CONTENTS

DIRECTORS

Ka Sing LAW *(Chairman)*
Chi Kwong TO
Irene CHEN
Pansy Wai Man CHAU
Simon Kuen Fung OR
David Sik Ho CHEUNG *(Independent non-executive director)*
Winnie Wing Yue WONG LEUNG *(Independent non-executive director)*

COMPANY SECRETARY

Chi Kwong TO

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited
Citibank, N.A.
Standard Chartered Bank

AUDITORS

Ernst & Young

PRINCIPAL SHARE REGISTRARS

Butterfield Corporate Services Limited
Rosebank Centre
11 Bermudiana Road
Pembroke
Bermuda

HONG KONG BRANCH SHARE RESIGTRARS

Computershare Hong Kong Investor Services Limited
Shops 1712-6, 17th Floor
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Hong Kong

REGISTERED OFFICE

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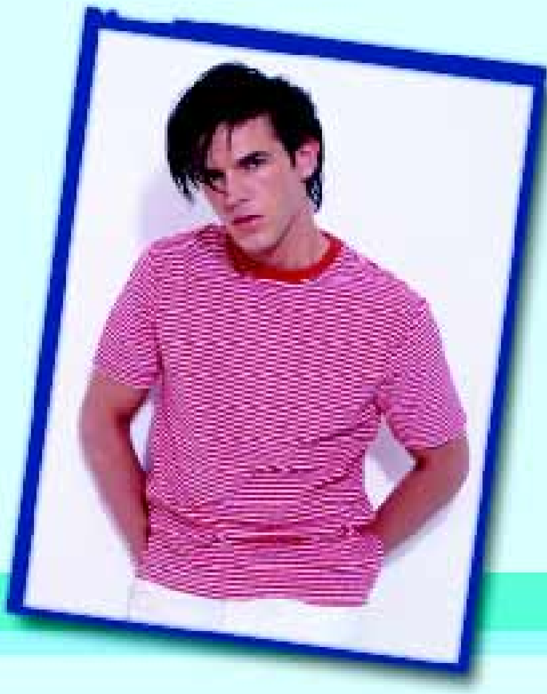
41 Cedar Avenue
Hamilton HM12
Bermuda

PRINCIPAL OFFICE

6th Floor, Hong Kong Spinners Industrial Building
Phase 1 & 2
601-603 Tai Nan West Street
Kowloon
Hong Kong

Chairman's Statement



The year 2001/02 was undoubtedly another difficult period for the Group, especially as the adverse economic climate persisted in most Asian countries where the Group has business operations. In the year, the Group managed to maintain turnover at virtually last year's level. However, a net loss attributable to shareholders of HK$38,769,000 was recorded. Encouraging is that the results in the second half of the year started to improve, particularly when the impairment in value of the Group's properties of HK$13,408,000 is taken into account.

Despite short term difficulties, the Group remains fully confident of future business and will continue its long term goal to make bossini the brand of choice and the leading name for high quality and fashionable casual wear. To this end, effective measures are being carried out to attract customers into bossini outlets and to encourage them to buy bossini products.

The Group's efforts are not restricted to Hong Kong. During the year, the Group took major strides towards achieving a more effective geographical diversification of its business. The favourable effects of this diversification have started to click in and have already being seen in better returns from the China market in the second half of the year.

Throughout the year, the Group carefully monitored the ongoing situation in each market and invested its resources to achieve the best results. This included positive and targeted advertising and marketing strategies to adjust the Group's advertising position. The Group decreased above-the-line promotions and simultaneously increased the number of below-the-line programs such as joint promotions with other merchants and acquiring the exclusive license of Movie Tees for a number of blockbuster films.

Apart from continuing to reinforce the bossini brand as the casual wear brand of choice, the Group has also allocated considerable resources to improve the image of its products in the market. Fully aware that product design and quality are vital ingredients in the retail trade, the Group took effective measures to ensure the bossini brand delivers what it promises – fresh, upbeat, modern and easy-to-wear fashions. In particular, the following measures were taken:

(a) appointed an executive director to restructure and head the product design team and to stimulate the generation of trendy styles for fashionable casual wear;

(b) devised a more effective methodology to filter overseas trends into realistic commercial propositions suitable for the easy-to-wear styles most favoured in Asia; and

(c) to mark the beginning of the Group's brand reinforcement measures, new, upbeat styles and designs were created for the spring/summer 2002 collection.

At shops, the Group determined to implement measures designed to attract customers and to persuade them to purchase bossini products. These measures included making more frequent deliveries of new products to maintain customer's interest and draw them into the shops. The Group also undertook renovation of outlets in order to maintain a bright, contemporary and cheerful ambience. This included improved shop window and product displays designed to convey a strong personal message and deliver a friendly environment to customers.

The Group has also conscientiously looked at ways and means to keep costs as low as possible. For instance, back-office operations were set up in Shenzhen to support certain Hong Kong headquarters' back-office functions of accounting, computer programming, purchasing, and quality control. The Group increased its sourcing channels in order to lower costs without compromising quality. Additionally, the Group aggressively applied information technology to improve efficiency and knowledge management.

Adopting highly efficient management techniques and providing comprehensive training to employees remained top priorities. The Group has also increased investment in human resources and implemented measures designed to achieve and maintain high standards of work quality. This initiative is an ongoing and long lasting commitment of the Group.

In summary, the Group is monitoring the present economic situation very closely and will counteract any unexpected deterioration. The Group also remains alert to new opportunities and is poised to take advantage of improved consumer confidence once the economy picks up. Diversification of products and markets, new and innovative marketing techniques, and fresh, modern designs will keep the bossini brand where it belongs - at the forefront of the popular, easy-to-wear market.

On behalf of the Board of Directors, I extend my sincere thanks to our shareholders, customers, suppliers, and employees. Our brand, bossini, is a flagship of endeavour, sailing proudly on the ocean of commerce and charting new courses for success in the years to come.

Ka Sing LAW
Chairman

Hong Kong
27 June 2002





Management Discussion and Analysis

FINANCIAL RESULTS AND BUSINESS REVIEW

The consolidated turnover for the year ended 31 March 2002 was HK$1,588,473,000, representing an increase of 2.2% as compared to HK$1,554,567,000 for the previous year. However, there was a net loss attributable to shareholders of HK$38,769,000, compared with a net profit attributable to shareholders of HK$16,655,000 recorded last year.

Included in the net loss attributable to shareholders reported for the year was a provision for impairment of HK$13,408,000 in respect of warehouse premises used for inventory storage in Hong Kong. Excluding the above impairment loss, the net loss attributable to shareholders was HK$25,361,000.

Due to the overall adverse economic climate in major markets except Mainland China, the Group took a prudent approach and adopted a series of specific measures to extract the maximum returns. These steps included:

(a) the strategic consolidation of operation scale in Hong Kong;

(b) a cost-cutting programme including the closure of some small, under-performing outlets;

(c) the continued expansion of operations in Mainland China; and

(d) the restructuring of the design team to ensure fresh, upbeat, modern and easy-to-wear fashions are offered.

Hong Kong

	For the year ended 31 March		
	2002	2001	2000
Net retail sales (HK$'000)	**740,133**	870,956	827,594
Retail floor area (sq. ft.) – *Note (a)*	**121,541**	119,629	105,814
Net sales per sq. ft. (HK$'000) – *Note (b)*	**5,933**	7,434	9,070
No. of outlets – *Note (a)*	**32**	36	36

Notes:

(a) as at 31 March

(b) on weighted average basis

Hong Kong remained the Group's largest market with sales of HK$851,120,000 which represented 53.6% (last year : 64.8%) of the Group's total turnover. The Hong Kong portion as a percentage of total turnover was lower than the previous year as a result of the consolidation of Hong Kong operations and the expansion and increased sales in other markets like Mainland China and Taiwan.

FINANCIAL RESULTS AND BUSINESS REVIEW *(continued)*

Hong Kong *(continued)*

During the year, the local retail market remained sluggish with consumers generally very prudent about spending. To counteract the effects of such a difficult business environment, the Group decided to consolidate operations by cutting some small, under-performing outlets. At year end, the Group had 32 outlets, compared with a total of 36 last year.

Mainland China

	For the year ended 31 March		
	2002	2001	2000
Net sales from directly managed outlets (HK$'000)	**181,845**	129,234	33,275
Retail floor area (sq. ft.) – *Note (a)*	**120,819**	39,276	13,686
Net sales per sq. ft. (HK$'000) – *Note (b)*	**2,373**	3,979	2,005
No. of directly managed outlets – *Note (a)*	**103**	33	9

Notes:

(a) as at 31 March

(b) on weighted average basis

The more buoyant market in Mainland China saw a substantial growth in sales by 33.4% compared with last year's HK$200,371,000, and the total number of outlets there increased to 175 from the 61 in operation at the end of last year. The benefits were seen in the results for the second half of the year when most of the new outlets came into operation.

To develop and expand the business in Mainland China, the Group focused on two modes of operations: directly managed establishments and authorised dealer ventures. By the end of the year, the Group conducted business in 103 directly managed stores and 72 authorised dealer ventures compared with 33 and 28, respectively, last year.

During the year, the Group also implemented the key strategies necessary to build an extensive and strong sales network so as to benefit from economies of scale and increased brand awareness. The key element was to aggressively increase the number of directly managed stores in major cities to better build a solid foundation in the casual wear market. Thereafter, the Group will accelerate the expansion of its authorised dealer business and, through those dealers, develop the market in other areas in China.

FINANCIAL RESULTS AND BUSINESS REVIEW *(continued)*

Singapore

	For the year ended 31 March		
	2002	2001	2000
Net retail sales (HK$'000)	**171,802**	185,670	132,595
Retail floor area (sq. ft.) – *Note (a)*	**31,320**	27,811	17,728
Net sales per sq. ft. (HK$'000) – *Note (b)*	**5,678**	7,780	7,904
No. of outlets – *Note (a)*	**28**	24	19

Notes:

(a) as at 31 March

(b) on weighted average basis

At year end, the Group operated 28 outlets in Singapore compared with 24 last year. Due to the continued economic downturn, sales dropped by 7.5% compared with last year. The operating results for the second half of the year improved which led to a whole year profit from operating activities of HK$10,241,000.

