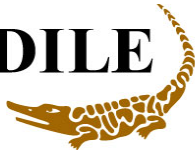


CROCODILE



Crocodile Garments Limited

(Incorporated in Hong Kong with limited liability)

(Stock Code: 122)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 JULY 2008

RESULTS

The Board of Directors of Crocodile Garments Limited (the “Company”) announces the audited consolidated results of the Company and its subsidiaries (the “Group”) for the financial year ended 31 July 2008 together with comparative figures for the previous year as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 July 2008

	<i>Notes</i>	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
REVENUE	3	450,007	441,155
Cost of sales		(175,515)	(170,441)
Gross profit		274,492	270,714
Fair value gain on investment property		10,000	7,000
Gain on disposal of investment property		30,000	-
Other income and gains	4	49,612	42,415
Selling and distribution costs		(284,095)	(243,048)
Administrative expenses		(57,389)	(50,640)
Other operating expenses, net	5	(10,194)	(1,568)
Finance costs	6	(1,656)	(1,734)
PROFIT BEFORE TAX	5	10,770	23,139
Tax	7	10,446	(1,580)
PROFIT FOR THE YEAR		21,216	21,559
DIVIDEND			
Proposed final dividend	8	18,514	6,171
EARNINGS PER SHARE			
- basic (HK cents)	9	3.44	3.49

CONSOLIDATED BALANCE SHEET

At 31 July 2008

	Notes	2008 HK\$'000	2007 HK\$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		31,489	27,944
Investment properties		349,628	439,628
Construction in progress		3,326	-
Land lease prepayments		15,524	14,443
Rental and utility deposits		20,271	19,231
Deposits for land lease prepayments		32,539	29,685
		<u>452,777</u>	<u>530,931</u>
Current assets			
Inventories		81,344	82,546
Trade receivables, deposits and prepayments	10	71,917	52,648
Amounts due from related companies		845	710
Cash and cash equivalents		149,371	58,676
		<u>303,477</u>	<u>194,580</u>
Assets classified as held for sale		4,857	-
		<u>308,334</u>	<u>194,580</u>
Current liabilities			
Short-term borrowings		44,664	30,197
Trade and other payables	11	70,339	61,367
Amounts due to related companies		200	76
Tax payable		3,285	9,498
		<u>118,488</u>	<u>101,138</u>
Net current assets		<u>189,846</u>	<u>93,442</u>
Total assets less current liabilities		<u>642,623</u>	<u>624,373</u>
Non-current liabilities			
Provision for long service payments		1,192	1,989
Deferred tax liabilities		35,016	50,046
		<u>36,208</u>	<u>52,035</u>
Net assets		<u>606,415</u>	<u>572,338</u>
EQUITY			
Issued capital		154,282	154,282
Reserves		292,486	331,369
Retained profits		159,647	86,687
Total equity		<u>606,415</u>	<u>572,338</u>

Notes:

(1) BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which also include Hong Kong Accounting Standards (“HKASs”) and Interpretations (“Ints”)) issued by the Hong Kong Institute of Certified Public Accountants and accounting principles generally accepted in Hong Kong. The financial statements also comply with the Hong Kong Companies Ordinance and the disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

They have been prepared under the historical cost convention, except for certain investment properties which have been measured at fair value.

These financial statements are presented in Hong Kong dollars (“HK\$”) except otherwise indicated.

(2) ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has adopted all of the new and revised HKFRSs that are relevant to its operations and effective for the current accounting period of the Group. The adoption of these new and revised HKFRSs did not result in substantial changes to the Group’s accounting policies.

The impact of the adoption of HKFRS 7, *Financial Instruments: Disclosures* and HKAS 1 (Amendment), *Capital Disclosures* has been to expand the disclosures provided in these financial statements regarding the Group’s financial instruments and management of capital.

