

Dear fellow shareholders,

General

The Group's total turnover for the year ended 31 December 2005 reached HK\$96.2 million, representing an increase of 7.6% over the previous year. Profit attributable to shareholders was HK\$33.6 million.

In order to enhance shareholders' value, we have adopted in June 2005 a special dividends policy for the financial years 2005 and 2006. We are proposing a final dividend of HK3 cents per share (2004: HK6 cents per share before subdivision of shares) and a special dividend of HK2 cents per share (2004: HK9 cents per share before subdivision of shares) subject to approval by shareholders at the Annual General Meeting on 27 June 2006. This together with the interim and special dividends of HK\$33.0 million already declared, will make a total dividend of HK46.0 million for 2005 (2004: HK\$37.7 million).

The shareholders of the Company approved in October 2005 for the subdivision of shares of the Company on a 1-to-2 basis. We believe that such subdivision will improve the liquidity in trading of the shares, thereby enabling the Company to attract more investors and widen the Company's shareholder base.

During the year, we continued focusing on marketing initiatives, brand building, operational efficiency and cost management. In recognition of our brand equity is the most valuable asset for the Group in long run, we have been following a strategy to invest in brand building on a continuous basis. In particular, we have launched a new corporate logo to rejuvenate the brand image by incorporating the "FúZǎi" caring icon to further reinforce the "Hoe Hin" brand. To support the launch, we have rebuilt one of our key outdoor signage in Causeway Bay with the new logo. The expenditure spent is expected to strengthen our brand's market sentiment.

We moved to a new office in July 05 to provide a more spacious meeting area and office for smooth and efficient operation of the Group. As a new start and to explore opportunities and ideas for the licensing use of our new icons, we launched a "FúZǎi" and "BóBó" fashion series with an unprecedented fashion show. All income received from the sales of the series were for donation to Oxfam.

Outlook

Going forward, the Group's strategy will be to continue to develop new markets for our existing products in other provinces in the Mainland China and other geographical regions for future growth. The Group will work closely with its counterparts for various marketing and advertising campaigns, and through different distribution channels to strengthen our brand's market presence.

Though it is not our strategy in short term to invest in development of new products, we are considering repacking some of our existing products into different forms in order to capture different segments of customers.

Further, an upgraded factory operated by our distributor in the Philippines is tentatively scheduled to start renovation in June 2006. Upon completion, we shall be able to have additional capacity to cover sales within the South East Asia.

While we concentrate mainly on our core business in manufacturing and sales of "Hoe Hin" brand of products, we are giving full consideration to other opportunities, with an aim to generate better return from our surplus cash.

We are preparing to celebrate our 80th anniversary next year with a series of events starting this fall. As we move on, as consumers' choice that makes high quality and healthy products, we look forward to continued improvement in shareholder value in the years ahead.

Appreciation

I wish to thank our shareholders, customers and business partners for their support and extend its appreciation to our employees for their good work, dedication and commitment to the Group.

By order of the Board

GAN Wee Sean
Chairman

Hong Kong, 20 April 2006