



WANG ON GROUP LIMITED

(宏安集團有限公司)*

(Incorporated in Bermuda with limited liability)

(Stock Code: 1222)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2005

The Board of Directors of Wang On Group Limited (the “Company”) announces the audited consolidated profit and loss account of the Company and its subsidiaries (the “Group”) for the year ended 31 March 2005 together with the comparative figures for the previous year as follows:

CONSOLIDATED PROFIT AND LOSS ACCOUNT

	<i>Notes</i>	2005 <i>HK\$'000</i>	2004 <i>HK\$'000</i>
TURNOVER	3	364,123	296,565
Cost of sales		(284,160)	(227,559)
Gross profit		79,963	69,006
Other revenue and gains		55,650	35,839
Selling and distribution costs		(7,857)	(10,439)
Administrative expenses		(43,867)	(44,841)
Other operating expenses		(17,596)	(14,947)
Gain/(loss) on disposal of subsidiaries		26,975	(1,020)
Gain/(loss) on disposal of interests in associates		(20,874)	13,048
Surplus on revaluation of investment properties		23,003	7,066
PROFIT FROM OPERATING ACTIVITIES	4	95,397	53,712
Finance costs		(4,326)	(2,041)
Share of profits and losses of associates		(15,000)	(10,307)
Amortisation of goodwill of associates		–	(7,656)
PROFIT BEFORE TAX		76,071	33,708
Tax	5	(5,910)	(4,334)
PROFIT BEFORE MINORITY INTERESTS		70,161	29,374
Minority interests		(34)	(89)
NET PROFIT FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS		70,127	29,285
DIVIDENDS	6		
Interim		4,300	3,544
Proposed final		17,846	10,032
		22,146	13,576
EARNINGS PER SHARE	7		
Basic		HK\$0.489	HK\$0.241
Diluted		HK\$0.470	HK\$0.228

Notes:

1. BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (which also includes Statements of Standard Accounting Practice (“SSAPs”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance.

2. IMPACT OF RECENTLY ISSUED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) AND EARLY ADOPTION OF HKFRSs

The Hong Kong Institute of Certified Public Accountants has issued a number of new Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations, herein collectively referred to as the new HKFRSs, which are generally effective for accounting periods beginning on or after 1 January 2005.

The Group has early adopted the following new HKFRSs in the financial statements for the year ended 31 March 2005:

- HKFRS 3 “Business Combinations”
- HKAS 36 “Impairment of Assets”
- HKAS 38 “Intangible Assets”
- HKAS 40 “Investment Property”
- Interpretation 24 “Revenue – Pre-completion Contracts for the Sale of Development Properties”

The major effect of the adoption of these HKFRSs are summarised as follows:

- (a) The adoption of HKFRS 3, HKAS 36 and HKAS 38 has resulted in a change in the accounting policy for goodwill and negative goodwill. Prior to this:
- goodwill arising from acquisitions after 1 April 2001 was amortised on the straight-line basis over a period of not exceeding 20 years;
 - goodwill was assessed for impairment at each balance sheet date;
 - to the extent that negative goodwill did not relate to identifiable expected future losses and expenses as at the date of acquisition, negative goodwill arising from acquisitions after 1 April 2001 was recognised in the consolidated profit and loss account on a systematic basis over the remaining average useful life of the acquired depreciable/amortisable assets; and
 - on disposal of subsidiaries or associates, any attributable goodwill or negative goodwill previously eliminated against or credited to the consolidated reserves at the time of acquisition was written back and included in the calculation of the gain or loss on disposal.

In accordance with the provisions of HKFRS 3:

- the Group ceased amortisation of goodwill from 1 April 2004;
- accumulated amortisation of goodwill arising on the acquisition of subsidiaries and associates as at 1 April 2004 has been eliminated with a corresponding decrease in the respective cost of goodwill at that date;
- from the year ended 31 March 2005 onwards, goodwill is tested annually for impairment, as well as when there are indications of impairment;
- any excess of the Group’s interest in the net fair value of the identifiable assets, liabilities and contingent liabilities acquired as at the date of acquisition over the cost of the business combination is recognised immediately in the consolidated profit and loss account; and

- on disposal of subsidiaries or associates, any attributable goodwill previously eliminated against the consolidated reserves at the time of acquisition is transferred to consolidated retained profits as a movement in reserves and not included in the calculation of the gain or loss on disposal.

