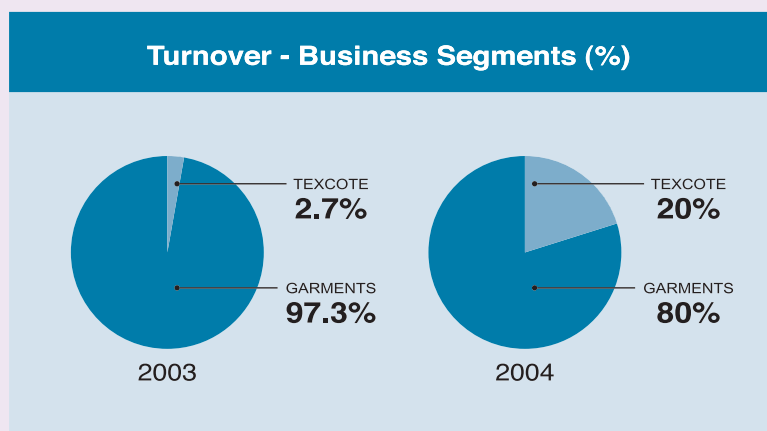
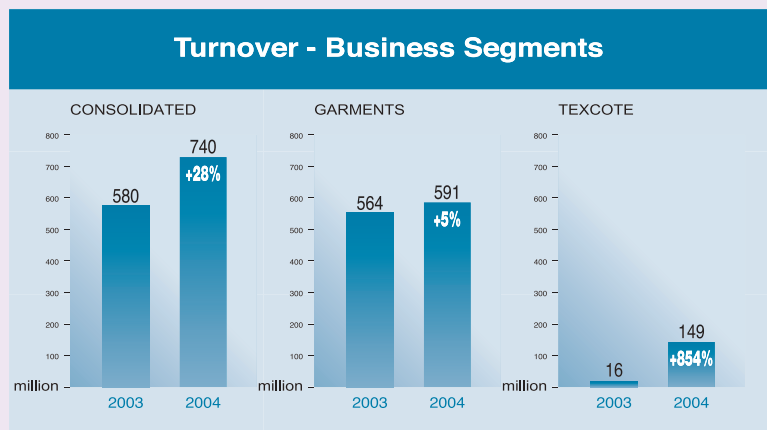


Turnover Breakdown (By Business Segments)



Seize Opportunities to Realize Full Potential

Business Review

During the year under review, strong growth in the Swedish Texcote Technology business helped offset the negative impact of the beleaguered global economy and SARS in the first half of 2003. The Group recorded a turnover of HK\$739,677,000 and net profit attributable to shareholders of HK\$113,872,000, representing an increase of 27.6% and 377.9% respectively from HK\$579,652,000 and HK\$23,827,000 last year. Basic earnings per share was HK8.76 cents (2003: HK2.22 cents). The Group's gross profit increased to HK\$253,712,000 and the gross profit margin was 34.3% (2003: The Group's gross profit stood at HK\$166,338,000 and gross profit margin was 28.70%).

During the year under review, the Group's apparel manufacturing and distribution business was still its core revenue generator, which recorded a turnover of HK\$590,847,000, or 79.9% of the Group's total turnover (2003: turnover of HK\$564,049,000 which accounted for 97.3% of the Group's total turnover).

The Group's Swedish Texcote Technology business also demonstrated remarkable growth during the year under review. Turnover notched up to HK\$148,830,000, an increase of 854% from HK\$15,603,000 last year. It contributed to 20.1% of the Group's total turnover, compared with 2.7% last year.

In addition to normal recurring business income, the Group successfully divested 10% shareholding interest in New Asia Associates Limited, the holding company for the Texcote business, to independent investors for a consideration of HK\$45,000,000 which realized a gain of HK\$41,707,000 to the Group. Our management considers that the share placement not only provides immediate return to the Group but the proceeds can also be utilized for the further development of our Swedish Texcote Technology and related business.

