LAI FAI INTERNATIONAL HOLDINGS LIMITED

麗輝國際控股有限公司

(Incorporated in Cayman Islands with limited liability)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2003

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET ("GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

The principal means of information dissemination on GEM is publication on the internet website operated by the Stock Exchange. Listed companies are not generally required to issue paid announcement in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website in order to obtain up-to-date information on GEM-listed issuers.

The Stock Exchange takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

This announcement, for which the directors of Lai Fai International Holdings Limited (the "Company") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange ("GEM Listing Rules") for the purpose of giving information with regard to the Company. The directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (i) the information contained in this announcement is accurate and complete in all material respects and not misleading; (ii) there are no other matters the omission of which would make any statement in this announcement misleading; and (iii) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

HIGHLIGHTS:

1. The outbreak and the aftermaths of the Severe Acute Respiratory Syndrome ("SARS") had led to a significant decrease in the number of tourists visiting the Group's retail outlet and a corresponding decrease in the Group's turnover in the current year by approximately 52% to HK$22.6 million (2002: HK$47 million).

2. Greater magnitude of decrement in gross profit than turnover in the current year by approximately 59% to HK$14.4 million (2002: HK$35.6 million) was mainly attributed to the HK$1 million slow moving inventory provision as proposed by management for prudence sake for the first time. If the slow moving inventory provision of HK$1 million was excluded from the cost of sales for assessing the magnitude of decrement in gross profit, a more comparable decrement of 57% would be shown.

3. Net loss from ordinary activities attributable to shareholders of approximately HK$5 million was resulted (2002: net profit of HK$10.4 million) because the low level gross profit could not sustain the operating expenses of the Group.

4. Loss per share is HK 4.07 cents

RESULTS

The directors of the Company present herewith the audited consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2003, together with the comparative figures for the corresponding period in 2002, as follows:

Consolidated Profit and Loss Account

	Notes	**2003**	2002
		HK$'000	*HK$'000*
TURNOVER	*4*	**22,633**	46,975
Cost of sales		**(8,216)**	(11,397)
Gross profit		**14,417**	35,578
Other revenue and gains		**73**	45
Selling and distribution costs		**(8,153)**	(13,401)
General and administrative expenses		**(11,402)**	(9,870)
PROFIT/(LOSS) FROM OPERATING ACTIVITIES	*5*	**(5,065)**	12,352
Finance cost	*6*	**(17)**	(17)
PROFIT/(LOSS) BEFORE TAX		**(5,082)**	12,335
Tax	*7*	**33**	(1,904)
NET PROFIT/(LOSS) FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS		**(5,049)**	10,431
DIVIDENDS	*8*	**4,698**	2,300
EARNINGS/(LOSS) PER SHARE	*9*		
— Basic, HK cents		**(4.07)**	10.2
— Diluted, HK cents		**N/A**	N/A

Notes

1. Group Reorganisation and Basis of Presentation

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 6 September 2002 under the Companies Law of the Cayman Islands.

Pursuant to a group reorganisation (the "Group Reorganisation") to rationalise the structure of the Group in preparation for the listing of the Company's shares on the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), on 5 February 2003, the Company became the holding company of the companies now comprising the Group. This was accomplished by acquiring the entire issued share capital of Lai Fai International (BVI) Limited ("LFBVI"), which is the then immediate holding company of the other subsidiaries, in consideration of and in exchange for the allotment and issue of 9,999 shares of HK$0.10 each in the share capital of the Company credited as fully paid. Further details of the Group Reorganisation are set out in the prospectus of the Company dated 11 February 2003 (the "Prospectus").

The shares of the Company were listed on the GEM of the Stock Exchange on 26 February 2003.