HKFRS 3 is early adopted and the effect of its adoption on these financial statements in respect of the year ended 31 March 2005 is summarised as follows:

- accumulated amortisation of goodwill arising on the acquisition of subsidiaries and associates as at 1 April 2004 of HK\$1,637,000 and HK\$23,999,000, respectively, have been eliminated with a corresponding decrease in the respective cost of goodwill at that date;
- the excess of the Group's interest in the net fair value of identifiable assets, liabilities and contingent liabilities of those companies acquired by the Group during the year over cost of acquisitions in an aggregate amount of HK\$35,024,000 was fully recognised as income for the year ended 31 March 2005; and
- in respect of disposal of a subsidiary during the year, the attributable goodwill previously eliminated against the consolidated reserves at the respective time of its acquisition of HK\$926,000 is not included in the calculation of the gain or loss on disposal.

- (b) The adoption of HKAS 40 has resulted in a change in accounting policy for the Group's investment properties.

Changes in valuation of the investment property were previously dealt with in the investment property revaluation reserve, on a portfolio basis. Following the adoption of HKAS 40, all changes in valuation of the investment property would be recognised in the profit and loss account.

As permitted by the transitional requirements in HKAS 40, the comparative statements for the year ended 31 March 2004 have not been restated to conform to the new policy. The effect of the change in this accounting policy on the consolidated financial statements in respect of the year ended 31 March 2005 is to adjust the opening retained profits as at 1 April 2004 by reclassifying HK\$4,696,000 held in the investment property revaluation reserve.

- (c) The adoption of Interpretation 24 has resulted in a change in accounting policy for the recognition of revenue arising from pre-completion contracts for the sale of development properties.

Prior to the adoption of Interpretation 24, the estimated profit on pre-sold properties under development was recognised over the course of development of the properties after execution of the formal sale and purchase agreement. The amount of estimated profit was calculated based on the proportion of construction costs incurred over the total estimated construction costs to completion, after making due allowances for contingencies, and limited to non-refundable cash deposits received. In addition, properties under development which have been pre-sold were stated at cost plus estimated attributable profits less foreseeable losses and sales deposits received.

In accordance with the provisions of Interpretation 24, revenue arising from pre-completion contracts for the sale of development properties that do not fall within the scope of HKAS 11 "Construction Contracts" is recognised when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the properties under development sold. Such properties are stated at cost.

There is no impact on these financial statements on the adoption of this interpretation as the Group did not have any pre-sold properties under development during the years ended 31 March 2005 and 2004.

The Group has not early adopted other new HKFRSs except for those mentioned above in the financial statements for the year ended 31 March 2005. The Group has already commenced an assessment of the impact of other new HKFRSs but is not yet in a position to state whether other new HKFRSs would have a significant impact on its results of operations and financial position.

3. TURNOVER AND SEGMENTAL INFORMATION

Business segments

The following table presents revenue and profit/(loss) for the Group's business segments.

Group

2005

	Property development <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Chinese wet markets <i>HK\$'000</i>	Shopping centres and car parks <i>HK\$'000</i>	Retail business <i>HK\$'000</i>	Corporate and others <i>HK\$'000</i>	Phar- maceutical* <i>HK\$'000</i>	Eliminations <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Segment revenue:									
Sales to external customers	-	85,062	146,242	89,340	38,213	5,266	-	-	364,123
Intersegment sales	-	-	3,837	933	-	12,684	-	(17,454)	-
Other revenue	-	31,314	811	1,632	994	65,588	-	-	100,339
Total	<u>-</u>	<u>116,376</u>	<u>150,890</u>	<u>91,905</u>	<u>39,207</u>	<u>83,538</u>	<u>-</u>	<u>(17,454)</u>	<u>464,462</u>
Segment results	<u>(3,104)</u>	<u>59,702</u>	<u>15,425</u>	<u>6,904</u>	<u>947</u>	<u>12,697</u>	<u>-</u>	<u>(416)</u>	<u>92,155</u>
Unallocated expenses									(2,047)
Interest income									5,289
Profit from operating activities									95,397
Finance costs									(4,326)
Share of profits and losses of associates (including amortisation of goodwill)									(15,000)
Profit before tax									76,071
Tax									(5,910)
Profit before minority interests									70,161
Minority interests									(34)
Net profit from ordinary activities attributable to shareholders									<u>70,127</u>

