同得仕

二零零四／零五年中期報告

Interim Report 2004-2005

TUNGTEX (HOLDINGS) COMPANY LIMITED

同得仕（集團）有限公司

RESULTS

The Directors are pleased to announce that the unaudited condensed consolidated interim financial statements of the Company and its subsidiaries (the "Group") for the six months ended September 30, 2004 (the "period") are as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended September 30, 2004

	Notes	**Six months ended September 30, 2004 (Unaudited) HK$'000**	2003 (Unaudited) HK$'000
Turnover	2	**924,803**	775,120
Cost of sales		**(714,586)**	(583,679)
Gross profit		**210,217**	191,441
Other operating income		**2,353**	2,668
Selling and distribution expenses		**(48,439)**	(34,379)
Administrative expenses		**(121,492)**	(113,892)
Profit from operations		**42,639**	45,838
Finance costs		**(443)**	(425)
Share of results of associates		**673**	403
Profit before taxation	3	**42,869**	45,816
Income tax expenses	4	**(7,735)**	(5,359)
Profit after taxation		**35,134**	40,457
Minority interests		**(2,821)**	(1,564)
Net profit for the period		**32,313**	38,893
Dividends, paid	5		
– Final		**47,539**	42,256
– Final special		**–**	10,564
		47,539	52,820
Dividends, proposed			
– Interim		**21,128**	21,128
Earnings per share – Basic	6	**9.2 cents**	11.0 cents

CONDENSED CONSOLIDATED BALANCE SHEET

At September 30, 2004

	Notes	September 30, 2004 (Unaudited) HK$'000	March 31, 2004 (Audited) HK$'000
Non-current assets			
Investment properties		**22,298**	22,298
Property, plant and equipment	7	**141,563**	148,176
Intangible assets		**581**	669
Interests in associates		**6,311**	9,774
Investments in securities		**2,191**	2,191
Deferred tax assets		**2,241**	1,975
Deposit paid for acquisition of property, plant and equipment		**2,269**	2,269
		177,454	187,352
Current assets			
Inventories		**162,985**	164,160
Trade and other receivables	8	**209,810**	251,559
Amount due from an associate		**735**	735
Tax recoverable		**1,240**	183
Bank balances and cash		**336,358**	329,579
		711,128	746,216
Current liabilities			
Trade and other payables	9	**238,691**	255,884
Amount due to an associate		**1,084**	7,605
Tax liabilities		**5,043**	4,710
Obligations under finance leases – due within one year		**125**	198
Bank borrowings		**14,752**	17,483
		259,695	285,880
Net current assets		**451,433**	460,336
		628,887	647,688
Capital and reserves			
Share capital	10	**70,428**	70,428
Reserves		**495,208**	509,637
Shareholders' funds		**565,636**	580,065
Minority interests		**59,764**	64,081
Non-current liabilities			
Obligations under finance leases – due after one year		**170**	178
Deferred tax liabilities		**3,317**	3,364
		3,487	3,542
		628,887	647,688

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended September 30, 2004

	Six months ended September 30, 2004 (Unaudited) HK$'000	2003 (Unaudited) HK$'000
Net cash from operating activities	**68,027**	32,826
Net cash used in investing activities	**(3,765)**	(11,579)
Net cash used in financing	**(55,758)**	(50,676)
Net increase (decrease) in cash and cash equivalents	**8,504**	(29,429)
Cash and cash equivalents at beginning of the period	**322,472**	335,199
Effect of foreign exchange rate changes	**6**	23
Cash and cash equivalents at end of the period	**330,982**	305,793
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS:		
Bank balances and cash	**336,358**	312,497
Bank overdrafts	**(5,376)**	(6,704)
	330,982	305,793

