

Chairman's Statement

I am pleased to present the Group's annual report and audited financial statements for the year ended 31st December 2005. The Group's consolidated sales and profit attributable to shareholders for the year ended 31st December 2005 amounted to HK\$1,255 million and HK\$76 million respectively.

BUSINESS REVIEW

For the year ended 31st December 2005, the Group's sales grew to HK\$1,255 million when compared to HK\$588 million for last year, representing an increase of 113%. After the disposal of 51.8% equity interests in Yangfeng Visteon Betung Automotive Instrument Company Limited and Zhejiang Shaohong Instrument Company Limited (collectively "Betung") in December 2004, Betung are treated as associated companies of the Group and their results are not consolidated in the financial statements of the Group. The drop in sales caused by the deconsolidation of Betung was offset by the substantial increase in the air freight forwarding business of Shanghai Zhong Chuang International Container Storage & Transportation Co. Ltd. ("ZCIC"). The new management team joined ZCIC in early 2005 succeeded in expanding the air freight forwarding business and pushed the sales of ZCIC to its historical high of approximately HK\$954 million. Despite the thin profit margin in the industry, the container transportation and freight forwarding became business profitable in 2005.

In 2005, there was a huge competition in attractive high-net-worth investors among brokerage firms and commercial banks in Hong Kong and this seems to extend to 2006. Total commission income in 2005 decreased due to keen competition and the lacklustre trading behaviour in the stock market in the first half of the year. Most clients of our corporate finance division postponed their listing schedules after the change of certain relevant regulations by the PRC Government in early 2005. Both the sales and operating profit from the corporate finance and stockbroking business decreased during the year.

Goodbaby Child Products Co. Ltd. ("Goodbaby") recorded a satisfactory growth in both sales and profit attributable to shareholders. In November 2005, the Company entered into a Sale and Purchase Agreement to sell all equity interests in Goodbaby held by the Group. The payment of 95% of the purchase consideration was received in January 2006.

The Kunshan Traders Hotel has achieved both the highest average room rate and highest usage of meeting facilities of any of the hotels in Kunshan since its soft opening in October 2005. It caters to the increasing demand for business hotels in the region. It recorded a substantial loss in 2005 due to the write-off of a significant amount of pre-operating expenses and the high running cost in the initial stage.

Phase one of the development of commercial properties in Shanghai High-tech Park by Shanghai Zhangjiang Information Properties Company Limited ("Zhangjiang"), a 50% owned jointly controlled entity, was completed in 2004 and most of the properties were sold out in the year and brought a satisfactory return to the Group.

Following the listing of the shares of KongZhong Corporation, one of investment of China Assets (Holdings) Ltd. ("China Assets"), on the Nasdaq National Market in the US at the end of 2004, China Assets recorded an encouraging gain on revaluating this investment at its fair value on 31st December 2005. The investment in a real estate fund also contributed a satisfactory return to China Assets as the value of the properties held by the fund increased in line with the pace of the growth in the economy of the Chinese Mainland.

CHAIRMAN'S STATEMENT

On 16th June 2005, the Group entered into an agreement for the sale of 37 million shares in RBI Holdings Limited at a consideration of HK\$57,720,000. The transaction was completed in September 2005. Upon disposal, the Group's shareholding in RBI decreased from 19.95% to 11.08%. This investment was then reclassified as an available-for-sale financial asset in the financial statements.

PROSPECTS

With the Hong Kong's strong performance in the stock market since late December 2005 and the expectation of Renminbi revaluation, there has been a noticeable inflow of hot money into Hong Kong in early January 2006. We believe that the growth momentum will continue and the performance of our brokerage team will improve in line with the increasingly optimistic market sentiment.

Following the rapid development of its air freight forwarding business, ZCIC is focusing on controlling its operating cost to improve the profitability. ZCIC is also considering the co-operation with other industry participants to expand its business in other cities.

The grand opening of the Kunshan Traders Hotel in March 2006 began a new page of our investment in the hotel industry. Its operation results since its soft opening in October 2005 is very encouraging and a positive cash flow was achieved.

The second phase of the development of commercial properties in Shanghai High-tech Park by Zhangjiang is expected to be completed by the end of this year. Zhangjiang has recently entered into a conditional sale and purchase agreement to sell the second phase commercial properties and the transaction is expected to be completed by the first quarter of 2007.

The disposals of our investment in Goodbaby and a property in Shanghai will bring remarkable gains to the Group in 2006. The cash consideration received will enhance the financial resources of the Group and improve the Group's capacity to acquire potential investments in line with the investment strategy of the Group.

DIVIDEND

The Board of Directors have recommended the payment of a final dividend of HK\$0.015 (2004: HK\$0.01) per ordinary share, totalling HK\$17,730,447 (2004: HK\$11,736,917).

I would like to take this opportunity to express thanks on behalf of the Board to all our clients for their support and to our fellow Directors and staff members for their dedication and contribution.

LAO YUAN YI

Chairman

21st April 2006