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CORPORATE INFORMATION

DIRECTORS KA SING LAW (CHAIRMAN)

CHI KWONG TO

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 STANDARD CHARTERED BANK

AUDITORS ERNST & YOUNG

PRINCIPAL SHARE

BUTTERFIELD CORPORATE SERVICES LIMITED

REGISTRARS
ROSEBANK CENTRE
11 BERMUDIANA ROAD

PEMBROKE

BERMUDA

HONG KONG BRANCH CENTRAL REGISTRATION HONG KONG LIMITED

SHARE REGISTRARS SHOPS 1712-6, 17TH FLOOR

HOPEWELL CENTRE 183 QUEEN'S ROAD EAST

HONG KONG

REGISTERED OFFICE CEDAR HOUSE

41 CEDAR AVENUE HAMILTON HM12

BERMUDA

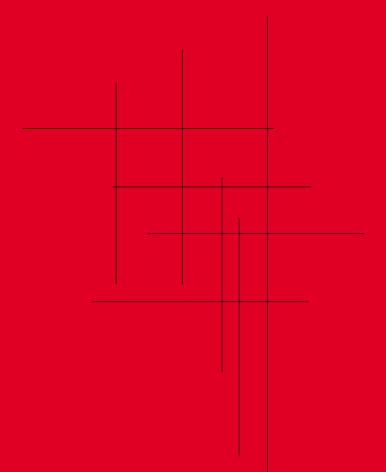
PRINCIPAL OFFICE 6TH FLOOR, HONG KONG SPINNERS

INDUSTRIAL BUILDING

PHASE 1 & 2

601-603 TAI NAN WEST STREET

KOWLOON HONG KONG



CHAIRMAN'S STATEMENT

CHAIRMAN'S STATEMENT

The financial year 2000/01 was a difficult time for the Group. Although the Group achieved a 23% increase in turnover compared to last year, the net profit attributable to shareholders was HK\$16,655,000, a drop of 79% from last year. The decrease was mainly due to a substantial reduction in profit derived from our business in the Hong Kong market, as a result of high operating costs and the increased investment in improving the value of **bossini** brand during the year.

In spite of the fall in profit this year, the Group is still full of confidence for the future. To face up to the unfavourable economic conditions in Hong Kong, the Group will adjust its business strategy accordingly and implement appropriate measures to improve profitability. Such measures will include optimising the scale of our operations in the local retail market and broadening our sourcing channels to lower purchasing costs and thereby improve gross margins. In parallel with this, the Group will maintain a high level of product quality, make effective use of information technology both to shorten product development and replenishment times and to simplify operational work flow. To stimulate customer demand in the current sluggish Hong Kong market, the Group will introduce a wider and more varied range of products and will inject more creative elements into the shop window displays to attract customer attention. Furthermore, the Group understands that our people are the key to our success. Accordingly, we have substantially increased our investment in human resources development in order to achieve improved work quality, and to enable the frontline team to provide a better and more professional service to our customers.

International expansion is a key element in the Group's strategy. To ensure success in this strategy, the Group believes that building up an effective distribution network is vital. Over the years, the Group has accumulated a wealth of valuable experience in Hong Kong which provides a solid foundation for further expansion into overseas markets. Following the successful acquisition of the Taiwan business last year, the Group took a major stride towards geographical diversification. During the year, the turnover contributed by the Hong Kong market has reduced from last year's 76% to this year's 65%. With the Group's expansion of existing overseas markets and plans to enter into new markets in the coming years, a gradual increase in contribution from overseas markets is expected.

The management is committed to achieving business growth and improving profitability, which will in turn give a better return to our shareholders.

On behalf of the Board of Directors, I extend my sincere thanks to our shareholders, customers, suppliers and employees. We look forward to their continued support of our endeavours to create a brighter tomorrow for the Group.



MANAGEMENT

DISCUSSION AND ANALYSIS

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The Group recorded a consolidated turnover of HK\$1,554,567,000 for the year ended 31 March 2001, representing a 23% increase compared to the previous year's turnover of HK\$1,264,605,000. Net profit attributable to shareholders was HK\$16,655,000, 79% down from last year's HK\$79,237,000.

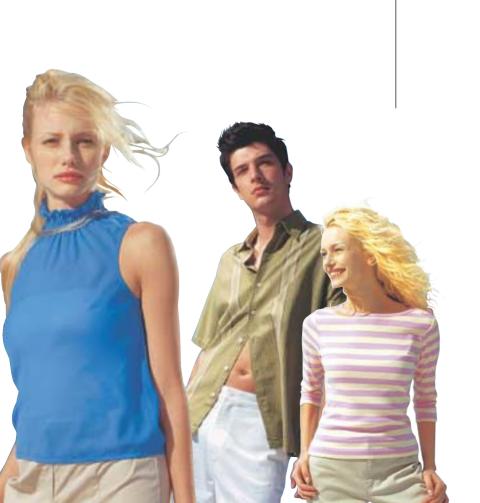
The retail and distribution business in Hong Kong remained the largest contributor to the Group's turnover, accounting for 65% (2000: 76%) of the Group's turnover for the year. The rest of the turnover was contributed by the Mainland China, Taiwan and Singapore markets.

During the year, the Group invested substantial resources to increase the value of the **bossini** brand and strengthen its market position through various measures including advertising campaigns, shop renovation and

investment in human resources. In the short term, these expenditures inevitably would have an adverse impact on profits. In the long run, however, continued improvements in brand image and service quality will further consolidate the business base of the Group, strengthening its ability to fully develop the potential of Asian markets.

