

Chairman's Statement

I herewith present the annual report of the Company and its subsidiaries (the "Group") for the year ended 31 December 2004. The report is also the first report I submit since I was elected the chairman after the change of control in shareholding and management at the end of the year 2004.

During the accounting year ended 31 December 2004, the Group records a loss attributable to shareholders of HK\$47,487,000 (2003: HK\$100,785,000) and net asset of HK\$9,474,000 (2003: HK\$3,960,000). The loss was mainly caused by the loss on disposal of trading securities, provisions for impairment of goodwill and investment in securities, and provision and write-offs of doubtful receivables, totaling HK\$45,336,000. The loss per share for the current year is HK\$0.76 cents and that for the last year is HK\$9.01 cents. The Group is continuously reviewing its existing investment portfolio. It will exercise stringent management on the existing resources to ensure efficient use so as to enhance the quality of assets.

Following the change in management in the end of 2004, the new management will use its expertise in the telecommunication and the property development industries to pave a good foundation for the future development, and at the same time explore into new opportunities with prospects. Simultaneously, the management is persistently reviewing the existing investments, contracting and consolidating those with poor investment prospect. Bearing a conservative but aggressive attitude, the Group has the ultimate objective in targeting only those investments with good return, steady cash flow and growth potential.

Throughout the past few years, China has become the engine of the worldwide economic growth, with steady but galloping rates. The prosperous economy and the increase in national income per capita will definitely stimulate the demand for telecommunication and property business. In search for new investment and acquisition opportunities, the Group will take the market demand in China as a basic reference point.

The market in China is viewed as the most influential economy system in the world, in particular after the successful accession to the WTO that induces a flux of business opportunities. The Group, basing on its expertise in telecommunication and property development industries and related areas in China, is forming a quality management team in preparation of the incoming business opportunities. The Group will use its endeavors to ensure income growth and operational efficiency improvement, for the sake of turning around its existing financial position and bringing in returns for the shareholders.

Yu Pan
Chairman