At the date of authorisation of these financial statements, the following standards and interpretations were in issue but not yet effective:

		Effective for annual periods <u>beginning on or after</u>
• HKAS 1 (Revised)	Presentation of financial statements	1 January 2009
• HKAS 23 (Revised)	Borrowing costs	1 January 2009
• HKAS 27 (Revised)	Consolidated and separate financial statements	1 July 2009
• HKAS 32 & 1 (Amendments)	Puttable financial instruments and obligations arising on liquidation	1 January 2009
• HKAS 39 & HKFRS 7 (Amendments)	Reclassification of financial assets	1 July 2008
• HKFRS 2 (Amendment)	Share-based payment – vesting conditions and cancellation	1 January 2009
• HKFRS 3 (Revised)	Business combinations	1 July 2009
• HKFRS 8	Operating segments	1 January 2009
• HK(IFRIC) – Int 12	Service concession arrangements	1 January 2008
• HK(IFRIC) – Int 13	Customer loyalty programmes	1 July 2008
• HK(IFRIC) – Int 14	HKAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction	1 January 2008
• HK(IFRIC) – Int 15	Agreements for the construction of real estate	1 January 2009
• HK(IFRIC) – Int 16	Hedges of a net investment in a foreign operation	1 October 2008

The directors of the Company have considered these standards or interpretations and anticipate that these standards or interpretations will have no material impact on the results of operations and financial position of the Group in the period of initial application.

(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.

Business segments

	Garment and related accessories		Property investment		Consolidated	
	2008	2007	2008	2007	2008	2007
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue:						
Sales to/income from external customers	447,416	437,649	2,591	3,506	450,007	441,155
Other revenue	40,571	33,269	8,520	8,524	49,091	41,793
Total	<u>487,987</u>	<u>470,918</u>	<u>11,111</u>	<u>12,030</u>	<u>499,098</u>	<u>482,948</u>
Segment results	<u>(35,432)</u>	<u>6,846</u>	<u>47,354</u>	<u>17,423</u>	<u>11,922</u>	<u>24,269</u>
Unallocated corporate income and expenses					(17)	(18)
					<u>11,905</u>	<u>24,251</u>
Interest income					521	622
Finance costs					(1,656)	(1,734)
Profit before tax					10,770	23,139
Tax					<u>10,446</u>	<u>(1,580)</u>
Profit for the year					<u>21,216</u>	<u>21,559</u>
Assets and liabilities:						
Segment assets	260,852	225,132	350,888	441,703	611,740	666,835
Unallocated assets					<u>149,371</u>	<u>58,676</u>
Total assets					<u>761,111</u>	<u>725,511</u>
Segment liabilities	70,957	62,419	774	1,011	71,731	63,430
Unallocated liabilities					<u>82,965</u>	<u>89,743</u>
Total liabilities					<u>154,696</u>	<u>153,173</u>
Other segment information:						
Depreciation of property, plant and equipment	13,982	14,413	178	179	14,160	14,592
Amortisation of land lease prepayments	290	82	-	-	290	82
Provision for bad and doubtful debts, net	171	301	-	-	171	301
Provision/(write-back of provision) for slow-moving inventories, net	4,450	(2,316)	-	-	4,450	(2,316)
Capital expenditure	29,513	25,459	-	7	29,513	25,466
Loss on disposal/write-offs of property, plant and equipment, net	4,136	66	397	16	4,533	82
Provision for royalty receivable	3,743	-	-	-	3,743	-
Write-back of long outstanding trade payables	(1,788)	(843)	-	-	(1,788)	(843)
Bad debts written off	267	21	-	-	267	21
Gain on disposal of investment property	-	-	(30,000)	-	(30,000)	-
Fair value gain on investment property	-	-	(10,000)	(7,000)	(10,000)	(7,000)

Geographical segments

	Hong Kong		Mainland China		Consolidated	
	2008	2007	2008	2007	2008	2007
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue:						
Sales to/income from external customers	286,164	283,036	163,843	158,119	450,007	441,155
Other revenue	9,914	8,743	39,177	33,050	49,091	41,793
Total	296,078	291,779	203,020	191,169	499,098	482,948
Other segment information:						
Segment assets	472,269	532,542	139,471	134,293	611,740	666,835
Unallocated assets					149,371	58,676
Total assets					761,111	725,511
Capital expenditure	22,097	3,898	7,416	21,568	29,513	25,466