Hong Kong

During the year, the local retail market remained sluggish, and there was a lack of public confidence in the economic outlook. In addition, the property market was still weak, while the unemployment rate remained high. These factors have led people to be generally prudent in their spending. The Hong Kong business of the Group recorded an operating profit of HK\$2,053,000 for the year (2000: HK\$49,878,000). In spite of a 5% increase in turnover to HK\$1,007,795,000 and a 1.6 percentage points improvement in gross margin compared to last year, the Group's strategic increase in investment in advertising programmes, shop renovation and staff recruitment and human resources during the year affected overall profits.





Operating costs in the Hong Kong market remained high, with shop rents accounting for a major share of the total. Though rents for retail premises have fallen significantly from their peak in 1997, they are still very high when compared against other countries, particularly in view of the current economic situation. The high level of rents puts considerable pressure on retailers.

The Group had gradually increased its outlets from 36 shops at the end of the previous year to 41 as at 30 September 2000. However, considering the continuous sluggishness of the retail market, the Group then adjusted its strategy by consolidating a number of outlets. Accordingly, the number of outlets run by the Group had returned to the earlier total of 36 as at 31 March 2001.

Mainland China

The investment environment in Mainland China steadily improved during the year. The retail market is growing, presenting many business opportunities. The Group believes that the pace of entry of imported brands into the China market will speed up rapidly.

During the year, the Group was proactive in expanding the market. The number of shops directly managed by the Group increased from 9 at last year end to 33 at this year end. In addition, the Group also developed its authorised dealer business. A turnover of HK\$200,371,000 was recorded, representing a 19% increase compared to last year's HK\$168,579,000. The operating profit was HK\$12,417,000, a 31% decrease compared to last year's profit of HK\$17,989,000. The reduction in profit was mainly due to the increase in

expenditure on various investments such as expanding the staff team and improving operational facilities and equipment. Furthermore, the Group was still adjusting the operating structure of its business during the year, and the resulting improvement in operating efficiency has not yet been fully reflected in the Group's results at this stage.

Taiwan

The Taiwan market was served by a licensee prior to 1 September 2000, when the Group acquired the retail operations and business assets from the licensee and began running the retail business directly. At the end of the year, the Group operated 55 outlets, covering the whole territory of Taiwan.

Despite the weak economic environment, the Taiwan market has contributed a profit to the Group. During the year, the Taiwan operations contributed 7 months' operating results to the Group, with a turnover of HK\$160,733,000.

Singapore

Following the remarkable recovery of the Singapore economy last year, the pace of economic growth started to slow down this year. Despite this, the Group still achieved a turnover of HK\$185,668,000, a 40% increase. The operation continued to be profitable.

In view of the slowdown of the economy, the Group strategically slowed down its shop expansion plan accordingly. The expansion plan will be reconsidered when the market rebounds. As at 31 March 2001, the Group had 24 outlets in Singapore (31 March 2000: 19 outlets).

Outlook

Looking ahead, the Group believes the forthcoming year will be a year of challenges as well as opportunities.

In response to the downturn of the Hong Kong economy, the Group will adopt a relatively more prudent approach to running its retail business in the territory, adjusting its scale of operation where appropriate.

The clothing market in Mainland China will be the major focus of expansion in the coming year. A 30% growth in turnover is expected. In addition to running directly managed shops in major cities, namely Guangzhou, Shanghai, Shenzhen and Beijing, the Group plans to open additional shops in four other major cities. Meanwhile, the Group will continue to expand its authorised dealer business.



Taiwan is now effectively a new market served directly by the Group. However, given the current adverse and unstable economic climate there, the Group will develop the market cautiously, maintaining its scale of operation at around 55 to 60 outlets. Nevertheless, the Group believes that market potential for the **bossini** brand in the Taiwan market is enormous. In the forthcoming year, Taiwan is expected to become the Group's second largest market, and business there will continue to make a solid contribution to the Group's profits.

Although economic growth in Singapore shows signs of slowing down, the Group is confident of running its business there at a profitable level, with double-digit growth in turnover next year.

With the expected substantial growth of other major markets outside Hong Kong in the coming year, the Group expects that the turnover generated by the retail and distribution business in Hong Kong will reduce to 50% of the Group's total.

Overall, the Group will continue to develop the existing Hong Kong, Mainland China, Taiwan and Singapore businesses while exploring other new markets in Asia in the coming few years. With this expansion strategy, the business of the Group will become more international, which will be beneficial to maintaining the stability and growth capability of the Group.

Financial Position

The Group has relied on its internally generated cash flows, bank borrowings, and import and export-related banking facilities to finance its business development during the year. As at 31 March 2001, the Group had unused banking facilities (including trade finance, revolving loans and guarantees) totalling HK\$276,854,000 (31 March 2000: HK\$190,365,000). To finance the acquisition of the Taiwan business, the Group obtained a long term bank loan of HK\$45,000,000 during the year.

As at 31 March 2001, the Group's total assets amounted to HK\$526,060,000 (31 March 2000: HK\$514,384,000). Goodwill of HK\$20,982,000 arising from the acquisition of the Taiwan business was written off to the Group's reserves during the year. Taking into account the effect of this write-off, shareholders' equity as at 31 March 2001 was HK\$322,387,000 (31 March 2000: HK\$330,640,000).

The Group has maintained a healthy financial position. As at 31 March 2001, the Group's current ratio was 1.98 (31 March 2000: 1.85) while its total debt to equity ratio was 0.63 (31 March 2000: 0.56). The latter was calculated by dividing the total debt of HK\$203,673,000 (31 March 2000: HK\$183,744,000) by the total shareholders' equity of HK\$322,387,000 (31 March 2000: HK\$330,640,000). In addition, there was a significant improvement in inventory turnover, with inventory days dropping from last year's 48 days to this year's 40 days.



