

INTERIM DIVIDEND

The Board does not recommend the payment of any interim dividend (2004: Nil) for the six months ended 30 September 2005.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

For the six months ended 30 September 2005, the Group recorded a turnover of approximately HK\$37,769,000, representing a decrease of approximately 35.7% as compared to the corresponding period last year. This was mainly attributable to the rising cost of operation for franchisees in the PRC, increased competition in the PRC market and unfavorable weather condition. Gross profit was approximately HK\$10,521,000, representing a decrease of approximately 44.8%. The Group's strategy to enhance the quality of its products by using better quality textile has brought about an increase in cost and a decrease in profit margin from 32.4% to 27.9%. During the period under review, selling and distribution costs decreased by approximately HK\$1,354,000 which was owing to the drop in turnover, less commission were paid out and less promotion and advertising expenses were incurred. On the other hand, there has been an increase in administration expenses of approximately HK\$905,000 which was mainly brought about by the increase in professional fees and additional expenses incurred for the Group's new subsidiary in Shenzhen.

The Group suffered loss attributable to shareholders for the six months ended 30 September 2005 was approximately HK\$2,196,000. The Group's performance for the Period was affected by the decrease in turnover which was a result of, amongst other things, keen competition in the domestic fashion market in the PRC.