

Chairman's Statement

I am pleased to report that all our tasks set out in my last chairman's statement were satisfactorily completed.

As stated in our annual reports of the last two years of 1999 and 2000, the Group operated under extreme financial difficulties and reported huge losses which in total amounted to HK\$455 million with the result that the Group had to undergo a debts restructuring scheme with all its major creditors. After a year of our tremendous effort in fiscal 2001, the Group finally succeeded in entering into debt compromising agreements with all its major creditors and a subscription agreement in respect of the allotment of new ordinary shares and convertible preference shares with Marble King International Limited. This together with a rights issue of new ordinary shares raised cash of approximately HK\$93.5 million for the Group. In the year ended 30 November 2001, loss of the Group was significantly reduced to about HK\$8.8 million.

In the year ahead, the Group will primarily focus on the development of a new corporate image, new corporate structure and business strategies. On the structural side, consideration will be given in disposing certain non-contributing subsidiaries which are not in line with our new development and strategies. On the business side, management will adopt a careful and prudent approach in the activation of our business. Whilst the Group will continue to focus on developing and expanding its garments and related business, we shall consider opportunities in diversifying into other businesses to strengthen our earning base. Our short term objective is to develop a new group with clear vision and strategies so that our Group's profitability and share price will gradually improve reflecting our business reactivation and new development.

On behalf of the Board, I would like to thank all our staff members and fellow directors for their hard work and dedication.

Yeung Kwok Kwong

Chairman

Hong Kong, 7 January 2002