

**PROSPECTS**

Following the 911 tragedy in the United States, the macroeconomic environment of the global economy remains unfavorable and it poses great challenges for most of the business leaders over the world.

However, the Directors believe the demand for the Group's ODM products will remain steady on an overall basis for the second half of the year. It is expected that the weakness of the demand for the Group's ODM products in the United States will continue, but the growth of demand in the European and Asian markets is expected to contribute significantly to the Group's overall results. The Group will continue to diversify its business geographically to minimize the risk of over-reliance on any single market.

With the launch of the newly developed Hallmark eyewear collection in the second half of the financial year, it is expected that the Group's distribution business will continue to offer encouraging results. In addition to the exclusive right to distribute Hallmark eyewear in most of the major European and Asian countries, the Group has recently obtained the same distribution right in Australia and New Zealand. The Group is still identifying other licensing opportunities for prominent brand names to enrich its brand portfolio.