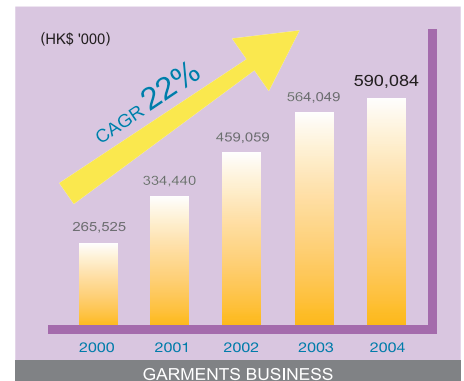
Apparel Manufacturing and Distribution

During the year under review, the PRC was still the Group's core market. The Group's apparel business in the PRC comprised both mainland apparel distribution and apparel exports to foreign countries, which totalled HK\$487,002,000, up 5% from HK\$463,720,000 last year. The PRC's entry into the World Trade Organization lured a flurry of apparel brands to establish presence in the key cities of the PRC. The market was swamped with a growing number of apparel brands and the competition was highly intensified. The Group therefore altered its sales strategy in the PRC and adjusted the distribution mix in the first-tier cities against the second-tier and third-tier cities in the PRC. The Group switched its focus on second-tier and third-tier cities in the PRC to expand its distribution business and consolidate the franchise network. These initiatives can help underscore the Group's market penetration in the PRC.

During the year under review, the Texcote-treated NANOECO collection continued to gain worldwide recognition. Despite political uncertainty in the Middle East market due to the Iraq war, the reach of the Group's franchised outlets in the Middle East was expanded from two to six countries, covering Saudi Arabia, the United Arab Emirates, Bahrain, Kuwait, Qatar and Jordan.

The Hong Kong retail sector was exacerbated by the rampant SARS epidemic in the first half of 2003 and the Group's apparel retail business dropped approximately 9% in the first half of the financial year accordingly. After the SARS outbreak, the Closer Economic Partnership Agreement signed between the PRC and Hong Kong and the gradual relaxation of Individual Visit Scheme rejuvenated the entire local economy. The Group's apparel retail business in the latter half of 2003 had returned to the pre-SARS level. During the year under review, although the Group's retail network in Hong Kong was reduced by 4 shops, the apparel retail business recorded an increase to reach HK\$103,845,000, up 3.5% compared with HK\$100,330,000 last year.

The Group was committed to quality customer services to enhance its competitive edge and was bestowed by professional institutions. In November 2003, the Group became the first apparel chain store operator being awarded the Certificate of Hong Kong Q-mark Service Scheme presented by Hong Kong Q-mark Council of the Federation of Hong Kong Industries.



Forging Ahead with State-of-the-art Technology

Swedish Texcote Technology

During the year under review, the Group successfully propelled the commercialization of Swedish Texcote Technology, and signed partnership agreements with a number of manufacturers to fully extend the application to non-garment textile products. During the year under review, turnover of the Swedish Texcote Technology business was HK\$148,830,000, an increase of 854% from HK\$15,603,000 last year. It accounted for 20.1% of the Group's total turnover, up from 2.7% last year.

