EASYKNIT INTERNATIONAL HOLDINGS LIMITED
永 義 國 際 集 團 有 限 公 司

(Stock Code : 1218)

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Annual Report

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Executive Directors

Mr. Kwong Jimmy Cheung Tim
(President and Chief Executive Officer)
Ms. Lui Yuk Chu *(Vice President)*

Non-Executive Director

Mr. Tse WIng Chiu, Ricky

Independent Non-Executive Directors

Mr. Wong Sui Wah, Michael
Mr. Tsui Chun Kong
Mr. Jong Koon Sang

AUDIT COMMITTEE

Mr. Wong Sui Wah, Michael *(Chairman)*
Mr. Tsui Chun Kong
Mr. Jong Koon Sang

REMUNERATION COMMITTEE

Mr. Tsui Chun Kong *(Chairman)*
Mr. Wong Sui Wah, Michael
Mr. Jong Koon Sang

EXECUTIVE COMMITTEE

Mr. Kwong Jimmy Cheung Tim *(Chairman)*
Ms. Lui Yuk Chu

COMPANY SECRETARY

Mr. Chan Po Cheung

QUALIFIED ACCOUNTANT

Mr. Chan Po Cheung

AUDITOR

Deloitte Touche Tohmatsu

LEGAL ADVISERS

As to Hong Kong law:
Richards Butler

As to Bermuda law:
Appleby

PRINCIPAL BANKERS

The Hongkong & Shanghai Banking Corporation Limited
Hang Seng Bank Limited

REGISTERED OFFICE

Canon's Court
22 Victoria Street
Hamilton HM 12
Bermuda

PRINCIPAL PLACE OF BUSINESS

Block A, 7th Floor
Hong Kong Spinners Building, Phase 6
481-483 Castle Peak Road
Cheung Sha Wan, Kowloon
Hong Kong

BERMUDA PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Butterfield Fund Services (Bermuda) Limited
65 Front Street
Hamilton HM 12
Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Secretaries Limited
26th Floor
Tesbury Centre
28 Queen's Road East
Wanchai
Hong Kong

STOCK CODE

1218

PRESIDENT'S STATEMENT AND MANAGEMENT DISCUSSION AND ANALYSIS

On behalf of the board of directors (the "Board") of Easyknit International Holdings Limited (the "Company"), I am pleased to announce the audited consolidated results of the Company and its subsidiaries (together the "Group") for the year ended 31 March 2008.

FINANCIAL RESULTS

For the year ended 31 March 2008, the Group recorded a turnover of approximately HK$521,339,000 (2007: approximately HK$557,737,000), representing a decrease of approximately 6.5% from last year. Gross profit decreased approximately 6.1% to approximately HK$97,198,000 (2007: approximately HK$103,461,000). Gross profit margin remained stable at approximately 18.6% (2007: approximately 18.6%).

Profit attributable to shareholders was approximately HK$64,336,000 as compared to loss attributable to shareholders of approximately HK$115,597,000 last year. The turnaround was mainly attributable to the gain of approximately HK$52,928,000 (2007: approximately HK$7,370,000) arising on change in fair value of investment properties, reduction in loss on disposal of available-for-sale investments of approximately HK$7,594,000 (2007: approximately HK$43,027,000) and substantial reduction in impairment loss on available-for-sale investments from approximately HK$121,465,000 for the year ended 31 March 2007 to approximately HK$33,163,000. Basic earnings per share was approximately HK$0.081 (2007: basic loss per share of approximately HK$0.260).

Cost of sales decreased by approximately 6.6% to approximately HK$424,141,000 (2007: approximately HK$454,276,000). The total operating expenses reduced by approximately 12.5% to approximately HK$57,207,000 (2007: approximately HK$65,394,000), reflecting an improvement in controlling the distribution and selling expenses and administrative expenses by the Group for the year under review.

Finance costs decreased by approximately 67.7% to approximately HK$10,000 (2007: approximately HK$31,000) as all bank borrowings were repaid during the year under review.

BUSINESS REVIEW

During the year ended 31 March 2008, the Group was principally engaged in sourcing and exporting of cotton-based knitted garments for infants, children and women, and property investment and development.

Garment sourcing and exporting

During the year under review, garment sourcing and exporting continued to be the principal business of the Group and contributed approximately 93.6% to the Group's total turnover, representing a slight drop of approximately 0.2% as compared to that of last year (2007: approximately 93.8%). Turnover from this segment decreased by approximately 6.8% to approximately HK$487,806,000 (2007: approximately HK$523,188,000). This segment recorded a profit of approximately HK$24,133,000, a rise of approximately 4.8% from last year's profit of approximately HK$23,037,000. The product mix of infant wear and ladies wear changed from 33 : 50 for the year ended 31 March 2007 to 35 : 45 for the year under review.

Property investment and development

For the year ended 31 March 2008, the property investment and development segments contributed approximately HK$33,533,000 or 6.4% (2007: approximately HK$34,549,000 or 6.2%) to the Group's total turnover. Profit of these segments increased approximately 139.3% to approximately HK$79,575,000 (2007: approximately HK$33,255,000), principally due to increase in gain arising on change in fair value of investment properties from approximately HK$7,370,000 for the year ended 31 March 2007 to approximately HK$52,928,000. Rental income from investment properties, which are all located in Hong Kong, increased to approximately HK$27,164,000 (2007: approximately HK$26,138,000) due to general increase of property rental in Hong Kong. The average rental income of the Group increased by approximately 3.9% during the year under review. As at 31 March 2008, the Group's commercial rental properties were 100% leased. Its industrial rental properties continued to maintain a high occupancy rate of approximately 92.5%. The building management fee income was approximately HK$289,000 (2007: approximately HK$278,000).

In April 2007, the Group completed the acquisition of the remaining two units of the building situated at Nos. 1 and 1A Victory Avenue and Nos. 3 and 3A Victory Avenue in Kowloon, Hong Kong at a total consideration of HK$12,880,000. Together with the eighteen units acquired in July 2006, the Group currently has a total ownership over the whole building which is held for re-development purposes.

In September 2007, the Group completed the disposal of premises situated at Ground Floor and cockloft of No. 31 Granville Road, Tsim Sha Tsui, Kowloon, Hong Kong at a consideration of HK$92,800,000. A gain of HK$18,818,000 arising on change in fair value of this property was recognised during the year under review.

The sale of residential units of Fa Yuen Plaza in Mongkok generated approximately HK$6,080,000 cash inflow to the Group during the year under review (2007: approximately HK$8,133,000). As at 31 March 2008, approximately 98.4% of the available units were sold with the average selling price of approximately HK$3,800 per square foot gross floor area for the year ended 31 March 2008 (2007: approximately HK$3,800).

As at 31 March 2008, the Group's entire property portfolio stood over approximately HK$747,089,000 (as at 31 March 2007: approximately HK$769,681,000).

Geographical analysis of turnover

Approximately 83.6% (2007: approximately 84.1%) of the Group's total turnover was generated out of the United States of America (the "US") which is the Group's major export market, while Hong Kong, European and Mexican markets accounted for approximately 6.5%, 7.6% and 2.3% of the Group's total turnover respectively.

PROSPECTS

Garment sourcing and exporting

The Group believes that maintaining good customer relationship and sharpening its competitive edges are the key success factors for the future development of the Group's garment sourcing and exporting business. Customers counted on us to muster and maintain competitiveness for their products making us their reliable and helpful business partners. Demand for exported garment is expected to continue the upward trend. The Group will strive to maintain the growth of the business through strengthening its product range.

The Group will continue to expand its customer base and sales network in existing markets and will also look into the possibility of extending its reach to other potential markets.

Property investment and development

Resurgence of the negative real interest rate has kept the property investment market in Hong Kong active despite negative economic data from the US and European markets and the recent fluctuations in the stock market. In addition, the low savings interest rate and volatile investment environment convinced the directors that property investment opportunities could offer a relatively higher and more stable rate of return, thus quality property investments become desirable capital outlets.

Leasing activities in prime shopping districts abound. Fierce competition was seen among international brands and other retailers for the limited quality retail space in areas like Tsim Sha Tsui, Central and Causeway Bay where high exposure to both domestic and overseas shoppers is possible.

Stagnant supply of commercial offices and residential buildings exemplified the re-development potential in congested city centre. The Group will continue to engage in property investment and development with attractive yields. By expanding its property portfolio both inside and outside Hong Kong when opportunities arise, the Group endeavour to bring the highest return to its shareholders.

LIQUIDITY AND FINANCIAL RESOURCES

During the year ended 31 March 2008, the Group financed its operations mainly by internally generated resources. As at 31 March 2008, the shareholders' fund of the Group was approximately HK$1,469,529,000 (31 March 2007: approximately HK$1,369,178,000). As the Group had no bank borrowings as at 31 March 2008 and 2007, gearing ratio of the Group is zero for two consecutive years.

The Group continued to sustain a good liquidity position. As at 31 March 2008, the Group had net current assets of approximately HK$733,010,000 (31 March 2007: approximately HK$465,554,000), and cash and cash equivalents of approximately HK$281,315,000 (31 March 2007: approximately HK$343,353,000). The Group's cash and cash equivalents are mainly denominated in Hong Kong dollars. As at 31 March 2008, the current ratio of the Group was approximately 11.8 (31 March 2007: approximately 7.2), which was calculated on the basis of current assets of approximately HK$801,036,000 (31 March 2007: approximately HK$541,207,000) to current liabilities of approximately HK$68,026,000 (31 March 2007: approximately HK$75,653,000). During the year under review, the Group serviced its debts through internally generated resources.

The directors believe that the Group has sufficient financial resources for its operations. The Group will remain cautious in the Group's liquidity management.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND RELATED HEDGES

Most of the Group's revenues and payments are in Hong Kong dollars and US dollars. As the Hong Kong dollars are pegged to the US dollars, the Group had no significant exposure to fluctuations in exchange rates during the year under review. Hence, no financial instrument for hedging purposes was employed.

CAPITAL STRUCTURE

The Group has no debt securities or other capital instruments as at 31 March 2008 and up to the date of this report.

MATERIAL ACQUISITIONS AND DISPOSALS

As announced by the Company on 31 October 2007, the Group planned to bid up to HK$1,200,000,000, being the maximum price which the Company was willing to consider to pay, at a public auction held on 30 November 2007 for a property, Tai Sang Commercial Building at Nos. 24-34 Hennessy Road, Wan Chai, Hong Kong, by the order of the court on an "as-is" basis (the "Possible Acquisition"). Details of the Possible Acquisition was set out in the circular of the Company dated 15 November 2007. The Possible Acquisition was approved by the shareholders at the special general meeting held on 30 November 2007. However, the Company's bid at the auction for the property was not successful and the Possible Acquisition did not proceed.

As jointly announced on 17 July 2007 by the Company and Easyknit Enterprises Holdings Limited ("Easyknit Enterprises"), an associate of the Group, Easyknit Enterprises, Race Merger, Inc., a wholly-owned subsidiary of Easyknit Enterprises, and Wits Basin Precious Minerals Inc. ("Wits Basin") entered into a conditional agreement and a plan of merger and reorganisation (the "Merger Agreement") which might involve a possible issue of approximately 3 billion shares by Easyknit Enterprises to the shareholders of Wits Basin which might lead to a dilution of the Company's shareholding in Easyknit Enterprises from approximately 35.93% to approximately 19.40%. Wits Basin is a company incorporated in Minnesota, the United States of America (the "US") whose principal business is the exploitation and development of minerals in Mexico, Colorado and South Africa.

The Company further announced on 20 August and 6 November 2007 jointly with Easyknit Enterprises that Wits Basin had sent a letter to Easyknit Enterprises purporting to terminate the Merger Agreement on the grounds citied as disclosed in the announcements. Easyknit Enterprises did not admit any allegations made by Wits Basin or that Wits Basin was entitled to terminate the Merger Agreement on the ground cited or on any other grounds. Easyknit Enterprises had taken legal advice in the US about the purported termination of the Merger Agreement and had instructed its lawyers in the US to claim from Wits Basin a break up fee of US$30,000,000 (approximately HK$234 million) under the termination clauses stated in the Merger Agreement.

On 19 December 2007, Easyknit Enterprises and Wits Basin entered into a settlement agreement and general release to terminate all written or oral agreements including the Merger Agreement entered into between the parties in relation to the aforementioned merger. As a result, the merger with Wits Basin ceased to proceed.

As announced by Easyknit Enterprises on 6 December 2007, Easyknit Enterprises proposed to raise approximately HK$102.1 million before expenses by way of rights issue of 1,963,537,620 rights shares at a price of HK$0.052 per rights share on the basis of one rights share for every two shares held. The Group had irrevocably undertaken to Easyknit Enterprises and the underwriter of the rights issue that, among other, the right shares allotted to the Group would be taken up in full. The subscription cost amounted to approximately HK$36.7 million based on the Group's then shareholding in Easyknit Enterprises. The Group did not apply for any excess rights shares. Thus 705,426,260 rights shares of Easyknit Enterprises were allotted to the Group on 21 January 2008.

Save as disclosed above, the Group had no material acquisitions or disposal of subsidiaries or associates during the year under review.

CHARGES ON GROUP ASSETS

As at 31 March 2008, certain investment properties of the Group with carrying amount of approximately HK$138,500,000 (31 March 2007: certain investment properties of the Group with carrying amounts of approximately HK$131,000,000 respectively) were pledged to banks to secure the bank borrowings granted to the Group.

CAPITAL EXPENDITURE AND CAPITAL COMMITMENTS

During the year ended 31 March 2008, the Group spent approximately HK$206,000 (2007: approximately HK$1,837,000) on acquisition of property, plant and equipment.

As at 31 March 2008, the Group had no capital commitments.

CONTINGENT LIABILITIES

As at 31 March 2008, the outstanding amount of the Group's banking facilities utilised to the extent of approximately HK$3,566,000 (31 March 2007: approximately HK$4,648,000) were supported by the Company's corporate guarantees given to the bank.

Save as disclosed above, the Group did not have any significant contingent liabilities as at 31 March 2008.

SIGNIFICANT INVESTMENT

As at 31 March 2008, the Group had significant investments in a portfolio of equity securities listed in Hong Kong, which comprised available-for-sale investments of approximately HK$79,812,000 (31 March 2007: approximately HK$84,830,000) and investments held for trading of approximately HK$139,033,000 (31 March 2007: approximately HK$41,566,000). All these investments were stated at fair value and their fair values were determined by reference to the bid prices quoted in active markets.

In respect of the listed securities performance for the year under review, the Group recorded loss on fair value changes of investments held for trading of approximately HK$9,690,000 (2007: gain of approximately HK$1,235,000), loss on disposal of available-for-sale investments of approximately HK$7,594,000 (2007: approximately HK$43,027,000) and impairment loss on available-for-sale investments of approximately HK$33,163,000 (2007: approximately HK$121,465,000).

