



Chairman's Statement



The Group maintained healthy growth in the financial year 2004/05 amid the recovery of global economy. While the Group actively expedited the development of its Texnology Nano group business, it continued to strengthen and expand the apparel distribution network in the PRC. During the year under review, the Group recorded a turnover of HK\$913,844,000, posting a year-on-year growth of 23.5%. Net profit attributable to shareholders was HK\$95,985,000. Basic earnings per share was HK5.85 cents.

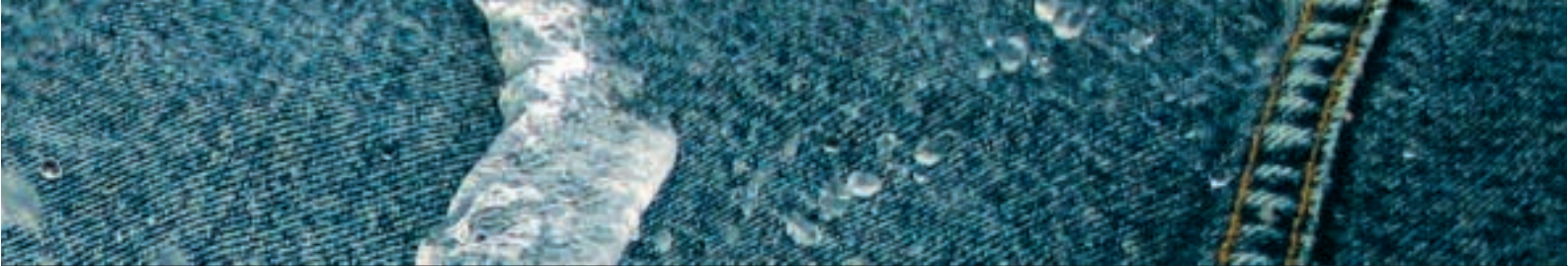
The board of directors recommended a final dividend of HK0.8 cent per share for the year ended 31 March 2005 (2004: HK1.5 cents). With an interim dividend of HK0.5 cent per share, total dividend per share for the year under review was HK1.3 cents.

Strengthen Penetration into the PRC Apparel Market

The "U-Right" brand enjoys strong customer recognition by the dedication to keep up with the latest market trends while not compromising on product quality. The PRC remained the Group's core market for the year under review, and the Group's sought-after products and extensive distribution network held the key to our success. The Group's proven track record in the second and third-tier cities, as well as the launch of self-managed "concept" stores, led to the steady growth of the apparel business in the PRC market. In Hong Kong, the booming retail market has presented the Group with both opportunities and challenges. The Group made a bid for the consolidation of its market penetration in Hong Kong by revising its strategy in terms of the number and location of U-Right's retail outlets.

Texnology Nano – New Era, Growth Driver

The development of the Texnology Nano group business has heralded a new era. The Group has not only extended the technology applications and stepped up its momentum in the process of commercialization, but also increased its production capacity in order to satisfy the market needs which helps position the Group as the top-notch nano textile enterprise in the PRC. To tie into the future development plan, the Group has adjusted its production expansion plan by relocating five nano textile processing lines from Shunde, Guangdong Province to Nanchang, Jiangxi Province, which is the largest nano textile production base of its kind in the PRC. The Nanchang processing facilities are expected to commence production in 2005 and have a maximum production capacity of 1,000,000 units per month which is five times larger than the existing prototype facility in Shenzhen, Guangdong Province. Given the relatively lower labour costs in Nanchang, the tariff concessions and subsidies from the local government, the relocation will improve the Group's competitive edge in the manufacture of nano textile products. The Group believes that Nanchang will become the Group's key nano textile production base which gains growth momentum for the Group as it commences operation.



The Group has also collaborated with a number of leading mainland and overseas textile enterprises to expand its technology applications, moving upwards in the value chain to textile raw materials such as textile fabrics, cashmere and wool yarn.

***Solid Foundation to Build a Better Future
Innovation to Embark on New Opportunities***

The Group will continue its expansion in the apparel distribution and retail business, strengthening the market penetration of “U-Right” in both the PRC and Hong Kong market by expanding its distribution and retail network. In the PRC market, the Group plans to unify the Group’s product image and enhance brand awareness by increasing the weight of its self-managed stores in its shop portfolio. The Group also plans to acquire prospective high-growth retail outlets in Hong Kong to expand the retail sales network. This helps to alleviate the impact of rising rental costs and bring long-term investment returns for the Group.

The Texnology Nano production base in Nanchang will vastly improve the Group’s processing capacity. In light of the growing demand for the processing of nano textile goods, the Group plans to further expand its production facilities in Nanchang by the end of this year to raise capacity and diversify its product portfolio.

Looking ahead, the Group’s foothold in the apparel distribution and retail business and the strong growth in the Texnology Nano business will continue to propel the Group to new heights in the future.

I would like to thank our business partners, customers, suppliers and shareholders for their unwavering support, as well as our management team and staff for their total dedication to the Group’s success.

Mr. Leung Ngok
Chairman
Hong Kong, 22 July 2005

