



Chairman's Statement

Since 1990, Tanrich Financial Holdings Limited has played an integral role in Hong Kong's financial services community. Building on a solid foundation in Japanese commodity futures trading, Tanrich has been expanding its business to offer an even greater variety of services. This diversification strategy has enabled us to emerge as a one-stop financial institution with comprehensive product offerings. Today, our name is synonymous with integrity and professional service among corporate and personal investors.

Despite keen market competition, the Group managed to turn around its business during the year under review. With the continuing rebound of the local economy and the buoyancy of the local securities market during this period, Tanrich recorded solid growth in its securities broking and margin financing business.

Our corporate finance business, together with our wealth management products (including unit trusts and insurance products) also made major gains in the year. To enrich our product offerings in wealth management, we will look for opportunities to co-operate with other financial institutions in the year ahead.

The Group continued to develop its core business of futures broking, although the increasingly competitive business environment did have an impact on our performance. To maintain our dominant market position, we recognized that the provision of high quality products and service is essential and that these can only be delivered through the efforts of a loyal, dedicated and competent staff. Therefore, we continued our efforts during the year to enhance the professional skills and capabilities of our staff through training and to provide them with a stable career and competitive compensation package. As a result of these initiatives, Tanrich has built a solid working team, who will be instrumental in returning us to profitability in the near future. Our objective in 2006/2007 is to further strengthen our team by recruiting more account executives.

During the year, we benefited from the implementation of internal controls and our heightened awareness of the need to maintain a cost-effective operation. We also put more resources into IT to improve efficiency and our etrade platform. By revamping the content of Tanrich-Online, we are now attracting a growing number of viewers who come to us for our comprehensive information on key commodities and foreign currencies. This site will continue to serve as an essential tool and will help foster better relationships with our clients, ultimately enabling us to expand our client base.



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Additionally, we put significant resources into marketing, which included brand building through television commercials and participation in financial expos in Hong Kong and Mainland China, joint venture seminars, and financial documentary programs in the print and broadcast media. We expect that all of these initiatives will help us to enhance our public awareness and in turn aid us in bringing more business to the Group.

Looking ahead, we anticipate a number of trends will drive our business forward. In the second half of 2006, we believe the equity markets and China-related shares will remain robust. The Hong Kong market, which has outperformed many of its Asian counterparts, will continue to function as China's gateway city for international trade and finance. Sustained economic growth in Mainland China will also propel growth in other areas of the region.

Tanrich will persist in exploring opportunities in the Mainland, where demand for quality financial services and corporate finance will remain brisk for the foreseeable future. We are currently equipping ourselves to tap opportunities in this huge and vibrant market.

Despite some uncertainties in the global economy, we believe the prospects for Hong Kong are bright and that the trend of falling unemployment and rising personal incomes will continue. Tanrich has positioned itself well in this market and will strive to secure a more balanced contribution from its different businesses.

On behalf of the Board of Directors, I would like to express my sincere gratitude to our shareholders, business partners and customers for their on-going support. I would also like to thank my fellow board members and colleagues for their dedication and many contributions in the past year. I look forward to a more prosperous year ahead and even stronger returns for our shareholders.

Yip Man Fan

Chairman

Hong Kong, 22 September 2006