

An abstract geometric design consisting of several thin black lines of varying lengths. A prominent vertical line runs down the left side of the page. A horizontal line crosses the page about one-third of the way down. In the upper left quadrant, there is a cluster of intersecting vertical and horizontal lines, creating a grid-like pattern. The rest of the page is mostly empty space.

REPORT OF THE DIRECTORS

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

Principal activities

The principal activity of the Company is investment holding. The principal activities of the principal subsidiaries are set out in note 13 to the financial statements. There were no changes in the nature of the Group's activities during the year.

Segmental information

The Group's turnover and profit from operating activities were derived predominantly from retailing and distribution of garments. An analysis of the Group's turnover and contribution to profit from operating activities by geographical area of operations for the year ended 31 March 2001 is as follows:

	2001		2000	
	Contribution to profit from operating activities		Contribution to profit from operating activities	
	Turnover HK\$'000	activities HK\$'000	Turnover HK\$'000	activities HK\$'000
People's Republic of China:				
Hong Kong	1,007,795	2,053	963,431	49,878
Elsewhere	200,371	12,417	168,579	17,989
Others	346,401	11,334	132,595	27,472
	1,554,567	25,804	1,264,605	95,339



Results and dividends

The Group's profit for the year ended 31 March 2001 and the state of affairs of the Company and the Group at that date are set out in the financial statements on pages 18 to 43.

The directors do not recommend the payment of any dividends in respect of the year.

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 44.

Fixed assets

Details of movements in the fixed assets of the Group are set out in note 12 to the financial statements.

Subsidiaries

Particulars of the Company's principal subsidiaries are set out in note 13 to the financial statements.

Bank loans and overdrafts

Details of the Group's bank loans and overdrafts are set out in note 18 to the financial statements.

Liquidity and capital resources

The Group generally finances its operations from internally generated cash flows, bank loan facilities and extensive use of import and export-related banking facilities. The directors consider that the Group has adequate liquidity for its operations with sufficient levels of banking facilities.

Pre-emptive rights

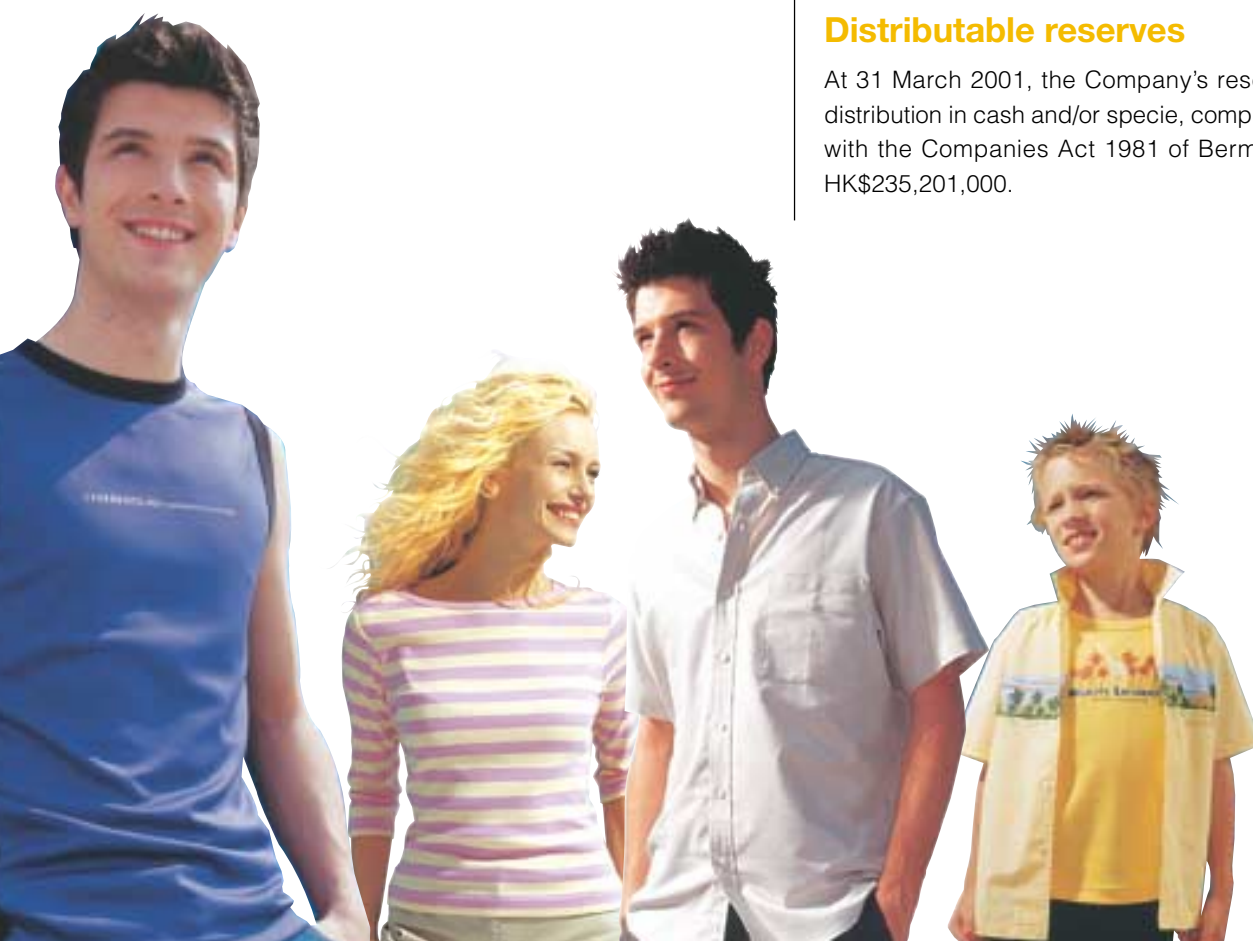
There are no provisions for pre-emptive rights under the Company's Bye-laws or the laws of Bermuda which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

Reserves

Details of movements in the reserves of the Company and the Group during the year are set out in note 21 to the financial statements.

