JIWA BIO-PHARM HOLDINGS LIMITED
積 華 生 物 醫 藥 控 股 有 限 公 司 *

(incorporated in Bermuda with limited liability)

(Stock Code: 2327)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31 MARCH 2005

The directors (the "Directors") of Jiwa Bio-Pharm Holdings Limited (the "Company") are pleased to present the audited annual results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 March 2005 (the "Period") together with the comparative figures for the corresponding period in 2004 as follows:

CONSOLIDATED INCOME STATEMENT (AUDITED)
for the year ended 31 March 2005
(Expressed in Hong Kong dollars)

	Note	**2005** ***HK$'000***	2004 *HK$'000*
Turnover	*3*	**179,226**	202,950
Cost of sales		**(86,291)**	(95,638)
Gross profit		**92,935**	107,312
Other revenue	*4*	**692**	387
Other net income/(loss)	*4*	**77**	(98)
Selling expenses		**(16,595)**	(24,521)
Administrative expenses		**(31,438)**	(22,414)
Other operating expenses		**(2,196)**	(1,811)
Profit from operations		**43,475**	58,855
Finance costs	*5(a)*	**(3,652)**	(1,273)
Profit before taxation	*5*	**39,823**	57,582
Taxation	*6*	**(5,673)**	(5,054)
Profit before minority interests		**34,150**	52,528
Minority interests		**(4,639)**	(11,509)
Profit attributable to shareholders		**29,511**	41,019
Final dividends proposed after the balance sheet date	*7*	**7,500**	6,500
Earnings per share			
Basic	*8(a)*	**5.9 cents**	9.8 cents
Diluted	*8(b)*	**5.9 cents**	9.8 cents

CONSOLIDATED BALANCE SHEET (AUDITED)
as at 31 March 2005
(Expressed in Hong Kong dollars)

	2005	2004
	HK$'000	*HK$'000*
ASSETS AND LIABILITIES		
Non-current assets		
Property, plant and equipment	**126,284**	69,071
Construction in progress	**24,742**	61,664
Investment securities	**1,148**	1,148
Goodwill	**880**	–
Intangible assets	**596**	–
Deferred tax assets	**5,436**	5,701
	159,086	137,584
Current assets		
Inventories	**29,287**	18,145
Accounts and bills receivable	**64,683**	43,866
Prepayments and other receivables	**21,151**	16,217
Amounts due from related companies	**10,683**	23,039
Tax recoverable	**1,695**	1,256
Cash at banks and in hand	**56,682**	87,327
	184,181	189,850
Current liabilities		
Bank loans	**42,453**	19,322
Accounts and bills payable	**22,935**	23,119
Amount due to a related company	**–**	2,972
Accrued expenses and other payables	**7,196**	4,792
Tax payable	**377**	1,295
	72,961	51,500
Net current assets	**111,220**	138,350
Total assets less current liabilities	**270,306**	275,934
Non-current liabilities		
Bank loans	**47,170**	74,644
Minority interests	**36,277**	37,122
Net assets	**186,859**	164,168
CAPITAL AND RESERVES		
Share capital	**5,000**	5,000
Reserves	**181,859**	159,168
	186,859	164,168

Notes:

1. Basis of preparation

The financial statements are prepared in accordance with and comply with all applicable Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules governing the Listing Securities on The Stock Exchange of Hong Kong Limited. The financial statements are prepared under the historical cost convention.

2. Recently issued accounting standards

The HKICPA has issued a number of new and revised Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards ("new HKFRSs") which are effective for accounting periods beginning on or after 1 January 2005. The Group has not early adopted these new HKFRSs in the financial statements for the year ended 31 March 2005.

The Group has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these new HKFRSs would have a significant impact on its results of operations and financial position.

3. Turnover and segment information

The Group is principally engaged in the manufacturing and sales of pharmaceutical products and health care products.

Turnover represents the sales value of goods sold less return and discounts.

