

FINANCIAL RESULTS

The Group's consolidated turnover and profit attributable to shareholders for the year ended March 31, 2002 amounted to approximately HK\$189 million and HK\$2.2 million respectively, representing a decrease of 29% and 30% from that of last year. The decreases were attributed to:

- 1) The disposal of the newspaper-publication and offset-printing service subsidiaries in June 2000. Three months' turnover for the newspaper publications and offset printing services, which amounted to HK\$42 million, have been included in 2001, representing 56% of the decrease of total turnover;
- 2) The decrease in sales turnover of the group's core business, garment manufacturing, as a direct result of the September 11 incident. Pressures of US retailers forced down the selling price of our products which in turn resulted in the gross profit ratio dropping to 10.9% in 2002 from 14.5% in 2001.

Distribution costs and administrative expenses decreased sharply by 45% from HK\$33 million in 2001 to HK\$18 million in 2002. New cost saving measures introduced during the year contributed to this decrease in overheads. The directors will continue to control the overheads of the group in line with the level of its business activities.

DIVIDENDS

In August 2001, the Group undertook a significant capital reorganization to eliminate the Group's accumulated deficit, allowing the Directors future flexibility regarding the dividend policy of the Group.

As of March 31, 2002, there was approximately HK\$12 million in reserves available for distribution to shareholders, which was in line with expectations. The Board of Directors, therefore, recommended a dividend of HK\$0.01 per share for the year ended March 31, 2002 payable on or about September 13, 2002 to shareholders whose names appear on the Register of Members of the Company on August 30, 2002. In the absence of unforeseeable circumstances, the Board will keep a steadily growing dividend policy in the future.

Chairman's STATEMENT (continued)

Annual Report 2002

FINANCIAL POSITION AND LIQUIDITY

The financial position of the Group remained strong during the year relying principally on its internal resources to fund its operation and investment activities. As at March 31, 2002, the Group had net current assets of HK\$43 million including cash and bank balances of about HK\$33 million compared with net current assets of HK\$42 million including cash and bank balances of HK\$21 million at March 31, 2001. As at March 31, 2002, the Group's gearing ratio and current ratio were 0% (2001: 0%) and 2.4 times (2001: 2.2 times) respectively. The gearing ratio of the Group is expressed as a percentage of total borrowings to shareholders' funds.

The Group has contingent liabilities of HK\$20 million in the form of a corporate guarantee to secure general banking facilities granted to a subsidiary. Foreign currency exposure risk is minimum because of the Group's US\$ based stream of income.

EMPLOYEES

The Group maintains 24 employees. Salaries are reviewed and adjusted annually based on their performance and experience. Other employee benefits include mandatory provident fund and educational subsidies which are offered to promote the development of staff. There is a share option scheme in place designed to award employees for their performance at the discretion of the Directors.

FUTURE PLAN AND PROSPECTS

On garment business, judging by 2002 first quarter's performance and despite the pressure on price, the volume has been satisfactory due to stable consumer spending power in the United States. We expect the trend to continue throughout the remainder of the year.

Other projects we are studying include medical and healthcare centers, the reuse of municipal sewage for organic fertilizers, wastewater management, agricultural and fishery related ventures. Our focus is still to diversify into other potentially profitable businesses especially in Mainland China.

APPRECIATION

On behalf of the Board, I would like to extend my appreciation to our management team and employees for their efforts during the past year. I would also like to thank our business associates and shareholders for their confidence and continued support.

By Order of the Board
Ling Tai Yuk, John
Chairman

Hong Kong, July 3, 2002