



Chairman's Statement

Move Ahead

The performance of our Group for the year ended 31 March 2005 continues to be encouraging. The production line of our New Production Plant will commence operation in the last quarter of 2005. The New Production Plant will minimize production cost as the operation becomes more efficient. Meanwhile, it provides ample room for further expansion. The referrals by Yue Yuen from its strong international brand names client base have expanded our Group's customer base further in the international market.

Dear Shareholders,

On behalf of the board of directors (the "Board") of Eagle Nice (International) Holdings Limited (the "Company"), I am pleased to present the annual report of the Company and its subsidiaries (together the "Group") for the year ended 31 March 2005.

Business Review

It is a delight to report that the performance of our Group for the year ended 31 March 2005 continues to be excellent and encouraging.

Comparing to the previous corresponding year, the consolidated turnover and net profit attributable to shareholders increased by approximately 38.7% and 193.1% respectively.

Results Highlights

The results highlights for the year ended 31 March 2005 are as follows:

- Turnover increased by approximately 38.7% to approximately HK\$451.4 million;
- Net profit attributable to shareholders increased by approximately 193.1% to approximately HK\$94.1 million; and
- As at 31 March 2005, our Group's net current assets increased by approximately 7.9 times from approximately HK\$41.0 million in the previous corresponding year to approximately HK\$366.5 million.

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Launch of Our New Production Plant

To accommodate our Group's expansion plan, we have established a new production plant ("New Production Plant") located at No. 48 Heng Shan Road, Shantou, People's Republic of China (the "PRC"). The New Production Plant is a 7-storeyed industrial complex, with a gross floor area of approximately 67,000 square metres. The construction work has been completed. The New Production Plant is scheduled to commence operation in the last quarter of 2005. It will increase our Group's existing production capacity.

Looking ahead to the coming year, we remain optimistic while we expect to meet some challenges. In the short term, the launch of our New Production Plant may result in additional manpower and outlay such as set-up related expenses. The profit in the year 05/06 may be slightly affected due to additional outlay and depreciation for the new plant and equipment. We believe that this effect is only temporary. As the New Production Plant increases its capacity and quantity produced, we believe that the effect will be minimized.

As such, we are confident that our Group can achieve sustainable growth in subsequent years.

We believe that the New Production Plant will bring benefits to the Group. Firstly, the New Production Plant will minimize production cost as the operation becomes more efficient. Secondly, it provides ample room for further expansion.

Successful Collaboration With A Wholly-Owned Subsidiary Of Yue Yuen Industrial (Holdings) Limited ("Yue Yuen")

With the Subscription Agreement made on 3 March 2004, the strategic collaboration between our Company and Yue Yuen has proven to be fruitful. The experienced experts of Yue Yuen have assisted our Group in the fields of production. In addition, with referrals by Yue Yuen from its strong international brand names client base, our Group's customer base has expanded further in the international market.

Looking Forward

Our Group has a track record of solid client base, including international brand names such as Nike, adidas and Puma. We firmly believe that our Group has promising prospects. In the future, we will continue to adopt the quality-oriented principle. To establish and maintain our leading position in the fields of sportswear manufacturing, our Group has dedicated more resources to acquire additional production plant. In the meantime, our management will make every effort to tighten the cost control. This will be achieved without compromising the quality of our products. In order to expand business and reduce production cost, our Group is planning to expand our production facilities and labour training to other places of the world in the coming year. To serve the purpose of maximizing profit growth, our Group is also searching for opportunities of working with suitable business partners.

On behalf of the Board, I would like to extend our gratitude to all staff for their dedication and hard work.

Chung Yuk Sing

Chairman

Hong Kong, 8 July 2005