Segment information is presented in respect of the Group's business segments, information of which is chosen as the primary reporting format because this is more relevant to the Group's internal financial reporting.

(i) Pharmaceutical products (Manufacturing and sale of pharmaceutical products).

(ii) Trading (Trading of pharmaceutical products).

(iii) Health care products (Manufacturing and sale of health care products).

	Pharmaceutical products		Trading		Health care products		Inter-segment elimination		Consolidated	
	2005	2004	**2005**	2004	**2005**	2004	**2005**	2004	**2005**	2004
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Revenue from external customers	**109,712**	146,336	**60,658**	48,093	**8,856**	8,521	**–**	–	**179,226**	202,950
Inter-segment revenue	**6,578**	4,702	**–**	–	**–**	–	**(6,578)**	(4,702)	**–**	–
Total	**116,290**	151,038	**60,658**	48,093	**8,856**	8,521	**(6,578)**	(4,702)	**179,226**	202,950
Segment results	**30,096**	43,429	**19,122**	18,123	**1,624**	2,299	**(6,578)**	(4,702)	**44,264**	59,149
Unallocated operating income and expenses									**(789)**	(294)
Profit from operations									**43,475**	58,855
Finance costs									**(3,652)**	(1,273)
Taxation									**(5,673)**	(5,054)
Minority interests									**(4,639)**	(11,509)
Profit attributable to shareholders									**29,511**	41,019
Depreciation for the year	**5,323**	3,366	**900**	428	**97**	19	**–**	–	**6,320**	3,813
Amortisation of intangible assets	**17**	–	**–**	–	**–**	–	**–**	–	**17**	–
Amortisation of goodwill unallocated	**–**	–	**–**	–	**–**	–	**–**	–	**38**	–
Impairment loss written back	**–**	–	**(804)**	–	**–**	–	**–**	–	**(804)**	–
Segment assets	**248,193**	182,623	**73,056**	44,939	**2,358**	1,151	**–**	–	**323,607**	228,713
Unallocated assets									**19,660**	98,721
Total assets									**343,267**	327,434
Segment liabilities	**17,442**	17,478	**12,681**	9,131	**318**	399	**–**	–	**30,441**	27,008
Unallocated liabilities									**89,690**	99,136
Total liabilities									**120,131**	126,144
Capital expenditure incurred during the year	**24,355**	87,127	**998**	501	**558**	–	**–**	–	**25,911**	87,628

The Group operates predominantly in the PRC. Accordingly, geographical segment information is not presented.

4. Other Revenue and net income (loss)

	2005 HK$'000	2004 HK$'000
Other revenue		
Interest income	**488**	269
Others	**204**	118
	692	387
Other net income/(loss)		
Net exchange loss	**(66)**	(126)
Net (loss)/gain on disposal of property, plant and equipment	**(84)**	28
Net income from insurance claims	**227**	–
	77	(98)

5. Profit before taxation

Profit before taxation is arrived at after charging/(crediting):

		2005 HK$'000	2004 HK$'000
(a)	Finance costs:		
	Interest on bank advances wholly repayable within five years	**4,579**	3,286
	Less: Borrowing costs capitalised into construction in progress	**(927)**	(2,013)
		3,652	1,273
	Annual capitalization rate of borrowing costs	**5.0%**	5.0%
(b)	Staff costs:		
	Salaries, wages and other benefits	**16,271**	14,989
	Contributions to defined contribution plans	**1,135**	947
		17,406	15,936

Note:

Staff costs include operating lease charges in respect of premises totalling HK$1,398,000 (2004: HK$810,000) which are also included in total operating lease charges in respect of premises disclosed in Note 5(c) below.

		2005 HK$'000	2004 HK$'000
(c)	Other items:		
	Costs of inventories sold *(i)*	**84,440**	93,620
	Auditors' remuneration *(ii)*	**390**	855
	Depreciation	**6,320**	3,813
	Amortisation of goodwill	**38**	–
	Amortisation of intangible assets	**17**	–
	Reversal of impairment loss on land and building	**(804)**	–
	Operating lease charges in respect of premises		
	– minimum lease payments	**2,472**	1,806
	– contingent rental	**–**	134
	Research and development costs *(iii)*	**2,285**	1,715
	Write back of provision for bad and doubtful debts	**–**	(532)

Notes:

(i) Cost of inventories includes HK$5,618,000 (2004: HK$4,807,000) relating to staff costs, depreciation expenses and operating lease charges, which amounts are also included in the respective total amounts disclosed separately above for each of these types of expenses.

(ii) Auditors' remuneration includes HK$90,000 relating to under-provision of last year's audit fee.

(iii) Research and development costs comprise staff costs of HK$22,000 (2004: HK$289,000) which are also included in the total amount of staff costs disclosed above.

6. Taxation

(a) Taxation in the consolidated income statement represents:

	2005	2004
	HK$'000	*HK$'000*
Current tax – provision for Hong Kong profits tax		
Tax for the year	**4,760**	4,401
Over-provision in respect of prior years	**(18)**	(5)
	4,742	4,396
Current tax – outside Hong Kong		
Provision for PRC income tax	**1,688**	2,829
Tax refund	**(1,022)**	(2,649)
	666	180
Deferred tax		
Current year	**265**	478
	5,673	5,054

Hong Kong profits tax has been provided at the rate of 17.5% on the estimated assessable profit of the Group's operations in Hong Kong for the year.

Unless tax reliefs are available to the Group, the provision for current income tax in the People's Republic of China (the "PRC") is based on a statutory rate of 33% of the assessable income determined in accordance with the relevant income tax rules and regulations of the PRC.

Profits of KJP were subject to PRC income tax at 24%. As KJP is recognised as a new technology enterprise, according to Provisions on the Tax Policy of State High Technology Development Zone, Kunming, KJP is entitled to a reduced tax rate of 15%.

On 18 January 2002, KJP received an approval document from the local tax bureau, subject to annual application, a 50% tax relief for the period up to 31 December 2004. As stipulated by Implementation Procedures of the Ministry of Finance on the Adoption of Rules Governing Preferential Tax Treatments in the "Provisions of the State Council for the Encouragement of Foreign Investment", the minimum PRC income tax rate applicable to a new high technology enterprise is 10%. Accordingly, KJP was granted a preferential tax rate of 10% from 1 January 2002 to 31 December 2004 pursuant to approval documents issued by the local tax bureau on 14 March 2003 and 17 January 2004.

Pursuant to notices issued by the local tax bureau, PRC income tax of HK$1,022,000 (2004: HK$2,649,000) was refunded to KJP's foreign investor in relation to the reinvestment of profits in the PRC in accordance with the relevant tax rules and regulations.

(b) Reconciliation between tax expense and accounting profit at applicable tax rates:

	2005 *HK$'000*	2004 *HK$'000*
Profit before tax	**39,823**	57,582
Tax on profit before tax, calculated at the rates applicable to profits in the tax jurisdiction concerned	**5,662**	7,523
Tax effect of non-deductible expenses	**151**	98
Tax effect of non-taxable revenue	**(169)**	(48)
Tax losses not recognised as deferred tax assets	**866**	–
Tax effect of temporary differences not recognised	**(77)**	–
Tax refund	**(1,022)**	(2,649)
Others	**280**	135
Over-provision in prior years	**(18)**	(5)
Actual tax expense	**5,673**	5,054

7. Dividends

(a) Dividends attributable to the year

	2005 *HK$'000*	2004 *HK$'000*
Final dividend proposed after the balance sheet date of HK$0.015 per share (2004:HK$0.013 per share)	**7,500**	6,500

The final dividend proposed after the balance sheet date has not been recognised as a liability at the balance sheet date.

(b) Dividends attributable to the previous financial year, approved and paid during the year

	2005 *HK$'000*	2004 *HK$'000*
Final dividend in respect of the previous financial year approved and paid during the year of HK$0.013 per share	**6,500**	16,000

Prior to listing, on 14 July 2003, certain subsidiaries of the Group declared and approved final dividend of HK$16,000,000 in respect of the year ended 31 March 2003 to the then shareholders of these subsidiaries.

