

CHAIRMAN'S STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2004

The 2004 financial year was a successful year for the Group and we have achieved rapid development in 2004. The underlying core operating results within the Group as a whole were still very pleasing with a net profit of HK\$81 million, an increase of 48.5% compared with previous year. The Board and management of the Group have decided to continue to upkeep the dividend policy and are dedicated to rewarding the shareholders who have supported the company by their investment by proposing a final dividend of 0.325 HK cents per share at the forthcoming annual general meeting.

Throughout the year, the Group again remained very focused in its international steel trading and core rental business both in Hong Kong and Shanghai. During 2004, the Group was benefited from the good performance in the property sectors both in Hong Kong and Shanghai. Although with the recent change of Chief Executive in the Hong Kong Special Administrative Region and control measures likely to be introduced by the central government to cool down the prevailing property market sentiment in Shanghai, we nevertheless remain optimistic for the Hong Kong and Shanghai property markets in 2005. At present, it is our intention to restructure our investment portfolio and actively seek for appropriate investment opportunities in Hong Kong and Shanghai in order to maximize shareholders' return and value. We strongly believe that the Group is heading the right direction and is extremely well placed to capitalize on any exciting opportunity.

In respect of the international steel trading operation, for the year of 2004, we again concentrated very much of our efforts in developing our core steel trading operation in the Asia Pacific regions. The previous year what we have encountered with was a year of intense competition in this area. Driven by gradually increasing demand, steel prices were escalating at a very fast pace. Margins continued to be squeezed as a number of participants in this market sector sought to achieve growth and higher market share through unsustainable price cutting and risk taking. Against this background, the Group was again able to maintain its niche market and uphold its market position through further development of its supplier and customer base and successful business methodology adopted, achieving sales of steel products broadly in line with our expectation.

We anticipate that 2005 will be a year more dynamic and more competitive than ever in international steel trading but we believe that, with our expertise in this industry, we can maintain steady growth in our steel trading operation.

Looking ahead, the future is bright for the Group and I would like to take this opportunity to express my sincere gratitude to the shareholders, investors and business partners for their continuous support and dedication and to the staff for their contribution during the past year.

Lau Chi Yung, Kenneth
Chairman

Hong Kong, 15 April 2005