



Tong Nai Kan

Chairman and Managing Director

On behalf of the Board of Directors, I present to you the Group's annual report for the year ended 31st December 2003.

RESULTS

The Group's turnover for the year under review was HK\$46,198,000 (2002: HK\$55,463,000), representing a decrease of 16.7%. During the year, there was no disposal of properties (2002: HK\$13,853,000) and the revenues generated by the sales of electronic components recorded an increase of 12.5% from HK\$39,346,000 in 2002 to HK\$44,266,000 in 2003, representing 95.8% of the Group's turnover. Because of the gain on disposal of interests in jointly controlled entities and the revaluation surplus of properties amounted to HK\$17,939,000 and HK\$5,000,000 respectively, the loss after taxation for the year was HK\$39,448,000 (2002: HK\$82,150,000), representing a decrease of 52.0%.

BUSINESS REVIEW

Technology-related Business

Strong Way International Limited ("SWIL"), the Group's 60% interest subsidiary, is principally engaged in design and distribution of "SONIX" brand integrated circuits for toy manufacturing in Hong Kong and the South East Asia Region. SWIL has already built up good business relationship with a number of household appliances manufacturers in Mainland China, which provide good foundation for its future business growth.

Property-related Business

Following the completion of disposal of 42% interest in a jointly controlled entity in Mainland China, Beijing Glory Real Estate Development Company Limited ("Beijing Glory") in May 2003, the Group currently holds 8% interest in Beijing Glory, which carries on the business of property development, sale and rental of Fairview Garden, a property project in Chaoyang District, Beijing, PRC. The disposal of the interest in Beijing Glory made available additional financial resources for new investments of the Group.

In August 2003, the Company disposed of the entire issued share capital of Tak Swi Investment Limited ("Tak Swi") and assign the shareholder's loan owing from Tak Swi to the Company to an independent third party at a consideration of RMB18,000,000 (approximately HK\$16,288,000). The sole asset of Tak Swi was a 31.5% interest in Beijing Long Quan Hotel Limited.

Biotechnology Business

Following the placement of new shares in September 2003, China Worldbest Group (Hong Kong) Company Limited became the single largest shareholder of INNOMAXX Biotechnology Group Limited ("INNOMAXX"), a company listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and a former associated company of the Group. The Group's shareholding in INNOMAXX was diluted to 7.39% and this investment was reclassified as a long term investment as at 31st December 2003. The dilution effect following the issue and allotment of new shares by INNOMAXX resulted in a loss on deemed disposal of HK\$2,767,000.

FINANCIAL REVIEW

As at 31st December 2003, the Group had current assets of HK\$22,287,000 (2002: HK\$106,929,000) and current liabilities of HK\$56,295,000 (2002: HK\$134,821,000) and cash and bank balances of HK\$4,544,000 (2002: HK\$5,744,000).

As at 31st December 2003, the Group pledged certain investment properties in Hong Kong with carrying value of approximately HK\$89,500,000 (2002: HK\$84,500,000) as securities for the bank loans amounted to HK\$50,657,000 (2002: HK\$62,079,000). The gearing ratio, as a ratio of total bank borrowings to shareholders' funds, was 57.6% (2002: 93.0%).

As most of the cash reserves has placed in HK dollars short-term deposits with major banks in Hong Kong, exposure to exchange fluctuation is minimal.

CAPITAL REDUCTION

Pursuant to a Special Resolution passed at an Extraordinary General Meeting held on 7th November 2003, the nominal value of every issued and unissued share of the Company was reduced from HK\$1.00 to HK\$0.25. The credit arising was credited to the accumulated loss of the Company.

PROSPECTS

The Board believes that both the turnover and profit of SWIL in the existing local market will have high growth rates in the coming few years. In addition, SWIL actively develops its Mainland China and USA markets.

In general, the Group will actively identify opportunities in investing both of the property, mainly in Mainland China, and technology-related business so as to bring in improved returns and contribute enhanced value to our shareholders.

DIVIDENDS

The Directors do not recommend the payment of a dividend in respect of the year ended 31st December 2003.

HUMAN RESOURCES

As at 31st December 2003, the Group had 55 employees in Hong Kong and 27 employees in Mainland China respectively. Employee remunerations are in accordance with nature of their duties and remain competitive under current market trend. Staff benefits include medical schemes, Mandatory Provident Fund schemes and share options.

ACKNOWLEDGEMENT

On behalf of the Board, I would like to take this opportunity to express my appreciation to the continuous support of our shareholders and hard work and dedication of all our staff over the past year.

On Behalf of the Board

Tong Nai Kan

Chairman and Managing Director

Hong Kong, 21st April 2004