CROCODILE

Crocodile Garments Limited

(Incorporated in Hong Kong with limited liability)

(Stock Code: 122)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 JANUARY 2010

RESULTS

The board of directors (the "Board") of Crocodile Garments Limited (the "Company") announces the unaudited consolidated results of the Company and its subsidiaries (collectively the "Group") for the six months ended 31 January 2010 together with the comparative figures as follows:

Condensed Consolidated Income Statement
For the six months ended 31 January 2010

		Six months ended 31 January	
		2010	2009
		(Unaudited)	(Unaudited)
	Notes	***HK$'000***	*HK$'000*
REVENUE	3	**248,561**	245,240
Cost of sales		**(93,050)**	(98,520)
Gross profit		**155,511**	146,720
Fair value gain on investment property		**24,000**	-
Other income and gains	4	**21,575**	24,482
Selling and distribution costs		**(145,808)**	(144,052)
Administrative expenses		**(24,470)**	(26,562)
Other operating expenses, net		**(3,101)**	(2,722)
Finance costs		**(186)**	(325)
PROFIT/(LOSS) BEFORE TAX	5	**27,521**	(2,459)
Tax	6	**(6,940)**	(3,408)
PROFIT/(LOSS) FOR THE PERIOD		**20,581**	(5,867)
EARNINGS/(LOSS) PER SHARE			
- basic (HK cents)	7	**3.33**	(0.95)

Condensed Consolidated Statement of Comprehensive Income/(Loss)
For the six months ended 31 January 2010

	Six months ended 31 January	
	2010	2009
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Profit/(loss) for the period	**20,581**	(5,867)
Other comprehensive income for the period:		
Exchange differences on translating foreign operations recognised directly in equity	**-**	75
Total comprehensive income/(loss) for the period	**20,581**	(5,792)

Condensed Consolidated Balance Sheet
As at 31 January 2010

	Notes	**31 January 2010 (Unaudited)** *HK$'000*	31 July 2009 (Audited) *HK$'000*
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**21,824**	24,672
Investment properties		**586,000**	562,000
Construction in progress		**14,308**	6,145
Long-term deposits		**7,435**	8,473
Land lease prepayments		**14,914**	15,072
Rental and utility deposits		**19,011**	18,575
Deposits for land lease prepayments		**32,255**	32,255
		695,747	667,192
Current assets			
Inventories		**94,428**	85,797
Trade receivables, deposits and prepayments	8	**64,013**	62,165
Amounts due from related companies		**9**	-
Cash and cash equivalents		**112,056**	95,482
		270,506	243,444
Current liabilities			
Short-term borrowings		**46,284**	36,090
Trade and other payables	9	**76,964**	58,474
Amounts due to related companies		**1,323**	1,912
Tax payable		**13,487**	10,410
		138,058	106,886
Net current assets		**132,448**	136,558
Total assets less current liabilities		**828,195**	803,750
Non-current liabilities			
Provision for long service payments		**3,285**	3,285
Deferred tax liabilities		**73,783**	69,919
		77,068	73,204
Net assets		**751,127**	730,546
EQUITY			
Issued capital		**154,282**	154,282
Reserves		**292,053**	292,053
Retained profits		**304,792**	284,211
Total equity		**751,127**	730,546

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants and with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated interim financial statements have been prepared under the historical cost convention except for certain investment properties which have been measured at fair value. The accounting policies and methods of computation used in the preparation of the condensed consolidated interim financial statements are consistent with those used in the annual financial statements for the year ended 31 July 2009, except for adoption of the following new and revised Hong Kong Financial Reporting Standards ("HKFRSs") (which also include HKASs and Interpretations ("Int")) which are generally effective for the current accounting period of the Group:

HKFRSs (Amendments)	Improvements to HKFRSs 2008
HKFRSs (Amendments)	Improvements to HKFRSs 2009
HKAS 1 (Revised)	Presentation of financial statements
HKAS 23 (Revised)	Borrowing costs
HKAS 27 (Revised)	Consolidated and separate financial statements
HKAS 32 & HKAS 1 (Amendments)	Puttable financial instruments and obligations arising on liquidation
HKAS 39 (Amendment)	Eligible hedged items
HKFRS 1 (Revised)	First-time adoption of Hong Kong Financial Reporting Standards
HKFRS 1 and HKAS 27 (Amendments)	Cost of an investment in a subsidiary, jointly controlled entity or associate
HKFRS 2 (Amendments)	Share-based payment – Vesting conditions and cancellations
HKFRS 3 (Revised)	Business combinations
HKFRS 7 (Amendments)	Improving disclosures about financial instruments
HKFRS 8	Operating segments
HK(IFRIC) – Int 15	Agreements for the construction of real estates
HK(IFRIC) – Int 16	Hedges of a net investment in a foreign operation
HK(IFRIC) – Int 17	Distributions of non-cash assets to owners

Except as described below, the adoption of these new and revised HKFRSs has no material effect on the Group's results and financial position for the current or prior accounting periods reflected in these financial statements.

(a) HKAS 1 (Revised) Presentation of financial statements

HKAS 1 (Revised) separates owner and non-owner changes in equity. The statement of changes in equity will include only details of transactions with owner and all non-owner changes in equity will be presented in a single line. In addition, this revised standard also introduces the statement of comprehensive income, with all items of income and expense recognised in income statement, together with all other items of income and expense recognised directly in equity, to be presented either in one single statement, or in two linked statements. The Group has elected to present in two statements.

(b) HKFRS 8 Operating Segments

HKFRS 8 replaced HKAS 14 "Segment Reporting", requires a "management approach" under which segment information is presented on the same basis as that used for internal reporting purposes. The adoption of this standard did not have any effect on the results or financial position of the Group. The Group determined that the operating segments were the same as the reportable segments previously identified under HKAS 14, "Segment Reporting".

The Group has not early adopted the following new and revised HKFRSs which have been issued but not yet effective:

		Effective for annual periods beginning on or after
HKFRSs (Amendments)	Improvements to HKFRSs 2009 in relation to HKAS 1, HKAS 7, HKAS 17, HKAS 30, HKAS 39, HKFRS 5 and HKFRS 8	1 January 2010
HKAS 24 (Revised)	Related Party Disclosures	1 January 2011
HKAS 32 (Amendment)	Classification of right issues	1 February 2010
HKFRS 1 (Amendment)	Amendments to HKFRS 1 – First-time adoption of Hong Kong Financial Reporting Standards – additional exemptions for first-time adopters	1 January 2010
HKFRS 1 (Amendment)	Limited exemption from comparative HKFRS 7 disclosures for first-time adopters	1 July 2010
HKFRS 2 (Amendment)	Share-based payment – Group cash-settled share-based payment transactions	1 January 2010
HKFRS 9	Financial instruments	1 January 2013
HK(IFRIC) – Int 14 (Amendment)	Prepayments of a minimum funding requirement	1 January 2011
HK(IFRIC) – Int 19	Extinguishing financial liabilities with equity instruments	1 July 2010

The directors of the Company anticipate that the application of these new and revised HKFRSs will have no material impacts on the financial statements of the Group.

3. SEGMENT INFORMATION

Segment information is presented by way of two segment formats: (i) on a primary segment reporting basis, by business segment; and (ii) on a secondary segment reporting basis, by geographical segment.

The Group's operating businesses are structured and managed separately, according to the nature of their operations and the products and services they provide. Each of the Group's business segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of the other business segments. Summary details of the business segments are as follows:

(a) the garment and related accessories segment engages in the manufacture and sale of garments and related accessories; and

(b) property investment segment invests in land and buildings for their rental income potential.

In determining the Group's geographical segments, revenues are attributed to the segments based on the location of the customers, and assets are attributed to the segments based on the location of the assets.

