



CROCODILE GARMENTS



Crocodile Garments Limited

Interim Report 2004-2005

PLACE OF INCORPORATION

Hong Kong

BOARD OF DIRECTORS

Lam Kin Ming (*Deputy Chairman*)

Lam Kin Ngok, Peter

Lam Kin Hong, Matthew

U Po Chu

Shiu Kai Wah

Chiu Wai

Wan Yee Hwa, Edward*

Yeung Sui Sang*

Chow Bing Chiu*

Mr. Lim Por Yen (*Chairman*) (passed away on 18th February, 2005)

* *Independent Non-executive Directors*

COMPANY SECRETARY

Yeung Kam Hoi

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Stock code on Hong Kong Stock Exchange: 122

RESULTS

The Board of Directors of Crocodile Garments Limited (the "Company") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 31st January, 2005 together with the comparative figures as follows:

CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the six months ended 31st January, 2005

	Notes	Six months ended	
		31/1/2005 (Unaudited) HK\$'000	31/1/2004 (Unaudited) HK\$'000
TURNOVER	(3)	212,656	245,408
Cost of sales		(103,376)	(128,713)
Gross profit		109,280	116,695
Other revenue	(4)	16,774	5,701
Selling and distribution costs		(78,812)	(82,388)
Administrative expenses		(24,012)	(23,769)
Profit/(Loss) on disposal/write-off of fixed assets, net		14	(38)
Other operating expenses		(171)	(649)
PROFIT FROM OPERATING ACTIVITIES	(5)	23,073	15,552
Finance costs		(471)	(484)
PROFIT BEFORE TAX		22,602	15,068
Tax	(6)	(4,472)	(4,161)
NET PROFIT ATTRIBUTABLE TO SHAREHOLDERS		18,130	10,907
EARNINGS PER SHARE — BASIC	(7)	HK cents 2.94	HK cents 1.77

CONDENSED CONSOLIDATED BALANCE SHEET

31st January, 2005

		31/1/2005 (Unaudited) HK\$'000	31/7/2004 (Audited) HK\$'000
	Notes		
NON-CURRENT ASSETS			
Fixed assets		22,512	16,307
Investment properties		190,700	190,700
Rental and utility deposits		11,545	9,288
Deferred tax assets	(8)	8,926	13,398
		233,683	229,693
CURRENT ASSETS			
Inventories	(9)	86,790	74,986
Debtors, deposits and prepayments	(10)	13,381	15,063
Cash and bank balances		142,658	156,476
		242,829	246,525
CURRENT LIABILITIES			
Bank loans and overdrafts		27,132	26,481
Trust receipt loans		9,350	16,621
Creditors and accruals	(11)	93,970	105,358
Amount due to the ultimate holding company		66	7
Amount due to a related company		113	—
Tax payable		10,551	10,551
		141,182	159,018
NET CURRENT ASSETS		101,647	87,507
TOTAL ASSETS LESS CURRENT LIABILITIES		335,330	317,200
NON-CURRENT LIABILITIES			
Provision for long service payments		3,088	3,088
		332,242	314,112
CAPITAL AND RESERVES			
Issued capital	(12)	154,282	154,282
Reserves		337,381	337,381
Accumulated losses		(159,421)	(177,551)
		332,242	314,112

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31st January, 2005

	Issued capital HK\$'000	Share premium account HK\$'000	Capital reserve HK\$'000	Fixed assets revaluation reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 31st July, 2003 and 1st August, 2003 (Audited)	154,282	164,921	350	171,555	(225,447)	265,661
Surplus on revaluation, not recognised in the profit and loss account	—	—	—	555	—	555
Net profit for the year	—	—	—	—	47,896	47,896
At 31st July, 2004 and 1st August, 2004 (Audited)	154,282	164,921	350	172,110	(177,551)	314,112
Net profit for the period	—	—	—	—	18,130	18,130
At 31st January, 2005 (Unaudited)	154,282	164,921	350	172,110	(159,421)	332,242