On 27 September 2007, the Group acquired from the market an aggregate of 1,000,000 shares in Petrochina Company Limited ("Petrochina") at a total consideration of HK$14,100,000 (exclusive of transaction costs). The entire 1,000,000 shares in Petrochina were then disposed on 9 November 2007 at a consideration of HK$15,960,000 (exclusive of transaction costs). As a result, the Group has recognised a gain of approximately HK$1,860,000 calculated on the basis of the difference between the acquisition price and the disposal price exclusive of transaction costs.

On 8 October 2007, the Group acquired from the market an aggregate of 212,000 Hong Kong Exchanges and Clearing Limited ("HKEX") shares at a total consideration of HK$53,746,400 (exclusive of transaction costs). Together with the Group's existing shareholding in 228,000 HKEX shares which were acquired at an average price of HK$57 per HKEX share in April and May 2006, the Group holds a total of 440,000 HKEX shares at an average acquisition price of HK$152 per HKEX share. The Group also acquired an aggregate of 572,000 China Mobile Limited shares at a total consideration of HK$67,514,700 (exclusive of transaction costs) during the period from 13 July 2007 to 8 October 2007.

Between 3 December 2007 and 21 January 2008, the Group acquired from the market an aggregate of 2,521,000 China Railway Group Limited ("China Railway") shares at a total consideration of HK$24,049,580 (exclusive of transaction costs). On 20 December 2007 and 11 January 2008, the Group disposed on the market of an aggregate of 1,421,000 China Railway shares at a total consideration of HK$13,294,519 (exclusive of transaction costs). The Group recorded a gain of approximately HK$804,000 from the disposals.

During the period from 7 January 2008 to 27 March 2008 the Group acquired on the Stock Exchange an aggregate of 17,880,000 Sino Union Petroleum & Chemical International Limited ("Sino Union Petro") shares at a total consideration of HK$24,081,300 (exclusive of transaction costs).

Further to the 17,880,000 Sino Union Petro shares acquired during the period from 7 January 2008 to 27 March 2008, the Group acquired on the Stock Exchange another 12,000,000 Sino Union Petro shares, at a total consideration of HK$21,573,600 (exclusive of transaction costs) on 16 April 2008.

The Group disposed on the market of 1,600,000 and 607,000 China CITIC Bank Corporation Limited H shares on 11 June 2008 and 16 June 2008 respectively. As a result of the disposals, the Group has recognised a loss of approximately HK$3,800,300 calculated on the basis of the difference between the acquisition price and the disposal price exclusive of transaction costs.

The Group disposed of 2,298,000 Industrial and Commercial Bank of China Limited H shares on the market on 18 June 2008. As a result of the disposal, the Group has recognised a gain of approximately HK$4,362,020 calculated on the basis of the difference between the acquisition price and the disposal price exclusive of transaction costs.

Save as disclosed above, the Group did not have any significant investment held or any significant investment plans as at 31 March 2008 and up to the date of this report.

FUTURE PLAN FOR MATERIAL INVESTMENTS

On 24 June 2008, the Group entered into an agreement with the seller, Ng Kwai Tung, to acquire the entire issued capital of Trump Elegant Investment Limited ("Trump Elegant") which is the proposed acquirer of Flats 1, 2 and 4 on the Ground Floor, Flats 1, 2, 3 and 4 on the First Floor, and Flats 1, 2, 3 and 4 on the Second Floor of the building situated on Section B of Kowloon Lot No. 1685 (Nos. 313, 313A, 313B & 313C Prince Edward Road West, Kowloon, Hong Kong). The acquisition will enable the Group to acquire 11 out of the 12 units in the building, which represents over 90% of the undivided shares of the building (as contemplated by section 3(1) of the Land (Compulsory Sale for Redevelopment) Ordinance). The Group intends to acquire the remaining unit so as to be the owner of the whole building, which it at present contemplates redeveloping if and when the Board considers market sentiment appropriate. The acquisition is anticipated to allow the Group to expand its property investment portfolio and provide the Group with further potential income from property development. The consideration for the sale share is HK$8.3 million and under the agreement, the Group agreed to advance a loan up to an aggregate amount not exceeding HK$32 million to Trump Elegant. The acquisition is subject to, among others, the approval of the shareholders of the Company at a special general meeting to be held in August 2008. The Group will fund the acquisition from its internal resources.

While the directors of the Company are constantly looking for investment opportunities in order to maximise shareholders' value, no other concrete new investment projects have been identified save as disclosed above.

EMPLOYMENT AND REMUNERATION POLICY

As at 31 March 2008, the number of employees of the Group in Hong Kong and the US was about 60 and 11 respectively. Staff costs (including directors' emoluments) amounted to approximately HK$29,198,000 for the year under review (2007: approximately HK$30,546,000). The Group remunerates its employees based on their performance, experience and prevailing industry practice. The Group has set up the Mandatory Provident Fund Scheme for the Hong Kong's employees and has made contributions to the pension scheme for the US staff. The Group also has a share option scheme to motivate valued employees.

APPRECIATION

On behalf of the Board, I would like to extend my sincere gratitude to our staff and fellow directors for their contribution to the Group's development and cordial thanks to the continuing support of our customers, suppliers, business associates and shareholders.

Kwong Jimmy Cheung Tim
President and Chief Executive Officer

Hong Kong, 21 July 2008

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Kwong Jimmy Cheung Tim *President and Chief Executive Officer*

Mr. Kwong, aged 65, is an executive director, President, Chief Executive Officer and authorised representative of the Company and a member and Chairman of the Executive Committee of the Board. He is also an executive director, Chairman, Chief Executive Officer and authorised representative, and a member and Chairman of the Executive Committee of the board of directors of Easyknit Enterprises Holdings Limited ("Easyknit Enterprises"). Mr. Kwong was graduated from The University of Hong Kong in 1965 and was admitted as Barrister-at-law in the United Kingdom in 1970 and Hong Kong in 1973 respectively. He has over 30 years of experience in the legal field. He serves as director of various subsidiaries of the Company and Easyknit Enterprises. Mr. Kwong was appointed to the Board in April 2007. On 18 December 2007, Mr. Kwong was appointed as President and Chief Executive Officer.

Ms. Lui Yuk Chu *Vice President*

Ms. Lui, aged 50, is a co-founder of the Group, an executive director and Vice President of the Company and a member of the Executive Committee of the Board. She is also an executive director and Deputy Chairman, and a member of the Executive Committee of the board of directors of Easyknit Enterprises. Ms. Lui has been involved in the textiles industry for 30 years and has extensive experience in design, manufacturing, marketing and distribution of apparel. She serves as director of various subsidiaries of the Company and Easyknit Enterprises. Ms. Lui was appointed to the Board in September 1994. On 20 January 2006, Ms. Lui was appointed as Vice President. Ms. Lui is the wife of Mr. Koon Wing Yee, the co-founder and general manager of the Group.

NON-EXECUTIVE DIRECTOR

Mr. Tse Wing Chiu, Ricky

Mr. Tse, aged 50, is a non-executive director of the Company. He is also a non-executive director of Easyknit Enterprises. Mr. Tse obtained a Master's Degree in Business Administration from Adam Smith University of America in the United States in 1996. He has more than 30 years of experience in garment manufacturing and merchandising. Mr. Tse was appointed to the Board as an executive director and Vice President in November 2005 and was subsequently re-designated from Vice President to President and appointed as Chief Executive Officer in January 2006. On 18 December 2007, Mr. Tse was re-designated from an executive director to a non-executive director, and resigned as President and Chief Executive Officer.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Wong Sui Wah, Michael

Mr. Wong, aged 49, is a member and Chairman of the Audit Committee of the Board and a member of the Remuneration Committee of the Board. He is a solicitor and notary public of Hong Kong and a China Appointed Attesting Officer. He is a partner in Philip K H Wong, Kennedy Y H Wong and Co. Solicitors & Notaries. He obtained his B.A. Degree from McMaster University in Canada in 1981 and his LL.B. from University of London in the United Kingdom, where he attended King's College, in 1984. He is also the Company Secretary of Raymond Industrial Limited, a company listed on the Stock Exchange. Mr. Wong was appointed to the Board in October 2000.

Mr. Tsui Chun Kong

Mr. Tsui, aged 57, is a member and Chairman of the Remuneration Committee of the Board and a member of the Audit Committee of the Board. He obtained a Master's Degree in Business Administration from the Oklahoma City University in the US in 1991 and is a fellow member of both The Hong Kong Institute of Certified Public Accountants and The Association of Chartered Certified Accountants. Mr. Tsui has over 35 years of experience in the public accounting profession and the commercial sector, especially the travel industry. He has experience in the preparation for the listing of shares on the Stock Exchange and worked for a few listed companies. Mr. Tsui is now practising as a public accountant under his own name. Mr. Tsui was appointed to the Board in September 2004.

Mr. Jong Koon Sang

Mr. Jong, aged 59, is a member of the Audit Committee and Remuneration Committee of the Board. He is a fellow member of The Hong Kong Institute of Certified Public Accountants and The Association of International Accountants, England. He is also a fellow member of the Chartered Management Institute, England and an associate member of The Taxation Institute of Hong Kong. Mr. Jong is currently the Honorary Secretary of The Association of International Accountants, Hong Kong Branch, the accountant ambassador of The Hong Kong Institute of Certified Public Accountants and Honorary Vice President of Accounting Student Society of Hong Kong University of Science and Technology. He is also a director of Hong Kong Cheshire Home Foundation and a member of Hospital Governing Committee (HGC) of Cheshire Home Shatin. Mr. Jong has over 39 years of management experience in the financial, industrial and property business. From 1980 to 1988, Mr. Jong was the controller of Hong Kong Operations of Swire Magnetics Limited, which was a wholly-owned subsidiary of Swire Pacific Limited. He was also the finance manager of Wo Kee Hong Holdings Limited between 1995 to 1996. Mr. Jong migrated to New Zealand in November 1996. He was the financial controller of Formosa Auckland Country Club from 1997 to 1998 and the centre manager of Milford and Birkenhead Shopping Centres, Auckland, New Zealand from 1998 until March 2003, when he returned to Hong Kong. Mr. Jong is currently the chief executive officer of Niotan Limited which is a company trading in ores from Africa. Mr. Jong was appointed to the Board in January 2005.

SENIOR MANAGEMENT

Mr. Koon Wing Yee *General Manager*

Mr. Koon, aged 52, is a co-founder of the Group. He was an executive director, President, Chief Executive Officer and authorised representative of the Company during the period from September 1994 to January 2006. Mr. Koon has been appointed as General Manager of the Group effective 5 June 2006. He reports directly to the Executive Committee of the Board on all matters assigned to him by the Executive Committee. Mr. Koon is the husband of Ms. Lui Yuk Chu, who is an executive director and Vice President of the Company and a member of the Executive Committee of the Board. He has more than 30 years of experience in the textile and garment industries.

Mr. Chan Po Cheung *Chief Financial Officer and Company Secretary*

Mr. Chan, aged 51, joined the Group in December 2005. He is the Chief Financial Officer, Company Secretary, Qualified Accountant and authorised representative of the Company. Mr. Chan is a fellow member of The Hong Kong Institute of Certified Public Accountants and The Association of Chartered Certified Accountants. He has over 20 years of experience in the accountancy field.

Mr. Leung Chak Man *General Manager – Property Division*

Mr. Leung, aged 54, joined the Group in August 2006. He is responsible for the Group's property development and construction management. Mr. Leung is a fellow member of both the Royal Institution of Chartered Surveyors (Building Surveying Division) and the Chartered Institute of Building, and a Registered Professional Engineer in Hong Kong. Mr. Leung has over 26 years of experience in the property development and construction management field.

Miss Leung Siu Mei *Assistant General Manager*

Miss Leung, aged 48, joined the Group in 1992 and was promoted to her current position in 1994. She is responsible for the Group's financial and administration management.

Miss Ho Yuen Yi *Assistant General Manager*

Miss Ho, aged 52, joined the Group in 2005. She is responsible for the Group's merchandising, shipping and quality control.

Mr. Chan Chung Shun *Property Manager*

Mr. Chan, aged 52, joined the Group in 1998. He is responsible for the Group's property management. Mr. Chan obtained the honour degree of Bachelor of Arts from the University of Middlesex in England in 1983.

CORPORATE GOVERNANCE REPORT

The board of directors of the Company (the “Board”) is committed to achieving high standards of corporate governance by emphasising transparency, independence, accountability, responsibility and fairness. The Board strives to ensure that effective self-regulatory practices exist to protect the interests of the shareholders of the Company and to enhance long-term shareholders’ value.

CORPORATE GOVERNANCE PRACTICES

During the year ended 31 March 2008, the Company applied the principles of, and complied with, all the code provisions of the Code on Corporate Governance Practices (the “Code”) set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) except for the following deviations. Nevertheless, none of the remaining deviations are considered by the Board to be material or inappropriate given the size, nature and circumstances of the Group.

Code provision A.2.1

Mr. Kwong Jimmy Cheung Tim is the President and Chief Executive Officer of the Company. The Board considers that the combination of the roles of President and Chief Executive Officer will not impair the balance of power and authority between the Board and the management of the Company as the Board will meet regularly to consider major matters affecting the operations of the Group. The Board is of the view that this structure provides the Group with strong and consistent leadership, which can facilitate the formulation and implementation of its strategies and decisions and enable it to grasp business opportunities and react to changes efficiently. As such, it is beneficial to the business prospects of the Group.

Code provision A.4.1

All the non-executive directors of the Company are not appointed for a specific term, but they are subject to retirement by rotation no later than the third annual general meeting after they were last elected or re-elected pursuant to the Bye-laws of the Company.

Code provisions B.1.3(a) and (b)

The terms of reference of the Remuneration Committee adopted by the Company are in compliance with the Code provision B.1.3 except that the Remuneration Committee should make recommendations to the Board on the Company's policy and structure for all remuneration of directors only (as opposed to directors and senior management under the Code provision B.1.3(a)); and should review (as opposed to determine under the Code provision B.1.3(b)) and make recommendations to the Board on the remuneration packages of executive directors only (as opposed to executive directors and senior management under the Code provision B.1.3(b)) for the following reasons:

1. the Remuneration Committee comprises independent non-executive directors only who are not involved in the daily operation of the Group. They may not be industry skilled due to their different backgrounds and professions and may not be knowledgeable about the prevailing remuneration packages for directors and senior management in the industry where the Company is operating. The Remuneration Committee is thus not in a position to properly determine the remuneration of the executive directors and senior management;

2. the Remuneration Committee members are not in a position to properly evaluate the performance of senior management due to their limited time involved in the Company's business. The evaluation process is more effectively carried out by the executive directors who devote most of their active business time to the business and affairs of the Group; and

3. the executive directors may not be able to take good control of their subordinates if they are not directly involved In evaluating and determining their subordinates' remuneration. As a result, the efficiency and effectiveness of the Company's operations may be affected.