Business segments

For the six months ended 31 January 2010 (unaudited)

	Garment and related accessories *HK$'000*	Property investment *HK$'000*	Consolidated *HK$'000*
Segment revenue:			
Sales of goods/income from external customers	**248,561**	**-**	**248,561**
Other revenue	**19,965**	**1,420**	**21,385**
Total	**268,526**	**1,420**	**269,946**
Segment results	**3,494**	**24,028**	**27,522**
Unallocated corporate income and expenses			**(5)**
			27,517
Interest income			**190**
Finance costs			**(186)**
Profit before tax			**27,521**
Tax			**(6,940)**
Profit for the period			**20,581**
Assets and liabilities:			
Segment assets	**267,575**	**586,622**	**854,197**
Unallocated assets			**112,056**
Total assets			**966,253**
Segment liabilities	**81,447**	**125**	**81,572**
Unallocated liabilities			**133,554**
Total liabilities			**215,126**
Other segment information:			
Depreciation of property, plant and equipment	**6,327**	**-**	**6,327**
Amortisation of land lease prepayments	**158**	**-**	**158**
Write-back of provision for bad and doubtful debts	**(217)**	**-**	**(217)**
Write-back of provision for slow-moving inventories, net	**(1,764)**	**-**	**(1,764)**
Capital expenditure	**12,887**	**-**	**12,887**
Loss on disposal/write-off of property, plant and equipment, net	**1,214**	**-**	**1,214**
Write-back of long outstanding trade payables	**(54)**	**-**	**(54)**
Bad debts written off	**39**	**-**	**39**
Fair value gain on investment property	**-**	**(24,000)**	**(24,000)**

For the six months ended 31 January 2009 (unaudited)

	Garment and related accessories *HK$'000*	Property investment *HK$'000*	Consolidated *HK$'000*
Segment revenue:			
Sales of goods/income from external customers	245,240	-	245,240
Other revenue	19,579	4,260	23,839
Total	264,819	4,260	269,079
Segment results	(6,412)	3,643	(2,769)
Unallocated corporate income and expenses			(8)
			(2,777)
Interest income			643
Finance costs			(325)
Loss before tax			(2,459)
Tax			(3,408)
Loss for the period			(5,867)
Other segment information:			
Depreciation of property, plant and equipment	7,470	-	7,470
Amortisation of land lease prepayments	159	-	159
Provision for bad and doubtful debts	424	-	424
Provision for slow-moving inventories, net	492	-	492
Capital expenditure	8,170	-	8,170
Loss on disposal/write-off of property, plant and equipment, net	1,289	-	1,289
Gain on disposal of property, plant and equipment classified as assets held for sale	(195)	-	(195)
Bad debts written off	85	-	85

Geographical segments

For the six months ended 31 January 2010 (unaudited)

	Hong Kong *HK$'000*	**Mainland China** *HK$'000*	**Consolidated** *HK$'000*
Segment revenue:			
Sales of goods/income from external customers	**161,997**	**86,564**	**248,561**
Other revenue	**2,430**	**18,955**	**21,385**
Total	**164,427**	**105,519**	**269,946**
Other segment information:			
Total assets	**740,106**	**226,147**	**966,253**
Capital expenditure	**4,239**	**8,648**	**12,887**

For the six months ended 31 January 2009 (unaudited)

	Hong Kong *HK$'000*	Mainland China *HK$'000*	Consolidated *HK$'000*
Segment revenue:			
Sales of goods/income from external customers	155,322	89,918	245,240
Other revenue	4,443	19,396	23,839
Total	159,765	109,314	269,079
Other segment information:			
Capital expenditure	5,189	2,981	8,170

