LUEN THAI HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 311)

FINAL RESULTS FOR THE YEAR ENDED 31ST DECEMBER 2004

GROUP FINANCIAL HIGHLIGHTS

- Net profit in 2004 increased by 28.8% to US$30.4 million compared with US$23.6 million in 2003.
- EPS in 2004 increased by 11.4% to US3.9 cents from US3.5 cents in 2003.
- The Directors have resolved to recommend the payment of a final dividend of US0.52 cent per share.
- Completed phase one of Luen Thai Supply Chain City.
- Solid 2004 continuing business result.

The board of directors (the "Board") of Luen Thai Holdings Limited (the "Company" or "Luen Thai") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31st December 2004.

CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended 31st December 2004

		For the year ended 31st December	
		2004	2003
	Note	***US$'000***	*US$'000*
Turnover	*3*	**553,766**	544,924
Cost of sales		**(427,967)**	(407,681)
Gross profit		**125,799**	137,243
Other revenues	*3*	**2,643**	1,232
Selling and distribution expenses		**(22,381)**	(18,042)
General and administrative expenses		**(71,609)**	(89,903)
Other income, net		**3,911**	3,464
Operating profit	*5*	**38,363**	33,994
Finance costs	*6*	**(1,432)**	(1,362)
Share of profits of associated companies		**529**	681
Share of (losses)/profits of jointly controlled entities		**(829)**	18
Profit before taxation		**36,631**	33,331
Taxation	*7*	**(6,223)**	(9,676)
Profit after taxation		**30,408**	23,655
Minority interests		**(47)**	(89)
Profit attributable to shareholders		**30,361**	23,566

	Note	For the year ended 31st December **2004** *US$'000*	2003 *US$'000*
Dividends	*8*	**12,561**	41,855
Earnings per share			
– Basic	*9*	**US3.9 cents**	US3.5 cents
– Diluted		**US3.9 cents**	US3.5 cents

NOTES TO THE AUDITED CONSOLIDATED ACCOUNTS
For the year ended 31st December 2004

1. GROUP REORGANISATION AND BASIS OF PRESENTATION

(a) The Company was incorporated in the Cayman Islands on 15th March 2004 as an exempted company with limited liability under the Companies Law (Cap. 22, Law 3 of 1961, as consolidated and revised) of the Cayman Islands.

On 27th June 2004, pursuant to a group reorganisation (the "Reorganisation") in preparation for the listing of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "SEHK"), the Company acquired the entire issued share capital of Luen Thai Overseas Limited ("LTO") through a share exchange and became the holding company of LTO and its subsidiaries. Details of the Reorganisation are set out in the prospectus of the Company dated 30th June 2004 (the "Prospectus"). The Company's shares were listed on the SEHK on 15th July 2004.

The Reorganisation is accounted for using the merger accounting as permitted by the Statement of Standard Accounting Practice Number 27 "Accounting for group reconstructions" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The audited consolidated accounts of the Group for the year ended 31st December 2004, including the comparative figures, are prepared as if the Company had been the holding company of the Group from the beginning of the earliest period presented.

(b) The consolidated accounts have been prepared in accordance with accounting principles generally accepted in Hong Kong and comply with accounting standard issued by the HKICPA. The accounts are prepared under the historical cost convention.

(c) HKICPA has issued a number of new and revised Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards ("new HKFRSs") which are effective for accounting periods beginning on or after 1st January 2005. The Group has not early adopted these new HKFRSs in the accounts for the year ended 31st December 2004. The Group has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these new HKFRSs would have a significant impact on its results of operations and financial position.

2. PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies adopted are consistent with those followed in the preparation of the Group's Accountants' Report as set out in Appendix I to the Prospectus.