Taiwan

	For the year ended 31 March		
	2002	2001	2000
Net retail sales (HK$'000)	**298,205**	160,731	–
Retail floor area (sq. ft.) – *Note (a)*	**119,835**	85,332	–
Net sales per sq. ft. (HK$'000) – *Note (b)*	**2,954**	3,735	–
No. of outlets – *Note (a)*	**68**	55	–

Notes:

(a) as at 31 March

(b) on weighted average basis

Taiwan was another major market and contributed 18.8% to the Group's turnover. Operations in Taiwan have continued to develop since the business was acquired from the former licensee in September 2000.

Sales improved but fell short of expectations mainly due to the poor state of the economy. In addition, the weakened value of the New Taiwan dollar against the US dollar had put pressure on costs of purchases as goods were sourced mainly from Hong Kong. As a result, the gross margin was squeezed.

Despite these short term difficulties, the Group has continued to invest in the market in the firm belief that lucrative business opportunities exist. During the year, the Group gradually increased the number of outlets to 68 compared with 55 at the end of last year.

LIQUIDITY AND FINANCIAL RESOURCES

During the year, the Group generally financed its operations with internally generated cash flows and banking facilities provided by its principal bankers.

Net assets at 31 March 2002 amounted to HK$332,188,000, compared with HK$322,387,000 last year. Net proceeds of HK$62,210,000 raised from a Rights Issue were received in mid-March 2002 and remained unused and were put into bank deposits at the end of the financial year. At 31 March 2002, the Group had a net cash balance, being total cash on hand minus total bank borrowings, of HK$58,428,000. In addition, there was a remarkable improvement in inventory turnover, with the number of inventory turnover days dropping from 40 last year to 29 this year.

With its cash holdings and available banking facilities, the Group believes that sufficient funds are available to pursue its planned business development opportunities.

The current ratio improved from last year's 1.98 to 2.19 while the quick ratio improved from last year's 0.90 to 1.49. These ratios indicate that the Group has maintained a sound working capital and liquidity position. The debt to equity ratio was 0.70 while it was 0.63 last year. The ratio was calculated by dividing the total liabilities of HK$233,334,000 (31 March 2001: HK$203,673,000) by the total shareholders' equity of HK$332,188,000 (31 March 2001: HK$322,387,000).

During the year, the Group entered into a limited number of forward contracts to hedge its foreign currency denominated receivables against the fluctuation of exchange rates, and interest rate swap contracts to reduce the exposure of interest rate fluctuation.

HUMAN CAPITAL

As at 31 March 2002, the Group employed 2,528 full-time staff in Hong Kong, Macau, Mainland China, Singapore and Taiwan. The Group remunerates its employees based on their performance, experience and prevailing industry practices. Benefits such as staff insurance, retirement scheme and discretionary bonus are provided. It also provides both in-house and external training programmes to strengthen the Group's human resources.

OUTLOOK

In view of the ongoing difficult economic climate, the Group will continue to run its business in a pragmatic and prudent manner.

While consumers are not willing to spend as freely as in the past, the Group is set to bring them high quality and value-for-money merchandise. The Group will continue to seek to increase its market share and enhance its image with fresh and attractive designs, supplemented by targeted advertising and promotion campaigns. The Group will also remain alert to new opportunities that may occur as and when economic conditions improve.

Notwithstanding this year's strategic consolidation of retail operations, Hong Kong will continue to serve as the Group's main operating country. Strategically, while the scale of operations in the near future is likely to be maintained at present levels, Hong Kong will still be the predominant market in the year to come.

The market in Mainland China looks to be highly promising, and the Group will continue to focus on expanding its operations there. Building and developing an extensive sales network and achieving stronger brand recognition are key to the Group in achieving its goals. The Group plans to open an additional 40 directly managed stores in the coming year. Besides, the Group will establish 240 more outlets through the venture of authorised dealers. The ultimate goal of these expansion measures is to achieve a total of 450 outlets throughout Mainland China by the end of March 2003 selling bossini brand products. The Group is optimistic that, having achieved its goals, sales in the Mainland China market will eventually increase to about 30% of the Group's turnover compared with 16.8% this year.

In Singapore, the Group is exercising caution in view of the current economic uncertainty and will maintain its existing scale of operations.

There are undoubted opportunities for growth in Taiwan, especially as the Group's scale of operations is still not large compared with major competitors. The room to grow is enormous given that the Group now runs all bossini operations in Taiwan and can thus allocate greater resources to develop its business there and build an extensive sales network.

The Group will progressively continue to develop and diversify its operations in a careful, structured manner while simultaneously exploring new markets and business opportunities in the Asia-Pacific region. The Group is confident that this strategic framework will prove beneficial to maintaining long term stability, growth, and profitability.

Report of the Directors

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

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. Details of the principal activities of the principal subsidiaries are set out in note 14 to the financial statements. There were no changes in the nature of the Group's principal activities during the year.

SEGMENT INFORMATION

An analysis of the Group's revenue and contribution to results by geographical area of operations for the year ended 31 March 2002 is set out in note 4 to the financial statements.

RESULTS AND DIVIDENDS

The Group's loss for the year ended 31 March 2002 and the state of affairs of the Company and the Group at that date are set out in the financial statements on pages 20 to 56.

The directors do not recommend the payment of a dividend in respect of the year.

The directors recommend a bonus issue of new shares to be distributed to shareholders of the Company whose names appear on the register of members of the Company on 30 August 2002 in the proportion of one new share for every four existing shares held by them (the "Bonus Issue"). Based on 411,446,239 ordinary shares in issue as at 27 June 2002, a maximum of 102,861,559 new ordinary shares (the "Bonus Shares") will be issued. This recommendation has not been incorporated in the financial statements because the Bonus Issue is conditional upon the approval by shareholders at the forthcoming annual general meeting and the granting by The Stock Exchange of Hong Kong Limited (the "Stock Exchange") of the listing of and permission to deal in the Bonus Shares to be issued.

SUMMARY OF FINANCIAL INFORMATION

A summary of the published results and of the assets, liabilities and minority interests of the Group for the last five financial years, as extracted from the audited financial statements and reclassified as appropriate, is set out on page 57. This summary does not form part of the audited financial statements.

FIXED ASSETS

Details of movements in the fixed assets of the Group are set out in note 13 to the financial statements.

SHARE CAPITAL

Details of movements in the Company's share capital during the year, together with the reasons thereof, are set out in note 22 to the financial statements.

CAPITAL RESOURCES

During the year, the Group, by way of a rights issue, raised HK$62,210,000, after share issue expenses, which is intended to be utilised for the expansion of the Group's operations in the People's Republic of China (the "PRC") and for general operating funds of the Group.

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 23 to the financial statements.

DISTRIBUTABLE RESERVES

At 31 March 2002, 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$235,132,000. Under the laws of Bermuda, the Company's share premium account, in the amount of HK$48,495,000, may be distributed in the form of fully paid bonus shares.

MAJOR CUSTOMERS AND SUPPLIERS

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

Purchases from the Group's five largest suppliers accounted for approximately 40% 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, own more than 5% of the Company's issued share capital, had any beneficial interest in the Group's 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	
Ms. Irene CHEN	(appointed on 3 September 2001)
Ms. Pansy Wai Man CHAU	(appointed on 3 September 2001)
Mr. Simon Kuen Fung OR	(appointed on 2 January 2002)

DIRECTORS *(continued)*

Independent non-executive directors:

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

In accordance with the Company's Bye-laws, Mr. Chi Kwong TO, Ms. Irene CHEN, Ms. Pansy Wai Man CHAU and Mr. Simon Kuen Fung OR will retire by rotation and, being eligible, offer themselves 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 51, is the chairman and chief executive officer of the Group. Mr. Law joined the Group in 1991 and has over 22 years' experience in garment manufacturing, retailing and wholesale business. He is responsible for the overall management and strategic planning of the Group.

Mr. Chi Kwong TO, aged 40, is an executive director of the Group. Mr. To holds a Master's degree in Commerce from the University of New South Wales in Australia, and is a fellow member of the Association of Chartered Certified Accountants. He joined the Group in 1997 and has over 13 years' experience in auditing, finance and accounting. Mr. To is responsible for the overall financial management of the Group.

Ms. Irene CHEN, aged 53, was appointed as an executive director on 3 September 2001. She is responsible for product design of the Group. Ms. Chen holds a Bachelor's Degree in Design from the California State University at San Jose, the United States of America. She has over 20 years' experience in the fashion industry, and has held senior positions in store management, buying, marketing, fashion trend analysis, product design and development, both in Hong Kong and the United States of America. Ms. Chen also developed the first Fashion Retailing Curriculum for The Hong Kong Polytechnic University, and lectured in both Higher Diploma and Master's levels.

Ms. Pansy Wai Man CHAU, aged 39, was appointed as an executive director on 3 September 2001. She holds a Higher Diploma in Fashion and Clothing Technology from The Hong Kong Polytechnic University. Prior to joining the Group, Ms. Chau has over 15 years' experience in sales planning and buying in leading fashion retail chains. She is responsible for strategic product planning and buying, and for overseeing the image-building function of the Group.

DIRECTORS' BIOGRAPHIES *(continued)*

Mr. Simon Kuen Fung OR, aged 31, was appointed as an executive director on 2 January 2002. He joined the Group in 2001 and has over 8 years' experience in garment manufacturing and merchandising. Mr. Or received his Bachelor of Arts Honours Degree in Economics and Industrial Relations from the University of Toronto, Canada. He is responsible for the Group's sourcing and production activities for apparel and accessories.

Mr. David Sik Ho CHEUNG, aged 49, was appointed as an independent non-executive director in 1993. Mr. Cheung 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. He has over 16 years' experience in the banking industry in Hong Kong and Canada.

Mrs. Winnie Wing Yue WONG LEUNG, aged 60, was appointed as an independent non-executive director in 1993. Mrs. Leung is the president and managing director of a number of business enterprises. She has over 32 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 PRC, including Hong Kong, for a number of years.

DIRECTORS' INTERESTS IN SHARES

As at 31 March 2002, 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 (the "SDI Ordinance"), were as follows:

Name of director	Nature of interests	Number of shares held
Mr. Ka Sing LAW	Personal	259,441,875

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 30 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.