(4) OTHER INCOME AND GAINS

	2008	2007
	HK\$'000	HK\$'000
Other income		
Royalty income	35,018	28,329
Interest income	521	622
Sale of miscellaneous materials	780	544
Income from a related company for contributing an investment property as security	8,520	8,520
Others	4,603	4,400
	49,442	42,415
Gains		
Foreign exchange differences, net	170	-
	49,612	42,415

(5) **PROFIT BEFORE TAX**

The Group's profit before tax is arrived at after charging/(crediting):

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Depreciation of property, plant and equipment	14,160	14,592
Provision/(write-back of provision)for slow-moving inventories, net (included in cost of sales)	4,450	(2,316)
Other operating expenses, net:		
Severance payments	3,268	1,936
Provision for bad and doubtful debts, net	171	301
Bad debts written off	267	21
Loss on disposal/write-offs of property, plant and equipment, net	4,533	82
Provision for royalty receivable	3,743	-
Write-back of long outstanding trade payables	(1,788)	(843)
Exchange loss, net	-	71
	<u>10,194</u>	<u>1,568</u>

(6) **FINANCE COSTS**

The amount represented interest on bank loans and bank overdrafts, all of which were repayable within one year.

(7) **TAX**

No Hong Kong profits tax has been provided as the Group sustained a tax loss in Hong Kong for the year (2007: Nil). 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.

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Current - Elsewhere	6,283	1,038
Over-provision in prior years (Note)	(9,499)	-
Effect on change in tax rate	(2,122)	-
Deferred	<u>(5,108)</u>	<u>542</u>
	<u>(10,446)</u>	<u>1,580</u>

Note: During the year, the Company's subsidiary, Crocodile Garments (Zhong Shan) Limited ceased its manufacturing operation and settled its tax payables with the local tax authority. Over provision for income tax in prior years was reversed accordingly.

(8) **DIVIDEND**

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Final dividend proposed after the balance sheet date of HK 3 cents (2007: HK 1 cent) per ordinary share	<u>18,514</u>	<u>6,171</u>

The final dividend proposed after the balance sheet date has not been recognised as a liability at the balance sheet date and is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

(9) EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit of the Group for the year of HK\$21,216,000 (2007: HK\$21,559,000) and the number of 617,127,130 ordinary shares in issue throughout the two years.

No diluted earnings per share amount for the years ended 31 July 2008 and 2007 has been presented as the share options outstanding during these two years had an anti-dilutive effect on the basic earnings per share for the years.

(10) TRADE RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2008	2007
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade receivables	34,710	31,457
Less: Allowance for bad and doubtful debts	<u>(15,353)</u>	<u>(15,083)</u>
	19,357	16,374
Deposits and prepayments	<u>52,560</u>	<u>36,274</u>
	<u><u>71,917</u></u>	<u><u>52,648</u></u>

- (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 are as follows:

	2008	2007
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade receivables:		
Current to 90 days	14,534	12,138
91 to 180 days	3,132	3,363
181 to 365 days	1,418	873
Over 365 days	<u>273</u>	<u>-</u>
	<u><u>19,357</u></u>	<u><u>16,374</u></u>

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

	2008	2007
	<i>HK\$'000</i>	<i>HK\$'000</i>
At beginning of year	15,083	14,704
Impairment loss recognised	171	301
Exchange realignments	99	78
	<u>15,353</u>	<u>15,083</u>
At end of year	<u>15,353</u>	<u>15,083</u>

At 31 July 2008, the Group's trade receivables of HK\$15,353,000 (2007: HK\$15,083,000) 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 (net of provision for bad and doubtful debts) that are neither individually nor collectively considered to be impaired is as follows:

	2008	2007
	<i>HK\$'000</i>	<i>HK\$'000</i>
Neither past due nor impaired	<u>5,521</u>	<u>235</u>
Past due		
Within 90 days	9,013	11,903
91 days - 180 days	3,132	3,363
181 days - 365 days	1,418	873
Over 365 days	273	-
	<u>13,836</u>	<u>16,139</u>
	<u>19,357</u>	<u>16,374</u>

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 have not been significant changes in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

(11) 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 balance of deposits received and accruals and other payables are as follows:

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Trade payables:		
Current to 90 days	17,492	20,199
91 to 180 days	972	1,643
181 to 365 days	1,382	1,141
Over 365 days	<u>1,141</u>	<u>2,869</u>
	20,987	25,852
Deposits received	23,648	14,085
Accruals and other payables	<u>25,704</u>	<u>21,430</u>
	<u><u>70,339</u></u>	<u><u>61,367</u></u>

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

FINAL DIVIDEND AND BOOK CLOSE DATES

The Directors are pleased to report that a gain of HK\$30,000,000 had been recorded on the disposal of an investment property in Tsim Sha Tsui during the year under review. This gain will be non-recurring. The Directors therefore recommend the payment of a final dividend of HK 3 cents per ordinary share for the year ended 31 July 2008 (2007: Final Dividend HK 1 cent) to shareholders registered in the Register of Members of the Company as at close of business on 11 December 2008. If the recommendation is approved at the forthcoming Annual General Meeting of the Company, the dividend will be payable on 18 December 2008.

The Register of Members of the Company will be closed from 8 December 2008 to 11 December 2008, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the final dividend, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrar, Tricor Tengis Limited at 26/F., Tesbury Centre, 28 Queen's Road East, Hong Kong for registration not later than 4:00 p.m. on 5 December 2008.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Results

During the year under review, turnover was HK\$450,007,000 (2007: HK\$441,155,000), representing a 2.0% increase. Gross profit of the Group increased by 1.4% to HK\$274,492,000 (2007: HK\$270,714,000).

Despite the increase in turnover and gross profit, the escalating retail rental expenses had adversely affected the performance of the "Garment and Related Accessories" segment of the Group. During the year under review, as part of its continuous efforts to improve brand recognition for its own brand "Crocodile", the Group has made considerable investment in a series of promotional campaigns and the Group has also deployed much effort on human resources in recognition that quality staff is crucial to its continual efforts to improve service level to customers.

Income from the “Property Investment” segment was the major contributor to the overall performance of the year under review. A surplus of HK\$10,000,000 (2007: HK\$7,000,000) on revaluation of an investment property (before disposal) and a gain of HK\$30,000,000 on the subsequent disposal of this investment property were recorded during the year.

As a result of the above, the Group recorded a profit attributable to shareholders of HK\$ 21,216,000 for the year ended 31 July 2008 (2007: HK\$21,559,000).

Operation Review

Hong Kong and Macau

The Group operated 26 outlets for Crocodile line and 5 outlets for Lacoste line in Hong Kong and Macau as at 31 July 2008. The performance of these outlets was stable with an increase of 1.4% in turnover as compared to last year.

The Crocodile line, by strengthening brand image and positioning through revamping together with the grand openings of the new flagship shops, has enhanced its brand personality in the target clientele as an acclaimed brand.

The Lacoste line, which offers casual and fashionable high-end products, achieved double-digit increase in sales during the year under review.

However, the increase in rental expenses arising from the renewal of the existing shops and the opening of certain new shops in the past year is a key concern to the Group. Due to the worsening global economic environment, the Group will not open new shops in the coming year until there are signs that the rental pressure will be relieved.

Mainland of China (the “Mainland”)

To be in harmony with its nationwide franchising strategy, the Group restructured its own retail network in major cities of the Mainland during the year under review. Total sales increased by 3.6% as compared to last year.

The number of retail outlets run by the Group remained relatively stable at 82 as at 31 July 2008 (2007: 93). The increase in operating costs of these outlets, as reflected by the prevailing high inflation rate in the Mainland, significantly offset the additional contribution generated from the growth in sales.

Other income, mainly representing royalty income derived from licensees, has recorded a double-digit growth and continued to provide a stable income stream to the Group.

Currently, there are a total of 419 sales outlets in the Mainland, including self-operated retail outlets and those operated by our franchisees.

Prospects

The overall consumer market in the short-term future will be difficult in view of the present tumultuous situation in the financial markets. The expensive rental commitments together with the uncertainty in the consumer market may have a negative impact on the performance of the Group in the coming year. The outlook for retail sector will become more challenging than ever in Hong Kong and Macau. To cope with the above business conditions, the Group has been undertaking corrective measures, including product perfecting, sale network restructuring and strict cost control.