The Group Reorganisation involved companies under common control, and for accounting purposes, the Company and its acquired subsidiaries are regarded and accounted for as a continuing group. Accordingly, the consolidated financial statements have been prepared using the merger basis of accounting as if the Company had always been the holding company of the Group. On this basis, the Company has been treated as the holding company of its subsidiaries for the financial years presented or since their dates of incorporation if these are shorter periods, rather than from the subsequent date of acquisition of the subsidiaries. The consolidated results and cash flows of the Group for the years ended 31 December 2002 and 2003 include the results and cash flows of the Company and its subsidiaries with effect from 1 January 2002 or since their respective dates of incorporation, where these are shorter periods. The comparative consolidated balance sheet as at 31 December 2002 has been prepared on the basis that the Group had been in existence at that date.

All significant transactions and balances within the Group have been eliminated on consolidation.

In the opinion of the directors, the consolidated financial statements prepared on this basis present more fairly the comparative results, cash flows and financial position of the Group as a whole.

2. Segment Information

During the year, the Group was principally engaged in the manufacture, retail and wholesale of jewellery products in Hong Kong, and over 90% of the Group's revenue, results, assets and liabilities were derived from Hong Kong. Accordingly, no business or geographical segment information is presented.

3. Impact of a Revised Hong Kong Statement of Standard Accounting Practice ("SSAP")

The revised SSAP12 "Income Taxes" is effective for the first time for the current year's announcement and its effects are summarised as follows:

SSAP 12 (revised) prescribes the accounting for income taxes payable or recoverable, arising from the taxable profit or loss for the current period (current tax); and income taxes payable or recoverable in future periods, principally arising from taxable and deductible temporary differences and the carryforward of unused tax losses (deferred tax).

The SSAP has had no significant impact for this announcement on the amounts recorded for income taxes.

4. Turnover

Turnover represents the net invoiced value of goods sold, after allowances for returns and trade discounts. All significant intra-group transactions have been eliminated on consolidation.

5. Profit/(Loss) From Operating Activities

The Group's profit/(loss) from operating activities is arrived at after charging/(crediting):

	Group	
	2003	2002
	HK$'000	*HK$'000*
Cost of inventories sold	**6,577**	11,397
Staff costs (excluding directors' remuneration):		
Wages and salaries	**5,354**	6,158
Retirement benefits scheme contributions	**241**	278
Total staff costs	**5,595**	6,436
Directors' remuneration:		
Basic salaries and other allowances	**2,212**	2,275
Retirement benefits scheme contributions	**24**	24
	2,236	2,299
Auditors' remuneration	**360**	500
Depreciation	**641**	564
Amortisation of other assets*	**14**	15
Provision for inventories	**1,000**	—
Write-off of bad debts	**56**	—
Minimum lease payments under operating lease in respect of land and building	**1,560**	1,902
Interest income	**(71)**	(6)
Gain on disposal of fixed assets	**—**	(30)
Exchange gains, net	**(2)**	(9)

* The amortisation of other assets for the year is included in "General and administrative expenses" on the face of the consolidated profit and loss account.

6. Finance Cost

Finance cost represents interest on finance lease.

7. Tax

	Group	
	2003	2002
	HK$'000	*HK$'000*
Current — Hong Kong		
Charge for the year	**—**	1,904
Overprovision in the prior year	**(33)**	—
Total tax charge/(credit) for the year	**(33)**	1,904

No provision for Hong Kong profits tax has been made for the year as the Group had no assessable profits arising in Hong Kong during the year. Hong Kong profits tax in the prior year was provided at the rate of 16% on the estimated assessable profits arising in Hong Kong during that year.

8. Dividends

Other than a special dividend proposed by the Board at a meeting on 27 March 2003 as detailed below, the Board does not recommend the payment of any final dividend for the year ended 31 December 2003.

		2003	2002
	Notes	***HK$'000***	*HK$'000*
Special dividend	*(i)*	**4,698**	—
Interim dividend	*(ii)*	**—**	2,300
		4,698	2,300

(i) On 12 May 2003, a special dividend of HK$4,698,000, representing HK3.67 cents per share of the Company, in respect of the year ended 31 December 2003 was paid by the Company, out of the Company's distributable reserves, to the shareholders whose names appear on the register of members of the Company on 30 April 2003.

