EAGLE NICE (INTERNATIONAL) HOLDINGS LIMITED
鷹美（國際）控股有限公司*

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 2368)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31ST MARCH, 2005

The board of directors (the "Board") of Eagle Nice (International) Holdings Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31st March, 2005 together with the comparative figures for the corresponding period in 2004 as follows:

CONSOLIDATED PROFIT AND LOSS ACCOUNT

		Year ended 31st March,	
		2005	2004
	Note	***HK$'000***	*HK$'000*
Turnover	*2*	**451,446**	325,411
Cost of sales		**(323,286)**	(264,576)
Gross profit		**128,160**	60,835
Other revenue	*2*	**7,111**	3,606
Selling and distribution costs		**(5,114)**	(4,431)
Administrative expenses		**(26,373)**	(22,138)
Other operating expense		**(334)**	–
Profit from operating activities	*3*	**103,450**	37,872
Finance costs	*4*	**(189)**	(2,275)
Profit before tax		**103,261**	35,597
Tax	*5*	**(9,200)**	(3,511)
Net profit from ordinary activities attributable to shareholders		**94,061**	32,086
Dividends	*7*	**40,920**	17,900
Earnings per share	*6*		
– Basic		**HK27.8 cents**	HK17.0 cents
– Diluted		**HK22.5 cents**	N/A

* *For identification purposes only*

Notes:

1. **Summary of significant accounting policies**

Impact of recently issued Hong Kong Financial Reporting Standards ("HKFRSs")

The Hong Kong Institute of Certified Public Accountants (the "HKICPA") has issued a number of new and revised Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards, herein collectively referred to as the "New HKFRSs", which are generally effective for accounting periods beginning on or after 1st January, 2005. The Group has not early adopted the New HKFRSs in the financial statements for the year ended 31st March, 2005. The Group has already commenced an assessment of the impact of the New HKFRSs but is not yet in a position to state whether the New HKFRSs would have a significant impact on its results of operations and financial position.

HKFRS 3 "Business Combinations" applies to accounting for business combinations for which the agreement date is on or after 1st January, 2005. The Group did not have any business combinations during the year and, accordingly, this HKFRS has had no impact on these financial statements.

Basis of preparation

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (which also include Statements of Standard Accounting Practice and Interpretations) issued by the HKICPA, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for the periodic remeasurement of certain fixed assets and long term investments.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31st March, 2005. The results of subsidiaries acquired or disposed of during the year are consolidated from or to their effective dates of acquisition or disposal, respectively. All significant intercompany transactions and balances within the Group are eliminated on consolidation.

2. **Turnover and segment information**

Turnover represents the net invoiced value of goods sold, after allowances for returns and trade discounts. All significant intra-group transactions have been eliminated on consolidation.

Turnover and revenue

An analysis of the Group's turnover and other revenue is as follows:

	2005	2004
	HK$'000	*HK$'000*
Turnover		
Sale of goods	**451,446**	325,411
Other revenue		
Sale of samples	**4,532**	2,800
Interest income	**2,192**	288
Others	**387**	518
	7,111	3,606
	458,557	329,017

Segment information

Segment information is presented by way of the Group's primary segment reporting basis, by geographical segment. No further business segment information is presented as the Group is solely engaged in the manufacture and trading of sportswear and garments.

Each of the Group's geographical segments, based on the location of customers (the destination of sales), represents a strategic business unit that offers products to customers located in different geographical areas which are subject to risks and returns that are different from those of the other geographical segments. The Group's customer-based geographical segments are as follows:

(a) Hong Kong

(b) Mainland China

(c) Japan

(d) South Korea

(e) Australia

(f) Others

In addition, segment assets and capital expenditure are further analysed by the geographical location of the assets (the origin of sales), where the Group's assets are located in different geographical areas from its customers and segment revenue from external customers or segment assets are 10% or more of the Group's total amount. There are two asset-based geographical segments, Hong Kong and Mainland China.