SUBSTANTIAL SHAREHOLDERS

As at 31 March 2002, the following individual was interested in 10% or more of the share capital of the Company as recorded in the register of interests kept by the Company pursuant to Section 16(1) of the SDI Ordinance.

Name	**Number of shares held**	**Percentage of the Company's share capital**
Mr. Ka Sing LAW	259,441,875	63.06

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 2002, the Group had a total of 2,528 (2001: 1,853) 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 30 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.

POST BALANCE SHEET EVENT

Details of the significant post balance sheet event of the Group are set out in note 29 to the financial statements.

THE CODE OF BEST PRACTICE

In the opinion of the directors, the Company complied with the Code of Best Practice (the "Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") 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 as required by paragraph 7 of the Code, but are subject to retirement by rotation and re-election at the annual general meeting in accordance with the Company's Bye-laws.

AUDIT COMMITTEE

The Company has an audit committee which was established in accordance with the requirements of the Code, for the purpose of reviewing and providing supervision over the Group's financial reporting process and internal controls. The audit committee comprises the two independent non-executive directors of the Company.

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
27 June 2002

ERNST & YOUNG
安永會計師事務所

To the members
Bossini International Holdings Limited
(Incorporated in Bermuda with limited liability)

We have audited the financial statements on pages 20 to 56 which have been prepared in accordance with accounting principles generally accepted in Hong Kong.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The Company's directors are responsible for the preparation of financial statements which give a true and fair view. In preparing financial statements which give a true and fair view it is fundamental that appropriate accounting policies are selected and applied consistently. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

BASIS OF OPINION

We conducted our audit in accordance with Statements of Auditing Standards issued by the Hong Kong Society of Accountants. An audit includes an examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's and the Group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the financial statements are free from material misstatement. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements. We believe that our audit provides a reasonable basis for our opinion.

OPINION

In our opinion the financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2002 and of the loss and cash flows of the Group for the year then ended and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

ERNST & YOUNG
Certified Public Accountants

Hong Kong
27 June 2002

Year ended 31 March 2002

	Notes	2002 HK$'000	2001 HK$'000
TURNOVER	5	**1,588,473**	1,554,567
Cost of sales		**(896,886)**	(887,011)
Gross profit		**691,587**	667,556
Other revenue	5	**2,973**	6,342
Selling and distribution costs		**(506,855)**	(475,792)
Administrative expenses		**(138,084)**	(117,656)
Other operating expenses		**(79,513)**	(54,646)
PROFIT/(LOSS) FROM OPERATING ACTIVITIES	6	**(29,892)**	25,804
Finance costs	9	**(5,333)**	(2,827)
PROFIT/(LOSS) BEFORE TAXATION		**(35,225)**	22,977
Taxation	10	**(3,544)**	(6,178)
PROFIT/(LOSS) BEFORE MINORITY INTERESTS		**(38,769)**	16,799
Minority interests		**–**	(144)
NET PROFIT/(LOSS) ATTRIBUTABLE TO SHAREHOLDERS	11 & 23	**(38,769)**	16,655
RELEASE FROM REVALUATION RESERVE	23	**404**	404
BASIC EARNINGS/(LOSS) PER SHARE	12	**(13.10 cents)**	5.71 cents

Year ended 31 March 2002

	Notes	**2002 HK$'000**	2001 HK$'000
Exchange differences on translation of the financial statements of foreign entities and gains/(losses) not recognised in the consolidated profit and loss account	*23*	**(129)**	807
Net profit/(loss) attributable to shareholders		**(38,769)**	16,655
Total recognised gains and losses		**(38,898)**	17,462
Goodwill arising on acquisition eliminated directly against consolidated reserves	*23*	**–**	(25,715)
		(38,898)	(8,253)

31 March 2002

	Notes	2002 HK$'000	2001 HK$'000
NON-CURRENT ASSETS			
Fixed assets	13	**131,531**	163,671
Intangible assets	15	**–**	4,291
Deposits paid		**44,491**	44,875
		176,022	212,837
CURRENT ASSETS			
Inventories	16	**124,577**	171,270
Debtors	17	**41,112**	16,748
Bills receivable		**12,988**	11,369
Deposits paid		**20,790**	20,075
Prepayments and other receivables		**10,366**	16,421
Tax recoverable		**6,213**	603
Cash and cash equivalents	18	**173,454**	76,737
		389,500	313,223
CURRENT LIABILITIES			
Creditors and accruals	19	**105,313**	104,640
Bills payable		**12,337**	22,105
Interest-bearing bank loans and overdrafts	20	**60,026**	31,332
		177,676	158,077
NET CURRENT ASSETS		**211,824**	155,146
TOTAL ASSETS LESS CURRENT LIABILITIES		**387,846**	367,983
NON-CURRENT LIABILITIES			
Interest-bearing bank loans	20	**55,000**	45,000
Deferred taxation	21	**658**	596
		55,658	45,596
		332,188	322,387
CAPITAL AND RESERVES			
Share capital	22	**41,145**	27,430
Reserves	23	**291,043**	294,957
		332,188	322,387

Ka Sing LAW
Director

Chi Kwong TO
Director

	Notes	2002 HK$'000	2001 HK$'000
NET CASH INFLOW FROM OPERATING ACTIVITIES	24(a)	**64,702**	94,913
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		**1,393**	3,500
Interest paid		**(5,333)**	(2,827)
Dividends paid		**–**	(19,201)
Net cash outflow from returns on investments and servicing of finance		**(3,940)**	(18,528)
TAXATION			
Hong Kong profits tax paid		**(1,534)**	(10,160)
Overseas taxes paid		**(7,442)**	(7,669)
Taxes paid		**(8,976)**	(17,829)
INVESTING ACTIVITIES			
Purchases of fixed assets		**(56,045)**	(68,941)
Proceeds from disposal of fixed assets		**101**	312
Acquisition of subsidiaries/businesses	24(c)	**–**	(48,130)
Purchase of additional interest in a subsidiary		**–**	(2,370)
Net cash outflow from investing activities		**(55,944)**	(119,129)
NET CASH OUTFLOW BEFORE FINANCING ACTIVITIES		**(4,158)**	(60,573)
FINANCING ACTIVITIES	24(b)		
Proceeds from issue of rights shares		**63,089**	–
Share issue expenses		**(424)**	–
New bank and trust receipt loans		**135,161**	101,518
Repayment of bank and trust receipt loans		**(95,557)**	(63,112)
Net cash inflow from financing activities		**102,269**	38,406
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**98,111**	(22,167)
Cash and cash equivalents at beginning of year		**73,664**	96,079
Effect of foreign exchange rate changes, net		**(468)**	(248)
CASH AND CASH EQUIVALENTS AT END OF YEAR		**171,307**	73,664
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances		**62,454**	39,237
Time deposits		**111,000**	37,500
Bank overdrafts		**(143)**	(201)
Trust receipt loans repayable within three months from date of advance		**(2,004)**	(2,872)
		171,307	73,664

	Notes	2002 HK$'000	2001 HK$'000
NON-CURRENT ASSETS			
Interests in subsidiaries	*14*	**314,689**	252,088
CURRENT ASSETS			
Dividends receivable		**10,735**	10,735
Tax recoverable		**–**	3
Cash and cash equivalents	*18*	**136**	139
		10,871	10,877
CURRENT LIABILITIES			
Creditors and accruals		**788**	334
NET CURRENT ASSETS		**10,083**	10,543
		324,772	262,631
CAPITAL AND RESERVES			
Share capital	*22*	**41,145**	27,430
Reserves	*23*	**283,627**	235,201
		324,772	262,631

Ka Sing LAW
Director

Chi Kwong TO
Director

1. CORPORATE INFORMATION

The Company is incorporated in Bermuda with limited liability. Its shares are listed on the Stock Exchange. During the year, the Group was involved in investment holding and the retailing and distribution of garments.

2. IMPACT OF NEW AND REVISED STATEMENTS OF STANDARD ACCOUNTING PRACTICE ("SSAPs")

The following recently-issued and revised SSAPs and related Interpretations are effective for the first time for the current year's financial statements:

- SSAP 9 (Revised): "Events after the balance sheet date"
- SSAP 14 (Revised): "Leases"
- SSAP 18 (Revised): "Revenue"
- SSAP 26: "Segment reporting"
- SSAP 28: "Provisions, contingent liabilities and contingent assets"
- SSAP 29: "Intangible assets"
- SSAP 30: "Business combinations"
- SSAP 31: "Impairment of assets"
- SSAP 32: "Consolidated financial statements and accounting for investments in subsidiaries"
- Interpretation 12: "Business combinations – subsequent adjustment of fair values and goodwill initially reported"
- Interpretation 13: "Goodwill – continuing requirements for goodwill and negative goodwill previously eliminated against/credited to reserves"

These SSAPs prescribe new accounting measurement and disclosure practices. The major effects on the Group's accounting policies and on the amounts disclosed in these financial statements of adopting these SSAPs and Interpretations, are summarised as follows:

SSAP 9 (Revised) prescribes which type of events occurring after the balance sheet date require adjustment to the financial statements, and which require disclosure, but no adjustment. Its principal impact on these financial statements is that the proposed final dividend which is not declared and approved until after the balance sheet date, is no longer recognised as a liability at the balance sheet date, but is disclosed as an allocation of retained earnings on a separate line within the capital and reserves section of the balance sheet. The adoption of this revised SSAP has had no impact on the financial statements as there was no final dividend proposed for the current and previous years.

2. IMPACT OF NEW AND REVISED STATEMENTS OF STANDARD ACCOUNTING PRACTICE ("SSAPs") *(continued)*

SSAP 14 (Revised) prescribes the basis for lessor and lessee accounting for finance and operating leases, and the required disclosures in respect thereof. Certain amendments have been made to the previous accounting measurement treatments, which may be accounted for retrospectively or prospectively, in accordance with the requirements of the SSAP. The revised SSAP requirements have not had a material effect on the amounts previously recorded in the financial statements, and therefore no prior year adjustment has been required. The disclosure changes under the SSAP have resulted in changes to the detailed information disclosed for operating leases, which are further detailed in note 25 to the financial statements.