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended September 30, 2004

	Share capital HK$'000	Share premium account HK$'000	Investment property revaluation reserve HK$'000	Capital redemption reserve HK$'000	Goodwill HK$'000	Negative goodwill HK$'000	Exchange reserve HK$'000	Accumulated profits HK$'000	Total HK$'000
Balance at April 1, 2003	70,428	84,880	396	3,848	(12,378)	19,636	(7,065)	398,557	558,302
Exchange differences arising on consolidation	–	–	–	–	–	–	(1,071)	–	(1,071)
Net profit for the period	–	–	–	–	–	–	–	38,893	38,893
Dividends	–	–	–	–	–	–	–	(52,820)	(52,820)
Balance at September 30, 2003	70,428	84,880	396	3,848	(12,378)	19,636	(8,136)	384,630	543,304
Surplus arising on revaluation of investment properties	–	–	1,555	–	–	–	–	–	1,555
Exchange differences arising on consolidation	–	–	–	–	–	–	(241)	–	(241)
Net gain not recognised in the consolidated income statement	–	–	1,555	–	–	–	(241)	–	1,314
Net profit for the period	–	–	–	–	–	–	–	56,575	56,575
Dividends	–	–	–	–	–	–	–	(21,128)	(21,128)
Balance at March 31, 2004	70,428	84,880	1,951	3,848	(12,378)	19,636	(8,377)	420,077	580,065
Exchange differences arising on consolidation	–	–	–	–	–	–	797	–	797
Net profit for the period	–	–	–	–	–	–	–	32,313	32,313
Dividends	–	–	–	–	–	–	–	(47,539)	(47,539)
Balance at September 30, 2004	70,428	84,880	1,951	3,848	(12,378)	19,636	(7,580)	404,851	565,636

Notes:

1. Basis of preparation and principal accounting policies

The unaudited condensed consolidated interim financial statements have been prepared in accordance with the applicable disclosure requirements set out in Appendix 16 of the Rules Governing the Listing of Securities ("Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and with the Statement of Standard Accounting Practice No. 25 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants, under the historical cost convention, as modified for the revaluation of investment properties.

The accounting policies used in the preparation of the condensed consolidated interim financial statements are consistent with those used in the annual financial statements for the year ended 31 March 2004.

2. Segment information

The Group's manufacture and sale of garments business accounted for more than 90% of the Group's turnover and operating profit for the period. Accordingly, no business segment analysis of financial information is provided. The Group's manufacture and sale of garments business is principally located in the United States of America ("USA"), Canada, Asia and Europe and others. The Group reports its primary segment information on geographical location of its customers and the segment information about these geographical markets is presented below:

Six months ended September 30, 2004

	USA HK$'000	Canada HK$'000	Asia HK$'000	Europe and others HK$'000	Consolidated HK$'000
TURNOVER					
Sales of goods	818,560	9,650	61,732	34,861	924,803
SEGMENT RESULT	36,190	384	871	2,841	40,286
Other operating income					2,353
Profit from operations					42,639
Finance costs					(443)
Share of results of associates	614	5	36	18	673
Profit before taxation					42,869
Income tax expenses					(7,735)
Profit after taxation					35,134

2. **Segment information** *(continued)*

Six months ended September 30, 2003

	USA HK$'000	Canada HK$'000	Asia HK$'000	Europe and others HK$'000	Consolidated HK$'000
TURNOVER					
Sales of goods	683,196	9,453	62,292	20,179	775,120
SEGMENT RESULT	39,424	474	952	2,320	43,170
Other operating income					2,668
Profit from operations					45,838
Finance costs					(425)
Share of results of associates	368	4	10	21	403
Profit before taxation					45,816
Income tax expenses					(5,359)
Profit after taxation					40,457

3. **Profit before taxation**

	Six months ended September 30, **2004** **HK$'000**	2003 HK$'000
Profit before taxation has been arrived at after charging:		
Amortisation of intangible assets	**88**	69
Depreciation and amortisation of property, plant and equipment	**13,171**	12,665
Interest on borrowings wholly repayable within five years	**443**	425
and after crediting:		
Rental income from properties under operating leases	**1,686**	1,611
Bank interest income	**667**	1,057