3. TURNOVER

The Group is principally engaged in the manufacturing and trading of garment and textile products, the provision of freight forwarding and logistics and system consultancy services. Revenues recognised during the year are as follows:

	For the year ended 31st December	
	2004	2003
	US$'000	*US$'000*
Turnover –		
Sales of garment and textile products		
– third parties	**537,933**	512,722
– a jointly controlled entity	**3,465**	–
Provision for freight forwarding and logistics services		
– third parties	**10,659**	29,177
– related companies and a jointly controlled entity	**1,414**	2,463
Provision for system consultancy services	**295**	562
	553,766	544,924
Other revenues –		
Interest income on bank deposits	**671**	98
Management fee income from		
– a third party	**189**	–
– a related company, a jointly controlled entity and an associated company	**540**	140
Rental income from		
– a related company and a jointly controlled entity	**144**	154
Commission income from		
– related companies and an associated company	**1,005**	687
Others	**94**	153
	2,643	1,232
Total revenues	**556,409**	546,156

4. SEGMENT INFORMATION

Primary reporting segment – business segments

	For the year ended 31st December 2004				
	Garment	**Freight forwarding/ logistics services**	**System consultancy**	**Elimination**	**Group total**
	US$'000	***US$'000***	***US$'000***	***US$'000***	***US$'000***
Segment revenues					
External revenue	**541,398**	**12,073**	**295**	**–**	**553,766**
Inter segment revenue	**–**	**4,658**	**819**	**(5,477)**	**–**
	541,398	**16,731**	**1,114**	**(5,477)**	**553,766**
Segment results	**32,861**	**5,440**	**62**	**–**	**38,363**
Finance costs	**(1,432)**	**–**	**–**		**(1,432)**
Share of profits of associated companies	**2**	**527**	**–**		**529**
Share of losses of jointly controlled entities	**(829)**	**–**	**–**		**(829)**
Profit before taxation					**36,631**
Taxation	**(5,547)**	**(676)**	**–**		**(6,223)**
Profit after taxation					**30,408**
Minority interests	**–**	**(47)**	**–**		**(47)**
Profit attributable to shareholders					**30,361**

	For the year ended 31st December 2003				
	Garment	**Freight forwarding/ logistics services**	**System consultancy**	**Elimination**	**Group total**
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Segment revenues					
External revenue	512,722	31,640	562	–	544,924
Inter segment revenue	–	4,331	2,611	(6,942)	–
	512,722	35,971	3,173	(6,942)	544,924
Segment results	30,512	4,710	(1,228)	–	33,994
Finance costs	(1,002)	(360)	–		(1,362)
Share of profits of associated companies	2	679	–		681
Share of profits of jointly controlled entities	18	–	–		18
Profit before taxation					33,331
Taxation	(8,832)	(844)	–		(9,676)
Profit after taxation					23,655
Minority interests	–	(89)	–		(89)
Profit attributable to shareholders					23,566

Secondary reporting segment – geographical segments

The Group's revenue is mainly derived from customers located in the United States, Asia and Europe, while the Group's business activities are conducted predominantly in Hong Kong, the People's Republic of China (the "PRC"), Commonwealth of Northern Mariana Islands, Philippines and the United States.

The following table provides an analysis of the Group's sales by geographical location of customers:

	For the year ended 31st December	
	2004	2003
	US$'000	*US$'000*
The United States	**411,662**	414,138
Europe	**47,349**	31,149
Commonwealth of Northern Mariana Islands	**7,907**	27,406
Japan	**45,039**	28,709
Canada	**4,870**	3,873
Hong Kong	**3,017**	3,222
Korea	**3,982**	3,468
The Philippines	**1,544**	1,812
Australia	**1,662**	1,187
Mexico	**1,381**	1,093
Cambodia	**365**	301
Others	**24,988**	28,566
	553,766	544,924