SSAP 18 (Revised) prescribes the recognition of revenue and was revised as a consequence of the revision to SSAP 9 described above. Proposed final dividends from subsidiaries that are declared and approved by the subsidiaries after the balance sheet date are no longer recognised in the Company's own financial statements for the year. The adoption of this revised SSAP has had no effect on the financial statements as there was no proposed final dividend from subsidiaries for the current and previous years.

SSAP 26 prescribes the principles to be applied for reporting financial information by segment. It requires that management assesses whether the Group's predominant risks or returns are based on business segments or geographical segments and determines one of these bases to be the primary segment information reporting format, with the other as the secondary segment information reporting format. The impact of the SSAP is the inclusion of significant additional segment reporting disclosures which are set out in note 4 to the financial statements.

SSAP 28 prescribes the recognition criteria and measurement bases to apply to provisions, contingent liabilities and contingent assets, together with the required disclosures in respect thereof. The adoption of the SSAP has had no significant effect on the financial statements.

SSAP 29 prescribes the recognition and measurement criteria for intangible assets, together with the disclosure requirements. The adoption of this SSAP has had no significant effect on the financial statements.

2. IMPACT OF NEW AND REVISED STATEMENTS OF STANDARD ACCOUNTING PRACTICE ("SSAPs") *(continued)*

SSAP 30 prescribes the accounting treatment for business combinations, including the determination of the date of acquisition, the method for determining the fair values of the assets and liabilities acquired, and the treatment of goodwill or negative goodwill arising on acquisition. The SSAP requires the disclosure of goodwill and negative goodwill in the non-current assets section of the consolidated balance sheet. It requires that goodwill is amortised to the consolidated profit and loss account over its estimated useful life. Negative goodwill is recognised in the consolidated profit and loss account depending on the circumstances from which it arose, as further described in the accounting policy for negative goodwill disclosed in note 3 to the financial statements. Interpretation 13 prescribes the application of SSAP 30 to goodwill arising from acquisitions in previous years which remains eliminated against consolidated reserves. The adoption of the SSAP and Interpretation has not resulted in a prior year adjustment, for the reasons detailed in note 23 to the financial statements. The required new additional disclosures are included in note 23 to the financial statements.

SSAP 31 prescribes the recognition and measurement criteria for impairments of assets. The SSAP is required to be applied prospectively and therefore, has had no effect on amounts previously reported in prior year financial statements.

SSAP 32 prescribes the accounting treatment and disclosures for the preparation and presentation of consolidated financial statements, and has had no significant impact on the preparation of these financial statements.

In addition to the above new and revised SSAPs and related Interpretations, certain minor revisions to the following SSAPs are effective for the first time for the current year's financial statements:

- SSAP 10: "Accounting for investments in associates"
- SSAP 17: "Property, plant and equipment"
- SSAP 21: "Accounting for interests in joint ventures"

The only significant effect of these revisions is that SSAP 17 requires that impairment losses on fixed assets are aggregated with accumulated depreciation in note 13 to the financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The financial statements have been prepared in accordance with Hong Kong Statements of Standard Accounting Practice, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for the remeasurement of certain fixed assets, as further explained below.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 March 2002. The results of subsidiaries acquired or disposed of during the year are consolidated from or to their effective dates of acquisition or disposal, respectively. All significant intercompany transactions and balances within the Group are eliminated on consolidation.

Subsidiaries

A subsidiary is a company in which the Company, directly or indirectly, controls its financial and operating policies so as to obtain benefits from its activities.

The Company's interests in subsidiaries are stated at cost less any impairment losses.

Goodwill

Goodwill arising on the acquisition of subsidiaries represents the excess of the cost of the acquisition over the Group's share of the fair values of the identifiable assets and liabilities acquired as at the date of acquisition.

Goodwill arising on acquisition is recognised in the consolidated balance sheet as an asset and amortised on the straight-line basis over its estimated useful life.

In prior years, goodwill arising on acquisitions was eliminated against consolidated reserves in the year of acquisition. The Group has adopted the transitional provision of SSAP 30 that permits goodwill on acquisitions which occurred prior to 1 April 2001, to remain eliminated against consolidated reserves. Goodwill on subsequent acquisitions is treated according to the new accounting policy above.

On disposal of subsidiaries, the gain or loss on disposal is calculated by reference to the net assets at the date of disposal, including the attributable amount of goodwill which remains unamortised and any relevant reserves, as appropriate. Any attributable goodwill previously eliminated against consolidated reserves at the time of acquisition is written back and included in the calculation of the gain or loss on disposal.

The carrying amount of goodwill, including goodwill remaining eliminated against consolidated reserves, is reviewed annually and written down for impairment when it is considered necessary. A previously recognised impairment loss for goodwill is not reversed unless the impairment loss was caused by a specific external event of an exceptional nature that was not expected to recur, and subsequent external events have occurred which have reversed the effect of that event.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Negative goodwill

Negative goodwill arising on the acquisition of subsidiaries represents the excess of the Group's share of the fair values of the identifiable assets and liabilities acquired as at the date of acquisition, over the cost of the acquisition.

To the extent that negative goodwill relates to expectations of future losses and expenses that are identified in the acquisition plan and that can be measured reliably, but which do not represent identifiable liabilities as at the date of acquisition, that portion of negative goodwill is recognised as income in the consolidated profit and loss account when the future losses and expenses are recognised.

To the extent that negative goodwill does not relate to identifiable expected future losses and expenses as at the date of acquisition, negative goodwill is recognised in the consolidated profit and loss account on a systematic basis over the remaining average useful life of the acquired depreciable/amortisable assets. The amount of any negative goodwill in excess of the fair values of the acquired non-monetary assets is recognised as income immediately.

In prior years, negative goodwill arising on acquisitions was credited to the capital reserve in the year of acquisition. The Group has adopted the transitional provision of SSAP 30 that permits negative goodwill on acquisitions which occurred prior to 1 April 2001, to remain credited to the capital reserve. Negative goodwill on subsequent acquisitions is treated according to the new accounting policy above.

On disposal of subsidiaries, the gain or loss on disposal is calculated by reference to the net assets at the date of disposal, including the attributable amount of negative goodwill which has not been recognised in the consolidated profit and loss account and any relevant reserves as appropriate. Any attributable negative goodwill previously credited to the capital reserve at the time of acquisition is written back and included in the calculation of the gain or loss on disposal.

Impairment of assets

An assessment is made at each balance sheet date of whether there is any indication of impairment of any asset, or whether there is any indication that an impairment loss previously recognised for an asset in prior years may no longer exist or may have decreased. If any such indication exists, the asset's recoverable amount is estimated. An asset's recoverable amount is calculated as the higher of the asset's value in use or its net selling price.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. An impairment loss is charged to the profit and loss account in the period in which it arises, unless the asset is carried at a revalued amount, when the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Impairment of assets *(continued)*

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount of an asset, however not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation), had no impairment loss been recognised for the asset in prior years.

A reversal of an impairment loss is credited to the profit and loss account in the period in which it arises, unless the asset is carried at a revalued amount, when the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

Fixed assets and depreciation

Fixed assets are stated at cost or valuation less accumulated depreciation and any impairment losses. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after fixed assets have been put into operation, such as repairs and maintenance, is normally charged to the profit and loss account in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of an asset, the expenditure is capitalised as an additional cost of that asset.

Depreciation is calculated on the straight-line basis to write off the cost or valuation of each asset over its estimated useful life. The principal annual rates used for this purpose are as follows:

Buildings	4%
Leasehold improvements	15% to 33% or over the lease terms, whichever is shorter
Plant and machinery	9% to 25%
Furniture, fixtures and office equipment	15% to 33% or over the lease terms, whichever is shorter
Motor vehicles	15% to 33%

Leasehold land is amortised over the lease terms or 2% per annum, whichever is shorter.

The revaluation reserve arising from the revaluation of fixed assets is realised and transferred directly to retained earnings on a systematic basis, as the corresponding asset is used by the Group. The amount realised is the difference between the depreciation based on the revalued carrying amount of the asset and the depreciation based on the asset's original cost.

The gain or loss on disposal or retirement of a fixed asset recognised in the profit and loss account is the difference between the net sales proceeds and the carrying amount of the relevant asset. On disposal or retirement, the attributable revaluation surplus not previously dealt with in retained profits is transferred directly to retained profits.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Intangible assets

Intangible assets represent trademarks and are stated at cost and amortised on the straight-line basis over a period of three years.

Operating leases

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets and rentals receivable under the operating leases are credited to the profit and loss account on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under such operating leases are charged to the profit and loss account on the straight-line basis over the lease terms.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out basis and includes all costs of purchase and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is based on estimated selling prices less any estimated costs necessary to make the sale.

Deferred taxation

Deferred taxation is provided, using the liability method, on all significant timing differences to the extent that it is probable that the liability will crystallise in the foreseeable future. A deferred tax asset is not recognised until its realisation is assured beyond reasonable doubt.

Foreign currencies

Foreign currency transactions are recorded at the applicable rates of exchange ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the applicable rates of exchange ruling at that date. Exchange differences are dealt with in the profit and loss account.

On consolidation, the financial statements of overseas subsidiaries are translated into Hong Kong dollars at the applicable rates of exchange ruling at the balance sheet date. The resulting translation differences are included in the exchange fluctuation reserve.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

(a) from the sale of goods, when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold;

(b) from the rendering of services, in the period in which services are rendered;

(c) interest income, on a time proportion basis taking into account the principal outstanding and the effective interest rate applicable;

(d) rental income, on a time proportion basis over the lease terms; and

(e) royalties, on a time proportion basis in accordance with the substance of the relevant agreements.

Related parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party, or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities.

Retirement benefits schemes

The Group operates two retirement benefits schemes in Hong Kong, namely a Mandatory Provident Fund Scheme and a defined contribution retirement benefits scheme as defined in the Occupational Retirement Schemes Ordinance (the "ORSO Scheme").

Under the Mandatory Provident Fund Scheme, contributions of 5% of the employees' relevant income are made by each of the employer and the employees. The employer contributions are charged to the profit and loss account as they become payable.

