



**ChongHerr**

INVESTMENTS LTD

8 March 2006

ASX Company Release

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A.B.N.: 52 054 161 821

Level 34, Central Plaza 1  
345 Queen Street,  
Brisbane 4000  
GPO Box 2917,  
Brisbane, 4001  
Australia

**Phone: 61 7 3221 1166**

**Fax: 61 7 3221 2188**

[www.chongherr.com.au](http://www.chongherr.com.au),

[info@chongherr.com.au](mailto:info@chongherr.com.au)

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## **Release to the Market Results for the Year Ended 31 December 2005**

ChongHerr Investments Ltd is pleased to announce that the Company has achieved significantly improved profitability for the financial year ended 31 December 2005. Net profit has increased 1.17 times on the previous years results to \$734,533, a result which is a record profit for the company.

As with the 2004 year, the improved financial performance for the current period reflects the continuing revenue growth achieved through the company's marketing success in China over the last few years, and the lower operational costs resulting from the various strategic initiatives undertaken in that same timeframe.

This is the 3<sup>rd</sup> consecutive profitable full year result subsequent to the major restructuring of the company undertaken through 2001 & 2002 and the loss of over 1 million dollars in 2002.

### **1. Highlights of the 2005 Year**

#### **1.1. Financial Highlights**

- Profit after tax of \$734,533 up 117% over the previous year;
- Total revenues of \$3,357,731, up 18% over the previous year;
- Earning per share of 0.64 cents, up 81% over the previous year;
- Net asset increased by 15% over the previous year to \$5,158,758.

#### **1.2. Review of Quarry Production**

- The Company was able to continue the positive trend from the previous year in maintaining lower production costs and higher yields of saleable sandstone during the year;
- Through steady capital investment into quarry equipment and various production efficiency initiatives undertaken, the Company has overcome substantial challenges in being able to quarry sandstone in the volumes and quality required for the Chinese market at levels of productivity and efficiency which result in profitable trading.

### 1.3. China Market

- More projects including hotels, residential and commercial estates and government buildings were added to our finished project portfolio in China during the year. Project locations are no longer limited to capital and major cities. Several 2005 projects were located in regional cities and centres, e.g. a hotel in the Xinjiang Uygur Autonomous Region on the Silk Road in China's remote northwest.
- ChongHerr's Chinese operations have established a new product development section which has developed a series of standard products, including sandstone tiles, pavers and statues which we expect to become available in both the Chinese and Australian markets in 2006;
- The Company opened several sales representative offices outside our base province of Guangdong province in China during the year, making our presence wider in the country.


## 2. Outlook

Sales prospects for the next 12 months are encouraging. China is the company's major market and prospects remain strong.

The Board remains positive about the future of the company given its current position in the Chinese market place. The Board believes that the company, being an Australian resource company with a proven product in China, is well positioned to cater for the demand resulting from the growth of the Chinese economy.

For further information, please call Mr Dehui (Densen) Liu, Managing Director, ChongHerr Investments Limited, on 07 3221 1166, or e-mail [densenliu@chongherr.com.au](mailto:densenliu@chongherr.com.au)

Dehui Liu



Managing Director  
ChongHerr Investments Ltd

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