CHAIRMAN'S STATEMENTS

Financial results

The Group's consolidated turnover and profit before taxation for the year ended 31st March, 2005 amounted to approximately HK$176 million and HK$11.7 million respectively, representing an increase of 7% and 43% respectively from last year. The Group's increase in turnover was attributed to a change in the composition of the Group's garment product mix. During the year, the Group increased the sales of its high-end lines of ladies fashion, contributing to higher selling price and profit margins. As a result, the Group's gross profit margin increased to 13.8% in 2005 from 12.0% in 2004. The demand for the Group's garment products from its US customers remains stable as evidenced by the Group's five months' worth of back orders.

The Group's profit before taxation increased by 43% from HK$8 million in 2004 to HK$11.7 million in 2005. In addition to the higher sales turnover and gross profit margins, the Group was able to maintain overheads in line with the level of its business activities. The Group's 2005 profit attributable to shareholders increased by 2.4% to reach HK$10.5 million for the year and the Group's basic earnings per share was HK6.31 cents, an increase of 2.4% from HK6.16 cents in 2004.

Financial position and liquidity

The Group's financial position remained strong during the year, allowing the Group to rely principally on internal resources to fund its operation and investment activities. As at March 31, 2005, the Group's net current assets were HK$64 million, with cash and bank balances of HK$40 million as compared to HK$56 million in net current assets and HK$38 million in cash and bank balances as at 31st March, 2004. As at 31st March, 2005, the Group's gearing ratio and current ratio were 0% (2004: 0%) and 3.6 times (2004: 3.3 times) respectively. The gearing ratio of the Group is expressed as a percentage of total borrowings to shareholders' funds.

During the year, the Group has increased an amount of HK$11,700,000 (US$1,500,000) for capital investment in a wholly owned subsidiary incorporated in PRC whose principal activities are development of health care products. The increased capital investment is to fund its on-going product development and the execution of its upcoming product launch which we will discuss more detailed in the paragraph of "Future plan and prospects". At the end of the financial year, this investment is still under product development stage.

As at 31st March, 2005, the Company pledged its bank deposit of HK$8 million to secure the banking facilities granted to the Company. 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. The Group's exposure to foreign currency risk is insignificant because the majority of its income and expenses are U.S. Dollar based.

Employees

The Group maintains 25 employees, whose salaries are reviewed and adjusted annually based on their performance and experience. The Group's employee benefits include mandatory provident fund and an education subsidy to encourage staff's professional development. The Group also has a discretionary share option scheme in place designed to award employees for their performance. There was no share option granted to any employee during the year.

Future plan and prospects

The Group remains optimistic about the prospect of its core business. The Group has always focused on high fashion bridge line items, which are less likely to be affected by quota restrictions. In addition, the Group has recently secured good relationship with one manufacturer in the Dominican Republic, which the Group has secured manufacturing capacity for unforeseen future requirements.

The Group's health supplement business is on track, with the Group preparing for the initial launch of its first health food / supplement product – Zidane Inulin Tablet in second half of 2005. Trading under the Zidane brand, the Inulin Tablet is a unique formulation of Inula and traditional Chinese medicinal herbs, which was designed by the Group's in-house R&D team that includes previous members of health supplement enterprises associated with Tsinghua University and a member of the Beijing Medical School's R&D commercialization team. Inula is a plant that was originally found in North America and used by Native American, and was subsequently introduced in Japan. Validated by Beijing's Institute of Medicinal Plants – Chinese Academy of Medical Sciences as having no toxic side effects and having undergone pharmacological evaluation in Beijing, the Zidane Inulin Tablet has been designed to target conditions associated with diabetes and has been shown to lower blood sugar level. The Group expects to expand the launch of Zidane Inulin Tablet to other cities in China, followed by South East Asia and North America.

In line with the Group's focus to seek potential investments that provide good proxies to the growing China consumer product and service markets, the Group is evaluating various healthcare-related investments, including a health care clinic in one of China's major coastal populated city.

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 like to thank our business associates and shareholders for their confidence and continued support.

On behalf of the Board
Kong Ho Pak
Chairman

Hong Kong, July 15, 2005