

CHAIRMAN'S STATEMENT

CONSOLIDATED RESULTS

Profit attributable to the Group's shareholders for the first six months ended 30th June, 2006 was reported at HK\$27.3 million, representing a decrease of 22.9 % when compared with HK\$35.4 million for the same period last year. The decrease of HK\$8.1 million was mainly the result of the absence of a substantial gain arising from the changes in fair value of investment properties in the first half of 2005 and rising interest costs.

The Directors of the Board has today declared an interim dividend of HK 4.0 cents per share (Interim Dividend of 2005: HK 10.0 cent per share), payable on or before 19th October, 2006 to shareholders who are registered as such at the close of business on 13th October, 2006. The share register will be closed from 10th October, 2006 to 13th October, 2006, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the interim dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's share registrars, Standard Registrars Limited, 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:00 p.m. on 9th October, 2006.

BUSINESS REVIEW

Total turnover on trading business of chemicals and metals for the first six months of 2006 fell by 2.5% to HK\$909.5 million. Primarily due to sharp rise in metal and chemical prices and better control in purchase costs, segment profits for the period under review rose by 33.7% to HK\$33.2 million. Market demand was generally weak after Chinese New Year because most factories reduced their purchases amid high material prices, lacking skilled labor, energy shortage and stringent governmental rules implemented in Mainland China. Weak demand has also caused many suppliers to undercut their selling prices below international prices within China and Taiwan markets. Pressure to costs in receivables and inventory was fueled by slow sales and rising interest rates. Such trend was continuing in the third quarter.

Rental income contributed from property investment increased by 9.1% to HK\$8.4 million. Rental business in Shanghai offices reported satisfactory. Hong Kong office spaces were all rented out during the period under review. In May and June of 2006, the Chinese central government stepped up measures to cool surging property prices by raising interest rates and tightening controls in commercial properties transactions. The new tightening measures were trembled potential buyers and no sale of residential unit was made during the first six months of 2006 while 4 units were sold in the same period last year. It is expected more tightening measures will be released by the central government to slow down excessive lending and investment in China property market.

In the midst of concerns of growing inflationary pressure and potential interest rate hikes from major central banks, global financial markets experienced high volatility within equity and bond markets during the first half year of 2006. Consequently, segment profit in securities investment fell from HK\$2.8 million in the first six months of 2005 to HK\$0.7

million in the same period of 2006. In spite of expectation in global economic slowdown, overall investment climate was positive but risk aversion was picking up among investors.

CORPORATE GOVERNANCE

In accordance with the standards set on the governance requirements and best practices introduced by the Rules Governing the Listing of Securities (“the Listing Rules”) on the Stock Exchange of Hong Kong Limited, the Company has complied with the Codes of Corporate Governance Practices throughout the accounting period ended June 30th, 2006.

In accordance with the required standard set out in Model Code for Securities Transaction by Directors of Listed Issue (“the Model Code”) contained in Appendix 10 of the Listing Rules, the Company has adopted codes of conduct relating to securities transactions by directors on terms no less exacting than the required standard set out in the Model Code. The Board has also adopted the securities dealing policy setting out the Company’s policy and rules governing the dealings in the securities of the Company by all employees of the Company and its subsidiaries and a confidentiality policy setting out the responsibility of all employees of the Group in dealing with the Group’s information that is considered to be confidential.

For the accounting period ended June 30th, 2006, all Directors have confirmed that they have complied with the required standard set out in the Model Code and the Company’s Code of Conduct regarding Directors’ securities transactions.

PROSPECTS

Trading business remains sluggish in the third quarter. As commodities prices keep beating new record highs, many customers are terrified of further rise or sudden fall in the later days. Irregular purchase pattern is common across various industries that the Group involves. Inventory control and receivable management is still our prime objective in the second half year of 2006. A pause in rising interest rate decided by the U.S. Federal Reserve eases growing pressures in borrowing costs. Rental market in Shanghai properties shows positive. It is expected property transaction volumes in Shanghai will reduce significantly as interested buyers will stay sidelined until clear and complete rules and regulations being announced by the Chinese central government. The Group continues to take cautious approach in managing the securities portfolio. With the Group’s management team taking full efforts to regularly review, control and maneuver costs and strategies, we remain positive confidence in the second half year of 2006.

LEUNG SHU WING

Chairman

Hong Kong, 20th September 2006