

Chairman's Statement

On behalf of the board of directors (the "Board"), I am pleased to present to our shareholders, the annual report of China Velocity Group Limited (the "Company") and its subsidiaries (the "Group") for the year ended 31st December, 2005.

Summary of Operating Results

The turnover of the Group for the year ended 31st December, 2005 was approximately HK\$15.4 million, while the turnover was HK\$12.6 million for the previous year. Due to the disposal of some investment properties in 2004, the rental income of the Group decreased during the year. But, with the acquisition of the restaurant business during the year, the turnover from this operation contributed a significant amount to the Group's result.

The loss attributable to shareholders of the Group for the year of 2005 was approximately HK\$32.6 million compared to approximately HK\$235.5 million for the previous year. The loss for the year was mainly due to the high finance cost incurred during the year.

Dividends and Other Distribution

No interim dividend was paid to the shareholders of the Company during the year. The Directors do not recommend any payment of final dividend for the year ended 31st December, 2005.

Review of Operations

Subsequent to the restructuring the business of the Group, the Group concentrated its effort both in property investment and development and restaurant business. On the other hand, the Group is still looking for any opportunity in high potential investment opportunities.

Longgang Property Project

In April 2005, the Group acquired a parcel of land in Longgang District, Shenzhen, PRC through the acquisition of Renowned Holdings Limited. The development site has an aggregate area of approximately 92,000 square meters and located at the designated areas for residential use. The development site is now currently vacant and the Group plans to develop it into residential property of about 75,000 square meters for resale purpose. The development planning was commenced and hope the construction can be commenced within this year.

Restaurant Operation

In addition, the Group further acquired the Jin Long Teng restaurant group during the year. The Group is now operating two restaurants in PRC, of which one is in Shenzhen and the other is in Beijing. The result of these two restaurants is challenging after the improvement of management. For the year ended 31st December, 2005, the restaurant operation contributed about 30% of the Group's turnover. The Group expects it will increase to about 60% in the coming years.

Chairman'S Statement

Prospects

With the introduction of new business, the Group now mainly concentrates its effort both in the property investment and development and the restaurant business in PRC. With the notable economic growth in PRC, we expect the property market still in the growing track, especially in the Shenzhen. Longgang district is one of the fast developing zone in Shenzhen. Our development project will be one of the large scale development project and will expect a large contribution to the Group's result in the future.

Restaurant operation is a stable and rewarding business. It can contribute to the Group a stable income stream. With the introduction of new management to the Jin Long Teng restaurant group, they recorded a positive result after the acquisition.

In addition, the Group is now still looking for any investment opportunities that can fit our portfolio.

Appreciations

On behalf of the board, I would like to thank all our shareholders for their continual support and to all our staff their contributions during the year.

Chan Yeung Nam
Chairman

Hong Kong, 25th April, 2006