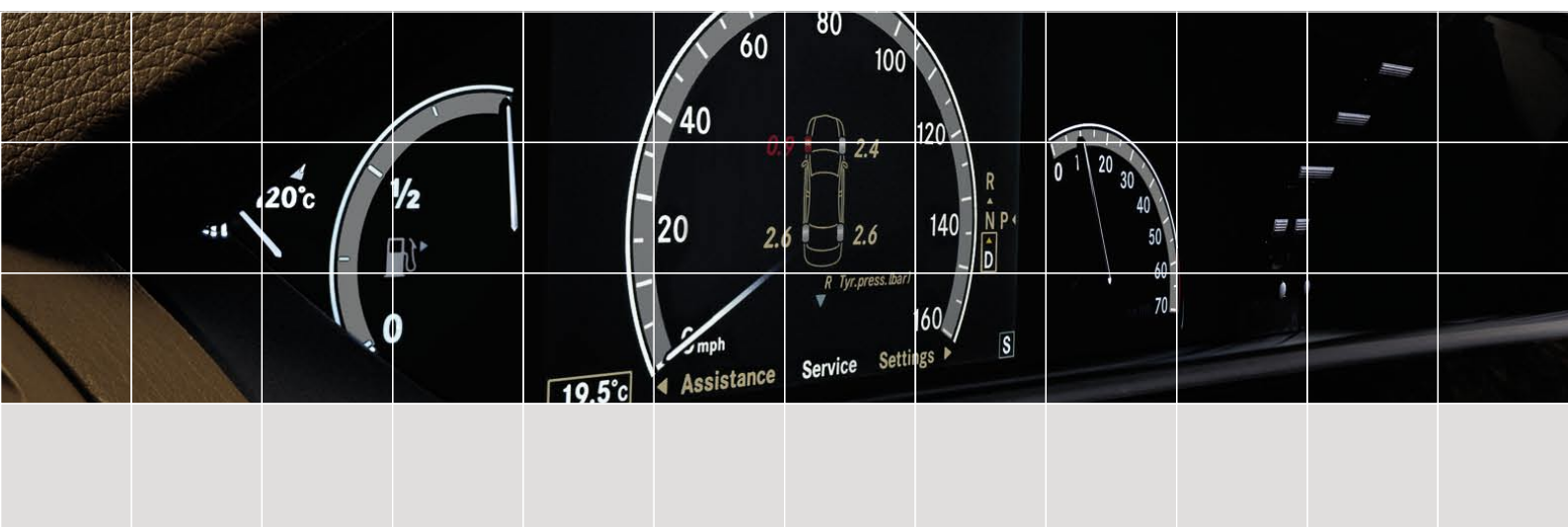


DYNAMIC MANAGEMENT

Managing Director's Statement



Results Overview

During the year under review, the Group reported overall satisfactory progress with strong performances in the Automobile and Property Divisions.

For the year ended 31 December 2005, turnover of HK\$12 billion was achieved, representing a 41% increase over 2004. This growth was boosted by the solid performances of our Automobile, Machinery, Property and Trading Divisions. Profit attributable to shareholders amounted to HK\$252 million, a 5% increase over the previous year. Basic earnings per share were HK 23.8 cents and the net asset value was HK\$5 per share. The Board proposes a final dividend of HK 3 cents per share (2004: HK 3 cents).

Strategy Update

In addition to the financial progress achieved in 2005, we have also taken great strides along our strategic roadmap and are well-positioned to capitalise on the continued growth in the markets in which we operate.

The key elements of our growth strategy are:

- The expansion of our Automobile retail business through the offering of premium products, supported by the provision of excellent customer services delivered by high quality professionals from superb facilities;
- The development of our Machinery business into a world-class solutions provider, offering a wide range of Caterpillar products and total product support;
- The growth of our Property Division through the development of more quality property projects in China's leading cities, supported by a property management and leasing business.

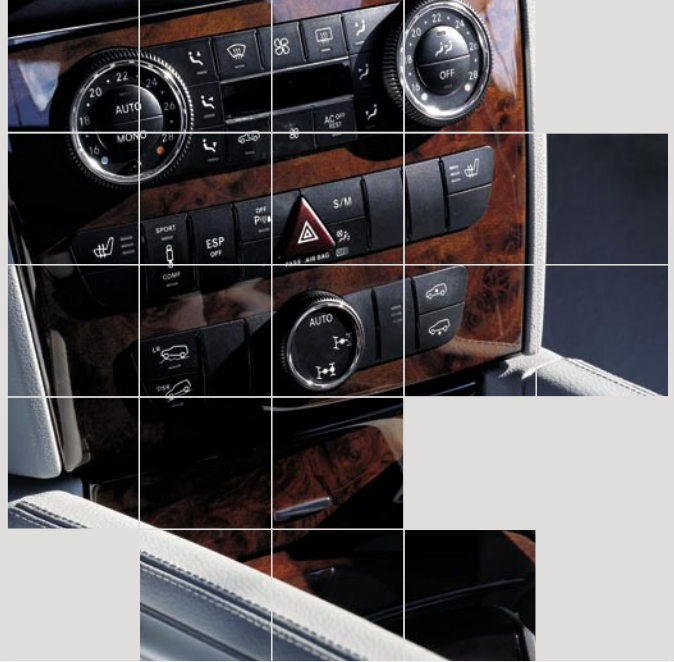
With these firm growth strategies in place, we aim to achieve continued success by leveraging on our key competitive strengths which include:

- Our strong and diverse business portfolio;
- Our world-class product range of leading premium brands;
- Our longstanding strategic alliances and business partnerships; and
- Our extensive sales, distribution and after sales network in Asia.

