

The directors present their annual report and the audited financial statements of the Company for the year ended 31 March 2001.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. Its subsidiaries are principally engaged in the sourcing and export of cotton based knitted garments for women, children and infants and property investments.

RESULTS

The results of the Group are set out in the consolidated income statement on page 14.

The directors of the Company do not recommend the payment of a dividend.

MAJOR SUPPLIERS AND CUSTOMERS

The largest supplier of the Group by itself and together with the other four largest suppliers accounted for approximately 31% and 58%, respectively, of the Group's purchases for the year under review.

The largest customer of the Group by itself and together with the other four largest customers accounted for approximately 18% and 46%, respectively, of the Group's turnover for the year under review.

None of the directors, their associates or any shareholder which, to the knowledge of the directors, owns more than 5% of the Company's share capital has a beneficial interest in the Group's five largest suppliers or customers.

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the past five financial years is set out on page 55.

SHARE CAPITAL

The movements of the Company's share capital during the year are set out in note 29 to the financial statements.

RESERVES

The movements in reserves of the Group and the Company during the year are set out in note 31 to the financial statements.

PROPERTY, PLANT AND EQUIPMENT

During the year, the Group spent approximately HK\$4,100,000 on acquisition of property, plant and equipment. The details of the movements in property, plant and equipment of the Group during the year are set out in note 16 to the financial statements.



INVESTMENT PROPERTIES

The Group's investment properties were revalued as at 31 March 2001 by a firm of independent professional property valuers and the resulting surplus of HK\$4,300,000 is credited to the income statement. Details of these are set out in note 17 to the financial statements.

PRINCIPAL SUBSIDIARIES

The details of the Company's principal subsidiaries at 31 March 2001 are set out in note 44 to the financial statements.

BORROWINGS AND INTEREST CAPITALISED

Borrowings which are repayable within one year or on demand are classified as current liabilities. Repayment schedules of the Group's borrowings are set out in notes 27 and 28 to the financial statements. No interest was capitalised by the Group during the year.

DIRECTORS

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

Executive directors:

Koon Wing Yee	<i>(President and Chief Executive Officer)</i>
Tsang Yiu Kai	<i>(Vice President)</i>
Lui Yuk Chu	

Independent non-executive directors:

Chan Chi Chung	
Wong Sui Wah, Michael	<i>(appointed on 5 October 2000)</i>
Wong Sui Kwan	<i>(resigned on 5 October 2000)</i>

In accordance with Clause 110 of the Company's Bye-laws, Lui Yuk Chu and Tsang Yiu Kai retire by rotation and, being eligible, offer themselves for re-election.

None of the executive directors has a service contract which is not determinable by the Company within one year without payment of compensation (other than statutory compensation). The independent non-executive directors are subject to retirement by rotation in accordance with the Company's Bye-laws.

DIRECTORS' INTERESTS IN CONTRACTS AND CONNECTED TRANSACTIONS

The independent non-executive directors have reviewed the connected transactions (as defined under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange")) as set out in note 15 to the financial statements, and confirmed that these transactions had been transacted on normal commercial terms and in the ordinary course of business of the Group.

Save as disclosed above, there was no other 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, subsisting at the end of the year or at any time during the year.

DIRECTORS' INTERESTS IN SHARES

At 31 March 2001, the interests of the directors in the shares of the Company as recorded in the register maintained by the Company pursuant to Section 29 of Hong Kong's Securities (Disclosure of Interests) Ordinance ("SDI Ordinance") were as follows:

(a) Interest in the Company:

Name of director	Number of shares of the Company held		
	Personal interests	Family interests	Corporate interests
<i>Executive directors:</i>			
Koon Wing Yee	—	270,180,378 (Note 1)	—
Lui Yuk Chu	—	—	270,180,378 (Note 2)
Tsang Yiu Kai	1,310,066	—	—
<i>Independent non-executive directors:</i>			
Chan Chi Chung	—	—	—
Wong Sui Wah, Michael	—	—	—

Notes:

1. Koon Wing Yee is the husband of Lui Yuk Chu whose corporate interests is also the family interest of Koon Wing Yee.
2. The Magical 2000 Trust, the beneficiaries of which include Lui Yuk Chu and members of her family, beneficially owns the entire issued share capital of Magical Profits Limited, which in turn owns 270,180,378 shares of the Company.