

BUSINESS REVIEW

The Group's turnover during the period was approximately HK\$63,648,000 (corresponding period last year: approximately HK\$82,280,000), representing a decrease of approximately 23%. Turnover from North America and Mainland China fell 37% and 41% respectively, while other regions recorded a satisfactory increase of 103%. The profit attributable to shareholders was HK\$11,008,000 (corresponding period last year: approximately HK\$15,172,000), representing a decrease of approximately 27%; excluding unrealised investment loss of HK\$1,772,000, profit attributable to shareholders would have decreased by only 16%. Earnings per share was approximately HK2.76 cents (corresponding period last year: HK3.8 cents), representing a decrease of approximately 27%.

During the period under review, the global economic downturn had affected the Group's performance to a certain extent. In order to reduce its exposure to credit risks caused by the sluggish economy, the Group further adopted conservative policies in respect of its sales function during the period of operation, which together with the repositioning of the Group's businesses in China, brought about a short-term impact on the Group's turnover.

The Group is delighted to see initial satisfactory results from its manufacturing operations. Starting from last year, the Company consistently implemented a series of internal controls improvement such as management enhancement, manufacturing process rationalisation and stringent cost controls. Those measures effectively reduced the Company's production cost, as well as improved its profit margins, and translated into an increase of 3% in its gross profit ratio during the period compared to the corresponding period last year.