Code provisions E.1.2

Mr. Wong Sui Wah, Michael, chairman of the Audit Committee, was unable to attend the annual general meeting of the Company held on 23 August 2007 due to business reason. The other members of the Audit Committee including Mr. Tsui Chun Kong and Mr. Jong Koon Sang were present to answer questions at the said meeting.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules as its own code of conduct in relation to directors' securities transactions. All directors of the Company have confirmed, following specific enquiry made by the Company, that they complied with the required standard set out in the Model Code throughout the year ended 31 March 2008.

BOARD OF DIRECTORS

The Board currently comprises six directors, with two executive directors, one non-executive director and three independent non-executive directors. The composition of the Board during the year and up to the date of this report is set out as follows:

Executive directors:

Mr. Kwong Jimmy Cheung Tim - *President and Chief Executive Officer*	(appointed as an executive director on 2 April 2007, and further appointed as President and Chief Executive Officer on 18 December 2007)
Ms. Lui Yuk Chu - *Vice President*	

Non-executive director:

Mr. Tse Wing Chiu, Ricky	(resigned as President and Chief Executive Officer, and re-designated from an executive director to a non-executive director on 18 December 2007)

Independent non-executive directors:

Mr. Wong Sui Wah, Michael
Mr. Tsui Chun Kong
Mr. Jong Koon Sang

The biographical details of the existing directors are set out in the "Biographical Details of Directors and Senior Management" on pages 10 and 11 of this annual report.

Throughout the year ended 31 March 2008, the Company complied with Rules 3.10(1) and 3.10(2) of the Listing Rules relating to the appointment of at least three independent non-executive directors with at least one independent non-executive director possessing appropriate professional qualifications, or accounting or related financial management expertise. The Board has received from each independent non-executive director an annual confirmation of his independence and considers that all the independent non-executive directors are independent under the guidelines set out in Rule 3.13 of the Listing Rules.

The Board members have no financial, business, family or other material/relevant relationships with each other.

The Board met five times during the year ended 31 March 2008. The individual attendance records of the directors at the Board meetings are as follows:

Name of directors	Number of meetings attended	Attendance rate
Executive directors		
Mr. Kwong Jimmy Cheung Tim	5/5	100%
Ms. Lui Yuk Chu	5/5	100%
Non-executive director		
Mr. Tse Wing Chiu, Ricky	5/5	100%
Independent non-executive directors		
Mr. Wong Sui Wah, Michael	5/5	100%
Mr. Tsui Chun Kong	5/5	100%
Mr. Jong Koon Sang	5/5	100%

The Board has reserved for its decision or consideration matters covering mainly the corporate strategy, board composition, material transactions and investments, risk management, internal control and other significant policies and financial matters. The Board has delegated responsibility for day-to-day management of the Group through the Chief Executive Officer down to the executive management. The respective functions of the Board and management of the Company have been formalised and set out in writing which was approved by the Board in December 2005. Such arrangement will be reviewed periodically.

President and Chief Executive Officer

Mr. Kwong Jimmy Cheung Tim currently assumes the roles of both the President and Chief Executive Officer of the Company. The reasons for the deviation from the Code provision A.2.1 are explained in the section headed "Corporate Governance Practices" above.

Retirement and re-election of directors

The Bye-laws of the Company provide that (1) every director is required to retire by rotation at the annual general meeting no later than the third annual general meeting after he was last elected or re-elected and the directors to retire at every annual general meeting shall be decided by the Board; and (2) any director appointed by the Board to fill a casual vacancy or as an addition to the Board shall hold office until the next following general meeting of the Company (in case of filling a casual vacancy) or until the next following annual general meeting of the Company (in case of an addition to the Board) and shall then be eligible for re-election at the meeting.

Non-executive directors

There are currently four non-executive directors on the Board, three of them are independent. All the non-executive directors of the Company are not appointed for a specific term, but they are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Bye-laws of the Company.

BOARD COMMITTEES

The Board has established three committees, namely the Remuneration Committee, the Audit Committee and the Executive Committee with clearly defined written terms of reference. Each committee reports back to the Board on its decisions or recommendations after each meeting for further discussion and approval, unless there are legal or regulatory restrictions on its ability to do so.

Remuneration Committee

The Company has established a Remuneration Committee. The terms of reference of the Remuneration Committee are in compliance with the provisions set out in the Code, but with deviations from the Code provisions B.1.3(a) and (b). Details of such deviations are set out in the section headed "Corporate Governance Practices" above.

The Remuneration Committee comprises three independent non-executive directors, namely Mr. Tsui Chun Kong (Committee Chairman), Mr. Wong Sui Wah, Michael and Mr. Jong Koon Sang. The principal duties of the Remuneration Committee include (i) to make recommendations to the Board on the Company's policy and structure for all remuneration of directors; (ii) to make recommendations to the Board on the remuneration packages of all directors; (iii) to review and approve performance-based remuneration; and (iv) to ensure that no director or any of his associates is involved in deciding his own remuneration.

During the year ended 31 March 2008, one Remuneration Committee meeting was held. The individual attendance records of the committee members are as follows:

Name of committee members	Number of meetings attended	Attendance rate
Mr. Tsui Chun Kong	1/1	100%
Mr. Wong Sui Wah, Michael	1/1	100%
Mr. Jong Koon Sang	1/1	100%

During the meeting, the Remuneration Committee reviewed and recommended the remuneration packages for each director of the Company for the year ended 31 March 2008 for the Board's approval.

The primary objective of the director remuneration policy is to attract, retain and motivate the Board members by providing fair reward for their contributions to the Group's performance. In this context, the remuneration policy is to set the overall remuneration package at a competitive level and in a form that permits additional remuneration to be earned for high performance over a sustained period. The directors' remuneration packages are determined with reference to the time commitment and responsibilities of individual directors, the Company's performance and the prevailing market conditions.

For the year ended 31 March 2008, the main components of the executive and non-executive directors' remuneration are director's fee, basic salary, benefits in kind, discretionary performance based bonus, retirement benefits and participation in the share option scheme adopted by the shareholders of the Company in February 2002 (the "Share Option Scheme").

The independent non-executive directors do not receive any discretionary bonus or other benefits from the Company. But each of them is entitled to a director's fee and is eligible for the Share Option Scheme subject to the approval of the shareholders of the Company.

During the year ended 31 March 2008, no director was involved in deciding his own remuneration.

Audit Committee

The Company has established an Audit Committee. The terms of reference of the Audit Committee are in compliance with the provisions set out in the Code.

The Audit Committee currently comprises three independent non-executive directors, namely Mr. Wong Sui Wah, Michael (Committee Chairman), Mr. Tsui Chun Kong and Mr. Jong Koon Sang. Executive directors, senior management, head of Accounts Department, Qualified Accountant, representatives of the external auditor of the Company (the "Auditor") or other persons will be invited to attend the meetings of the Audit Committee as and when required.

The principal duties of the Audit Committee include, (i) to oversee the relationship with the Auditor; (ii) to review the interim and annual financial statements before publication; and (iii) to oversee the Group's financial reporting system and internal control procedures.

During the year ended 31 March 2008, two Audit Committee meetings were held. The individual attendance records of the committee members are as follows:

Name of committee members	Number of meetings attended	Attendance rate
Mr. Wong Sui Wah, Michael	2/2	100%
Mr. Tsui Chun Kong	2/2	100%
Mr. Jong Koon Sang	2/2	100%

During the year ended 31 March 2008, the Audit Committee (i) reviewed the reports from the Auditor, accounting principles and practices adopted by the Group, management representation letters, and management's response in relation to the annual results for the year ended 31 March 2007 and the interim results for the six months ended 30 September 2007; and (ii) reviewed the financial reports for the year ended 31 March 2007 and for the six months ended 30 September 2007 and recommended the same to the Board for approval.

The Audit Committee has reviewed with the management and the Auditor the audited consolidated financial statements of the Company for the year ended 31 March 2008.

Executive Committee

The Executive Committee currently comprises all the executive directors of the Company, namely Mr. Kwong Jimmy Cheung Tim (Committee Chairman) and Ms. Lui Yuk Chu. It meets as and when required between regular Board meetings of the Company, and operates as a general management committee under the direct authority of the Board. Within the parameters of authority delegated by the Board, the Executive Committee sees to the implementation of Group strategy set by the Board, monitors the Group's investment and trading performance, funding and financing requirements, and reviews the management performance.

AUDITOR'S REMUNERATION

For the year ended 31 March 2008, the Auditor received approximately HK$1,013,000 for audit service and approximately HK$694,000 for non-audit services mainly related to an interim review, preliminary announcement of results and a possible very substantial acquisition of a property.

NOMINATION OF DIRECTORS

The Company does not have a nomination committee. The Board is empowered under the Company's Bye-laws to appoint any person as director either to fill a casual vacancy or as an addition to the Board.

A written director nomination policy was adopted by the Board in March 2006 with the intent to provide a set of guidelines for the effective functioning of the Company's director nomination process. The policy stipulates the criteria for identifying director candidates and the procedures for nomination, evaluation and assessment of candidates for directorship. The selection criteria are mainly based on their personal and professional integrity, independent mindedness, commitment to the Company, experience relevant to the Company's business as well as compliance with legal and regulatory requirements.

There was no change to the composition of the Board during the year ended 31 March 2008, except that Mr. Tse Wing Chiu, Ricky was re-designated from an executive director to a non-executive director effective 18 December 2007.

FINANCIAL REPORTING

The directors acknowledge their responsibilities for preparing the financial statements of the Group. With the assistance of the Accounts Department, the directors ensure that the preparation of the financial statements of the Group are in accordance with the statutory requirements and applicable accounting standards. The directors also ensure timely publication of the financial statements of the Group.

The statement of the Auditor regarding their reporting responsibilities on the financial statements of the Group is set out in the Independent Auditor's Report on pages 28 and 29.

The Auditor did not report for the year ended 31 March 2008 that there were any material uncertainties relating to events or conditions that might cast significant doubt upon the Company's ability to continue as a going concern.

INTERNAL CONTROL

The Board has overall responsibility for maintaining a sound and effective system of internal control of the Group to safeguard the shareholders' investment and the Group's assets, and reviewing its effectiveness.

The Group's internal control system, including a defined management structure with limits of authority and segregation of duties and periodic review by the Board of the operational and financial reports prepared by the management or the Auditor, is designed to safeguard assets against unauthorised use or disposition, ensure maintenance of proper accounting records for provision of reliable financial information for internal use or for publication, and ensure compliance with relevant laws and regulations. The system aims to provide reasonable, but not absolute, assurance against material misstatement or loss, and to manage rather than eliminate risks of failure in operational systems and achievement of the Group's objectives.

The Board has conducted a review of the effectiveness of the system of internal control and risk management of the Group for the financial year ended 31 March 2008. Recommendations have been suggested to the management of the Group in order to enhance the Group's system of internal control and minimise operational risk.

COMMUNICATION WITH SHAREHOLDERS

The Company values the views of its shareholders and recognises their interests in the Group's strategy and performance. All shareholders are welcome to the annual general meeting of the Company, at which directors of the Company will be available to answer questions from shareholders. Communication is also provided through the annual reports, interim reports, announcements and circulars issued by the Company from time to time. Shareholders may also contact the Company in writing or visit the Company's website www.easyknit.com for information about the Group and its activities.

DIRECTORS' REPORT

The directors present their annual report and the audited consolidated financial statements of the Company and its subsidiaries for the year ended 31 March 2008.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. Its subsidiaries are principally engaged in the sourcing and exporting of cotton-based knitted garments for infants, children and women, and property investments and development. During the year, there were no significant changes in the Group's principal activities.

RESULTS

The results of the Group are set out in the consolidated income statement on page 30.

The directors of the Company do not recommend the payment of a dividend.

MAJOR SUPPLIERS AND CUSTOMERS

The largest supplier of the Group by itself and together with the other four largest suppliers accounted for approximately 19% and 77%, respectively, of the Group's purchases for the year.

The largest customer of the Group by itself and together with the other four largest customers accounted for approximately 58% and 82%, respectively, of the Group's turnover for the year.

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

SHARE CAPITAL

The details of the Company's share capital are set out in note 31 to the consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

During the year, the Group spent approximately HK$206,000 on acquisition of property, plant and equipment. The details of the movements in property, plant and equipment of the Group during the year are set out in note 16 to the consolidated financial statements.

PROPERTIES HELD FOR DEVELOPMENT

The details of the Group's properties held for development are set out in note 17 to the consolidated financial statements.

INVESTMENT PROPERTIES

The Group's investment properties were revalued as at 31 March 2008 by a firm of independent professional property valuers and the gain arising on change in fair value of investment properties, which had been credited directly to the consolidated income statement, amounted to approximately HK$52,928,000. Details of these are set out in note 18 to the consolidated financial statements.

PRINCIPAL SUBSIDIARIES

The details of the Company's principal subsidiaries at 31 March 2008 are set out in note 38 to the consolidated financial statements.

PRINCIPAL ASSOCIATES

The details of the Group's principal associates at 31 March 2008 are set out in note 20 to the consolidated financial statements.

DISTRIBUTABLE RESERVES OF THE COMPANY

The Company's reserves available for distribution to shareholders at 31 March 2008 and 2007 were as follows:

	2008	2007
	HK$'000	HK$'000
Contributed surplus	**269,306**	269,306
Accumulated profits	**813,744**	745,578
	1,083,050	1,014,884

Under the laws in Bermuda, the contributed surplus account of a company is also available for distribution. However, the Company cannot declare or pay a dividend, or make a distribution out of contributed surplus if:

(a) it is, or would after the payment be, unable to pay its liabilities as they become due; or

(b) the realisable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts.

DIRECTORS

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

Executive directors:

Kwong Jimmy Cheung Tim – *President and Chief Executive Officer* (appointed as an executive director on 2 April 2007, and further appointed as President and Chief Executive Officer on 18 December 2007)

Lui Yuk Chu – *Vice President*

Non-executive director:

Tse Wing Chiu, Ricky (resigned as President and Chief Executive Officer, and re-designated from an executive director to a non-executive director on 18 December 2007)

Independent non-executive directors:

Wong Sui Wah, Michael
Tsui Chun Kong
Jong Koon Sang

In accordance with the Company's Bye-law 99, Ms. Lui Yuk Chu, Mr. Tsui Chun Kong and Mr. Jong Koon Sang will retire from office by rotation at the forthcoming annual general meeting of the Company and, being eligible, have offered themselves for re-election.

None of the directors has a service contract which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

The Company has received annual confirmation from each of the independent non-executive directors as regards their independence to the Company and considers that each of the independent non-executive directors is independent to the Company.

DIRECTORS' INTERESTS IN CONTRACTS AND CONNECTED TRANSACTIONS

Pursuant to Chapter 14A of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), the following connected transactions of the Company are required to be disclosed in the annual report of the Company:

During the year, the Group purchased garments, apparel, clothing and textiles amounting to approximately HK$150,000 from companies controlled by Ms. Koon Po Fun. Ms. Koon Po Fun is the sister of Mr. Koon Wing Yee, a former director of the Company, and Mr. Koon Wing Yee is the spouse of Ms. Lui Yuk Chu, a director of the Company. Pursuant to the Listing Rules, Ms. Koon Po Fun is a connected person of the Company.

