

## Chairman's Statement

### BUSINESS REVIEW

The year under review was undoubtedly a challenging year. Through a process of rationalization and consolidation your management has been successful in building a solid foundation for sustainable growth for the years to come.

Since the takeover in October 2003, your management has devoted much time and resources to reviewing the Group's systems and operation, and dealing with issues left over from the previous management. Rationalization of the Group's business had inevitably led to the disposal of certain loss-making companies in the area of entertainment and telecommunications services, thus halting further erosions to the Group's asset base.

The Group's turnover experienced a decline of 55% to HK\$11.26 million due to two major factors — the disposal of loss-making subsidiaries and the economic downturn in Hong Kong caused by the residual effects of SARS (Severe Acute Respiratory Syndrome) in the second half of 2003. Contribution from the investment and financial services accounted for the majority of the Group's turnover for the year under review as the stock markets and financial sectors had both bounced back sharply when SARS was eventually brought under control.

The loss of HK\$109.31 million was mainly caused by allowance for trade receivables, other receivables and short-term loans receivable, as well as unrealized holding loss and impairment loss on investment securities, which mainly originated from assets owned before the takeover.

Your management has performed well in implementing effective cost control measures and successfully trimmed operating expenses by 67% during the difficult year under review.

In order to better reflect the new identity of the Group, the shareholders have voted to change the name of the Company to Wonderful World Holdings Limited and the adoption of a new Chinese name “榮德豐控股有限公司” for identification purposes.

The Group has completed an Open Offer and net proceeds of approximately HK\$33.38 million have been received. This fund raising exercise would allow the Group to seize emerging business opportunities in keeping with the expected economy rebound. The proceeds will thus be used as general working capital and investment funding for expansion when opportunities arise.

### OUTLOOK

The phase-by-phase implementation of CEPA (Closer Economic Partnership Arrangement) has boosted the Hong Kong economy and a strong demand for short to medium term funds in the business sector is expected. Your management will continue to promote the Group's money lending business so as to generate a reliable and substantial source of income.

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With the expansion of the Individual Visa Scheme to more and more provinces in Mainland China, the number of tourists visiting Hong Kong will inevitably soar to a new record level. This will in turn add fuel to the rising local economy. Your management will actively pursue business opportunities in the distribution and trading sectors, as well as the provision of entertainment services as a response to the upsurge in demand from inbound mainland tourists and local users.

Continuous efforts will be made to improve the efficient use of management and human resources so as to enable the Group to respond in a timely manner to new business opportunities in the near future. Belt-tightening measures will still be applied to further control the operating expenses in the interest of the Group

With a new shareholding structure and a strong management team in place, the Group is capable of expanding the volume and broadening the scope of the Group's business mandate. By focusing on the core services and reinforcing key competence, your management is confident of steering the Group to profitability in the foreseeable future.

### APPRECIATION

On behalf of the Board of Directors, I would like to express my hearty gratitude to the Group's customers and business partners for their contributions and support, the management team and all staff of the Group for their dedication and hard work during the year. Finally, I would like to thank our shareholders for their continuous support and confidence.

**Liu Ka Lim**

*Chairman*

Hong Kong, 18th October, 2004