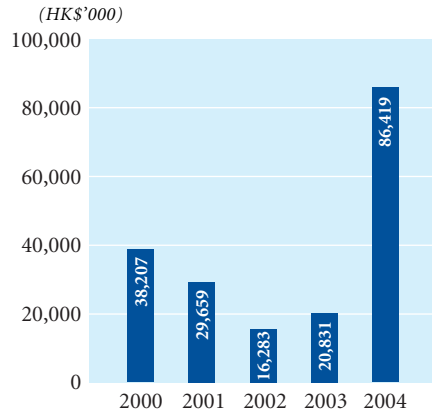


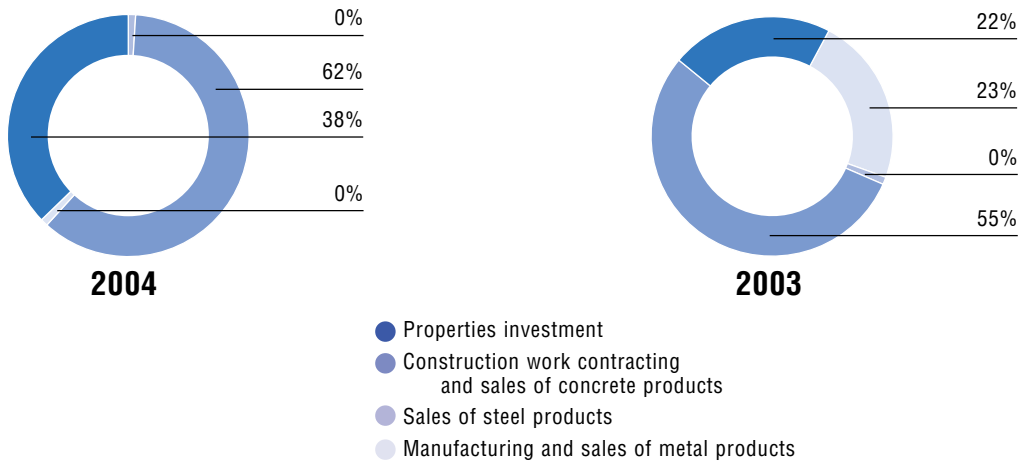
**TURNOVER FOR FIVE YEARS ENDED
31ST DECEMBER, 2004**



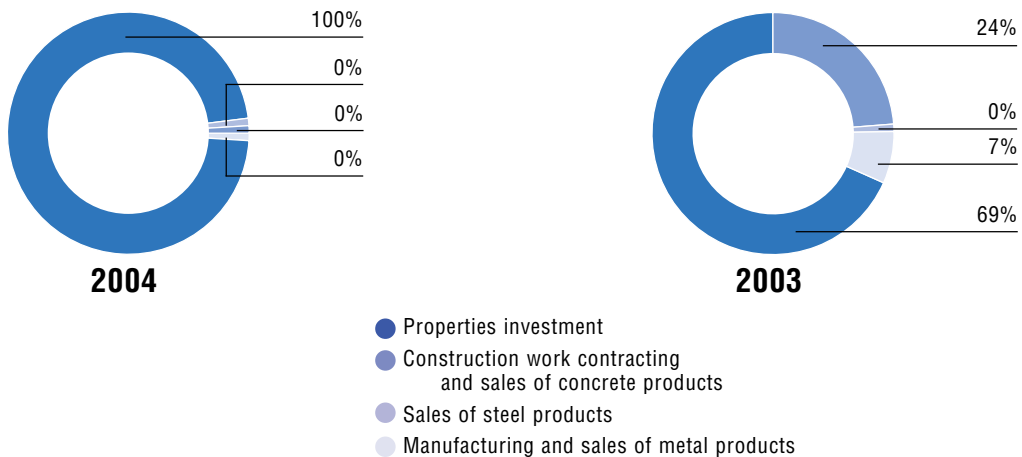
**NET PROFIT FOR FIVE YEARS ENDED
31ST DECEMBER, 2004**



TURNOVER BY BUSINESS IN 2003 AND 2004



SEGMENT RESULT BY BUSINESS IN 2003 AND 2004





Benefiting from the closer economic ties with Mainland China, and a more favourable international investment atmosphere, Hong Kong's economy rebounded robustly. Unfortunately, the construction sector's performance was still lagging behind, hence businesses in building materials suffered a hard time. However, through the visionary decision of our experienced management team, the Group strategically disposed of two cold storage properties in early 2005. The proceeds will be used to repay the Group's liabilities, laying a healthier financial foundation for future business endeavours. The Group has achieved the following business results in the last year and identified areas with profit potential:

1. FINANCIAL PERFORMANCE

In 2004, the Group recorded a turnover of HK\$109 million, a 28% decline compared with the previous year. This performance was primarily due to the unfavorable business atmosphere in the private and public construction sectors in Hong Kong. Net profit attributable to shareholders was HK\$86 million, with earnings per share at HK2.88 cents, registering 315% increase from the preceding year. The surge was due to the reversal of impairment loss in respect of property, plant and equipment in 2004 and the loss on disposal of subsidiary companies in 2003.