The dividend per share and the number of shares ranking for dividend for the year ended 31 March 2004 are not presented above as such information is not meaningful having regard to the consolidated financial statements.

8. Earnings per share

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to shareholders of HK$29,511,000 (2004: HK$41,019,000) and on 500,000,000 ordinary shares (2004: the weighted average number of 418,750,000 shares) in issue during the year.

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to shareholders of HK$29,511,000 (2004: HK$41,019,000) and the 500,221,383 ordinary shares (2004: the weighted average number of 418,751,543 shares) in issue during the year, after adjusting the effect of all dilutive potential shares under the Company's share option scheme.

RESULTS SUMMARY AND FINAL DIVIDEND

For the financial year ended 31 March 2005 (the "Period"), the Group's turnover decreased by 11.7% over last year to approximately HK$179.2 million. Likewise, gross profit decreased by 13.4% over last year to approximately HK$92.9 million and operating profit decreased by 26.1% over last year to approximately HK$43.5 million. Profit attributable to shareholders of the Group decreased by 28.1% over last year to approximately HK$29.5 million and earnings per share decreased to HK$5.9 cents, down 39.8% from that of last year. This is in line with the pharmaceutical industry which saw profit declining in general this year. The group's ability to mitigate negative impacts on profit was considered remarkable.

A final dividend of HK$1.5 cents per share of the Company ("Share") is proposed to shareholders whose names appear on the register of members on 8 August 2005 (Monday). The dividend will be payable on 25 August 2005 (Thursday). The group has adhered to its dividend payout ratio of at least 25% and the proposed dividend this year actually increased by 15.4% comparing to last year, even though profit has decreased this year.

BUSINESS REVIEW

Sales of products

During the Period under review, the Group sold approximately 28 types of pharmaceutical products, most of which were for gastro-intestinal, anti-infectious and musculo-skeletal system. These products were primarily produced by our plant in Kunming, PRC ("pharmaceutical products") while 4 types of products were distributed under exclusive agency agreement with European principals and sold in China ("trading products"). In addition, we produced approximately 11 types of Chinese healthcare products ("healthcare products"), the sales of which during the Period comprise approximately 5% of the Group's total turnover.

Pharmaceutical products

During the Period under review, turnover of pharmaceutical products was approximately HK$109.7 million, representing a decrease of approximately 25% as compared to the previous year. The decrease was primarily due to the China State Development and Reform Commission's (the "CSDRC") price-control policy on antibiotics, which affected 13 types of our products. During the period under review, the group has taken great pain to obtain approval to price antibiotics independently. The management have also adjusted the sales mix as its long term strategy.

Trading products

The turnover of traded pharmaceutical products for the Period amounted to approximately HK$60.7 million, representing an increase of approximately 26% as compared to the previous year. The significant increase in the turnover of the trading segment was due to the fact that 1) the Group expanded its sales network in the PRC and raised the professionalism of its sales force, improving therefore the promotion of its products; 2) the traded pharmaceutical products for which we acted as agents were well known for their quality; 3) the Group was approved by the CSDRC to increase the retail price of Reduced Glutathione Sodium for Injection nation wide; 4) in June 2004, the Group also launched Salmon Calcitonin for osteoporosis, which were well received by the market.

Health care products

The turnover of Chinese healthcare products amounted to approximately HK$8.9 million, representing an increase of approximately 3.9% as compared to the previous year. The improvement in turnover for the Period under review was due to the Group's revised strategy and increased efforts in the development of direct sales business ("direct sales"). The Group will continue to focus on the development of direct sales and shall therefore incur less advertising expenses. It is believed that the profit from this part will increase accordingly.