Geographical segments based on the location of customers

Group – 2005

	Hong Kong *HK$'000*	Mainland China *HK$'000*	Japan *HK$'000*	South Korea *HK$'000*	Australia *HK$'000*	Others *HK$'000*	Consolidated *HK$'000*
Segment revenue:							
Sales to external customers	**14,853**	**177,722**	**165,213**	**48,649**	**12,557**	**32,452**	**451,446**
Sale of samples	**1,192**	**427**	**1,238**	**13**	**592**	**1,070**	**4,532**
Total	**16,045**	**178,149**	**166,451**	**48,662**	**13,149**	**33,522**	**455,978**
Segment results	**5,244**	**55,158**	**46,012**	**12,883**	**3,899**	**9,496**	**132,692**
Interest and other unallocated income							**2,579**
Unallocated expenses							**(31,821)**
Profit from operating activities							**103,450**
Finance costs							**(189)**
Profit before tax							**103,261**
Tax							**(9,200)**
Net profit from ordinary activities attributable to shareholders							**94,061**

Group – 2004

	Hong Kong *HK$'000*	Mainland China *HK$'000*	Japan *HK$'000*	South Korea *HK$'000*	Australia *HK$'000*	Others *HK$'000*	Consolidated *HK$'000*
Segment revenue:							
Sales to external customers	13,591	85,561	135,734	54,150	3,722	32,653	325,411
Sale of samples	164	–	1,541	660	43	392	2,800
Total	13,755	85,561	137,275	54,810	3,765	33,045	328,211
Segment results	3,918	22,458	19,764	10,775	938	5,782	63,635
Interest and other unallocated income							806
Unallocated expenses							(26,569)
Profit from operating activities							37,872
Finance costs							(2,275)
Profit before tax							35,597
Tax							(3,511)
Net profit from ordinary activities attributable to shareholders							32,086

3. Profit from operating activities

The Group's profit from operating activities is arrived at after charging:

	2005 ***HK$'000***	2004 *HK$'000*
Cost of inventories sold	**323,286**	264,576
Auditors' remuneration	**940**	780
Depreciation	**11,775**	8,736
Write-off of fixed assets	**–**	103
Revaluation deficit of leasehold land and buildings	**334**	–
Staff costs (excluding directors' remuneration):		
Wages and salaries	**72,549**	62,395
Pension scheme contributions (defined contribution schemes)	**1,898**	1,351
Less: Forfeited contributions	**(28)**	(18)
Net pension scheme contributions	**1,870**	1,333
Total staff costs	**74,419**	63,728
Minimum lease payments under operating leases in respect of land and buildings	**4,445**	3,680
Exchange losses, net	**430**	225

4. Finance costs

	Group 2005 HK$'000	2004 HK$'000
Interest on bank loans and overdrafts wholly repayable within five years	**121**	2,193
Interest on finance leases	**68**	82
	189	2,275

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. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

汕頭市鷹美製衣有限公司 ("EN (Shantou)") and Shantou SEZ Far East (International) Garments Factory Co., Ltd. ("FE (Shantou)") are entitled to be exempted from PRC corporate income tax for the first two profit-making years and a 50% reduction in the PRC corporate income tax for the succeeding three years. Moreover, under the relevant tax laws and regulations in Mainland China, EN (Shantou) and FE (Shantou) may set off losses incurred by them in a financial year against profits made by them in the succeeding financial year or years, subject to a maximum of five financial years.

According to the confirmation obtained by the Group from the PRC tax bureau, the first profit-making year of both EN (Shantou) and FE (Shantou) was the year ended 31st December, 2002.

	Group 2005 HK$'000	2004 HK$'000
Current tax charge for the year:		
Hong Kong	**5,688**	3,400
Elsewhere	**3,519**	600
Overprovision of current tax in respect of prior years	**(7)**	(489)
Total tax charge for the year	**9,200**	3,511

6. Earnings per share

The calculation of basic earnings per share is based on the net profit attributable to shareholders for the year of HK$94,061,000 (2004: HK$32,086,000), and the weighted average of 337,821,918 ordinary shares in issue (2004: 188,328,767 ordinary shares deemed to have been in issue) during the year.