(ii) On 2 August 2002, an interim dividend of HK$2,300,000 in respect of the year ended 31 December 2002 was paid by a subsidiary of the Company, LFBVI, to its then shareholders before the Group Reorganisation as detailed in note 1 to this announcement. The rates of dividends and the number of shares ranking for the dividends are not presented as such information, in the opinion of directors, is not meaningful for the purpose of this announcement.

9. Earnings/(Loss) Per Share

(a) Basic earnings/(loss) per share

The calculation of basic earnings/(loss) per share is based on the net loss from ordinary activities attributable to shareholders for the year of HK$5,049,000 (2002: net profit of HK$10,431,000) and the weighted average of 124,072,000 (2002: 102,400,000) shares of the Company, calculated based on the assumption that the Group Reorganisation as further detailed in note 1 to this announcement had been completed on 1 January 2002.

(b) Diluted earnings/(loss) per share

No diluted loss per share has been presented for the year ended 31 December 2003 as the outstanding share options had an anti-dilutive effect on the basic loss per share for the year. No diluted earnings per share has been presented for the year ended 31 December 2002 as no diluting event existed for that year.

10. Reserves

	Share premium *HK$'000*	**Contributed surplus** *HK$'000*	**Retained profits** *HK$'000*	**Total** *HK$'000*
Group				
At 1 January 2002	—	2,999	4,383	7,382
Contributed surplus arising from the Group Reorganisation	—	18,178	—	18,178
Net profit from ordinary activities attributable to shareholders	—	—	10,431	10,431
Interim dividend	—	—	(2,300)	(2,300)
At 31 December 2002 and 1 January 2003	—	21,177	12,514	33,691
Issue of shares	23,040	—	—	23,040
Capitalisation issue of shares	(10,239)	—	—	(10,239)
Share issue expenses	(9,137)	—	—	(9,137)
Net loss from ordinary activities attributable to shareholders	—	—	(5,049)	(5,049)
Special 2003 dividend	—	—	(4,698)	(4,698)
At 31 December 2003	**3,664**	**21,177**	**2,767**	**27,608**

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATION REVIEW

As mentioned earlier, the outbreak of SARS had led to the collapse of Hong Kong tourism in the second quarter of 2003 and the Group's operation was seriously affected as a result of SARS. Number of Japanese visitors arrived Hong Kong as tabled below showed a drastic decrease of 86% in the second quarter of 2003 and significant decrease of 38% for the whole year.

Number of Japanese Visitors travel to Hong Kong as published by HKTB

	Year 2003	(% decrease)	Year 2002
First Quarter	**325,431**	(2%)	332,848
Second Quarter	**47,552**	(86%)	330,972
Third Quarter	**232,277**	(36%)	362,200
Fourth Quarter	**261,900**	(29%)	369,000
Total	**867,160**	(38%)	1,395,020

Signs of recovery were seen in the third quarter of 2003 demonstrating a tremendous growth of 388% from the second quarter and a continual growth of 13% in the fourth quarter for the visitors from Japan as a result of the efforts by the Hong Kong government and the Hong Kong Tourism Board.

Turnover

The Group is principally engaged in the manufacture, retail and wholesale of jewellery products. The Group's retail business appeals to Japanese tourists who are substantially referred to the Group by inbound Japanese tour operators in Hong Kong with whom the Group has entered into Business Cooperation Agreements for an initial term of 3 years and then renewable annually thereafter.

The aftermaths of SARS has led to the decrease in turnover in the current year by approximately 52% to HK$22.6 million (2002: HK$47 million).

Gross Profit

Greater magnitude of decrement in gross profit than turnover in the current year by approximately 59% to HK$14.4 million (2002: HK$35.6 million) was mainly attributed to the HK$1 million slow moving inventory provision as proposed by management for prudence sake for the first time. If the slow moving inventory provision of HK$1 million was excluded from the cost of sales for assessing the magnitude of decrement in gross profit, a more comparable decrement of 57% would be shown.

