

CHAIRMAN'S STATEMENT

On behalf of the Board of Directors, I present to you the Group's annual report and audited financial statements, for the year ended 30 June 2004.

FINANCIAL RESULTS

The Group recorded a net loss attributable to shareholders of approximately HK\$6.1 million as compared to approximately HK\$18.16 million in the previous year.

DIVIDEND

The Board of Directors does not recommend the payment of any dividend for the year ended 30 June 2004.

OVERVIEW

During the period under review, the Group engages in three projects: (1) the interests in an unlisted equity investment which engaged in the development of medical products in the People's Republic of China ("PRC"); (2) the development of a website providing online professional consultancy services in the PRC; and (3) the production and distribution of window frames in the PRC.

The Group had not made any major investments during the same period due to the lack of new capital for investment. Also, the Group's existing investments are all in unlisted equities which are long-term and illiquid in nature. For this reason, although the Hong Kong stock market marked a considerable recovery in the second half of 2003, the Group did not benefit from the stock market rally.

The local economy recovered from the recent lows in last year, nevertheless, the Board was aware that such rebound was led by the manufacturing sector rather than by the technology and IT sector as was evidenced in the previous global market rally. Under such circumstances, the Board has taken a strategic step in its investment management by disposing two investments which do not present favourable prospects. One of the projects was related to the development and transmittance of mobile contents within Hong Kong and the PRC region, while the other was related to the development of an intelligent building management system. These two investments were already fully written off in September 2003 and were reflected in the previous year's accounts.

EMPLOYEES

As at 30 June 2004, the Group has employed 3 employees. The total remuneration paid to staff excluding the directors' remuneration was approximately HK\$232,125, during the period under review. The employees were remunerated based on their responsibilities and performance.

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FUTURE PROSPECTS

The Group is consolidating its investments and tuning its financial position with an objective in minimising losses which might arise from unsound investments, while strengthening investments with stable revenues.

During this year, the Group introduced strategic investors to join the management team to strengthen its leadership. Most of these investors have PRC background, and may inject profitable projects into the Group. We firmly believe that under the guidance of a capable management team, the Group will surely be able to record remarkable revenues in the coming year, leading our business back on track.

We believe Hong Kong has come through the worst. With the implementation of CEPA, the gradual deregulation of the mainland capital markets and the resulting increase in business activities and opportunities, we are optimistic that the economy and the stock market will recover at a hastened pace, and will benefit Hong Kong as a whole.

APPRECIATION

On behalf of the Board of Directors, I would like to take this opportunity to express my gratitude to all of our business partners, shareholders, directors, and staff for their hard work and contributions during the year.

On Behalf of the Board

Lau Sze Shing, Edward
Chairman