

CHAIRMAN'S STATEMENT

I have pleasure in presenting to the shareholders the annual report of the Company for the year ended 31st December, 2004.

BUSINESS REVIEW

Following the growth of the global economy and improved local economic conditions, the Hong Kong economy enjoyed a strong rebound in 2004. Low cost of funds and renewed confidence boosted the property and securities markets.

During the year, the Group took advantage of the continuously improving securities markets and invested in higher yield securities which brought satisfactory returns. The rebound of property market as well as the growth of retail sales improved the consumer confidence and investment climate. However, with narrow interest margin and increased competition, mortgage finance business remained challenging. The loan portfolio of the Group and the income generated from mortgage finance dropped further.

For the year under review, the Group's turnover increased substantially to HK\$189.7 million and achieved a net profit attributable to shareholders of HK\$8.3 million. The Group was debt-free and maintained a strong liquidity position.

PROSPECTS

It is expected that Hong Kong will continue to benefit from the economic growth of China Mainland and the central government's favourable policies. The economic outlook of Hong Kong is generally optimistic despite the expected increase in interest rates. With its strong financial position, the Group is well-positioned to seize new investment opportunities to expand its income base.

APPRECIATION

On behalf of the Board of Directors, I would like to express my sincere appreciation to the management and all our staff for their dedicated service during the year.

Ning Gaoning

Chairman

17th March, 2005