

CHONGHERR INVESTMENTS LTD

ABN 52 054 161 821

**ANNUAL REPORT
YEAR ENDING 31 DECEMBER 2005**

APPENDIX 4E

1. RESULTS FOR ANNOUNCEMENT TO THE MARKET

Sales revenue totals \$3,357,731, representing an increase of \$517,214 (18.2%) as compared with the previous corresponding period (year ended 31 December 2004).

Profit from continuing activities after tax (and the net profit for the period) attributable to members is \$734,533, representing a significant increase of \$396,028 over the previous corresponding period (\$338,505).

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.

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.

2. NET TANGIBLE ASSET BACKING

Net tangible asset backing per security as at 31 December 2005 is 4.5 cents (31 December 2004 3.9 cents).

3. CHANGE IN COMPOSITION OF THE REPORTING ENTITY

ChongHerr Investments Ltd has not gained/lost control of any entity during the period.

4. DIVIDENDS

The directors do not recommend the payment of an interim dividend for the period. There is no dividend reinvestment plan in place.

5. DETAILS OF ASSOCIATES OR JOINT VENTURE ENTITIES

ChongHerr Investments Ltd has no associates or joint venture entities as at 31 December 2005.

6. FOREIGN ENTITIES

ChongHerr Investments Ltd is incorporated and domiciled in Australia.

7. FINANCIAL REPORT

The financial report is attached and includes the report issued by the company's auditor. The audit report is unqualified. The financial report has been prepared in accordance with the requirements of the Corporations Act 2001.

The year to 31 December 2005 is the first time the ChongHerr Group has reported its full year results under the Australian Equivalents of International Financial Reporting Standards ("AIFRS"). The changes to accounting policies resulting from the adoption of AIFRS are shown in Note 2 in the Financial Report. The comparative results for the 2004 year previously reported under Australian Generally Accepted Accounting Principles ("AGAAP") have been restated to comply with AIFRS.

For further information contact:



Mr Dehui Liu
Managing Director
ChongHerr Investments Ltd

8 March 2006