Under the ORSO Scheme, contributions of 5% of the employees' basic salaries are made by the employer and are charged to the profit and loss account as they become payable in accordance with the rules of the scheme. The rates of contributions made by the employees are either 0% or 5% of the salary of each employee at the discretion of the employee. When an employee leaves the ORSO Scheme prior to his/her interest in the Group employer contributions vesting fully, the ongoing contributions payable by the Group may be reduced by the relevant amount of forfeited contributions.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Retirement benefits schemes *(continued)*

In the PRC, the employees of the Company's subsidiaries participate in a state-administered employee social insurance scheme and they are entitled to receiving a monthly retirement fund after their retirement.

The Company's subsidiary in Singapore participates in a Central Provident Fund Scheme which is a contribution plan established by the Central Provident Fund Board.

In Taiwan, as required by the Labour Standards Law, one of the Company's subsidiaries makes regular contributions to a Retirement Fund to meet employees' retirement and termination benefits. Currently, the contribution has been approved to be made at 2% of the employees' total salaries. The fund is administered by a committee and is deposited in the committee's name with a government approved financial institution, which acts as the trustee.

Cash equivalents

For the purpose of the consolidated cash flow statement, cash equivalents represent short term highly liquid investments which are readily convertible into known amounts of cash and which were within three months of maturity when acquired, less advances from banks repayable within three months from the date of the advance. For the purpose of balance sheet classification, cash equivalents represent assets similar in nature to cash, which are not restricted as to use.

4. SEGMENT INFORMATION

SSAP 26 was adopted during the year, as detailed in note 2 to the financial statements. Under SSAP 26, segment information is presented by way of two segment formats: (a) on a primary segment reporting basis, by geographical segment; and (b) on a secondary segment reporting basis, by business segment.

In determining the Group's geographical segments, revenues and results are attributed to the segments based on the location of the customers, and assets are attributed to the segments based on the location of the assets.

Since over 90% of the Group's revenue, results, assets and liabilities are derived from retailing and distribution of garments, no separate analysis of financial information by business segment is presented in the financial statements.

4. SEGMENT INFORMATION *(continued)*

Geographical segments

The following tables present revenue, profit/(loss) and certain asset, liability and expenditure information for the Group's geographical segments.

Group

	Hong Kong		Elsewhere in the PRC		Taiwan		Singapore		Consolidated	
	2002	2001	**2002**	2001	**2002**	2001	**2002**	2001	**2002**	2001
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Segment revenue:										
Sales to external customers	**851,120**	1,007,795	**267,346**	200,371	**298,205**	160,731	**171,802**	185,670	**1,588,473**	1,554,567
Other revenue	**1,044**	1,821	**280**	787	**119**	41	**137**	193	**1,580**	2,842
Total revenue	**852,164**	1,009,616	**267,626**	201,158	**298,324**	160,772	**171,939**	185,863	**1,590,053**	1,557,409
Segment results	**(34,392)**	3,501	**12,850**	12,289	**(19,984)**	1,437	**10,241**	5,077	**(31,285)**	22,304
Interest income									**1,393**	3,500
Profit/(loss) from operating activities									**(29,892)**	25,804
Finance costs									**(5,333)**	(2,827)
Profit/(loss) before taxation									**(35,225)**	22,977
Taxation									**(3,544)**	(6,178)
Profit/(loss) before minority interests									**(38,769)**	16,799
Minority interests									**-**	(144)
Net profit/(loss) from ordinary activities attributable to shareholders									**(38,769)**	16,655
Segment assets	**342,152**	359,298	**126,816**	68,735	**52,709**	53,230	**37,632**	44,194	**559,309**	525,457
Unallocated assets									**6,213**	603
Total assets									**565,522**	526,060
Segment liabilities	**60,854**	91,904	**37,036**	14,044	**10,958**	11,510	**8,802**	9,287	**117,650**	126,745
Unallocated liabilities									**115,684**	76,928
Total liabilities									**233,334**	203,673
Other segment information:										
Capital expenditure	**17,651**	36,045	**17,983**	15,181	**14,721**	26,836	**5,690**	8,145	**56,045**	86,207
Depreciation	**33,862**	34,669	**8,200**	9,615	**9,068**	3,655	**5,051**	3,552	**56,181**	51,491
Amortisation of intangible assets	**4,291**	4,291	**-**	-	**-**	-	**-**	-	**4,291**	4,291
Impairment of leasehold land and buildings	**13,408**	-	**-**	-	**-**	-	**-**	-	**13,408**	-
Stock provision	**16,450**	25,035	**5,009**	(1,367)	**10,176**	1,717	**6,788**	5,216	**38,423**	30,601

5. TURNOVER AND REVENUE

Turnover represents the aggregate of the net invoiced value of goods sold, after allowances for returns and trade discounts, and the rendering of services, but excludes intra-group transactions.

An analysis of turnover and revenue is as follows:

	Group	
	2002	2001
	HK$'000	HK$'000
Turnover:		
Retailing and distribution of garments	**1,588,473**	1,552,118
Rendering of garment-related services	**–**	2,449
	1,588,473	1,554,567
Other revenue:		
Interest income	**1,393**	3,500
Royalty income	**–**	345
Rental income	**509**	549
Others	**1,071**	1,948
	2,973	6,342
Total revenue for the year	**1,591,446**	1,560,909

6. PROFIT/(LOSS) FROM OPERATING ACTIVITIES

Profit/(loss) from operating activities is arrived at after charging/(crediting):

	Group	
	2002	2001
	HK$'000	HK$'000
Cost of sales:		
Cost of inventories sold	**858,463**	856,410
Stock provision	**38,423**	30,601
	896,886	887,011
Staff costs (including directors' remuneration – *Note 7*):		
Wages and salaries	**200,588**	170,401
Pension scheme contributions	**8,601**	5,588
Less: Forfeited contributions	**–**	(1,360)
Net pension contributions	**8,601**	4,228
	209,189	174,629
Amortisation of intangible assets	**4,291**	4,291
Depreciation	**56,181**	51,491
Minimum lease payments under operating leases:		
Land and buildings	**261,956**	233,575
Plant and machinery	**19**	90
Auditors' remuneration	**1,333**	1,232
Compensation paid on legal cases	**–**	3,000
Loss on disposal of fixed assets	**3,194**	1,468
Foreign exchange losses, net	**9,369**	5,909
Impairment of leasehold land and buildings	**13,408**	–
Gross and net rental income	**(509)**	(549)
Interest income	**(1,393)**	(3,500)
Royalty income	**–**	(345)

The above impairment of leasehold land and buildings of HK$13,408,000 is included in "Other operating expenses" on the face of the consolidated profit and loss account.

As at 31 March 2002, forfeited contributions available to the Group to reduce its contributions to the ORSO Scheme in future years amounted to HK$962,000 (2001: HK$464,000).

7. DIRECTORS' REMUNERATION

Directors' remuneration disclosed pursuant to the Listing Rules and Section 161 of the Companies Ordinance is as follows:

	Group	
	2002	2001
	HK$'000	HK$'000
Executive directors:		
Fees	**–**	–
Salaries, allowances and benefits in kind	**5,398**	3,244
	5,398	3,244
Independent non-executive directors:		
Fees	**192**	192
	5,590	3,436

The number of directors whose remuneration fell within the following bands is as follows:

	Number of directors	
	2002	2001
Nil – HK$1,000,000	**6**	6
HK$2,000,001 – HK$2,500,000	**–**	1
HK$2,500,001 – HK$3,000,000	**1**	–
	7	7

There were no arrangements under which a director waived or agreed to waive any remuneration during the year.

8. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included one (2001: one) director, details of whose remuneration are set out above. The details of the remuneration of the remaining four (2001: four) non-director, highest paid employees are set out below:

	Group	
	2002	2001
	HK$'000	HK$'000
Salaries, allowances and benefits in kind	**5,163**	3,351

The remuneration of the non-director, highest paid employees fell within the following bands:

	Group Number of employees	
	2002	2001
Nil – HK$1,000,000	**–**	3
HK$1,000,001 – HK$1,500,000	**3**	1
HK$1,500,001 – HK$2,000,000	**1**	–
	4	4

9. FINANCE COSTS

	Group	
	2002	2001
	HK$'000	HK$'000
Interest on bank loans and overdrafts wholly repayable within five years	**5,333**	2,827

10. TAXATION

Hong Kong profits tax has been provided at the rate of 16% (2001: 16%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

	Group	
	2002	2001
	HK$'000	HK$'000
Group:		
Hong Kong	**307**	1,267
Elsewhere	**5,242**	4,315
Overprovision in prior years	**(2,085)**	–
	3,464	5,582
Deferred taxation – *Note 21*	**80**	596
Taxation charge for the year	**3,544**	6,178

11. NET PROFIT/(LOSS) ATTRIBUTABLE TO SHAREHOLDERS

The net loss attributable to shareholders dealt with in the financial statements of the Company is HK$69,000 (2001: net profit of HK$21,068,000).

12. BASIC EARNINGS/(LOSS) PER SHARE

Basic earnings/(loss) per share is calculated based on the net loss attributable to shareholders for the year of HK$38,769,000 (2001: net profit of HK$16,655,000) and on the weighted average of 295,921,468 (2001: 291,660,524) shares in issue during the year, adjusted to reflect the rights issue during the year.

Diluted earnings/(loss) per share for the years ended 31 March 2002 and 2001 have not been calculated as no diluting events existed during these years.

13. FIXED ASSETS

Group

	Leasehold land and buildings HK$'000	Leasehold improve-ments HK$'000	Plant and machinery HK$'000	Furniture, fixtures and office equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
Cost or valuation:						
At beginning of year	82,154	188,473	5,668	75,306	5,545	357,146
Additions	–	38,013	62	17,746	224	56,045
Disposals	–	(15,023)	(51)	(2,075)	(388)	(17,537)
Exchange adjustments	–	(1,898)	1	(536)	(67)	(2,500)
At 31 March 2002	**82,154**	**209,565**	**5,680**	**90,441**	**5,314**	**393,154**
Representing:						
At cost	42,154	209,565	5,680	90,441	5,314	353,154
At valuation	40,000	–	–	–	–	40,000
	82,154	209,565	5,680	90,441	5,314	393,154
Accumulated depreciation and impairment:						
At beginning of year	11,683	122,422	2,614	53,595	3,161	193,475
Depreciation provided during the year	2,244	42,055	425	10,774	683	56,181
Impairment during the year	26,919	–	–	–	–	26,919
Disposals	–	(12,495)	(35)	(1,500)	(212)	(14,242)
Exchange adjustments	–	(508)	2	(178)	(26)	(710)
At 31 March 2002	**40,846**	**151,474**	**3,006**	**62,691**	**3,606**	**261,623**
Net book value:						
At 31 March 2002	**41,308**	**58,091**	**2,674**	**27,750**	**1,708**	**131,531**
At 31 March 2001	70,471	66,051	3,054	21,711	2,384	163,671

13. FIXED ASSETS *(continued)*

The land and buildings included above are held under medium term leases and are situated in:

	At cost HK$'000	At valuation HK$'000	Total HK$'000
Hong Kong	21,654	40,000	61,654
Elsewhere	20,500	–	20,500
	42,154	40,000	82,154

Certain leasehold land and buildings were valued on 31 July 1993 by Chesterton Petty Limited, independent professional valuers, on an open market, existing use basis.

