

INTERIM DIVIDEND

The Board resolved that an interim dividend of HK2 cents per share (2003: HK1 cent) be payable on 17th January, 2005. The shareholders' register will be closed from 7th January, 2005 to 12th January, 2005 (both days inclusive). In order to qualify for interim dividend, transfer must be lodged at the company registrars, Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:00 p.m. on Thursday, 6th January, 2005.

BUSINESS REVIEW AND PROSPECTS

Sales volume of the Group for the 6 months period was HK\$806,226,000 (2003: HK\$685,976,000), an increase of over 17%.

Overall profits comparison had decreased slightly to HK\$14,071,000 (2003: HK\$15,330,000) due to negative results from a few associated companies. However operating profits had in fact increased significantly for reasons as follows:

1. Garment manufacturing and garment trading business enjoyed a relatively good period. Sales revenue and results of all our factories have improved with the exception of Lesotho factory which continued to incur heavy losses due mainly to surge in exchange rate of the Rand (Lesotho's local currency) thus resulting a heavy increase in our manufacturing costs.
2. The increase of Euro and Pound Sterling exchange rates against Hong Kong dollars and U.S. dollars also added to the positive improvement for garment export to Europe and the U.K.
3. Our new investment in Wuxi China - Wuxi YGM Textile Co., Ltd. of which our Group owns 70% had achieved excellent profits as compared with a slight loss for the same period last year which was caused by the startup costs. We expect to further increase our investment in this textile factory for the next stage of expansion.

中期股息

董事會議決將於二零零五年一月十七日派付中期股息每股2港仙(二零零三年:每股1港仙)。本公司之股份過戶登記手續將由二零零五年一月七日起至二零零五年一月十二日止(包括首尾兩天)暫停辦理。如欲符合收取中期股息之資格,必須於二零零五年一月六日(星期四)下午四時正之前將過戶表格送交本公司之股份過戶登記處香港中央證券登記有限公司,地址為香港皇后大道東183號合和中心17樓1712-1716室。

業務回顧及前景

本集團於過去六個月期間之銷售額為806,226,000港元(二零零三年:685,976,000港元),升幅超過17%。

溢利總額輕微下跌至14,071,000港元(二零零三年:15,330,000港元),此乃少部分聯營公司經營虧蝕所致。然而,經營溢利實際大幅上升,原因如下:

1. 成衣製造及成衣貿易業務表現不俗。本集團旗下全部廠房之銷售收益及業績均有所增長,只有萊索托廠房繼續出現嚴重虧損,主要因為萊索托當地貨幣蘭特之匯率飆升,導致生產成本大幅上漲。
2. 歐羅及英磅兌港元及美元之匯率上升,令運銷至歐洲及英國之成衣出口進一步增加。
3. 本集團於中國無錫擁有70%權益之新投資項目—無錫長江精密紡織有限公司錄得可觀溢利,反之去年同期因產生開辦成本而錄得輕微虧損。本集團預期為下一階段之擴充計劃,進一步增加此紡織廠之投資。

BUSINESS REVIEW AND PROSPECTS (Continued)

The decrease of our overall net profits was attributed mainly by the losses incurred by our associated companies. Qinghai Changqing Aluminium Corporation, one of our associated companies suffered a loss in this period due to high material and energy costs. Another associated company, Wuxi Changxin Textile Co., Ltd. of which we own 33% had made a small loss due mainly to carrying high cost inventory of raw cotton in this period. We have anticipated this to happen and have reported it in our March 2004 annual report.

As the year 2005 is approaching when export of garments to most countries in the world will be free of quota, we will review the position of all our factories carefully to best fit into this quota free environment.

LIQUIDITY AND FINANCIAL RESOURCES

During the period under review, the Group's operations continued to be financed by the internal resources and bank borrowings.

As at 30th September, 2004, the cash and bank balances (including pledged deposits) of the Group were approximately HK\$69,000,000 (as at 31st March, 2004: HK\$63,000,000). As at 30th September, 2004, the bank borrowings of the Group were approximately HK\$585,000,000 (as at 31st March, 2004: HK\$588,000,000), of which approximately HK\$340,000,000 (as at 31st March, 2004: HK\$313,000,000) was short term while approximately HK\$245,000,000 (as at 31st March, 2004: HK\$275,000,000) was long term. The gearing ratio (calculated by dividing total bank borrowings net of cash and bank balances by shareholders' equity) of the Group as at 30th September, 2004 was 124% (as at 31st March, 2004: 127%). The bank borrowings including bank loans and overdrafts are mainly in Hong Kong dollars, United States dollars and Renminbi.