The calculation of diluted earnings per share for the year ended 31st March, 2005 is based on the net profit attributable to shareholders for the year of HK$94,061,000. The weighted average number of ordinary shares used in the calculation is the 337,821,918 ordinary shares in issue during the year as used in the basic earnings per share calculation and the weighted average of 79,849,315 ordinary shares assumed to have been issued at no consideration on the deemed conversion of the outstanding convertible note since its date of issue to the date of conversion during the year.

A diluted earnings per share amount for the year ended 31st March, 2004 has not been disclosed as no diluting events existed during that year.

7. Dividends

	2005 HK$'000	2004 HK$'000
Interim – HK4.5 cents (2004: HK3 cents) per ordinary share based on 340,000,000 (2004: 200,000,000) shares in issue	**15,300**	6,000
Proposed final – HK6 cents (2004: HK3.5 cents) per ordinary share based on 427,000,000 (2004: 340,000,000) shares in issue	**25,620**	11,900
	40,920	17,900

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

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The Group is principally engaged in the design and manufacture of sportswear for men, women and children on an OEM (an acronym for ''original equipment manufacturer'', which produces or customises products according to the design supplied by others) basis. The sportswear manufactured and sold by the Group can broadly be divided into tracksuits, sports pants, jackets, sweaters and t-shirts. The remaining products comprise casual wear, kids wear and fashion wear. The Group manufactures products under international brandnames such as **Nike**, **Adidas** and **Puma**.

For the year ended 31st March, 2005, the Group's products were mainly sold to Japan, the People's Republic of China (the "PRC") and South Korea.

The performance of the Group for the year ended 31st March, 2005 was strong compared to the previous corresponding year in 2004 as the turnover and net profit from ordinary activities attributable to the shareholders of the Group increased by approximately 38.7% and approximately 193.1% respectively.

The growth in turnover came principally from the increasing orders placed by the Group's existing customers such as **Nike** and other international brandname customers. Meanwhile, the Group's marketing team continued to approach new customers and trial orders are constantly taking place by new or potential customers.

On the production side, the Group continued to expand its production capacity during the year ended 31st March, 2005 compared to the previous corresponding year in 2004. A new production plant was being constructed in Shantou, the PRC (the "New Production Plant") during the year. Please refer to the circular of the Company dated 14th July, 2004 for further details of the New Production Plant.

Financial Review

Results

For the year ended 31st March, 2005, turnover of the Group increased to approximately HK$451.4 million compared to approximately HK$325.4 million for the previous corresponding year, an increase of approximately 38.7%. The increase was mainly attributed to an increase in the orders placed by customers as a result of the hard work of the Group's marketing team supported by an expansion in the Group's production capacity. In terms of geographical segments, sales to the Group's major markets, i.e. Japan and the PRC increased by approximately 21.7% and 107.7% respectively.

Gross profit of the Group for the year ended 31st March, 2005 increased to approximately HK$128.2 million compared to approximately HK$60.8 million for the previous corresponding year, an increase of approximately 110.9%. The increase was mainly attributed to the increase in turnover and an increase in gross profit margin. The gross profit margin of the Group was approximately 28.4% for the year ended 31st March 2005, an increase of approximately 9.7% compared to approximately 18.7% for the previous corresponding year. The improvement in gross profit margin was attributed to (a) improved production efficiency as a result of (i) implementation of a more advanced production planning computer system assisted by Yue Yuen Industrial (Holdings) Limited, (ii) increase in the use of more advanced machinery, (iii) a more stable quality and timely delivery of materials, (b) a lower percentage increase in direct labours, and (c) reduction in material consumption and wastage.

