

Chairman's Statement

Chairman's Statement

Richard Man Fai LEE
Executive Chairman & CEO



Your Board of Directors is pleased to announce that a consolidated profit of HK\$1.7 million was recorded for the year ended December 31, 2004. The results were achieved by the successful implementation of our cost reduction exercise and diligent efforts of our staff. The year of 2004 marked the turnaround of our Group and embarked us on a future of profitable growth. This was also made possible by a significant improvement in the Hong Kong general economy.

No interim dividend was paid during the year (2003: nil) and the Directors do not recommend a final dividend.

The motor vehicle business of our Group enjoyed a very good year with significant increase in sales and strong recovery to profitability. Both the "Ferrari" and "Maserati" cars achieved good growth in sales and improved profit margins. During the year under review, the anticipated equity joint venture in China, Ferrari Maserati Cars International Trading (Shanghai) Co., Ltd. was established; this was authorised as the sole importer and distributor of "Ferrari" and "Maserati" cars and parts into China. This Company is making progress in setting up dealership network and laying a solid foundation for growth in the Chinese car market.

Besides Hong Kong, the markets for our products in mainland China, Singapore and Malaysia also improved and opened up more opportunities for imports and exports.

As the competition in the home air-conditioning market intensified, we shifted more efforts to develop the commercial air-conditioning sector by going after commercial projects and working on representing more commercial air-conditioning brands.

Chairman's Statement

The Group's cashflow position continued to improve as a result of successful reallocation of our key resources to growth area: financial resources are maximised to support fast growing and high turnover markets and products, assets are increasingly converted into cash to fuel the growth in trading; personnel resources are allocated according to growth potential of different departments. All of these will enhance shareholders' value in the immediate and long term.

We are confident to achieve a positive improvement in our short term profitability and long term liquidity as we worked towards concluding the debt settlement agreement between the Group and Mitsubishi Heavy Industries, Ltd. The completion of this settlement in 2005 will result in a significant writeback as operational profit contribution.

Despite continuous high costs of materials, our 50% owned joint venture (Jin Ling Electrical Company Limited) in mainland China, was able to achieve improvements in operations by restructuring.

Business of our audio visual products improved significantly. Our own "Rogers" brand achieved high growth in LCD and Plasma TVs. The Group will channel more resources to grow the "Rogers" brand into a major international brand of life-style consumer electronics.

Sales growth was also made by our Southeast Asian subsidiaries of Singapore and Malaysia and generated small profits.

The Group celebrated its 50th Anniversary in 2004 with joy and pride, we reflected on our past half a century of achievements and prepared our Group for the next half a century of prosperity. We must realise the value of "Wo Kee Hong" as a well-known brand name in distribution and capitalise on our reputation and know-hows in building the future.

We like to express our utmost gratitude and sincere appreciation to all our shareholders, bankers and our loyal staff, for their continuous support in the past and into the future.

Richard Man Fai LEE

Executive Chairman

Hong Kong, April 25, 2005

