CHAIRMAN'S STATEMENT

Dear Fellow Shareholders,

On behalf of the Board of Directors (the "Directors") of MACRO-LINK International Holdings Limited (the "Company"), I am pleased to present the annual results of the Company and its subsidiaries (collectively the "Group") for the year ended 31December 2005.

During the year under review, China has experienced rapid economic growth at unprecedented pace. This phenomenon is expected to continue as a result of China's macro-economic reform to strengthen domestic demand. Being focus on consumer products, the Group has taken advantages of the strong and healthy China market to achieve excellent growth and record levels of turnover. The Group in general, has turned around from the loss situation and outperform expectation.

This year is the first year Yunan Shangeli-La Winery Company limited ("Yunan Shangelia") and Shangeli-La Qinhuadao Winery Limited ("Qinhuadao") (collectively the "Shangeli-La Group")'s performance being incorporated into our financial reports. The acquisition of the Shangeli-La Group is timely and strategic-fit which enables the Group to shift its emphasis from OEM electronic products to in house branded grape wine that captures the growing trend of China's market.

RESULTS

The Group recorded a turnover of HK$ 141,596,000 for the year ended 31 December 2005 with an approximately increased of HK$ 85,815,000 from last six months period. The increase in turnover was mainly attributable to the newly acquired winery business in the year.

REVIEW OF OPERATION

Winery Products

According to the preliminary statistics on large enterprises in China compiled by National Bureau of Statistics of China and China Alcoholic Drinks Industry Association (中國釀酒工業協會), sales revenue of wine in China for 2005 breaks the record of 10 billion Renminbi, amounting to 10.2 billion Renminbi, up 38.27% over last year. Production of wine in China for 2005 was 434,300 tons, up 17.37% over last year. Despite the abovementioned facts, consumption of wine only accounts for 1% of total annual alcohol consumption in China. Thus the room for future growth is enormous. According to the forecast by China Alcoholic Drinks Industry Association, the annual production of wine in China will reach 800,000 tones by 2010, with average annual growth rate of greater than 15%.

With the mandatory implementation of QS certification on winery products by the General Administration of Quality Supervision, Inspection and Quarantine of China (國家品質監督檢驗檢疫總局), most of the small players will be phasing out and control on fake alcohol will be strengthened, enhancing the quality and development of the industry.

The acquisition of the Shangeli-La Group, allows us to tack into the growing wine industry in China with an established brand. The Shangeli-La Group's product range is fully complied with international practice. In 2005, the Shangeli-La Group was awarded QS certification (National Industrial Products Production Permit) by the General Administration of Quality Supervision, Inspection and Quarantine of China. To pay tribute to the high quality achieved, the Shangeli-La Group was awarded "inspection exemption certificate" (產品品質免檢證書) by the General Administration of Quality Supervision, Inspection and Quarantine of China. The red dry wine (赤霞干紅) and refined red dry wine (精製干紅) were graded "A-class Chinese wine" by the alcohol experts of China National Food Industry Association (中國食品工業協會).

CHAIRMAN'S STATEMENT

REVIEW OF OPERATION *(continued)*

Winery Products *(continued)*

The Shangeli-La Group has recorded audited revenue and gross profit of around HK$66.41 million and HK$26.52 million respectively after the acquisition. The sales agreement with Jin Liu Fok Group (「北京金六福酒有限公司」) for an annual sales volume of HK$80 million will continue to play an important role in securing the Group's turnover and profitability for the coming year. Besides, the Group will be able to utilize Jin Liu Fok's nationalwide distribution network to increase its presence in China while at the same time speed up the pace in developing its own brand and distribution channel.

The Group will continue to aggressively look for suitable international partner to achieve business synergy in advancing its production technology, products quality and to enhance its international branding.

Electronic Products

The Group's consumer electronic products and industrial cable assemblies had experienced slow growth during the period under review. Fierce market competition has put a continuous pressure on the selling prices of the Group's electronic products. It inevitably lowered our profit margin even though we have endeavoured to compensate by great efforts on cost and overhead control. Yet, increasing cost, lack of new design and the fact that most of our electronic products had reached the end of the product cycles were factors contributing to the disappointing results. The Group will, through tighten cost control and resource reallocation trying to mitigate those effects. Leveraging with business partners in R&D, this Division will launch more consumer electronic products in the coming year.

