

CHAIRMAN'S STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2004

I am pleased to report that the year 2004 was a satisfactory year for the Group, thanks to the efforts contributed by my colleagues on the Board and the staff.

For the year ended 31 December 2004, we again concentrated very much of our efforts in developing our core steel trading operation in the Asia Pacific regions. The previous year what we have encountered with was a year of intense competition in this area. Driven by gradually increasing demand, steel prices were escalating at a very fast pace. Margins continued to be squeezed as a number of participants in this market sector sought to achieve growth and higher market share through unsustainable price cutting and risk taking. Against this background, the Group was again able to maintain its niche market and uphold its market position through further development of its supplier and customer base and successful business methodology adopted, achieving sales of steel products broadly in line with our expectation.

We anticipate that 2005 will be a year more dynamic and competitive than ever in international steel trading but we believe that, with our expertise in this industry, we can maintain steady growth in our steel trading operation.

Whilst the year ahead we will continue to see the Group concentrating on organic growth, nevertheless remaining attuned to market opportunities. In line with this philosophy of diversification, detailed feasibility study on the Shanghai property market has been performed and active participation in this sector will be carried out when the time is appropriate. We strongly believe that we hold the necessary skills and expertise to enable us to step into this sector of the new business.

In addition to tapping into the Shanghai property market, the Group will be working towards the goal of maximizing wealth of our shareholders through restructuring our business mix and strengthening competitiveness of our business. In addition, our management will focus their attention on expansion opportunities both profitable and promising. Whether the expansion will be organically driven or by way of acquisition, we can ensure that it will be a calculated and measured, tempered by caution.

As we look into the future, there is still much work to do to restore shareholders' value and achieve capital growth for our investors. However, we are confident that following our long term direction and vision, our goal can be attained in the near future.

Finally, I would like to thank our shareholders for their loyalty and patience and, all the staff and Board colleagues for their loyalty, commitment and efforts during the past year.

Lau Chi Yung, Kenneth
Chairman

Hong Kong, 15 April 2005