REPORT OF THE DIRECTO	

REPORT OF THE DIRECTORS

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

Principal activities

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

Segmental information

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

		001 Contribution	200	00 Contribution
	Turnover HK\$'000	to profit from operating activities HK\$'000	Turnover HK\$'000	to profit from operating activities HK\$'000
People's Republic of China: Hong Kong Elsewhere Others	1,007,795 200,371 346,401	2,053 12,417 11,334	963,431 168,579 132,595	49,878 17,989 27,472
	1,554,567	25,804	1,264,605	95,339



Results and dividends

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

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

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

Fixed assets

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

Subsidiaries

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

Bank loans and overdrafts

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

Liquidity and capital resources

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

Pre-emptive rights

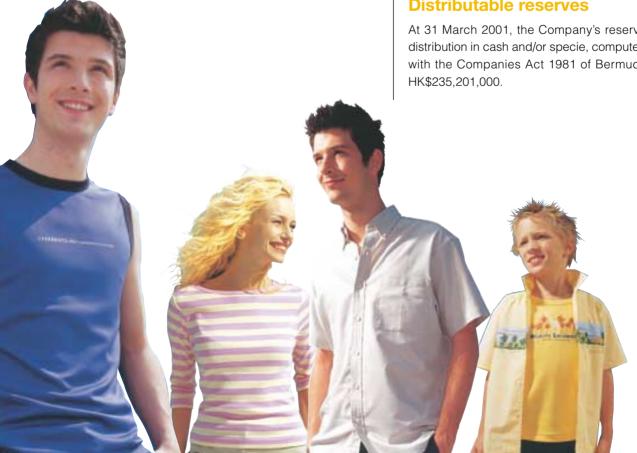
There are no provisions for pre-emptive rights under the Company's Bye-laws or the laws of Bermuda which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

Reserves

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

Distributable reserves

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



Major customers and suppliers

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

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

Directors

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

Executive directors:

Mr. Ka Sing LAW Mr. Chi Kwong TO

Mr. Shuk Hoi LAW (resigned on 2 January 2001)
Mr. Kar Po LAW (resigned on 2 January 2001)
Mr. Eddie Tak Chiu WONG (resigned on 2 January 2001)

Independent non-executive directors:

Mr. David Sik Ho CHEUNG

Mrs. Winnie Wing Yue WONG LEUNG

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

Directors' service contracts

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

Directors' biographies

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

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

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

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



Directors' interests in shares

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

Name of director	Nature of interests	Number of shares
Mr. Ka Sing LAW	Personal	92,273,250

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

Directors' rights to acquire shares

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

Directors' interests in contracts

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

Emoluments of directors and the five highest paid individuals

Details of the directors' emoluments and those of the five



Substantial shareholders

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

Number of shares Name

Mr. Ka Sing LAW 92.273.250 Mr. Shuk Hoi LAW 80,688,000

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

Employees

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

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

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



Connected transactions

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

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

Compliance with the Code of Best **Practice**

In the opinion of the directors, the Company has complied with the Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited throughout the accounting period covered by the annual report, except that the independent non-executive directors of the Company are not appointed for specific terms, but are subject to retirement by rotation and re-election at the annual general meeting in accordance with the Company's Bye-laws.

Auditors

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

On Behalf of the Board

Ka Sing LAW

Director

Hong Kong 5 July 2001

REPORT OF THE AUDITORS





To the members

Bossini International Holdings Limited

(Incorporated in Bermuda with limited liability)

We have audited the financial statements on pages 18 to 43 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 2001 and of the profit 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 5 July 2001

FINANCIAL STATEMENTS

CONSOLIDATED PROFIT AND LOSS ACCOUNT

Year ended 31 March 2001

	Notes	2001 HK\$'000	2000 HK\$'000
TURNOVER	3	1,554,567	1,264,605
Cost of sales		(887,011)	(750,060)
Gross profit		667,556	514,545
Other revenue Selling and distribution costs Administrative expenses Other operating expenses	3	6,342 (475,792) (117,656) (54,646)	8,294 (307,888) (80,463) (39,149)
PROFIT FROM OPERATING ACTIVITIES	4	25,804	95,339
Finance costs	7	(2,827)	(2,044)
Share of losses of associates			(141)
PROFIT BEFORE TAXATION		22,977	93,154
Taxation	8	(6,178)	(13,958)
PROFIT BEFORE MINORITY INTERESTS		16,799	79,196
Minority interests		(144)	41
NET PROFIT ATTRIBUTABLE TO SHAREHOLDERS	9 & 21	16,655	79,237
DIVIDENDS	10		31,544
RELEASE FROM REVALUATION RESERVE	21	404	404
BASIC EARNINGS PER SHARE	11	6.07 cents	28.89 cents

CONSOLIDATED STATEMENT OF RECOGNISED GAINS AND LOSSES

Year ended 31 March 2001

	Notes	2001 HK\$'000	2000 HK\$'000
Exchange differences on translation of the financial statements of foreign entities and gains not recognised in the consolidated profit and loss account	21	807	253
Net profit attributable to shareholders		16,655	79,237
Total recognised gains and losses		17,462	79,490
Capital reserve on acquisition of subsidiaries	21	-	5
Goodwill arising on acquisition eliminated directly against reserves	21	(25,715)	-
Goodwill written back on disposal of a subsidiary	21		144
		(8,253)	79,639

