

Dear Shareholders,

I am pleased to present to you the annual report of the Group for the year ended 31st March, 2006.

After several years of downturn in economy, the SARS outbreak of 2003 has led to a long period of recession. People are still in plight of the recession and have not regained interest in spending.

In the past years, there were opportunities for investment and offers of joint ventures. But, after careful investigations and consideration of the pros and cons of joint ventures, most were unsuitable during that period. But being the director of a listed company I had the responsibility to work for the benefit of all the shareholders. There were not only the bad effects of Depression after SARS but also various unsolved problems left behind by the previous management. The present directors had to face and solve these problems, to pay the unpaid items and to deal with unproductive subsidiary companies. It was not an easy task indeed. During that period most business were stagnant. But we kept on trying and took utmost care in order not to put more burdens on shareholders. After a long period of discussions about the possibility of the retail and distribution business of selling "Haier" branded products manufactured by "Haier", the China's No. 1 enterprise in family utilities, the Group has finally reached an agreement, subject to shareholders' approval in a general meeting, on the establishment of a joint venture through the medium of a joint venture company in respect of the retail and distribution business of selling "Haier" branded products. As soon as we saw recovery of the economy in Hong Kong, a large store was opened on 14th April this year to show and sell "Haier" branded products in Hong Kong.

We have various products of "Haier" including water-saving and environmental friendly washing machines which do not use washing powder and cut down the pollutants to the sea. Haier's washing machines protect the environment and is the leading firm of family utilities in promoting environmental protection. It's worthwhile to applaud and promote the sale and use of Haier's products. In the coming years, the Group will establish retail shops and distribution channels for "Haier" branded products. The brand name "Haier" is widely regarded as renowned household name for home appliance products. I believe these products would ensure the Group's sales volume and profit as well.

I have used significant resources to restructure our company and promote its business with aim not only for the benefit of the company's shareholders but also for making application for the resumption of trading the company's shares.

So soon after opening of the show shop we have already seen rapid progress in business. The excellent result has strengthened our belief in a prosperous year ahead and certainly good news for everyone.

Finally, I would like to express my sincere thanks to members of our board and staff for their valuable contributions throughout the year. I also wish to thank our shareholders for their continued support.

**Mrs PEI CHEN Chi Kuen Delia**

*Chairman*

July 28, 2006.