4. Income tax expenses

	Six months ended September 30, 2004 HK$'000	2003 HK$'000
Current tax:		
Hong Kong	**7,044**	5,346
People's Republic of China, other than Hong Kong	**709**	–
Other jurisdictions	**253**	679
	8,006	6,025
Deferred tax credit	**(313)**	(678)
Share of taxation attributable to associates	**42**	12
	7,735	5,359

Hong Kong Profits Tax is calculated at 17.5% (2003: 17.5%) of the estimated assessable profit for the period. Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

5. Dividends

	Six months ended September 30, 2004 HK$'000	2003 HK$'000
2004 final dividend of HK13.5 cents (2003: final dividend of HK12.0 cents and special dividend of HK3.0 cents) per share paid	**47,539**	52,820

No interim dividends have been paid during the six months ended September 30, 2004 and September 30, 2003.

The directors have determined that an interim dividend of HK6.0 cents (2004: HK6.0 cents) per share will be paid to the shareholders of the Company whose names appear in the Register of Members on January 12, 2005.

6. Earnings per share

The calculation of the basic earnings per share is based on the profit for the period of HK$32,313,000 (2003: HK$38,893,000) and on the number of 352,137,298 shares (2003: 352,137,298 shares) in issue during the period.

7. Property, plant & equipment

During the period, the Group spent approximately HK$7.5 million (six months ended September 30, 2003: HK$13.2 million) on additions to property, plant and equipment for the purpose of expanding the Group's business.

8. Trade and other receivables

The Group allows an average credit period of 30 days to its trade customers.

Included in trade and other receivables are trade receivables with the following aged analysis:

	September 30, 2004 HK$'000	March 31, 2004 HK$'000
Up to 30 days	**124,385**	164,369
31 – 60 days	**32,066**	44,923
61 – 90 days	**4,856**	10,135
	161,307	219,427

9. Trade and other payables

Included in trade and other payables are trade payables with the following aged analysis:

	September 30, 2004 HK$'000	March 31, 2004 HK$'000
Up to 30 days	**84,610**	103,926
31 – 60 days	**40,999**	42,703
61 – 90 days	**11,787**	13,385
more than 90 days	**6,689**	2,295
	144,085	162,309

10. Share capital

There was no movement in the share capital of the Company in the current and the comparative interim reporting periods.

11. Capital commitments

At the balance sheet date, the Group had capital expenditure committed as follows:

	September 30, 2004 HK$'000	March 31, 2004 HK$'000
Contracted but not provided for in the financial statements in respect of acquisition of property, plant and equipment	**18,242**	86

12. Contingent liabilities

	September 30, 2004 HK$'000	March 31, 2004 HK$'000
Bills discounted with recourse	**50,619**	60,943

13. Related parties transactions

During the period, the Group had transactions with related parties, details of which are set out as follows:

	Six months ended September 30,	
	2004 HK$'000	2003 HK$'000
Purchase of raw materials and finished goods from the Group's associates *(Note)*	**7,858**	5,611

Note: The above transactions were carried out at cost plus a percentage of profit mark up.

Save as disclosed above, there were no other significant transactions with related parties during the period.

INTERIM DIVIDEND

The Directors have declared with delight an interim dividend of HK6.0 cents per share (2004: HK6.0 cents per share) payable on January 19, 2005 to shareholders whose names appear in the Register of Members on January 12, 2005.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from January 7, 2005 to January 12, 2005, both days inclusive, during which no share transfer will be effected. To qualify for the interim dividend, transfers must be lodged with the Company's Registrar, Secretaries Limited at G/F, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong, not later than 4:00 p.m. on January 6, 2005.

