CHAIRMAN'S STATEMENT

For the year ended 31 March 2004 (the "Year"), the Company and its subsidiaries (collectively referred to as "the Group") recorded a loss of approximately HK$5.0 million as compared with a loss of approximately HK$295.1 million (restated) for the last corresponding year. Turnover of the Group increased by approximately 186.5% from approximately HK$43.1 million in the last year to approximately HK$123.5 million for the Year.

REVIEW OF OPERATIONS

Apparel Trading and Retailing

On 26 September 2003, the Group acquired Hamlet Profits Limited ("Hamlet Profits") from an independent third party. Hamlet Profits and its subsidiaries ("Hamlet Group") are principally engaged in the wholesale and retail of products under well-known French labels. Hamlet Group possesses a rather extensive distribution network with 14 retail outlets in Hong Kong and over 20 franchisees in the PRC. The significant increase in turnover of the Group for the Year is mainly attributable to the business of the Hamlet Group. Hamlet Group would have made positive contribution to the results of the Group but for the provision of bad debt and obsolete stock in an aggregate amount of approximately HK$15.3 million. Though a net loss was recorded during the Year, the new management has launched some restructuring programs and is confident that the results in the coming periods would improve.

Freight Forwarding and Vessels Operating Common Carrier Services

Turnover decreased by approximately 7.5% from HK$25.2 million for the previous year to HK$23.3 million for the Year due to intense competition. This segment sustained an operating loss of HK$0.2 million during the Year. On 22 April 2004, the management realised its investments in the freight forwarding and vessels operating common carrier services segment by the disposal of the Group's entire interest in Jungjin Logistics Development Limited.

Container Depot and Logistics Management Services

Turnover increased by approximately 29.1% from HK$17.9 million for the previous year to HK$23.1 million for the Year. The positive operation results of HK$1.0 million were mainly attributable to the restoration to full operation following the completion of the extensive maintenance works of the Group's container depot in Shanghai. On 6 April 2004, this segment of business was disposed of at a consideration of HK$33 million. The disposal provided the Group with the opportunity to realise its investments in this segment of business and to relocate the Group's resources to other business segments with better profit potential.

CHAIRMAN'S STATEMENT

Long Distance and Continuing Education

The investments of the Group in Oriental Express Development Limited and Independent Islands Limited ("Independent Islands") which were respectively principally engaged in the provision of satellite and internet support to long distance education for pharmacists and continuing medical education for practitioners amongst the medical sector in the PRC had still not provided any contribution to the Group due to the delay in the construction of infrastructure of the projects. On 3 November 2003, the Group entered into an agreement to dispose of the entire issued share capital of a wholly-owned subsidiary, Electronic Dragon Technology Limited ("Electronic Dragon"). Electronic Dragon is the investment holding company of Independent Islands. The management decided not to inject further financial resources into the remaining project.

In order to compensate the lack of contribution in this segment, the management decided to seek new investment opportunity in a more traditional mode of operation. In July 2003, the Group acquired 49% interest in Global Institute, Inc. ("Global Institute"), which together with its subsidiary are principally engaged in organising and provision of higher education programs to mature students in Hong Kong through cooperation with a selection of universities, professional bodies and well respected organisations throughout the world. Initially based in Hong Kong, Global Institute is now planning to diversify into the PRC market with some of its projects ready to take off. Unfortunately, the message to control the overheated PRC economy has been lingering around for sometime which slowed down many business undertakings and development activities in the PRC. This even affected some of the partnering institutions of Global Institute and hence its development in the PRC. As a result, an impairment loss of HK$12.4 million of the goodwill on acquisition of Global Institute was provided for the Year. Although the business development of Global Institute is slower than expected, leveraging on its alliance with a strong base of international universities coupled with the professional programs offered being at the fore front of other peers, the management expects to see its business development in the PRC in the long run.

Securities Trading and Financial Services

During the Year, the management decided to participate again in equity investment in light of the upward wave of the stock market. The management has been cautiously formulating its investment strategy to tackle with the fast moving and volatile market condition. The management also sees the increased need for financial resources for investors in the market and a money lenders licence was held by a subsidiary of the Group to facilitate the business development in this segment.

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2004, the Group employed 265 permanent employees, including 110 employees in Hong Kong and 155 in the PRC. The Group continued to review the remuneration packages of employees with reference to the level and composition of pay, the general market condition and individual performance. Staff benefits include contribution to Mandatory Provident Fund Scheme and discretionary bonus, share option scheme, medical allowance and hospitalization scheme and housing allowance.