On the Mainland, having a well-established sale platform consisting of self-operated and franchised outlets, the Group is well positioned to benefit from the Mainland's developing apparel sector.

The redevelopment project of the Group's major investment property in Kwun Tong, Hong Kong is planned to complete by the end of 2009. After completion, the new commercial complex is expected to generate stable rental income to the Group in the future.

Contingent Liabilities

As at 31 July 2007, the Company was required to provide a guarantee to a bank for facilities granted to a subsidiary and the facilities were not utilized at that date. During the year under review, the Group re-arranged its facilities with the bank and the Company was not needed to provide any guarantees since then.

On 28 February 2006, the Company, Lai Sun Garment (International) Limited ("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 redevelopment of an investment property situated at 79 Hoi Yuen Road, Kwun Tong, Kowloon (the "KT Property"). 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 KT Property, the Group has agreed to provide or procure such security over or in relation to the KT Property 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 KT Property. The term loan drawn would be secured by a first legal charge over the KT Property and a first floating charge over all the undertaking, property and assets of Crocodile KT.

Pursuant to a deed of undertaking, guarantee and indemnity entered amongst the Company, Crocodile KT, Unipress and LSG dated 10 July 2006, Crocodile KT is only required to be a party to the 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 term loan and the term loan would not be recognized in the financial statements of the Group.

At 31 July 2008, the total amount of bank term loan drawn in respect of the above facility was HK\$82,000,000 (2007: HK\$28,000,000).

Apart from the foregoing, at the balance sheet date, the Group has also entered into a number of construction and consultant contracts for the redevelopment of the KT Property with the contractors and consultants of aggregate principal sums of approximately HK\$326,760,000 (2007: HK\$53,502,000). The Group has also simultaneously entered into respective deeds of undertaking with Unipress and these contractors of 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 consultant 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, Trust Receipt Loans, the Group has not employed other financial instruments for the year ended 31 July 2008.

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 dealt with foreign enterprises and will not bear unforeseeable foreign currency exchange risks.

Cash and cash equivalents held by the Group amounted to HK\$149,371,000 as at 31 July 2008 and were mainly denominated in Hong Kong dollars and Renminbi.

As at 31 July 2008, total bank borrowings of the Group amounted to HK\$44,664,000 which were due for renewal within one year. Of the total bank borrowings, HK\$17,000,000 represented unsecured short-term bank loans, HK\$26,977,000 was unsecured trust receipt loans and HK\$687,000 was secured trust receipt loans. 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 year ended 31 July 2008.

The Group's gearing was considered to be at a reasonable level, as the debt to equity ratio at 31 July 2008 was 7.4%, expressed as a percentage of total bank borrowings to total net assets.

In addition to the securities provided by the Group for the redevelopment of the KT Property, the Group had paid a deposit of HK\$2,536,000 to its banker to secure banking facilities granted to the Group as at 31 July 2008.

The Group had contracted capital commitments of HK\$4,755,000 as at 31 July 2008.

Major Investments, Acquisitions and Disposals

Except for the disposal of the investment property situated at Tsimshatsui, Hong Kong, the details of which are included in the Company's circular dated 13 May 2008, the Group had no significant investments, material acquisitions or disposals for the year ended 31 July 2008.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year ended 31 July 2008, 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 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited throughout the accounting period covered by the Annual Report save for the 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 ANNUAL RESULTS

The annual results of the Company for the year ended 31 July 2008 have been reviewed by the audit committee of the Company. The audit committee comprises the three independent non-executive Directors of the Company, namely, Mr. Wan Yee Hwa, Edward, Mr. Yeung Sui Sang and Mr. Chow Bing Chiu.

ANNUAL GENERAL MEETING

The Annual General Meeting of the Company will be held on Thursday, 11 December 2008. Notice of the Annual General Meeting and the Company's Annual Report for 2007-2008 will be despatched to shareholders in due course.

By Order of the Board

Lam Kin Ming

Chairman and Chief Executive Officer

Hong Kong, 6 November 2008

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.