Discontinuing operations

In May 2004 and in connection with Reorganisation *(see Note 1)*, the Group disposed of its entire interests in garment manufacturing in Mexico (the "Mexican Operations") and system consultancy operations (the "System Consultancy Operations") to its then shareholders by way of a distribution in specie. In addition, as part of the Group's Reorganisation, the Group also transferred its entire interest in Aero Micronesia, Inc. (the "Aircargo Operations") to THC Communications Corporation, a related company, in December 2003 at a consideration of US$925,000, which resulted in a loss of approximately US$94,000. The results of these subsidiaries were presented as discontinuing operations. The turnover and results of the above discontinuing operations for the year ended 31st December 2004 are as follows:

	Mexican Operations For the year ended 31st December		System Consultancy Operations For the year ended 31st December		Aircargo Operations For the year ended 31st December		Total For the year ended 31st December	
	2004	2003	**2004**	2003	**2004**	2003	**2004**	2003
	US$'000	*US$'000*	***US$'000***	*US$'000*	***US$'000***	*US$'000*	***US$'000***	*US$'000*
Turnover	**4,196**	15,038	**1,114**	3,173	**–**	21,427	**5,310**	39,638
Cost of sales	**(5,195)**	(13,416)	**(77)**	(259)	**–**	–	**(5,272)**	(13,675)
Gross profit	**(999)**	1,622	**1,037**	2,914	**–**	21,427	**38**	25,963
Selling and distribution expenses	**(11)**	(636)	**–**	–	**–**	–	**(11)**	(636)
General and administrative expenses	**(1,367)**	(2,028)	**(980)**	(4,148)	**–**	(20,115)	**(2,347)**	(26,291)
Other (expenses)/income, net	**(23)**	56	**5**	6	**–**	154	**(18)**	216
Operating (loss)/profit	**(2,400)**	(986)	**62**	(1,228)	**–**	1,466	**(2,338)**	(748)
Finance costs	**(42)**	(184)	**–**	–	**–**	(360)	**(42)**	(544)
(Loss)/profit before taxation	**(2,442)**	(1,170)	**62**	(1,228)	**–**	1,106	**(2,380)**	(1,292)
Taxation	**–**	(232)	**–**	–	**–**	(376)	**–**	(608)
(Loss)/Profit after taxation	**(2,442)**	(1,402)	**62**	(1,228)	**–**	730	**(2,380)**	(1,900)

5. OPERATING PROFIT

Operating profit is stated after crediting and charging the following:

	For the year ended 31st December	
	2004	2003
	US$'000	*US$'000*
Crediting		
Exchange gains, net	**677**	1,803
Write-back of provision regarding a class action lawsuit	**–**	2,772
Write-back of provision for inventory obsolescence	**–**	682
Charging		
Auditors' remuneration	**697**	442
Amortisation of goodwill	**462**	349
Customers' claims	**3,725**	2,874
Depreciation of fixed assets	**9,611**	10,204
Loss on disposal of fixed assets, net	**214**	158
Loss on disposal of subsidiaries	**–**	220
Operating leases		
– office premises and warehouses	**4,467**	6,175
– plant and machinery	**161**	299
Provision for doubtful debts	**859**	593
Provision for inventory obsolescence	**428**	–
Quota expenses	**8,382**	8,631
Repair and maintenance on fixed assets	**2,294**	4,503
Staff costs	**112,612**	118,681

6. **FINANCE COSTS**

	For the year ended 31st December	
	2004	2003
	US$'000	*US$'000*
Interest expense on bank loans and overdrafts	**1,432**	1,362

7. **TAXATION**

Hong Kong profits tax has been provided at the rates of 17.5% (2003: 17.5%) on the estimated assessable profit for the year ended 31st December 2004. Taxation on overseas profits has been calculated on the estimated assessable profit at the rates of taxation prevailing in the countries in which the Group operates.