MANAGEMENT DISCUSSION AND ANALYSIS

Summary of operating results

Despite the global uncertainties and volatilities caused by the rising oil prices and interest rates, the Group strategically strove to grow the dimensions of export business for the first six-month period, at the expense of lower gross profit margin and higher operating costs.

For the six months ended September 30, 2004, the turnover of the Group rose by 19% to HK$925 million. However, the increasing price pressure condition prevailed in advance of the elimination of apparel quota restriction by the end of 2004 eroded the gross profit margin. Coupled with the adverse impact of the reorganisation of an unprofitable manufacturing plant and the unsatisfactory operating results of both USA wholesale brand business and China retail business, gross profit margin for the period declined from 24.7% to 22.7%. Due to the increase of operating scale, selling and distribution expenses and administration expenses increased to HK$48 million and HK$121 million respectively. As a result, profit attributable to shareholders dropped by 17% to HK$32 million, representing a net profit margin of 3.5%, compared to 5.0% for the same period last year. Accordingly, earnings per share for the period decreased by 17% to HK9.2 cents per share. The Board of Directors has resolved to declare an interim dividend of HK6.0 cents, same as the interim dividend declared last year.

Business review

Manufacture and export business

During the period under review, the Group grew the business volume in every major export markets. Total sales to the North America market were up 20% to HK$828 million, representing 90% of the Group's turnover. Export sales to Europe and other markets continued to record a strong growth of 73% to HK$35 million.

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

Business review *(continued)*

Manufacture and export business (continued)

To enhance productivity and competitiveness, the Group started reorganising the management and operation of an unprofitable manufacturing plant in the second zone of Shenzhen in China in July 2004 and completed the process in October 2004. The reorganised manufacturing operation is expected to make positive contribution to the Group in the last quarter of the year. Total losses incurred by that manufacturing operation amounted to approximately HK$5 million for the period.

Besides the above-mentioned reorganisation, the worldwide manufacturing operations of the Group continued to perform well and offered a solid platform of improved production capacity and productivity. However, under the prevailed volatile business conditions, there were increases in certain raw material costs, labor costs and production costs. Such cost increase, coupled with the increasing price pressure from customers, affected adversely the gross profit margin.

USA wholesale label business

The operating results of the wholesale label business for the period were disappointing. Sales were below plan, attributable to the loss of orders from department-store customers in the major Fall season. Due to the significant sales shortfall, total sales for the period accounted for only about 2% of the Group turnover and the operating losses of the two labels enlarged.

China retail business

During the period, the apparel retail climate in China was intensively competitive and price pressure was even more severe compared to last year when SARS epidemic prevailed. Under such conditions, the Group continued to run the retail operation in China with caution and kept rationalising unprofitable store locations. Total retail sales for the period were below plan and only similar to same period last year, accounting for about 5% of the turnover of the Group. At the period-end date, the Group operated 89 “Betu” label stores, 9 “Zariah” label stores and 9 “T+T” label stores.

Prospects

Manufacture and export business

In light of the fluctuating oil prices, upward adjustments of interest rates, the weakening US dollar and the elimination of apparel quota restriction commencing 2005, the global market conditions for the second half of the year remain uncertain and very challenging.

The Group will adhere to the strategic plan of diversifying product mix, adding new customers, increasing the importance of Non-USA markets in the global spread and expanding gradually our high-quality production capacities to support the growth of the market demand.

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

Prospects *(continued)*

Manufacture and export business (continued)

The Group is now having about 70% production bases in China and the balance mainly in Thailand, the Philippines, Malaysia, Vietnam and Hong Kong. Although running at a relatively low capacity at the initial stage, the new factory in Hangzhou has started normal production operation in October 2004 and will ultimately increase the production capacity of the Group in a significant manner upon full utilisation in two years. On the other hand, the Group is expanding strategically the existing production facilities in Thailand and the Philippines. With such strong production bases outside China, the Group is well positioned and sufficiently flexible to serve the procurement needs of our customers, especially during a time of uncertain but possible new safeguard against China apparel exports after the elimination of quota.

