

BUSINESS REVIEW

The Group recorded a loss for the year of HK\$45,346,000. Turnover decreased by 65% to approximately HK\$1,450,000. The losses include impairment of approximately HK\$36,579,000, which the management considers it necessary to recognize in the context of a substantial overhaul of the Group's business. The impairment is reflective of the market changes in the garment industry in which the Group operates and of management's decision to refine the Group's business focus to concentrate on more specialized niche markets, such as the health care market, so as to generate higher margins in the future. Impairment made serve to write down assets of the Group that management considers will not contribute within the refocused business. The process of restructuring the business, and efforts to strengthen the senior management, will continue throughout the current year.

Fair value loss on financial assets at fair value through profit or loss amounted to approximately HK\$1,260,000 was recorded as the Group's investments in securities was not satisfactory due to the fluctuation of the market and securities prices.

During the year, the Company has completed several fund raising activities and thus the financial position of the Group is much strengthened. As at 31 March 2006, the Group had cash and bank balances of approximately HK\$47,202,000 and investment in securities of approximately HK\$16,170,000.

PROSPECTS

Looking forward, as interest rate is still on the rise and if coupled with other factors such as the possibility of outbreak of the bird flu, the market in the year 2006 may become more volatile. Thus the Group is cautious on the performance of both its securities investment and the garment business.

In view of the increase in the public awareness of the importance of health in face of the epidemic diseases such as Acute Respiratory Syndrome (SARS) and bird flu in recent years, there is a high potential public demand for health checks services. The Group is establishing a one-stop day-time body health check centre for the provision of health check, advanced diagnostic imaging services, day care observation services and medical related services. In the health check centre there will be advanced medical technology equipment such as various diagnostic imaging systems and blood/disease testing equipments. The Centre will be located at Basement 2 of Majestic Centre, 348 Nathan Road, Kowloon, Hong Kong. Recruitment of expertise and staff and ordering of medical equipment for the health check centre has commenced since April 2006. It is anticipated that the health check centre will be opened by September 2006.

Sustained growth in PRC and economic integration with Hong Kong's economy will provide opportunities for investors. As a result, on 18 April 2006, the Group entered into a subscription agreement with Dr. Francis Choi Chee Ming for the formation of a JV company. The total investment of the Group in the JV company amounts to HK\$21,000,000, representing 70% of the issued share capital of the JV Company. The JV company will be engaged in the business of healthcare and medical checks in the PRC.

LIQUIDITY AND FINANCIAL POSITIONS

As at 31 March 2006, shareholders' fund and net current assets of the Group amounted to HK\$1,873,000 (2005: HK\$20,812,000) and HK\$46,135,000 (2005: HK\$9,821,000) respectively.

As at 31 March 2006, the Group's bank balances and cash amounted to HK\$47,202,000 (2005: HK\$2,146,000). In view of the Group's bank balances and cash and net current assets, it is believed that the Group has sufficient resources to meet the foreseeable working capital demands and capital expenditure.

The monetary assets and liabilities and business transaction of the Group are mainly carried and conducted in Hong Kong dollars and Renminbi. The Group maintain a prudent strategy in its foreign exchange risk management, where foreign exchange risk are minimized via balancing the monetary assets versus monetary liabilities, and foreign exchange revenue versus foreign exchange expenditures.