Details of other related party transactions undertaken by the Group in the normal course of business during the year ended 31 March 2008, which do not constitute connected transactions of the Company required to be disclosed under the Listing Rules, are provided under note 15 to the consolidated financial statements.

Save as disclosed above, there was no other contract of significance, to which the Company or any of its subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisting at the end of the year or at any time during the year.

CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS

Other than the contracts disclosed in the section headed "Directors' Interests in Contracts and Connected Transactions", there was no contract of significance between the Company or its subsidiaries and a controlling shareholder or any of its subsidiaries subsisting during or at the end of the year. Furthermore, there was no contract of significance for the provision of services to the Company or any of its subsidiaries by a controlling shareholder or any of its subsidiaries.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 31 March 2008, the interests and short positions of the directors and the chief executives of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register required to be kept by the Company under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") were as follows:

(a) Interests in the Company (long positions):

Name of director	**Capacity**	**Number of ordinary shares held**	**Approximate percentage to issued ordinary shares of the Company**
Ms. Lui Yuk Chu *(note i)*	Beneficiary of a trust	291,794,804	36.74%

Note i : These shares were registered in the name of and were beneficially owned by Magical Profits Limited which was wholly-owned by Accumulate More Profits Limited which in turn was wholly-owned by Hang Seng Bank Trustee International Limited as trustee of The Magical 2000 Trust (the beneficiaries of which included Ms. Lui Yuk Chu and her family members other than her spouse).

(b) Interests in associated corporations (long positions):

Easyknit Enterprises Holdings Limited ("Easyknit Enterprises")

Name of director	**Capacity**	**Number of ordinary shares held**	**Approximate percentage to issued ordinary shares of Easyknit Enterprises**
Ms. Lui Yuk Chu *(note ii)*	Beneficiary of a trust	2,116,278,780	35.93%

Note ii: These shares were registered in the name of and were beneficially owned by Landmark Profits Limited which was a wholly-owned subsidiary of the Company. Magical Profits Limited was interested in approximately 36.74% of the issued share capital of the Company and it was wholly-owned by Accumulate More Profits Limited which in turn was wholly-owned by Hang Seng Bank Trustee International Limited as trustee of The Magical 2000 Trust (the beneficiaries of which included Ms. Lui Yuk Chu and her family members other than her spouse).

Wellmake Investments Limited ("Wellmake") *(note iii)*

Name of director	Capacity	Number of non-voting deferred shares held	Percentage to issued non-voting deferred shares of Wellmake
Ms. Lui Yuk Chu	*(Note iv)*	2	100%

Note iii: All the issued ordinary shares in the share capital of Wellmake which carry the voting rights were held by the Company.

Note iv: One non-voting deferred share was held by Ms. Lui Yuk Chu as beneficial owner and the other one was held by her spouse, Mr. Koon Wing Yee.

Save as disclosed above, as at 31 March 2008, none of the directors or chief executives of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which had been recorded in the register kept by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Details of the Company's share option scheme are set out in note 32 to the consolidated financial statements.

No options were granted to, or exercised by, the directors during the year. There was no outstanding option granted to the directors at the beginning and at the end of the year.

Save as disclosed above, at no time during the year ended 31 March 2008 was the Company or any of its subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of the Company or any other body corporate, and none of the directors or any of their spouses or children under the age of 18, was granted any right to subscribe for the equity or debt securities of the Company or other body corporate nor had exercised any such right.

SUBSTANTIAL SHAREHOLDERS

As at 31 March 2008, the persons (other than the directors or the chief executives of the Company) who had an interest or a short position in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Long positions:

Name of substantial shareholder	Capacity	Number of ordinary shares held	Approximate percentage to issued ordinary shares of the Company
Koon Wing Yee *(note i)*	Interest of spouse	291,794,804	36.74%
Magical Profits Limited *(notes i & ii)*	Beneficial owner	291,794,804	36.74%
Accumulate More Profits Limited *(note i)*	Interest of controlled corporation	291,794,804	36.74%
Hang Seng Bank Trustee International Limited *(notes i & iii)*	Trustee	291,794,804	36.74%
Hang Seng Bank Limited *(note iii)*	Interest of controlled corporation	291,794,804	36.74%
The Hongkong and Shanghai Banking Corporation Limited *(notes iii & iv)*	Interest of controlled corporation	291,794,809	36.74%
HSBC Asia Holdings BV *(note iv)*	Interest of controlled corporation	291,794,809	36.74%
HSBC Asia Holdings (UK) *(note iv)*	Interest of controlled corporation	291,794,809	36.74%
HSBC Holdings BV *(note iv)*	Interest of controlled corporation	291,794,809	36.74%
HSBC Finance (Netherlands) *(note iv)*	Interest of controlled corporation	291,794,809	36.74%
HSBC Holdings plc *(note iv)*	Interest of controlled corporation	291,794,809	36.74%

Notes:

(i) The 291,794,804 shares relate to the same block of shares in the Company. These shares were registered in the name of and were beneficially owned by Magical Profits Limited which was wholly-owned by Accumulate More Profits Limited which in turn was wholly-owned by Hang Seng Bank Trustee International Limited as trustee of The Magical 2000 Trust (the beneficiaries of which included Ms. Lui Yuk Chu, a director of the Company, and her family members other than her spouse). Mr. Koon Wing Yee, being the spouse of Ms. Lui Yuk Chu was deemed to be interested in the 291,794,804 shares by virtue of the SFO.

(ii) Ms. Lui Yuk Chu, being a director of the Company, is also a director of Magical Profits Limited.

(iii) Hang Seng Bank Trustee International Limited was a wholly-owned subsidiary of Hang Seng Bank Limited. Hang Seng Bank Limited was owned as to approximately 62.14% by The Hongkong and Shanghai Banking Corporation Limited.

(iv) The 291,794,809 shares relate to the same block of shares in the Company. Out of 291,794,809 shares, 291,794,804 shares were registered in the name of and were beneficially owned by Magical Profits Limited. The remaining 5 shares were held by HSBC Broking Securities (Asia) Limited, which was a wholly-owned subsidiary of HSBC Broking Services (Asia) Limited which in turn was wholly-owned by The Hongkong and Shanghai Banking Corporation Limited. The Hongkong and Shanghai Banking Corporation Limited was wholly-owned by HSBC Asia Holdings BV which was a wholly-owned subsidiary of HSBC Asia Holdings (UK). HSBC Asia Holdings (UK) was wholly-owned by HSBC Holdings BV which in turn was wholly-owned by HSBC Finance (Netherlands). HSBC Finance (Netherlands) was a wholly-owned subsidiary of HSBC Holdings plc.

Other than as disclosed above, as at 31 March 2008, the Company had not been notified of any interests or short positions in the shares and underlying shares of the Company which were required to be recorded in the register kept by the Company under Section 336 of the SFO.

PURCHASE, SALE AND REDEMPTION OF SHARES

There was no purchase, sale or redemption of the Company's shares by the Company or any of its subsidiaries during the year ended 31 March 2008.

EMOLUMENT POLICY

The emolument policy of the employees of the Group is set up by the executive directors of the Company on the basis of their performance, experience and prevailing industry practice.

The emolument of the directors of the Company is determined by the board of directors of the Company after recommendation from the Remuneration Committee, having regard to the time commitment and responsibilities of individual directors, the Company's performance and the prevailing market conditions.

The Company has adopted a share option scheme as an incentive to the directors and eligible employees, details of the scheme are set out in note 32 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

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

DONATIONS

During the year, the Group made donations amounting to approximately HK$50,000.

POST BALANCE SHEET EVENTS

The details of the significant post balance sheet events are set out in note 39 to the consolidated financial statements.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the directors of the Company, the Company has maintained a sufficient public float as required under the Listing Rules.

AUDITOR

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

On behalf of the Board

Kwong Jimmy Cheung Tim
President and Chief Executive Officer

Hong Kong, 21 July 2008

Deloitte.
德勤

TO THE SHAREHOLDERS OF EASYKNIT INTERNATIONAL HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Easyknit International Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 30 to 89 which comprise the consolidated balance sheet as at 31 March 2008, and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation and the true and fair presentation of these consolidated financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with section 90 of the Bermuda Companies Act, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 31 March 2008 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
21 July 2008

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2008

	NOTES	**2008** **HK$'000**	2007 HK$'000
Turnover	7	**521,339**	557,737
Cost of sales		**(424,141)**	(454,276)
Gross profit		**97,198**	103,461
Other income		**24,037**	14,686
Distribution and selling expenses		**(11,747)**	(14,526)
Administrative expenses		**(45,460)**	(50,868)
Gain arising on change in fair value of investment properties		**52,928**	7,370
Impairment loss on available-for-sale investments	9	**(33,163)**	(121,465)
Impairment loss on loans receivable		**—**	(2,160)
Impairment loss on trade and other receivables		**—**	(20)
(Loss) gain on fair value changes of investments held for trading		**(9,690)**	1,235
Loss on disposal of available-for-sale investments		**(7,594)**	(43,027)
Share of results of associates		**(6,399)**	(4,125)
Finance costs – interest on bank borrowings wholly repayable within five years		**(10)**	(31)
Profit (loss) before taxation	10	**60,100**	(109,470)
Taxation credit (charge)	12	**4,236**	(6,127)
Profit (loss) for the year attributable to equity holders of the Company		**64,336**	(115,597)
Basic earnings (loss) per share	14	**HK$0.081**	HK$(0.260)

CONSOLIDATED BALANCE SHEET

At 31 March 2008

	NOTES	2008 HK$'000	2007 HK$'000
Non-current assets			
Property, plant and equipment	16	**16,428**	17,938
Properties held for development	17	**—**	156,283
Investment properties	18	**566,680**	606,170
Intangible asset	19	**921**	921
Interests in associates	20	**94,438**	60,590
Available-for-sale investments	21	**79,812**	84,830
Loans receivable	26	**83**	5,125
		758,362	931,857
Current assets			
Properties held for development	17	**178,587**	—
Properties held for sale	22	**1,822**	7,228
Investments held for trading	23	**139,033**	41,566
Inventories	24	**2,942**	9,866
Trade and other receivables	25	**32,143**	49,278
Loans receivable	26	**134,000**	43,255
Bills receivable	27	**30,826**	46,661
Tax recoverable		**368**	—
Bank balances and cash	28	**281,315**	343,353
		801,036	541,207
Current liabilities			
Trade and other payables	29	**40,482**	46,903
Bills payable	30	**3,566**	4,648
Tax payable		**23,978**	24,102
		68,026	75,653
Net current assets		**733,010**	465,554
		1,491,372	1,397,411

CONSOLIDATED BALANCE SHEET

At 31 March 2008

	NOTES	**2008**	2007
		HK$'000	HK$'000
Capital and reserves			
Share capital	31	**7,942**	7,942
Reserves		**1,461,587**	1,361,236
		1,469,529	1,369,178
Non-current liabilities			
Deferred taxation	33	**21,843**	28,233
		1,491,372	1,397,411

The consolidated financial statements on pages 30 to 89 were approved and authorised for issue by the Board of Directors on 21 July 2008 and are signed on its behalf by:

Kwong Jimmy Cheung Tim
DIRECTOR

Lui Yuk Chu
DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2008

	Attributable to equity holders of the Company										
	Share capital HK$'000	Share premium HK$'000	Capital reserve HK$'000 *(note a)*	Translation reserve HK$'000	Special reserve HK$'000 *(note b)*	Contributed surplus HK$'000 *(note c)*	Investment revaluation reserve HK$'000	Property revaluation reserve HK$'000 *(note d)*	Share option reserve HK$'000	Accumulated profits HK$'000	Total HK$'000
At 1 April 2006	132,367	4,412	–	737	9,800	220,937	(191,630)	–	1,900	852,405	1,030,928
Change in fair value of available-for-sale investments	–	–	–	–	–	–	(8,288)	–	–	–	(8,288)
Share of translation reserve of associates	–	–	–	1,828	–	–	–	–	–	–	1,828
Revaluation of leasehold properties upon transfer to investment properties	–	–	–	–	–	–	–	2,521	–	–	2,521
Net income (expenses) recognised directly in equity	–	–	–	1,828	–	–	(8,288)	2,521	–	–	(3,939)
Released on disposal of available-for-sale investments	–	–	–	–	–	–	50,263	–	–	–	50,263
Impairment loss on available-for-sale investments	–	–	–	–	–	–	121,465	–	–	–	121,465
Loss for the year	–	–	–	–	–	–	–	–	–	(115,597)	(115,597)
Total recognised income and expenses for the year	–	–	–	1,828	–	–	163,440	2,521	–	(115,597)	52,192
Rights issue of shares at a price of HK$0.12 per rights share *(see note 31(b))*	66,184	13,237	–	–	–	–	–	–	–	–	79,421
Rights issue of shares at a price of HK$0.35 per rights share *(see note 31(c))*	5,956	202,522	–	–	–	–	–	–	–	–	208,478
Share issue expenses	–	(1,841)	–	–	–	–	–	–	–	–	(1,841)
Reduction of share capital upon capital reorganisation *(see note 31(a))*	(196,565)	–	196,565	–	–	–	–	–	–	–	–
Transfer of share option reserve to accumulated profits	–	–	–	–	–	–	–	–	(1,900)	1,900	–
At 31 March 2007 and 1 April 2007	7,942	218,330	196,565	2,565	9,800	220,937	(28,190)	2,521	–	738,708	1,369,178

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2008

	Attributable to equity holders of the Company										
	Share capital HK$'000	Share premium HK$'000	Capital reserve HK$'000 *(note a)*	Translation reserve HK$'000	Special reserve HK$'000 *(note b)*	Contributed surplus HK$'000 *(note c)*	Investment revaluation reserve HK$'000	Property revaluation reserve HK$'000 *(note d)*	Share option reserve HK$'000	Accumulated profits HK$'000	Total HK$'000
Change in fair value of available-for-sale investments	–	–	–	–	–	–	(8,541)	–	–	–	(8,541)
Share of translation reserve of associates	–	–	–	3,799	–	–	–	–	–	–	3,799
Net income (expenses) recognised directly in equity	–	–	–	3,799	–	–	(8,541)	–	–	–	(4,742)
Released on disposal of available-for-sale investments	–	–	–	–	–	–	7,594	–	–	–	7,594
Impairment loss on available-for-sale investments	–	–	–	–	–	–	33,163	–	–	–	33,163
Profit for the year	–	–	–	–	–	–	–	–	–	64,336	64,336
Total recognised income and expenses for the year	–	–	–	3,799	–	–	32,216	–	–	64,336	100,351
At 31 March 2008	**7,942**	**218,330**	**196,565**	**6,364**	**9,800**	**220,937**	**4,026**	**2,521**	**–**	**803,044**	**1,469,529**

Notes:

(a) The capital reserve of the Group represents the credit arising from the reduction of the share capital of the Company in October 2006.

(b) The special reserve of the Group represents the difference between the nominal value of the share capital issued by the Company and the nominal value of the share capital and share premium of the companies now forming the Group pursuant to the group reorganisation prior to the listing of the Company's shares in 1995.

