

Chairman's Statement

The year 2006 is a challenging year for the Group. The Group has undergone a number of changes to preserve its competitive edge in its core businesses, such as closing down its sample production room for trading business in the PRC and taking steps to restructure its garment trading workforce. This will consolidate the businesses and streamline the operating flow so as to reduce the operating costs.

In addition, the board members of the Company have been changed. The Group envisages that professionalism, academic qualifications, experience and market insights are the key success factors of modern enterprises. In particular, as an independent non-executive Director, I resolve to provide impartial and fair leadership in the Board. Apart from the provision of management and direction, the Board will pay particular attention to corporate governance and internal controls so as to preserve the long-term healthy growth of the Group.

The Group will constantly review its financial resources and will consider various plans to enhance its financing capabilities. The Group believes that to broaden its shareholders base would provide a solid ground for the Group to grow. Trading in the shares of the Company has been suspended since 21 April 2004. The Board has been taking steps to discuss with the Stock Exchange for the feasible plan for resumption of trading and the Board is pleased to say that it has light to resolve the problems in due course.

Looking forward, we shall continue to seek for opportunities to improve our competitiveness and to secure business with stable and recurring revenue and to preserve our financial resources so as to improve the financial position of the Group.

On behalf of the Board, I take this opportunity to welcome Mr. Wu Ho Fai David, Ms. Zhang Yuyan and Mr. Cheung Hoo Win on joining the Board and to thank Mr. Ching Suet Ming and Mr. Tam Wing Fai Johnny for their valuable contributions to the Group during their tenure of service and I would like to express my sincere gratitude to all our customers, shareholders for their trust and support to the Group.

Lim Man San David

Chairman

Hong Kong, 21 July 2006