As indicated by the updated order book, the core export business is still growing in the second half of the year, yet in a single-digit modest manner. At the meantime, however, escalating price pressure from customers coupled with the cost pressure of raw materials and production will certainly continue to hit the profitability of the Group in the short-term future.

USA wholesale label business

The wholesale label business in USA will remain a challenge to the Group. The label operations are now restructuring the management team, strengthening the product design and developing new marketing channels. Subject to the final result of the Spring 2005 season, the Group expects the operating losses will be reduced in the balance of the year.

China retail business

China's macro-economic measures have resulted in healthy growth, controlled inflation and job creation. Such measures will continue to be imposed in the near term but may not have any significant adverse impact on the retail sentiment. Facing the existing intensive competitive market, the Group opts for a prudent approach in operating the China retail business. The Group will keep focus on strengthening the product design and brand image of the existing three labels. The Group will continue the rationalisation of underperforming stores and open new stores according to plan. At the report date, the Group is operating 94 "Betu" label stores, 11 "Zariah" stores and 10 "T+T" stores.

Profit warning for the six- month period ending March 31, 2005

Due to the above-mentioned outlook, profit attributable to shareholders for the six months ending March 31, 2005 may be significantly less than that achieved for the same period last year.

In view of the downturn of profitability, the Board of Directors has resolved to propose fully distributing the total net profit for the year ending March 31, 2005 to our shareholders. Accordingly, the full-year dividend payout ratio for the year ending March 31, 2005 will be increased to 100%, compared to 72% last year.

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

Emphasis on fundamentals

Albeit facing the present downturn of profitability, the Group is full of confidence with the long-term prospects for both export and brand businesses. The Group continues to focus on the fundamental operating strategies, especially strengthening our product value and diversifying our product mix and market mix based on our core competencies. We are mindful of the declining margin and will execute our best endeavors to control costs.

Capital expenditure

During the period, the Group spent about HK$8 million in the recurring additions and replacement of fixed assets, compared to HK$13 million last year. Following the expansion of production capacities in China, Thailand and the Philippines subsequent to the period-end date, the Group will incur relatively higher capital expenditure in the balance of the year.

Liquidity and financial resources

The Group's financial position was very solid throughout the period. The Group performed stringent management on working capital and cash-generating business model, and maintained a strong balance sheet at the period-end date. At September 30, 2004, the Group had a cash balance of HK$336 million compared to HK$330 million at March 31, 2004. Most of the cash balance was placed in USD and HKD short term deposits with major banks in Hong Kong. Total bank borrowings, denominated in both USD and HKD, were HK$15 million, or 3% of the shareholders' funds at the period end date.

At September 30, 2004, certain land and buildings with an aggregate net book value of approximately HK$20 million and certain investment properties with an aggregate carrying value of approximately HK$6 million were pledged to banks to secure general banking facilities granted to the Group. At September 30, 2004, bills discounted with recourse were approximately HK$51 million.

Treasury policies

The Group adopts prudent treasury policies to hedge the fluctuation of exchange rates and manage interest rates on interest bearing loans. It is the policy of the Group not to engage in speculative activities. Except for the retail sales which are denominated in Renminbi, most of the export sales of the Group are denominated in USD, with a very minor portion denominated in Euros. Purchases and operating expenses are mostly denominated in USD, HKD and Renminbi. During the period, the Group entered into a limited number of forward contracts to hedge its receivables and payables denominated in foreign currency against the exchange fluctuation.