4. OTHER INCOME AND GAINS

	Six months ended 31 January	
	2010	2009
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Other income		
Royalty income	**19,064**	18,752
Interest income	**190**	643
Sale of miscellaneous materials	**222**	433
Income from a related company for contributing an investment property as security	**1,420**	4,260
Others	**679**	371
	21,575	24,459
Gains		
Foreign exchange differences, net	**-**	23
	21,575	24,482

5. PROFIT/(LOSS) BEFORE TAX

Profit/(loss) before tax is arrived at after charging/(crediting):

	Six months ended 31 January	
	2010	2009
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Depreciation of property, plant and equipment	**6,327**	7,470
Amortisation of land lease prepayments (included in administrative expense)	**158**	159
(Write-back of provision)/provision for slow-moving inventories, net	**(1,764)**	492

6. TAX

No Hong Kong profits tax has been provided as the Group sustained a tax loss in Hong Kong during the period (2009 (unaudited): Nil). The tax charge represented deferred tax.

Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

	Six months ended 31 January	
	2010	2009
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Current - elsewhere	**3,076**	3,408
Deferred	**3,864**	-
	6,940	3,408

7. EARNINGS/(LOSS) PER SHARE

The calculation of basic earnings per share is based on the profit of the Group for the period of HK$20,581,000 (2009 (unaudited): loss of HK$5,867,000) and the number of 617,127,130 (2009 (unaudited): 617,127,130) ordinary shares in issue throughout the periods.

No diluted earnings/(loss) per share amount for the period ended 31 January 2010 and 2009 has been presented as the share options outstanding during these two periods had an anti-dilutive effect on the basic earnings/(loss) per share for the periods.

8. TRADE RECEIVABLES, DEPOSITS AND PREPAYMENTS

	31 January 2010 (Unaudited) ***HK$'000***	31 July 2009 (Audited) *HK$'000*
Trade receivables	**40,305**	32,500
Less: Allowance for bad and doubtful debts	**(15,717)**	(15,938)
	24,588	16,562
Deposits and prepayments	**39,425**	45,603
	64,013	62,165

(i) Other than cash sales made at retail outlets of the Group, trading terms with wholesale customers are largely on credit, except for new customers, where payment in advance is normally required. Invoices are normally payable within 30 days of issuance, except for certain well-established customers, where the term is extended to 90 days. Each customer has a maximum credit limit.

The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are regularly reviewed by senior management.

(ii) All of the trade receivables (net of allowance for bad and doubtful debts) are expected to be recovered within one year.

(iii) An aging analysis of the trade receivables as at the balance sheet date, net of provisions, based on the overdue date was as follows:

	31 January 2010 (Unaudited) ***HK$'000***	31 July 2009 (Audited) *HK$'000*
Trade receivables:		
Current to 90 days	**21,706**	13,353
91 to 180 days	**2,160**	2,525
181 to 365 days	**722**	675
Over 365 days	**-**	9
	24,588	16,562

(iv) The movements in the allowance for bad and doubtful debts during the period, including both specific and collective loss components, are as follows:

	31 January 2010 (Unaudited) ***HK$'000***	31 July 2009 (Audited) *HK$'000*
At beginning of period	**15,938**	15,353
(Write-back)/recognised of impairment loss	**(217)**	622
Exchange realignments	**(4)**	(37)
At end of period	**15,717**	15,938

At 31 January 2010, the Group's trade receivables of HK$15,717,000 (31 July 2009 (audited): HK$15,938,000) were individually determined to be impaired. The individually impaired trade receivables related to customers that were in financial difficulties and management assessed that only a portion of the receivables is expected to be recovered. Consequently, specific allowance for doubtful debts was fully recognised. The Group does not hold any collateral over these balances.

(v) An aging analysis of trade receivables that are neither individually nor collectively considered to be impaired is as follows:

	31 January 2010 (Unaudited) ***HK$'000***	31 July 2009 (Audited) *HK$'000*
Neither past due nor impaired	**3,247**	4,311
Past due		
Within 90 days	**18,459**	9,042
91 days to 180 days	**2,160**	2,525
181 days to 365 days	**722**	675
Over 365 days	**-**	9
	21,341	12,251
	24,588	16,562

Trade receivables that were neither past due nor impaired related to a wide range of customers for whom there was no recent history of default.

