

DIRECTORS' REPORT

The directors have pleasure in presenting their annual report and the audited financial statements of the Company for the year ended March 31, 2006.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The activities of its principal subsidiaries are set out in note 24 to the financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended March 31, 2006 are set out in the consolidated income statement on page 16.

The directors recommend the payment of a final dividend of 3 HK cents per share to the shareholders on the register of member on September 15, 2006, amounting to approximately HK\$5,011,000.

SHARE CAPITAL

Details of the share capital of the Company are set out in note 17 to the financial statements.

PROPERTY, PLANT AND EQUIPMENT

During the year, property, plant and equipment amounting to approximately HK\$789,000 were acquired by the Group for the expansion of its operations. Details of movements in property, plant and equipment during the year are set out in note 11 to the financial statements.

DISTRIBUTABLE RESERVES OF THE COMPANY

The Company's reserves available for distribution to shareholders as at March 31, 2006 were as follows:

	2006	2005
	HK\$'000	HK\$'000
– Contributed surplus	5,741	9,082
– Accumulated profits	22,362	14,653
	<hr/> 28,103 <hr/>	<hr/> 23,735 <hr/>

Under the Companies Act 1981 of Bermuda (as amended), the contributed surplus account of the Company is available for distribution to shareholders. However, the Company cannot declare or pay a dividend, or make a distribution out of contributed surplus, if there are reasonable grounds for believing that:

- (i) the Company is, or would after the payment be, unable to pay its liabilities as they become due; or
- (ii) the realisable value of the Company's assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts.

DIRECTORS AND DIRECTORS' SERVICE CONTRACTS

The directors of the Company during the year and up to the date of this report were:

Executive directors:

Ling Tai Yuk, John
Kong Ho Pak
Pang Hon Chung

Independent non-executive directors:

Keir, James
Lee Tsoh Ching, Jonathan
Leung Shu Yin, William

Non-executive directors:

Chau Wai Yin, Jonathan
Ng Tze Kin, David

In accordance with the Bye-laws of the Company, Messrs. Ling Tai Yuk, John, Pang Hon Chung and Ng Tze Kin, David shall retire at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

The term of office of each director, including the non-executive directors, is for the period up to his retirement by rotation in accordance with the Bye-laws of the Company.

None of the directors proposed for re-election at the forthcoming annual general meeting has a service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

DIRECTORS' REPORT

DIRECTORS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at March 31, 2006, the interests of the directors and their associates in the shares of the Company and its associated corporations as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance ("SFO"), or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, were as follows:

Long position

Ordinary shares of HK\$0.01 each of the Company

Name of director	Capacity	Number of issued ordinary shares held	Percentage of the issued share capital of the Company
Ling Tai Yuk, John	Beneficial owner	26,563,336	15.9%
	Held by a controlled corporation (<i>Note</i>)	44,705,322	26.8%
		<hr/> 71,268,658	<hr/> 42.7%
Kong Ho Pak	Beneficial owner	6,647,530	4.0%
Pang Hon Chung	Beneficial owner	2,748,000	1.6%
Ng Tze Kin, David	Beneficial owner	507,000	0.3%
Chau Wai Yin, Jonathan	Beneficial owner	10,000	0.01%

Note: The shares are held by Accura Overseas Limited, a company incorporated in the British Virgin Islands, wholly and beneficially owned by Mr. Ling Tai Yuk, John.

Other than as disclosed above, none of the directors nor their associates had any interests or short positions in any shares or underlying shares of the Company or any of its associated corporations as at March 31, 2006.

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

Pursuant to the share option scheme (the "Scheme") adopted on September 17, 2004 by a resolution passed by the Company's shareholders on September 17, 2004, the directors of the Company may grant options as incentives to any directors or full-time employees of the Company or any of its subsidiaries ("Eligible Employees") for the shares in the Company within a period of ten years commencing from September 17, 2004. No options have been granted under the Scheme since its adoption.