The amount of taxation charged to the consolidated profit and loss account represents:

	For the year ended 31st December	
	2004	2003
	US$'000	*US$'000*
Current taxation:		
– Hong Kong profits tax	**739**	851
– Overseas taxation	**7,927**	8,350
Over-provision in prior years	**(1,994)**	–
Deferred taxation relating to the origination and reversal of temporary differences	**(467)**	446
	6,205	9,647
Share of taxation attributable to jointly controlled entities	**18**	29
Taxation charge	**6,223**	9,676

8. **Dividends**

	For the year ended 31st December	
	2004	2003
	US$'000	*US$'000*
Dividends paid by the subsidiaries to their then shareholders before the Reorganisation *(Note a)*	**7,400**	41,855
Proposed final dividends – US0.52 cent (2003: Nil) per share	**5,161**	–
	12,561	41,855

(a) During 2004 and prior to the completion of the Reorganisation (see Note 1), certain wholly-owned subsidiaries of the Company declared dividends of approximately US$7,400,000 to their then shareholders. As part of the Reorganisation, such amounts were capitalised by the then shareholders.

The rates of dividend and the number of shares ranking for dividends paid by the subsidiaries to their then shareholders before the Reorganisation are not presented as such information is not meaningful having regard to the purpose of these accounts.

9. **Earnings per share**

The basic earnings per share is calculated based on the Group's profit attributable to shareholders of approximately US$30,361,000 (2003: US$23,566,000) and weighted average number of approximately 780,117,000 (2003: 675,000,000) ordinary shares deemed to be in issue throughout the year on the assumption that the Reorganisation (see Note 1) had been completed on 1st January 2003.

The Company has no dilutive potential ordinary shares as at 31st December 2004.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from 31st May 2005 to 3rd June 2005, both days inclusive, during which period no transfer of shares will be effected. All transfers, accompanied by the relevant share certificates, must be lodged with the Company's share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, no later than 4:00 p.m. on 30th May 2005 in order to qualify for the final dividend mentioned above.

MANAGEMENT DISCUSSION & ANALYSIS

2004 had been a successful year for Luen Thai. The Group has continued to grow despite the uncertainties in the industry surrounding the quota elimination and many difficulties we had faced. With our state-of-the-art supply chain and manufacturing platform, the Group has been able to capitalise on business opportunities with our key customers. Operationally, the Group took on a number of initiatives to further increase operational efficiency and save costs.

The Group's initial public offering was a tremendous success. Thanks to the effort and diligence of our colleagues, Luen Thai was successfully listed last July on the SEHK and raised US$80.7 million for strategic expansion purpose. The Group is already the largest apparel manufacturer listed on the SEHK and is a constituent stock on both Hang Seng Composite Industry Index and Hang Seng Hong Kong SmallCap Index.

RESULT REVIEW

As part of the reorganisation prior to the initial public offering of Luen Thai, the Group disposed of/transferred out its entire interests in its Mexican operations, the system consultancy operations and the air cargo operations. The turnover for the year ended 31st December 2004 was US$553.8 million, representing a slight increase of 1.6% over 2003. The corresponding net income for the year under review also increased from US$23.6 million in 2003 to US$30.4 million. This slight increase in the Group's turnover is mainly due to the inclusion of the discontinuing business operations. The aircargo business was disposed of in December 2003 and the Mexico business as well as the system consultancy business were disposed of in May 2004.

In order to understand and appreciate the Group's performance relative to the prior year, the following discussion and analysis will only focus on the Group's continuing business.

In 2004, the Group achieved a net income of US$32.7 million representing an increase of 28.6% over 2003. Turnover increased from US$511.7 million for the year ended 31st December 2003 to US$550.2 million in 2004, representing an increase of 7.5%. The increase in turnover was not as significant due to a reduction in the sales activities of certain low margin business in 2004.

The Group's overall gross profit from the continuing business for 2004 was approximately US$126.6 million as compared to US$114.1 million in 2003. The overall gross profit margin in 2004 is 23% as compared to 22.3% in 2003. The Group's operating profit from continuing business for 2004 was approximately US$40.7 million, representing an increase of 17.3% over 2003.

There was a substantial growth in the sleepwear business in 2004. The turnover of sleepwear business amounted to approximately US$72.1 million representing a 85% growth over 2003.