CONSOLIDATED BALANCE SHEET

31 March 2001

	Notes	2001 HK\$'000	2000 HK\$'000
ON-CURRENT ASSETS			
ixed assets	12	163,671	131,876
ntangible assets	14	4,291	8,582
eposits paid		44,875	34,879
		212,837	175,337
URRENT ASSETS			
ventories	15	171,270	165,301
ebtors	16	12,073	5,972
ills receivable		11,369	8,815
eposits paid		20,075	11,278
repayments and other receivables		21,096	46,332
ax recoverable		603	_
ime deposits		37,500	85,000
ash and bank balances		39,237	16,349
		313,223	339,047
URRENT LIABILITIES			
reditors and accruals	17	104,640	98,135
ills payable		22,105	14,539
ax payable		-	11,818
roposed final dividend	10	-	19,201
ank loans and overdrafts	18	31,332	40,051
		158,077	183,744
IET CURRENT ASSETS		155,146	155,303
OTAL ASSETS LESS CURRENT LIABILITIES		367,983	330,640
ON-CURRENT LIABILITIES			
ong term bank loans	18	45,000	_
eferred taxation	19	596	_
		45,596	-
		322,387	330,640
APITAL AND RESERVES			
hare capital	20	27,430	27,430
eserves	21	294,957	303,210
		322,387	330,640

CONSOLIDATED CASH FLOW STATEMENT

Year ended 31 March 2001

	Notes	2001 HK\$'000	2000 HK\$'000
NET CASH INFLOW FROM OPERATING ACTIVITIES	22(a)	94,913	76,225
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
nterest received		3,500	5,509
nterest paid Dividends paid		(2,827) (19,201)	(2,044) (20,572)
Net cash outflow from returns on investments			(==,=,=)
and servicing of finance		(18,528)	(17,107)
TAXATION			
Hong Kong profits tax paid Overseas taxes paid		(10,160) (7,669)	(6,129) (42)
·			
axes paid		(17,829)	(6,171)
INVESTING ACTIVITIES Purchases of fixed assets		(68,941)	(48,121)
Purchases of intangible assets		_	(5,600)
Proceeds from disposal of fixed assets Acquisition of subsidiaries/businesses	22(c)	312 (48,130)	336
Disposal of a subsidiary	22(d)	(40, 130)	1,858 (297)
Proceeds from disposal of an associate	(-,	_	1,874
Purchase of additional interest in a subsidiary		(2,370)	
Net cash outflow from investing activities		(119,129)	(49,950)
NET CASH INFLOW/(OUTFLOW) BEFORE FINANCING ACTIVITIES		(60,573)	2,997
FINANCING ACTIVITIES	22(b)		
New bank and trust receipt loans		101,518	81,782
Repayment of bank and trust receipt loans		(63,112)	(66,267)
Net cash inflow from financing activities		38,406	15,515
NCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(22,167)	18,512
Cash and cash equivalents at beginning of year		96,079	77,481
Effect of foreign exchange rate changes, net		(248)	86
CASH AND CASH EQUIVALENTS AT END OF YEAR		73,664	96,079
ANALYSIS OF BALANCES OF CASH AND			
CASH EQUIVALENTS Cash and bank balances		39,237	16,349
Fime deposits		37,500	85,000
Bank overdrafts		(201)	(5,270)
rust receipt loans repayable within three months from date of advance		(2,872)	_
2			00.070
		73,664	96,079

BALANCE SHEET 31 March 2001

Notes 2001 HK\$'000 HK\$'000

		11114 000	111(ψ 000
NON-CURRENT ASSETS			
Interests in subsidiaries	13	252,088	232,932
CURRENT ASSETS			
Dividends receivable		10,735	28,031
Tax recoverable		3	-
Cash and bank balances		139	104
		10,877	28,135
CURRENT LIABILITIES			
Creditors and accruals		334	303
Proposed final dividend	10		19,201
		334	19,504
NET CURRENT ASSETS		10,543	8,631
		262,631	241,563
CAPITAL AND RESERVES			
Share capital	20	27,430	27,430
Reserves	21	235,201	214,133
		262,631	241,563

Ka Sing LAW Director

Chi Kwong TO Director

2000



1. CORPORATE INFORMATION

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The financial statements have been prepared in accordance with Hong Kong Statements of Standard Accounting Practice ("SSAP"), 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.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 March 2001. 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 more than half of its voting rights or issued share capital or controls the composition of its board of directors.

Interests in subsidiaries are stated at cost unless, in the opinion of the directors, there have been permanent diminutions in values, when they are written down to values determined by the directors.

Associates

An associate is a company, not being a subsidiary, in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence.

The Group's share of the post–acquisition results and reserves of associates is included in the consolidated profit and loss account and consolidated reserves, respectively. The Group's interests in associates are stated in the consolidated balance sheet at the Group's share of net assets under the equity method of accounting less any provisions for permanent diminutions in values deemed necessary by the directors.

Goodwill/capital reserve arising on consolidation

Goodwill arising on the consolidation of subsidiaries/businesses represents the excess purchase consideration paid for subsidiaries/businesses over the fair values ascribed to the net underlying assets acquired and is eliminated against reserves in the year of acquisition. Where the fair values ascribed to the net underlying assets acquired exceed the purchase consideration paid, the excess is credited to the capital reserve in the year of acquisition.

On disposal of subsidiaries/businesses, the relevant portion of attributable goodwill or of the capital reserve previously eliminated against reserves or credited to the capital reserve, respectively, is realised and accounted for in arriving at the gain or loss on disposal.



2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fixed assets and depreciation

Fixed assets are stated at cost or valuation less accumulated depreciation. 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 the 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 depreciation based on the revalued carrying amount of the asset and 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.

Intangible assets

Intangible assets represent trademarks and are capitalised and amortised 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. Rentals applicable to such operating leases are charged or credited 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.