Gross profit margin in the current year was approximately 64%. By the same token, if the slow moving inventory provision of HK$1 million was excluded from the cost of sales for assessing the gross profit margin, gross profit margin of approximately 68% would be demonstrated. This is more comparable to the gross profit margin in last year of approximately 76%, leaving a magnitude gap of 8% being the results of more price discounts were given to customers to stimulate their spending after the SARS period.

Net Loss from Ordinary Activities Attributable to Shareholders

Despite of the fact that the Group has adopted stringent measures in cost controls, including salary and wages, the low level gross profit was not enough in sustaining the operating expenses of the Group. Net loss from ordinary activities attributable to shareholders of approximately HK$5 million was resulted (2002: net profit of HK$10.4 million).

BUSINESS OUTLOOK AND PROSPECT

A bleak year had been passed and most of the unfavorable conditions in Hong Kong were fading out. We saw a strong revival momentum for various kinds of economic activities in the last quarter of 2003 and a tremendous improvement in consumption and spending pattern of the public in general.

2004 is a year with good start for both the record-breaking number in visitors traveled to Hong Kong and an obvious sign of cessation of deflation that has been distracting Hong Kong for more than 5 years.

Looking ahead, Hong Kong will have excellent conditions for both infrastructural and outbound connections in facilitation of tourism. The opening of Disneyland in 2005, the hosting of Olympic Games by Beijing in 2008, the hosting of East Asian Games by Hong Kong in 2009 together with the prolific attractions as organised by the Hong Kong Tourism Board from month to month in enriching Hong Kong's cultural, scenic and cuisine attractions will definitely make Hong Kong be chosen as one of the 50 "must go" places for life every year. The projects for building the Hongkong-Zhuhai-Macau Bridge, the Tung Chung cable car to the Big Buddha and various rapid connection railways between New Territories, Hong Kong and Kowloon will not only attract re-visitors to town for enjoyment of easy travel but also new comers taking Hong Kong as a convenient gateway for travel to the Mainland China. In addition, Hong Kong has the best medical workers in prevention of highly communicable disease, the excellent police force in fighting against crime and a committed government in promoting tourism which all made Hong Kong as one of the safest cities in the World for pleasure. Management of the Group is optimistic about the retail aspect of the Group's operation and expects the turnover will sooner be recovered to the pre-SARS level.

For the manufacturing and wholesaling aspects of the Group's jewellery products, the Group has entered into a supply agreement on 15 October 2003 with HOMEOSTYLE Inc. ("HOS") with an annual cap of HK$6 million for each of the financial years ending 31 December 2005. HOS is a retailer and distributor of fashion, cosmetic, health care and jewellery products and has 39 outlets in all major cities of Japan. The initial orders from HOS were quite satisfactory and the Group will continue to explore every market potential in the Japan market.

Upon the signing of CEPA, the Group has also accelerated its pace of distribution of its jewellery products to the Mainland China market. CEPA covers 3 broad areas of preferential terms to Hong Kong enterprises for trading with China, namely, (i) trade in goods; (ii) trade in services and (iii) trade and investment facilitation.

For (i) trade in goods, the Group has spent for approximately HK$116,000 in improving the workshop facilities as required by the Trade and Industry Department and rendered itself a qualified Hong Kong enterprise meeting the CEPA requirements for place of origin.

The Group will leverage on its competitive advantage under CEPA and zero tariff rate for the jewellery products trade into the Mainland China market and launch an active plan for its market expansion into the huge China market as stated in the Prospectus.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2003, shareholders' funds amounted to approximately HK$40.4 million. The Group had no non-current liabilities and its current liabilities amounted to approximately HK$4.2 million comprising mainly accruals, accounts payable, other payables and bank borrowing. The Group's bank borrowing amounted to approximately HK$1.1 million as at 31 December 2003.

