

Chairman's Statement

I am pleased to present to you the Company's audited final results for the year ended 31 December 2004.

RESULTS

Turnover for the year ended 31 December 2004 amounted to HK\$792,823, a 23% increase from HK\$643,803 for the year ended 31 December 2003. It mainly comprised interest income on convertible notes. Loss attributable to shareholders for the year amounted to HK\$9,078,931, demonstrating an increase of 22 times over HK\$398,369 recorded in last year.

BUSINESS REVIEW

The Company's shares were listed on The Main Board of The Stock Exchange of Hong Kong Limited on 28 August 2002.

For the year under review, the Company continued to hold investments in two unlisted companies and two unlisted convertible loan notes, which amounting to the total of approximately HK\$35.4 million. Owing to the unfavourable market situation of the business of one of the investments, impairment loss of HK\$8.5 million was recognised in respect of the investment.

Subsequent to the balance sheet date, the Company was granted rights to acquire shares of a listed company in Hong Kong through a right issue by the listed company. The rights were related to the listed shares acquired and disposed of during the year by the Company. The Company has exercised the rights and sold the right shares. As such, the Company has realised a gain of approximately HK\$6.9 million.

INVESTMENT PORTFOLIOS

For the year under review, the Company continues to hold 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 holds 125 ordinary shares in Jinan LuGu, representing 25% interest in the issued share capital of Jinan LuGu. The Company did not receive any dividend from this investment during the year.

SNG Hong Kong Limited ("SNG") is incorporated in Hong Kong and principally engaged in the distribution of internet games and delivering game information through various sources such as internet, magazines, etc. The Company holds 3,750 ordinary shares in SNG, representing 30% interest in the issued share capital of SNG. The Company did not receive any dividend from SNG during the year.

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King Tiger Technology Company Limited ("King Tiger") is incorporated in Taiwan 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 principally engaged in the manufacturing of solder ball by the Ball Grid Array technology. The Company holds a convertible loan note issued by King Tiger with face value of USD1,144,000 maturing on 15 January 2006 with an interest rate of 6.5% per annum. Upon maturity of the convertible loan note, the Company has the right to convert the outstanding principal amount of the loan note together with the accrued interest, if any, into shares, directly or indirectly, in 安徽精通.

China Ibonline Holding Co., Ltd. ("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 had agreed to effect a restructure process for acquiring 100% 深圳市創銳 as its wholly owned subsidiary. Up to the date of this report, no information regarding the restructure process is available. 深圳市創銳 is principally engaged in the installation and adjusting of wiring for build-in internet service for buildings. The Company holds a convertible loan note issued by China Ibonline with face value of HK\$8,500,000 maturing on 3 August 2006 with an interest rate of 2.5% per annum. 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. Up to date of this report, China Ibonline had defaulted on the payment of interest since 31 December 2003. Further, the Company discovered that China Ibonline and 深圳市創銳 had silently moved out from their office and the Company lost contact with the director and management of China Ibonline and was unable to obtain latest financial information relating to China Ibonline and 深圳市創銳. In light of the above, the Company has made a full provision against this investment for the sake of prudence.

PROSPECTS

Looking forward, with the economic environment continually improving in Hong Kong and Mainland China, the Company will continue to explore the investment opportunities.

LIQUIDITY AND FINANCIAL POSITION

As at 31 December 2004, the Company had cash and bank balances of approximately HK\$6,743,000. 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 2004. 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.

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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 COMPANY ASSETS AND CONTINGENT LIABILITIES

As at 31 December 2004, the Company has not pledged its assets and the Company did not have significant contingent liabilities.

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, 21 April 2005