CHAIRMAN'S STATEMENT

LIQUIDITY AND FINANCIAL RESOURCES

The Group had been funding its operation entirely by the shareholders' equity and cash generated from operations, other loans and the proceeds from the rights issue and share subscription under the placing and subscription agreements throughout the Year. Total non-current assets and current assets of the Group as at 31 March 2004 were approximately HK$81.5 million and HK$95.8 million which were financed by non-current liabilities, current liabilities and shareholders' equity of HK$6.1 million, HK$111.8 million and HK$59.5 million respectively.

Together with the cash generated from the Group's operation in its ordinary course of business, coupled with the net proceeds from the rights issue and share subscription under the placing and subscription agreements mentioned under the heading of Capital Structure below, the management expected that the Group will have sufficient working capital for its operations.

The Group had limited exposure to fluctuation in exchange rates.

CAPITAL STRUCTURE

Capital Reorganisation

During the Year, a special resolution was passed in a special general meeting of the Company held on 9 July 2003 ("SGM") pursuant to which the paid up capital of the Company was reduced from HK$0.10 per share to HK$0.0001 per share ("Reduced Share") by the cancellation of HK$0.0999 of the paid up capital on each issued share ("Capital Reduction"). As a result of the Capital Reduction and based upon the number of issued shares of the Company as at 9 July 2003, an amount of approximately HK$152,002,000 from the share capital account of the Company was cancelled and credited to the contributed surplus account of the Company and was applied to eliminate part of the accumulated losses of the Company. The Capital Reduction became effective on 10 July 2003 whereupon every 10 Reduced Shares were consolidated into one share of HK$0.001 each ("New Share").

Rights Issue

Pursuant to an ordinary resolution passed in the SGM, 152,154,131 New Shares were issued by way of rights issue ("Rights Issue") on the basis of one rights share for every New Share held at an issue price of HK$0.30 per share on 5 August 2003. The net proceeds of approximately HK$44 million has been used as the Group's working capital and for investment purposes.

Placing of Existing Shares and Subscription of New Shares

Pursuant to a placing agreement dated 7 November 2003 made between Leopard Vision Limited ("Leopard Vision"), a substantial shareholder of the Company, and Emperor Securities Limited ("ESL"), ESL agreed to place 60,000,000 shares in the Company held by Leopard Vision at a placing price of HK$0.25 per share.

CHAIRMAN'S STATEMENT

Pursuant to a subscription agreement also dated 7 November 2003 made between the Company and Leopard Vision, Leopard Vision agreed to subscribe for 60,000,000 shares in the Company and the Company agreed to issue 60,000,000 new shares in the share capital of the Company to Leopard Vision at a subscription price of HK$0.25 per share ("Subscription").

On completion of the Subscription on 21 November 2003, 60,000,000 shares of HK$0.001 each were issued and allotted to Leopard Vision at a consideration of HK$0.25 per share. Net proceeds derived from Subscription of approximately HK$14.7 million would be used by the Company for future investment and working capital purposes.

CHARGES ON ASSETS

All secured loans were secured by the Group's equity interests in certain subsidiaries and certain charges on loans due by theses subsidiaries. All of them were repayable within one year.

CONTINGENT LIABILITIES

Details of contingent liabilities of the Group and the Company as at the balance sheet date are set out in Note 33 to the financial statements.

PROSPECTS

For the apparel trading and retailing business, the new management is taking steps to improve the existing products in terms of quality and design by way of a more pro-active sourcing function. The management has also carried out a series of operation reviews on costs and credit control. With the influx of tourists from the PRC, the retail market in Hong Kong has substantially improved. With the launching of the restructuring programs, the wholesale and retail business of the Group in the PRC is expected to generate more revenue for the Group. As the general demand for imported brands is surging in the PRC, the management would continue to look for good development opportunities with other partners.

Although the current equity investment market is not as hot as that in the first quarter of the year 2004, the management believes the momentum of the market will continue to move ahead. To ride on the volatile market, the management will continue to cautiously formulate investment strategies.

Global Institute, the Group's investment in the continuing education, has been working closely with its counter parties in the PRC with a view to close out the negotiations and take a step closer to launch its professional programs in the PRC.

The management is cautiously looking for more investment opportunities, whether existing businesses of the Group or any other new venture of business so as to broaden its income base.

Wong Ching Ping, Alex
Chairman

Hong Kong, 15 July 2004