業務回顧及前景 (續)

本集團之整體溢利淨額下降，乃主要受到聯營公司產生之虧損拖累所致。本集團其中一家聯營公司青海長青鋁業有限公司，因物料及能源成本高昂，於期內錄得虧損。本集團擁有33%權益之另一家聯營公司無錫長新紡織有限公司，亦因期內承受高成本的原棉而錄得輕微虧損。本集團早已預料出現此情況，並於二零零四年三月刊發之年報作出報告。

二零零五年快將來臨，屆時全球大部分國家均取消成衣進口配額限制，本集團將審慎為旗下全部廠房重新定位，務求更切合配額限制取消後之營商環境。

流動資金及資本來源

於回顧期間內，本集團仍以其內部資源及銀行貸款作為營運資金。

於二零零四年九月三十日，本集團之現金及銀行結餘(包括抵押存款)約為69,000,000港元(於二零零四年三月三十一日：63,000,000港元)。於二零零四年九月三十日，本集團之銀行借貸約為585,000,000港元(於二零零四年三月三十一日：588,000,000港元)，當中約340,000,000港元(於二零零四年三月三十一日：313,000,000港元)為短期借貸，約245,000,000港元(於二零零四年三月三十一日：275,000,000港元)為長期借貸。於二零零四年九月三十日，本集團之資本負債比率(銀行借貸總額扣除現金及銀行結餘後再除以股東權益)為124%(於二零零四年三月三十一日：127%)。銀行借貸包括銀行貸款及透支均以港幣、美元及人民幣為主。

LIQUIDITY AND FINANCIAL RESOURCES (Continued)

To strengthen the Group's financial position, on 12th October, 2004, the Group has successfully raised funds of approximately HK\$126,000,000 by way of rights issue on the basis of one rights share for every two existing shares held by qualifying shareholders. The net proceeds of the right issue is applied for repayment of part of the Group's bank loans, for possible expansion of textile business and for general working capital purposes.

The Group adopts a prudent policy to hedge the fluctuation of exchange rates. Most of the operating activities are denominated in Hong Kong dollars or United States dollars. For those denominated in other currencies, the Group may enter into forward contracts to hedge its receivables and payables denominated in foreign currencies against the exchange rate fluctuations.

PLEDGE OF ASSETS

As at 30th September, 2004, the Group had pledged certain assets with carrying values of HK\$276,000,000 (as at 31st March, 2004: HK\$276,000,000) to secure banking facilities granted to the Group.

EMPLOYMENT AND REMUNERATION POLICIES

As at 30th September, 2004, the Group, including its subsidiaries but excluding associates, employed approximately of 7,000 employees. Remuneration package is determined with reference to their performance and the prevailing salary levels in the market. In addition, the Group provides year end double pay, provident fund scheme, medical insurances and trainings to staff.

流動資金及資本來源 (續)

為增強本集團之財政狀況，於二零零四年十月十二日本集團通過發行供股成功集資約126,000,000港元，發行供股予合資格股東，以每持有兩股現有股份可獲發一股供股股份為基準。並動用上述發行供股股份之所得款項償還本集團之部分銀行貸款，以支付可能擴充紡織業務計劃之開支及撥作一般營運資金。

本集團採用審慎政策以對沖匯率波動。本集團大部份業務均主要以港元及美元結算。至於以其他貨幣結算之業務，本集團已就其以外幣結算之應收及應付款訂立若干遠期合約，以對沖外匯波動。

資產抵押

於二零零四年九月三十日，本集團將若干資產賬面值為276,000,000港元(於二零零四年三月三十一日: 276,000,000港元)予以抵押，以作為授予本集團銀行信貸之擔保。

僱員及薪酬政策

於二零零四年九月三十日，除聯營公司以外，本集團包括其附屬公司聘用約7,000名僱員。薪酬組合乃參照員工之表現及市場當時之薪金水平而釐定。此外，本集團為僱員提供年終雙糧、公積金計劃、醫療保險及培訓。