

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements of the Group and of the Company for the year ended March 31, 2002.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The principal activity of its subsidiaries is the manufacture and sale of garments, which accounted for more than 90% of the Group's turnover and operating profit for the year. Details of the principal activities of the Company's principal subsidiaries and associates are set out in notes 16 and 17 respectively to the financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

The aggregate sales attributable to the Group's largest and five largest customers were 19% and 50% respectively. The aggregate purchases attributable to the Group's five largest suppliers were less than 30% of total purchases.

None of the directors, their associates or any shareholders (which to the knowledge of the directors own more than 5% of the Company's share capital) had any interest in the five largest customers or suppliers.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended March 31, 2002 are set out in the consolidated income statement on page 21 of the annual report.

An interim dividend of 5 cents per share amounting to approximately HK\$17,607,000 was paid to the shareholders during the year. The directors now recommend the payment of a final dividend of 11.5 cents per share and a special dividend of 2 cents per share to the shareholders whose names appear on the register of members on September 10, 2002, amounting to HK\$40,496,000 and HK\$7,043,000, respectively.

RESERVES

Details of the movements in the reserves of the Group and the Company during the year are set out in note 25 to the financial statements.

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 59 of the annual report.

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INVESTMENT PROPERTIES

The investment properties of the Group were revalued on March 31, 2002 by a firm of independent professional valuers on an open market value basis. There was no surplus or deficit arising on the revaluation. Details of the investment properties of the Group are set out in note 13 to the financial statements.

PROPERTY, PLANT AND EQUIPMENT

During the year, the Group spent approximately HK\$11,424,000 on the acquisition of property, plant and equipment for the purpose of expanding the Group's business.

Details of these and other movements in the property, plant and equipment of the Group and the Company during the year are set out in note 14 to the financial statements.

SHARE CAPITAL

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

DIRECTORS

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

Executive directors:

Benson Tung Wah Wing	<i>(Chairman and Managing Director)</i>
Alan Lam Yiu On	<i>(Deputy Managing Director)</i>
Cheung Kee Yuen	
Raymond Tung Wai Man	

Non-executive directors:

Tung Siu Wing	
Kevin Lee Kwok Bun	
Johnny Chang Tak Cheung *	
Tony Chang Chung Kay *	
Woo Kwong Hon *	<i>(appointed on January 25, 2002)</i>
James Kwok Ho Kon *	<i>(resigned on January 25, 2002)</i>

* *Independent non-executive director*

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On July 11, 2002, Mr. Tung Siu Wing changed his directorship from an executive director to non-executive director.

In accordance with Article 81 of the Company's Articles of Association, Messrs. Tung Siu Wing and Alan Lam Yiu On retire by rotation and, being eligible, offer themselves for re-election.

In accordance with Article 84 of the Company's Articles of Association, Mr. Woo Kwong Hon retires and, being eligible, offers himself for re-election.

The term of office of each of the non-executive directors is the period up to his retirement by rotation in accordance with Articles 81 and 84 of the Company's Articles of Association.

None of the directors being proposed for re-election at the forthcoming annual general meeting has any unexpired 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' INTERESTS IN SECURITIES

At March 31, 2002, the interests of the directors and their associates in the share capital of the Company as recorded in the register maintained by the Company pursuant to Section 29 of the Securities (Disclosure of Interests) Ordinance ("SDI Ordinance") were as follows:

Name of Director	Number of ordinary shares held		
	Personal interests	Family interests	Corporate interests
Benson Tung Wah Wing *	–	–	130,049,390
Alan Lam Yiu On	250,000	–	–
Cheung Kee Yuen	480,079	–	–
Kevin Lee Kwok Bun	9,000,000	–	–
Johnny Chang Tak Cheung	1,431,760	3,619,920	–
Tony Chang Chung Kay	4,376,760	–	–

* *Mr. Benson Tung Wah Wing has beneficial interests in Corona Investments Limited, which owned 130,049,390 ordinary shares in the Company as at March 31, 2002.*

Save as disclosed above, at March 31, 2002, none of the directors or their associates had any interests in any securities of the Company or any of its associated corporations as defined in the SDI Ordinance, and none of the directors, or their spouses or children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such right during the year.

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ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

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 debentures of, the Company or any other body corporate.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

No contracts 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.

SUBSTANTIAL SHAREHOLDERS

At March 31, 2002, the register of substantial shareholders maintained under Section 16(1) of the SDI Ordinance showed that the following shareholder had an interest of 10% or more in the share capital of the Company:

Name of shareholder	Number of ordinary shares held	%
Corona Investments Limited	130,049,390*	36.93

* *These shares have been disclosed as corporate interests of a director in the section headed "DIRECTORS' INTERESTS IN SECURITIES" above.*

Save as disclosed above, the Company has not been notified of any other interests representing 10% or more of the Company's issued share capital as at March 31, 2002.

DONATIONS

During the year, the Group made charitable and other donations of approximately HK\$40,000.

CORPORATE GOVERNANCE

The Company has complied throughout the year ended March 31, 2002 with the Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

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AUDITORS

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

On behalf of the Board
Benson Tung Wah Wing
Chairman

Hong Kong, July 11, 2002