

The demand for street stores and small-to medium-sized apartments in China's second-tier cities like Zhangzhou is very strong. The 22-storey "Singapore Ritz" will be completed and ready for sale later this year. The Group will then commence its new property project with a portion of land that has a ground area of 26,428 square meters by three phases upon receipt of government permits. We will build up our land reserve through acquisition of land in regions besides Zhangzhou. The Group is confident that the property development business will generate substantial additional revenue in the near future.

LIQUIDITY AND FINANCIAL RESOURCES

The gross profit percentage of sales in self-operated stores was approximately 38%, while that of sales to franchise stores was 30%.

Inventory level under apparel manufacturing segment was maintained at HK\$10.4 million as at 31 December 2006. Average stock turnover for the period was kept at 1.0 months.

Net cash outflow from operating activities was HK\$13.1 million, compared with a net cash outflow of HK\$7.7 million for the same period last year. The bank loan balance at 31 December 2006 was HK\$24.9 million, compared with a balance of HK\$5.8 million outstanding at 30 June 2006. Cash balance at the period end was HK\$11.5 million, compared with a balance of HK\$4.7 million at 30 June 2006.

The Group derives its revenue and incurs its expenditure mainly in the same currency. Its exposure to currency exchange rate fluctuation is therefore not significant.

Capital commitment contracted but not provided for in the financial statements at 31 December 2006 was approximately HK\$39.6 million (at 30 June 2006: HK\$40.0 million).

The debt equity ratio at 31 December 2006 was 0.27, compared with 0.06 at 30 June 2006.

The Group's current ratio at 31 December 2006 was 1.73, as compared with 2.43 at 30 June 2006. Quick ratio was 1.38, as compared with 1.91 at 30 June 2006.

HUMAN RESOURCES

At 31 December 2006, the Group had 2,171 employees of which 2,163 were employed in the PRC for the Group's retailing and manufacturing business.

The Group offers competitive remuneration packages to its employees, such as staff insurance, retirement scheme, discretionary bonus and option scheme, and provides both in-house and external relevant training programs to strengthen the Group's human resources and keep high quality personnel at all levels.

DIRECTORS' INTERESTS IN SHARES

The Directors and chief executive of the Company who held office at 31 December 2006 had the following interests in the shares in the Company, subsidiaries and other associated corporations (within the meaning of Part XV of the Securities and Future Ordinance ("SFO")) at that date as recorded in the register of Directors' and chief executive's interests and short positions required to be kept under section 352 of the SFO:

Long positions in shares in the Company

	Number of ordinary shares of HK\$0.01 each (note)	Percentage of total issued shares at 31 December 2006
Tan Sim Chew	275,265,226	19.68%
Fu Zi Cong	13,874,000	0.99%
Lo King Fat, Lawrence	13,300,000	0.95%

Note : These shares are held by the respective directors personally as beneficial owners.