

CHAIRMAN'S STATEMENT

TO THE SHAREHOLDERS

On behalf of the Board of Directors of World Trade Bun Kee Ltd. (the "Company") and its subsidiaries (the "Group"), I am pleased to present the first annual report of the Group since the listing of the Company's shares on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 21st December 2000.

FINANCIAL RESULTS

The Group has experienced moderate growth in the year. For the year ended 31st December 2000, the Group's turnover and net profit were HK\$435,501,000 (1999: HK\$396,018,000) and HK\$45,739,000 (1999: HK\$41,287,000) respectively, representing an increase of 10.0% and 10.8% respectively.

DIVIDENDS

The directors do not recommend the payment of a final dividend.

GENERAL REVIEW AND OUTLOOK

The year 2000 was full of challenge. With the comparative advantage in the competitive pricing of the Group's products and its ability to offer a comprehensive range of quality products, the Group recorded a 10.0% increase in the Group's turnover.

In 2001, the Group aims to widen the product range for quality pipes, fittings and other related accessories by securing distributorships for new products of different materials, applications and brandnames from manufacturers or suppliers. The Group will also explore the markets in environmental protection products and sanitary/bathroom products in Hong Kong. The Group has successfully been appointed as exclusive distributor for the "Valvemaker" and distributorships of several other active brands are being discussed and expected to be concluded soon.

In addition, the PRC's imminent accession to the World Trade Organisation is expected to generate opportunities which are likely to benefit Hong Kong and provide another positive factor for the property market.

Furthermore, with the Government's stabilization policy on the property market and stimulation by the interest rate cuts, the property market in Hong Kong is expected to restore growth in 2001 which shall have a positive effect on the Group's future performance.

The Board remains optimistic on the continued improvement in the property market. The Directors are confident that the Group will remain one of the strong market leaders and niche players in its core business.

USE OF PROCEEDS FROM THE INITIAL PUBLIC OFFERING

The proceeds from the issue of new shares for the listing on the Stock Exchange in December 2000, after deduction of related issuance expenses, amounted to approximately HK\$51 million.

Up to date, the net proceeds have been applied as follows:

- approximately HK\$2 million for expansion of new products
- approximately HK\$22 million for working capital of the subsidiaries

The net proceeds which have not yet been immediately applied for is now placed on short-term deposit with banks.

APPRECIATION

On behalf of the Board of Directors, I would like to take this opportunity to extend my sincere thanks and express my appreciation, to our business associates, customers and suppliers for their continued support, and to the management and staff for their valuable dedication and devotion to the Group throughout the year.

By Order of the Board
Tsang Sik Yin, Eric
Chairman

Hong Kong, 11th April 2001