

CHAIRMAN'S STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2005

Generally speaking, the year of 2005 was a challenging year for the Group in both segments of steel trading and electronic products. Although the turnover of steel trading was significantly increased from approximately HK\$526 million to approximately HK\$1,143 million during the year, the profits generated were badly affected by the inherent volatility of the steel prices and control measures introduced by the central government.

During the year, the Group continued to undertake portfolio investments. Apart from the Hong Kong market, the Group also focused in the investments amongst Thailand, Japan and Korea stock markets with a diversification of investment risks.

As a result of the adoption of a number of new and revised Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards which have been effective for accounting periods beginning on or after 1 January 2005, the Group has recognized fair value losses of approximately HK\$4 million of financial assets during the year ended 31 December 2005.

Whilst 2006 will be no less challenging than 2005 especially in international steel trading, we are still optimistic that the future is good for the Group. Further, the Group will pay more attention on expansion and seeking opportunities which are profitable and deliver a strong recurring income to the Group while continuing to concentrate on organic growth.

Finally, I would like to thank our shareholders who have believed in us and been patient with our efforts in restructuring the Group. Again, I have to thank all the staff and Board colleagues for their loyalty and efforts during the past year.

Lau Chi Yung, Kenneth
Chairman

Hong Kong, 19 April 2006