2004

	Property development <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Chinese wet markets <i>HK\$'000</i>	Shopping centres and car parks <i>HK\$'000</i>	Retail business <i>HK\$'000</i>	Corporate and others <i>HK\$'000</i>	Phar- maceutical* <i>HK\$'000</i>	Eliminations <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Segment revenue:									
Sales to external customers	-	8,138	137,858	89,334	36,950	5,730	18,555	-	296,565
Intersegment sales	-	346	3,189	967	-	9,029	-	(13,531)	-
Other revenue	-	7,308	641	2,361	81	34,703	45	-	45,139
Total	<u>-</u>	<u>15,792</u>	<u>141,688</u>	<u>92,662</u>	<u>37,031</u>	<u>49,462</u>	<u>18,600</u>	<u>(13,531)</u>	<u>341,704</u>
Segment results	<u>-</u>	<u>11,923</u>	<u>15,840</u>	<u>5,411</u>	<u>761</u>	<u>10,336</u>	<u>6,023</u>	<u>-</u>	<u>50,294</u>
Unallocated expenses									(7,396)
Interest income									<u>10,814</u>
Profit from operating activities									53,712
Finance costs									(2,041)
Share of profits and losses of associates (including amortisation of goodwill)									<u>(17,963)</u>
Profit before tax									33,708
Tax									<u>(4,334)</u>
Profit before minority interests									29,374
Minority interests									<u>(89)</u>
Net profit from ordinary activities attributable to shareholders									<u><u>29,285</u></u>

* The Group's pharmaceutical operations were disposed of to an associate during the year ended 31 March 2004.

4. PROFIT FROM OPERATING ACTIVITIES

The Group's profit from operating activities is arrived at after charging/(crediting):

	Group	
	2005	2004
	HK\$'000	HK\$'000
Amortisation of goodwill of subsidiaries	–	6,246
Auditors' remuneration	995	785
Cost of inventories sold	24,310	30,235
Cost of services provided	205,218	208,935
Cost of properties sold	53,000	–
Depreciation	12,109	12,595
Surplus on revaluation of investment properties	(23,003)	(7,066)
Loss/(gain) on disposal of an investment properties	(7,335)	15
Loss on disposal of other fixed assets	1	164
Fixed assets written off	28	21
Net holding gain on investments	(375)	(570)
Minimum lease payments under operating leases for land and buildings	140,193	121,176
Provision for impairment of long term investments	15,299	1,641
Provision for and write-off of bad and doubtful debts	656	6,821
Staff costs – Wages and salaries	53,197	56,104
– Pension scheme contributions	2,022	2,114
Amount released for onerous contracts	(5,404)	(6,566)
Net rental income	(10,817)	(8,060)

5. TAX

Hong Kong profits tax has been provided at the rate of 17.5% (2004: 17.5%) on the estimated assessable profits arising in Hong Kong during the year.

	2005	2004
	HK\$'000	HK\$'000
Group:		
Current – Hong Kong		
Charge for the year	2,284	2,796
Underprovision/(overprovision) in prior years	(141)	213
Deferred	2,112	809
	4,255	3,818
Share of tax attributable to associates	1,655	516
	5,910	4,334

6. DIVIDENDS

	2005 <i>HK\$'000</i>	2004 <i>HK\$'000</i>
Interim – HK3 cents (2004: HK3 cents) per ordinary share	4,300	3,544
Proposed final – HK12 cents (2004: HK7 cents) per ordinary share	<u>17,846</u>	<u>10,032</u>
	<u><u>22,146</u></u>	<u><u>13,576</u></u>

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

7. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the net profit attributable to shareholders for the year of HK\$70,127,000 (2004: HK\$29,285,000), and the weighted average of 143,320,366 (2004: 121,746,522) ordinary shares in issue during the year.

The calculation of diluted earnings per share is based on the net profit attributable to shareholders for the year of HK\$70,234,000 (2004: HK\$29,285,000) after adjustment for interest saved upon deemed exercise of all convertible notes during the year. The weighted average number of ordinary shares used in the calculation is the 143,320,366 (2004: 121,746,522) ordinary shares in issue during the year, as used in the basic earnings per share calculation and the weighted average of 6,260,100 (2004: 6,807,774) ordinary shares assumed to have been issued at no consideration on the deemed exercise of all the share options and convertible notes during the year.