(c) The contributed surplus of the Group represents the credit arising from the reduction of certain reserves of the Company in August 2004.

(d) The property revaluation reserve of the Group represents the gain on revaluation of certain leasehold properties of the Group as a result of transfer of these leasehold properties from property, plant and equipment to investment properties in October 2006.

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 March 2008

	2008 HK$'000	2007 HK$'000
Cash flows from operating activities		
Profit (loss) before taxation	**60,100**	(109,470)
Adjustments for:		
Share of results of associates	**6,399**	4,125
Interest income	**(17,484)**	(11,492)
Interest expense	**10**	31
Depreciation of property, plant and equipment	**1,140**	1,510
Impairment loss on available-for-sale investments	**33,163**	121,465
Impairment loss on loans receivable	**—**	2,160
Impairment loss on inventories	**—**	1,021
(Reversal of impairment loss) impairment loss on trade and other receivables	**(12)**	20
Loss on disposal of available-for-sale investments	**7,594**	43,027
Dividend income from listed investments	**(2,503)**	(1,275)
Loss (gain) on fair value changes of investments held for trading	**9,690**	(1,235)
Gain arising on change in fair value of investment properties	**(52,928)**	(7,370)
Operating profit before movements in working capital	**45,169**	42,517
Increase in properties held for development	**(22,304)**	(156,283)
Decrease in properties held for sale	**5,406**	7,198
Decrease (increase) in inventories	**6,924**	(3,121)
(Increase) decrease in loans receivable	**(85,703)**	15,513
Increase in investments held for trading	**(107,157)**	(36,731)
Decrease in trade and other receivables	**17,147**	22,928
Decrease (increase) in bills receivable	**15,835**	(29,441)
(Decrease) increase in trade and other payables	**(6,421)**	5,149
(Decrease) increase in bills payable	**(1,082)**	134
Cash used in operations	**(132,186)**	(132,137)
Hong Kong Profits Tax paid	**(2,646)**	(634)
Hong Kong Profits Tax refunded	**—**	301
Net cash used in operating activities	**(134,832)**	(132,470)

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 March 2008

	2008 HK$'000	2007 HK$'000
Cash flows from investing activities		
Proceeds from disposal of investment properties	**92,418**	—
Proceeds from disposal of available-for-sale investments	**50,417**	29,577
Interest received	**17,484**	11,492
Dividend received from listed investments	**2,503**	1,275
Proceeds from disposal of property, plant and equipment	**576**	—
Purchase of available-for-sale investments	**(53,940)**	(21,472)
Capital contribution to associates	**(36,448)**	—
Purchase of property, plant and equipment	**(206)**	(1,837)
Net cash from investing activities	**72,804**	19,035
Cash flows from financing activities		
Interest paid	**(10)**	(31)
Proceeds from issue of new shares	**—**	287,899
Bank borrowings raised	**—**	26,188
Repayment of bank borrowings	**—**	(30,007)
Share issue expenses paid	**—**	(1,841)
Net cash (used in) from financing activities	**(10)**	282,208
Net (decrease) increase in cash and cash equivalents	**(62,038)**	168,773
Cash and cash equivalents at beginning of the year	**343,353**	174,580
Cash and cash equivalents at end of the year, represented by bank balances and cash	**281,315**	343,353

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2008

1. GENERAL

The Company is incorporated in Bermuda as an exempted company with limited liability. Its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The addresses of the registered office and the principal place of business of the Company are disclosed in the "Corporate Information" section of the annual report.

The Company is an investment holding company. Its subsidiaries are principally engaged in the sourcing and exporting of cotton-based knitted garments for infants, children and women, and property investments and development.

The consolidated financial statements are presented in Hong Kong dollars ("HK$" or "HKD"), which is the functional currency of the Company.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Company and its subsidiaries (collectively referred to as the "Group") has applied, for the first time, the following new Standard, Amendment and Interpretations ("INTs") (collectively "new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which are effective for the Group's financial year beginning on 1 April 2007.

HKAS 1 (Amendment)	Capital disclosures
HKFRS 7	Financial instruments: Disclosures
HK(IFRIC) - INT 8	Scope of HKFRS 2
HK(IFRIC) - INT 9	Reassessment of embedded derivatives
HK(IFRIC) - INT 10	Interim financial reporting and impairment
HK(IFRIC) - INT 11	HKFRS 2 - Group and treasury share transactions

The adoption of the new HKFRSs had no material effect on how the results and financial position of the Group for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

The Group has applied the disclosure requirements under HKAS 1 (Amendment) and HKFRS 7 retrospectively. Certain information presented in prior year under the requirements of HKAS 32 "Financial instruments: Disclosure and presentation" has been removed and the relevant comparative information based on the requirements of HKAS 1 (Amendment) and HKFRS 7 has been presented for the first time in the current year.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS – *continued*

The Group has not early applied the following new and revised standards, amendments or interpretations that have been issued but are not yet effective.

HKAS 1 (Revised)	Presentation of financial statements[1]
HKAS 23 (Revised)	Borrowing costs[1]
HKAS 27 (Revised)	Consolidated and separate financial statements[2]
HKAS 32 & HKAS 1 (Amendments)	Puttable financial instruments and obligations arising on liquidation[1]
HKFRS 2 (Amendment)	Vesting conditions and cancellations[1]
HKFRS 3 (Revised)	Business combinations[2]
HKFRS 8	Operating segments[1]
HK(IFRIC) - INT 12	Service concession arrangements[3]
HK(IFRIC) - INT 13	Customer loyalty programmes[4]
HK(IFRIC) - INT 14	HKAS 19 - The limit on a defined benefit asset, minimum funding requirements and their interaction[3]

1 Effective for annual periods beginning on or after 1 January 2009.

2 Effective for annual periods beginning on or after 1 July 2009.

3 Effective for annual periods beginning on or after 1 January 2008.

4 Effective for annual periods beginning on or after 1 July 2008.

The adoption of HKFRS 3 (Revised) may affect the accounting treatment for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. HKAS 27 (Revised) will affect the accounting treatment for changes in a parent's ownership interest in a subsidiary that do not result in a loss of control, which will be accounted for as equity transactions. The directors of the Company anticipate that the application of the other new, revised or amended Standards and INTs may have impact on the results and financial position of the Group but the directors of the Company are still assessing the impact.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared under the historical cost basis except for investment properties and certain financial instruments, which are measured at fair values, as explained in accounting policies set out below.

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 March each year. Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Interests in associates

An associate is an entity over which the investor has significant influence and that is neither a subsidiary nor an interest in a joint venture.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, investments in associates are carried in the consolidated balance sheet at cost as adjusted for post-acquisition changes in the Group's share of net assets of the associate, less any identified impairment loss. When the Group's share of losses of an associate equals or exceeds its interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. An additional share of losses is provided for and a liability is recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that associate.

Where a group entity transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

3. SIGNIFICANT ACCOUNTING POLICIES – *continued*

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold and services provided in the normal course of business, net of discounts.

Sales of goods are recognised when goods are delivered and title has passed.

Service income is recognised when services are rendered.

Revenue from sale of developed properties in the ordinary course of business is recognised when all of the following criteria are met:

- the significant risks and rewards of ownership of the properties are transferred to buyers;
- neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the properties are retained;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Dividend income from equity investments is recognised when the Group's rights to receive payment have been established.

Borrowing costs

All borrowing costs are recognised as and included in finance costs in the consolidated income statement in the period in which they are incurred.

Property, plant and equipment

Property, plant and equipment are stated at cost less subsequent accumulated depreciation and accumulated impairment losses.

Advantage has been taken of the transitional relief provided by paragraph 80A of HKAS 16 "Property, plant and equipment" from the requirement to make regular revaluations of the Group's leasehold land and buildings which had been carried at revalued amounts prior to 30 September 1995, and accordingly no further revaluation of these properties is carried out. Prior to 30 September 1995, the revaluation increase arising on the revaluation of these assets was credited to the property revaluation reserve. Any future decreases in value of these assets will be dealt with as an expense to the extent that they exceed the balance, if any, on the property revaluation reserve relating to a previous revaluation of the same asset. On the subsequent sale or retirement of a revalued asset, the corresponding revaluation surplus is transferred to accumulated profits.

3. SIGNIFICANT ACCOUNTING POLICIES – *continued*

Property, plant and equipment – *continued*

Depreciation is provided to write off the cost of items of property, plant and equipment over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the consolidated income statement in the year in which the item is derecognised.

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

On initial recognition, investment properties are measured at cost, including any directly attributable expenditure, except for the properties transferred from property, plant and equipment, which are measured at fair value at the date of transfer. Subsequent to initial recognition, investment properties are measured using the fair value model. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated income statement in the year in which the item is derecognised.

Properties held for development

Properties held for development are stated at the lower of cost and net realisable value.

Costs relating to the development of properties, including purchase costs of the properties for development and development costs are capitalised and included as properties held for development until such time when they are completed.

Purchase costs for properties held for development which commencement of development is uncertain are stated at cost less accumulated impairment losses and are reclassified as current assets when the timing of development is ascertained and accounted for as properties held for development (see above).

Properties held for sale

Properties held for sale are completed properties and are stated at the lower of cost and net realisable value.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost, which comprises all costs of purchase and, where applicable, costs of conversion and other costs that have been incurred in bringing the inventories to their present location and condition, is calculated using the first-in, first-out method.

3. SIGNIFICANT ACCOUNTING POLICIES – *continued*

Financial instruments

Financial assets and financial liabilities are recognised on the balance sheet when a group entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss ("FVTPL")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets at fair value through profit and loss are recognised immediately in profit or loss.

Financial assets

The Group's financial assets are classified into one of the three categories, including financial assets at FVTPL, loans and receivables and available-for-sale financial assets. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period to the initial carrying amount of the asset.

Income is recognised on an effective interest basis for debt instruments.

Financial assets at fair value through profit or loss

Financial assets at FVTPL include financial assets held for trading.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future; or
- it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

At each balance sheet date subsequent to initial recognition, financial assets at FVTPL are measured at fair value, with changes in fair value recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit and loss excludes any dividend or interest earned on the financial assets.

3. SIGNIFICANT ACCOUNTING POLICIES – *continued*

Financial instruments – *continued*

Financial assets *– continued*

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At each balance sheet date subsequent to initial recognition, loans and receivables (including trade and other receivables, loans receivable, bills receivable and bank balances) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment of financial assets below).

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated or not classified as financial assets at FVTPL, loans and receivables or held-to-maturity investments.

At each balance sheet date subsequent to initial recognition, available-for-sale financial assets are measured at fair value. Changes in fair value are recognised in equity, until the financial asset is disposed of or is determined to be impaired, at which time, the cumulative gain or loss previously recognised in equity is removed from equity and recognised in profit or loss (see accounting policy on impairment of financial assets below).

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been impacted.

For an available-for-sale equity investment, a significant or prolonged decline in the fair value of that investment below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include significant financial difficulty of the issuer or counterparty; or default or delinquency in interest or principal payments; or it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For financial assets carried at amortised cost, the amount of impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables and loans receivable, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES – *continued*

Financial instruments – *continued*

Impairment of financial assets *– continued*

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Impairment losses on available-for-sale equity investments will not be reversed in profit or loss in subsequent periods. Any increase in fair value subsequent to impairment loss is recognised directly in equity.

Financial liabilities and equity

Financial liabilities and equity instruments issued by a group entity are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The Group's financial liabilities are classified as other financial liabilities.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Interest expense is recognised on an effective interest basis.

Financial liabilities

Financial liabilities including trade and other payables and bills payable are subsequently measured at amortised cost, using the effective interest method.

Equity instruments

Equity instruments issued by the Company are recorded as the proceeds received, net of direct issue costs.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised directly in equity is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES – *continued*

Intangible assets

On initial recognition, intangible assets with indefinite useful lives including club debenture acquired separately are recognised at cost. After initial recognition, intangible assets with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses (see the accounting policy in respect of impairment of intangible assets below).

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the consolidated income statement when the asset is derecognised.

Share-based payment transactions

Equity-settled share-based payment transactions

Share options granted to employees of the Company

The fair value of services received determined by reference to the fair value of share options granted at the grant date is recognised as an expense in full at the grant date when the share options granted vest immediately, with a corresponding increase in equity (share option reserve).

At the time when the share options are exercised, the amount previously recognised in the share option reserve will be transferred to share premium. When the share options are forfeited or are still not exercised at the expiry date, the amount previously recognised in the share option reserve will be transferred to accumulated profits.

Impairment of intangible assets

Intangible assets with indefinite useful lives are tested for impairment annually and whenever there is an indication that they may be impaired by comparing their carrying amounts with their recoverable amounts. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years.

Impairment (other than intangible assets)

At each balance sheet date, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

3. SIGNIFICANT ACCOUNTING POLICIES – *continued*

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in its functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited to the consolidated income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

3. SIGNIFICANT ACCOUNTING POLICIES – *continued*

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised in the consolidated income statement on a straight-line basis over the term of the relevant lease.

The Group as lessee

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expense over the lease term on a straight-line basis.

Leasehold land and building

The land and building elements of a lease of land and building are considered separately for the purpose of lease classification, unless the lease payments cannot be allocated reliably between the land and building elements, in which case, the entire lease is generally treated as a finance lease and accounted for as property, plant and equipment. To the extent the allocation of the lease payments can be made reliably, leasehold interests in land are accounted for as operating leases except for those that are classified and accounted for as investment properties under the fair value model.

Retirement benefit scheme

Payments to defined contribution retirement benefit scheme and the Mandatory Provident Fund Scheme are charged as expenses when employees have rendered services entitling them to the contribution.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the process of applying the Group's accounting policies, which are described in note 3, the management had made the following estimate that has a significant risk of causing a material adjustment to the carrying amounts of assets within the next financial year.

Impairment allowance on loans receivable

The amount of the impairment of loans receivable is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. A considerable amount of judgment is required in estimating the expected discounted future cash flows. If the future estimated cash flows are less than the carrying amounts of loans receivables, additional allowances may be required.

5. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of equity attributable to equity holders of the Company, comprising issued share capital and reserves as disclosed in the consolidated statement of changes in equity.

The directors of the Company review the capital structure on a regular basis. As part of this review, the directors consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the directors, the Group will balance its overall capital structure through the payment of dividends, new share issues as well as raising of bank borrowings.

6. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2008	2007
	HK$'000	HK$'000
Financial assets		
Loans and receivables (including cash and cash equivalents)		
Trade and other receivables	**18,620**	23,436
Loans receivable	**134,083**	48,380
Bills receivable	**30,826**	46,661
Bank balances and cash	**281,315**	343,353
	464,844	461,830
Fair value through profit or loss		
Investments held for trading	**139,033**	41,566
Available-for-sale financial assets		
Available-for-sale investments	**79,812**	84,830
Financial liabilities		
Amortised costs		
Trade and other payables	**35,550**	41,359
Bills payable	**3,566**	4,648
	39,116	46,007

6. FINANCIAL INSTRUMENTS – *continued*

(b) Financial risk management objectives and policies

The Group's major financial instruments include available-for-sale investments, investments held for trading, trade and other receivables, loans receivable, bills receivable, bank balances and cash, trade and other payables and bills payable. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

(i) Interest rate risk

The Group is exposed to cash flow interest rate risk through the impact of the rate changes on variable-rate loans receivable as most of the Group's loans receivable at 31 March 2007 are at variable rates. The Group has reduced such risk by keeping most loans receivable as at 31 March 2008 at fixed rates (see note 26 for details of these loans). The management monitors interest rate exposure and will consider hedging interest rate risk should the need arise.

The Group is also exposed to fair value interest rate risk in relation to fixed-rate loans receivable as at 31 March 2008 (see note 26 for details of these loans). The Group has not used any derivative contracts to hedge its exposure to such interest rate risk, however, the management monitors interest rate exposure and will consider other necessary action when significant interest rate exposure is anticipated.

The Group's bank balances have exposure to cash flow interest rate risk due to the fluctuation of the prevailing market interest rate on bank balances. The directors of the Company consider that the Group's exposure of the short-term bank deposits to interest rate risk is not significant as interest bearing bank balances are within short maturity period.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for variable-rate loans receivable and interest bearing bank balances at the balance sheet date. The analysis is prepared assuming the amount of variable-rate loans receivable and bank balances outstanding at the balance sheet date was outstanding for the whole year.

If interest rates on variable-rate loans receivable and interest bearing bank balances had been 100 basis points higher/lower and all other variables were held constant, the profit for the year ended 31 March 2008 would increase/decrease by HK$2,887,000 (2007: increase/decrease by HK$3,677,000). This is mainly attributable to the Group's exposure to interest rates on its variable-rate loans receivable and interest bearing bank balances.

6. FINANCIAL INSTRUMENTS – *continued*

(b) Financial risk management objectives and policies – *continued*

Market risk – *continued*

(ii) Currency risk

Certain subsidiaries of the Company have sales and purchases denominated in currencies other than their functional currencies, which exposes the Group to foreign currency risk. Approximately 86% of the Group's sales are denominated in currencies other than the functional currency of the group entities making the sale, whilst all of the Group's purchases are denominated in the group entities' functional currency.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	Assets		Liabilities	
	2008	2007	**2008**	2007
	HK$'000	HK$'000	**HK$'000**	HK$'000
United States dollars ("USD")	**51,026**	66,775	**1,973**	407
Euro	**13,935**	1,035	**—**	—

6. FINANCIAL INSTRUMENTS – *continued*

(b) Financial risk management objectives and policies – *continued*

Market risk – *continued*

(ii) Currency risk – continued

Sensitivity analysis

The Group is mainly exposed to the exchange rate risk on HKD against USD and Euro.

The following table details the Group's sensitivity to a 5% increase and decrease in HKD against the relevant foreign currencies. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. As HKD is pegged to USD, the financial impact on exchange difference between HKD and USD is expected to be immaterial and therefore no sensitivity analysis has been prepared.

The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 5% change in foreign currency rates. A positive number below indicates an increase in profit where HKD weaken 5% against Euro. For a 5% strengthening of HKD against Euro, there would be an equal and opposite impact on the profit for the year and the balances below would be negative.

	2008	2007
	HK$'000	HK$'000
Increase in profit	**575**	43

The Group currently does not have a foreign currency hedging policy to eliminate the currency exposures. However, the management monitors the related foreign currency exposure closely and will consider hedging significant foreign currency exposures should the need arise.

(iii) Equity price risk

The Group is exposed to equity price risk through its investments in listed equity securities. The management manages this exposure by maintaining a portfolio of investments with different risk profiles and the Group has a team to monitor the price risk and will consider hedging the risk exposure should the need arise. The Group's equity price risk is concentrated on equity securities listed in Hong Kong and these investments are diversified into several different industries.

6. FINANCIAL INSTRUMENTS – *continued*

(b) Financial risk management objectives and policies – *continued*

Market risk – *continued*

(iii) Equity price risk – continued

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to equity price risks at the reporting date.

If the prices of the respective equity instruments had been 5% higher/lower, profit for the year ended 31 March 2008 would be increased/decreased by HK$5,735,000 (2007: increased/decreased by HK$1,715,000) as a result of the changes in fair value of investments held for trading; and the investment revaluation reserve of the Group at 31 March 2008 would be increased/decreased by HK$3,991,000 (2007: increased/decreased by HK$4,242,000) as a result of the changes in fair value of the available-for-sale investments. In management's opinion, the sensitivity analysis is unrepresentative of the equity price risk as the year end exposure does not reflect the exposures during the year.

Credit risk

The Group's maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations at 31 March 2008 in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the consolidated balance sheet. In view of nature of garment business, the Group has targeted on the market of cotton-based knitted garments for infants, children and women. The Group has concentration of credit risk as the Group's trade receivables as at 31 March 2008 of HK$15,690,000 (2007: HK$19,050,000) was derived from a few customers. In order to minimise the credit risk, the directors continuously monitor the level of exposure to ensure that follow-up actions and/or corrective actions are taken promptly to lower exposure or even to recover overdue debts. In addition, the management has reviewed the recoverable amount of each individual trade debt at each balance sheet date to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk on trade receivables is significantly reduced.

The Group also has concentration of credit risk in relation to loans receivable from a few borrowers amounting to HK$134,083,000 at 31 March 2008 (2007: HK$48,380,000). The top five borrowers of the Group accounted for approximately 37.3% (2007: 76.5%) of the Group's loans receivable at 31 March 2008. In order to minimise the credit risk, the management has reviewed the recoverable amounts of the loans receivable regularly to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk on loans receivable is significantly reduced.

The credit risk on liquid funds is limited because majority of the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

6. FINANCIAL INSTRUMENTS – *continued*

(b) Financial risk management objectives and policies – *continued*

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations. The management also monitors the utilisation of borrowings and ensures compliance with loan covenants.

At 31 March 2008, the Group has available unutilised bank loan facilities of HK$106,434,000 (2007: HK$110,352,000).

The following table details the Group's remaining contractual maturity for its financial liabilities. For non-derivative financial liabilities, the table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

Liquidity risk tables

	Weighted average effective interest rate %	Less than 3 months HK$'000	3 months to 1 year HK$'000	Total undiscounted cash flows HK$'000	Carrying amounts at 31 March HK$'000
2008					
Non-derivative financial liabilities					
Trade and other payables	**N/A**	**26,379**	**9,171**	**35,550**	**35,550**
Bills payable	**N/A**	**3,566**	**—**	**3,566**	**3,566**
		29,945	**9,171**	**39,116**	**39,116**
2007					
Non-derivative financial liabilities					
Trade and other payables	N/A	31,971	9,388	41,359	41,359
Bills payable	N/A	4,648	—	4,648	4,648
		36,619	9,388	46,007	46,007

6. FINANCIAL INSTRUMENTS – *continued*

(c) Fair value

The fair value of financial assets and financial liabilities are determined as follows:

- the fair value of financial assets with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market bid prices; and
- the fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices or rates from observable current market transactions as input.

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

7. TURNOVER

Turnover represents the aggregate of the amounts received and receivable for goods and properties sold, net of returns, and services rendered by the Group and rental income received and receivable during the year. An analysis of the Group's turnover is as follows:

	2008 **HK$'000**	2007 HK$'000
Sales of goods	**487,806**	523,188
Rental income	**27,164**	26,138
Sales of properties	**6,080**	8,133
Building management fee income	**289**	278
	521,339	557,737

8. BUSINESS AND GEOGRAPHICAL SEGMENTS

Business segments

For management purposes, the Group is currently organised into five main operating divisions – garment sourcing and exporting, property investments, property development, investment in securities and loan financing. These divisions are the bases on which the Group reports its primary segment information.

Segment information about these businesses is presented below:

Year 2008

(i) Income statement

	Garment sourcing and exporting HK$'000	Property investments HK$'000	Property development HK$'000	Investment in securities HK$'000	Loan financing HK$'000	Eliminations HK$'000	Consolidated HK$'000
TURNOVER							
External	487,806	27,453	6,080	–	–	–	521,339
Inter-segment	–	2,659	–	–	–	(2,659)	–
Total	487,806	30,112	6,080	–	–	(2,659)	521,339
RESULT							
Segment result	24,133	79,175	400	(47,944)	3,217	(2,581)	56,400
Unallocated corporate income							14,679
Unallocated corporate expenses							(4,570)
Share of results of associates							(6,399)
Finance costs							(10)
Profit before taxation							60,100
Taxation credit							4,236
Profit for the year							64,336

Note: Inter-segment transactions are charged at prevailing market prices.

8. BUSINESS AND GEOGRAPHICAL SEGMENTS – *continued*

Business segments – *continued*

Year 2008 – *continued*

(ii) Balance sheet

	Garment sourcing and exporting HK$'000	Property investments HK$'000	Property development HK$'000	Investment in securities HK$'000	Loan financing HK$'000	Consolidated HK$'000
ASSETS						
Segment assets	64,482	567,950	180,424	218,845	135,281	1,166,982
Interests in associates						94,438
Unallocated corporate assets						297,978
Consolidated total assets						1,559,398
LIABILITIES						
Segment liabilities	29,124	14,169	—	—	30	43,323
Unallocated corporate liabilities						46,546
Consolidated total liabilities						89,869

8. BUSINESS AND GEOGRAPHICAL SEGMENTS – *continued*

Business segments – *continued*

Year 2008 – *continued*

(iii) Other information

	Garment sourcing and exporting HK$'000	Property investments HK$'000	Property development HK$'000	Investment in securities HK$'000	Loan financing HK$'000	Consolidated HK$'000
Capital additions	175	31	—	—	—	206
Depreciation of property, plant and equipment	757	383	—	—	—	1,140
Impairment loss on available-for-sale investments	—	—	—	33,163	—	33,163
Loss on disposal of available-for-sale investments	—	—	—	7,594	—	7,594
Loss on fair value changes of investments held for trading	—	—	—	9,690	—	9,690

8. BUSINESS AND GEOGRAPHICAL SEGMENTS – *continued*

Business segments – *continued*

Year 2007

(i) Income statement

	Garment sourcing and exporting HK$'000	Property investments HK$'000	Property development HK$'000	Investment in securities HK$'000	Loan financing HK$'000	Eliminations HK$'000	Consolidated HK$'000
TURNOVER							
External	523,188	26,416	8,133	—	—	—	557,737
Inter-segment	—	2,948	—	—	—	(2,948)	—
Total	523,188	29,364	8,133	—	—	(2,948)	557,737
RESULT							
Segment result	23,037	33,073	182	(161,981)	580	(2,726)	(107,835)
Unallocated corporate income							9,192
Unallocated corporate expenses							(6,671)
Share of results of associates							(4,125)
Finance costs							(31)
Loss before taxation							(109,470)
Taxation charge							(6,127)
Loss for the year							(115,597)

Note: Inter-segment transactions are charged at prevailing market prices.

8. BUSINESS AND GEOGRAPHICAL SEGMENTS – *continued*

Business segments – *continued*

Year 2007 – *continued*

(ii) Balance sheet

	Garment sourcing and exporting	Property investments	Property development	Investment in securities	Loan financing	Consolidated
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
ASSETS						
Segment assets	105,156	608,292	164,155	126,396	49,052	1,053,051
Interests in associates						60,590
Unallocated corporate assets						359,423
Consolidated total assets						1,473,064
LIABILITIES						
Segment liabilities	35,628	14,913	502	—	25	51,068
Unallocated corporate liabilities						52,818
Consolidated total liabilities						103,886

8. BUSINESS AND GEOGRAPHICAL SEGMENTS – *continued*

Business segments – *continued*

Year 2007 – *continued*

(iii) Other information

	Garment sourcing and exporting	Property investments	Property development	Investment in securities	Loan financing	Consolidated
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Capital additions	1,815	22	—	—	—	1,837
Depreciation of property, plant and equipment	1,033	477	—	—	—	1,510
Impairment loss on trade and other receivables	—	20	—	—	—	20
Impairment loss on loans receivable	—	—	—	—	2,160	2,160
Impairment loss on available-for-sale investments	—	—	—	121,465	—	121,465
Impairment loss on inventories	1,021	—	—	—	—	1,021
Loss on disposal of available-for-sale investments	—	—	—	43,027	—	43,027

8. BUSINESS AND GEOGRAPHICAL SEGMENTS – *continued*

Geographical segments

An analysis of the Group's turnover by geographical market based on location of its customers is as follows:

	Turnover	
	2008	2007
	HK$'000	HK$'000
Hong Kong	**33,533**	34,549
The People's Republic of China, excluding Hong Kong (the "PRC")	**297**	51
United States of America ("USA")	**435,847**	468,779
Europe	**39,712**	49,725
Mexico	**11,950**	4,633
	521,339	557,737

An analysis of the carrying amount of segment assets and additions to property, plant and equipment, analysed by the geographical area in which the assets are located is as follows:

	Carrying amount of segment assets		Additions to property, plant and equipment	
	2008	2007	**2008**	2007
	HK$'000	HK$'000	**HK$'000**	HK$'000
Hong Kong	**1,156,897**	1,032,588	**98**	1,757
USA	**10,085**	20,463	**108**	80
	1,166,982	1,053,051	**206**	1,837

9. IMPAIRMENT LOSS ON AVAILABLE-FOR-SALE INVESTMENTS

During the year ended 31 March 2008, impairment loss on available-for-sale investments of HK$33,163,000 (2007: HK$121,465,000) was recognised as a result of continuous decline in market value of certain of the Group's listed equity investments.

10. PROFIT (LOSS) BEFORE TAXATION

	2008	2007
	HK$'000	HK$'000
Profit (loss) before taxation has been arrived at after charging:		
Directors' remuneration *(note 11(a))*	**4,602**	4,014
Other staff costs, including retirement benefits costs	**24,596**	26,532
Total staff costs	**29,198**	30,546
Depreciation of property, plant and equipment	**1,140**	1,510
Auditor's remuneration:		
– current year	**868**	779
– underprovision in prior years	**145**	85
Cost of inventories recognised as an expense	**418,735**	446,057
Cost of properties sold	**5,406**	7,198
Impairment loss on inventories	**—**	1,021
and after crediting:		
Dividend income from listed investments	**2,503**	1,275
Interest income	**17,484**	11,492
Reversal of impairment loss on trade and other receivables	**12**	—

11. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

(a) Information regarding directors' emoluments

Details of emoluments to the directors of the Company for the year ended 31 March 2008 are as follows:

	Executive director		Non - executive director	Independent non-executive director			
	Kwong Jimmy Cheung Tim HK$'000	Lui Yuk Chu HK$'000	Tse Wing Chiu, Ricky HK$'000 *(Note)*	Wong Sui Wah, Michael HK$'000	Jong Koon Sang HK$'000	Tsui Chun Kong HK$'000	Total HK$'000
Fees	—	—	29	100	100	100	329
Other emoluments							
– salaries and other benefits	789	2,548	855	—	—	—	4,192
– retirement benefits schemes contributions	12	60	9	—	—	—	81
Total directors' emoluments	801	2,608	893	100	100	100	4,602

Note: Mr. Tse Wing Chiu, Ricky was re-designated from executive director to non-executive director during the year ended 31 March 2008.

