

## *Chairman's Statement*

I hereby present the annual report of Northern International Holdings Limited (the "Company") and its subsidiaries (the "Group") for the year ended 31 March 2005.

### **FINANCIAL RESULTS**

The Group recorded a turnover of HK\$70.1 million for the year ended 31 March 2005 (2004: HK\$81.0 million), representing a decrease of 13% over the previous year. Gross profit margin fell to 8% (2004: 13%) and the net loss of the Group was HK\$19.6 million (2004: HK\$15.5 million). Loss per share was HK0.41 cents (2004: HK0.34 cents).

### **REVIEW AND PROSPECTS**

The financial year ended 31 March 2005 was another difficult year for the Group. Sustained high raw material prices and shortage of labour and electricity in the Pearl River Delta region of the PRC had direct adverse impact on cost and profit margin of the Group's manufacturing businesses during the year.

There are now convincing signs that the electronics business is poised for a rebound. The cutter business has also successfully developed a number of new products and secured some new clients. While I am cautiously optimistic about the performance of the Group in the coming year, fluctuation in raw material prices will remain a major risk factor to the Group given its concentration in its existing manufacturing business. The Group shall therefore seek to diversify its business when suitable opportunities arise.

### **GRATITUDE**

I would like to take this opportunity to express my gratitude to the shareholders, board members, staff and business partners of the Group for their continuous supports during the year.

**CHONG SING YUEN**

*CHAIRMAN*

Hong Kong, 22 July 2005