2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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) 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) rendering of services, in the period in which the 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 scheme

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' monthly salaries are made by each of the employer and the employee. The employers' contributions are charged to the profit and loss account as they become payable.

Under the ORSO Scheme, contributions of 5% of the employees' monthly 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.



2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Retirement benefits scheme (continued)

In the People's Republic of China, the employees of the Company's subsidiaries participate in a state–administered employee social insurance scheme and they are entitled to receive a monthly retirement fund after their retirement.

The Company's subsidiary in Singapore participates in the Central Provident Fund scheme established by the Central Provident Fund Board.

In Taiwan, the Group participates in a central defined benefit pension scheme (the "Scheme") providing benefits to all employees in accordance with the Labour Standards Law. Under the Scheme, contributions of 2% of the employees' total salaries as determined and approved by the relevant government authorities are payable by the employer.

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.

3. TURNOVER AND REVENUE

Turnover represents the aggregate of the net invoiced value of goods sold, after allowance 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		
	2001	2000	
	HK\$'000	HK\$'000	
- urnover:			
Retailing and distribution of garments	1,552,118	1,258,137	
Rendering of garment-related services	2,449	6,468	
	1,554,567	1,264,605	
Other revenue:			
Interest income	3,500	5,509	
Royalty income	345	772	
Rental income	549	448	
Others	1,948	1,565	
	6,342	8,294	
otal revenue for the year	1,560,909	1,272,899	



4. PROFIT FROM OPERATING ACTIVITIES

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

	Group		
	2001	2000	
	HK\$'000	HK\$'000	
Cost of sales:			
Cost of inventories sold	856,410	718,429	
Stock provision	30,601	31,631	
	887,011	750,060	
taff costs (including directors' remuneration – note 5):			
Wages and salaries	170,401	107,984	
Pension scheme contributions	5,588	3,604	
Less: Forfeited contributions	(1,360)	(1,738)	
Net pension contributions	4,228	1,866	
	174,629	109,850	
mortisation of deferred pre-operating expenses	_	242	
mortisation of intangible assets	4,291	4,291	
epreciation	51,491	31,492	
perating lease rentals:			
Land and buildings	233,575	173,119	
Plant and machinery	90	83	
uditors' remuneration	1,232	923	
ompensation paid on legal cases	3,000	-	
oss/(gain) on disposal of fixed assets, net	1,468	(232)	
oreign exchange losses/(gains), net	5,909	(1,298)	
aross and net rental income	(549)	(448)	
nterest income	(3,500)	(5,509)	
Royalty income	(345)	(772)	

As at 31 March 2001, forfeited contributions available to the Group to reduce its contributions to the pension scheme in future years amounted to HK\$464,000 (2000: HK\$938,000).



5. DIRECTORS' REMUNERATION

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

	Group		
	2001	2000	
	HK\$'000	HK\$'000	
Executive:			
Fees as directors	_	_	
Salaries, allowances and benefits in kind	3,244	3,204	
	3,244	3,204	
Independent non-executive:			
Fees as directors	192	192	
	3,436	3,396	

The remuneration of the directors fell within the following bands:

	Nullibel O	unectors
	2001	2000
Nil – HK\$1,000,000 HK\$2,000,001 – HK\$2,500,000	6 1	6
	7	7

Number of directors

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

6. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included one (2000: two) director(s), details of whose remuneration are set out above. The details of the remuneration of the remaining four (2000: three) non-director, highest paid employees are set out below:

	HK\$'000
Salaries, allowances and benefits in kind	3,351



6. FIVE HIGHEST PAID EMPLOYEES (continued)

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

	Number of employees		
	2001	2000	
Nil – HK\$1,000,000	3	3	
HK\$1,000,001 - HK\$1,500,000	1		
	4	3	

7. FINANCE COSTS

	Group		
	2001 2000		
	HK\$'000	HK\$'000	
Interest on bank loans, overdrafts and other loans wholly repayable within five years	2,827	2,044	

8. TAXATION

Hong Kong profits tax has been provided at the rate of 16% (2000: 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 taxation prevailing in the countries in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

	Group		
	2001	2000	
	HK\$'000	HK\$'000	
Group:			
Hong Kong	1,267	8,336	
Elsewhere	4,315	5,622	
	5,582	13,958	
Deferred taxation (note 19)	596		
Taxation charge for the year	6,178	13,958	



9. NET PROFIT ATTRIBUTABLE TO SHAREHOLDERS

The net profit attributable to shareholders dealt with in the financial statements of the Company is HK\$21,068,000 (2000: HK\$51,951,000).

10. DIVIDENDS

	2001 HK\$'000	2000 HK\$'000
Interim - Nil (2000: 4.5 cents) per share Proposed final - Nil (2000: 7 cents) per share		12,343 19,201
		31,544

11. BASIC EARNINGS PER SHARE

Basic earnings per share is calculated based on the net profit attributable to shareholders for the year of HK\$16,655,000 (2000: HK\$79,237,000) and on 274,297,493 (2000: 274,297,493) shares in issue during the year.

Diluted earnings per share for the years ended 31 March 2001 and 2000 has not been calculated as no diluting events existed during these years.