Other income for the year ended 31st March, 2005 increased by approximately 97.2% to approximately HK$7.1 million compared to approximately HK$3.6 million for the previous corresponding year. The increase was mainly attributed to an increase in the amount of sale of samples and interest income.

Selling and distribution expenses of the Group for the year ended 31st March, 2005 increased to approximately HK$5.1 million compared to approximately HK$4.4 million for the previous corresponding year, an increase of approximately 15.9%. The increase was mainly attributed to the increase in the transportation costs to customers due to increase in turnover and increase in advertising fee.

Administrative expenses for the year ended 31st March, 2005 increased by approximately 19.5% to approximately HK$26.4 million compared to approximately HK$22.1 million for the previous corresponding year. The increase was mainly due to an increase in the level of salaries and general overheads to cope with the expansion of the business.

Finance costs for the year ended 31st March, 2005 decreased by approximately 91.3% to approximately HK$0.2 million compared to approximately HK$2.3 million for the previous corresponding year. The decrease was mainly attributed to the lower average level of bank borrowings compared to previous corresponding year.

The Group's profit attributable to shareholders for the year ended 31st March, 2005 increased by approximately 193.1% to approximately HK$94.1 million compared to approximately HK$32.1 million for the previous corresponding year. The increase was the result of an increase in the level of turnover and gross profit margin.

Liquidity and Financial Resources
As at 31st March, 2005, the Group had net current assets of approximately HK$366.5 million (31st March, 2004: approximately HK$41.0 million).

The Group generally finances its operations with internally generated resources and banking facilities provided by its bankers. Net proceeds from the initial public offering of the Company's shares, subscription of the Company's shares and convertible note and placing of the Company's shares during the year were primarily used for acquisition of new machinery and fixtures and fittings to support the expansion in capacity and vertical integration, to acquire additional factory building in the PRC and to expand the Group's marketing team and sales network. Please refer to the Report of Directors in the Company's annual report for the year ended 31st March, 2005 for the details of the use of proceeds from the initial public offering of the Company's shares and from the subscription and placing of new shares and the issue of convertible note of the Company. As at 31st March, 2005, the Group had cash and bank deposits amounted to approximately HK$328.4 million (31st March, 2004: approximately HK$36.9 million).

As at 31st March, 2005, the Group had no outstanding borrowings. However, as at 31st March, 2004, the Group had outstanding borrowings of approximately HK$38.9 million, comprising secured bank overdrafts of approximately HK$7.4 million, secured trust receipt loans of approximately HK$18.9 million, secured mortgage loans of approximately HK$5.7 million, other secured bank loans of approximately HK$5.0 million and obligations under finance leases of approximately HK$1.9 million, of which approximately HK$33.3 million of the total outstanding borrowings were repayable within one year and the remaining balance of approximately HK$5.6 million was repayable beyond one year but within five years.

As at 31st March, 2005, the Group had aggregate banking and credit facilities of approximately HK$159.6 million (31st March, 2004: approximately HK$99.2 million) and were secured by: (i) one of the leasehold land and buildings of the Group; (ii) the unlisted investment funds of the Group; (iii) pledged bank deposits of the Group; (iv) corporate guarantees executed by the Company; and (v) unlimited corporate guarantees executed by two subsidiaries. No banking and credit facilities were utilised by the Group as at 31st March, 2005 (31st March, 2004: approximately HK$38.9 million).

As at 31st March, 2005, the Group's gearing ratios represented by total liabilities as a percentage of the Group's total assets amounted to approximately 9.8% (31st March, 2004: approximately 48.2%).

The Group did not have any significant contingent liabilities not provided for at the balance sheet date (31st March, 2004: nil).

For the year ended 31st March, 2005, the Group was not subject to any significant exposures in foreign exchange rates risk. Hence, no financial instrument for hedging was employed.

The management believes that the existing financial resources will be sufficient to meet future expansion plans and, if necessary, the Group will be able to obtain additional financing with favourable terms.

