

INTERIM DIVIDEND

The Directors has resolved to declare an interim dividend of HK2.3 cents per ordinary share for the six months ended 30th September, 2006. The interim dividend will be paid on or about 23rd January, 2007 to members, whose names appear on the register of members of the Company at the close of business on 12th January, 2007.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

For the six months ended 30th September, 2006, the Group's turnover increased approximately 9% to HK\$141,348,000. The increase in turnover was mainly attributable to the increase in OEM/ODM sales to the U.S. and Europe and the improving revenue contribution from the Group's retail business during the reporting period. Gross profit was HK\$43,436,000 while gross profit margin dropped to around 31% compared to 33% of the corresponding period last year.

Selling and distribution expenses for the period increased to approximately HK\$8,043,000 as a result of upsurge operating expenses for retail business. Administrative and other operating expenses increased by 6%, to HK\$12,772,000 which was due to the increase of staff remuneration and bonus paid to the executive directors of the Company.

Net profit for the six month ended 30th September, 2006 was down by 4% to HK\$22,060,000. The basic earnings per share was HK6.9 cents as compared to HK7.2 cents for the corresponding period last year.

BUSINESS REVIEW

Manufacturing Business

During the period under review, turnover of manufacturing business grew by approximately 7% to HK\$131,365,000. Sales growth was mainly due to strong orders for fashion belts placed by the customers in Europe and the U.S. The Group reported sales growth of 200% and 27% to the U.S. and Europe respectively. However, sales to Japan reported 39% decline to HK\$31,864,000 which was attributable to the reduction of orders from the Group's major customer in Japan. The customer was adjusting their ordering strategy during the reporting period. In September 2006, orders from Japan were fully recovered and the corresponding sales would be reflected in the second half of fiscal year. For the PRC market, driven by increased orders from reputable brand customers, sales rose by 58% to HK\$8,574,000.