At 31 March 2002, had the Group's revalued land and buildings been carried at cost less accumulated depreciation and impairment loss, they would have been included in the financial statements at approximately HK$15,000,000 (2001: HK$18,675,000).

The Group has adopted the transitional provisions of SSAP 17 "Property, plant and equipment" of not making further regular revaluations of its leasehold land and buildings which had previously been revalued.

14. INTERESTS IN SUBSIDIARIES

	Company	
	2002	2001
	HK$'000	HK$'000
Unlisted shares, at cost	**193,962**	193,962
Due from subsidiaries	**120,727**	58,242
Due to a subsidiary	**–**	(116)
	314,689	252,088

The balances with subsidiaries are unsecured, interest-free and have no fixed terms of repayment.

14. INTERESTS IN SUBSIDIARIES *(continued)*

Particulars of the principal subsidiaries are as follows:

Name	Place of incorporation/ registration and operations	Nominal value of issued/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Active Link Limited – *Note (a)*	Hong Kong	HK$5,000,000	–	100	Garment retailing and wholesaling
Bossini Advertising Agency Limited	Hong Kong	HK$2	–	100	Advertising and promotion
Bossini Enterprises Limited	Hong Kong	HK$2	–	100	Retailing and distribution of garments
Bossini Garment Limited	Hong Kong	HK$2	–	100	Distribution of garment
Bossini Investment Limited	British Virgin Islands	US$11,928	100	–	Investment holding
Burling Limited	British Virgin Islands	US$100	–	100	Licensing of trademarks
Guangzhou Bossini Enterprises Company Limited – *Note (a)*	People's Republic of China	RMB1,010,000	–	100	Retailing and distribution of garments
J&R Bossini Fashion Pte. Limited	Singapore	S$2,000,000	–	100	Garment retailing and wholesaling
J&R Bossini Holdings Limited	Hong Kong	HK$2	–	100	Investment holding
Kacono Trading Limited	British Virgin Islands	HK$2,000	–	100	Investment holding

14. INTERESTS IN SUBSIDIARIES *(continued)*

Name	Place of incorporation/ registration and operations	Nominal value of issued/ registered share capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Key Value Trading Limited	British Virgin Islands	US$100	–	100	Investment holding
Land Challenger Limited	Hong Kong	HK$2	–	100	Garment sub-contracting
Langzhi Fashion (Shenzhen) Company Limited – *Note (a)*	People's Republic of China	HK$6,600,000	–	100	Garment sub-contracting
Lead Commence Limited	Hong Kong	HK$2	–	100	Garment retailing and wholesaling
Onmay International Limited	Hong Kong	HK$2	–	100	Garment retailing and wholesaling
Rapid City Limited	Hong Kong	HK$2	–	100	Property holding and letting
Sun View Properties Limited	Hong Kong	HK$2	–	100	Property holding and letting

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

Note:

(a) These subsidiaries were not audited by Ernst & Young Hong Kong or other Ernst & Young International member firms.

15. INTANGIBLE ASSETS

	Group	
	2002	2001
	HK$'000	HK$'000
Balance at beginning of year	**4,291**	8,582
Amortisation during the year	**(4,291)**	(4,291)
Balance at end of year	**–**	4,291

16. INVENTORIES

	Group	
	2002	2001
	HK$'000	HK$'000
Raw materials	**3,046**	4,422
Finished goods	**121,531**	166,848
	124,577	171,270

At the balance sheet date, no inventories were carried at net realisable value (2001: HK$3,232,000).

17. DEBTORS

Other than cash and credit card sales, the Group normally allows an average credit period of 60 days to its trade customers.

An aged analysis of trade debtors is as follows:

	Group	
	2002	2001
	HK$'000	HK$'000
0 – 30 days	**26,170**	8,707
31 – 60 days	**14,320**	6,401
61 – 90 days	**370**	281
Over 90 days	**252**	1,359
Total	**41,112**	16,748

18. CASH AND CASH EQUIVALENTS

	Group		Company	
	2002	2001	**2002**	2001
	HK$'000	HK$'000	**HK$'000**	HK$'000
Cash and bank balances	**62,454**	39,237	**136**	139
Time deposits	**111,000**	37,500	**–**	–
Cash and cash equivalents	**173,454**	76,737	**136**	139

19. CREDITORS AND ACCRUALS

Included in creditors and accruals is a balance of trade creditors of HK$50,911,000 (2001: HK$51,827,000).

An aged analysis of trade creditors is as follows:

	Group	
	2002	2001
	HK$'000	HK$'000
0 – 30 days	**40,391**	44,261
31 – 60 days	**1,939**	6,305
61 – 90 days	**3,352**	4
Over 90 days	**5,229**	1,257
Total	**50,911**	51,827

20. INTEREST-BEARING BANK LOANS AND OVERDRAFTS

	Group	
	2002	2001
	HK$'000	HK$'000
Bank overdrafts repayable on demand or within one year	**143**	201
Trust receipt loans repayable on demand or within one year	**2,004**	2,872
Bank loans repayable:		
On demand or within one year	**57,879**	28,259
In the second year	**20,000**	10,000
In the third to fifth years, inclusive	**35,000**	35,000
	112,879	73,259
	115,026	76,332
Portion classified as current liabilities	**(60,026)**	(31,332)
Long term portion	**55,000**	45,000

21. DEFERRED TAXATION

	Group	
	2002	2001
	HK$'000	HK$'000
At beginning of year	**596**	–
Charge for the year – *Note 10*	**80**	596
Exchange adjustments	**(18)**	–
At end of year	**658**	596

The provision for deferred taxation is in respect of accelerated capital allowances to the extent that the liability is expected to crystallise in the foreseeable future.

22. SHARE CAPITAL

	Company 2002 HK$'000	Company 2001 HK$'000
Authorised:		
1,000,000,000 (2001: 500,000,000) ordinary shares of HK$0.10 each	**100,000**	50,000
Issued and fully paid:		
411,446,239 (2001: 274,297,493) ordinary shares of HK$0.10 each	**41,145**	27,430

During the year, the following movements in share capital were recorded:

(a) Pursuant to an ordinary resolution passed on 31 August 2001, the authorised share capital of the Company was increased from HK$50,000,000 to HK$100,000,000 by the creation of an additional 500,000,000 new shares of HK$0.10 each, such new shares ranking pari passu in all respects with the existing issued shares of the Company.

(b) A rights issue on the basis of one rights share for every two existing shares held by shareholders on the register of members on 18 February 2002 was made, at an issue price of HK$0.46 per rights share, resulting in the issue of 137,148,746 shares of HK$0.10 each for a total cash consideration, before share issue expenses, of approximately HK$63,089,000. The proceeds of the issue of rights shares will be used to fund the expansion of the Group's business in the PRC and also for the Group's general working capital.

A summary of the movements of the Company's ordinary share capital during the year is as follows:

	Number of shares in issue	**Issued capital HK$'000**
At 1 April 2001	274,297,493	27,430
Rights issue	137,148,746	13,715
At 31 March 2002	**411,446,239**	**41,145**

There were no changes to the carrying amount, or to the number of ordinary shares in issue during the prior year.

23. RESERVES

	Share premium account HK$'000	Capital reserve HK$'000	Contributed surplus HK$'000 *Note (a)*	Revaluation reserve HK$'000	Exchange fluctuation reserve HK$'000	Reserve funds HK$'000 *Note (b)*	Retained profits HK$'000	Total HK$'000
Group								
At 1 April 2000	–	5,473	99,175	14,319	7,474	–	176,769	303,210
Realisation on depreciation during the year	–	–	–	(404)	–	–	404	–
Exchange realignment of foreign subsidiaries	–	–	–	–	807	–	–	807
Goodwill arising on acquisition of subsidiaries/businesses	–	(2,434)	–	–	–	–	(20,982)	(23,416)
Goodwill arising on acquisition of additional interest in a subsidiary	–	(2,299)	–	–	–	–	–	(2,299)
Net profit for the year attributable to shareholders	–	–	–	–	–	–	16,655	16,655
At 31 March 2001 and 1 April 2001	–	740	99,175	13,915	8,281	–	172,846	294,957
Issue of rights shares	49,374	–	–	–	–	–	–	49,374
Share issue expenses	(879)	–	–	–	–	–	–	(879)
Realisation on depreciation during the year	–	–	–	(404)	–	–	404	–
Impairment of leasehold land and buildings	–	–	–	(13,511)	–	–	–	(13,511)
Exchange realignment of foreign subsidiaries	–	–	–	–	(129)	–	–	(129)
Transfer to reserve funds	–	–	–	–	–	1,183	(1,183)	–
Net loss for the year attributable to shareholders	–	–	–	–	–	–	(38,769)	(38,769)
At 31 March 2002	**48,495**	**740**	**99,175**	**-**	**8,152**	**1,183**	**133,298**	**291,043**

23. RESERVES *(continued)*

Notes:

(a) The contributed surplus of the Group represents the difference between the nominal value of the share capital issued by the Company and the aggregate of the share capital and the share premium account of the subsidiaries acquired pursuant to the Group reorganisation prior to the listing of the Company's shares in 1993.

(b) In accordance with the financial regulations applicable in the PRC, a portion of the profits of a subsidiary of the Company in the PRC has been transferred to reserve funds which are restricted as to use.