8. COMPARATIVE AMOUNTS

As further explained in note 2 above, due to the adoption of certain new HKFRSs during the current year, the accounting treatment and presentation of certain items and balances in the financial statements have been revised to comply with the new requirements. Accordingly, certain comparative amounts have been reclassified to conform with the current year's presentation.

RESULTS

The Group's turnover and net profit attributable to shareholders for the year amounted to HK\$364.1 million (2004: HK\$296.6 million) and HK\$70.1 million (2004: HK\$29.3 million), respectively.

DIVIDEND

The Board of Directors has recommended a final dividend of HK 12.0 cents per share (2004: HK 7.0 cents) for the year ended 31 March 2005 to shareholders on the register of members of the Company on 12 August 2005. The final dividend will be paid on or before 19 August 2005, subject to shareholders' approval at the forthcoming annual general meeting of the Company to be held on 12 August 2005. Together with the interim dividend of HK 3.0 cents distributed in January 2005, the total dividend per share for the year will be HK 15.0 cents (2004: HK 10.0 cents).

PROPOSED BONUS ISSUE OF SHARES

The Board of Directors has resolved to recommend a bonus issue of shares of HK\$0.10 each in the share capital of the Company on the basis of one bonus share (the "Bonus Share(s)") for every five existing shares held by shareholders of the Company whose names appear on the register of members of the Company at the close of business on 12 August 2005. The Bonus Shares will rank pari passu in all respects with the existing issued shares except that they will not carry any right to receive the final dividend for the year ended 31 March 2005.

The bonus issue is conditional upon (a) the approval of the shareholders of the Company; (b) the granting by the Bermuda Monetary Authority of the relevant permissions in respect of the bonus issue (if required); and (c) the Listing Committee of The Stock Exchange of Hong Kong Limited granting listing of and permission to deal in the Bonus Shares. A circular containing, among other matters, details of the bonus issue will be sent to shareholders of the Company in due course.

CLOSURE OF REGISTER

The register of members of the Company will be closed from 9 August 2005 to 12 August 2005, both days inclusive, during which period no transfer of shares will be registered. To qualify for the proposed final dividend and Bonus Shares, all shareholders are required to lodge their transfers 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 8 August 2005.

BUSINESS REVIEW

The Group achieved a historical high net profit of HK\$70.1 million and net assets of over HK\$736.4 million for the year ended 31 March 2005 since its listing in 1995.

Turnover increased by approximately 23% to HK\$364.1 million (2004: HK\$296.6 million) in the year ended 31 March 2005 despite the disposal of the effective 99.79% interest in Luxemburg Medicine Company Limited to Wai Yuen Tong Medicine Holdings Limited ("WYTH") which had contributed a turnover of HK\$18.6 million for the year ended 31 March 2004. This was mainly attributable to the good performance of the Group's property investment division. The net profit attributable to shareholders for the year grew significantly to HK\$70.1 million from HK\$29.3 million in the year ended 31 March 2004, representing a significant increase of approximately 139% over the same period last year.

The Group's financial position remained strong, with cash in hand and short term investments of approximately HK\$372.0 million. This provides the Group with a strong cash backing to support expansion in the areas of property development and investment properties in the near future.

Property Development

With the anticipated continuing buoyancy in the Hong Kong property market, the Group has allocated additional resources to expand this area of business. During the year ended 31 March 2005 and up to the date of this report, the Group made the following acquisitions:

Property Name	Location	Consideration (HK\$)	Approximate Site Area (sq ft)	Estimated Approximate Gross Floor Area (sq ft)	Development Plan	Anticipated Completion
Shatin Heights Road	Lot No. 1476 in D.D. 189	103.8 million	49,100	27,900	Low density residential area with 11 luxury houses	End of 2006
Fairview Park Boulevard	Lot No. 4781 in D.D. 104, Lot No. 3254 RP in D.D. 104, Lot No. 3265 S.A RP in D.D. 104, Lot No. 3251 S.B RP, Lot No. 3257 RP, Lot No. 3258 S.B SS.1, Lot No. 3641 S.A, Lot No. 3258 S.B RP, Lot No. 3641 RP all in D.D. 104	82.6 million	154,800	39,000	Low density residential and commercial area with 16 luxury houses, 6 shops and club house	End of 2006
Cheung Sha Wan	270-274 Cheung Sha Wan Road Kowloon	75.0 million	4,200	36,800	24 storey residential and commercial building	Early 2008
Kennedy Town	29 residential and commercial units of Nos. 12, 14, 16, 18, 20 and 22, Davis Street, Kennedy Town, Hong Kong	77.6 million	5,000	37,000	26 storey residential and commercial building	Early 2008
Ho Chung	Various lots in D.D. 210 and D.D. 244 Sai Kung, New Territories	13.8 million	68,000	20,500	Low density residential development	Early 2009
		<u>352.8 million</u>	<u>281,100</u>	<u>161,200</u>		

The Directors expect that, with the Hong Kong property market expected to show continuing strength, these property development projects should bring handsome returns to the Group in the coming years.

Property Investment

Gross rental income for the year under review increased by approximately 38% to HK\$11.3 million. Retail sales continued to improve as a result of broad recovery in the local economy. The Group has seen strong demand for retail space and will put more emphasis particularly on retail shops. During the year ended 31 March 2005 and up to the date of this report, the Group has made the following acquisitions/disposals:

Disposals

Location	Consideration (HK\$)	Anticipated/ Actual Completion
Shop 6 (including Cockloft) on the G/F., Cheuk Ming Street, Nos. 10-22 Tsuen Wan Market Street, Tsuen Wan, New Territories	33.8 million	June 2004
Whole block located at No. 32 Argyle Street, Kowloon	73.8 million	January 2005
Flat D on the Ground Floor and Flat D on Mezzanine Floor, Nam Yeung Mansion, Nos. 31-34 Mut Wah Street, Kwun Tong, Kowloon	29.1 million	March 2005
Ground Floor and Cockloft, Nos. 581 and 581A, Nathan Road, Kowloon	105.0 million	March 2005
1 residential unit at Parc Palais, 18 Wylie Road, King's Park, Kowloon	13.1 million	October 2005

Acquisitions

Location	Consideration (HK\$)	Anticipated/ Actual Completion
Ground Floor and Cockloft, No. 203 Tung Choi Street, Mongkok, Kowloon	19.8 million	July 2004
4 residential units at Parc Palais, 18 Wylie Road, King's Park, Kowloon	30.9 million	March 2005
Shop 6 on G/F., Grandeur Garden, Nos. 14-18 Chik Fai Street, Nos. 55-65 Tai Wai Road, Shatin, New Territories	16.3 million	March 2005
G/F., 170 Castle Peak Road, Yuen Long, New Territories	35.0 million	May 2005
Shop B on G/F., 106-108, Shaukeiwan Road, Hong Kong	13.0 million	May 2005
G/F., 1/F., 2/F., and Rooftop, No. 68 San Hong Street, Sheung Shui, New Territories	15.75 million	June 2005
Shop B on G/F., Kwong Sen Mansion, Nos. 23-33 Shui Wo Street, Kowloon	17.2 million	June 2005
Whole block located at No. 58 Yen Chow Street, Sham Shui Po, Kowloon	110.0 million	July 2005
Shop 5 on G/F., Tak Lee Building, No. 993 King Road, Hong Kong	15.0 million	July 2005
Shop B on G/F., 336-338 Tung Chau Street, Kowloon	10.8 million	October 2005

As at 30 June 2005, the Group held a retail property portfolio with a net book value of approximately HK\$303.9 million, generating a projected annual rental income of approximately HK\$11.3 million. The Directors believe that this area of business will continue to provide a steady income stream for the Group in the years to come.

Management and Sub-licensing of Chinese Wet Markets

The Group continues to be the leader in this business section in Hong Kong. This division remained profitable during the year under review, recording a net profit of HK\$15.4 million and generated a fairly stable profit for the Group. The Group is looking to strengthen its market share.

Management and Sub-licensing of Shopping Centres and Car Parks

These two areas of business remained fairly stable compared with their performance and contribution achieved in the previous financial year.

Investment in Pharmaceutical and Health Products related Business

The booming economy, coupled with the Individual Visit Scheme which allows travelers from Mainland China to visit Hong Kong on an individual basis, contributed to the continual growth of WYTH. The Directors are confident that the Group's indirect investment in pharmaceutical and health products business via WYTH will bring satisfactory returns to the Group in the long term.

