

I am pleased to inform the shareholders (the "Shareholders") of Wang On Group Limited (the "Company") that the business of the Company and its subsidiaries (collectively the "Group") has continued its growth and returns to Shareholders have increased. Turnover increased over 9% from the prior year and a net profit of HK\$72.6 million was recorded.

The Hong Kong property market has benefited significantly from the improved economy this past year. Our Group has accelerated efforts to strengthen our presence in the property market and steady progress has been made in the areas of land acquisition and project development. During the year, the Group acquired a property at Cheung Sha Wan that is planned for redevelopment into a new commercial and residential building. This acquisition effectively increased the Group's land bank and enables the Group to reap the benefits of the positive outlook in the property sector. Our Group's property operations have continued to expand and solid progress was achieved in construction work for the Shatin Height Road and Fairview Park Boulevard projects.

Taking advantage of the positive local property market, our Group has also expanded our investment property portfolio, which mainly comprises shops and residential apartments. Such portfolio not only provides our Group with steady recurrent rental income but also provides the Group with an opportunity to enjoy the attractive financial returns arising from the appreciation of properties. This portfolio will generate strong sales and recurrent income, maintaining the Group's positive growth momentum.

Management and sub-licensing of Chinese wet markets continues to be one of the Group's core businesses, contributing nearly 36% to the Group's turnover for the year under review. Together with our shopping centre, car park management and retail businesses continues to provide a steady income during the year. Our Group is actively looking for new markets with great potential both in Hong Kong and the PRC. We plan to use our professionalism and experience in developing and promoting modern wet markets so as to maximize our investment returns.

With the ever increasing health awareness of the public, particularly the increasing popularity of Chinese medicinal and health related products, our Group believes that the future of the pharmaceutical industry is promising. Given the established brand names of "Wai Yuen Tong" and "Madame Pearl's", our Group is well positioned to take advantage of the long term anticipated growth in the pharmaceutical business via our investment in Wai Yuen Tong Medicine Holdings Limited ("WYTH").

The Group's financial position remained strong, with cash in hand and short term investments of approximately HK\$382.7 million. This provides with a strong cash backing to support expansion in the areas of property development and investment properties in the near future.

The results achieved during the year reflect the contributions from my fellow directors and all our staff. I would like to take this opportunity to express my sincere appreciation for their dedication, commitment and continued support throughout the year.

**Tang Ching Ho**  
*Chairman*

Hong Kong, 14 July 2006