

RESULTS

The Group's turnover and net profit attributable to shareholders for the year amounted to HK\$296.6 million (2003: HK\$292.2 million) and HK\$29.3 million (2003 (restated): HK\$41.1 million) respectively.

DIVIDEND

The Board of Directors has recommended a final dividend of 7.0 HK cents per share (2003: Nil) to be paid on or before 19 August 2004, subject to shareholders' approval at the forthcoming annual general meeting should be held 13 August 2004. The register of members of the Company will be closed from 10 August 2004 to 13 August 2004, both days inclusive. To qualify for the proposed final dividend, all share transfers must be lodged with the Company's branch share registrars in Hong Kong, Tengis Limited of G/F, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong, for registration by no later than 4:00 p.m. on 9 August 2004. Together with the interim dividend of 3.0 HK cents distributed in February 2004, this represents, a total dividend of 10.0 HK cents (2003: Nil) per share for the year.

BUSINESS REVIEW

With the rebound of the Hong Kong economy in the second half of the year under review, a net profit of HK\$29.3 million was recorded for the year under review.

Our shareholders' equity increased from HK\$623.5 million last year to HK\$680.6 million as at 31 March 2004. Our solid financial position was also represented by our cash and cash equivalents of over HK\$289 million as at 31 March 2004.

Management and Sub-licensing of Chinese Wet Markets

The Group continues to be the leader in the market. Profit contribution to the Group increased during the year as a result of more stringent cost control.

The Chinese wet market at Tseung Kwan O Plaza operated by the Group commenced business in June 2004.

The Directors are also pleased to announce that the Group's first Chinese wet market, namely Bao Hua new market, located at Li Wan Qi, Guangzhou, PRC, also commenced business in July 2004. This represented a milestone for the Group's expansion in this area of business into the PRC and the Directors will continue to explore future opportunities in the PRC.

Management and Sub-licensing of Shopping Centres and Car Parks

These areas of business continued to grow steadily with satisfactory profit contributions to the Group.

BUSINESS REVIEW *(Cont'd)*

Property Development

As disclosed in the Company's announcement dated 30 March, 2004 and a circular dated 20 April, 2004, the Group purchased a piece of leasehold land located in Shatin, with a site area of approximately 4,560 square metres. The Group currently plans to develop the property into a low density residential complex intended for sale and/or lease. This property development project represents a milestone of the Group in its diversification into the property development business. Preparatory work for the development has commenced and it is expected the project will be ready for pre-sale or pre-leasing in mid 2005.

Property Investment

The Group holds a retail property portfolio for long term investment with a view to secure for the Group stable and recurring rental income and long term capital appreciation potential.

Investment in Pharmaceutical and Health Products related Business

During the year, the Group disposed of its entire effective interest of approximately 99.79% in Luxembourg Medicine Company Limited and 39.2% in Hunan Xiangya Pharmaceutical Company Limited to Wai Yuen Tong Medicine Holdings Limited ("WYTH") at consideration of HK\$129.7 million and HK\$20 million, respectively.

On 20 April 2004, it was announced that the Group entered into an agreement to dispose of the entire issued share capital of WOD Investments Limited ("WOD") (the principal asset of which is the Wai Yuen Tong Medicine Building in Kowloon Bay, Kowloon, Hong Kong) and a related shareholder's loan to WYTH at approximately HK\$64.5 million. It was also announced that the Group would undertake to take up all its entitlement of a rights issue announced by WYTH on the same date and to make an excess application for 210 million rights shares under the rights issue.

The rights issue of WYTH and the Group's disposal of WOD to WYTH were both completed in June 2004. As a result of the rights issue, the Group has taken up all its relevant rights shares and the excess application of 210 million shares was also allocated to the Group. After the completion of the rights issue, the Group holds approximately 29.8% of WYTH's enlarged issued share capital. Subsequent to the above restructuring, all the Group's investment in the pharmaceutical and health products related business will be operated by WYTH.

LIQUIDITY AND FINANCIAL RESOURCES

The Group currently has cash resources and short term investments of over HK\$340 million, of which approximately HK\$56 million is invested in certain certificates of deposits, bank commercial papers and listed securities. Also, HK\$20 million is invested in various long-term guaranteed return funds and bank notes.

As at 31 March 2004, the Group had a net cash position of HK\$184.8 million (calculated with reference to the Group's cash and cash equivalent and total borrowings of HK\$289.4 million and HK\$104.6 million, respectively, as at 31 March 2004).

LIQUIDITY AND FINANCIAL RESOURCES *(Cont'd)*

At 31 March 2004, the Group's investment properties with a book value of approximately HK\$260.4 million and certain rental income generated therefrom were pledged to secure the Group's banking facilities, approximately HK\$140.7 million of which was utilized at 31 March 2004.

The Group's contingent liabilities and capital commitment as at 31 March 2004 amounted to approximately HK\$149.6 million.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2004, the Group had over 500 full time employees, over 90% of whom were located in Hong Kong.

The Group remunerates its employees mainly based on industry practices and individual performance and experience. On top of the regular remuneration, discretionary bonus and share options may be granted to selected staff by reference to the Group's performance as well as the individual's performance. Other benefits, such as medical and retirement benefits and structured training programmes, are also provided.

PROSPECTS

The Group will leverage on its strength in its existing business and strong financial resources and will also continue to explore new areas of business to enhance shareholders' returns.