LIQUIDITY AND FINANCIAL RESOURCES

With a view to enlarging the Company's shareholder base and strengthening the financial position of the Company, the following capital raising exercises were undertaken during the year:

- a. Issue of convertible notes in an aggregate principal amount of HK\$37,180,000 through a placing agent to several independent third parties in December 2004; and
- b. Issue of convertible notes in an aggregate principal amount of HK\$61,440,000 through a placing agent to several independent third parties in February 2005.

The Group currently has cash resources and short term investments of over HK\$372.0 million (2004: HK\$326.8 million), of which approximately HK\$59.3 million (2004: HK\$37.4 million) is invested in certificates of deposits, callable deposits, bank commercial papers and listed securities, and HK\$54.2 million (2004: HK\$34.8 million) is invested in long-term guaranteed return funds, callable deposits and bonds.

As at 31 March 2005, the Group's gearing ratio was approximately 3.9% (calculated with reference to the Group's total borrowings net of cash and cash equivalent and capital and reserves of approximately HK\$28.5 million and HK\$736.4 million, respectively, as at 31 March 2005). 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).

As at 31 March 2005, the Group's investment properties with a book value of approximately HK\$196.7 million (2004: HK\$260.4 million) and certain rental income generated therefrom were pledged to secure the Group's banking facilities, approximately HK\$92.3 million (2004: HK\$140.7 million) of which was utilized as at 31 March 2005.

The Group's contingent liabilities and capital commitment as at 31 March 2005 amounted to approximately HK\$121.4 million (2004: HK\$146.6 million).

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2005, the Group had over 500 full time employees, over 96% 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.

AUDIT COMMITTEE

The Company has an audit committee which was established in compliance with Rule 3.21 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the purposes of reviewing and providing supervision over the Group's financial reporting process and internal controls. The audit committee also reviewed the audited consolidated financial statements for the year ended 31 March 2005 of the Group. The audit committee comprises three independent non-executive directors of the Company.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year.

CODE OF BEST PRACTICE

In the opinion of the Directors, the Company complied with the Code of Best Practice (the "Code") as set out in Appendix 14 of the Listing Rules, throughout the accounting period covered by the annual report, except that certain independent non-executive directors of the Company are not appointed for specific terms as required by paragraph 7 of the Code, but are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Company's bye-laws.

The Code was replaced by the Code on Corporate Governance Practices (the "Code on CG Practices") which has become effective for accounting periods commencing on or after 1 January 2005. Appropriate actions are being taken by the Company for complying with the Code on CG Practices.

PROPOSED AMENDMENT TO THE BYE-LAWS

The Stock Exchange has revised the Listing Rules concerning various corporate governance issues. Among other code provisions of the Code on CG Practices set out in Appendix 14 to the Listing Rules, it is required that every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

In their present form, the bye-laws of the Company provides that such Director holding office as the chairman of the Board and/or managing director of the Company will not be subject to retirement by rotation or be taken into account in determining the number of Directors to retire in each year. As such, the Board considers that the bye-laws of the Company should be amended in line with the changes required under the revised Listing Rules and an amendment to the bye-laws of the Company will be proposed at the forthcoming annual general meeting of the Company to be held on 12 August 2005. A circular containing, among other matters, details of the proposed amendment to the bye-laws will be despatched to shareholders shortly.

PUBLICATION OF ANNUAL REPORT ON THE STOCK EXCHANGE'S WEBSITE

The 2005 annual report of the Group containing the information required by paragraphs 45(1) to 45(3) of Appendix 16 of the Listing Rules will be released on the website of The Stock Exchange of Hong Kong Limited (www.hkex.com.hk) in due course.

By Order of the Board
Tang Ching Ho
Chairman and Managing Director

The Board comprises three executive Directors, namely Mr. Tang Ching Ho, Ms. Yau Yuk Yin and Mr. Chan Chun Hong, Thomas, and four independent non-executive Directors, namely Dr. Lee Peng Fei, Allen, Mr. Wong Chun, Justein, Dr. Siu Yim Kwan, Sidney and Mr. Siu Kam Chau.

Hong Kong, 6 July 2005

* *For identification purpose only*

“Please also refer to the published version of this announcement in The Standard”