Details of the scheme is set out in note 21 to the financial statements.

Save as disclosed above, at no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debt securities (including debentures) of, the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDERS

At March 31, 2006, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that Mr. Ling Tai Yuk, John and his controlled corporation stated under paragraph headed "Directors' interests in shares and underlying shares" are the substantial shareholders of the Company.

Other than as disclosed above, the Company has not been notified of any other relevant interests or short positions in the issued share capital of the Company as at March 31, 2006.

DIRECTORS' INTEREST IN CONTRACTS

During the year, the Group paid rental charges amounting to HK\$622,000 to Crown Regent Enterprise Limited, a company in which Mr. Ling Tai Yuk, John, a director of the Company, has a beneficial interest and HK\$237,000 to Progressive Industries ("Progressive"), of which Mr. Ling Tai Yuk, John is the sole proprietor.

In addition, the Group also paid a consultancy fee of HK\$240,000 to Infinite Profits Investment Ltd., a company in which Mr. Chau Wai Yin, Jonathan, a director of the Company, has a beneficial interest.

During the year, the Company paid a consultancy fee of HK\$120,000 to Yin Ping Corporate Services Ltd., a company in which Mr. Pang Hon Chung's spouse and brother have controlling and beneficial interests.

In addition, the Company also paid a consultancy fee of HK\$37,600 to Hong Kong Great Wall Certified Public Accountants Limited, a company in which Mr. Ng Tze Kin, David have controlling and beneficial interest.

Save as disclosed above, no contract of significance to which the Company or any of its subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

DIRECTORS' INTEREST IN COMPETING BUSINESSES

In accordance with rule 8.10 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), Mr. Ling Tai Yuk, John, a director of the Company, is deemed to have an interest in a business that may compete with the subsidiaries of the Company in the garment industry, as mentioned below:

1. He is a director and a substantial shareholder of Casual Center Garment Industries Limited ("Casual Center"), which is engaged in the manufacture and trading of garments;
2. He is a director of Pace Fashion Industries Limited ("Pace Fashion"), the principal activities of which are the leasing of properties to companies engaged in the manufacture of garments, the trading of garments and the design and sale of sample garment products; and
3. He is the sole proprietor of Progressive which is engaged in the trading of fabric and garments.

The Audit Committee is satisfied that there are sufficient internal controls to ensure that the Group is capable of carrying on its business independent of, and at arm's length from, Casual Center, Pace Fashion and Progressive.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

DIRECTORS' REPORT

EMOLUMENT POLICY

The emolument policy of the employees of the Group is set up on the basis of their merit, qualifications and competence.

The emoluments of the directors of the Company are decided by the remuneration committee, having regard to the Company's operating results, individual performance and comparable market statistics.

The Company has adopted a share option scheme as an incentive to directors and eligible employees, details of the scheme is set out in note 21 to the financial statements.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Bye-laws, or the laws of Bermuda, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

CORPORATE GOVERNANCE

Principal corporate governance policies adopted by the Company are set out in the Corporate Governance Report on pages 6 to 9.

SUFFICIENCY OF PUBLIC FLOAT

The Company has maintained a sufficient public float throughout the year ended March 31, 2006.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended March 31, 2006:

1. The Group's largest customer and five largest customers accounted for approximately 91% (2005: 91%) and 100% (2005: 100%) respectively of the Group's total turnover for the year.
2. The Group's largest supplier and five largest suppliers accounted for approximately 17.5% (2005: 16%) and 45% (2005: 47%) respectively of the Group's total purchases for the year.

According to the understanding of the directors, none of the directors, their associates or any shareholders who owned more than 5% of the Company's share capital had any interests in the five largest customers or suppliers at any time during the year.

AUDITORS

A resolution will be submitted to the forthcoming annual general meeting of the Company to re-appoint Messrs. Deloitte Touche Tohmatsu as auditors of the Company.

On behalf of the Board

Ling Tai Yuk, John

DIRECTOR

Hong Kong, July 7, 2006