NOTES TO THE FINANCIAL STATEMENTS

12. 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	146,216	5,523	57,718	3,970	295,581
Additions	-	65,505	244	18,388	2,070	86,207
Disposals	_	(22,191)	(113)	(379)	(434)	(23,117)
Exchange adjustments		(1,057)	14	(421)	(61)	(1,525)
At 31 March 2001	82,154	188,473	5,668	75,306	5,545	357,146
Representing:						
At cost	42,154	188,473	5,668	75,306	5,545	317,146
At valuation	40,000					40,000
	82,154	188,473	5,668	75,306	5,545	357,146
Accumulated depreciation:						
At beginning of year	9,439	103,432	2,238	45,872	2,724	163,705
Provided during the year	2,244	39,952	442	8,220	633	51,491
Disposals	_	(20,737)	(74)	(343)	(183)	(21,337)
Exchange adjustments		(225)	8	(154)	(13)	(384)
At 31 March 2001	11,683	122,422	2,614	53,595	3,161	193,475
Net book value:						
At 31 March 2001	70,471	66,051	3,054	21,711	2,384	163,671
At 31 March 2000	72,715	42,784	3,285	11,846	1,246	131,876

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 Elsewhere	21,654 20,500	40,000	61,654 20,500
	42,154	40,000	82,154



12. FIXED ASSETS (continued)

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 2001, had the Group's revalued land and buildings been carried at cost less accumulated depreciation, they would have been included in the financial statements at approximately HK\$18,675,000 (2000: HK\$19,357,000).

The Group has adopted the transitional provisions of SSAP No. 17 "Property, plant and equipment" issued by the Hong Kong Society of Accountants in 1995, of not making further regular revaluations of its leasehold land and buildings which had previously been revalued.

13. INTERESTS IN SUBSIDIARIES

	Compan	y
	2001	2000
	HK\$'000	HK\$'000
Unlisted shares, at cost	193,962	193,962
Due from subsidiaries	58,242	38,970
Due to a subsidiary	(116)	_
	252,088	232,932

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

Particulars of the principal subsidiaries are as follows:

Name	Place of incorporation/ registration and operations	Nominal value of issued/ registered share capital	of e attrib	entage equity outable Company Indirect	Principal activities
Active Link Limited (i)	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

NOTES TO THE FINANCIAL STATEMENTS

13. INTERESTS IN SUBSIDIARIES (continued)

Name	Place of incorporation/ registration and operations	Nominal value of issued/ registered share capital	Perconf of eattrib	entage equity outable Company Indirect	Principal activities
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 (ii)	People's Republic of China	RMB1,010,000	-	100	Retailing and distribution of garment
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
Key Value Trading Limited (i)	British Virgin Islands	US\$100	-	100	Investment holding
Land Challenger Limited	Hong Kong	HK\$2	-	100	Garment sub-contracting
Langzhi Fashion (Shenzhen) Company Limited (ii)	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



13. INTERESTS IN SUBSIDIARIES (continued)

Name	Place of incorporation/ registration and operations	Nominal value of issued/ registered share capital	of o	entage equity butable Company Indirect	Principal activities
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.

- (i) These subsidiaries were acquired during the year.
- (ii) These subsidiaries were not audited by Ernst & Young Hong Kong or other Ernst & Young International member firms.

14. INTANGIBLE ASSETS

	Group	
	2001 HK\$'000	2000 HK\$'000
Balance at beginning of year Additions Amortisation during the year	8,582 - (4,291)	7,273 5,600 (4,291)
Balance at end of year	4,291	8,582

15. INVENTORIES

	Group	
	2001	2000
	HK\$'000	HK\$'000
Raw materials	4,422	1,755
Finished goods	166,848	163,546
	171,270	165,301

The carrying amount of inventories carried at net realisable value included in the above is HK\$3,232,000 (2000: Nil).



16. DEBTORS

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

The aged analysis of trade debtors is as follows:

	Group	
	2001	2000
	HK\$'000	HK\$'000
0-30 days	4,032	2,866
31-60 days	6,401	55
61-90 days	281	2,155
Over 90 days	1,359	896
Total	12,073	5,972

17. CREDITORS AND ACCRUALS

Included in creditors and accruals is a trade creditors balance of HK\$51,827,000 (2000: HK\$43,185,000).

The aged analysis of trade creditors is as follows:

	Group	
	2001	2000
	HK\$'000	HK\$'000
0-30 days	44,261	37,588
31-60 days	6,305	3,124
61-90 days	4	1,705
Over 90 days	1,257	768
Total	51,827	43,185

18. BANK LOANS AND OVERDRAFTS

	Group	
	2001 HK\$'000	2000 HK\$'000
Bank overdrafts Trust receipt loans	201 2,872	5,270
Bank loans	73,259	34,781
	76,332	40,051



18. BANK LOANS AND OVERDRAFTS (continued)

The maturity of the above amounts is as follows:

	Group	
	2001	2000
	HK\$'000	HK\$'000
Amounts repayable:		
On demand or within one year	31,332	40,051
In the second year	10,000	_
In the third to fifth years, inclusive	35,000	
	76,332	40,051
Portion classified as current liabilities	(31,332)	(40,051)
Non-current portion	45,000	_

19. DEFERRED TAXATION

	Group	
	2001 200	
	HK\$'000	HK\$'000
Charge for the year (note 8) and balance at end of year	596	_
balance at end of year		

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

The revaluation of the Group's leasehold land and buildings does not constitute a timing difference and, consequently, the amount of potential deferred tax thereon has not been quantified.