Trade receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

9. TRADE AND OTHER PAYABLES

An aging analysis of the trade payables as at the balance sheet date, based on the date of receipt of the goods and services purchased, and the balances of deposits received and accruals and other payables was as follows:

	31 January 2010 (Unaudited) ***HK$'000***	31 July 2009 (Audited) *HK$'000*
Trade payables:		
Current to 90 days	**30,030**	9,650
91 to 180 days	**1,116**	1,722
181 to 365 days	**611**	1,249
Over 365 days	**2,393**	1,582
	34,150	14,203
Deposits received	**18,071**	18,197
Other payables and accruals	**24,743**	26,074
	76,964	58,474

The trade payables are non-interest-bearing and are normally settled between 30 to 60 days.

INTERIM DIVIDEND

The Board has resolved not to pay an interim dividend for the six months ended 31 January 2010 (2009: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Performance

During the period under review, turnover was HK$248,561,000 (2009: HK$245,240,000), representing an increase of 1.4% over the previous year. Gross profit of the Group increased by 6.0%, to HK$155,511,000 (2009: HK$146,720,000).

Even with an improved turnover and gross profit, the performance of the "Garment and Related Accessories" segment of the Group has been eroded by the high standing rental expenses. On the other hand, the Group launched a series of advertising and promotional campaigns in the period under review as continuation of the policy of enhancing its own brand "Crocodile". In addition, the Group has invested heavily in its product design and development to maintain quality merchandise and service to customers.

Before taking into account the surplus from revaluation of the investment property (the "Crocodile Centre"), the Group recorded an operating profit of HK$3,707,000 (2009: operating loss of HK$2,134,000).

Income from the "Property Investment" segment was the major contributor to the overall performance of the period under review. A surplus of HK$24,000,000 (2009: Nil) on revaluation of the Crocodile Centre was recorded during the period.

As a result of the above, the Group recorded a profit attributable to shareholders of HK$20,581,000 for the six months ended 31 January 2010 (2009: loss attributable to shareholders of HK$5,867,000).

Operations in Hong Kong and Macau

The Group operated 28 outlets for Crocodile line and 7 outlets for Lacoste line in Hong Kong and Macau as at 31 January 2010. These outlets achieved an increase of 4.3% in turnover as compared to the same period of the last year.

The revamping of the Group's own brand, "Crocodile", proved to be successful with its enhanced brand personality being well-received in the market. Together with improvements in product design and quality, and the enhanced sales campaign strategy, the Crocodile line has achieved a higher gross profit margin during the first half-year.

The Lacoste line, which offers casual and fashionable high-end products, recorded a double-digit increment in sales after the opening of new shops for improving the sale network.

Under current booming property market conditions, the Group will inevitably continue to bear the burden of high rental expenses. To secure its competitiveness, the Group has been taking positive steps to maximize the rental cost efficiency through shop re-positioning and relocation.

Operations in the Mainland of China (the "Mainland")

The consumer market in the Mainland was adversely affected by the unexpected bad weather during the period. Efforts put in by the Group in restructuring its own retail network in major cities on the Mainland were jeopardized and total sales decreased by 3.7% in the period under review.

On the other hand, as a result of exercising stringent cost control, operating expenses in the Mainland were reduced which had mitigated the negative effect of the above fall in sales. The number of retail outlets run by the Group was 85 as at 31 January 2010 (2009: 79).

Other income, mainly representing royalty income derived from licensees, remained stable in the period under review.

As at 31 January 2010, there were a total of 347 sales outlets in the Mainland, including self-operated retail outlets and those operated by our franchisees.