Details of emoluments to the directors of the Company for the year ended 31 March 2007 are as follows:

	Executive director		Independent non-executive director			
	Tse Wing Chiu, Ricky HK$'000	Lui Yuk Chu HK$'000	Wong Sui Wah, Michael HK$'000	Jong Koon Sang HK$'000	Tsui Chun Kong HK$'000	Total HK$'000
Fees	—	—	100	100	100	300
Other emoluments						
– salaries and other benefits	1,200	2,442	—	—	—	3,642
– retirement benefits schemes contributions	12	60	—	—	—	72
Total directors' emoluments	1,212	2,502	100	100	100	4,014

11. DIRECTORS' AND EMPLOYEES' EMOLUMENTS – *continued*

(b) Information regarding employees' emoluments

The five highest paid individuals of the Group during the year included two (2007: two) directors. The emoluments of the remaining three (2007: three) highest paid individuals, not being directors, are as follows:

	2008 HK$'000	2007 HK$'000
Salaries and other benefits	3,186	3,128

The emoluments of these employees fall within the following bands:

	Number of employees	
	2008	2007
Nil to HK$1,000,000	1	1
HK$1,000,001 - HK$1,500,000	2	2
	3	3

During both years, no emoluments were paid by the Group to the five highest paid individuals, including directors, as an inducement to join or upon joining the Group or as compensation for loss in office. In addition, during both years, no director waived any emoluments.

12. TAXATION

	2008 HK$'000	2007 HK$'000
The (credit) charge comprises:		
Current tax - Hong Kong Profits Tax:		
Current year	**2,132**	374
Under(over) provision in prior years	**22**	(2)
	2,154	372
Deferred taxation (credit) charge *(note 33)*	**(6,390)**	5,755
Tax (credit) charge attributable to the Company and its subsidiaries	**(4,236)**	6,127

Hong Kong Profits Tax has been provided at 17.5% (2007: 17.5%) on the estimated assessable profit for the year.

With effect from the year of assessment 2008/09, Hong Kong Profits Tax has been reduced from 17.5% to 16.5%.

Taxation (credit) charge for the year can be reconciled to the results per the consolidated income statement as follows:

	2008 HK$'000	2007 HK$'000
Profit (loss) before taxation	**60,100**	(109,470)
Tax charge (credit) of Hong Kong Profits Tax at 17.5% (2007: 17.5%)	**10,518**	(19,157)
Tax effect of expenses not deductible for tax purposes	**7,386**	29,972
Tax effect of income not taxable for tax purposes	**(10,669)**	(3,342)
Tax effect of share of results of associates	**1,120**	722
Tax effect of tax losses not recognised	**1,289**	1,964
Tax effect of utilisation of tax losses previously not recognised	**(2,875)**	(4,309)
Under(over) provision in prior years	**22**	(2)
Release of deferred taxation arising from disposal of investment properties	**(11,305)**	—
Others	**278**	279
Taxation (credit) charge for the year	**(4,236)**	6,127

13. DIVIDEND

The directors of the Company do not recommend the payment of final dividend for the year ended 31 March 2008.

14. BASIC EARNINGS (LOSS) PER SHARE

The calculations of the basic earnings (loss) per share are based on the following data:

	2008	2007
	HK$'000	HK$'000
Earnings (loss) for the purposes of calculating basic earnings (loss) per share	**64,336**	(115,597)

	2008	2007
Number of shares		
Number of shares/weighted average number of shares for the purposes of calculating basic earnings (loss) per share	**794,204,028**	444,167,875

No diluted earnings per share is presented in 2008 as there is no share option of the Company outstanding during the year. In addition, there is no dilutive effect on the Company's diluted earnings per share in relation to the outstanding convertible note in issue during the year by Easyknit Enterprises Holdings Limited ("Easyknit Enterprises"), an associate of the Group.

No diluted loss per share was presented in 2007 as the exercise price of the Company's outstanding share options was higher than the average market price during that year.

15. RELATED PARTY TRANSACTIONS/CONNECTED TRANSACTIONS

(a) During the year, the Group had the following transactions with related parties/persons deemed to be "connected persons" pursuant to Chapter 14A of the Rules Governing the Listing of Securities on the Stock Exchange, being entities controlled by certain relatives of Mr. Koon Wing Yee, a former director of the Company, and his spouse, Ms. Lui Yuk Chu, a director of the Company:

	2008	2007
	HK$'000	HK$'000
Commission income	**54**	—
Purchases of garments	**150**	48,017
Rental income	**573**	601

(b) During the year ended 31 March 2008, the Group provided administrative service to Easyknit Enterprises and received service income of HK$240,000 (2007: HK$240,000) from that company. Easyknit Enterprises is an associate of the Group and a company in which Ms. Lui Yuk Chu, a director of the Company, and her spouse, Mr. Koon Wing Yee, have beneficial interests.

In addition, the Group also disposed of a motor vehicle to a subsidiary of Easyknit Enterprises at a consideration of approximately HK$576,000 during the year ended 31 March 2008.

(c) Compensation of key management personnel

The remuneration of directors and other members of key management during the year was as follows:

	2008	2007
	HK$'000	HK$'000
Short-term employee benefits	**8,811**	8,598
Post employment benefits	**141**	132
	8,952	8,730

The remuneration of directors and key executives are determined by the remuneration committee and the executive directors, respectively, having regard to the performance of individuals and market trends.

16. PROPERTY, PLANT AND EQUIPMENT

	Leasehold properties HK$'000 *(note a)*	Furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
COST OR VALUATION				
At 1 April 2006	41,384	12,865	2,479	56,728
Additions	—	269	1,568	1,837
Disposals	—	(16)	—	(16)
Transferred to investment properties *(note b)*	(9,065)	—	—	(9,065)
At 31 March 2007 and 1 April 2007	32,319	13,118	4,047	49,484
Additions	—	206	—	206
Disposals	—	(100)	(1,330)	(1,430)
At 31 March 2008	**32,319**	**13,224**	**2,717**	**48,260**
Comprising:				
At 31 March 2007				
At cost	3,319	13,118	4,047	20,484
At valuation - 1995	29,000	—	—	29,000
	32,319	13,118	4,047	49,484
At 31 March 2008				
At cost	3,319	13,324	2,717	19,360
At valuation - 1995	29,000	—	—	29,000
	32,319	13,324	2,717	48,360
ACCUMULATED DEPRECIATION				
At 1 April 2006	19,505	12,118	915	32,538
Provided for the year	466	358	686	1,510
Eliminated on disposals	—	(16)	—	(16)
Eliminated on transfer to investment properties	(2,486)	—	—	(2,486)
At 31 March 2007 and 1 April 2007	17,485	12,460	1,601	31,546
Provided for the year	366	279	495	1,140
Eliminated on disposals	—	(100)	(754)	(854)
At 31 March 2008	**17,851**	**12,639**	**1,342**	**31,832**
CARRYING VALUES				
At 31 March 2008	**14,468**	**585**	**1,375**	**16,428**
At 31 March 2007	14,834	658	2,446	17,938

16. PROPERTY, PLANT AND EQUIPMENT – *continued*

Notes:

(a) Owner-occupied leasehold land situated in Hong Kong is included in property, plant and equipment as the allocation between the land and buildings elements cannot be made reliably.

(b) During the year ended 31 March 2007, the Group rented out certain of its leasehold properties to independent third parties for rental income. When there is a change in use, upon the transfer from property, plant and equipment to investment properties, these properties were revalued at fair value with a gain on revaluation of approximately HK$2,521,000, which had been credited to the property revaluation reserve.

The above items of property, plant and equipment are depreciated on a straight-line basis at the following rates per annum:

Leasehold properties	Over the duration of the leases or fifty years, whichever is the shorter
Furniture, fixtures and equipment	20%
Motor vehicles	20%

The carrying value of leasehold properties shown above comprises:

	2008	2007
	HK$'000	HK$'000
Properties held on medium-term lease in Hong Kong	**14,468**	14,834

The valuation of certain leasehold properties was carried out by Jones Lang Wootton Ltd., a firm of independent professional property valuers, at 31 October 1994 on an open market value vacant possession basis. Had all these leasehold properties been carried at cost less accumulated depreciation, their carrying value would have been stated at HK$18,200,000 (2007: HK$18,700,000).

17. PROPERTIES HELD FOR DEVELOPMENT

At 31 March 2007, due to the uncertainty on the timing of the successful acquisition of the remaining units of the building (the "Remaining Properties") for development purpose within the Group's normal operating cycle, properties held for development were not included as the Group's current assets in the consolidated balance sheet.

During the year ended 31 March 2008, the Group completed the acquisition of the Remaining Properties at a total consideration of HK$12,880,000 and the development project has been commenced. Properties held for development at 31 March 2008 were therefore included in current assets in the consolidated balance sheet as it is expected that the properties may be realised in the Group's normal operating cycle for properties development, which is expected to be more than twelve months after the balance sheet date.

18. INVESTMENT PROPERTIES

	HK$'000
FAIR VALUE	
At 1 April 2006	589,700
Transferred from leasehold properties	9,100
Increase in fair value recognised in the consolidated income statement	7,370
At 31 March 2007 and 1 April 2007	606,170
Increase in fair value recognised in the consolidated income statement	52,928
Disposal	(92,418)
At 31 March 2008	**566,680**

The fair values of the Group's investment properties at 31 March 2008 and 2007 have been arrived at on the basis of a valuation carried out on those days by Messrs. Knight Frank Petty Limited, independent qualified professional property valuers not connected with the Group. Messrs. Knight Frank Petty Limited are members of the Hong Kong Institute of Surveyors, and have appropriate qualifications. The valuation, which conforms to The Valuation Standards on Properties issued by the Hong Kong Institute of Surveyors, was arrived at by reference to market evidence of transactions prices for similar properties.

All of the Group's leasehold interests in land held under operating leases to earn rentals are measured using the fair value model and are classified and accounted for as investment properties.

18. INVESTMENT PROPERTIES – *continued*

The carrying value of investment properties shown above comprises:

	2008 HK$'000	2007 HK$'000
Land in Hong Kong:		
Long lease	**86,000**	79,000
Medium-term lease	**480,680**	527,170
	566,680	606,170

19. INTANGIBLE ASSET

The intangible asset represents club debenture with indefinite useful life and is carried at cost.

The club debenture is considered by the management as having an indefinite useful life because there is no contractual life for the club debenture. There is no indication that the club debenture may be impaired as a result of the impairment test carried out by the management with reference to the second-hand market price of the club debenture at the balance sheet date.

20. INTERESTS IN ASSOCIATES

	2008 HK$'000	2007 HK$'000
Listed securities in Hong Kong, at cost	**112,124**	75,676
Share of post-acquisition losses	**(24,050)**	(17,651)
Share of translation reserve	**6,364**	2,565
	94,438	60,590
Market value of listed securities	**65,605**	3,752,868

20. INTERESTS IN ASSOCIATES – *continued*

The summarised financial information in respect of the Group's associates is set out below:

	2008	2007
	HK$'000	HK$'000
Total assets	**333,349**	204,879
Total liabilities	**(66,384)**	(36,245)
Net assets *(note)*	**266,965**	168,634
Group's share of net assets of associates	**94,438**	60,590
Turnover	**74,923**	75,964
Loss for the year	**(17,811)**	(11,481)
Total share of results of associates for the year	**(6,399)**	(4,125)

Note: The amount includes the equity component of the convertible note issued by Easyknit Enterprises in March 2008 to a third party amounting to HK$4,128,000 (2007: nil), which is not shared by the Group.

20. INTERESTS IN ASSOCIATES – *continued*

Particulars of the Group's principal associates as at 31 March 2008 and 2007 are as follows:

Name of associate	Form of business structure	Place of incorporation/ registration	Principal place of operation	Class of shares held	Proportion of nominal value of issued capital/paid up registered capital/stated capital held by the Group	Nature of business
Easyknit Enterprises	Incorporated	Bermuda	Hong Kong	Ordinary	35.93%	Investment holding
Easyknit (Mauritius) Limited	Establishment	Republic of Mauritius	Hong Kong	N/A	35.93%*	Investment holding
Po Cheong International Enterprises Limited	Incorporated	Hong Kong	Hong Kong	Ordinary	35.93%*	Investment holding
Tat Cheong International (HK) Limited	Incorporated	Hong Kong	Hong Kong	Ordinary	35.93%*	Investment holding
東莞永耀漂染有限公司 ("Wing Yiu") **	Establishment	PRC	PRC	N/A	35.93%*	Bleaching and dyeing
永義紡織（河源）有限公司 ("He Yuan") ***	Establishment	PRC	PRC	N/A	35.93%*	Knitting
永義製衣（湖州）有限公司 ("Huzhou Garment") ****	Establishment	PRC	PRC	N/A	35.93%*	Construction in progress of garment production plant for own use
永義紡織（湖州）有限公司 ("Huzhou Knitting") *****	Establishment	PRC	PRC	N/A	35.93%*	Construction in progress of knitting production plant for own use
永義漂染（湖州）有限公司 ("Huzhou Bleaching and Dyeing") ******	Establishment	PRC	PRC	N/A	35.93%*	Construction in progress of bleaching and dyeing production plant for own use

20. INTERESTS IN ASSOCIATES – *continued*

*	These companies are wholly-owned subsidiaries of Easyknit Enterprises.
**	Wing Yiu is a wholly foreign owned enterprise established in the PRC, to be operated for 10 years up to 20 August 2011.
***	He Yuan is a wholly foreign owned enterprise established in the PRC, to be operated for 15 years up to 7 March 2019.
****	Huzhou Garment is a wholly foreign owned enterprise established in the PRC, to be operated for 50 years up to 14 December 2054.
*****	Huzhou Knitting is a wholly foreign owned enterprise established in the PRC, to be operated for 50 years up to 5 January 2055.
******	Huzhou Bleaching and Dyeing is a wholly foreign owned enterprise established in the PRC, to be operated for 50 years up to 4 January 2055.

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

21. AVAILABLE-FOR-SALE INVESTMENTS

	2008 **HK$'000**	2007 HK$'000
Equity securities listed in Hong Kong at market value	**79,812**	84,830

22. PROPERTIES HELD FOR SALE

The properties held for sales are situated in Hong Kong and are held under medium-term leases. They are stated at cost at the balance sheet date.