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

Human resources

At September 30, 2004, the Group, excluding the associates, had approximately 8,200 employees globally, compared to 8,100 employees at March 31, 2004. The Group adopts continuous human resources development and enhancement programs to maintain high standard workforce. Remuneration and bonus packages are structured by reference to updated market terms, individual merits and performance evaluation.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

At September 30, 2004, the interests and short positions of the directors, the chief executives and their associates in the shares of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which were recorded in the register required to be kept pursuant to section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") of the Listing Rules on the Stock Exchange were as follows:

Long positions (Ordinary shares of HK$0.20 each of the Company)

Name of director	Capacity	Number of ordinary shares held	Percentage of the issued share capital of the Company
Benson Tung Wah Wing	Interest of controlled corporation	125,049,390 (note a)	35.51%
Alan Lam Yiu On	Beneficial owner	250,000	0.07%
Kevin Lee Kwok Bun	Beneficial owner	9,000,000	2.56%
Johnny Chang Tak Cheung	Beneficial owner	782,680	0.22%
	Beneficiary of a trust	2,731,000 (note b)	0.78%
Tony Chang Chung Kay	Beneficial owner	3,494,760	0.99%
Raymond Tung Wai Man	Beneficial owner	100,000	0.03%
Joseph Wong King Lam	Beneficial owner	1,390	0.000395%

Notes:

(a) Mr. Benson Tung Wah Wing has an equity interests of 100% in Corona Investments Limited, which owned 125,049,390 ordinary shares in the Company as at September 30, 2004, representing 35.51% of the issued share capital of the Company.

(b) Mr. Johnny Chang Tak Cheung is a beneficiary of a trust, Chaco International Limited, which owned 2,731,000 ordinary shares in the Company as at September 30, 2004, representing 0.78% of the issued share capital of the Company.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES *(continued)*

Long positions (Ordinary shares of HK$0.20 each of the Company) *(continued)*

Save as disclosed above, as at September 30, 2004, none of the directors or the chief executives or their associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations which had to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

ARRANGEMENT TO PURCHASE SHARES OR DEBENTURES

At no time during the period was the Company or any of its subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDERS

At September 30, 2004, shareholders who had interests and short positions in the shares and underlying shares of the Company which have been disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO were as follows:

Name of shareholder	Capacity	Number of issued ordinary shares held		Percentage of the issued share capital of the Company
Corona Investments Limited	Beneficial owner	125,049,390	(note a)	35.51%
Value Partners Limited	Investment manager	24,520,000	(note b)	6.96%
Cheah Cheng Hye	Interest of controlled corporation	24,520,000	(note b)	6.96%
Webb David Michael	Beneficial owner	19,596,000		5.56%

Notes:

(a) These shares have been disclosed in the section headed "DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES" above.

(b) Mr. Cheah Cheng Hye is deemed to be interested in these shares by virtue of his 31.82% control over Value Partners Limited.

Other than as disclosed above, the Company has not been notified of any other interests representing 5% or more of the Company's issued share capital as at September 30, 2004.

BOARD OF DIRECTORS

Executive Directors

Mr. Benson Tung Wah Wing, *Chairman*
Mr. Alan Lam Yiu On, *Managing Director*
Mr. Raymond Tung Wai Man

Non-executive Directors

Mr. Tung Siu Wing
Mr. Kevin Lee Kwok Bun

Independent Non-executive Directors

Mr. Johnny Chang Tak Cheung
Mr. Tony Chang Chung Kay
Mr. Woo Kwong Hon
Mr. Joseph Wong King Lam

PURCHASE, SALE OR REDEMPTION OF SHARES

During the period, there was no purchase, sale or redemption of the Company's shares by the Company or any of its subsidiaries.

AUDIT COMMITTEE

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed internal control and financial reporting matters including the review of the unaudited interim financial statements.

CORPORATE GOVERNANCE

None of the Directors is aware of information that would reasonably indicate that the Company is not, or was not during the period, in compliance with the Code of Best Practice, as set out in Appendix 14 of the Listing Rules on the Stock Exchange.

Benson Tung Wah Wing
Chairman

Hong Kong, December 17, 2004

Website: http://www.tungtex.com
http://www.irasia.com/listco/hk/tungtex