Prospects

Though it is generally believed that the worst of the economic condition has been over, the recovery of the consumer spending is foreseen to be bumpy. The uncertainties of the effects of ending the stimulus measures to financial sectors by various governments will definitely be of considerable concern to the consumer market. The Group is therefore on high alert in the volatile business environment ahead and will preserve financial resources to tackle any challenges in the coming years.

The occupation permit in respect of the redevelopment project of the Crocodile Centre in joint venture with Lai Sun Garment (International) Limited ("LSG") was granted in September 2009. The Group now owns the office floors and certain carparks. This portion of the Crocodile Centre is expected to generate rental income to hedge a portion of the heavy rental expenses of the Group. The Company will retain a portion of the Crocodile Centre for the Group's self-use purposes.

Contingent Liabilities

As at 31 January 2010, the Group had the following contingent liabilities:

On 28 February 2006, the Company, LSG and Unipress Investments Limited ("Unipress"), a wholly-owned subsidiary of LSG, entered into a conditional development agreement (the "Development Agreement") in connection with the Crocodile Centre. Further details of the redevelopment are included in the Company's circular dated 29 April 2006. In accordance with the Development Agreement, if construction finance is required by Unipress for financing the development and construction cost of the Crocodile Centre, the Group has agreed to provide or procure such security over or in relation to the Crocodile Centre as may reasonably be required by the relevant lending institution(s) and LSG is expected to provide a corporate guarantee as security for such finance.

On 8 February 2007, the Company's wholly-owned subsidiary, Crocodile KT Investment Limited ("Crocodile KT") entered into an agreement with a bank for a HK$361,000,000 term loan facility for financing the development and construction cost of the Crocodile Centre (the "Bank Term Loan"). The Bank Term Loan drawn will be secured by a first legal charge over the Crocodile Centre and a first floating charge over all the undertaking, property and assets of Crocodile KT (the "Charges").

Pursuant to a deed of undertaking, guarantee and indemnity entered into amongst the Company, Crocodile KT, Unipress and LSG dated 10 July 2006, Crocodile KT is only required to be a party to the Bank Term Loan arrangement, and Unipress and LSG should be responsible for the funding obligations in respect thereof. Accordingly, in substance Unipress and LSG are the borrowers of the Bank Term Loan and the Bank Term Loan would not be recognized in the financial statements of the Group.

As at 31 January 2010, the total amount of the Bank Term Loan drawn in respect of the above facility was HK$298,000,000 (31 July 2009 (audited): HK$232,000,000).

The Bank Term Loan was fully settled on 22 March 2010 and the Charges were consequently released.

Apart from the foregoing, at 31 January 2010, the Group has also entered into a number of construction and consultancy contracts for the redevelopment of the Crocodile Centre with the contractors and consultants of aggregate principal sums of approximately HK$327,321,000 (31 July 2009 (audited): HK$327,321,000). The Group has also simultaneously entered into respective deeds of undertaking with Unipress and these contractors pursuant to which Unipress/LSG unconditionally and irrevocably undertakes to these contractors, as primary obligor/guarantor, to perform all obligations of the Group and to pay to the contractors all amounts due from time to time on the part of the Group under and in accordance with the terms of these construction and consultancy contracts. Accordingly, the obligation of these contracts would not be reflected in the financial statements of the Group.

Liquidity, Financial Resources, Foreign Exchange Risk Exposure, Gearing, Charges on Assets and Capital Commitments

The Group's financing and treasury activities are centrally managed and controlled at the corporate level. The main objective is to utilize the funding efficiently and to manage the financial risks effectively.

The Group maintains a conservative approach in treasury management by constantly monitoring its interest rates and foreign exchange exposure. Except for normal trade financial instruments, such as letters of credit and trust receipt loans, the Group has not employed other financial instruments for the six months ended 31 January 2010.

The Group mainly earns revenue and incurs cost in Hong Kong dollars and Renminbi. The Group considers the impact of foreign exchange risks is not significant as the Group will consider the foreign exchange effect of the terms of purchase and sale contracts entered into with foreign enterprises and will not bear unforeseeable foreign currency exchange risks.

