The year under review was full of events. The outbreak of the severe acute respiratory syndromes ("SARS") posed a level of unprecedented uncertainty to the market, as well as the business development of the Group at the beginning of the year under review.

Although the SARS impact gradually faded out from June 2003, the consumers' confidence in Asian markets did not recover as quickly as expected which led to significant drop of the Group's garment trading to those markets. However, the Group managed to maintain its turnover to export to the Europe markets and sales in the Hong Kong market which in aggregate accounted for 97% of the turnover of its general trading, import and export business. To capitalize the opportunities of global economic recovery, the Group is now exploring overseas markets for its trading business.

With the gradual recovery of economic environment in the second half-year and a series of favourable policies from the Central Government including Closer Economic Partnership Agreement, investors' sentiments have been improved, which resulted in increase in turnover of securities and financing business of the Group by 17% when compared with that of the preceding year. In light of closer connection with the mainland, the fast growing market for financing and securities businesses, the Group plans to upgrade its securities trading system to facilitate its clients in the PRC.

The Group continued to streamline investments that failed to make any positive contribution to the Group. During the year under review, the traffic flows of the National Highway 318 in Wuhan, China ("Highway 318") decreased due to the outbreak of SARS in early 2003, which was further dampened by relocation of toll station by the Chinese contractual joint venture ("CJV") partner (the "CJV Partner") on its own accord. The Group has been liasing with the CJV partner for compensation on the loss. Though the negotiation is still in progress, the Group made, on a conservative view, a substantial impairment loss for its interest in the joint venture.

It's the Group's strategy, on one hand, to continue series of restructuring measures, on the other hand to review its internal procedures to cut corners on redundant expenditure and to efficiently utilize the capacity of its staff to reduce outsourcing. We believe that the lean cost structure helps to strengthen the competitive edge of the Group to face any challenges in the future.

Looking ahead, Hong Kong will have a promising environment for future development. The opening of Disneyland in 2005 and building of the Hong Kong-Zhu Hai-Macau Bridge offer golden opportunities for the economic development of Hong Kong, which will bring further benefits to the Group.

Johnny Wing Fai Tam

Managing Director

Hong Kong, 21 July 2004