

Chairman's Statement

On behalf of the Board of Directors, I present to you the Group's annual report for the year ended 31st December 2005.

RESULTS

The Group's turnover for the year under review was HK\$76,692,000 (2004: HK\$143,930,000), representing a decrease of 46.7%. During the year under review, there was no disposal of properties by the Group as in 2004. Excluding the disposal of properties, the turnover of the Group increased by 27.5% from HK\$60,151,000 in 2004 to HK\$76,692,000 in 2005. Such increase of turnover was mainly due to an increase in the revenues generated by the sales of electronic components of 9.6% from HK\$53,248,000 in 2004 to HK\$58,368,000 in 2005, representing 76.1% of the Group's turnover. The loss for the year was HK\$33,537,000 (2004: HK\$39,983,000), representing an decrease of 16.1%. Loss for the year includes an impairment of goodwill of Strong Way International Limited ("SWIL") amounted to HK\$7,219,000.

BUSINESS REVIEW

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. During the year, SWIL continuously enlarged its sales network in Mainland China through an experienced sales agent in Guangzhou which has already built up good business relationship with a number of household appliances manufacturers. The Group believes that such sales method is more cost-effective to SWIL and could have a wider customer base for its future business growth. As at 31st December 2005, the Group held 8% interest in Beijing Glory Real Estate Development Company Limited, formerly a jointly controlled entity in Mainland China.

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On 15th February 2005, the Company entered into a conditional agreement with a party connected to Mr Tong Nai Kan ("Mr. Tong") in relation to the acquisition of a company controlling a web site known as ChinaCCM.com in mainland China and with office based in Beijing, PRC. Since the conditional precedents have not been fulfilled, all the parties to the agreement agreed on 7th April 2005 to terminate the transaction.

FINANCIAL REVIEW

As at 31st December 2005, the Group had current assets of HK\$17,586,000 (2004: HK\$57,802,000) and current liabilities of HK\$42,855,000 (2004: HK\$47,473,000) and cash and bank balances of HK\$3,976,000 (2004: HK\$6,488,000).

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

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PROSPECTS

The Board believes that both the turnover and profit of SWIL will achieve improvements in the forthcoming years and holds an optimistic view towards its future business developments in Mainland China.

To cope with the good prospects of energy business in Mainland China, the Company has formulated its new direction to migrate to natural gas related business. Following this new direction, as announced by the Company on 6th March 2006, the Group has entered into a non-legally binding agreement with an independent third party to purchase the entire equity interests of a gas supply company in Mainland China.

As a whole, the Group will actively identify opportunities to invest in the natural gas related business and property, mainly in Mainland China, so as to bring in significant 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 2005.

HUMAN RESOURCES

As at 31st December 2005, the Group had 36 employees in Hong Kong. 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 for Hong Kong employees.

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, 12th April 2006