

RESULTS

During the six months ended 30 September 2001, the net loss attributable to shareholders amounted to approximately HK\$16.9 million (2000: approximately HK\$15.6 million). Basic loss per share for the six months ended 30 September 2001 amounted to approximately HK0.10 cent per share (2000: loss of HK0.22 cent per share).

INTERIM DIVIDEND

The Directors do not recommend to pay any interim dividend for the six months ended 30 September 2001 (2000: Nil).

BUSINESS REVIEW

Branded garments

The Group continues to promote and market its leather and non-leather garments through its two major brands, the high-end "GIOVANNI VALENTINO (Italy)" brand and the mid-end "DENNY" brand.

To improve sales management and operational efficiency, the Group segregated the PRC market into different regions and appointed an authorized distributor in each region during the second quarter of 2001. The authorized distributor in each region is responsible to manage the sales outlets within its region.

As a result of the above shift from retail to wholesale operation, the gross profit margin of the branded garment division decreased during the period with a corresponding decrease in selling and distribution costs, resulting in a positive contribution to loss after finance costs of HK\$1.0 million as compared to a negative contribution to loss after finance costs of HK\$5.9 million for the corresponding period in last year for the branded garment division as a whole.

With leather garments being sold mainly in winter as well as higher prices for men's fashion wear in winter season, the business of the branded garment division is subject to seasonal fluctuation with the first half of the financial year considered to be the slow season of the year.

Property held for re-sale

Construction of the property located in Tianjin, PRC was completed during the period under review and sale of units of the property has begun, generating a revenue of HK\$5,684,000 during the period under review.