Capital Structure
The shares of the Company ("Shares") were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 22nd August, 2003. During the period from 22nd August, 2003 to 31st March, 2005, the capital structure of the Company had the following changes:

On 3rd March, 2004, the Company, Time Easy Investment Holdings Limited ("Time Easy") and Mr. Chung Yuk Sing entered into the conditional subscription agreement (the "Subscription Agreement") with Great Pacific Investments Limited ("Great Pacific") and Yue Yuen Industrial (Holdings) Limited in relation to the subscription by Great Pacific of 105,000,000 new shares in the Company at HK$1.06 per share, making a total subscription price of HK$111.3 million, and of the convertible note issued by the Company (the "Convertible Note") to Great Pacific at a subscription price of HK$207.06 million. The total consideration payable by Great Pacific for the subscription was HK$318.36 million, which was payable in cash upon completion of the Subscription Agreement.

On the same day, the Company entered into the conditional placing agreement (the "Placing Agreement") with Barits Securities (Hong Kong) Limited ("Barits"), pursuant to which Barits agreed to place, on a fully underwritten basis, and the Company agreed to issue, an aggregate of 35,000,000 new shares in the Company at HK$1.06 per share (the "Placing Shares"). The total subscription price for the Placing Shares was approximately HK$37.1 million, which was payable in cash upon completion of the Placing Agreement.

The completion of the Subscription Agreement and the Placing Agreement took place on 16th April, 2004. Immediately upon completion of the Subscription Agreement and the Placing Agreement, the public float had become about 24.56% of the total issued share capital of the Company. Time Easy sold 1,500,000 Shares in the market on 23rd April, 2004 to restore sufficient public float for the Shares to 25%.

On 28th December, 2004, the Company entered into the amendment agreement (the "Amendment Agreement") with, among other parties, Great Pacific to amend the existing terms of the Convertible Note so that Great Pacific might immediately upon the Amendment Agreement became effective exercise the conversion rights under the Convertible Note to convert the outstanding Convertible Note into the Shares (the "Conversion Shares"), instead of only during the one month period before the third anniversary of the Convertible Note (the "Early Conversion"). In addition, according to the terms of the Amendment Agreement, within 3 business days after the Amendment Agreement became effective, Great Pacific would exercise the conversion rights under the Convertible Note in full and the Company should allot and issue the Conversion Shares to Great Pacific or its nominee in accordance with the terms and conditions of the Convertible Note.

On 3rd March, 2005, Time Easy had concluded a placing agreement pursuant to which Barits would place 22,000,000 Shares at the placing price of HK$4.125 per share to not less than 6 independent investors (the "Vendor Placing Agreement") in order to fulfil the condition of the Amendment Agreement that the public float of the Shares would not be less than 25% immediately before and after the Early Conversion.

The completion of the Vendor Placing Agreement, the Amendment Agreement and the Early Conversion took place on 7th March, 2005, 15th March, 2005 and 17th March, 2005 respectively.

Set out below is a table showing the shareholding structure of the Company (i) as at 1st April, 2004, (ii) immediately upon completion of the Subscription Agreement and the Placing Agreement on 16th April, 2004, (iii) immediately upon completion of the Subscription Agreement and the Placing Agreement and the disposal of 1,500,000 Shares by Time Easy on 23rd April, 2004, (iv) immediately upon completion of the Vendor Placing Agreement on 7th March, 2005, and (v) immediately upon Early Conversion of the Convertible Note on 17th March, 2005:

	As at 1st April, 2004		**Immediately upon completion of the Subscription Agreement and the Placing Agreement on 16th April, 2004**		**Immediately upon completion of the Subscription Agreement and the Placing Agreement and the disposal of 1,500,000 Shares by Time Easy on 23rd April, 2004**		**Immediately upon completion of the Vendor Placing Agreement on 7th March, 2005**		**Immediately upon Early Conversion of the Convertible Note on 17th March, 2005**	
	Number of Shares	*%*	*Number of Shares*	*%*	*Number of Shares*	*%*	*Number of Shares*	*%*	*Number of Shares*	*%*
Time Easy	150,000,000	75.00	150,000,000	44.12	148,500,000	43.68	126,500,000	37.21	126,500,000	29.63
Ms. Tsang Sau Fan	1,500,000	0.75	1,500,000	0.44	1,500,000	0.44	1,500,000	0.44	1,500,000	0.35
Great Pacific	–	–	105,000,000	30.88	105,000,000	30.88	105,000,000	30.88	192,000,000	44.96
Public	48,500,000	24.25	83,500,000	24.56	85,000,000	25.00	107,000,000	31.47	107,000,000	25.06
Total	200,000,000	100.00	340,000,000	100.00	340,000,000	100.00	340,000,000	100.00	427,000,000	100.00

Comments on Segmental Information

Segment information is presented by way of the Group's primary reporting basis, by geographical segment. No further business segment is presented as the Group is solely engaged in the manufacture and trading of sportswear and garments.

The Group's turnover by geographical segments, based on location of customers, for the two years ended 31st March, 2005 are summarised as follows:

	2005		2004		**Year-on-year**
	HK$'000	***%***	*HK$'000*	*%*	**% change**
Hong Kong	**14,853**	**3.3**	13,591	4.2	**9.3**
PRC	**177,722**	**39.3**	85,561	26.3	**107.7**
Japan	**165,213**	**36.6**	135,734	41.7	**21.7**
South Korea	**48,649**	**10.8**	54,150	16.6	**(10.2)**
Australia	**12,557**	**2.8**	3,722	1.2	**237.4**
Others	**32,452**	**7.2**	32,653	10.0	**(0.6)**
	451,446	**100.0**	325,411	100.0	**38.7**

Significant Investments
As at 31st March, 2005, there was no significant investment held by the Group (31st March, 2004: nil).

Material Acquisition or Disposal of Subsidiaries and Associated Companies
There was no material acquisition or disposal of subsidiaries and associated companies during the year ended 31st March, 2005.

Employees and Remuneration Policies
As at 31st March, 2005, the Group employed a total of 4,721 (31st March, 2004: 4,563) employees including directors. Total staff costs including directors emoluments were approximately HK$78.6 million in the year under review (31st March, 2004: approximately HK$66.9 million).

The employees are remunerated based on their work performance, professional experiences and the prevailing industry practice. The Group also makes contributions to the statutory mandatory provident fund scheme for the employees of the Group in Hong Kong and to the central pension scheme for the employees of the Group in the PRC. A share option scheme is operated by the Company from 6th August, 2003. In the year under review, no share options have been granted to any employees.

Future Plans for Material Investments or Capital Assets and their Expected Source of Funding
As part of our expansion plans, the Group had entered into agreements acquiring new plants and buildings during the year.

In order to increase the production capacity of the Group to cope with the increasing orders, on 19th June, 2004, Yumei (Shantou) Garments Co., Ltd. (previously known as "Yue Mei (Shantou) Garment Manufacturing Co. Ltd."), a wholly-owned subsidiary of the Company entered into an agreement with 汕頭經濟特區成德工業村開發有限公司 (Shantou Special Economic Zone Cheng De Industrial Village Development Co. Ltd.) ("C.D. Real Estate"), an independent corporation established in the PRC, whereby C.D. Real Estate would construct and sell, and the Group would purchase, the New Production Plant for a consideration of RMB102,175,000 (approximately HK$96,391,509). The New Production Plant was erected on a land with a site area of approximately 23,334 sq.m.. The New Production Plant comprises a 7-storey industrial building with a planned gross floor area of approximately 67,000 sq.m. together with ancillary facilities including a basketball court and a car port. The construction work has been completed. The New Production Plant is scheduled to commence operation in the last quarter of 2005. It will increase the Group's production capacity. As at 31st March, 2005, a deposit of approximately HK$42,453,000 was made. Subsequent to the balance sheet date, on 14th April, 2005, the New Production Plant was examined and accepted by and delivered to the Group. The Group is currently in the progress of applying for the relevant title certificates.