As the property market revived significantly last year, the Group seized the chance to dispose of two cold storage warehouses in Kwai Chung. The transaction was a conditional purchase and sale agreement, involving a consideration of HK\$650 million and a lease arrangement of the two disposed properties as an integral part of the disposal. The Group will contribute HK\$15 million during the first 3-years' period to the Repair and Maintenance Fund, and a further HK\$10 million to the Business Enhancement Fund for the maintenance, promotion and marketing of the cold storage business operating at the properties. The Group believes after the first 3-years lease period, larger profit from the potential rental difference will occur.

Based on the audited consolidated financial information of the Group, our audited total bank and other borrowings of approximately HK\$338 million would be repaid entirely by the proceeds from the disposal. The Group's financial situation will be greatly strengthened.

2. OPERATION PERFORMANCE

(1) Autoclaved Aerated Lightweight Concrete ("ALC") Products

The Group's flagship product, ALC, contributing over 50% of the company's turnover, faced a decline of 19% in sale last year. This was mainly affected by the sluggish housing policy of the Hong Kong government. Additionally, the construction quantity in the private market has also slackened. All these factors led to the reducing demand for building materials in recent years.

The Group emphasizes its business efforts on both the public and private construction sectors. In the coming years, business potential will re-appear in the public sector as the Housing Authority planned to provide around 88,000 public housing units in the following five years starting from 2004-2005.

(2) Cold Storage

The Group has recorded significant rental returns from the two cold storage warehouse properties in Kwai Chung. The storage capacity of the two properties was almost rented out last year, contributing HK\$41 million in turnover and 38% of net profit margin to the Group. The disposal of the two cold storage properties is due to completion in the financial year of 2005, while the memorandum of understanding was entered in November 2004.

3. LIQUIDITY & FINANCIAL RESOURCES

The Group's capital expenditure and investments were funded from cash on hand, internal cash generation and bank loans.

As at 31st December, 2004, total borrowings of the Group amounted to HK\$338 million, which included bank borrowings of HK\$223 million and third party loans of HK\$115 million. Of the total borrowings, 45% are repayable within one year and 55% repayable after one year. The Group's financial activities continue to be sound and fully supported by its bankers.

The Group's gearing ratio was 48% as at 31st December, 2004. With the support of our bankers and third party loans, the Group envisages no difficulty in meeting its financial obligations as and when they fall due for the foreseeable future.

The Group's monetary assets are principally denominated in Hong Kong dollars and United States dollars. Due to the existing currency peg between the two currencies, the Group believes its exposure to exchange rate risk is minimal.

4. EMPLOYMENT AND REMUNERATION POLICY

The total number of employees of the Group was 138 at the end of 2004. (2003: 130). In order to boost performance, the Group provides an incentive package for our employees, which includes Provident Fund Scheme and various awards.

Ensuring our employees' safety and health is our priority. This is the key to attaining high morale, quality and productivity. It has become our custom to launch occupational safety programmes and safety awards schemes regularly, as well as keeping and enhancing our employees' constant awareness of Occupational Health and Safety.

5. PRODUCT DEVELOPMENT

The Group is confident that the upturn of the economy will stimulate the sluggish construction market in the near future, and is well-prepared and positioned to gauge potential demand. Throughout the years, the Group has commenced its diversification into new product lines. These include fireproof panels and fireproof glass which can both meet the stringent requirements of the government regulations and our customers' needs.

In order to offer our clients quality choices of building materials, the Group plans to invest adequately in research and development. Our experienced and well-trained sales team has professional knowledge to introduce these excellent products to our customers. We believe the Group will have a better chance to secure more new projects in the coming years.

6. PROSPECTS

Recently, the positive signals of the Hong Kong economy have strengthened business confidence substantially – economy blossomed, unemployment rate lowered, businesses making more profits. The property market has steadily picked up, reflected by the accelerating property prices in past months. The recovery of the property market will in turn catalyse the construction market, creating a demand for quality building materials which the Group can readily supply.

As the Hong Kong government continues gearing its efforts to regional integration with the Pearl River Delta, closer economic ties with the regional cities of Mainland China and Macau will foster immense market opportunities for the Group. The prospering tourism industry is pressing the region to provide new supporting facilities. Moreover, the wave of individual travelers from Mainland China has also prompted investors into the property market of Hong Kong. Land and factory properties in industrial areas sold readily in recent months, waiting to be built or renovated into stylish hotels, shopping arcades or offices. These are golden opportunities for marketing the Group's high grade products.

Turning to Macau, according to its government officials, the city enjoyed 25% economic growth in 2004, and double-digit growth for three years. In the coming three to five years, the construction industry will reach its peak. It is estimated that the numerous construction contracts will amount to 70 billion Macau dollars. The Group will be vigilant towards these enormous market opportunities.

CHIEF EXECUTIVE OFFICER'S REPORT

Pursuing business projects with sizable revenue will remain the Group's priority. Centred in the logistics hub of the Pearl River Delta region, logistics ventures like cold storage warehouses have been a successful formula for the Group. Further mergers and acquisitions will proceed when mature.

As the Hong Kong economy regains vitality, the Group will respond with dynamic strategies to embrace challenges and opportunities in the coming years. Creating optimal returns is our commitment to all our shareholders.

By Order of the Board

Daniel Fung

Chief Executive Officer

Hong Kong, 18th April, 2005