As detailed in note 3 to the financial statements, the Group has adopted the transitional provision of SSAP 30 which permits goodwill/negative goodwill in respect of acquisitions which occurred prior to 1 April 2001, to remain eliminated against/credited to consolidated reserves.

Due to the adoption of SSAP 31, the Group has adopted a policy to assess goodwill eliminated against consolidated reserves for impairment. Following this assessment, the directors are of the opinion that there is no impairment of goodwill previously included in consolidated reserves.

The amounts of goodwill and negative goodwill remaining in consolidated reserves, arising from the acquisition of subsidiaries, are as follows:

	Group	
	Goodwill eliminated against capital reserve and retained profits HK$'000	**Negative goodwill included in capital reserve HK$'000**
Cost:		
At beginning of year and as at 31 March 2002	(28,174)	7,932
Accumulated impairment:		
At beginning of year and as at 31 March 2002	–	–
Net amount:		
At 31 March 2002 and 2001	(28,174)	7,932

23. RESERVES *(continued)*

Company	Share premium account HK$'000	Contributed surplus HK$'000	Retained profits HK$'000	Total HK$'000
At 1 April 2000	–	166,533	47,600	214,133
Net profit for the year	–	–	21,068	21,068
At 31 March 2001 and 1 April 2001	–	166,533	68,668	235,201
Issue of rights shares	49,374	–	–	49,374
Share issue expenses	(879)	–	–	(879)
Net loss for the year	–	–	(69)	(69)
At 31 March 2002	**48,495**	**166,533**	**68,599**	**283,627**

The contributed surplus of the Company represents the difference between the nominal value of the Company's shares issued in exchange for the issued share capital of the subsidiaries and the aggregate net asset value of the subsidiaries acquired at the date of acquisition, at the time of the Group reorganisation prior to the listing of the Company's shares in 1993. Under the Companies Act 1981 of Bermuda, the Company may make distributions to its shareholders out of the contributed surplus.

24. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

(a) Reconciliation of profit/(loss) from operating activities to net cash inflow from operating activities

	2002 HK$'000	2001 HK$'000
Profit/(loss) from operating activities	**(29,892)**	25,804
Interest income	**(1,393)**	(3,500)
Loss on disposal of fixed assets	**3,194**	1,468
Depreciation	**56,181**	51,491
Amortisation of intangible assets	**4,291**	4,291
Impairment of leasehold land and buildings	**13,408**	–
Decrease in inventories	**48,170**	4,975
Increase in debtors	**(28,409)**	(1,555)
Increase in bills receivable	**(1,619)**	(2,554)
Increase in deposits paid	**(1,006)**	(18,793)
Decrease in prepayments and other receivables	**10,538**	29,446
Increase/(decrease) in creditors and accruals	**1,007**	(3,726)
Increase/(decrease) in bills payable	**(9,768)**	7,566
Net cash inflow from operating activities	**64,702**	94,913

24. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT *(continued)*

(b) Analysis of changes in financing during the year

	Issued capital (including share premium account) HK$'000	Bank and trust receipt loans HK$'000	Minority interests HK$'000
Balance at 1 April 2000	27,430	34,781	–
Net cash inflow from financing activities	–	38,406	–
Share of profit for the year	–	–	144
Increase in short term bank and trust receipt loans classified as cash equivalents	–	2,872	–
Arising on purchase of additional interest in a subsidiary	–	–	(144)
Exchange adjustments	–	72	–
Balance at 31 March 2001 and 1 April 2001	27,430	76,131	–
Net cash inflow from financing activities	62,665	39,604	–
Decrease in short term bank and trust receipt loans classified as cash equivalents	–	(868)	–
Exchange adjustments	–	16	–
Balance at 31 March 2002	**90,095**	**114,883**	**–**

24. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT *(continued)*

(c) Acquisition of subsidiaries/businesses

	2002	2001
	HK$'000	HK$'000
Net assets acquired:		
Fixed assets	–	17,266
Inventories	–	12,417
Debtors	–	4,543
Prepayments and other receivables	–	4,521
Cash and bank balances	–	1,172
Creditors and accruals	–	(13,967)
Tax payable	–	(66)
	–	25,886
Goodwill on acquisition	–	23,416
	–	49,302
Satisfied by:		
Cash	–	49,302

Analysis of the net outflow of cash and cash equivalents in respect of the acquisition of subsidiaries/ businesses

	2002	2001
	HK$'000	HK$'000
Cash consideration	–	(49,302)
Cash and bank balances acquired	–	1,172
Net outflow of cash and cash equivalents in respect of the acquisition of subsidiaries/businesses	–	(48,130)

The subsidiaries/businesses acquired during the previous year contributed approximately HK$20,713,000 to the Group's net operating cash inflow, received approximately HK$122,000 in respect of returns on investments and servicing of finance, paid approximately HK$376,000 and HK$20,789,000 in respect of taxation and investing activities, respectively, and contributed HK$5,045,000 in respect of financing activities for that year.

The subsidiaries/businesses acquired during the previous year contributed HK$223,236,000 to turnover and HK$12,423,000 to the consolidated profit after taxation and before minority interests for that year.

25. OPERATING LEASE ARRANGEMENTS

(a) As lessor

The Group sub-leases one of its retail properties under an operating lease arrangement, with the lease negotiated for a term of three years.

At 31 March 2002, the Group had total future minimum lease receivables under a non-cancellable operating lease with its tenant falling due as follows:

	Group	
	2002	2001
	HK$'000	HK$'000
Within one year	**509**	297
In the second to fifth years, inclusive	**806**	–
	1,315	297

(b) As lessee

The Group leases certain of its office, retail outlets and warehouse properties under operating lease arrangements. Leases for properties are negotiated for terms ranging from one to ten years.

At 31 March 2002, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	Group	
	2002	2001
	HK$'000	HK$'000
		(Restated)
Within one year	**195,815**	220,312
In the second to fifth years, inclusive	**236,493**	327,051
After five years	**239**	1,107
	432,547	548,470

The operating lease rentals of certain retail outlets are based solely on the sales of those outlets. In the opinion of the directors, as the future sales of those retail outlets could not be accurately estimated, the relevant rental commitments have not been included above.

SSAP 14 was revised and implemented during the year, as detailed in note 2 to the financial statements. Certain new disclosures are required and have been included above. The prior year comparative amounts for the new disclosures have also been included where appropriate.

26. COMMITMENTS

In addition to the operating lease commitments detailed in note 25 above, the Group and the Company had commitments under foreign exchange contracts as follows:

	2002	2001
	HK$'000	HK$'000
Foreign exchange contracts	**17,940**	–

27. CONTINGENT LIABILITIES

	Group	
	2002	2001
	HK$'000	HK$'000
Bank guarantees given in lieu of utility and property rental deposits	**4,581**	4,405

The Company has given guarantees in favour of banks to the extent of HK$400,719,000 (2001: HK$327,851,000) in respect of banking facilities granted to certain subsidiaries. These were utilised to the extent of HK$149,884,000 as at 31 March 2002 (2001: HK$80,737,000).

28. LITIGATIONS

(a) A High Court action (the "WDC Action"), which commenced on 10 June 1998, was brought against J & R Bossini Trading Limited ("Bossini Trading"), a subsidiary of the Company, by Weiland Development Company Limited ("WDC"), for breach of a lease (the "Lease") relating to a property used by Bossini Trading as a warehouse for a minimum amount of approximately HK$7,247,596. Bossini Trading is defending the action and has counter-claimed against WDC for a declaration that the Lease was lawfully terminated. As at the date of this report, the directors believe that it is not practicable to estimate the possible extent of the liability of Bossini Trading, if any, in respect of this action. However, the directors are of the opinion that the WDC claim is unlikely to succeed on the merits of the case and therefore, the directors consider that no material liability is likely to result therefrom.

(b) Two High Court actions (the "Actions"), both commenced on 24 July 1998, were brought against Bossini Trading by Sano Screen Manufacturing Limited and Tri-Star Fabric Printing Works Limited (collectively called the "Plaintiffs"), for breach of leases relating to properties used by Bossini Trading as warehouses. Judgements in respect of the Actions have been awarded in favour of the Plaintiffs against Bossini Trading on 16 June 2000 for an amount not exceeding HK$2,467,463, together with interest thereon from the date of the said judgements to the date of payment at the judgement rate, and the costs of the Actions. As at the date of this report, no payment has been made by Bossini Trading.

28. LITIGATIONS *(continued)*

A winding-up order was made against Bossini Trading on 28 January 2002. So far as the directors are aware, with a winding-up order having been made against Bossini Trading, WDC would require the leave of the courts to continue the WDC Action and such leave has not been obtained.

With respect to the Actions, the Plaintiffs would likely rank as unsecured creditors in the event of any distribution of assets upon the winding-up of Bossini Trading.

As Bossini Trading has minimal assets and neither the Company, nor any of its subsidiaries has provided any guarantees or sureties in respect of the liabilities of Bossini Trading, the directors consider that there would be no significant adverse impact on the financial position of the Group as a result of any action taken by the Plaintiffs to enforce the judgements against Bossini Trading or any unfavourable judgement being made against Bossini Trading upon leave of the courts being granted to WDC to continue the WDC Action.

29. POST BALANCE SHEET EVENT

Subsequent to the balance sheet date, on 27 June 2002, the directors recommend a bonus issue of new shares to be distributed to shareholders of the Company whose names appear on the register of members of the Company on 30 August 2002 in the proportion of one new share for every four existing shares held by them (the "Bonus Issue"). Based on 411,446,239 ordinary shares in issue as at 27 June 2002, a maximum of 102,861,559 new ordinary shares (the "Bonus Shares") will be issued. This recommendation has not been incorporated in the financial statements because the Bonus Issue is conditional upon the approval by shareholders at the forthcoming annual general meeting and the granting by the Stock Exchange of the listing of and permission to deal in the Bonus Shares to be issued. Upon approval by both parties, the Bonus Shares will be issued, credited as fully paid, by capitalising the sum of up to HK$10,286,156 standing to the credit of the share premium account of the Company and will rank pari passu in all respects with the existing issued shares.

