CHAIRMAN' S STATEMENT

CONSOLIDATED RESULTS

After the adoption of new Hong Kong Financial Reporting Standards ("new HKFRSs") effective from 1st January, 2005, profit attributable to the Group's shareholders for the first six months ended 30th June, 2005 was reported at HK$33.6 million, representing a rise of 94.2% when compared with HK$17.3 million for the same period last year. The rise was mainly due to the increase in trading metal and chemical prices as well as gain from disposal of 4 unit flats in Shanghai properties.

The Directors of the Board has today declared an interim dividend of HK 10.0 cents per share (2004: HK 10.0 cent per share) to shareholders whose are registered as such at the close of business on 13th October, 2005. The share registers will be closed from 10th October, 2005 to 13th October, 2005, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the interim dividend, all transfer accompanied by the relevant share certificates must be lodged with the Company's share register, Standard Registrars Limited, G/F., Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong not later than 4:00 p.m. on 7th October, 2005.

BUSINESS REVIEW

Total turnover on sales of chemical and metals for the first half year of 2005 rose by 10.8% to HK933.3 million primarily contributed by the rise in metal and chemical prices. Revenue distribution on trading unit of electroplating metals and chemicals increased by 7.3%, 23.7% on trading unit of stainless steel, and 18.1% on trading unit of paint and coating chemicals unit respectively. Segment profits, however, slightly grew by 2.9% to HK$24.8 million as profit margin was trimmed during the period under review due to keen price competition and de-stocking effect in China market. Lack of skilled labors and shortage in electricity also reduced the overall demand interests on many factories located in China, and such trend was intensified close to the end of second quarter and early of third quarter of 2005.

The property investment segment contributed HK$17.0 million in profit during the reviewed period, including a gain of revaluation of investment properties as at 30th June, 2005 of HK$10.0 million. Segment profits generated by rental income rose by 35.7% to HK$5.7 million, mainly contributed by the rental growth in Shanghai office properties. Occupancy rates on Shanghai office properties were encouraging during the period due to limited supply on prime office spaces and strong rental demand by foreign institutions. Hong Kong office, however, performed fairly as ample supply on second-tier offices spaces limited the rental demand growth. During the period, the Group sold 4 residential units in Shanghai with a gain of HK$1.3 million. As Shanghai government had implemented several measures to cool down Shanghai property markets, in particular on residential properties, in the second quarter of 2005, buyers' interests was greatly shrinking. Contribution from sales of Shanghai residential properties is expected to decrease in the second half year of 2005.

During the period under review, with the expectation of continuous raises on U.S. interest rates and global inflation threats, the Group has restructured its securities portfolio targeting on both assets allocation and risk allocation. After adoption of Hong Kong Accounting

Standards 32 and 39, all securities in the Group's portfolio (including available-for-sales investments were reported at cost less impairment loss) were valued at fair market price as at 30th June, 2005. Segment results improved to HK$2.8 million when compared with a loss of HK$1.0 million for the first half year of 2004. Higher dividend payout from most corporations also increased investment income generated from the portfolio. As at 30th June, 2005, the Group recorded an unrealized loss of HK$2.2 million and a small realized gain of HK$12K after disposal of HK$6.2 million of securities.

AUDIT COMMITTEE

Up to the date of this interim report date, the Group's audit committee has met three times to review audit findings, accounting principles and practices adopted by the Group, and to discuss internal and external risk control areas before submission of the management and financial reports to the Board of Directors for approval. The external auditors together with the Group's managing director, finance director and assistant financial controller have attended all meetings.

PROSPECTS

Amid tightness in global supply on various metals and raw materials, overall metals and chemicals market prices is expected to buoy at a high level in the second half year of 2005. However, market demand growth is filled with uncertainties accompanied with factors like surging oil price, power shortage in Mainland China, continuous increases in borrowing rates, etc. Most factories are still unable to pass full rising costs of raw materials to their customers. Cautious monitoring on inventory level and purchases strategies stays put our prime objectivity in trading operation. Rental market in Shanghai offices remains strong in the third quarter. The Group's securities portfolio is ongoing restructuring in the third quarter to cope with changes in global financial markets. In the following half year of 2005 and days afterwards, we will keep focus on managing risks in dealing with such challenging environment and seek for better return for the Group's shareholders.

Leung Shu Wing
Chairman

Hong Kong, 21st September, 2005