20. SHARE CAPITAL

	Company	
	2001 HK\$'000	2000 HK\$'000
Authorised: 500,000,000 ordinary shares of HK\$0.10 each	50,000	50,000
Issued and fully paid: 274,297,493 ordinary shares of HK\$0.10 each	27,430	27,430



21. RESERVES

	Capital reserve HK\$'000	Contributed surplus HK\$'000	Revaluation reserve HK\$'000	Exchange fluctuation reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
Group						
At 1 April 1999 Realisation on depreciation	5,324	99,175	14,723	7,221	128,672	255,115
during the year Exchange realignment of	-	_	(404)	-	404	-
foreign subsidiaries Arising on acquisition	-	_	_	253	-	253
of subsidiaries Release on disposal	5	_	_	-	-	5
of a subsidiary Net profit for the year	144	_	_	-	-	144
attributable to shareholders Dividends	-	-	_	-	79,237 (31,544)	79,237 (31,544)
— At 31 March 2000 and						(5.,5)
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 Goodwill arising on acquisition	(2,434)	_	-	-	(20,982)	(23,416)
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	740	99,175	13,915	8,281	172,846	294,957

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.



21. RESERVES (continued)

	Contributed surplus HK\$'000	Retained profits HK\$'000	Total HK\$'000
Company			
At 1 April 1999 Net profit for the year Dividends	166,533 	27,193 51,951 (31,544)	193,726 51,951 (31,544)
At 31 March 2000 and 1 April 2000 Net profit for the year	166,533	47,600 21,068	214,133 21,068
At 31 March 2001	166,533	68,668	235,201

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 members out of the contributed surplus.

22. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

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

	2001 HK\$'000	2000 HK\$'000
Profit from operating activities	25,804	95,339
Interest income	(3,500)	(5,509)
Loss/(gain) on disposal of fixed assets	1,468	(232)
Depreciation	51,491	31,492
Amortisation of deferred pre-operating expenses	-	242
Amortisation of intangible assets	4,291	4,291
Gain on disposal of a subsidiary	-	(10)
Decrease/(increase) in inventories	4,975	(16,198)
Decrease/(increase) in debtors	(1,555)	6,740
Increase in bills receivable	(2,554)	(8,815)
Increase in deposits paid	(18,793)	(15,098)
Decrease/(increase) in prepayments and other receivables	29,446	(13,654)
Decrease in creditors and accruals	(3,726)	(8,714)
Increase in bills payable	7,566	14,539
Decrease in amount due to a related company	-	(207)
Decrease in amount due to an associate		(7,981)
Net cash inflow from operating activities	94,913	76,225



22. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT (continued)

(b) Analysis of changes in financing during the year

	Bank and trust receipt loans HK\$'000	Minority interests HK\$'000
Balance at 1 April 1999	20,877	103
Net cash inflow from financing activities Share of loss for the year Decrease in short term bank and trust receipt loans	15,515 –	_ (41)
classified as cash equivalents Arising on disposal of a subsidiary Exchange adjustments	(1,649) - 38	(62) -
Balance at 31 March 2000 and 1 April 2000	34,781	
Net cash inflow from financing activities Share of profit for the year Increase in short term bank and trust receipt loans	38,406	_ 144
classified as cash equivalents Arising on purchase of additional interest in a subsidiary Exchange adjustments	2,872 - 72	_ (144) _
Balance at 31 March 2001	76,131	



22. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT (continued)

(c) Acquisition of subsidiaries/businesses

	2001 HK\$'000	2000 HK\$'000
Net assets acquired:		
Fixed assets	17,266	23,075
Inventories	12,417	2,003
Debtors	4,543	3,389
Prepayments and other receivables	4,521	169
Cash and bank balances	1,172	4,033
Creditors and accruals	(13,967)	(30,461)
Tax payable	(66)	(28)
	25,886	2,180
Goodwill/(capital reserve) on acquisition	23,416	(5)
	49,302	2,175
Satisfied by:		
Cash	49,302	2,175

Analysis of the net inflow/(outflow) of cash and cash equivalents in respect of the acquisition of subsidiaries/businesses:

	2001 HK\$'000	2000 HK\$'000
Cash consideration Cash and bank balances acquired	(49,302) 1,172	(2,175) 4,033
Net inflow/(outflow) of cash and cash equivalents in respect of the acquisition of subsidiaries/businesses	(48,130)	1,858

The subsidiaries/businesses acquired during the 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.

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



22. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT (continued)

(d) Disposal of a subsidiary

	2001 HK\$'000	2000 HK\$'000
Net assets disposed:		
Fixed assets	_	2,895
Debtors	_	720
Prepayments and other receivables	_	539
Cash and bank balances	_	719
Creditors and accruals	-	(4,275)
Tax payable	-	(124)
Minority interests		(62)
	-	412
Gain on disposal of a subsidiary	-	10
		422
Satisfied by:		
Cash received		422

Analysis of the net outflow of cash and cash equivalents in respect of the disposal of a subsidiary:

	2001 HK\$'000	2000 HK\$'000
Cash consideration Cash and bank balances disposed of		422 (719)
Net outflow of cash and cash equivalents in respect of the disposal of a subsidiary		(297)

The subsidiary disposed of during the previous year contributed approximately HK\$275,000 to the Group's net operating cash outflow, and utilised approximately HK\$277,000 for investing activities, but had no significant impact in respect of returns on investments and servicing of finance, taxation and the financing activities.

The subsidiary disposed of during the previous year contributed HK\$11,701,000 to turnover and incurred a loss after taxation of HK\$473,000 for that year.



23. COMMITMENTS

At the balance sheet date, the Group had commitments under non-cancellable operating leases to make payments in the following year as follows:

	Group		
	2001	2000	
	HK\$'000	HK\$'000	
Land and buildings expiring:			
Within one year	40,478	23,338	
In the second to fifth years, inclusive	221,791	143,388	
After five years	5,503	2,451	
	267,772	169,177	
Plant and machinery expiring:			
Within one year	8	_	
In the second to fifth years, inclusive		25	
	8	25	
	267,780	169,202	

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 cannot be accurately estimated, the relevant rental commitments have not been included above.

The Company did not have any significant commitments at the balance sheet date.

24. CONTINGENT LIABILITIES

	Group		
	2001 HK\$'000	2000 HK\$'000	
Bank guarantees given in lieu of utility and property rental deposits	4,405	3,132	

The Company has given guarantees in favour of banks to the extent of HK\$327,851,000 (2000: HK\$233,548,000) in respect of banking facilities granted to certain subsidiaries. These were utilised to the extent of HK\$80,737,000 as at 31 March 2001 (2000: HK\$43,183,000).

25. LITIGATION

(a) A High Court 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, for breach of lease (the "Lease") of a property used by Bossini Trading as a warehouse. Bossini Trading is defending the action and has counter-claimed against the plaintiff 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 claim of the plaintiff is unlikely to succeed on the merits of the case and, therefore, no material liability is likely to result therefrom.



25. LITIGATION (continued)

(b) Two High Court actions (the "Actions"), which 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 of the properties used by Bossini Trading as warehouses. The Actions were tried on 14 June 2000 at which Bossini Trading was unrepresented. To the best of the knowledge and information of the directors, judgements in respect of the Actions were already 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 costs of the Actions. If Bossini Trading fails to satisfy the said judgement, it is possible that a winding-up petition may be issued against Bossini Trading. However, as the Company and its subsidiaries have not provided any guarantees or sureties in respect of the liabilities of Bossini Trading, the directors consider that in the event the Plaintiffs choose to wind up Bossini Trading, this will have no significant adverse impact on the financial position of the Company and the Group.

26. RELATED PARTY TRANSACTIONS

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

	Group			
	Notes 2001		2000	
		HK\$'000	HK\$'000	
Rental paid for warehouse premises	(i)	1,240	1,240	
Rental paid for office premises	(ii)	4,212	3,645	
Rental paid for a retail outlet	(iii)	1,293	1,296	

Notes:

- (i) The rental was paid to Laws Fashion Knitters Limited ("Laws Fashion"). Mr. Shuk Hoi LAW, Mr. Kar Po LAW and Mr. Ka Sing LAW, directors of the Company during the year, have beneficial equity interests in Laws Fashion. Mr. Shuk Hoi LAW is also a director of Laws Fashion. The rental was determined by reference to open market rentals at the inception of the tenancy agreement.
- (ii) The rental was paid to First On International Limited ("First On"). Mr. Shuk Hoi LAW, Mr. Kar Po LAW and Mr. Ka Sing LAW, directors of the Company during the year, have beneficial equity interests in First On. Mr. Shuk Hoi LAW is also a director of First On. The rental was determined by reference to open market rentals at the inception of the tenancy agreement.
- (iii) The rental was paid to Yatin Development Limited ("Yatin"). Mr. Shuk Hoi LAW, Mr. Kar Po LAW and Mr. Ka Sing LAW, directors of the Company during the year, are also directors of, and have beneficial equity interests in, Yatin. The rental was determined by reference to open market rentals at the inception of the tenancy agreement.

27. COMPARATIVE AMOUNTS

Deposits paid on tenancies not expiring within the next twelve months of HK\$34,879,000 were classified under current assets 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 and terms of the transactions, they have been reclassified under non-current assets.

28. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved by the board of directors on 5 July 2001.

FIVE YEAR FINANCIAL SUMMARY

A summary of the 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				
	2001	2000	1999	1998	1997
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
TURNOVER	1,554,567	1,264,605	1,109,065	1,428,810	1,381,018
PROFIT/(LOSS) FROM					
OPERATING ACTIVITIES	25,804	95,339	21,661	(29,728)	86,552
FINANCE COSTS	(2,827)	(2,044)	(3,125)	(11,322)	(6,447)
SHARE OF PROFITS/(LOSSES)					
OF ASSOCIATES		(141)	1,374	546	
PROFIT/(LOSS)					
BEFORE TAXATION	22,977	93,154	19,910	(40,504)	80,105
TAXATION	(6,178)	(13,958)	(2,234)	(5,054)	(15,409)
PROFIT/(LOSS) BEFORE					
MINORITY INTERESTS	16,799	79,196	17,676	(45,558)	64,696
MINORITY INTERESTS	(144)	41	(82)	50	(337)
WIII VOITIT II VIEILEGIO					
NET PROFIT/(LOSS)					
ATTRIBUTABLE					
TO SHAREHOLDERS	16,655	79,237	17,594	(45,508)	64,359

CONSOLIDATED STATEMENT OF NET ASSETS

	31 March					
	2001 HK\$'000	2000 HK\$'000	1999 HK\$'000	1998 HK\$'000	1997 HK\$'000	
TOTAL ASSETS	526,060	514,384	409,278	432,778	555,484	
TOTAL LIABILITIES	203,673	183,744	126,630	161,767	244,795	
MINORITY INTERESTS			103	1,124	872	
NET ASSETS	322,387	330,640	282,545	269,887	309,817	

NOTICE OF ANNUAL GENERAL MEETING

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 31 August 2001 (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 2001.
- 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\$50,000,000 to HK\$100,000,000 by the creation of an additional 500,000,000 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:

(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 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 (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 Byelaws 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."
- 6. 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 of all 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) during the Relevant Period 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 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 Byelaws 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 conditional upon passing of the resolution numbered 6 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 resolution numbered 5 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 resolution numbered 6 set out in the notice of this meeting."

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.
- 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 5 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 have no immediate plans to issue any new shares of the Company pursuant to such approval.
- An explanatory statement containing further details regarding Ordinary Resolution numbered 6 above will be sent to the members together with the Annual Report of the Company.

By Order of the Board **Chi Kwong TO**Company Secretary

Hong Kong 5 July 2001