

20. EVENTS AFTER THE BALANCE SHEET DATE

Placing of New Shares

On 17 November 2004, the Company entered into a placing agreement with a placing agent to place in aggregate 72,800,000 new shares to not less than six independent investors at a price of HK\$0.095 per new share.

Upon completion of placement on 15 December 2004, 72,800,000 shares of HK\$0.001 each were issued and allotted to six independent investors at a consideration of HK\$0.095 per share. Net proceeds derived from subscription of approximately HK\$6.8 million would be used by the Company for general working capital of the Group or for future investment purposes.

INTERIM DIVIDEND

The Board did not recommend the payment of an interim dividend for the Period (2003: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

For the Period, the Group recorded a consolidated turnover of approximately HK\$88.0 million as compared with approximately HK\$23.1 million for the last corresponding period, which represented an increase of approximately 281%. Loss from operations increased from approximately HK\$3.5 million in the last corresponding period to approximately HK\$7.2 million for the Period. Due to a gain on disposal of subsidiaries of approximately HK\$21.6 million, the Group recorded a consolidated profit of approximately HK\$10.7 million as compared with a consolidated loss of approximately HK\$5.8 million for the last corresponding period.

REVIEW OF OPERATIONS

Apparel Trading and Retailing

Apparel trading and retailing business of the Group was principally involved in the wholesale and retail of products through an extensive distribution network in Hong Kong, Macau and the PRC. The segment results were improved by reducing the loss to approximately HK\$4.3 million for the Period as compared with a loss of approximately HK\$14.3 million for the period from the date of acquisition on 26 September 2003 to 31 March 2004.

With the continuing recovery in the economy and the encouraging rebound in the retail market, the management expects the operation results of this segment will be improved in the near future.

Securities Trading and Financial Services

The Group became more active in participating in the equity investment market. Turnover increased from approximately HK\$0.2 million in the last corresponding period to approximately HK\$39.1 million for the Period. Due to the fast moving and volatile market conditions and the Group's prudent attitude in investment strategy, no material contribution or loss was recorded from this segment during the Period.

For the financial services business, the Group was very cautious in choosing potential clients. A minimal contribution was recorded in this segment during the Period.

Long Distance and Continuing Education

The Group had 49% equity interest in Global Institute which, together with its subsidiary, principally engaged in organising and providing higher education programs to mature students in Hong Kong and the PRC. Most of the PRC partnering institutions of Global Institute still put their development activities on hold. As a result, the PRC development was slower than expected. However, the management anticipates to see its growth in the long run.

Freight Forwarding and Vessels Operating Common Carrier Services and Container Depot and Logistics Management Services

In recent years, the Group had been facing intense competition in these two segment markets. In order to reduce the Group's external borrowings and give more flexibility in allocation of resources for future business expansion, the Group disposed of its businesses in these two segments in April 2004.

EMPLOYEES AND REMUNERATION POLICY

As at 30 September 2004, the Group employed 158 permanent employees, including 91 employees in Hong Kong and 67 in the PRC. The Group continued to review the remuneration packages of employees with reference to the level and composition of pay, 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.

LIQUIDITY AND FINANCIAL RESOURCES

The Group had been funding its operation entirely by shareholders' equity and cash generated from operations and short term loan. Total non-current assets and current assets of the Group as at 30 September 2004 were approximately HK\$15.8 million and approximately HK\$85.8 million which were financed by non-current liabilities, current liabilities and shareholders' equity of approximately HK\$8.5 million, HK\$43.6 million and HK\$49.5 million respectively.

The gearing ratio (calculated by total short term loans as a percentage to the net assets value of the Group) of the Group was reduced from 78.4% as at 31 March 2004 to 44.7% for the Period .

Together with the cash generated from the Group's operation in its ordinary course of business, coupled with the net proceeds from the placing of new shares mentioned under the heading of "Capital Structure" below, the Directors expected that the Group will have sufficient working capital for its operations.

The Group had limited exposure to the fluctuation in exchange rates.

CAPITAL STRUCTURE

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Upon completion of placement on 15 December 2004, 72,800,000 shares of HK\$0.001 each were issued and allotted to six independent investors at a consideration of HK\$0.095 per share. Net proceeds derived from subscription of approximately HK\$6.8 million will be used by the Company for general working capital of the Group or for future investment purposes.

CHARGES ON ASSETS

Short term loan was secured by the Group's equity interest in a subsidiary and a charge on loan due by this subsidiary. It was repayable within one year.

PROSPECTS

For the apparel trading business, the management will strengthen its control and involvement in the distribution network in the retail sector, especially in the PRC. The management believes that the increased participation in the retail business in the PRC will improve the profit margin of this business sector in the long run. Given the continuous rebounding investment sentiments in the equity market and the increasing demand for the financial resources for investors, the management expects that more contribution will arise from securities trading and financial services in the second half of the financial year.

The management would continue to look for promising investment opportunities or any other new business ventures to ensure a prosperous growth of the Group.