

# Chairman's Statement

## BUSINESS REVIEW

I am happy to see that the Group's turnover recorded a healthy increase of 160% to HK\$29.25 million for the year under review due to increased contributions from investment and financial services.

Our loss was reduced by 55% from HK\$109.31 million in the previous year to HK\$48.71 million in the current year. This was due mainly to a decrease in investment impairment loss, allowance for trade receivables, other receivables and short-term loans receivable, together with tight cost controls that yielded huge savings in administrative expenses.

Under our theme of business rationalization for the year under review, a portfolio of share investments was reshuffled and gradually liquidated to strengthen the foundation for future business expansions.

## OUTLOOK

It is encouraging to see that our introduction of lubricant oil additives to the markets has been well received. With the completion of some technical formalities, sales orders from established corporate fleet customers are expected.

To gradually reach the China market, the Group has started work to set up its trading entity in Guangzhou.

In addition to the distribution rights in Guangdong Province, Hong Kong and Macau since the signing of the distribution agreement in February 2005, the Group was granted distribution rights for the Congo by the American lubricant oil additives manufacturer in May 2005.

There will be further rationalization of our share investment portfolio, which, together with our expansion in the investment and financial businesses, are expected to yield positive results.

## APPRECIATION

On behalf of the Board of Directors, I would like to express my gratitude to the Group's customers and business partners for their contributions and support. Naturally I must also thank the management team and all staff of the Group for their dedication and hard work during the year. Last but not least, I am most grateful to our shareholders for their continuous support and confidence.

**Liu Ka Lim**  
*Chairman*

Hong Kong, 12th October, 2005