC") create abundant business opportunities. In the near future, it is the Board's intention to materialise new business plans by capitalising the interests, experience and contacts of the shareholders of China United Telecom Limited, being the major shareholder of the Group, in the media and telecommunications sectors in the PRC. The Board will explore potential diversification into these sectors by the Group if beneficial. As announced by the Company on 22nd October, 2003, the name of the Company is proposed to be changed to "Asia Telemedia Limited 亞洲電信媒體有限公司". The Board will soon submit the relevant resolution for approval by the shareholders. Moreover, the Group will maintain property development as one of its businesses and will plan to invest in property projects in the PRC.



Chairman's Statement

In the year to come, the challenge for the Group would be continue to improve its liquidity position and to broaden its asset base so as to restore a positive net asset base, and with the aim of attaining profitability.

ACKNOWLEDGEMENT

On behalf of the Board, I would like to sincerely thank all shareholders for the continuous support to the Group. I would also like to extend the Board's gratitude to all staff for their dedication and hard work.

Lu Ruifeng

Chairman

Hong Kong, 27th April, 2004