

Management Discussion and Analysis

BUSINESS REVIEW AND SEGMENT ANALYSIS

For the year ended 30 November 2003, turnover of the Group totalled approximately HK\$17,672,000. Since our securities investment and trading business which commenced in last year has now become significant and represents one of the Group's main lines of business, turnover for the year has included amount of proceeds from the sale of trading business and corresponding comparative figure for the last year has also been restated. With the exceptional gain of approximately HK\$18,397,000 derived from the sale of subsidiaries, representing part of the Group's business restructuring process, the Group reported a net profit of approximately HK\$15,590,000 for the year.

Garment

Turnover for the year from garment sales continued to decrease to approximately HK\$475,000 with a gross profit contribution of approximately HK\$38,000. The low level of garment activities reflects the fact that the Group has still experienced very keen competition in the tough garment business and therefore the management has adopted a cautious and prudent approach in evaluating and activating the garment business and instead has placed more emphasis in business diversification.

Securities investment and trading

Turnover for the year from securities investment and trading segment amounted to approximately HK\$17,197,000 with a gross profit contribution of approximately HK\$468,000. Consistent with the prudent approach, the Group principally invested in blue-chip shares. This enables the Group to maximize its return from the booming stock market during the year in a safe manner.

Property development

The Group has held an equity interest in a joint development of villa type houses in Kau To Shan, Shatin. The foundation work of the project has been completed and construction work is expected to be completed in the third quarter of this year. It is anticipated that property sale revenue will be generated and recorded in fiscal 2004.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

In the year under review, the Group's liquidity and financial resources positions were healthy. As at 30 November 2003, the Group had no external borrowings but held an aggregate cash and bank balances of approximately HK\$22,602,000 and marketable securities of approximately HK\$24,865,000. Apart from certain short term financing entered into during the year for the securities trading, the Group generally financed its business development by means of internal resources.

PLEDGE OF ASSETS

As at 30 November 2003, certain assets of the Group amounting to approximately HK\$3,861,000 were pledged to secure credit facilities granted to the Group.

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EMPLOYEES

As at 30 November 2003, the total number of employees of the Group was about 15. The Group remunerates its employees by means of salary and bonus based on their performance, working experience, degree of hardship and prevailing market practice.

CONTINGENT LIABILITIES

The Group has executed a corporate guarantee up to an extent of HK\$4,800,000 to secure banking facilities granted to a jointly-controlled entity of the Group. As at 30 November 2003, none of these banking facilities were utilised.

PROSPECTS

The management undertakes to continue to look for new investments with good return and will continue to diversify its investments by not constraining itself solely to the garment sector with the Group's development in various business segments of good potential in the coming year in order to bring in additional returns to our shareholders. In particular, with the current positive conditions in the property market, the management plans to allocate additional resources to the existing property development business of villa type houses.