In light with uncertainties surrounding the quota and trade regulations, the Group has taken prudent measures in balancing risks associated with quota and other trade restrictions by way of increasing percentage of business to Japan and Europe. In 2004, the Group increased business to Japan and Europe to US$45 million and US$47.3 million, representing an increase of 56.9% and 52% when compared to 2003, respectively.

In 2004, the freight forwarding and logistics services recorded a turnover amounting to US$12 million, representing an increase of 18.2% over 2003. This is mainly due to the increase in new customers.

OPERATIONAL REVIEW

The Group accomplished a number of initiatives and the following are some of the highlights:

Co-location Strategy

Our Dongguan Supply Chain City represents the Group's long-term partnership strategy with our key customers with design support, product development, logistics and distribution, laboratory testing and production all housed in one site to continuously improve efficiencies and reduce lead time of our customers, suppliers and the Group. The Group signed up a few of our key customers on such co-location partnership in 2004.

Design Support
The Group developed a design and research centre in our Dongguan Supply Chain City that offers an array of design services. Our design team is equipped with capabilities to work on fabric research, washing techniques, or print designs. The design team also has the ability to provide basic fashion design based on fashion theme provided by the customers.

Logistics and Distribution
CTSI Logistics, the Group's logistics division, has been upgrading the operation and facilities in anticipation of closer partnership with our customers in the logistics area. In 2004, CTSI Logistics opened a new distribution centre in Los Angeles enhancing the Group's capability to provide better logistics services in the United States. The Group had been testing innovative logistics arrangements with key retailers and brands to save costs and to reduce lead time.

Relocation of Back Office Support to Low Cost Countries
The Group consolidated and moved certain back office operations from high cost countries to lower cost locations.

ACQUISITIONS AND JOINT VENTURES

It is the Group's strategy in expanding into other apparel product categories by way of selective acquisitions and joint ventures. With the experience in acquiring and managing GJM (the Group's sleepwear division), which the Group acquired in 2002 from Warnaco Inc., the Group entered into active wear segment with the joint venture with Yue Yuen Industrial (Holdings) Limited and ladies' career wear through acquisition of Tomwell Limited from Kasper Holdings Inc./Jones Apparel Group, Inc. in 2004. The Group's supply chain and manufacturing platform will support the expansion of Yuen Thai and Tomwell. Acquisitions and joint ventures will remain an important part of the Group's growth strategy.

CORPORATE GOVERNANCE

The Group acknowledges the need and importance of corporate governance as one of the key elements in creating shareholders' value. The Group continuously improves its corporate governance policies in accordance with international best practices. As at the date of this announcement, the Company has formed the Audit Committee and the Remuneration Committee at the Board level.

Audit Committee: The Audit Committee was set up in June 2004 to provide advice and recommendations to the Board. All Committee members are independent non-executive Directors, who each possesses appropriate finance and/or industry expertise to advise the Board. The Audit Committee met two times in 2004 with 100% attendance rate.

Remuneration Committee: The Remuneration Committee was set up in April 2005 with the responsibility of recommending to the Board the remuneration policy of all Directors and senior management. Majority of the Committee members are independent non-executive Directors.

INVESTOR RELATIONS AND COMMUNICATION

The Group acknowledges the importance of communication with our shareholders. The Group has proactive policy of promoting investor relations through meetings with analysts and participation of international roadshows, investors conferences, company interviews and manufacturing plant visits. All shareholders have no fewer than 21 days notice of the Annual General Meeting at which Directors are available to answer questions on the business.

The Group has established various forms of communication channels to improve the transparency of the Group including proactive and timely issuance of press releases so as to inform investors of our latest corporate development. The Group maintains a website (*www.luenthai.com*) in English and Chinese to disseminate information electronically on a timely basis to all concerned parties.

FINANCIAL RESULTS AND LIQUIDITY

As at 31st December 2004, the total amount of cash & bank balances of the Group was approximately US$111.1 million, representing an increase of approximately US$80.1 million when compared to 31st December 2003. The total bank borrowings at 31st December 2004 was US$97.4 million, representing a significant increase when compared to US$33.6 million at 31st December 2003.