On 12th January, 2005, Eagle Nice Development Limited, a wholly-owned subsidiary of the Company entered into a provisional agreement for sale and purchase with Chericourt Company Limited for the acquisition of totalling 18 units all on the 9th Floor of Tower B, Regent Centre, 70 Ta Chuen Ping Street, Kwai Chung, New Territories, Hong Kong (the "Properties") for a consideration of HK$19,594,080.

The Group expected an increase in the rental level for commercial properties generally in the next few years and considered it appropriate to acquire the existing leased properties, as well as acquiring 7 more units on the same floor of the building, which the Board intended to recover vacant possession upon the expiration of the existing tenancies, for self-use as office and/or warehouse. The Board believes that the acquisition of the Properties represents a good investment opportunity in commercial property for the Company and will improve the Company's operating performance in the medium to long run.

For further details of the acquisition of the New Production Plant and the Properties, please refer to the circular and the announcement of the Company dated 14th July, 2004 and 12th January, 2005 respectively.

The source of funding for the acquisition came partly from the proceeds of the share offer, the subscription and the placing of the Shares and the issue of Convertible Note.

LOOKING FORWARD
The Board is confident of the prospects of the Group as the markets which the Group sells to continue to enjoy growth. In addition, as the Group expands its customer base, orders from new customers are being placed.

To cope with the expected increase in orders, a New Production Plant was being constructed during the year. The New Production Plant is expected to commence production in the last quarter of 2005. The New Production Plant will increase the Group's production capacity. In the short term, the launch of the New Production Plant will result in higher expenses to the Group such as set up related expenses and depreciation. This in turn may affect the Group's profit in the coming year. Nevertheless, as the production level of the New Production Plant increases its capacity and quantity of its products, the effect will be minimized in subsequent periods.

Going forward, the Group will continue to expand its customer base and increase its production capacity to cope with the expected increase in orders. At the same time, the Group will continue to place high priority on the quality of the products and keep costs under control. In addition, to serve the purpose of maximizing profit growth, the Group is also searching for opportunity of working with suitable business partners.

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.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 12th August, 2005 to 16th August, 2005, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the proposed final dividend, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrars and transfer office in Hong Kong, Tengis Limited, at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong for registration not later than 4:00 p.m. on 11th August, 2005.

CODE OF BEST PRACTICE

In the opinion of the directors, the Company has complied with the Code of Best Practice (the "Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") throughout the accounting period covered by the annual report of the Company for the year ended 31st March, 2005, except that the 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 in accordance with the Company's articles of association.

AUDIT COMMITTEE

The Company has an audit committee which was established on 6th August, 2003 and in compliance with the Rule 3.21 of the Listing Rules for the purposes of reviewing and providing supervision over the Group's financial reporting process and internal controls. The audit committee comprises the three independent non-executive directors of the Company. The annual results of the Group for the year ended 31st March, 2005 had been reviewed by the audit committee.

PUBLICATION OF ANNUAL REPORT ON THE WEBSITE OF THE STOCK EXCHANGE

The Company's annual report containing all information required by paragraphs 45(1) to 45(3) of Appendix 16 to the Listing Rules will be published on the website of the Stock Exchange in due course.

On behalf of the Board
Chung Yuk Sing
Chairman

Hong Kong, 8th July, 2005

As at the date of this announcement, the Board comprises six executive directors, namely, Mr. Chung Yuk Sing, Ms. Tsang Yuk Ni, Mr. Chung Tung Sau, Ms. Tsang Sau Fan, Mr. Ku Yu Sun Edward and Mr. Kuo Tai Yu, one non-executive director, namely, Mr. Ong Chor Wei and three independent non-executive directors, namely, Mr. Chan Cheuk Ho, Mr. Li Chi Chung and Mr. Cheng Yung Hui Tony.

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