



Chairman's Statement

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Established in 1990, Tanrich Financial Holdings Limited (the "Company") and its subsidiaries ("Tanrich" or the "Group") have strived to offer comprehensive and diversified financial services and investment portfolio to our dedicated clients. Growing alongside with the Hong Kong financial market, Tanrich has witnessed the ups and downs of the financial sectors in the last decade. Thanks to our strong management expertise, diversified product portfolio as well as excellent customer services, Tanrich has gained a foothold in Hong Kong financial industry.

Despite the rebounding of the Hong Kong economy, the rising interest rate, surging oil price and the impact of austerity measures implemented by the PRC Government led to a challenging business environment for the Group. In addition, keen market competition also brought forth adverse impacts on the Group's business performance.

Amidst such difficult market condition and challenging business environment, the Group successfully maintained its leading position with a dominating market share and remained as the leading brokerage company for Japanese commodity futures in terms of trading volume in Hong Kong.

During the year under review, the Group continued to strengthen its diversified business development strategy and implement stringent cost control measures while

enhancing its risk management capabilities. Notwithstanding the decrease in overall turnover, the Group achieved remarkable progress in certain business segments, including money lending services, wealth management and insurance agency businesses and corporate finance business.

The Group retains a strong presence in Hong Kong, while maintaining healthy balance sheet and financial position. With improving economic and investment market environment, together with increasing number of Mainland initial public offering ("IPO") activities and Renminbi exchange rate adjustment, the Group is confident of the promising prospect and potential of financial market in the Greater China region in the long run.

Looking ahead, the Group will exert tremendous efforts in further enhancing its risk management and internal control, which is pivotal to the Group's sustainable long-term growth. Besides, the Group's well-established Risk Control Committee and Credit Control Committee endeavor to enhance, formulate and execute suitable yet prudent credit control and risk management policies, with the view of ensuring robust business growth and maximizing returns to shareholders.

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By leveraging on its solid business foundation, leading market position in the Japanese commodity futures market, effective cost controls, proactive marketing communications initiatives, stringent credit control as well as prominent research supports, Tanrich is committed to achieving its mission and becoming a leading full-fledged financial services group in Hong Kong, providing unrivalled and meticulous services to its clients.

On behalf of the Board of Directors, I would like to express my heartfelt appreciation to valuable shareholders, customers and our dedicated staff for their support and encouragement.

On behalf of the Board,

Yip Man Fan

Chairman

Hong Kong, 29 September 2005