Gross profit

The Group recorded a gross profit of approximately HK$92.9 million for the Period under review, representing a decrease of approximately 13.4% as compared to that of last year. Gross profit margin of the Group recorded a slight decrease of 1.9% to approximately 51.9% in the Period under review. With the Group's adjustment on the sales mix of existing products and the introduction of new products, the management believes that the effect of the CSDRC's price-control policy on the Group would only be temporary.

Operating profit

Operating profit of the Group for the Period amounted to approximately HK$43.5 million, representing a decrease of approximately 26.1% as compared to the corresponding period in the previous year. The decrease in operating profit is higher than that in turnover and gross profit, mainly because the Group's new plant in the High-Technology Industrial Development Zone in Kunming has started its operation, but not yet in full operation during the period. The management believes as the new plant become in full operation, our results will improve significantly.

Profits attributable to shareholders

During the Period, Profits attributable to shareholders of the Group was approximately HK$29.5 million, representing a decrease of approximately 28.1% as compared to the corresponding period in the previous year. Finance costs amounted to approximately HK$3.7 million, a significant increase of 186.9% over that of the previous year. The significant increase was due to the fact that the Group had enjoyed a one-time government interest subsidy of RMB1.7 million in the previous year, which was granted by the PRC government to encourage fixed asset investments by enterprises in the PRC, for which the Group was qualified via its construction of a new plant in the previous year.

To summarise, the operating results of the Group this year was affected partly by the delayed launch of some new products of the Group; the CSDRC's price restriction policy has also taken its toll; and increasing operating expenses from the commencement of operation of the new plant all contributed to the decrease in the Group's profit.

OPERATION REVIEW

Adjust product sales mix and introduce products with high technological requirements in production

Other than making pharmaceutical products for anti-infectious, gastro-intestinal, and musculo-skeletal system, the Group also invest in the research of cerebro-cardiovascular drugs, anti-depressants and psychiatric disorders drugs so as to mitigate risks resulting from the CSDRC policy change and to improve the overall profit margin of the products. The product development team of the Group has been actively engaged in the research and development of new products with high-technological requirements in production. Although some of the new products had postponed the launching, the management is confident that they will be put on the market sometime from 2005 to 2007, and new products would become the main driver of the Group's profits in the near future. The Group would focus on producing drugs in the five therapeutic categories and increase its efforts on the research and development of new medicines with the objective of owning new and self-owned patented pharmaceutical products in the future.

Launch new medicines and review the development of new products

The Group launched 3 new medicines during the Period in the PRC, including Yankening Pian, a kind of traditional Chinese medicine for inflammation, Loratadine for relieving symptoms of allergic rhinitis and Salmon Calcitonin Injection for osteoporosis. The last one being distributed as exclusive PRC agency for Lisapharma SpA, a renowned Italian pharmaceutical firm.

During the Period, the Group received from State Food and Drug Administration of the PRC 7 Production Permits and 2 Registration Certificates for Imported Medicines (including 2 kinds of raw materials and 5 kinds of medicines). During the Period, the Group's on-going research and development of 10 new medicines went smoothly. Two types are in the process of pre-clinical research, one has gone through pre-clinical research, four are in the process of clinical research and the remaining three have gone through clinical research. These new products would contribute to the group's sales significantly in the near future.

Improve brand value

During the Period under review, the Group established a product management department comprised of professional medicine and marketing staff. They are responsible for brand promotion and the overall marketing and sales strategy of key products, including 1) anti-infectious medicine Cefixime Capsules (product name: Jida Xifu), a third generation oral cephalosporin; 2) gastro-intestinal medicine Reduced Glutathione Sodium for Injection (product name: Song Taisi), which is broadly used in clinical treatment of liver impairment caused by various reasons, auxiliary cure of chemotherapy and radiotherapy and hypoxemia; 3) musculo-skeletal medicine Triamcinolone Acetonide Injection (product name: Tong Xitong), which has long standing anti-inflammation and anti-allergy effect, particularly effective for cure of osteoarthritis and rheumatoid arthritis; 4) cerebro-cardiovascular medicine Low Molecular Weight Heparin Sodium Injection (product name: Huo Duoshi), being the first prefilled syringe low molecular heparin produced in China which has been widely applied in the clinical anti-coagulation of blood dialysis, blood vessel surgery, emergency and orthopaedics, among others.