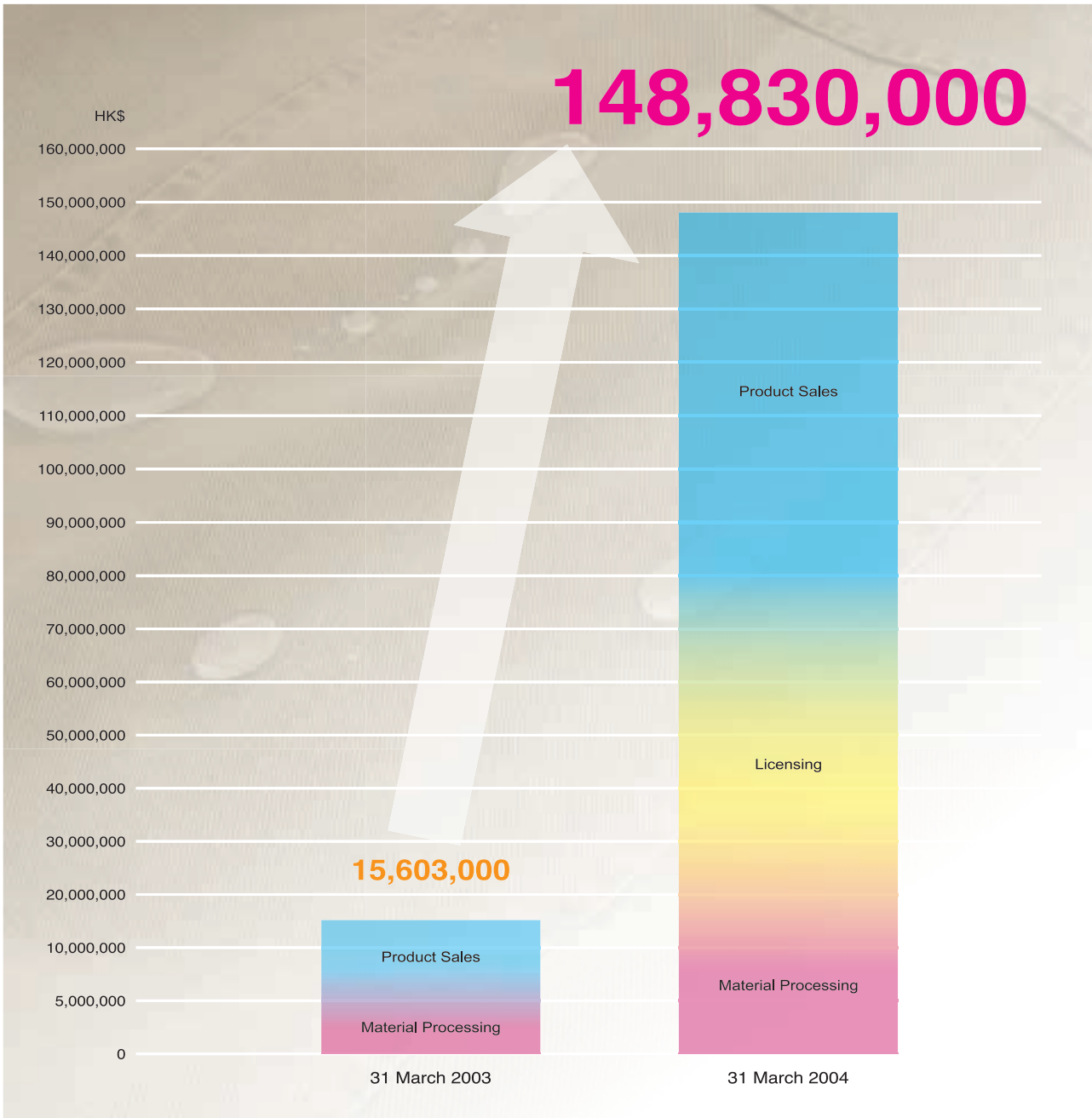


During the SARS outbreak, the Group swiftly responded to the demand of quality and hygienic medical products in the market. The Group launched a series of well-received nano medical products, including nano masks and nano protective gowns, backed by water repellent, stain resistant and anti-bacteria features of Swedish Texcote Technology. This marked the unprecedented technology application in non-garment textile products. The first-of-its-kind nano masks (Nano Type) surpassed a series of more stringent standards (GB 19083-2003) newly implemented by the State Administration of Quality Supervision and Quarantine in the PRC on 29 April 2003. The Group's series of nano medical products will certainly set a new benchmark and herald a new era for nano medical products in the PRC.

During the year under review, the Group sealed partnership agreements with different manufacturers through different business models to jointly manufacture and distribute a wide spectrum of Texcote-treated products, including medical masks, casual footwear, toys, household goods, textile fabric materials, silk products, wool fabrics and wool products. The Group also diversified its business portfolio and extended into technology licensing by establishing itself as the nano technology distributor. This would enable the Group to collaborate with Texcote partners to manufacture and distribute value-added nano textile products. In textile processing, the Group's Swedish Texcote Technology processing lines in Shenzhen, Guangdong province, commenced operation in April 2003 with a capacity of more than 200,000 products (in terms of garments) per month.



Turnover - Swedish Texcote Technology



Material Processing
Processing finished garments for other brands and manufacturers with Texcote processing technology

Licensing
Granting rights to other textile manufacturers and receiving Texcote technology licensing fees

Product Sales
Sale of Texcote chemicals and Texcote-treated textile products