Distributable reserves

At 31 March 2001, the Company's reserves available for distribution in cash and/or specie, computed in accordance with the Companies Act 1981 of Bermuda, amounted to HK\$235,201,000.



Major customers and suppliers

In the year under review, sales to the five largest customers accounted for less than 30% of the total sales for the year.

Purchases from the five largest suppliers accounted for approximately 43% of the total purchases for the year and purchases from the largest supplier included therein amounted to approximately 14%. As far as the directors are aware, neither the directors, their associates, nor any shareholders of the Company which, to the knowledge of the directors, owned more than 5% of the Company's issued share capital, had any interest in the five largest suppliers.

Directors

The directors of the Company during the year were as follows:

Executive directors:

Mr. Ka Sing LAW
 Mr. Chi Kwong TO
 Mr. Shuk Hoi LAW (resigned on 2 January 2001)
 Mr. Kar Po LAW (resigned on 2 January 2001)
 Mr. Eddie Tak Chiu WONG (resigned on 2 January 2001)

Independent non-executive directors:

Mr. David Sik Ho CHEUNG
 Mrs. Winnie Wing Yue WONG LEUNG

In accordance with the Company's Bye-laws, Mrs. Winnie Wing Yue WONG LEUNG will retire by rotation and, being eligible, offer herself for re-election at the forthcoming annual general meeting.

Directors' service contracts

No director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

Directors' biographies

Mr. Ka Sing LAW, aged 50, is the Chairman of the Group. Mr. Law joined the Group in 1991 and has over 21 years' experience in the garment manufacturing, retailing and wholesaling. He is responsible for the overall management and strategic planning of the Group.

Mr. Chi Kwong TO, aged 39, is the Financial Controller of the Group and holds a Master's degree in Commerce from the University of New South Wales in Australia. He is a fellow member of the Association of Chartered Certified Accountants. He joined the Group in 1997 and has over 12 years' experience in finance and accounting.

Mr. David Sik Ho CHEUNG, aged 48, was appointed as an independent non-executive director in 1993. He is the Managing Director of a consultancy firm in human potential training and executive search, and also the President of a local licensee of a California-based international firm in modern training technology in management and human potential. Mr. Cheung has over 16 years' experience in the Hong Kong and Canadian banking industry.

Mrs. Winnie Wing Yue WONG LEUNG, aged 59, was appointed as an independent non-executive director in 1993. She is the President and Managing Director of a number of business enterprises. Mrs. Leung has over 31 years' experience in trading and property development in Hong Kong and the United States of America. In addition, she has been involved in stock brokerage, business consultancy and property investment and management in the People's Republic of China, including Hong Kong, for a number of years.



Directors' interests in shares

As at 31 March 2001, the interests of the Company's directors 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	Nature of interests	Number of shares
Mr. Ka Sing LAW	Personal	92,273,250

Save as disclosed above, none of the directors of the Company or their associates had any personal, family, corporate or other interests in the share capital of the Company or any of its associated corporations as defined in the SDI Ordinance.

Directors' rights to acquire shares

At no time during the year was the Company or any of its subsidiaries a party to any arrangement to enable the Company's directors or their respective spouse or children under 18 years of age to acquire benefits by means of the acquisition of shares in the Company or any other body corporate.

Directors' interests in contracts

Save as disclosed in note 26 to the financial statements, no director had a beneficial interest in any contract of significance in relation to the business of the Company to which the Company or any of its subsidiaries was a party during the year.

Emoluments of directors and the five highest paid individuals

Details of the directors' emoluments and those of the five highest paid individuals in the Group are set out in notes 5 and 6 to the financial statements, respectively.



Substantial shareholders

As at 31 March 2001, the following parties had registered an interest in the share capital of the Company that was required to be recorded in the register of interests kept by the Company pursuant to Section 16(1) of the SDI Ordinance.

Name	Number of shares
Mr. Ka Sing LAW	92,273,250
Mr. Shuk Hoi LAW	80,688,000

Save as disclosed above, no person had registered an interest in the issued share capital of the Company that was required to be recorded under Section 16(1) of the SDI Ordinance.

Employees

As at 31 March 2001, the Group had a total of 1,853 (2000: 978) full-time employees. Remuneration packages, which include an element of discretionary bonus, are principally reviewed on an annual basis.

Purchase, redemption or sale of the Company's listed securities

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year.

Connected transactions

The significant connected transactions undertaken by the Group during the year are set out in note 26 to the financial statements.

The directors are of the opinion that the transactions were made in the usual and ordinary course of the Group's business, and that the terms are fair and reasonable as far as the shareholders of the Company were concerned.

Compliance with the Code of Best Practice

In the opinion of the directors, the Company has complied 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 throughout the accounting period covered by the annual report, except that the independent non-executive directors of the Company are not appointed for specific terms, but are subject to retirement by rotation and re-election at the annual general meeting in accordance with the Company's Bye-laws.

Auditors

Ernst & Young retire and a resolution for their reappointment as auditors of the Company will be proposed at the forthcoming annual general meeting.

On Behalf of the Board

Ka Sing LAW
Director

Hong Kong
5 July 2001