Extend sales network and enhance sales teams

In line with the Group's development and introduction of new products, the Group continued to expand its sales network, increase the number of distributors and continue to raise the professional standard of its sales staff. The Group recruited medical professionals with an international outlook and knowledge of PRC dynamics as elite cadres of the Group's marketing department, as their expertise and relationship network would contribute immensely to the promotion of its products. Apart from the PRC market, the Group also actively seek to expand its market to South East Asia. In December 2004, the Group successfully registered under approval of the Ministry of Hygiene of Myanmar (Burma) 6 of the Group's products and started exportation to South East Asia market.

Increase efficiency and cut cost

With the Group's commencement of operations of its new plant, an internal campaign of "increasing efficiency and cutting cost" was introduced in June 2004. All staff were encouraged to submit plans aimed at raising efficiency and/or costs saving and were rewarded when their plans are vetted as plausible and results after implementation are positive. The Group would continue to reinforce this work goal, making it part of the corporate culture, which would serve ultimately to improve the Group's earnings.

Enhance production capacity and quality of production facility

Official operation of the new plant

In May 2004, the Group's new plant located at the High-Tech Industrial Development Zone of Kunming City was officially handed over by the project manager upon completion of construction. The new plant, with a gross floor area of approximately 38,000 square meters, would be well equipped to support the Group's R&D and production needs both currently and in the future.

Import advanced equipment

To improve the quality of products and introduce advanced dosage forms, the Group has imported advanced equipment for the new plant, including, among others, automatic amino acid synthesizer from the U.S., and a complete line from Germany for production of prefilled syringes. All packing material for this prefilled syringe line will be imported from the U.S. in sterile condition, ensuring a top of its class quality.

More GMP certification

During the Period, the Group successfully obtained GMP certification for 4 production lines of different dosage forms, increasing the number of the Group's existing GMP production lines to 9. It is expected that by the end of 2006, the Group can obtain GMP certification for 8 more production lines, thus increasing the number of certified production lines to 17.

With all these GMP facilities for different dosage forms, the Group greatly increases its production flexibility, and ensures that once approval for any new product is obtained, the Group can immediately launch production and market the new drug ahead of others.

PROSPECT NEXT YEAR

With the introduction of new products and optimization of product sales mix, the Board is confident that the results would improve significantly next year.

The objectives set by the Group for the coming year would include the following:

– Focusing in research and development of the five therapeutic categories and to file the first patent application in China.

– To continue the expansion of sales network covering China and market share of key products.

– Increase effort in brand promotion to improve product value and margin.

– Bulk material plant to embark upon production and the filing of DMF to the FDA U.S..

– To implement a new round of internal campaign in increasing efficiency and cutting cost.

– To actively expand regional business, and to develop the South East Asian market.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2005, cash and cash equivalents of the Group totalled approximately HK$56.7 million (2004: approximately HK$87.3 million), of which approximately 47% are in Hong Kong dollars, 27% in RMB and 26% in US dollars. The Group has for its hedging purposes a US$1,000,000 forward exchange contract banking facility in place as at 31 March 2005 and actively monitors its net foreign currency exposures. As the bulk of the Group's transactions and assets are denominated in HK dollars, US dollars and RMB, the impact of foreign currency fluctuations is minimal and the current hedging facilities are considered sufficient for the near future.

Although the Group has consistently been in a liquid position, banking facilities have nevertheless been utilized partly to enjoy the interest grant concession offered by the PRC authorities (on long term bank loans to encourage fixed assets investment in 2003) and partly to reserve funds for possible acquisition opportunities that may arise.