2005 Highlights

Our Automobile Division performed extremely well in 2005. Strong growth was achieved in our Mercedes-Benz distribution business in China and service throughput in our workshop operations surged as the vehicle parc continues to grow. Our Mercedes-Benz retail business and vertically-integrated Porsche import/distribution/retail business in Korea had an excellent year, where the market for imported cars is showing a trend of accelerating growth, albeit from a relatively small base. Operations in Taiwan also achieved sales growth, supported by the opening of new facilities. However, profits in this market were held back by the aggressive grey market sector. In Vietnam, we had an encouraging first full year of retailing Mercedes-Benz passenger cars and light commercial vehicles.

The Group's Machinery Division reported another solid year. Total revenue for our operations in Mainland China increased by 9%, boosted by good machine sales and strong growth in our product support business, partially offset by a slow-down in engine sales against an exceptional 2004. Excellent progress was made in our first full year of operating in Taiwan with total revenue up by 46% as a result of strong growth in all product groups as well as improved product/customer support. Our market share has increased to 18% from 15% last year.



Our Property Division had a satisfactory year with sales of HK\$473 million recorded, as compared with HK\$129 million in 2004. This significant growth reflects the recognition of the sale of 806 car park spaces at the Starcrest project in Beijing and the sale of the commercial and retail towers at Lei Shing International Plaza in Shanghai.

In our Trading Division, overall sales increased strongly largely due to additional wood-based product sales. Internal vehicle imports processed on behalf of our automobile Regional Distribution businesses in Mainland China also grew year on year. Planned growth in Indonesia has taken longer to materialise than anticipated resulting in a fairly flat performance for our Singapore-based trading operation.

Prospects

The Group has a well-defined strategy for growth and we will continue to seek opportunities to extend our reach in Northeast Asia. Mainland China continues to be a major focus of our efforts. As one of the fastest-growing markets in the world, the opportunities are truly immense. Inevitably the strong economic growth of the nation has attracted the attention of most leading global companies. As such, the level of competition from both local and international companies continues to intensify. Our focus is on providing high quality service from world-class facilities as a key competitive advantage.

2006 will be a transformational year for our Automobile Division in China. The reorganisation of the distributorships in Mainland China is expected to impact profitability in the near-term. We will focus our efforts on the formation of a major dealer group with unified management structure to maximise the Group's returns. The long-term growth potential for automobiles sales in Mainland China, Korea and Taiwan is promising and the Group is well-placed to capitalise on this opportunity. We will also continue to provide quality after-sales services through our rapidly growing network. This will enhance the value of the brands that we represent as well as a growing revenue and profit stream.

Despite the cooling down resulting from the macro-economic policies, the high levels of infrastructure development in Mainland China bode well for the prospects of our Machinery Division. We look forward to improving machine and engine sales, as well as improving our product/customer support revenues.

For our Property Division, we will continue to focus on tier one cities in Mainland China as we expand our portfolio of properties for sale and leasing. We will enhance the value of our property projects by creating a high-quality living environment within them. The demand for quality residential and commercial projects in major cities in Mainland China is expected to remain strong and we will leverage on this trend.

Corporate Governance

The Board of Directors believes that sound corporate governance is fundamental to the enhancement of the value of the Company and its long term growth. Based on the core principles of fairness, transparency and accountability the Company strives to maintain a high standard of corporate governance through the establishment of a comprehensive and efficient framework of policies, procedures and systems and the promotion of a responsible corporate culture throughout the Group. The Board has established an Audit Committee, a Remuneration Committee and a Nomination Committee and full details on the subject of corporate governance are set out in the section under Corporate Governance Report of this Annual Report.

Our People

We recognise the key role of human resources across all our businesses. The progress we have achieved across a diverse business portfolio in fast growing and rapidly changing markets is testament to the commitment, hard work and skills of our people. I would like to take this opportunity to thank our management team and staff for their dedicated efforts throughout the year. We will continue to develop and invest in management skills and human resource competence as a critical success factor to drive the growth of our operations.

Our Customers, Partners and Stakeholders

In all businesses, success is dependent on customers, business partners and other stakeholders. I would like to thank our ever-increasing number of customers for their support. In our business, our partners are critical to our success and we continue to cherish and develop these relationships. Our relationships with DaimlerChrysler and Caterpillar are of particular significance to us and I would like to express our appreciation to all our partners and stakeholders for their continued support and confidence.

Our Future

2006 will bring new challenges and opportunities. We are optimistic about the long-term growth prospects of the company. With our defined growth strategies, experienced management team and distinct competitive advantages, we are committed to generating more value to our customers and partners and greater returns to our stakeholders.

Gan Khian Seng

Managing Director

19 April 2006

