CHAIRMAN'S STATEMENT

For the year ended 31 March 2005, the Company and its subsidiaries (collectively referred to as "the Group") recorded a consolidated turnover of approximately HK$154.0 million, representing an increase of approximately 24.7% from HK$123.5 million in the last corresponding year. Loss from operations decreased from approximately HK$17.8 million in the last corresponding year to approximately HK$12.4 million for the year. Boosted by a gain on disposal of subsidiaries of approximately HK$21.6 million, the Group recorded a consolidated profit of approximately HK$4.6 million, against a consolidated loss of approximately HK$5.0 million in the last corresponding year.

REVIEW OF OPERATIONS

Apparel Trading and Retailing

Apparel trading and retailing business was the core business for the Group. It principally involved in the wholesale and retail of products through an extensive outlet network in Hong Kong, Macau and the PRC. The management had, during the past year, rejuvenated its business through revamping, redesigning and reposition of the brand to meet the various tastes of the fiscal urban market.

With an improving economy across the region and rebound in the retail market, the segment had reduced its loss to approximately HK$9.7 million for the year, 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.

The apparel collection is currently available in over 24 mainland cities with a distribution network of over 60 sales outlets.

Securities Trading and Financial Services

The segment saw an increase in turnover from approximately HK$1.1 million in the last corresponding year to approximately HK$61.0 million for the year, after the Group decided to re-participate in the equity investment market. Due to the fast moving and volatile market conditions against the Group's prudent investment strategy, no material contribution was recorded from the securities trading activities during the year.

The financial services businesses recorded a minimal contribution for the Group because the Group was very cautious in choosing potential clients.

Long Distance and Continuing Education

The Group had 49% equity interest in Global Institute, Inc., ("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. Global Institute had recently developed some short courses with professional institutions to cope with the changing demand for higher education in the PRC.

CHAIRMAN'S STATEMENT

Although facing different challenges such as direct partnering of overseas universities with the Chinese universities in the PRC and the cooling down of the heated demand for higher education by mature students due to the improving job market, Global Institute had a minimal profit during the year.

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

The Group had disposed of its entire interest in these segments in April 2004 and exited the highly competitive market. The Group had thereby cut its external borrowings and became more flexible in allocating resources within the Group for business expansion.

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2005, the Group employed 184 permanent employees, including 88 employees in Hong Kong and 96 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 31 March 2005 were approximately HK$9.0 million and approximately HK$77.0 million which were financed by non-current liabilities, current liabilities and shareholders' equity of approximately HK$2.1 million, HK$33.7 million and HK$50.2 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 32.7% for the year.

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 of the Company expected that the Group will have sufficient working capital for its operations.

The Group had limited exposure to fluctuation in exchange rates.

CHAIRMAN'S STATEMENT

CAPITAL STRUCTURE

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 at a consideration of HK$0.095 per share. Net proceeds derived from subscription of approximately HK$6.8 million has been used as the Group's general working capital and for 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. Bank deposits of approximately HK$2.7 million were pledged to the bank in order to secure general banking facilities granted to the Group.

CONTINGENT LIABILITIES

Details of contingent liabilities of the Group as at the balance sheet date are set out in Note 34 to the financial statements.

PROSPECTS

Helped by a booming domestic economy in the PRC since its joining to the World Trade Organisation, the management is optimistic about the apparel trading and retailing operation and foresees a great opportunity in a growth of business across the region.

The management continues to uplift the brand image through better merchandising and new shop designs in order to improve profitability. It will also unveil its first image boutique this summer in Shanghai, the PRC, to strengthen its brand name and boost customer loyalty.

The Group will focus its resources and efforts to expand its distribution and wholesaling channels to more mainland cities as well as to acquire more prestigious labels in an effort to compliment the Group's existing portfolio.

CHAIRMAN'S STATEMENT

Meanwhile, Global Institute will offer short courses for people who wish to better equip themselves in workplace or advance their career. The courses will focus on popular subjects such as hospitality, manufacturing, international studies, and multimedia production. Trial run of the courses will commence initially in Hong Kong followed by the PRC. The management believes such a move will help Global Institute to expand the PRC education market and take it to reach a new milestone.

While continuing to put its effort in developing the existing businesses, the Group will at the same time look for suitable investment opportunities with a view to broaden and diversify its income base.

Wong Ching Ping, ALex
Chairman

Hong Kong, 15 July 2005