

CHAIRMAN'S STATEMENT

I am pleased to present to you the Company's audited final results for the year ended 31 December 2003.

ANNUAL RESULTS

Turnover for the year ended 31 December 2003 amounted to HK\$934,830, a 555% increase from HK\$142,569 for the period ended 31 December 2002. It mainly comprised interest income on convertible notes and the gain on investment in listed securities. Loss attributable to shareholders for the year amounted to HK\$398,369, a 2.6% decrease, as compared to the loss of HK\$409,130 for the period ended 31 December 2002.

BUSINESS REVIEW

The Company's shares were listed on The Main Board of The Stock Exchange of Hong Kong Limited on 28 August 2002. The net proceeds arising from the new issue amounted to approximately HK\$12.5 million.

For the year under review, the Company had invested in two unlisted companies and two unlisted convertible loan notes, which amounting to the total of approximately HK\$35.4 million.

INVESTMENT PORTFOLIOS

For the year under review, the Company has the following investments:

Jinan LuGu (HK) Technology Development Limited ("Jinan LuGu") is incorporated in Hong Kong and principally engaged in research and development as well as the sales of biopharmaceutical products, biomaterials and bio-skincare products. The Company acquired an equity interest of 25% in the capital of Jinan LuGu in last period with total consideration of HK\$9,000,000. The Company did not receive any dividend from this investment during the year.

SNG Hong Kong Limited ("SNG") (formerly known as Sino Net-Game Limited) is incorporated in Hong Kong and principally engaged in the distribution of Internet games, delivering game information through various sources such as Internet, magazines, etc. The Company acquired an equity interest of 30% in the capital of SNG in last period with total consideration of HK\$9,000,000. The Company did not receive any dividend from SNG during the year.

During the year, the Company acquired a convertible loan note issued by King Tiger Technology Company Limited ("King Tiger") with face value of USD1,144,000 maturing on 15 January 2006 with an interest rate of 6.5% per annum. King Tiger is incorporated in Taiwan ROC and principally engaged in investment holding. It indirectly holds 49% interest in 安徽精通科技有限公司 (「安徽精通」). 安徽精通 is registered in the PRC as foreign investment enterprises by equity joint venture and is principally engaged in the manufacturing of solder ball by the Ball Grid Array technology. Upon maturity of the convertible loan note, the Company has the right to convert the outstanding principal amount of the loan note into shares, directly or indirectly, in 安徽精通.

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During the year, the Company acquired a convertible loan note issued by China Ibonline Holding Co., Ltd. ("China Ibonline") with face value of HK\$8,500,000 maturing on 3 August 2006 with an interest rate of 2.5% per annum. China Ibonline is incorporated in the British Virgin Islands and principally engaged in investment holding. Through its current shareholders, China Ibonline currently holds 80% of 深圳市創銳實業有限公司 (「深圳市創銳」) which is incorporated in the PRC. China Ibonline is under a restructure process for acquiring 100% 深圳市創銳 as its wholly owned subsidiary. Up to the date of this report, the restructure process was not completed. 深圳市創銳 is principally engaged in the installation and adjusting of wiring for build-in internet service of buildings. Upon maturity of the convertible note, the Company has the right to convert the outstanding principal amount of the loan note into shares in China Ibonline representing an equity interest of 25% of the then issued share capital of China Ibonline.

PROSPECTS

Local market sentiment has gradually recovered since the Severe Acute Respiratory Syndrome is under control. The Company believes that the implementation of the Mainland and Hong Kong Closer Economic Partnership Arrangement will help to speed up the local economy.

It is the intention of the Company to look for investments that can benefit from the recovery of economy in order to create additional value to our shareholders.

LIQUIDITY AND FINANCIAL POSITION

As at 31 December 2003, the Company had cash and bank balances of approximately HK\$9,422,000. All the cash and bank balances were mainly placed as short-term deposits in Hong Kong dollars with banks in Hong Kong.

For the year under review, the Company financed its operations with its own available funding and did not have any banking facilities. In this regard, the Company had a net cash position and its gearing ratio is zero (net debt to shareholders' funds) as at 31 December 2003. Taking into consideration the existing financial resources to the Company, it is anticipated that the Company should have adequate financial resources to meet its ongoing operating and development requirements.

FOREIGN CURRENCY FLUCTUATION

The Company mainly operates its business transactions in Hong Kong dollars and thus is not exposed to foreign currency risk. No hedging or other alternatives have been implemented.

CHARGE ON GROUP ASSETS AND CONTINGENT LIABILITIES

As at 31 December 2003, the Company has not pledged its assets and the Company did not have significant contingent liabilities.

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EMPLOYEE INFORMATION

The Company does not have any employee other than the Directors.

ACKNOWLEDGEMENTS

I would like to take this opportunity to express my appreciation and heartfelt thanks to those who have given their utmost support to us during the year.

Luo Xiu Qing

Chairman

Hong Kong, 25 March 2004