

GARMENT

In the first half of the financial year, overall performance of the Group's garment business was satisfactory. However, started from 4th quarter of 2000, sales orders from major markets such as USA and Japan started to reduce as a result of slow down in economic activities in these countries. Local Sales in South Africa also reduced in first quarter of 2001 after a strong year of growth. Also taken into account the effect of the disposal of Maran Inc. and its subsidiary in December 2000, the overall turnover and profit of garment division in this financial year decreased.

The Group sold its 90% shares in Maran Inc. and its subsidiary company in December 2000 at a consideration of US\$10,500,000 to its management. (For details, please refer to circular to shareholders on 10 January, 2001). The disposal, which significantly improved the liquidity of the Group, also includes a purchasing consultancy contract which ensures the Group's profit from USA garment business will not be significantly reduced for the next two years.

With the effort from management to establish new customers, minor markets such as Europe and Canada achieved satisfactory growth. In addition, the Group has started to export to USA market from South Africa, taking advantage of free quota and preferential import duty. These growth offset part of the reduction in turnover in major markets.

Facing major markets slow down, reduction in orders and price pressure, the Group has hired more experienced marketing and sales staff to develop new customers. In addition, management have also focused internal resource to refine production process in all factories to try to further reduce cost and improve production efficiency in order to compete against other low price manufacturers.

Prospects for the coming year will continue to be difficult before major export markets regain momentum. However, with the two years purchasing consultancy contract with Maran Inc. which guarantee income of net less than HK\$9 million in 2001, the Group's garment profit contribution will be maintained at a satisfactory level. On the other hand, with the effort of management to control cost and improve efficiency, the Group's garment profit contribution will start to grow following economic recovery from major export markets.

Finishing Section in Guatemala factory.



Computer Embroidery.



Hand Brush - Sand Blast Section in South Africa.



Sewing Section of factory in South Africa.



Garment



Outside view of Sunlight (Panyu) Garments and Laundry Co., Ltd. in Panyu, PRC.



Sewing Line at factory in Panyu, PRC.

RESTAURANTS

During the year catering industry in Hong Kong and China continued to be difficult with most operators resulted in reduction in turnover as well as profit. With effort from management to improve food and service quality, the Group's restaurant turnover was about the same as last year. However, overall profit reduced due to price competition pressure.

By area, most Carrianna restaurants in China performed satisfactorily. Overall turnover and profit increased from last year. During the year the Carrianna Restaurant in Hotel Oriental Regent in Shenzhen city completed renovation with more function rooms added. The renovation facilitates attraction of more high end customers and in turn helps improve turnover and profit. In order to reduce rental cost, the "Carrianna" restaurant in Hainan was relocated during the year.

In Hong Kong, both "Carrianna" restaurants results were not good. In order to reduce operating cost, management is re-negotiating rental contracts with the landlords of the two restaurants. In addition, the Group is also planning to renovate the Wanchai restaurant so as to attract more high end customers.

The Group's new "Carrianna" restaurant in Pudong area of Shanghai will start operation at the end of July 2001. This restaurant will contribute to the increase in turnover and profit of the Group.

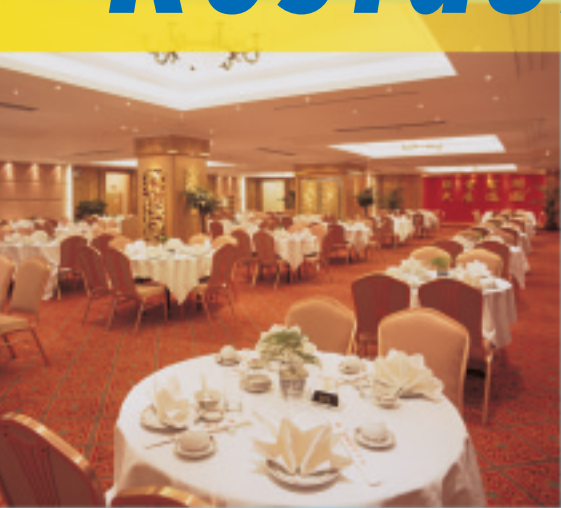
The newly renovated Carrianna restaurant at Hotel Oriental Regent, Shenzhen.



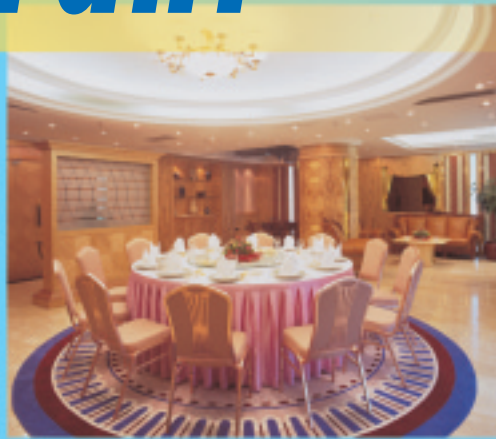
Spacious function room at Carrianna Friendship Square restaurant.



Restaurant



Dining hall in Carrianna restaurant in Carrianna Friendship Square.



AVIP room in Carrianna restaurant at Hotel Oriental Regent, Shenzhen



Carrianna restaurant in Chengdu.