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 31st January, 2005

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	Six months ended	
	31/1/2005 (Unaudited) HK\$'000	31/1/2004 (Unaudited) HK\$'000
Net cash inflow from operating activities	1,733	25,630
Net cash outflow from investing activities	(8,931)	(922)
Net cash outflow from financing activities	(7,271)	(3,991)
Net increase/(decrease) in cash and cash equivalents	(14,469)	20,717
Cash and cash equivalents at beginning of period	154,245	62,115
Cash and cash equivalents at end of period	139,776	82,832

ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS

Cash and bank balances	142,658	84,054
Bank overdrafts	(2,882)	(1,222)
	139,776	82,832

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The unaudited condensed financial statements have been prepared in accordance with the Statement of Standard Accounting Practice ("SSAP") 25 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Stock Exchange") (the "Listing Rules").

2. PRINCIPAL ACCOUNTING POLICIES

The condensed financial statements have been prepared under the historical cost convention. The accounting policies and methods of computation used in the preparation of the condensed interim financial statements are consistent with those used in the annual accounts for the year ended 31st July, 2004.

HKICPA has issued a number of new and revised Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards ("new HKFRSs") which are generally effective for accounting periods beginning on or after 1st January, 2005. The Group has not early adopted these new HKFRSs in the interim financial statements for the six months ended 31st January, 2005.

3. SEGMENT INFORMATION

Segment information is presented by way of two segment formats: (i) on a primary segment reporting basis, by business segment; and (ii) on a secondary segment reporting basis, by geographical segment.

The Group's operating businesses are structured and managed separately, according to the nature of their operations and the products and services they provide. Each of the Group's business segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of the other business segments. Summary details of the business segments are as follows:

- (a) the garment and related accessories segment engages in the manufacture and sale of garments and related accessories;
- (b) the property investment segment invests in land and buildings for its rental income potential; and
- (c) the corporate and others segment comprises the Group's corporate income and expense items and other segment income and segment expense items.

In determining the Group's geographical segments, revenues are attributed to the segments based on the location of the customers.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

3. SEGMENT INFORMATION *(continued)*

Business segments

For the six months ended 31st January, 2005

	Garment and related accessories (Unaudited) HK\$'000	Property investment (Unaudited) HK\$'000	Corporate and others (Unaudited) HK\$'000	Eliminations (Unaudited) HK\$'000	Consolidated (Unaudited) HK\$'000
Segment revenue:					
Sales to external customers	206,860	5,796	—	—	212,656
Intersegment sales	—	12	—	(12)	—
Other revenue	16,198	110	—	—	16,308
Total	223,058	5,918	—	(12)	228,964
Segment results	18,377	4,789	(559)	—	22,607
Interest income					466
Profit from operating activities					23,073
Finance costs					(471)
Profit before tax					22,602
Tax					(4,472)
Net profit attributable to shareholders					18,130

For the six months ended 31st January, 2004

	Garment and related accessories (Unaudited) HK\$'000	Property investment (Unaudited) HK\$'000	Corporate and others (Unaudited) HK\$'000	Eliminations (Unaudited) HK\$'000	Consolidated (Unaudited) HK\$'000
Segment revenue:					
Sales to external customers	239,844	5,564	—	—	245,408
Intersegment sales	—	256	—	(256)	—
Other revenue	5,357	107	—	—	5,464
Total	245,201	5,927	—	(256)	250,872
Segment results	10,157	5,297	(139)	—	15,315
Interest income					237
Profit from operating activities					15,552
Finance costs					(484)
Profit before tax					15,068
Tax					(4,161)
Net profit attributable to shareholders					10,907

3. **SEGMENT INFORMATION** (continued)

Geographical segments

For the six months ended 31st January, 2005

	Hong Kong (Unaudited) HK\$'000	China Mainland (Unaudited) HK\$'000	Consolidated (Unaudited) HK\$'000
Segment revenue:			
Sales to external customers	117,799	94,857	212,656
Other revenue	730	15,578	16,308
Total	118,529	110,435	228,964

For the six months ended 31st January, 2004

	Hong Kong (Unaudited) HK\$'000	China Mainland (Unaudited) HK\$'000	Consolidated (Unaudited) HK\$'000
Segment revenue:			
Sales to external customers	136,573	108,835	245,408
Other revenue	498	4,966	5,464
Total	137,071	113,801	250,872

4. **OTHER REVENUE**

	Six months ended	
	31/1/2005 (Unaudited) HK\$'000	31/1/2004 (Unaudited) HK\$'000
Other revenue		
Royalty income	14,653	4,182
Sale of miscellaneous materials	343	347
Sale of export quotas	345	302
Interest income	466	237
Others	967	633
	16,774	5,701

5. **PROFIT FROM OPERATING ACTIVITIES**

Profit from operating activities is arrived at after charging/(crediting):

	Six months ended	
	31/1/2005 (Unaudited) HK\$'000	31/1/2004 (Unaudited) HK\$'000
Depreciation of owned fixed assets	3,205	2,664
(Profit)/Loss on disposal/write-off of fixed assets, net	(14)	38

6. TAX

No Hong Kong profits tax has been provided as the Group had available tax losses brought forward from prior years to offset the estimated assessable profits arising in Hong Kong for both the current and prior periods. In addition no tax outside Hong Kong was provided for as the Group had available tax losses brought forward from prior years to offset the estimated assessable profit during the current period and incurred a taxable loss during the prior period from these operations. The current and prior periods' tax charge represented deferred tax.

7. EARNINGS PER SHARE

Earnings per share is calculated based on the net profit attributable to shareholders of HK\$18,130,000 (2004: HK\$10,907,000) and the weighted average of 617,127,130 (2004: 617,127,130) ordinary shares of the Company in issue throughout the period.

Diluted earnings per share for the six months ended 31st January, 2005 and 2004 have not been calculated because no diluting events existed during these periods.

8. DEFERRED TAX ASSETS

The movements in deferred tax asset arising from losses available for offset against future taxable profit during the period is as follows:

	Group HK\$'000
At 31st July, 2003 and 1st August, 2003 (Audited)	10,043
Deferred tax credited to the profit and loss account during the year	3,355
At 31st July, 2004 and 1st August, 2004 (Audited)	13,398
Deferred tax charged to the profit and loss account during the period	(4,472)
Deferred tax asset as at 31st January, 2005 (unaudited)	8,926

Deferred tax has been calculated at a rate of 17.5% (2004: 17.5%) on cumulative temporary differences at the balance sheet date.

At 31st January, 2005, the Group had unprovided deferred tax assets which represented the following temporary differences and tax losses:

	31/1/2005 (Unaudited) HK\$'000	31/7/2004 (Audited) HK\$'000
Tax losses	301,709	292,337
Decelerated capital allowances	7,337	11,214
Others	20,139	23,279
	329,185	326,830

Deferred tax assets have not been recognised because they relate to subsidiaries that have been either loss making for some time or in the Directors' opinion it is uncertain whether future taxable profits would arise to offset against these losses.

8. DEFERRED TAX ASSETS (continued)

At 31st January, 2005, there is no significant unrecognised deferred tax liability (2004: Nil) for taxes that would be payable on the unremitted earnings of certain of the Group's subsidiaries or joint ventures as the Group has no liability to additional tax should such amounts be remitted.

9. INVENTORIES

	31/1/2005 (Unaudited) HK\$'000	31/7/2004 (Audited) HK\$'000
Raw materials	8,734	10,225
Work in progress	286	511
Finished goods	77,770	64,250
	86,790	74,986

The carrying amounts of the Group's inventories included in the above that are carried at net realisable value were HK\$19,750,000 (2004: HK\$27,467,000).

10. DEBTORS, DEPOSITS AND PREPAYMENTS

Other than cash sales made at retail outlets of the Group, trading terms with wholesale customers are largely on credit, except for new customers, where payment in advance is normally required. Invoices are normally payable within 30 days of issuance, except for certain well-established customers, where the terms are extended to 90 days. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are regularly reviewed by senior management.

The analysis below ages trade receivables, net of provisions, based on the overdue date, which is when the goods are delivered and services are rendered.

	31/1/2005 (Unaudited) HK\$'000	31/7/2004 (Audited) HK\$'000
Current to 90 days	2,182	5,820
91 days to 180 days	1,031	10
181 days to 365 days	38	552
Trade debtors	3,251	6,382
Deposits and prepayments	10,130	8,681
	13,381	15,063

11. CREDITORS AND ACCRUALS

The analysis below ages trade creditors based on the date of receipt of the goods and services purchased.

	31/1/2005 (Unaudited) HK\$'000	31/7/2004 (Audited) HK\$'000
Current to 90 days	30,572	19,901
91 days to 180 days	4,575	6,590
181 days to 365 days	4,902	709
Over 365 days	4,095	4,038
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Trade creditors	44,144	31,238
Deposit received	35,982	47,068
Accruals and other payables	13,844	27,052
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	93,970	105,358
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12. SHARE CAPITAL

	31/1/2005 (Unaudited) HK\$'000	31/7/2004 (Audited) HK\$'000
Authorised		
800,000,000 ordinary shares of HK\$0.25 each	200,000	200,000
<hr/>		
Issued and fully paid:		
617,127,130 ordinary shares of HK\$0.25 each	154,282	154,282
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13. RELATED PARTY TRANSACTIONS

The Group had the following transactions with related parties during the period:

	Six months ended	
	31/1/2005 (Unaudited) HK\$'000	31/1/2004 (Unaudited) HK\$'000
Rental expenses paid and payable to related companies	2,514	2,240
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Rental expenses are charged by related companies pursuant to respective lease agreements.

The Company's directors considered that the above transactions have been conducted in the ordinary and usual course of the Group's business.

14. OPERATING LEASE ARRANGEMENTS

At the balance sheet date, the Group had the following commitments:

(a) **As lessor**

The Group had minimum lease receipts under non-cancellable operating leases which fall due as follows:

	31/1/2005 (Unaudited) HK\$'000	31/7/2004 (Audited) HK\$'000
Within one year	5,259	6,938
In the second to fifth years, inclusive	7,298	1,184
After five years	1,610	—
	14,167	8,122

Operating lease receipts represent rentals receivable by the Group for certain of its investment properties.

(b) **As lessee**

Aggregate future minimum lease payments commitments for non-cancellable operating leases in respect of land and buildings payable in the following periods are as follows:

	31/1/2005 (Unaudited) HK\$'000	31/7/2004 (Audited) HK\$'000
Within one year	55,449	49,499
In the second to fifth years, inclusive	61,862	39,392
	117,311	88,891

The operating lease rentals of certain retail shops are based on the higher of a fixed rental or contingent rent based on sales of the retail shops pursuant to the terms and conditions as set out in the respective rental agreements. As the future sales of these retail shops could not be accurately determined, the relevant contingent rent have not been included above and only the minimum lease commitment have been included in the above table.

Other than the operating lease commitments detailed above, the Group did not have other material commitments at the balance sheet date.

15. POST BALANCE SHEET EVENT

On 25th January, 2005, the Group accepted the tender by an independent third party purchaser to purchase certain investment properties of the Group (the "Property") for a cash consideration of HK\$145,000,000. The transaction constitutes a major transaction (disposal) of the Company under the Listing Rules. Taking into account of the aggregate carrying value of the Property of HK\$66,000,000 as included in the unaudited condensed consolidated balance sheet of the Group as at 31st January, 2005, the gain on disposal of the Property before expenses to accrue to the Group's consolidated accounts is estimated to be HK\$79,000,000.

The transaction was approved by shareholders of the Company's holding company, Lai Sun Garment (International) Limited, at the general meeting held on 31st March, 2005. The completion of the transaction was scheduled to take place on 31st May, 2005. After completion of the transaction, the Group will cease to have the rental income generated from leasing of the Property.

INTERIM DIVIDEND

The Board has resolved not to pay an interim dividend for the six months ended 31st January, 2005 (2004: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Overview of Operating Results

For the six months ended 31st January, 2005, the Group recorded a consolidated turnover of HK\$212,656,000 which represented a period-on-period decrease of 13%. However, gross profit margin improved to 51.4% from 47.6% achieved in the corresponding period of last year.

The Group's continuous policy of licensing out certain Crocodile brand products in the Mainland of China (the "Mainland") has kept royalty income, which is booked under other revenue, on a rising trend. As a result, other revenue increased tremendously from HK\$5,701,000 in the last period to HK\$16,774,000 in the current period.

In line with the drop in turnover, selling and distribution expenses decreased by HK\$3,576,000. To sum up all the above, net profit attributable to shareholders increased by 66% from HK\$10,907,000 to HK\$18,130,000.

Operation in Hong Kong

12 The Group underwent a period of image building for the Crocodile brand during the period under review. The new logo which features the word "CROCODILE" adjacent to an energetic golden crocodile was launched in September 2004. Out of the 15 shops currently operated by the Group, six have been renovated in accordance with the new shop design and decor using the new logo. The remaining nine shops are expected to have the new look in place when the leases are renewed. The proportion of fashionable products to classic products has also been gradually increased to invigorate the brand.

The Group has been relocating its Lacoste shops in Hong Kong. A new flagship store with a dynamic modern look was opened in the International Finance Centre mall in Central in January 2005. The number of retail outlets run by the Group remained at six.

During the period under review, the Group arranged the disposal of one of its investment properties by way of public tender. The response was very positive and the Group accepted one of the tenders on 25th January, 2005. Completion of the disposal is scheduled on 31st May, 2005 and a profit before expenses of about HK\$79 million will be generated.

In general, the Group's results in Hong Kong have been unfavorably affected by the warmer than usual weather condition in December 2004 and a majority of sales during the Chinese New Year shopping spree will be recorded in the second half of this financial year as Chinese New Year fell in February 2005. Nonetheless, the Group still achieved positive results in Hong Kong in the period under review.

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

Operation in the Mainland

The introduction of the new shop image under the renewed Crocodile brand will benefit the Group in the long run. Frequent visits by the management team to the existing retail outlets were made to identify suitable locations for using the new Crocodile logo. So far, approximately 500 outlets were identified as suitable for refurbishment and most of these retail outlets will be renovated by September 2005. Most of the remaining 400 outlets identified as not suitable have been closed.

In line with changing the image of the retail outlets, our product lines in the current year's spring and summer seasons have also been expanded. In order to continuously improve the design and quality of our products, experienced brand designers were recruited to give life to the Group's products. Also, quality control procedures are constantly reviewed to give assurance to the end-users that only the best possible products are put on the market.

The Group has also opened its own retail outlets in Shanghai and Hunan province. Market acceptance has been good.

For the six months ended 31st January, 2005, the Group recorded a 13% drop in turnover resulting from the closure of some retail outlets which were identified as not suitable for refurbishment. However, the Group achieved better results compared to the previous period mainly due to the rise in royalty income from distributors for the rights of producing and distributing certain Crocodile brand products in the Mainland.

Prospects

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The Group believes that further improvement in economic fundamentals in both Hong Kong and the Mainland will provide a positive operating environment for the Group. However, following the rebound in the property market in Hong Kong which has already driven up rental expenses, future profitability may be affected.

In recent years, as our Crocodile brand has become popular in the Mainland, counterfeit Crocodile products have emerged in the market and pose a problem affecting our sales. More resources, including the set up of a dedicated team, have been allocated to deal with this problem.

In order to showcase the standards of a proper retail shop to our Mainland franchisees, the Group is looking for a prime location in Shanghai to establish the Group's flagship store in the Mainland. This flagship store will have a new image using new shop design and decor. Shanghai is the commercial hub of the Mainland and our shop image there will have fundamental effects on the shops located in other provinces and cities.

The Group is cautiously optimistic about its future development and is committed to achieving quality and service excellence.

Contingent Liabilities

There is no material change in contingent liabilities since the last annual report date.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

Liquidity and Financial Resources

As at 31st January, 2005, total bank borrowings of the Group amounted to HK\$36,482,000. The Group's gearing was considered to be at a reasonable level, as the debt to equity ratio at 31st January, 2005 was only 11%, expressed as a percentage of total bank borrowings to total net assets. Out of the total bank borrowings of HK\$36,482,000 as at 31st January, 2005, HK\$24,250,000 represented secured short-term bank loans, HK\$9,350,000 was trust receipt loans and the other bank borrowings were repayable on demand. Interest on bank borrowings is charged at floating rates.

The cash and bank balances of the Group as at 31st January, 2005 were HK\$142,658,000 and were mainly denominated in Hong Kong dollars, Renminbi and United States dollars.

As at 31st January, 2005, the Group had pledged investment properties with carrying values of HK\$190,700,000 to its bankers to secure banking facilities granted to the Group.

Sales are mainly conducted in Hong Kong dollars and Renminbi. The sales receipts in Renminbi are sufficient to cover the Group's Renminbi payments for the business operations and further expansion in the Mainland. Surplus funds are placed as short-term deposits with maturities matching the requirements of the Group's daily operations as well as its expansion plans in the Mainland.

Most of the Group's purchases are made in Hong Kong dollars, Renminbi, United States dollars and Euro. Exchange risk between Hong Kong dollars and United States dollars is minimal because the exchange rate between the two currencies is pegged. Foreign purchases in Euro are mostly hedged with forward contracts to minimise exchange risk and therefore are subject only to negligible exchange risk.

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Employees and Remuneration Policy

The total number of employees of the Group, including part-time sales staff, was approximately 821 as at 31st January, 2005. Remuneration of the employees is largely based on industry practice and the performance of individual employee. In addition to salary and bonus payments, other staff benefits include subsidised medical care, free hospitalisation insurance plans, provident fund benefits, subsidised meals, staff discount on purchases, internal training for sales staff and external training programme subsidies. Total staff costs including retirement scheme contributions for the six months ended 31st January, 2005 was approximately HK\$32 million.

DIRECTORS' INTERESTS

As at 31st January, 2005, the following directors and chief executive of the Company were interested, or were deemed to be interested in the following long and short positions in the shares, underlying shares of equity derivatives and debentures of the Company or any associated corporation (within the meaning of the Securities and Futures Ordinance ("SFO")) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO; or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein (the "Register"); or (c) were required, pursuant to the Code for Securities Transactions by Directors adopted by the Company, to be notified to the Company and the Stock Exchange:

(1) The Company

Name of Director	Personal Interests	Family Interests	Long positions in the shares		Total	Percentage
			Corporate Interests	Capacity		
Lim Por Yen	Nil	338,982,809 (Note 1)	Nil	Beneficial owner	338,982,809	54.93%
Lam Kin Ngok, Peter	Nil	Nil	338,982,809 (Note 2)	Beneficial owner	338,982,809	54.93%
U Po Chu	Nil	Nil	338,982,809 (Note 2)	Beneficial owner	338,982,809	54.93%

Notes:

1. Mr. Lim Por Yen passed away on 18th February, 2005. Mr. Lim was deemed to be interested in the 338,982,809 shares in the Company held by Lai Sun Garment (International) Limited ("LSG") and its wholly-owned subsidiary since his spouse, Madam U Po Chu was deemed to be interested in the aforesaid shares.
2. LSG and its wholly-owned subsidiary beneficially owned 338,982,809 shares in the Company. Mr. Lam Kin Ngok, Peter and Madam U Po Chu were deemed to be interested in 338,982,809 shares in the Company by virtue of their respective 50% interest in Wisdoman Limited, which held approximately 33.73% of the issued share capital of LSG.

DIRECTORS' INTERESTS (continued)

(2) Associated Corporations

Lai Sun Garment (International) Limited ("LSG")

Name	Long positions in shares of LSG			Capacity	Total	Percentage
	Personal Interests	Family Interests	Corporate Interests			
Lam Kin Ming	4,451,790	Nil	Nil	Beneficial owner	4,451,790	0.31%
Lam Kin Ngok, Peter	110,794,951	Nil	484,991,750 (Note 1)	Beneficial owner	595,786,701	41.44%
U Po Chu	3,669,000	Nil	484,991,750 (Note 1)	Beneficial owner	488,660,750	33.99%
Lim Por Yen	Nil	488,660,750 (Note 2)	Nil	Beneficial owner	488,660,750	33.99%
Chiu Wai	199,600	Nil	Nil	Beneficial owner	199,600	0.01%

Notes:

1. Mr. Lam Kin Ngok, Peter and Madam U Po Chu were deemed to be interested in 484,991,750 LSG shares by virtue of their respective 50% interest in Wisdoman Limited which owned those shares in LSG.
2. Mr. Lim Por Yen passed away on 18th February, 2005. Mr. Lim was deemed to be interested in 488,660,750 LSG shares by virtue of the interest of his spouse, Madam U Po Chu, in those shares.

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Save as disclosed above, as at 31st January, 2005, none of the directors and chief executive of the Company were interested, or were deemed to be interested in the long and short positions in the shares, underlying shares of equity derivatives and debentures of the Company or any associated corporation which were required to be notified to the Company and the Stock Exchange or recorded in the Register as aforesaid.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS

As at 31st January, 2005, the following persons, some of whom are directors or chief executive of the Company, had an interest in the following long positions in the shares and underlying shares of equity derivatives of the Company as recorded in the register required to be kept under section 336 of the SFO:-

Name	Capacity	Long positions in the shares		Percentage
		Nature	Number of shares (Note 1)	
Joy Mind Limited	Beneficial owner	Corporate	336,316,809	54.50% (Note 2)
Lai Sun Garment (International) Limited ("LSG")	Beneficial owner	Corporate	338,982,809	54.93% (Note 2)
Wisdoman Limited	Beneficial owner	Corporate	338,982,809	54.93% (Note 3)
Lam Kin Ngok, Peter	Beneficial owner	Corporate	338,982,809	54.93% (Note 4)
U Po Chu	Beneficial owner	Corporate	338,982,809	54.93% (Note 4)
Lim Por Yen	Beneficial owner	Family	338,982,809	54.93% (Note 5)
Lai Yuen Fong	Beneficial Owner	Family	338,982,809	54.93% (Note 6)

Notes:

1. Personal, family and corporate denote personal interest, family interest and corporate interest respectively.
2. Joy Mind Limited was a wholly-owned subsidiary of LSG. Its interest in the Company constituted part of the interest held by LSG in the Company.
3. This parcel of shares refers to the same parcel of shares held by LSG and its wholly-owned subsidiary since Wisdoman Limited held 33.73% of the issued share capital of LSG.
4. Mr. Lam Kin Ngok, Peter and Madam U Po Chu were deemed to be interested in 338,982,809 shares by virtue of their respective 50% interest in Wisdoman Limited which held approximately 33.73% of the issued share capital of LSG.
5. Mr. Lim Por Yen was deemed to be interested in the 338,982,809 shares by virtue of the deemed interest of his spouse, Madam U Po Chu.
6. Madam Lai Yuen Fong was deemed to be interested in 338,982,809 shares by virtue of the deemed interest of her spouse, Mr. Lim Por Yen.

Save as disclosed above, no other person was recorded in the register required to be kept under section 336 of the SFO as having an interest or short position in the shares and underlying shares of equity derivatives of the Company as at 31st January, 2005.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the six months ended 31st January, 2005, there was no purchase, sale or redemption by the Company, or any of its subsidiaries, of the Company's listed securities.

CODE OF BEST PRACTICE

None of the Directors of the Company is aware of any information that would reasonably indicate that the Company is not, or was not for any part of the period covered by the Interim Report of the Company for the six months ended 31st January, 2005, in compliance with the Code of Best Practice as set out in Appendix 14 of the Listing Rules. The non-executive Directors of the Company are subject to retirement by rotation and re-election at the Company's Annual General Meeting in accordance with the Articles of Association of the Company.

In accordance with the requirements of the Listing Rules, the Company established in March 2000 an audit committee which now comprises the three independent non-executive directors of the Company. The Interim Report has been reviewed by the Audit Committee of the Company.

CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code for securities transactions by Directors (the "Code") on terms no less exacting than the standard set out in the Model Code in Appendix 10 of the Listing Rules during the period under review. The Company has made specific enquiry of all Directors who have confirmed their compliance with the required standard set out in the Code during the six months ended 31st January, 2005.

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By Order of the Board
Lam Kin Ming
Deputy Chairman

Hong Kong, 15th April, 2005