As at 31 March 2005, the Group had aggregate banking facilities of approximately HK$173.2 million (2004: approximately HK$110.6 million) of which approximately HK$96.3 million was utilized (as to approximately HK$47.2 million in long term bank loans, as to approximately HK$42.5 million in short term bank loans, as to the balance of approximately HK$4.9 million in letters of guarantee and as to the balance of approximately HK$1.7 million in letters of credit issued by the relevant banks to independent third parties). The Group's aggregate banking facilities of approximately HK$173.2 million include approximately HK$147.2 million equivalent in RMB denominated banking facilities. The utilized banking facilities of approximately HK$96.3 million includes approximately HK$89.7 million equivalent in RMB denominated bank borrowings.

Interest rates applicable to the RMB denominated bank borrowings are renewable annually and are fixed at 4.941% per annum for RMB50 million in long term bank loans; 4.743% per annum (weighted average) for RMB45 million in short term bank loans as at the end of the Period.

As at 31 March 2005, the gearing ratio was approximately 26.1% (2004: approximately 28.7%), calculated based on the Group's total bank borrowings of approximately HK$89.6 million (2004: approximately HK$93.9 million) over the Group's total assets of approximately HK$343.3 million (2004: approximately HK$327.4 million).

CAPITAL COMMITMENTS

Capital commitments outstanding at 31 March 2005 not provided for in the financial statements were as follows:

	The Group	
	2005	2004
	HK$'000	*HK$'000*
Contracted for		
– acquisition of property, plant and equipment	**–**	16,791
– acquisition of technical know-how	**1,226**	1,402
	1,226	18,193
Authorised but not contracted for		
– acquisition of property, plant and equipment	**5,817**	–
	7,043	18,193

Funding for capital commitments is expected to come from the Group's internal resources.

CONTINGENT LIABILITIES

As at 31 March 2005, the Group has not provided any form of guarantees for any company outside the Group and was not liable to any material legal proceedings of which provision for contingent liabilities was required.

EMPLOYMENT REMUNERATION POLICY

As at 31 March 2005, the Group had approximately 391 employees. The Group's remuneration policies are in line with prevailing market practice and formulated on the basis of the performance and experience of individual employees. Apart from basic salaries, other staff benefits included provident funds and medical schemes. The Company may also grant options to eligible employees under its share option scheme.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

The Company has not redeemed any of its shares during the year. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the year.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by Directors in accordance to the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 of the Listing Rules.

AUDIT COMMITTEE

The audit committee, comprising of three independent non-executive directors of the Company, Mr. Fung Tze Wa (Chairman of the audit committee), Mr. Choy Ping Sheung and Mr. Soo Ping Shu, Samuel, had reviewed with the management of the Company and external auditors the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the review of the audited financial statements of the Group for the year ended 31 March 2005.

COMPLIANCE WITH THE CODE OF BEST PRACTICE

In the opinion of the directors of the Company, the Company has complied with the Code of Best Practice as set out in Appendix 14 of the Listing Rules throughout the year ended 31 March 2005.

PUBLICATION OF DETAILED ANNUAL RESULTS ANNOUNCEMENT ON THE STOCK EXCHANGE'S WEBSITE

A detailed results announcement of the Group for the Period containing all information required by paragraphs 45(1) to 45(3) inclusive of Appendix 16 to the Listing Rules will be published on the website of the Stock Exchange in due course.

APPRECIATION

On behalf of the Directors, I would like to express our gratitude to our shareholders and business associates for their continued support, and extent our sincere appreciation to all management and staff members of the Group for their ongoing dedication, commitments and contributions throughout the Period.

By order of the Board
Lau Kin Tung
Vice Chairman and Chief Executive Officer

Hong Kong, 5 July 2005

As at the date of this announcement, members of the Board comprise three executive Directors, namely Mr. Lau Yau Bor, Mr. Lau Kin Tung and Madam Chan Hing Ming and three independent non-executive Directors, namely Mr. Fung Tze Wa, Mr. Choy Ping Sheung and Mr. Soo Ping Shu, Samuel.

* *for identification only*

"Please also refer to the published version of this announcement in China Daily"