On behalf of the board, I present herein the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31st March, 2002.

The turnover of the Group for the year ended 31st March, 2002 was HK$45.0 million, a slight decrease of 7.2% from the previous financial year. The turnover for the Group's continuing operations has increased from HK$26.1 million to HK$45.0 million, or 72.4%. However, owing to the unfavourable global economy and the disruptions facing the management, the Group recorded a loss of HK$39.9 million for the current year, though a profit of HK$10.8 million was recorded in the previous year. The recorded loss was primarily attributable to the significant amount of legal and professional expenses incurred and provided for in relation to litigation matters and takeover activities, totaling HK$18.1 million, and the provision for investments and loss on revaluation of marketable securities, totaling HK$16.3 million.

Loss per share for the year was HK$0.14 and the Board does not recommend any final dividends for this financial year.

REVIEW OF BUSINESS OPERATIONS

With the redefined corporate strategy, the Group has extended its business to the field of trading and manufacturing by way of effecting two direct investments during the year. Although these investments have not been able to bring in a significant amount of profits for shareholders owing to the global economic slump, these investments have commenced generating a total turnover of HK$30.9 million for the current year under review.

The Group's corporate finance business in Hong Kong experienced a difficult year on account of the shrinkage of corporate finance activities. Recorded turnover for the year was HK$7.0 million, a decrease of 51% from the previous year. Net contribution to the Group was therefore reduced from HK$3.2 million for the previous year to HK$0.8 million for the current year.

The investment environment in Asia, particularly Hong Kong, has not improved during the current financial year. In view of this unfavourable investment environment, the Group has, in the interim, discontinued its investment of HK$50 million in a direct investment fund. The Board will continue adopting a conservative approach in selecting good investment opportunities for the shareholders.

The Board has also taken a conservative approach in making provisions for impairment of HK$10.5 million on investments made in the United States, subsequent to the terrorist attack in September, 2001.

MANAGEMENT DISCUSSIONS AND ANALYSIS

Financial positions of the Group

As at 31st March, 2002, the Group remained at a healthy stage and maintained a cash level of HK$203.1 million, with a gearing ratio of 17.5% (total amount liabilities of HK$46.6 million to total amount of assets of HK$267.0 million). The Group did not pledge any of the Group's assets as at the balance sheet date, nor did the Group have any bank borrowings or contingent liabilities significant in amount.

Foreign exchange exposure

The Group expects to have a reasonable number of transactions conducted in Japanese Yen for merchandise sourcing and in Taiwan Dollars for turnover generated. Fluctuation in these currencies may have an impact on the financial performance of the Group.

Employment and remuneration policy

As at 31st March, 2002, the Group's operations engaged a total of about 100 staff and workers. The remuneration policy of the Group's employees is reviewed and approved by executive directors. Discretionary bonuses are linked to the profit performance of the Group as well as individual performance. Benefits include staff accommodation, medical schemes and the Mandatory Provident Fund scheme for Hong Kong employees, and state-sponsored retirement plans for employees in the People's Republic of China and Taiwan.

The employment costs (including directors' emoluments) accounted for about HK$15.4 million.

DISRUPTION FACED BY THE MANAGEMENT

During the year, the senior management was required to spend a substantial amount of management time dealing with the Petition, and an injunctive order dated 15th May, 2001 made by the Court upon an ex parte application by Kistefos. The full details of both of these were provided in the Company's annual report 2001.

In the Court hearing in September, 2001, the Company successfully struck out the claim by Kistefos to wind up the Company, though the claim by Kistefos requesting the Company to repurchase its shares in the Company remained to be dealt with by the Court in subsequent hearings. The Company then lodged appeals against the Court's decision not to strike out the claim by Kistefos requesting the Company to repurchase its shares in the Company, which was countered by Kistefos lodging a cross appeal against the Court striking out the claim by Kistefos to wind up the Company. The hearing of the appeals took place from 17th to 20th June, 2002. On 21st June, 2002 the Court of Appeal of Bermuda gave judgement dismissing the appeal of the Company and the cross appeal of Kistefos. Accordingly the claim by Kistefos to wind up the Company remains struck out; and the claim by Kistefos requesting the Company to repurchase its shares will go forward to trial. No trial date has yet been fixed.

Other than the management time being spent on these litigation matters, which is definitely not in the interests of the Company's shareholders, it has also been necessary for the Board to make substantial provision in the accounts for the legal fees to defend the Petition, which substantially affects the financial performance of the Group. The Board is currently not in a position to anticipate when the litigation by Kistefos will be finalised.

ACKNOWLEDGEMENT

The Board would also like to take this opportunity to express gratitude to the staff of the Group for their continued and dedicated contributions during the financial year under review.

For and on behalf of the Board
Chan Yim Fong, Teli
Executive Director

Hong Kong,
27th June, 2002