

The directors present their annual report and the audited financial statements of the Company for the year ended 31 March 2003.

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, property investments, garment bleaching and dyeing, and provision of wireless communication services.

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 38% and 73%, 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 48%, 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.

SHARE CAPITAL

The movements of the Company's share capital during the year are set out in note 28 to the financial statements.

PROPERTY, PLANT AND EQUIPMENT

During the year, the Group spent approximately HK\$102,400,000 and HK\$5,900,000 on properties development and acquisition of other property, plant and equipment respectively. The details of the movements in property, plant and equipment of the Group during the year are set out in note 15 to the financial statements.

INVESTMENT PROPERTIES

The Group's investment properties were revalued as at 31 March 2003 by a firm of independent professional property valuers and the resulting surplus of HK\$15,815,000 is credited to the consolidated income statement to reverse deficit previously charged. Details of these are set out in note 16 to the financial statements.

PRINCIPAL SUBSIDIARIES

The details of the Company's principal subsidiaries at 31 March 2003 are set out in note 38 to the financial statements.

REPORT OF THE DIRECTORS

DIRECTORS

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

Executive directors:

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

Independent non-executive directors:

Chan Chi Chung
Wong Sui Wah, Michael

In accordance with Clause 110 of the Company's Bye-laws, Tsang Yiu Kai and Lui Yuk Chu 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 14 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.

The Group made advances to i100 Limited ("i100"), a non wholly-owned subsidiary, to finance its operation. Such advances are unsecured, bear interest at prime rate and are repayable on demand. Interest payable by i100 Limited during the year amounted to HK\$166,000. At 31 March 2003, the amount of advances outstanding was HK\$30,270,000.

The Group also made advances to Mary Mac Apparel, Inc. ("Mary Mac"), a non wholly-owned subsidiary, to finance its operation. Such advances are unsecured, bear interest at 5% per annum and are repayable on demand. Interest payable by Mary Mac during the year amounted to HK\$636,000. At 31 March 2003, the amount of advances outstanding was HK\$13,505,000.

In addition, the Group also made advances to Po Cheong International Enterprises Limited ("Po Cheong") to finance the operation of its subsidiary. Such advances are unsecured, bear interest at prime rate and are repayable on demand. Po Cheong was formerly a non wholly-owned subsidiary. It became a wholly-owned subsidiary during the year.

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 2003, 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/other interests
Executive directors:		
Koon Wing Yee	—	324,216,452 (<i>Note</i>)
Lui Yuk Chu	—	324,216,452 (<i>Note</i>)
Tsang Yiu Kai	98,175	—
Independent non-executive directors:		
Chan Chi Chung	—	—
Wong Sui Wah, Michael	—	—

Note: These 324,216,452 shares are registered under Magical Profits Limited, which is ultimately owned by The Magical 2000 Trust, the beneficiaries of which include Lui Yuk Chu and members of her family. Lui Yuk Chu is the wife of Koon Wing Yee.

(b) Interest in i100:

At 31 March 2003, Koon Wing Yee, Lui Yuk Chu and Tsang Yiu Kai are deemed to be holding a direct corporate interest in the shares of i100 by virtue of their shareholdings in the Company. As at 31 March 2003, Landmark Profits Limited, a wholly-owned subsidiary of the Company, held 609,069,460 shares in i100.

(c) Interest in 21CN CyberNet Corporation Limited ("21CN"):

At 31 March 2003, Koon Wing Yee, Lui Yuk Chu and Tsang Yiu Kai are deemed to be holding a direct corporate interest in the shares of 21CN by virtue of their shareholdings in the Company. As at 31 March 2003, Touch Profits Limited, a wholly-owned subsidiary of the Company, held 100,000,000 shares in 21CN.

