

 **CHAIRMAN'S STATEMENT****CHAIRMAN'S STATEMENT**

It is pleased to announce that 2005 is a turnaround year. The Group recorded an operating profit of HK\$5.9 million for the year, compared with a HK\$37.7 million loss last year. The gearing ratio of 2005 improved to 36% from 43%. Net assets increased by HK\$6.4 million to HK\$76.6 million, representing an increase of 9% compared with last year.

During the year, our effective asset management has successfully turned our business into profit. We capitalized the Group's competitive edge and focused on the current assets management. We entered into the piano manufacturing sector by acquiring 25% equity of Harmony Piano, and also provided management service to Harmony Piano and Huamin Tourism. These activities could contribute a relatively stable cash inflow to the Group.

We will continue to operate under prudent approaches. We have practiced good corporate governance, and will strive to make further improvements to operate more efficiently. Meanwhile, we will work together with the controlling shareholder of the Group, Fujian Investment and Development Company Limited, utilizing their business resources to capture all the opportunities of business diversification.

The Board believes that, with our recent operating direction and development strategy, coupled with the relentless effort of the Management, we will reach a greater growth in business and profit in the near future.

Lastly, I would like to take this opportunity to extend my sincere gratitude to all bankers and shareholders for their support, and all our colleagues for their efforts and hard work. Their commitment to the Group is the basis of our success.

**Wang Xiaowu**  
*Chairman*

Hong Kong, 14 July 2005