As at 31st December 2004, the maturity profile of the Group's bank borrowings spread over two years with US$43.4 million repayable within one year or on demand, and US$54 million in the second year. This increase was mainly due to a new bank loan raised for repayment of certain existing debts before the listing.

The gearing ratio is defined as net debt (represented by bank borrowings net of cash and bank balances) divided by shareholders' equity. As at 31st December 2004, the Group is in a net cash position. Hence, no gearing ratio is presented.

FOREIGN EXCHANGE RISK MANAGEMENT

The Group adopts a prudent policy to hedge the fluctuation of exchange rates. Most of the Group's operating activities are denominated in US dollars and Hong Kong dollars. For those activities denominated in other currencies, the Group may enter into forward contracts to hedge its receivable and payable denominated in foreign currencies against the exchange rate fluctuation. As at 31st December 2004, the Group had an outstanding foreign currency exchange commitment to sell GBP1.2 million for HK$16.4 million.

CONTINGENT LIABILITIES AND OFF-BALANCE SHEET OBLIGATIONS

The Group is involved in various labour lawsuits and claims arising from the normal course of business. The Directors believe that the Group has substantial legal and factual bases for their position and are of the opinion that losses arising from these lawsuits, if any, will not have a material adverse impact on the results of the operations or the financial position of the Group. Accordingly, no provision for such liabilities has been made in the accounts. In addition, an estimate of its financial effect is not disclosed as it is not practicable to do so.

HUMAN RESOURCES AND SOCIAL RESPONSIBILITIES

Luen Thai has a current manpower of approximately 18,000 located in various locations world-wide.

The operation is managed by a professional and multicultural management team whose specialities have been honed in the industry. This executive and management team is aligned to the Group's strategic objectives, business model and corporate values.

As part of our commitment to being a learning organisation, Luen Thai set up technical training schools to support its expansion in our facilities. The schools train new hires in basic sewing machine operations and also existing operators in learning new methods for diversified product ranges. Conduct of supervisory and management training for supervisors and managers enables enhanced learning in the areas of leadership and management skills.

In 2004, CTSI Logistics, the Group's logistics arm received the Employer of the Year Award from the Society of Human Resources Management Chapter of the Northern Marianas Islands.

The Group offers its staff competitive remuneration schemes. In addition, share options are granted to eligible employees as incentive for their contribution to the Group.

Luen Thai is committed to employee care and adherence to international compliance standards. Our employee care programme satisfies our customers' and stakeholders' social compliance requirements.

USE OF PROCEEDS

The Group raised approximately US$80.7 million (HK$625.4 million), net of direct listing expenses from the issue of 227.3 million new ordinary shares in the Company in relation to the share offer on 15th July 2004, including the additional 2.3 million shares issued from the partial exercise of the Over-allotment Option on 4th August 2004. Details of the exercise of the over-allotment option are more particularly described in the Company's announcement dated 4th August 2004.

The net proceeds mentioned above are being applied in accordance with the proposed applications set out in the prospectus. As at 31st December 2004, the following applications were actually made:

(1) approximately US$13.3 million (HK$103.1 million) for new factories in the PRC consisting of:

- approximately US$8.2 million (HK$63.6 million) for the construction of the factories;
- approximately US$4.6 million (HK$35.6 million) for the acquisition of production facilities and machinery; and
- approximately US$0.5 million (HK$3.9 million) to set up a design and development centre;

(2) approximately US$3 million (HK$23.2 million) for upgrading and maintenance of the Group's existing production facilities;

(3) approximately US$16.4 million (HK$127.1 million) for the repayment of existing bank loans.

As at 31st December 2004, approximately US$48 million (HK$372 million) of the funds raised were also placed on time deposits with licensed banks in Hong Kong. The Group will continue to apply these funds for their intended use.

