

BUSINESS REVIEW AND PROSPECT

For the six months ended 30 September 2002, the unaudited turnover of the Group was HK\$309,858,000 representing a 14.1% decrease over the corresponding period of last year while the unaudited attributable profit to shareholders grew by 10.7% to HK\$22,446,000.

Garment

Excluding the effect of South African Rand devaluation, garment turnover for the period was about the same as last year. South African Rand devaluation resulted in reduction of turnover and operation profit by 4.8% and 7.4% respectively. Excluding this exchange effect, garment operating profit for the period increased by 4.7% from last year. By area, strong growth in North America more than offset reduction of profit in South Africa and other areas.

For the second half year, orders from North America has slowed down while the 4th Quarter 2002 orders for South Africa has been strong. Together with the recent significant re-bounce of South African Rand, garment operating results for the whole year has a good prospect to be better than last year.

Restaurant

Restaurant turnover for the period was HK\$110,361,000 reduced from last year by a slight 2.6% while operating profit increased to HK\$8,684,000. The increase of profit was mainly due to all profit for mooncake was recognized in the first half year of this financial year while part of mooncake profit was recognized in second half year of last year. Restaurant profit for the period was about the same as last year. By region, Shanghai restaurant recorded good growth in profit which mostly offset reduction in profit for other restaurants.

Outlook for second half year will see pressure on profit as competition in China and Hong Kong is becoming more fierce.

Property

During the period, rental growth was satisfactory in both "Carrianna Friendship Square" and "Imperial Palace", the Group's investment properties in Shenzhen city centre. However, sales for the remaining units of "Imperial Palace" was slow due to slow down of Shenzhen property market. This was also the major reason for the reduction in the Group's turnover for the period.

In response to the slow down in sales, the Group has started to rent out some of the residential apartments. Rental return was satisfactory at approximately 8%. For the coming months, rental income will continue to grow and become the Group's major property development income.

Overall, the Group's first half year results was satisfactory and the board is prudently optimistic about the results in the second half of the year.