In addition to the bank borrowing, the Group has an unsecured banking facility of HK$3 million as at 31 December 2003 which are all unutilised at that date. The Group financed its operations primarily with internally generated cash flows, bank borrowings and partly from net proceeds for listing of the Company's shares on the GEM of the Stock Exchange on 26 February 2003.

Except for a time deposit of HK$84,000 pledged to a bank to secure a banking facility in respect of utility deposit granted to the Group, there were no other charges on the Group's assets as at 31 December 2003.

As at 31 December 2003, the gearing ratio was approximately 2.7% (2002: 0.9%) on the basis of bank borrowings divided by shareholders' fund. The Group had cash and cash equivalents of approximately HK$11.4 million at as 31 December 2003 of which HK$5.1 million was placed with Hang Seng Bank Limited as Hong Kong dollars time deposits.

EMPLOYEE INFORMATION

Number of staff (excluding 2 executive directors) as at the year ended date 31 December 2003 was 53 (2002: 55), who are all working in Hong Kong.

Total staff costs (excluding directors' remuneration), including retirement benefits scheme contributions for the year ended 31 December 2003 amounted to approximately HK$5.6 million (2002: HK$6.4 million). The Group pays its employees based on their performance, experience and the prevailing industry practice.

Each of the two executive directors has, on 5 February 2003, entered into a service agreement with the Company and is entitled to an annual performance related discretionary bonus (the "Bonus"). The Bonus will be determined by the Board of Directors provided that all bonus payments to be made to the executive directors of the Company in each relevant financial year of the Company shall not exceed 10% of the Group's audited consolidated profits after tax as indicated in the Group's annual audited consolidated financial statements for the relevant financial year.

(i) To continue to stay ahead of its competitors, (ii) to attract, retain and motivate talented employees, officers, advisers and business consultants striving towards the success of the Group, (iii) to recognise the contribution of certain directors, employees and shareholders of any member of the Group to the growth of the Group and/or to the listing of Shares on GEM, the Company has adopted a pre-IPO share option plan (the "Pre-IPO Share Option Plan") and a Share Option Scheme (collectively the "Schemes") by written resolutions passed by the Shareholders on 5 February 2003, further details of the Schemes can be referred to the Report of the Directors and note 23 to the financial statements.

CAPITAL STRUCTURE

The Company was listed on the GEM of the Stock Exchange on 26 February 2003 through a placement of 32,000,000 shares comprising 25,600,000 new shares and 6,400,000 sale shares. The net proceeds from this placement, after deduction for relevant expenses, is approximately HK$16.5 million.

Since the listing of the Company's shares on the GEM of the Stock Exchange on 26 February 2003, there has been no change in the capital structure of the Company. The share capital of the Company comprises only ordinary shares.

FUNDING AND TREASURY POLICY

The Group adopts a prudent funding and treasury policy with regard to its overall business operations and foreign currencies receipts are converted into Hong Kong dollars and banked in at the next banking day to minimise foreign exchange risks.

SIGNIFICANT INVESTMENTS

There was no significant investment during the year.

MATERIAL ACQUISITIONS AND DISPOSALS/FUTURE PLANS FOR MATERIAL INVESTMENTS

Except for those set out in the Prospectus and note 1 in this announcement, the Company and the Group had no material acquisitions or disposals nor plans for material investments or capital assets.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES

For the year ended 31 December 2003, approximately 74% of the Group's income was denominated in Hong Kong dollars or US dollars, with the remaining denominated in Japanese Yen. For the same period, over 95% of the Group's expenditure was denominated in Hong Kong dollars, with the remaining denominated in Japanese Yen and Australian dollars. The Group received cash in Japanese Yen, Hong Kong dollars and US dollars from its retail operations in the approximate proportion of 68%, 27% and 5%, respectively for the year ended 31 December 2003. The Group generally charges a small premium over the market exchange rate if the customer pays in Japanese Yen, and converts the Japanese Yen receipts to Hong Kong dollars on the next banking day. As such, the Group faces minimal foreign exchange risks.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

Other than in connection with the Company's initial public offering on the GEM of the Stock Exchange on 26 February 2003, neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year and up to the date of this announcement.

