

The Board of Directors (the "Board") of Tomorrow International Holdings Limited (the "Company") is pleased to announce the 2005 audited annual results of the Company, its subsidiaries and associates (collectively the "Group") for the year ended 31 December 2005.

RESULTS

The Group's profit attributable to equity holders of the Company for the year was HK\$4.8 million (2004: HK\$28.7 million), a decrease of 83.3% from the previous year. Earnings per share amounted to HK1.67 cents, compared with HK10.03 cents in the previous year. At 31 December 2005, the Group's net cash position amounted to HK\$396.8 million (2004: HK\$397.7 million), representing 50.6% of the equity attributable to equity holders of the Company of HK\$784.1 million (2004: HK\$739.7 million).

The Board does not recommend the payment of any final dividend (2004: Nil).

BUSINESS REVIEW

2005 was a challenging year. During the year, the manufacturing and export businesses faced a chaotic environment of rising interest rates, energy costs and gradual rise in overhead costs in Mainland China, particularly in Pearl River Delta Region.

Turnover of the electronic products division for the year ended 31 December 2005 was HK\$386.4 million (2004: HK\$391.6 million), representing a decrease of HK\$5.2 million or 1.3% from that of last year. It was partly due to fierce market competition leading to a drop in sales volume. Pricing pressure from customers also played its part in bringing down the turnover. However, the business in production of lithium rechargeable battery parts achieved another satisfactory result in 2005 and contributed increasing profit to the Group. Gross profit margin as a whole slightly dropped by 1%. With the implementation of cost saving exercise, selling and administrative expenses dropped by 4.6% to HK\$61.9 million (2004: HK\$64.9 million). The Group remained vigilant in controlling expenses even in tough environment while honouring the commitment to produce high quality products well known to the market buyers.

For the manufacture and sale of printed circuit boards (PCBs), the gross margin of PCBs to certain business sectors had been reduced as these sectors faced their own competition requiring price reduction to maintain their competitiveness. To improve the situation, starting from second quarter of 2005, the Group decided to scale down the business volume with these sectors and directed sales focus to other industrial sectors which can offer higher margin. The slight drop in turnover in this segment mainly reflected start-up effects in developing new customers base under new direction. Segment loss amounted to HK\$19.7 million (2004: loss HK\$18.3 million). The Group will continue to put in capital investment in order to attract high quality customers for better results.

The optical product segment recorded a segment loss of HK\$2.1 million (2004: loss HK\$5.3 million) for the year under review. The business recorded a turnover of HK\$64.0 million (2004: HK\$174.9 million), representing a decrease of HK\$110.9 million or 63.4% lower than that of last year. As substantial interest in Swank International Manufacturing Company Limited ("Swank") was disposed of on 3 June 2005, only approximately five-month turnover was included for the year. Fierce market competition also led to the drop in turnover.

During the year, a loan agreement amounting to HK\$50 million was signed between Active Base Limited ("Active Base"), a wholly owned subsidiary of the Company and Moulin Global Eyecare Holdings Limited ("Moulin"). A debenture was also executed by Moulin in favour of Active Base. In or about June 2005, Moulin commenced legal proceedings in the High Court against Active Base claiming that the said loan agreement and debenture were unenforceable. In this regard, ongoing litigations are expected and the Board will make announcement in due course. For prudence sake, a provision of HK\$45.0 million was made against the loan.

4 CHAIRMAN'S STATEMENT

Turnover for trading of listed equity investments amounted to HK\$7.3 million (2004: HK\$15.5 million) , with segment loss of HK\$3.0 million (2004: loss HK\$3.6 million).

To seize the rallying sentiments in the Hong Kong property market, the Group disposed of certain investment properties during the year and with a gain of HK\$2.7 million.

FUTURE PLANS

The up-trend of US dollar interest rate and the effect of fluctuation in crude oil price may slow down the overall economy. For electronic products division, the Group has invested more resources in research and development department and purchase and material control department by recruiting high caliber experienced staff to strengthen the area in product development, design of new products and the function of purchase and material consumption. Wireless application and radio-frequency products will remain our major direction for development. The Board believes that the Group can leverage on its industrial expertise and experience as well as its competitive advantages to diversify its product range. With more newly developed products launched, the Group will be better positioned in its target markets with less price sensitivity and competition and be able to embark on a new era in the coming year 2006. The Group will also welcome any opportunity in business co-operation with well-established electronic enterprises in the industry.

For year 2006, the Group expects increasing demand for PCBs on European market. With committed input from staff and newly invested capital expenditure, the Group should be able to capture the opportunity and obtain more high quality sales orders.

With sufficient resources on hand, the Group is constantly looking for quality investment opportunities, while expecting loan financing business not to be active in 2006.

On behalf of the Board
Yau Tak Wah, Paul
Chairman

Hong Kong, 13 April 2006