

Chairman's Statement

I am pleased to inform the shareholders that our Group achieved a historical high net profit of approximately HK\$70.1 million and net assets of approximately HK\$736.4 million for the year ended 31 March 2005 since its listing in 1995.

Our Group believes that as a result of strengthened local economy and the improved employment situation, the property market will continue to improve overall at a healthy pace and market sentiment will remain cautiously optimistic, despite recent interest rate movements. With the rebound on the property market since 2003 and capitalising on our expertise and past experience in building construction in Hong Kong, we will focus our resources allocation to property development and property investment in Hong Kong. We are confident that the land and property acquisitions will help boost future growth potential and profitability of the Group, which will in turn provide higher returns to the shareholders.

Since March 2004, our Group has been actively expanding its property development business to broaden the Group's earning base. During the year, our Group has acquired several sites and properties in Shatin Heights Road, Fairview Park Boulevard, Kennedy Town and Ho Chung.

Capturing opportunities rising from the buoyant property market sentiment in Hong Kong, our Group has also expanded our investment property portfolio. The investment portfolio mainly comprises shops and residential apartments that provide steady recurrent rental income and provide depth to the income base of our Group. In view of the upturn of the property market, satisfactory capital appreciation of the properties is also expected in the longer term.

Our Group's Chinese wet markets sub-licensing business, which is the leader in the industry, together with shopping centre and car park management and retail business, continue to provide steady income. To make a breakthrough in the traditional wet market operation and to cater for rising consumers' preference for electronic payment in recent years, we have made our Tseung Kwan O (Allmart) Wet Market is the first wet market in Hong Kong to allow customers to use octopus card for payment in all stalls in the market.

The rebound of Hong Kong economy, coupled with the successful brand building and market campaigns of our 28.57% owned associate, Wai Yuen Tong Medicine Holdings Limited ("WYTH"), together with the extension of its distribution network and product lines, reinforce our Group's belief that our indirect investment in pharmaceutical and health products business via WYTH will bring satisfactory returns to the Group in the long term.

Our Group has attained a stable and healthy financial position with cash and short term investments of approximately HK\$372.0 million as at 31 March 2005. Taking the advantage of the economy upturn and our Group's strong financial resources, our Group will strengthen its existing business whilst continuing to seek for new business opportunities to enhance the shareholders' returns.

To reward our shareholders in view of our remarkable results recorded, the board of directors has proposed a final cash dividend and bonus issue of shares to the shareholders.

I would like to take this opportunity to thank all my fellow directors and the staff of our Group for their dedication and hard work during the year.

Tang Ching Ho
Chairman

Hong Kong, 6 July 2005