

Chairman's Statement

On behalf of the Board of Directors of Magnum International Holdings Limited ("the Company"), I wish to present the results of your Company and its subsidiaries ("the Group") for the financial year ended 31st December 2002.

BUSINESS REVIEW

For the year ended 31st December 2002, the Group recorded a turnover of HK\$9.9 million and a loss before tax of HK\$21.8 million. The turnover of the Group decreased by HK\$4.4 million as compared to the year ended 31st December 2001 and this reduction was in line with the decrease in the overall market transaction volume as a result of weak performance of the Hong Kong Stock Exchange.

The loss before tax for the year decreased from HK\$51.9 million in 2001 to HK\$21.8 million in 2002 and this was mainly attributable to the HK\$22.7 million exchange losses realized upon cessation of the Philippines securities business in 2001. In addition, the strengthened internal and credit control measures implemented have resulted in the reduction of operating costs and doubtful debts provision in 2002. As with last year, the loss before tax in the current year is mainly due to provision for unrealized losses for investments, provision for doubtful debts, diminution in value of the investment properties and financial cost on borrowings.

FUTURE PROSPECTS

The current economic condition of Hong Kong is unfavourable and could be further worsen by the effect of the Iraq war and outbreak of the Severe Acute Respiratory Syndrome ("SARS"). The passive stock market and property market, deflation, high unemployment rate, low domestic spending and uncertain global environment represent challenges to the business growth of the Group. In view of the present business environment, the Board remains cautious and management will continue to implement proactive plans to strengthen the core business of the Group whilst containing costs with the objective of placing the Group on a stronger footing.

The Group is also constantly looking for new business opportunities and will exercise extra caution in doing so, in the midst of the current unstable economic environment.

As the economy gradually improves and market sentiment pick up, your Board believes that the Group can achieve better results in the year ahead.

Chairman's Statement

APPRECIATION

On behalf of the Board, I would like to record our appreciation to our valued customers, bankers, business partners and shareholders, for their continued support to the Group. I would also like to thank my fellow directors, management and employees for their continued dedication and commitment.

Lim Teong Leong

Chairman

Hong Kong
15th April 2003