

Chairman's Statement

I am pleased to report the activities of South China Brokerage Company Limited (the "Company") and its subsidiaries (collectively the "Group") for the year ended 31 December 2004.

BUSINESS REVIEW

The Hong Kong economy has exhibited a solid, broad-based upturn throughout 2004. Consumer spending and property values have posted strong growth amid stronger consumer sentiment and improving employment prospects. Meanwhile, there has been a major turnaround of asset prices in Hong Kong under the influence of strong capital fund inflow and the improving economy.

Benefited from the recovery of Hong Kong economy and securities industry, the Group's broking business recorded significant growth. Gains on equity trading and surplus on revaluation of investment property also contributed to the encouraging result. The Group's turnover increased approximately 12% to HK\$132 million in 2004 and the profit for the year of 2004 increased approximately 105% to HK\$69 million.

OUTLOOK

While consumer demand and investor sentiment improved significantly across many regions, the Mainland economy sustained outstanding and steady growth. In view of Hong Kong's unique close tie with the Mainland, the Group has positioned itself to take advantage of this situation in maximizing business development opportunities there. Strengthening the Group's operations to capture potential business in the Mainland is of prime importance. To achieve this end, resources for developing the Mainland network were stepped up. In addition to the Beijing office, the Shanghai office was set up in February 2005 and the Guangzhou office will be in operation soon. More manpower and expertise for these offices were also poured in to cope with the ever-growing demands of the corporate finance business. Undoubtedly, Greater China is rich in business opportunities. Therefore, the Group will keep its eyes open for extending business coverage at any location in this region where possible.

APPRECIATION

On behalf of the Board, I wish to express my gratitude to our shareholders and clients for their support and all our staff for their hard work and dedicated service.

Ng Hung Sang, Robert

Chairman

Hong Kong Special Administrative Region of the People's Republic of China
10 March 2005