Cash and cash equivalents held by the Group amounted to HK$112,056,000 as at 31 January 2010 and were mainly denominated in Hong Kong dollars and Renminbi. The cash and cash equivalents denominated in Renminbi as at 31 January 2010 amounted to HK$74,459,000 which is not freely convertible into other currencies. However, under the Mainland's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange Renminbi for other currencies in respect of approved transactions through banks authorized to conduct foreign exchange business.

As at 31 January 2010, the total outstanding borrowings of the Group amounted to approximately HK$46,284,000 which were repayable within a period not exceeding one year. The total outstanding borrowings comprised unsecured short-term bank loan of approximately HK$22,000,000 and unsecured trust receipt loans of approximately HK$24,284,000. Interest on bank borrowings is charged at floating rates. All bank borrowings of the Group are denominated in Hong Kong dollars. No financial instruments for hedging purposes were employed by the Group in the six months ended 31 January 2010.

The Group's gearing was considered to be at a reasonable level, as the debt to equity ratio as at 31 January 2010 was 6.2%, expressed as a percentage of total bank borrowings to total net assets.

As at 31 January 2010, the Group had capital commitments, contracted, but not provided for, in respect of the land lease payments in the Mainland of approximately HK$3,905,000; construction of property, plant and equipment in the Mainland of approximately HK$10,419,000 and expenditure on shop and office decorations in Hong Kong of approximately HK$2,767,000.

Major Investments, Acquisitions and Disposals

The Group had no significant investments, material acquisitions or disposals for the six months ended 31 January 2010.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended 31 January 2010, there was no purchase, sale or redemption by the Company, or any of its subsidiaries, of the Company's listed securities.

CORPORATE GOVERNANCE

The Company has complied with all the code provisions set out in the Code on Corporate Governance Practices contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited throughout the accounting period covered by the 2009-2010 Interim Report save for deviations from code provisions A.2.1 and A.4.1 summarised below:

Code Provision A.2.1

Under code provision A.2.1, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

In view of the present composition of the Board, the in-depth knowledge of the Chairman and Chief Executive Officer of the operations of the Company and of the garment and fashion industry in general, his extensive business network and connections, and the scope of operations of the Company, the Board believes it is in the best interest of the Company for Mr. Lam Kin Ming to assume the roles of Chairman and Chief Executive Officer.

Code Provision A.4.1

Under code provision A.4.1, non-executive directors should be appointed for a specific term and be subject to re-election.

None of the existing non-executive directors of the Company was appointed for a specific term. However, all directors of the Company are subject to the retirement provisions in the articles of association of the Company which provide that the directors for the time being shall retire from office by rotation once every three years since their last election at each annual general meeting and a retiring director shall be eligible for re-election.

REVIEW OF INTERIM RESULTS

The interim results of the Company for the six months ended 31 January 2010 have been reviewed by the audit committee of the Company. The audit committee comprises the three independent non-executive directors of the Company, namely, Messrs. Wan Yee Hwa, Edward, Yeung Sui Sang and Chow Bing Chiu.

By Order of the Board
Lam Kin Ming
Chairman and Chief Executive Officer

Hong Kong, 9 April 2010

As at the date of this announcement, the executive directors of the Company are Mr. Lam Kin Ming (Chairman and Chief Executive Officer), Ms. Lam Wai Shan, Vanessa (Deputy Chief Executive Officer), Mr. Lam Kin Ngok, Peter, Mr. Lam Kin Hong, Matthew and Ms. Cheng Suet Fei, Sophia; the non-executive directors are Ms. Lam Suk Ying, Diana and Mr. Tong Ka Wing, Carl; and the independent non-executive directors are Mr. Wan Yee Hwa, Edward, Mr. Yeung Sui Sang and Mr. Chow Bing Chiu.