

In June 2003, a syndicated loan of HK\$288 million was raised in order to finance the investment in the yarn dyeing and piece dyeing business and the Group's second coal-fired facility. The syndicated loan was a 3 $\frac{1}{2}$ year facility bearing a competitive interest margin of HIBOR + 0.70% per annum. The Group's future expansion was well-planned with the loan in place.

The Directors remain cautiously optimistic towards the second half of the financial year as there are signs of improvement in the worldwide economy. The vertical set-up of the Group from yarn dyeing, knitted fabric manufacturing to garment sourcing and exporting laid down strong foundation for future business development. Looking forward, the Group will remain to pursue its expansion plan of the three core business segments so as to bring higher return to the shareholders.

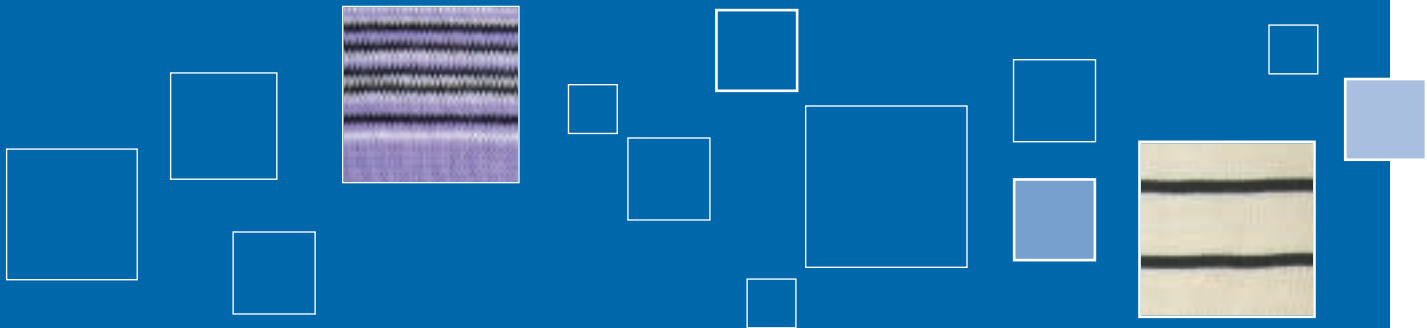
FINANCIAL REVIEW

Liquidity and Financial Resources

As at 30 September 2003, the Group had total assets of HK\$1,468,786,000 (31 March 2003: HK\$1,043,507,000) which were financed by current liabilities of HK\$516,269,000 (31 March 2003: HK\$413,083,000), long term liabilities of HK\$276,664,000 (31 March 2003: HK\$44,831,000) and shareholders' equity of HK\$650,444,000 (31 March 2003: HK\$570,132,000). The current ratio was approximately 1.8 (31 March 2003: 1.6) and the gearing ratio, being the ratio of total borrowings (net of bank balances and cash) to shareholders' funds was 53.5% (31 March 2003: 21.0%). The Directors are comfortable to maintain the ratios at this level. The Group services its debts primarily through cash earned from its operations. The Directors believe that the Group has maintained sufficient working capital for its operation and future expansion.

Exposure to Fluctuation in Foreign Exchange

The Group's monetary assets and liabilities were principally denominated in Hong Kong dollars, Chinese Renminbi and US dollars. Inasmuch as the Hong Kong dollars is pegged to the US dollars, and that there has been minimal fluctuation in exchange rate between Hong Kong dollars and Chinese Renminbi, the Group's exposure to currency exchange risk was minimal.



Capital Expenditure

During the period, the Group invested approximately HK\$179 million in property, plant and equipment, of which 65% was used for purchase of plant and machinery and 33% for acquisition of property and construction of new factory plant.

As at 30 September 2003, the Group had capital commitments of approximately HK\$89 million in respect of acquisition of new machinery and construction of new factory plant, which are financed by long-term bank borrowings.

Charges on Assets

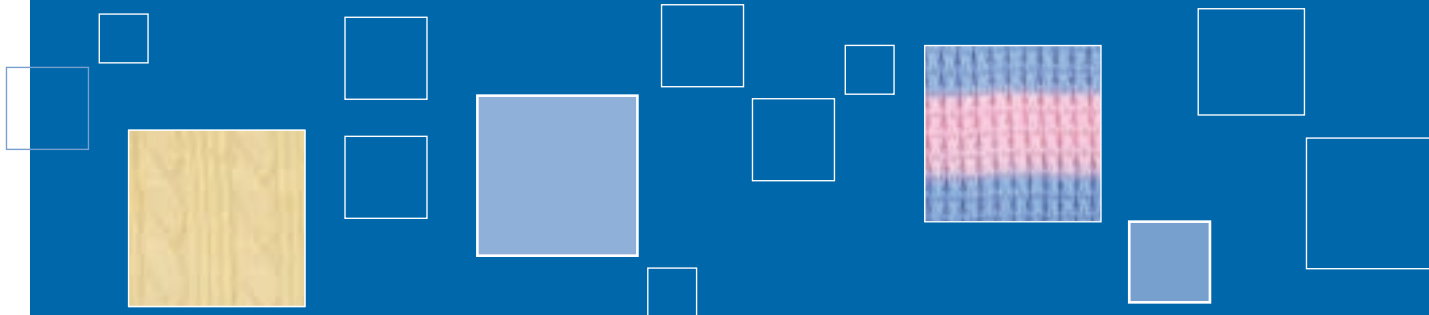
As at 30 September 2003, investment properties and certain property, equipment, plant and machinery of the Group with net book value of approximately HK\$33 million (31 March 2003: approximately HK\$33 million) were pledged to banks to secure banking facilities granted.

Contingent Liabilities

The Group's contingent liabilities as at 30 September 2003 were HK\$83,544,000 (31 March 2003: HK\$32,306,000) in relation to bills discounted with recourse and factoring financing facilities with recourse.

Employee Information

As at 30 September 2003, total number of employees of the Group were approximately 170 in Hong Kong, approximately 10 in USA and Canada and approximately 2,500 in the People's Republic of China. Remuneration packages are generally structured by reference to market terms and individual qualifications. Salaries and wages are normally reviewed on an annual basis based on performance appraisals and other relevant factors. Bonuses are normally paid to management staff based on individuals' merits as well as the results of the Group. Other benefits to the staff include a provident fund scheme as well as medical insurance.



The Company maintains a share option scheme, pursuant to which share options are granted to selected eligible executives, with a view to provide senior management with an appropriate incentive interest in the growth of the Group.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Friday, 2 January 2004 to Thursday, 8 January 2004, both days inclusive, during which period no transfer of shares can be registered. In order to qualify for the interim dividend, all share transfers accompanied by the relevant share certificates must be lodged with Company's branch share registrars in Hong Kong, Secretaries Limited of Ground Floor, BEA Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong, for registration not later than 4:00 p.m. on 31 December 2003.

DIRECTORS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30 September 2003, the interests and short positions of the Directors or chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Cap.571 of the Laws of Hong Kong) ("SFO")) which had been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they were deemed or taken to have under such provisions of the SFO) or which were required pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were required pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules to be notified to the Company and the Stock Exchange were as follows:

