Notes to Condensed Accounts

1 Basis of preparation and accounting policies

The unaudited interim financial report (the "interim financial report") has been reviewed by the Company's audit committee and the Company's auditors, PricewaterhouseCoopers, in accordance with Statement of Auditing Standard 700 "Engagements to Review Interim Financial Reports" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

This interim financial report has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the HKICPA.

This interim financial report should be read in conjunction with the 2005 annual accounts.

The accounting policies and methods of computation used in the preparation of this interim financial report are consistent with those used in the 2005 annual accounts, except that the Group has changed certain of its accounting policies following its adoption of new/revised Hong Kong Financial Reporting Standards ("HKFRS") and HKAS (collectively referred to as the "New HKFRSs"), which have become effective for accounting periods beginning on or after 1 January 2006. The applicable New HKFRSs adopted in this interim financial report are set out below.

HKAS 19 (Amendment)	Actuarial Gains and Losses, Group Plans and Disclosures
HKAS 21 (Amendment)	Net Investment in a Foreign Operation
HKAS 39 (Amendment)	Cash Flow Hedge Accounting of Forecast Intragroup Transactions
HKAS 39 (Amendment)	The Fair Value Option
HKAS 39 and HKFRS 4 (Amendment)	Financial Guarantee Contracts
HKFRS-Int 4	Determining whether an Arrangement contains a Lease

The adoption of the above HKAS did not result in substantial changes to the Group's balance sheet and profit and loss account. The changes in the Group's accounting policies are summarized as below:

– HKAS 19 (Amendment) introduces the option of an alternative recognition approach for actuarial gains and losses. It may impose additional recognition requirements for multi-employer plans where insufficient information is available to apply defined benefit accounting. It also adds new disclosure requirements. The Group does not intend to change the accounting policy adopted for recognition of actuarial gains and losses.

– HKAS 21 (Amendment) changes the net investment definition to include loans between fellow subsidiaries. It permits inter-company loans denominated in any currency to be part of a net investment in a foreign operation and to recognize foreign exchange volatility on such loans funding foreign operations in exchange reserve in the consolidated financial statements.

– HKAS 39 (Amendment) allows the foreign currency risk of a highly probable forecast intragroup transaction to qualify as a hedged item in the consolidated financial statements, provided that: (a) the transaction is denominated in a currency other than the functional currency of the entity entering into that transaction; and (b) the foreign currency risk will affect consolidated profit or loss.

– HKAS 39 (Amendment) changes the definition of financial instruments classified at fair value through profit or loss and restricts the ability to designate financial instruments as part of this category. This amendment has no impact as the Group has no financial instruments at fair value through profit and loss.

– HKAS 39 and HKFRS 4 (Amendment) requires issued financial guarantees, other than those previously asserted by the entity to be insurance contracts, to be initially recognized at their fair value, and subsequently measured at the higher of (a) the unamortized balance of the related fees received and deferred, and (b) the expenditure required to settle the commitment at the balance sheet date.

1 Basis of preparation and accounting policies (continued)

– HKFRS-Int 4 requires the determination of whether an arrangement is or contains a lease to be based on the substance of the arrangement. It requires an assessment of whether: (a) fulfillment of the arrangement is dependent on the use of a specific asset or assets (the asset); and (b) the arrangement conveys a right to use the asset.

No early adoption of the following new standard, interpretations or amendment that have been issued but are not yet effective. The adoption of such new standard, interpretations or amendment will have no material impact on the accounts of the Group and will not result in substantial changes to the Group's accounting policies.

HKAS 1 (Amendment)	Presentation of Financial Statements: Capital Disclosures
HKFRS 7	Financial Instruments: Disclosures
HK(IFRIC)-Int7	Applying the Restatement Approach under HKAS 29 Financial Reporting in Hyperinflationary Economies
HK(IFRIC)-Int 8	Scope of HKFRS 2
HK(IFRIC)-Int 9	Reassessment of Embedded Derivatives

2 Segment information

The principal activity of the Group is export trading of consumer products.

(a) Geographical segments

An analysis of the Group's segment turnover and contribution to operating profit for the period by geographical segment is as follows:

	Turnover Six months ended 30 June		Operating profit Six months ended 30 June	
	2006	2005	**2006**	2005
	HK$'000	HK$'000	**HK$'000**	HK$'000
Principal markets:				
United States of America	**19,942,596**	16,098,138	**566,476**	382,799
Europe	**5,027,811**	4,412,449	**175,058**	147,896
Canada	**1,375,392**	1,244,160	**41,319**	31,375
Australasia	**761,758**	926,526	**29,329**	32,827
Central and Latin America	**440,784**	382,581	**12,762**	12,994
Rest of the world	**421,933**	402,594	**11,258**	11,239
	27,970,274	23,466,448	**836,202**	619,130
Gain on disposal of properties			**3,268**	27,332
			839,470	646,462

2 Segment information (continued)

(b) Business segments

An analysis of the Group's segment turnover and contribution to operating profit for the period by business segment is as follows:

	Turnover Six months ended 30 June		Operating profit Six months ended 30 June	
	2006 HK$'000	2005 HK$'000	**2006 HK$'000**	2005 HK$'000
Softgoods	**19,371,138**	16,616,230	**720,490**	522,641
Hardgoods	**8,599,136**	6,850,218	**115,712**	96,489
	27,970,274	23,466,448	**836,202**	619,130
Gain on disposal of properties			**3,268**	27,332
			839,470	646,462

3 Operating profit

Operating profit is stated after charging/(crediting) the following:

	Six months ended 30 June	
	2006 HK$'000	2005 HK$'000
Amortization of system development costs	**3,901**	3,773
Employee share option expenses	**29,233**	23,044
Depreciation of fixed assets	**84,144**	62,796
Gain on disposal of properties	**(3,268)**	(27,332)
Loss on disposal of other fixed assets	**420**	591

4 Taxation

Hong Kong profits tax has been provided for at the rate of 17.5% (2005: 17.5%) on the estimated assessable profit for the period. Taxation on overseas profits has been calculated on the estimated assessable profit for the period at the rates of taxation prevailing in the countries in which the Group operates.

The amount of taxation charged/(credited) to the consolidated profit and loss account represents:

	Six months ended 30 June	
	2006	2005
	HK$'000	HK$'000
Current taxation		
– Hong Kong profits tax	**59,745**	52,277
– Overseas taxation	**14,713**	13,329
Deferred taxation	**(7,756)**	1,603
	66,702	67,209

At the date of approval of this interim financial report, certain subsidiaries of the Group have disputes with the Hong Kong Inland Revenue involving additional assessments of tax of approximately HK$757 million on the non-taxable claim of certain non-Hong Kong sourced income and the deduction claim of marketing expenses for the years of assessment from 1992/1993 to 2004/2005.

The Commissioner of the Hong Kong Inland Revenue issued a determination dated 14 June 2004 with disagreement to the Group's objection against the additional tax assessments of HK$333 million. Under further legal advice from the Group's counsel, the directors believe that the Group has meritorious defence to the additional tax assessments and the Group proceeded to appeal to Board of Review against the Commissioner's determination and served a notice of appeal to the Board of Review on 13 July 2004. The appeal was heard before the Board of Review in January 2006 but as at the date of this interim financial report, the result is not yet known.

The Group has also filed objections to the Hong Kong Inland Revenue against the remaining additional tax assessments of HK$424 million issued to the subsidiaries.

The directors consider that no material tax liabilities will finally crystallize and sufficient tax provision has been made in the accounts in this regard.

5 Interim dividend

	Six months ended 30 June	
	2006	2005
	HK$'000	HK$'000
Proposed, of HK$0.160 (2005: HK$0.132) per ordinary share *(Note)*	**518,742**	425,095

Note: Interim dividend per share of 2005 has been adjusted for the effect of 1-for-10 Bonus Issue during the period.

6 Earnings per share

The calculation of basic earnings per share is based on the Group's profit attributable to shareholders of HK$764,105,000 (2005: HK$618,468,000) and on the weighted average number of 3,233,557,000 (2005: 3,213,251,000) shares in issue during the period, after taking into account the effect of the Bonus Issue during the period.

Diluted earnings per share is calculated by adjusting the weighted average number of 3,233,557,000 (2005: 3,213,251,000) ordinary shares in issue by 21,153,000 (2005: 17,161,000) to assume conversion of all dilutive potential ordinary shares granted under the Company's Option Scheme. A calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

7 Capital expenditure

	Intangible assets			
	Goodwill* HK$'000	**System development costs** HK$'000	**Total** HK$'000	**Fixed assets** HK$'000
Six months ended 30 June 2006				
Net book amount as at 1 January 2006	2,794,894	14,486	2,809,380	947,608
System development costs recognized as asset	–	2,299	2,299	–
Fixed assets additions	–	–	–	111,393
Acquisition of business *(Note 13)*	202,613	–	202,613	5,663
Disposals	–	–	–	(16,165)
Amortization/depreciation charge	–	(3,901)	(3,901)	(84,144)
Exchange adjustment	10,599	–	10,599	16,483
Net book amount as at 30 June 2006	**3,008,106**	**12,884**	**3,020,990**	**980,838**

* *Goodwill arising from business combinations is tested for impairment annually and when there is indication of impairment. Up to the date of this interim financial report, no events or changes in circumstances have indicated that the goodwill might be impaired.*

8 Trade and bills receivable

The ageing analysis of trade and bills receivable is as follows:

	Current to 90 days HK$'000	91 to 180 days HK$'000	181 to 360 days HK$'000	Over 360 days HK$'000	Total HK$'000
Balance at 30 June 2006	**6,936,151**	**309,411**	**120,435**	**14,189**	**7,380,186**
Balance at 31 December 2005	7,300,091	371,674	54,639	12,114	7,738,518

All trade and bills receivable are either repayable within one year or on demand. Accordingly, the fair value of the Group's and the Company's trade and bills receivables are approximately the same as the carrying value.

A significant portion of the Group's business are on sight letter of credit, usance letter of credit up to a tenor of 120 days, documents against payment or customers' letter of credit to suppliers. The balance of the business are on open account terms payable against deliveries of shipments which are often covered by customers' standby letters of credit, bank guarantees or credit insurance.

There is no concentration of credit risk with respect to trade receivables, as the Group has a large number of customers internationally dispersed.

The Group transferred certain bills of exchange and trade receivable amounting to HK$1,452,383,000 to banks with recourse in exchange for cash as at 30 June 2006. The transactions have been accounted for as collateralized banks advances.

9 Trade and bills payable

The ageing analysis of trade and bills payable is as follows:

	Current to 90 days HK$'000	91 to 180 days HK$'000	181 to 360 days HK$'000	Over 360 days HK$'000	Total HK$'000
Balance at 30 June 2006	**6,204,647**	**130,527**	**44,627**	**54,136**	**6,433,937**
Balance at 31 December 2005	5,849,410	121,289	43,007	45,011	6,058,717

10 Long-term liabilities

	30 June 2006 HK$'000	31 December 2005 HK$'000
Long-term loans from minority shareholders	**38,867**	38,867
Balance of purchase consideration payable for acquisitions	**913,446**	1,361,817
	952,313	1,400,684
Current portion of balance of purchase consideration payable for acquisitions	**(412,167)**	(647,492)
	540,146	753,192

11 Share capital and options

	No. of shares (in thousand)	HK$'000
Authorized		
At 1 January 2006 ordinary shares of HK$0.025 each	3,200,000	80,000
At 30 June 2006 ordinary shares of HK$0.025 each *(Note (a))*	**4,000,000**	**100,000**
Issued and fully paid		
At 1 January 2006, ordinary shares of HK$0.025 each	2,936,570	73,414
Exercise of share options before Bonus Issue *(Note (b))*	5,093	127
Bonus Issue *(Note (c))*	294,166	7,354
Exercise of share options after Bonus Issue *(Note (d))*	4,216	106
At 30 June 2006, ordinary shares of HK$0.025 each	**3,240,045**	**81,001**

Notes:

(a) Pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 18 May 2006 ("2006 AGM"), the Company's authorized share capital was increased from HK$80,000,000 to HK$100,000,000 by the creation of an additional 800,000,000 new shares of HK$0.025 each in the capital of the Company.

(b) During the period from 1 January 2006 to 17 May 2006, 1,418,000 Shares, 3,569,000 Shares and 106,000 Shares were issued at a price of HK$9.20, HK$9.20 and HK$9.90 per Share respectively to the share option holders who exercised their subscription rights.

(c) Pursuant to an ordinary resolution passed at 2006 AGM, 294,166,000 Shares were issued on 18 May 2006 as fully paid up by way of a one for ten bonus issue ("Bonus Issue") in respect of which an amount of HK$7,354,000 standing to the credit of the share premium account was applied *(Note 12)*.

(d) During the period from 19 May 2006 to 30 June 2006, 147,000 Shares, 744,500 Shares, 3,301,000 Shares and 23,200 Shares were issued at a price of HK$8.36, HK$8.36, HK$8.36 and HK$9.00 per Share, as adjusted for the effect of the Bonus Issue, respectively to the share option holders who exercised their subscription rights.

11 Share capital and options (continued)

Notes: (continued)

(e) Details of share options granted by the Company pursuant to the Option Scheme and the share options outstanding at 30 June 2006, as adjusted for the effect of the Bonus Issue, are as follows:

			Number of Share Options							
Grant date	Exercise price HK$	Exercisable period	As at 1/1/2006	Granted	Exercised before Bonus Issue	Lapsed before Bonus Issue	Adjustment for Bonus Issue	Exercised after Bonus Issue	Lapsed after Bonus Issue	As at 30/6/2006
23/5/2003	8.36	23/5/2004 – 22/5/2007	3,208,000	–	(1,418,000)	–	179,000	(147,000)	–	1,822,000
23/5/2003	8.36	23/5/2005 – 22/5/2008	8,372,000	–	(3,569,000)	–	480,300	(744,500)	–	4,538,800
23/5/2003	8.36	23/5/2006 – 22/5/2009	15,031,000	–	–	–	1,503,100	(3,301,000)	–	13,233,100
20/8/2004	9.00	20/8/2005 – 19/8/2008	300,000	–	(106,000)	–	19,400	(23,200)	–	190,200
20/8/2004	9.00	20/8/2006 – 19/8/2009	2,230,000	–	–	–	223,000	–	–	2,453,000
20/6/2005	13.45	20/6/2007 – 19/6/2010	23,453,000	–	–	(230,000)	2,322,300	–	(110,000)	25,435,300
20/6/2005	13.45	20/6/2008 – 19/6/2011	23,440,000	–	–	(610,000)	2,283,000	–	(176,000)	24,937,000
20/6/2005	13.45	20/6/2009 – 19/6/2012	23,550,000	–	–	(610,000)	2,294,000	–	(176,000)	25,058,000
23/1/2006	13.72	20/6/2007 – 19/6/2010	–	730,000	–	(24,000)	70,600	–	(22,000)	754,600
23/1/2006	13.72	20/6/2008 – 19/6/2011	–	1,470,000	–	(50,000)	142,000	–	(55,000)	1,507,000
23/1/2006	13.72	20/6/2009 – 19/6/2012	–	1,470,000	–	(50,000)	142,000	–	(55,000)	1,507,000
19/6/2006	15.65	20/6/2007 – 19/6/2010	–	212,000	–	–	–	–	–	212,000
19/6/2006	15.65	20/6/2008 – 19/6/2011	–	2,270,000	–	–	–	–	–	2,270,000
19/6/2006	15.65	20/6/2009 – 19/6/2012	–	2,350,000	–	–	–	–	–	2,350,000

11 Share capital and options (continued)

Employee share option expenses charged to the consolidated profit and loss account are determined with the Black-Scholes valuation model based on the following assumptions:

Date of grant	23 May 2003	20 August 2004	20 June 2005	**23 January 2006**	**19 June 2006**
Option value	HK$2.41 – HK$2.65	HK$2.04 – HK$2.36	HK$2.23 – HK$2.68	**HK$2.13 – HK$2.82**	**HK$2.85 – HK$3.78**
Share price at date of grant	HK$9.0	HK$9.9	HK$14.8	**HK$14.75**	**HK$15.65**
Exercisable price	HK$9.2	HK$9.9	HK$14.8	**HK$15.09**	**HK$15.65**
Standard deviation	44%	41%	24%	**27%**	**31%**
Annual risk-free interest rate	1.39% – 3.31%	1.36% – 3.41%	2.79% – 3.54%	**3.90% – 4.26%**	**4.09% – 4.79%**
Life of options	4 – 6 years	4 – 5 years	5 – 7 years	**4 – 6 years**	**4 – 6 years**
Dividend yield	3.89%	4.24%	3.45%	**3.45%**	**3.04%**

12 Reserves

	Attributable to shareholders of the Company									
The Group	**Share premium** HK$'000	**Capital reserve** HK$'000	**Employee share-based compensation reserve** HK$'000	**Revaluation reserve** HK$'000	**Hedging reserve** HK$'000	**Exchange reserve** HK$'000	**Retained earnings** HK$'000	**Sub-total** HK$'000	**Minority Interests** HK$'000	**Total** HK$'000
Balance at 1 January 2005	3,145,038	7,334	77,811	-	-	(27,800)	1,466,513	4,668,896	(32,389)	4,636,507
Opening adjustments for the adoption of HKASs 32 and 39	-	-	-	-	(897)	-	(26,871)	(27,768)	-	(27,768)
Balance at 1 January 2005, as restated	3,145,038	7,334	77,811	-	(897)	(27,800)	1,439,642	4,641,128	(32,389)	4,608,739
2004 final and special dividend paid	-	-	-	-	-	-	(1,608,530)	(1,608,530)	-	(1,608,530)
Currency translation differences	-	-	-	-	-	(45,728)	-	(45,728)	33	(45,695)
Fair value gains of available-for-sale financial assets	-	-	-	6,369	-	-	-	6,369	-	6,369
Fair value gains on cash flow hedges	-	-	-	-	3,506	-	-	3,506	-	3,506
Profit for the year	-	-	-	-	-	-	1,790,279	1,790,279	298	1,790,577
Employee share option scheme:										
– value of employee services	-	-	47,378	-	-	-	-	47,378	-	47,378
– proceeds from shares issued	174,480	-	-	-	-	-	-	174,480	-	174,480
– transfer to share premium	18,067	-	(18,067)	-	-	-	-	-	-	-
2005 interim dividend paid	-	-	-	-	-	-	(425,437)	(425,437)	-	(425,437)
Reserves	3,337,585	7,334	107,122	6,369	2,609	(73,528)	152,959	3,540,450	(32,058)	3,508,392
Proposed dividend	-	-	-	-	-	-	1,042,995	1,042,995	-	1,042,995
At 31 December 2005	3,337,585	7,334	107,122	6,369	2,609	(73,528)	1,195,954	4,583,445	(32,058)	4,551,387

12 Reserves (continued)

The Group	Share premium HK$'000	Capital reserve HK$'000	Employee share-based compensation reserve HK$'000	Revaluation reserve HK$'000	Hedging reserve HK$'000	Exchange reserve HK$'000	Retained earnings HK$'000	Sub-total HK$'000	Minority Interests HK$'000	Total HK$'000
	Attributable to shareholders of the Company									
Balance at 1 January 2006, as per above	3,337,585	7,334	107,122	6,369	2,609	(73,528)	1,195,954	4,583,445	(32,058)	4,551,387
2005 final dividend paid	–	–	–	–	–	–	(1,044,290)	(1,044,290)	–	(1,044,290)
Currency translation differences	–	–	–	–	–	32,390	–	32,390	(14)	32,376
Transfer to share capital *(Note 11(c))*	(7,354)	–	–	–	–	–	–	(7,354)	–	(7,354)
Fair value losses on available-for-sale financial assets	–	–	–	(1,453)	–	–	–	(1,453)	–	(1,453)
Fair value losses on cash flow hedges	–	–	–	–	(13,031)	–	–	(13,031)	–	(13,031)
Profit for the period	–	–	–	–	–	–	764,105	764,105	176	764,281
Employee share option scheme:										
– value of employee services	–	–	29,233	–	–	–	–	29,233	–	29,233
– proceeds from shares issued	81,955	–	–	–	–	–	–	81,955	–	81,955
– transfer to share premium	18,444	–	(18,444)	–	–	–	–	–	–	–
Reserves	3,430,630	7,334	117,911	4,916	(10,422)	(41,138)	397,027	3,906,258	(31,896)	3,874,362
Proposed dividend	–	–	–	–	–	–	518,742	518,742	–	518,742
At 30 June 2006	**3,430,630**	**7,334**	**117,911**	**4,916**	**(10,422)**	**(41,138)**	**915,769**	**4,425,000**	**(31,896)**	**4,393,104**

13 Business combination

On 2 June 2006, the Group acquired the Oxford Womenswear Group business from Oxford Industries, Inc., a United States-based company listed on the New York Stock Exchange. The Oxford Womenswear Group is a design intensive producer of budget and moderately priced, privated-label women apparel collections. It is primarily focused on the mass merchants segment of the United States market.

The acquired business made no significant contribution to the revenue and profit of the Group from both date of acquisition and 1 January 2006 to 30 June 2006. As at the date of this interim report, the Group has yet to finalize the fair value amount of the net identifiable assets acquired. The carrying amounts of the assets and liabilities of the acquired business approximate their preliminary fair value.

Details of provisional net assets acquired and goodwill are as follows:

	HK$'000
Purchase consideration:	
Cash consideration	**287,707**
Direct expenses relating to the acquisition	**7,613**
Total purchase consideration	**295,320**
Less: preliminary fair value of net assets acquired	**(92,707)**
Goodwill on consolidation *(Note 7)*	**202,613**

The goodwill is attributable to the profitability and the synergies expected to arise from the acquired business.

14 Contingent liabilities

	30 June 2006 HK$'000	31 December 2005 HK$'000
Guarantees in respect of banking facilities granted to associated companies	**99,450**	98,870
Other guarantees	**9,600**	9,600
	109,050	108,470

15 Commitments

(a) Operating lease commitments

At 30 June 2006, the Group had total future aggregate minimum lease payments under non-cancellable operating leases as follows:

	30 June 2006 HK$'000	31 December 2005 HK$'000
Within one year	**132,355**	94,030
In the second to fifth year inclusive	**319,042**	202,425
After the fifth year	**317,420**	283,601
	768,817	580,056

(b) Capital commitments

	30 June 2006 HK$'000	31 December 2005 HK$'000
Contracted but not provided for:		
Property, plant and equipment	**8,819**	3,120

16 Financial risk management

The Group's overall risk management policy focuses on minimizing all potential financial risks of the Group.

(a) Foreign exchange risk

The Group operates globally with almost all of its sales and purchases traded in foreign currencies, mostly in US dollar. HK dollar is pegged to US dollar at a range between 7.75 to 7.85, the foreign exchange exposure between US dollar and HK dollar is therefore limited.

The Group is exposed to foreign exchange risk arising from various currency exposures mainly to the extent of its receivable and payable in currencies other than US dollar, such as Euro and Sterling Pound. To minimize such risks, sales and purchases are generally transacted in same currency.

Foreign exchange risk arising from sales and purchases transacted in different currencies are managed by the Group treasury with the use of foreign exchange forward contracts.

The Group's cash is kept in either HK dollar or US dollar to minimize the foreign exchange risk.

16 Financial risk management (continued)

(b) Credit risk

The Group has stringent policies in place to manage its credit risk.

The Group's business is mainly on sight letter of credit, usance letter of credit up to a tenor of 120 days, documents against payment or customers' letter of credit to suppliers. The balance of the business are on open account terms payable against deliveries of shipments which are often covered by customers' standby letters of credit, bank guarantees or credit insurance.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash on hand and the availability of funding through an adequate amount of committed credit facilities from the Group's bankers.

(d) Cash flow and fair value interest rate risk

As the Group has no significant interest-bearing assets/liabilities, other than its HK dollar and US dollar bank deposits and bank loans, the Group's income and operating cash flows are substantially independent of changes in market interest rates.

17 Event after balance sheet date

On 7 July 2006, the Group entered into an asset purchase agreement to acquire from Rosetti Handbags and Accessories, Ltd., a New York corporation, its business as conducted by its Rosetti Handbag Division and Franco Sarto Division and substantially all their assets (collectively referred to as the "Handbag Divisions") for a cash consideration of approximately US$162 million. The acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The Group will be verifying the fair value of assets, liabilities and contingent liabilities of the Handbag Divisions as at the acquisition date and it is impracticable to disclose their respective amounts together with the goodwill so arising at the current stage. Further details of the transaction are set out in the Group's circular dated 27 July 2006.

18 Approval of interim financial report

The interim financial report was approved by the Board of Directors on 10 August 2006.