DISTRIBUTABLE RESERVES

At 31 December 2003, the Company's reserves available for distribution, calculated in accordance with the provisions of the Companies Law of the Cayman Islands, amounted to HK$31,747,000.

CHARITABLE CONTRIBUTIONS

During the year, the Group made charitable contributions of HK$350,000.

CONTINGENT LIABILITIES

As at 31 December 2003, the directors of the Company were not aware of any material contingent liabilities.

SPONSORS' INTERESTS

As notified by the Company's sponsors, SBI E2-Capital (HK) Limited ("SBI E2-Capital") whose service was terminated on 4 March 2004 and Celestial Capital Limited ("CASH") (collectively the "Sponsors"), none of the Sponsors or any of its directors or employees or associates (as referred to in note 3 to Rule 6.35 of the GEM Listing Rules) had any interest in the shares of the Company or any members of the Group or any rights to subscribe for or to nominate persons to subscribe for the shares of the Company or any members of the Group as at 31 December 2003 and the date of this announcement respectively other than the following in relation to SBI E2-Capital:

(i) the shareholding interests of Artfolio and SIIS in the Company;

(ii) shareholdings and/or interests in companies or joint ventures which Softbank Finance and its subsidiaries may co-invest with the Group under the Softbank Memorandum of Understanding dated 9 September 2002 or which Softbank Finance, Softbank Investment and their respective subsidiaries may co-invest with the Group under the agreement dated 5 February 2003; and

(iii) the options granted by the Company to Mr. Yu Kam Kee, Lawrence, an executive director of SIIS and Mr. Yoshitaka Kitao, resigned as executive director of SIIS with effect from 3 October 2003, under the Pre-IPO Share Option Plan to subscribe for shares of the Company as disclosed in this announcement.

Pursuant to the agreement dated 10 February 2003 entered with the Company, CASH received and will receive, fees for acting as the Company's retained sponsor until 31 December 2005 or until such agreement is terminated upon the terms and conditions set out therein whereas SBI E2-Capital received fees for acting as the Company's retained sponsor up to their service termination date of 4 March 2004.

COMPETING INTEREST

Saved as those disclosed in the Prospectus and this announcement, as at 31 December 2003, none of the directors or the management shareholders (as defined in the GEM Listing Rules) of the Company had an interest in a business which competes or may compete with the business of the Group and any other conflicts of interest which any such person has or may have with the Group.

AUDIT COMMITTEE

The Company set up an audit committee on 5 February 2003 with written terms of reference in compliance with the requirements as set out in Rules 5.23 and 5.24 of the GEM Listing Rules. The primary duties of the audit committee are to review and provide supervision over the financial reporting process and internal controls of the Group. The audit committee comprises two independent non-executive directors, namely Mr. Mak Tak Cheong, Edmund and Mr. Che King Lun, Frankly and one executive director, namely, Mr. Li Shui. Mr. Mak Tak Cheong, Edmund is the chairman of the audit committee. The Group's results announcement for the year ended 31 December 2003 have been reviewed by the audit committee, who are of the opinion that such statements complied with the applicable accounting standards, the Stock Exchange and legal requirements, and that adequate disclosures have been made.

Since its establishment, the audit committee met five times, reviewing the Company's and the Group's reports, announcements, and accounts, and providing advice and recommendations to the directors of the Company.

BOARD PRACTICES AND PROCEDURES

The Company has complied with the Board Practices and Procedures as set out in Rules 5.28 to 5.39 of the GEM Listing Rules since the listing of the Company's shares on the GEM on 26 February 2003.

On behalf of the Board
Li Shui
Chairman

Hong Kong, 29 March 2004

This announcement will remain on the "Latest Company Announcements" page of the GEM website for at least seven days from its date of publication.