30. RELATED PARTY TRANSACTIONS

The Group had the following material transactions with related parties during the year:

		Group	
	Notes	**2002**	2001
		HK$'000	HK$'000
Rental paid for warehouse premises	*(a)*	**1,240**	1,240
Rental paid for office premises	*(b)*	**4,433**	4,212
Rental paid for a retail outlet	*(c)*	**–**	1,293

30. RELATED PARTY TRANSACTIONS *(continued)*

Notes:

(a) The rental was paid to Laws Fashion Knitters Limited ("Laws Fashion"). Mr. Ka Sing LAW, a director of the Company, has beneficial equity interest in Laws Fashion. The rental was determined by reference to open market rentals at the inception of the tenancy agreement.

(b) The rental for the period from 1 April 2001 to 30 September 2001 was paid to First On International Limited ("First On"). Mr. Ka Sing LAW, a director of the Company, had beneficial equity interest in First On. The rental of the remaining period was paid to Bright City International Limited in which Mr. Ka Sing LAW has beneficial equity interests. The rental was determined by reference to open market rentals at the inception of the tenancy agreement.

(c) The rental for the prior year was paid to Yatin Development Limited ("Yatin"). Mr. Ka Sing LAW, a director of the Company, was also a director of, and had beneficial equity interest in, Yatin during the prior year. The rental was determined by reference to open market rentals at the inception of the tenancy agreement.

31. COMPARATIVE AMOUNTS

Certain comparative amounts have been reclassified to conform with the current year's presentation:

(a) As further explained in note 2 to the financial statements, due to the adoption of new and revised SSAPs during the current year, the pesentation of certain items and balances in the financial statements have been revised to comply with the new requirements.

(b) Credit card receivables totalling HK$4,675,000 as at 31 March 2001 were classified under prepayments and other receivables in the previous year. To accord with the presentation adopted in the current year, which in the opinion of the directors, better reflects the underlying nature of the transactions, they have been reclassified under debtors.

32. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 27 June 2002.

A summary of the published results and of the assets and liabilities of the Group for the last five financial years, extracted from the audited financial statements and reclassified as appropriate, is set out below:

RESULTS

	Year ended 31 March				
	2002	2001	2000	1999	1998
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
TURNOVER	**1,588,473**	1,554,567	1,264,605	1,109,065	1,428,810
PROFIT/(LOSS) FROM OPERATING ACTIVITIES	**(29,892)**	25,804	95,339	21,661	(29,728)
Finance costs	**(5,333)**	(2,827)	(2,044)	(3,125)	(11,322)
Share of profits/(losses) of associates	**–**	–	(141)	1,374	546
PROFIT/(LOSS) BEFORE TAXATION	**(35,225)**	22,977	93,154	19,910	(40,504)
Taxation	**(3,544)**	(6,178)	(13,958)	(2,234)	(5,054)
PROFIT/(LOSS) BEFORE MINORITY INTERESTS	**(38,769)**	16,799	79,196	17,676	(45,558)
Minority interests	**–**	(144)	41	(82)	50
NET PROFIT/(LOSS) ATTRIBUTABLE TO SHAREHOLDERS	**(38,769)**	16,655	79,237	17,594	(45,508)

ASSETS, LIABILITIES AND MINORITY INTERESTS

	31 March				
	2002	2001	2000	1999	1998
	HK$'000	HK$'000	HK$'000 (Restated)	HK$'000 (Restated)	HK$'000
TOTAL ASSETS	**565,522**	526,060	514,384	409,278	432,778
TOTAL LIABILITIES	**233,334**	203,673	164,543	118,401	161,767
MINORITY INTERESTS	**–**	–	–	103	1,124
	332,188	322,387	349,841	290,774	269,887

The total liabilities as at 31 March 2000 and 1999 have been restated to conform with the provisions of SSAP 9 (Revised): "Events after the balance sheet date" in respect of final dividend of the Company, as explained in note 2 to the financial statements.

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at Tang Room I, 3rd Floor, Sheraton Hong Kong Hotel and Towers, 20 Nathan Road, Tsimshatsui, Kowloon, Hong Kong on 30 August 2002 (Friday) at 10:00 a.m. for the following purposes:

1. To receive and consider the audited financial statements and the reports of the directors and auditors for the year ended 31 March 2002.

2. To elect directors.

3. To appoint auditors and to authorise the directors to fix their remuneration.

4. As special business, to consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

   "**THAT** the authorised share capital of the Company be increased from HK$100,000,000 to HK$200,000,000 by the creation of an additional 1,000,000,000 new shares of par value HK$0.10 each, such new shares ranking pari passu in all respects with the existing issued shares of the Company."

5. As special business, to consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

   "**THAT** conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited granting or agreeing to grant listing of and permission to deal in the new shares of par value HK$0.10 each in the capital of the Company to be issued pursuant to this resolution ("Bonus Shares"):

   (A) upon the recommendation of the directors of the Company (the "Directors"), a sum up to HK$10,286,156 standing to the credit of the share premium account of the Company be capitalised and the Directors be and are hereby authorised to apply such sum in paying up in full at par such number of Bonus Shares to be allotted and issued, credited as fully paid, to the members of the Company whose names appear on the principal or branch register of members of the Company in Bermuda or Hong Kong respectively (collectively referred to as the "Register of Members") as at the close of business on 30 August 2002 ("Record Date"), other than those members whose addresses as shown on the Register of Members on the Record Date are outside Hong Kong ("Overseas Shareholders"), on the basis of one Bonus Share for every four existing shares then held, provided that arrangements will be made for the Bonus Shares which would otherwise have been allotted to the Overseas Shareholders to be sold in the market as soon as practicable after dealings commence, if a premium (net of expenses) can be obtained; proceeds of such sales, less expenses, will be distributed to Overseas Shareholders on a pro rata basis and be sent to them, at their own risk, in Hong Kong Dollar as soon as practicable; individual amount of less than HK$100 will be retained for the benefit of the Company ;

   (B) no fractional Bonus Shares shall be allotted to the members of the Company, but fractional entitlements shall be aggregated and sold in the market for the benefit of the Company;

   (C) the Bonus Shares to be issued pursuant to this resolution shall rank pari passu in all respects with the existing issued shares of the Company except that they will not eligible for the Bonus Shares mentioned in this resolution; and

(D) the Directors be and are hereby authorised to do all acts and things as may be necessary and expedient in connection with the allotment and issue of the Bonus Shares, including but not limited to determining the amount up to HK$10,286,156 to be capitalised out of the share premium account of the Company and the number of Bonus Shares to be allotted and distributed in the manner referred to in paragraph (A) of this resolution."

6. As special business, to consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

"**THAT**:

(A) a general mandate be and is hereby unconditionally given to the directors of the Company to issue and dispose of and to make or grant offers, agreements or options of or in relation to such of the Company's unissued share capital during the Relevant Period (as hereinafter defined), as does not exceed 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing this resolution and as may be enlarged by the issue of the Bonus Shares pursuant to Ordinary Resolution numbered 5 set out in the notice of this meeting and the said approval shall be limited accordingly; and

(B) for the purposes of this resolution:

'Relevant Period' means the period from the passing of this resolution until whichever is the earlier of:

(a) the conclusion of the next Annual General Meeting of the Company;

(b) the expiration of the period within which the next Annual General Meeting of the Company is required by the Bye-laws of the Company or any applicable law to be held; and

(c) the revocation or variation of this resolution by an ordinary resolution of the members of the Company in general meeting."

7. As special business, to consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

"**THAT**:

(A) the exercise by the directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to purchase its own shares, subject to and in accordance with all applicable laws, be and is hereby generally and unconditionally approved;

(B) the aggregate nominal amount of shares of the Company purchased by the Company pursuant to the approval in paragraph (A) of this resolution shall not exceed 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing this resolution and as may be enlarged by the issue of the Bonus Shares pursuant to Ordinary Resolution numbered 5 set out in the notice of this meeting and the said approval be limited accordingly; and

(C) for the purposes of this resolution:

'Relevant Period' means the period from the passing of this resolution until whichever is the earlier of:

(a) the conclusion of the next Annual General Meeting of the Company;

(b) the expiration of the period within which the next Annual General Meeting of the Company is required by the Bye-laws of the Company or any applicable law to be held; and

(c) the revocation or variation of this resolution by an ordinary resolution of the members of the Company in general meeting."

8. As special business, to consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

"**THAT** conditional upon passing of the Ordinary Resolution numbered 7 set out in the notice of this meeting, the general mandate granted to the directors of the Company to issue, dispose of or otherwise deal with the unissued share capital of the Company pursuant to the Ordinary Resolution numbered 6 set out in the notice of this meeting be and is hereby extended by the addition thereto of an amount representing the aggregate nominal amount of the share capital of the Company repurchased by the Company under the authority granted pursuant to the Ordinary Resolution numbered 7 set out in the notice of this meeting, provided that such amount shall not exceed 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing this resolution and as may be enlarged by the issue of the Bonus Shares pursuant to Ordinary Resolution numbered 5 set out in the notice of this meeting."

By Order of the Board
Chi Kwong TO
Company Secretary

Hong Kong
27 June 2002

Notes:

1. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint one or more proxies to attend and, on a poll, vote instead of him. A proxy need not be a member of the Company. To be valid, the instrument appointing a proxy, together with the power of attorney or other authority (if any), must be deposited at the principal office of the Company at 6th Floor, Hong Kong Spinners Industrial Building, Phase 1 & 2, 601-603 Tai Nan West Street, Kowloon not less than 48 hours before the time appointed for holding the Meeting or any adjourned meeting.

2. With respect to the Ordinary Resolution numbered 4 above, approval is being sought from the members for the proposed increase in authorised share capital of the Company.

3. With respect to the Ordinary Resolution numbered 6 above, approval is being sought from the members for a general mandate to authorise allotment of shares under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. However, the directors of the Company have no immediate plans to issue any new shares of the Company pursuant to such approval.

4. A circular containing further details regarding the Ordinary Resolutions numbered 4, 5, 6 and 7 will be sent to the members together with the Annual Report for the year ended 31 March 2002.

5. The Company's Register of Members will be closed from 26 August 2002 (Monday) to 30 August 2002 (Friday), both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the entitlements to the Bonus Shares, all transfers forms accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrars, Computershare Hong Kong Investor Services Limited of Shops 1712-6, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:00 p.m. on 23 August 2002 (Friday).