E REPORT OF THE DIRECTORS

No director held an interest in the securities of any subsidiaries of the Company or any of its associated corporations as defined in the SDI Ordinance as at 31 March 2003 except for the following:

- (a) certain nominee shares in subsidiaries held in trust for the Group; and
- (b) certain non-voting deferred shares in Wellmake Investments Limited, a subsidiary of the Company, held by the following directors:

Name of director	Number of non-voting deferred shares held
Koon Wing Yee	1
Lui Yuk Chu	1
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Save as disclosed above, at 31 March 2003 none of the directors and chief executives, or their associates, had any interests in the securities of the Company or any of its associated corporations as defined in the SDI Ordinance.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

- (a) Share option scheme of the Company:

Details of the Company's share option scheme are set out in note 29(a) to the financial statements.

A summary of the movements of the options granted to a director of the Company during the year is as follows:

Name of director	Date of grant	Exercise period	Exercise price HK\$	At 1 April 2002	Number of share options (adjusted as appropriate)			At 31 March 2003
					Granted during the year	Adjustments*	Lapsed during the year	
Tsang Yiu Kai	19 June 2002	19 June 2002 to 18 October 2002	0.067	—	11,030,000	(11,030,000)	—	—
			0.670*	—	—	1,103,000	—	—
			0.336*	—	—	(1,103,000)	—	—
						4,412,000	(4,412,000)	—

- * The number of share options and the corresponding exercise price have been adjusted as a result of consolidation and rights issue of shares of the Company during the year.

The closing price of the Company's shares on 18 June 2002, being the trading day immediately before the date of grant of the above options, was HK\$0.062.

The directors do not consider it appropriate to disclose a theoretical value of the share options granted during the year because of the absence of a readily available market value of the share options on the shares of the Company. Accordingly, the directors were unable to arrive at any assessment of the value of these share options.

The total number of shares available for issue under the Company's share option scheme as at the date of this report is 44,120,000, representing approximately 5% of the issued share capital of the Company as at that date.

(b) Share option schemes of i100:

Details of the share option schemes of i100 are set out in note 29(b) to the financial statements.

No share options have been granted to the directors of the Company since the adoption of these schemes.

Other than the foregoing, 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

As at 31 March 2003, the register of substantial shareholders maintained under Section 16(1) of the SDI Ordinance showed that, other than the interests disclosed above in respect of the directors, the following shareholders had an interest of 10% or more in the share capital of the Company:

Name of shareholder	Number of shares	%
Park Jong Yong	96,084,862	10.89
Magical Profits Limited	324,216,452(<i>Note 1</i>)	36.74
Accumulate More Profits Limited	324,216,452(<i>Note 2</i>)	36.74
Newcourt Trustees Limited	324,216,452(<i>Note 3</i>)	36.74

Notes:

- (1) These 324,216,452 shares are registered under Magical Profits Limited.
- (2) Magical Profits Limited is wholly owned by Accumulate More Profits Limited.
- (3) Newcourt Trustees Limited is the trustee for The Magical 2000 Trust, the beneficiaries of which include Lui Yuk Chu and members of her family, and is the registered owner of the entire issued share capital of Accumulate More Profits Limited.

Other than disclosed above, the Company has not been notified of any interests representing 10% or more of the Company's issued share capital as at 31 March 2003.

PURCHASE, SALE AND REDEMPTION OF SHARES

There was no purchase, sale or redemption of the Company's shares by the Company or any of its subsidiaries during the year.

E REPORT OF THE DIRECTORS

CORPORATE GOVERNANCE

The Company has complied throughout the year ended 31 March 2003 with the Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Bye-laws although there are no restrictions against such rights under the laws in Bermuda.

DONATIONS

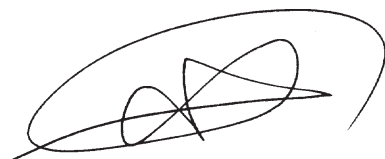
During the year, the Group made donations amounting to HK\$223,000.

AUDITORS

Messrs. Deloitte Touche Tohmatsu have acted as the auditors of the Company for the preceding three years.

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

On behalf of the Board



KOON WING YEE

PRESIDENT AND CHIEF EXECUTIVE OFFICER

Hong Kong, 23 July 2003