

In retrospective, 2003 was a significant year for us as we have fundamentally completed the re-organisation of the Group's business. Despite the outbreak of Severe Acute Respiratory Syndrome ("SARS") in last spring in the PRC, our existing businesses had successfully overcome those difficulties and achieved enduring and steady progress.

In the meantime, the Board has also recognised the positive implications of enhancing profitability and diversifying investment risks. In order to achieve these, we have organised expert seminars, appointed professional market-research companies to conduct investigations, so as to identify new businesses of related or similar industries for our company for further investment analyses and demonstrations. The Board has made appropriate and adaptive adjustments in terms of investment direction and strategies. We intend to inject into the Company new businesses that are of market potential and possess high technological content, with an aim to diversify our investments for better adaptation to market changes and wishes of our shareholders.

During the year under review, we continued to strengthen our administration structure, perfect and enhance our operating and management system. We had taken initiative to enroll professionals to work for the Company, in order to assure reasonable flow of talents under market system, and to establish new management culture and market ideas. We believe that an open and lenient working environment can effectively provide our staff with personal career development, as well as the opportunity to grow with the Company.

Looking ahead, we will sustain our business development actively and steadily with the selective introduction of some multi-national institutional investors and resourceful property investors, in order to ensure rooms for steady and sustainable development for the Group's business after the completion of business re-organisation.

The Board believes that globalisation and the era of knowledge economy will bring about new motivations for the modernisation of the economy in the PRC. We will fully educe our strengths in know-how and capital, coupled with our geological and market advantages, so as to consolidate the Group's business, and to make contribution to the State development and the community advancements.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to express my heartfelt appreciation to the Group's shareholders and customers for their support and dedication, and to the management team and staff for their unceasing contribution to the Group during the year under review.

By order of the Board

Dr. Hon Fong Ming, Perry

Chairman and Chief Executive Officer

Hong Kong, 27 April 2004