In the event that any part of the business plans of the Group does not materialise or proceed as planned, the Directors will carefully evaluate the situation and may re-allocate the intended funding to other business plans and/or to new projects of the Group and/or hold such funds as time deposits for so long as the Directors consider it to be in the best interests of the Group and its shareholders taken as a whole. Should the Directors re-allocate the intended funding to other business plans and/or to new projects of the Group, the Company will make an announcement in due course.

PROSPECTS

Looking forward to 2005, it is anticipated that the global quota and trade-related regulations will continue to pose some short-term uncertainties to the apparel industry. The Group is targeting to grow our market share with selected key customers through closer partnership based on multi-product co-location strategy. Operation of diversified manufacturing base in different countries will be important in servicing our customers given the current political situation. The Group will continue its cost control measures by way of cost-cutting and increase of operational efficiency. The Group is currently in different stages of negotiation, on acquisitions and joint ventures opportunities in different product categories.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed shares for the year ended 31st December 2004.

CODE OF BEST PRACTICE

The Company has complied with the Code of Best Practice as set out in Appendix 14 to the Listing Rules since the Company's listing on the SEHK on 15th July 2004.

SUBSEQUENT EVENTS

The Company entered into both the Placing Agreement and Subscription Agreement on 24th January 2005. Pursuant to the Placing Agreement, the Placing Agent has agreed to place 90,200,000 existing Shares owned by Capital Glory Limited to not less than six independent placees at Placing Price HK$4.07. Pursuant to the Subscription Agreement, the Company has conditionally agreed to allot and issue to Capital Glory Limited 90,200,000 new Shares at the Placing Price HK$4.07 subject to completion of the Placing.

After the placement and subscription, the effects of the shareholding structure of the Company pursuant to the Placing and the Subscription are as follows:

Beneficial Shareholder	**Number of Ordinary Shares Owned**	**Percentage**
Capital Glory Limited *(Note 1&2)*	614,250,000	61.9%
Union Bright Limited *(Note 1&3)*	60,750,000	6.1%
	675,000,000	68.0%
Public Shareholders		
Yue Yuen Industrials	89,100,000	9.0%
Public	228,400,000	23.0%
Total	992,500,000	100.0%

Notes:

1. Parties acting in concert
2. Capital Glory Limited is a wholly-owned subsidiary of Helmsley Enterprises Limited, which is in turn owned by a number of trusts for the benefits of the Tan family.
3. Union Bright Limited is a wholly-owned subsidiary of Tan Holdings Limited, which is in turn wholly-owned by the Tan Family Trust.

AUDIT COMMITTEE

In compliance with the Code of Best Practice as set out in Appendix 14 of the Listing Rules, the Company has established an Audit Committee in June 2004. The Committee comprises three independent non-executive Directors, namely, Mr. Chan Henry, Mr. Cheung Siu Kee & Mr. Seing Nea Yie. Mr. Seing Nea Yie is the Chairman of the Committee.

The Audit Committee has reviewed the accounting principles and practices adopted by the Group & discussed with management the auditing, internal control & financial reporting matters including the review of the audited consolidated statement of accounts of the Group for the year ended 31st December 2004.

DISCLOSURE OF INFORMATION ON THE STOCK EXCHANGE'S WEBSITE

A results announcement of the Company for the year ended 31st December 2004 containing all the information required by paragraph 45(1) to (3) of Appendix 16 of the Listing Rules will be despatched to shareholders and published on the website of the Stock Exchange (http://www.hkex.com.hk) in due course.

By order of the Board
Tan Henry
Chief Executive Officer and Director

Hong Kong, 21st April 2005

As at the date of this announcement, the executive Directors are Mr. Tan Siu Lin, Mr. Tan Henry, Mr. Tan Willie and Mr. Tan Cho Lung, Raymond and the independent non-executive Directors are Mr. Chan Henry, Mr. Cheung Siu Kee and Mr. Seing Nea Yie

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