



It is anticipated the global trading environment will remain highly competitive with continuing pressures on operating costs. The Directors remain cautiously optimistic towards the second half of the financial year as our business developments are on the right trajectory. The vertical set-up of the Group from yarn dyeing, knitted fabric manufacturing to garment sourcing, manufacturing and exporting laid down strong foundation for future business growth. We are well-positioned to excel and to capitalize on any strategic opportunities that fit our corporate vision so as to maintain our uninterrupted record of growth for our shareholders.

There has been no important event affecting the Group which occurred since 30 September 2006.

## FINANCIAL REVIEW

### Liquidity and Financial Resources

As at 30 September 2006, the Group had total assets of HK\$4,127,157,000 (31 March 2006: HK\$3,638,188,000) which were financed by current liabilities of HK\$1,886,332,000 (31 March 2006: HK\$1,425,159,000), long term liabilities of HK\$502,160,000 (31 March 2006: HK\$610,342,000) and shareholders' equity of HK\$1,664,492,000 (31 March 2006: HK\$1,547,162,000). The current ratio was approximately 1.3 (31 March 2006: 1.5) and the gearing ratio, being the ratio of total borrowings (net of bank balances and cash) to shareholders' funds was 68% (31 March 2006: 57%). 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. In as much 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\$189 million in property, plant and equipment, of which 47% was used for purchase of plant and machinery and 51% for acquisition of property and construction of new factory plant.

As at 30 September 2006, the Group had capital commitments of approximately HK\$162 million in respect of acquisition of property, plant and equipment and investment properties, which are financed by long-term bank borrowings.

### **Charges on Assets**

As at 30 September 2006, investment properties and certain property, equipment, plant and machinery of the Group with carrying value of approximately HK\$116 million (31 March 2006: approximately HK\$105 million) were pledged to banks to secure banking facilities granted.

### **Employee Information**

As at 30 September 2006, total number of employees of the Group were approximately 260 in Hong Kong and Macau, approximately 10 in USA and Canada, approximately 1,200 in Jordan, approximately 1,100 in Indonesia and approximately 6,600 in the PRC. 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.

### **INTERIM DIVIDEND**

The Directors have resolved to declare an interim dividend of HK7.2 cents (2006: HK6.5 cents) per share of the Company for the year ending 31 March 2007. The interim dividend will be payable on 5 March 2007 to shareholders whose names appear on the register of members of the Company on 11 January 2007 with a scrip alternative to offer the right to shareholders to elect to receive such interim dividend wholly or partly by allotment of new shares credited as fully paid in lieu of cash.

A circular containing details of the scrip dividend scheme together with an election form will be sent to the shareholders of the Company as soon as practicable. The scrip dividend scheme is subject to the following conditions: (a) the issue price of a new share of the Company to be issued pursuant thereto being not less than the nominal value of a share of the Company; and (b) the granting by the Listing Committee of The Stock Exchange of Hong Kong Limited of the listing of and permission to deal in the new shares of the Company to be issued pursuant thereto.

### **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from 8 January 2007 to 11 January 2007 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 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on 5 January 2007.