Healthcare Products

The performance of the Group's Chinese herbal business was so disappointing that the Group is considering alternative measures to position the products of this division in order to better utilizing the Group's resource.

PROSPECT

Looking ahead, we are dedicated to develop new products and exploring new markets with a view to enhancing the market competitiveness of the Group. The Group's winery products achieved favourable response and the Group will continue to expand the winery business throughout China. This strengthened the Group's confidence in its market position and decided to penetrate into more affluent markets in other major provinces and cities in China. The Group has strong sensitive perception of market risks and in depth market knowledge which will help management to adjust its future business development directions in response to the rapid changing market environment.

With respect to investors' relationship, the Group will arrange regularly meeting and factory visits with investors in order to keep them informed on the scale of production, efficiency of operation and capital utilization of the Group. Undoubtedly, these activities can increase the transparency of the Group's operation and establish closer communication channels with investors which in turn boosting investors' confidence.

FINANCIAL INFORMATION AND LIQUIDITY

As at 31 December 2005, the Group had total assets of HK$215,080,000 (2004: HK$109,705,000) which was financed by current liabilities of HK$96,260,000 (2004: HK$31,894,000), long term liabilities of HK$3,210,000 (2004:HK$140,000), shareholders' equity of HK$76,635,000 (2004: HK$76,504,000) and the minority interests of HK$38,975,000 (2004: HK$1,167,000).

The Group's current ratio as at 31 December 2005 was approximately 1.2 (2004: 3.3) and gearing ratio, representing the total borrowings divided by the shareholders' equity was approximately 36% (2004: 23%). The change in current ratio and the lowering in gearing ratio are attributed to the increase of credit facilities granted.

The total outstanding borrowings of the Group as at 31 December 2005 were denominated in Hong Kong Dollar and Renminbi with fixed interest rate.

Except for the capital commitment of acquisitions of new subsidiaries amounting to HK$6,500,000, the Group and the Company had no other material capital commitment and contingent liabilities as at 31 December 2005.

DIVIDEND

The directors do not recommend the payment of any dividend in respect of the year ended 31 December 2005 (2004: Nil).

PLEDGE OF ASSETS

At 31 December 2005, the Group pledged its time deposits amounting to approximately HK$3,354,000 (2004: HK$3,256,000) and property, plant and equipment amounting to approximately HK$31,260,000 (2004: HK$Nil) to secure general banking facilities granted to the Group.

EXPOSURE TO FLUCTUATION IN EXCHANGE RATES

Most of the Group's assets, liabilities and business transactions are denominated in Hong Kong Dollars, Renminbi and US Dollars which had been relatively stable during the year. The Group was not exposed to material exchange rate risk and had not employed any financial instruments for hedging purposes.

EMPLOYEE INFORMATION

As at 31 December 2005, the Group employed a total of 742 (at 31 December 2004: 954) full-time employees, mostly at the Group's subsidiary factories for manufacturing electronics and winery productions. The Group's emolument policies are formulated on the performance of individual employees and are reviewed annually. The Group also provides medical insurance coverage and provident fund schemes (as the case may be) to its employees depending on the location of such employees. The Company adopted a share option scheme (the "Scheme") on 16 September 2002 for the primary purpose of providing incentives to the directors and eligible employees. No option has been granted under the Scheme since its adoption.

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APPRECIATION

Finally, both the China context and the Group's own proven growth strategies make me extremely confident about the future. The Group is one of the companies best-placed to take advantage of the booming China economy as a result of our business focus and our long experience in the market. I see continuing growth opportunities for the Group in the coming years.

On behalf of the Board, I would like to take this opportunity to thank our shareholders and business associates for their ongoing support and extend our appreciation to our management team and staff members for their contributions to our achievements in the year. With their ongoing support, we are confident of sound prospects for our Group's future.

By Order of the Board
Fu Kwan
Chairman

Hong Kong, 21 April 2005