



CHAIRMAN'S STATEMENT

On behalf of the Board of Directors, I am pleased to present the annual results of Peking Apparel International Group Limited ("Peking" together with its subsidiaries, collectively as the "Group") for the year ended 31 March 2005.

Results

Turnover for the year ended 31 March 2005 amounted to approximately HK\$115,315,000 representing an increase of about 29 percent as compared to that of last year. Net profit attributable to shareholders amounted to approximately HK\$12,307,000, as compared to a net profit of HK\$2,565,000 reported last year.

Achievements

With the ameliorating worldwide economy and the successful marketing strategy, the Group's overall turnover recorded satisfactory improvement over the year. The improvement in turnover was mainly come from the USA, Europe and the local market. During the year under review, increased marketing resources were allocated to the PRC market. As a result, the performance of the Group's garment sales in the PRC was satisfactory in terms of the extension of sales network and the increase in geographical coverage in major and second - to third - tiers cities. With the well recognition by new customers from Japan and Korea to our Groups' fashionable design and workmanship, sales to these two markets were improved during the year.

Apart from the increase in the Group's turnover, the Group was able to maintain its gross profit margin as well as its overall expenses. As a result, the Group was able to achieve a remarkable improvement in its overall results for the year.

Future outlook

Looking ahead to the coming year, the Group has identified a number of opportunities for further growth and development. We will dedicate further efforts to enhancing the service we provide to our existing and new customers. As part of the Group's long term strategy, we will continuously implement appropriate measures to improve our production efficiencies and productivities, product quality and cost control. Together with aggressive but prudent marketing approach in business expansion, the Group should be able to improve its competitiveness and returns for the shareholders.

Dividends

Subject to the approval of the shareholders at the Annual General Meeting to be held on 31 August 2005, the Directors recommend a final dividend of HK1.0 cent (2004: HK1.0 cent) per ordinary share for the year which together with the interim dividend of HK0.6 cents (2004: Nil) per ordinary share makes out total dividend of HK1.6 cents (2004: HK1.0 cent) per share.

Acknowledgement

This year's results could not have been achieved without the dedication and commitment of many individuals and groups. I would like to extend my special thanks to all our employees and management for their continuing dedication and indispensable contributions to our business growth. Furthermore, I would like to take this opportunity to express my appreciation to all our shareholders, investors, business partners, customers and suppliers for their continuous support and confidence in the Group.

Char On Man
Chairman

Hong Kong
20 July 2005