The directors announce the audited consolidated results of the Group for the year ended 31 March 2001 with the comparative figures for the previous financial year.

Financial Results

For the year ended 31 March 2001, the audited consolidated profit for the year of the Group amounted to approximately HK$143,311,000 (2000: HK$32,298,000). Basic earnings per share at HK$0.216 is 1.7 times higher than HK$0.081 against last year.

Business Review

After the strategic restructuring in 1999, the Group continued to streamline the operations so as to maintain efficiency and optimise business performance. With the effective cost control policies, the administrative expenses were dramatically reduced by half from HK$71,995,000 to HK$36,166,000.

Since the Group strove for the repositioning both in the garment industry and market, for the year ended 31 March 2001, turnover contributed by garment operations was slightly increase to HK$640,162,000 (2000: HK$638,834,000). During the year under review, the Group paid additional effort to develop the market in the U.S. in a hope to get well prepared for the admission of People's Republic of China ("PRC") to the World Trade Organisation ("WTO"). The reason for decrease in turnover of the Group is the result of the deemed disposal of a subsidiary resulting a drop of income from property letting. The repositioning and market expansion were long-term strategies, steady increase in turnover is expected in the future.

During the year ended 31 March 2001, although turnover dropped, profit from operations increased significantly from HK$20,000 to HK$66,948,000, a sharp increase over that of the previous year.

As the property market remained slow and sluggish in the residential sector, the revenue of property letting reduced approximately 39% from HK$32,224,000 to HK$19,725,000 as compared with previous year. The drop was mainly due to the completion of a deemed disposal of a subsidiary engaged mainly in property letting.

The Group's business was divided by geographical segments, including Hong Kong, the PRC (excluding Hong Kong), the United States, Europe, Canada and others. During the year under review, the revenue of the above segments counted as HK$20,182,000, zero value, HK$599,011,000, HK$17,273,000, HK$22,988,000 and HK$433,000 respectively. The major market of the Group is the United States which is followed by Canada, regarding the potential U.S. market, the Group is paying additional effort in the development of the U.S. market.

Prospects

The Group plans to set up a regional headquarters in New York to handle garment operations in the U.S., establish continuous customer service improvement on quality customers and to enlarge our customer base to better position ourselves in order to minimise the risk exposure posed by quota system. This will be financed by internal resources.

Significant Corporate Events

On 19 October 2000, the Group entered into a placing of 77,532,000 existing shares through its placing agent and a subscription for new shares agreement with Magical Profits Limited to subscribe for 122,562,000 new shares at the price of HK$0.23. The net proceeds was approximately HK$27.5 million, in which HK$25.0 million was used to repay bank borrowings and the remaining was used as the general working capital.

With regard to the significant investment held during the year, the Group incurred a loss of HK$8,205,000 on deemed disposal of 21CN Cybernet Corporation Limited ("21CN"). At 31 March 2001, the Group held 405,965,700 shares of 21CN. The Group recorded an unrealised gain of HK$131,034,000 at fair value at 31 March 2001 of HK$0.38 per share of 21CN. In June 2001, the Group had disposed of 211,579,420 shares of 21CN at HK$0.42 per share.

Liquidity and Financial Resources

As at 31 March 2001, trade and other payables reduced by 54% from HK$106,535,000 of the previous year to HK$49,332,000. Trade and other receivables decreased to HK$82,523,000 from HK$118,054,000.

As at 31 March 2001, the Group's bank deposits amounted to HK$43,059,000. Bank and other borrowings significantly decreased approximately 35% from HK$563,646,000 to HK$366,154,000 due to repayment of loans and deemed disposal of 21CN during the year. The decrease in borrowings was in turn contributing to a nearly 50% decrease in finance costs from HK$62,009,000 to HK$31,115,000.

Total debts to equity ratio was 1.1 times (2000: 3.2 times) which are expressed as a percentage of bank and other borrowings over the net assets of HK$346,014,000 (2000: HK$177,712,000). The improvement of the total debts to equity ratio was mainly due to an increase in net assets together with a decrease in bank and other borrowings.

The Group's bank borrowings carry interest rate calculated mainly with reference to HIBOR, while Hong Kong dollar and US dollar are the main currencies in which borrowings are made.

Discussion has been underway and the management is confident that the loans can be rescheduled for longer repayment term after the review of the Group's improved financial position.

With regard to the charges on the Group's assets, by way of fixed and floating charges, debentures have been executed by the Company and its subsidiaries in favour of the bankers charging all of the undertakings, properties and assets of the Group as security for, inter alia, all obligations and liabilities, actual or contingent, from time to time owing by the Group to the bankers. Rental revenue of the Group is also charged in favor of the Group's bankers.

As at 31 March 2001, the Group has contingent liabilities for bills discounted with recourse of HK$8,716,000 (2000: HK$13,200,000) and the Company has contingent liabilities for corporate guarantees given to banks in respect of credit facilities granted to subsidiaries of HK$1,059,311,000 which is same as previous year. In addition, details of the warrantees provided by the Company regarding gross proceeds of properties of 21CN and its subsidiaries (collectively the "21CN Group") as at 31 March 2000 (if successfully disposed of) and the market value of those properties that have not been disposed of within three years from 15 May 2000, the date of completion of deemed disposal of 21CN Group, are described in the announcement of the Company dated 17 February 2000. In the opinion of the board of directors, no provision at 31 March 2001 in respect of such warranties is necessary.

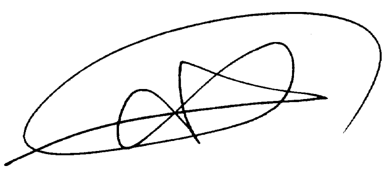
Employment, Training, Development and Remuneration Policy

As at 31 March 2001, the number of staff of the Group in the Mainland and Hong Kong was about 60 and the total staff costs were approximately HK$21 million (2000: HK$27 million). The main reason for the decrease in the number and costs of staff is corporate restructuring and the improvement in technology. The Group remunerates its employees based on their performance, experience and prevailing industry practice. The remuneration policy and package is adjusted according to the human resources market environment. Bonus is linked to the performance of the Group and individual performance as a recognition of and reward for value creation. The Group has set up provided retirement benefits, in the form of Mandatory Provident Fund entitlement to Hong Kong's employees.

As the sourcing of garments might eventually take place on the web, the Group will pay special attention to training our staff computer and internet applications in order to strengthen our sourcing power.

Appreciation

On behalf of the board, I would like to take this opportunity to express my deepest gratitude and sincere thanks to all of our staff, fellow directors, the continuing support of its customers, suppliers, business associates and shareholders.



President and Chief Executive Officer

Hong Kong, 23 July 2001