

MANAGEMENT DISCUSSION AND ANALYSIS

For the Period, the Group recorded a consolidated turnover of approximately HK\$47.8 million, representing a decrease of approximately 44.4% from HK\$86.0 million in the last corresponding period. Loss from operations increased from approximately HK\$8.4 million in the last corresponding period to approximately HK\$12.5 million for the Period. The Group recorded a consolidated loss of approximately HK\$13.6 million for the Period, against a consolidated profit of approximately HK\$10.7 million in the last corresponding period which was mainly due to a gain of approximately HK\$21.6 million from disposing of subsidiaries.

REVIEW OF OPERATIONS

Apparel Trading and Retailing

For the Period, the segment recorded a turnover of HK\$43.2 million, slightly decreased from HK\$46.8 million in the last corresponding period. It resulted in a loss of HK\$7.3 million, compared with a loss of HK\$4.3 million previously.

The management had continued its efforts to uplift its brand image, merchandise and store image amid its business rejuvenation. The first flagship store in Maison Mode Departmental Store in Shanghai, the PRC was opened in July 2005. During the Period, the operation also succeeded its efforts in clearance of aging stocks and would continue to do so in the future.

The apparel collection is currently available in over 25 mainland cities with a distribution network of over 60 sales outlets.

REVIEW OF OPERATIONS *(Continued)*

Securities Trading and Financial Services

The segment saw a decrease in turnover from approximately HK\$39.1 million in the last corresponding period to approximately HK\$4.6 million for the Period. The decrease in turnover is mainly due to a more prudent investment approach combined with a slight change of its portfolio composition to include longer term investment. As a result, the segment saw a turnaround from a loss of approximately HK\$6,000 in the last corresponding period to a profit of approximately HK\$149,000 for the Period.

Long Distance and Continuing Education

There was no contribution from this segment as the Company hoped to keep a cautious approach in the potential but competitive market. It faced fierce competition from domestic institutions as well as overseas schools such as Hong Kong universities which had established their presence in major cities in the PRC. The management realized it had to put more efforts to find its edges in the market.

EMPLOYEES AND REMUNERATION POLICY

As at 30 September 2005, the Group employed 176 permanent employees, including 87 employees in Hong Kong and 89 in the PRC. The Group continued to review the remuneration packages of employees with reference to the level and composition of pay, general market conditions 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 2005 were approximately HK\$14.4 million and approximately HK\$71.5 million which were financed by non-current liabilities, current liabilities and shareholders' equity of approximately HK\$2.1 million, HK\$54.3 million and HK\$29.5 million respectively.

The gearing ratio (calculated by short term loan as a percentage to the net assets value of the Group) of the Group was increased from 32.7% as at 31 March 2005 to 113.6% as at 30 September 2005.

Together with cash generated from the Group's operation in its ordinary course of business, coupled with the net proceeds from the Open Offer 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 fluctuation in exchange rates.

CAPITAL STRUCTURE

The total number of issued shares of the Company throughout the Period was 437,108,262 shares. Subsequently, the Company announced on 18 October 2005 a proposal to raise approximately HK\$30 million before expenses by an Open Offer of 1,311,324,786 shares at a subscription price of HK\$0.023 per share which was approved by the shareholders at a special general meeting held on 25 November 2005. After completion of the Open Offer on 15 December 2005, the number of issued shares of the Company increased to 1,748,433,048.

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. Apart from the above, pledged bank deposits of approximately HK\$5.0 million were used to secure general banking facilities granted to the Group.

PROSPECTS

The management will continue its efforts to expand the distributing and retail networks of the apparel operation in the PRC. It is also looking for other potential European brands that would be a compliment to the Group's portfolio.

With the recent completion of the Open Offer, the Group will be having a more healthy balance sheet as well as better financial resources which allows it to develop its existing business and at the same time to seek new investment opportunities.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SECURITIES

As at 30 September 2005, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporation(s) (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which were required, pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies ("Model Code") of the Listing Rules to be notified to the Company and the Stock Exchange, were as follows:

Long position in shares of the Company

Name of Director	Nature of interest	Number of ordinary shares held	Percentage of shareholding
Wong Ching Ping, Alex ("Mr. Alex Wong")	Interest of a controlled corporation	84,042,650	19.23%

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SECURITIES *(Continued)*

Long position in shares of the Company *(Continued)*

Note: The shares were registered in the name of Leopard Vision Limited ("Leopard Vision"). The entire issued share capital of Leopard Vision was held by Byford Group Limited ("Byford") which in turn was held by Expert Rich Investments Limited ("Expert Rich"). Expert Rich was wholly-owned by Mr. Alex Wong.

Save as disclosed above, as at 30 September 2005, none of the Directors or chief executives of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporation(s) (within the meaning of Part XV of the SFO) which were required, pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code of the Listing Rules, to be notified to the Company and the Stock Exchange.