23. INVESTMENTS HELD FOR TRADING

	2008 **HK$'000**	2007 HK$'000
Equity securities listed in Hong Kong at market value	**139,033**	41,566

24. INVENTORIES

	2008 **HK$'000**	2007 HK$'000
Raw materials	**—**	182
Work in progress	**—**	1,928
Finished goods	**2,942**	7,756
	2,942	9,866

25. TRADE AND OTHER RECEIVABLES

	2008 HK$'000	2007 HK$'000
Trade receivables	16,480	24,171
Less: Allowance for doubtful debts	(790)	(5,121)
	15,690	19,050
Deposits to suppliers	13,034	25,100
Other receivables	3,419	5,128
	32,143	49,278

The Group allows credit period of up to 90 days to its trade customers. The aged analysis of trade receivables net of allowance for doubtful debts at the balance sheet date is as follows:

	2008 HK$'000	2007 HK$'000
0 - 60 days	15,404	17,919
61 - 90 days	224	533
Over 90 days	62	598
	15,690	19,050

The management closely monitors the credit quality of trade and other receivables and considers trade and other receivables that are neither past due nor impaired to be of good credit quality.

Included in the Group's trade receivable balances are debtors with aggregate carrying amount of HK$3,918,000 (2007: HK$1,584,000) which are past due at the reporting date for which the Group has not provided for allowance. The Group does not hold any collateral over these balances.

The following is an aged analysis of trade receivables which are past due but not impaired:

	2008 HK$'000	2007 HK$'000
Overdue by 1 to 60 days	3,856	490
Overdue by 61 to 90 days	1	532
Overdue by over 90 days	61	562
	3,918	1,584

25. TRADE AND OTHER RECEIVABLES – *continued*

Movement in the allowance for doubtful debts:

	2008	2007
	HK$'000	HK$'000
Balance at beginning of the year	**5,121**	5,101
Amounts written off as uncollectible	**(4,319)**	—
Impairment losses recognised on receivables	**—**	20
Amounts recovered during the year	**(12)**	—
Balance at end of the year	**790**	5,121

Included in the allowance for doubtful debts are individually impaired trade receivables with an aggregate balance of HK$790,000 (2007: HK$5,121,000) which have either been placed under liquidation or in financial difficulties. The Group does not hold any collateral over these balances.

No allowance was made for trade receivables that are past due but not impaired at the balance sheet date as the amounts were expected to be subsequently recovered after the balance sheet date.

The Group's trade and other receivables that are denominated in currencies other than the functional currencies of the relevant group entities are set out below:

	2008	2007
	HK$'000	HK$'000
USD	**4,891**	5,713
Euro	**2,130**	1,035

26. LOANS RECEIVABLE

	2008 HK$'000	2007 HK$'000
Amount secured by property interests and bearing interest at the bank's Hong Kong dollars best lending rate plus 2% (2007: fixed rate of 9%) per annum	**9,000**	2,297
Unsecured amount		
- guaranteed by outside parties and bearing interest at a rate ranging from 6% to 9.75% (2007: 4% to the bank's Hong Kong dollars best lending rate plus 2%) per annum	**75,083**	28,083
- bearing interest at 8.75% (2007: Hong Kong Interbank Offer Rate plus 2.125%) per annum	**50,000**	18,000
	134,083	48,380
Less: Amount due from borrowers within one year shown under current assets	**(134,000)**	(43,255)
Amount due from borrowers after one year but not more than two years shown under non-current assets	**83**	5,125

The management closely monitors the credit quality of loans receivable and considers loans receivable that are neither past due nor impaired to be of good credit quality. No loans receivable is past due at both balance sheet dates.

Movement in the allowance for doubtful debts:

	2008 HK$'000	2007 HK$'000
Balance at beginning of the year	**2,160**	—
Amounts written off as uncollectible	**(2,160)**	—
Impairment losses recognised on receivables	**—**	2,160
Balance at end of the year	**—**	2,160

Included in the allowance for doubtful debts in 2007 were individually impaired loans receivable with an aggregate balance of HK$2,160,000 (2008: nil) which have either been placed under liquidation or in financial difficulties. The Group does not hold any collateral over these balances.

All loans receivable are denominated in HKD at both balance sheet dates.

27. BILLS RECEIVABLE

At the balance sheet date, the bills receivable are aged within 90 days (2007: 90 days).

The Group's bills receivable that are denominated in currencies other than the functional currencies of the relevant group entities are set out below:

	2008 HK$'000	2007 HK$'000
USD	**30,826**	46,661

28. BANK BALANCES AND CASH

The amounts comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less, at prevailing market interest rates ranging from 0.01% to 5.75% (2007: 1.75% to 4.20%) per annum.

The Group's bank balances and cash that are denominated in currencies other than the functional currencies of the relevant group entities are set out below:

	2008 HK$'000	2007 HK$'000
USD	**15,309**	14,401
Euro	**11,805**	—

29. TRADE AND OTHER PAYABLES

Included in trade and other payables are trade payables of HK$23,704,000 (2007: HK$29,084,000). The aged analysis of trade payables at the balance sheet date is as follows:

	2008	2007
	HK$'000	HK$'000
0 - 60 days	**23,687**	28,927
61 - 90 days	**12**	2
Over 90 days	**5**	155
	23,704	29,084

The Group's trade and other payables that are denominated in currencies other than the functional currencies of the relevant group entities are set out below:

	2008	2007
	HK$'000	HK$'000
USD	**529**	407

30. BILLS PAYABLE

At the balance sheet date, the bills payable are aged within 30 days (2007: 30 days).

The Group's bills payable that are denominated in currencies other than the functional currencies of the relevant group entities are set out below:

	2008	2007
	HK$'000	HK$'000
USD	**1,444**	—

31. SHARE CAPITAL

	Notes	**Nominal value per share**	**Number of shares**	**Amount**
		HK$		HK$'000
Authorised:				
At 1 April 2006		0.10	10,000,000,000	1,000,000
Consolidation of shares	(a)		(9,000,000,000)	—
Subdivision of shares	(a)		99,000,000,000	—
At 31 March 2007 and 31 March 2008		**0.01**	**100,000,000,000**	**1,000,000**
Issued and fully paid:				
At 1 April 2006		0.10	1,323,673,386	132,367
Rights issue of shares at a price of HK$0.12 per rights share	(b)	0.10	661,836,693	66,184
Consolidation of shares	(a)		(1,786,959,072)	—
Subdivision of shares and reduction of share capital	(a)		—	(196,565)
Rights issue of shares at a price of HK$0.35 per rights share	(c)	0.01	595,653,021	5,956
At 31 March 2007 and 31 March 2008		**0.01**	**794,204,028**	**7,942**

Notes:

(a) As announced by the Company on 30 August 2006, the Company proposed to effect (i) a share consolidation (the "Share Consolidation") pursuant to which every ten issued and unissued then existing shares of HK$0.10 each were consolidated into one consolidated share of HK$1.00 each ("Consolidated Share"); (ii) reduction of par value of each Consolidated Share from HK$1.00 each to HK$0.01 each by cancelling HK$0.99 paid up share capital for each Consolidated Share in issue, subdivision of each unissued Consolidated Share with par value of HK$1.00 each into 100 new shares with par value of HK$0.01 each and transfer of credit arising therefrom with the amount of approximately HK$196,565,000 to the capital reserve account (the "Capital Reduction", together with the Share Consolidation, collectively referred to the "Capital Reorganisation"). Details of the Capital Reorganisation are set out, inter alia, in the circular of the Company dated 22 September 2006. A special resolution approving the Capital Reorganisation was passed at the special general meeting of the Company held on 16 October 2006. The Capital Reorganisation became effective on 17 October 2006.

(b) 661,836,693 rights shares of HK$0.10 each were allotted on 24 April 2006 at a subscription price of HK$0.12 per rights share to the shareholders of the Company in the proportion of one rights share for every two existing shares then held. The Company raised approximately HK$78,919,000 (net of directly attributable expenses of approximately HK$502,000), which was used as partial payment for acquisition of the properties for development. All shares issued rank pari passu with the then existing shares in issue in all respects.

31. SHARE CAPITAL – *continued*

(c) 595,653,021 rights shares of HK$0.01 each were allotted on 3 November 2006 at a subscription price of HK$0.35 per rights share to the shareholders of the Company in the proportion of three rights shares for every existing share then held. The Company raised approximately HK$207,139,000 (net of directly attributable expenses of approximately HK$1,339,000), which will be used to expand the Group's property portfolio and for general working capital purpose. All shares issued rank pari passu with the then existing shares in issue in all respects.

32. SHARE OPTION SCHEME

The Company has a share option scheme (the "Scheme") approved at the special general meeting of the Company held on 18 February 2002 (the "Adoption Date"). Under the Scheme the directors of the Company may at their absolute discretion grant options to any employee(s) including executive or non-executive directors of the Group or associated companies, controlling shareholders, business partners, joint venture partners, contractors, agents, representatives, suppliers, customers, landlords, tenants, advisers or consultants of the Group (including any company controlled by any of the above persons) to subscribe for shares in the Company.

The Scheme is for the primary purpose of attracting, retaining and motivating talented employees, providing participants of the Scheme with opportunity to acquire proprietary interests in the Company and encouraging participants as incentives to work towards enhancing the value of the Company and its shares for the benefit of the Company and its shareholders as a whole and as rewards for the participants' contribution or potential contribution to the Group. The Scheme will expire on 18 February 2012.

The maximum number of shares which may be issued upon exercise of all options to be granted under the Scheme and other share option schemes of the Company must not exceed 10% of the shares in issue on the Adoption Date. The overall limit on the number of shares which may be issued upon exercise of all options granted and yet to be exercised under the Scheme and other share option schemes of the Company must not exceed 30% of the shares in issue from time to time.

Each grant of options to any director, chief executive or substantial shareholder of the Company, or any of their respective associates, shall be subject to the approval of the independent non-executive directors of the Company. Where any grant of options to a substantial shareholder or an independent non-executive director of the Company, or any of their respective associates, would result in the shares issued and to be issued upon exercise of all options already granted and to be granted to such person in the 12-month period representing in aggregate over 0.1% of the shares of the Company in issue and having an aggregate value, based on the closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheet on the date of each grant, in excess of HK$5,000,000, such further grant of options shall be subject to shareholders' approval with the connected persons of the Company abstaining from voting.

Subject to the aforesaid, the total number of shares issued and to be issued upon exercise of the options granted and to be granted to each grantee (including both exercised and outstanding options) in any 12-month period must not exceed 1% of the shares of the Company in issue. Any further grant of options in excess of the limit shall be subject to shareholders' approval with such grantee and his associates abstaining from voting.

32. SHARE OPTION SCHEME – *continued*

The offer of the grant of options must be accepted within 30 days from the date of offer with the payment of a nominal consideration of HK$1. The exercise period of the share options is determined by the directors of the Company and shall not expire later than ten years from the date of offer. The subscription price is determined by the directors of the Company, and will not be less than the highest of (i) the closing price of the Company's shares as stated in the daily quotations sheets issued by the Stock Exchange on the date of offer; (ii) the average closing price of the Company's shares as stated in the daily quotations sheets issued by the Stock Exchange for the five business days immediately preceding the date of offer; and (iii) the nominal value of a share of the Company on the date of offer. Unless otherwise determined by the directors of the Company, there is no minimum period for which an option must be held before it can be exercised.

A summary of the movements of the Company's share options during the year ended 31 March 2007 was as follows:

				Number of share options			
Grantee	Date of grant	Exercise period	Exercise price HK$	At 1 April 2006	Adjustments*	Lapsed during the year	At 31 March 2007
Employees	2 March 2006	2 March 2006 to 1 September 2006	0.1418	132,360,000	(132,360,000)	—	—
			0.1404*	—	133,683,000	(133,683,000)	—

* The number of share options and the corresponding exercise price had been adjusted as a result of the rights issue of shares of the Company in April 2006.

No share options were exercised or cancelled during the year ended 31 March 2007.

There was no share option outstanding at 31 March 2008 or at any time during the year.

Notes:

(1) The share options have no vesting period and are exercisable from the date of grant.

(2) The exercise price of the share options is subject to adjustment in case of rights or bonus issues, or other similar changes in the share capital of the Company.

(3) The share price at grant date of options represents the closing price of the Company's shares as stated in the daily quotations sheets issued by the Stock Exchange on the trading day immediately preceding the date of offer of the options.

33. DEFERRED TAXATION

Major deferred tax liabilities and assets recognised and movements thereon are as follows:

	Accelerated tax depreciation HK$'000	Investment properties HK$'000	Tax losses HK$'000	Total HK$'000
At 1 April 2006	390	43,883	(21,795)	22,478
(Credit) charge to consolidated income statement	(66)	1,814	4,007	5,755
At 31 March 2007 and 1 April 2007	324	45,697	(17,788)	28,233
(Credit) charge to consolidated income statement	(68)	(8,605)	2,283	(6,390)
At 31 March 2008	**256**	**37,092**	**(15,505)**	**21,843**

For the purposes of balance sheet presentation, the above deferred tax liabilities and assets have been offset.

At 31 March 2008, the Group has unused tax losses of HK$189,918,000 (2007: HK$212,028,000) available for offset against future profits. A deferred tax asset has been recognised in respect of HK$88,598,000 (2007: HK$101,646,000) of such losses. No deferred tax asset has been recognised in respect of the remaining tax losses of HK$101,320,000 (2007: HK$110,382,000) due to the unpredictability of future profits streams. The unrecognised tax losses may be carried forward indefinitely except the losses of HK$52,453,000 (2007: HK$45,153,000) which will expire as follows:

	2008 HK$'000	2007 HK$'000
Year of expiry		
2022	**1,821**	1,821
2023	**2,163**	2,163
2024	**11,225**	11,225
2025	**13,272**	13,272
2026	**7,650**	7,650
2027	**9,022**	9,022
2028	**7,300**	—
	52,453	45,153

34. PLEDGE OF ASSETS

At the balance sheet date, the following assets of the Group were pledged to banks to secure credit facilities granted to the Group:

	2008	2007
	HK$'000	HK$'000
Investment properties	**138,500**	131,000

35. OPERATING LEASE ARRANGEMENTS

The Group as lessee

	2008	2007
	HK$'000	HK$'000
Minimum lease payments recognised in the consolidated income statement during the year	**2,147**	3,258

At the balance sheet date, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2008	2007
	HK$'000	HK$'000
Within one year	**918**	1,896
In the second to fifth year inclusive	**676**	1,591
	1,594	3,487

Operating lease payments represent rentals payable by the Group for certain of its office premises and directors' quarters. Leases are negotiated for terms of two to three years.

Under the leases entered into by the Group, the lease payments are fixed and no arrangements have been entered into for contingent rental payments.

The Group as lessor

	2008	2007
	HK$'000	HK$'000
Property rental income earned during the year	**27,164**	26,138
Less: Outgoings	**(881)**	(753)
Net rental income	**26,283**	25,385

35. OPERATING LEASE ARRANGEMENTS – *continued*

At the balance sheet date, the Group had contracted with tenants for the following future minimum lease payments:

	2008	2007
	HK$'000	HK$'000
Within one year	**23,202**	25,445
In the second to fifth year inclusive	**9,595**	24,744
	32,797	50,189

Under the leases entered into by the Group, the rental payments are fixed and no arrangements have been entered into for contingent rental payments. The properties held have committed tenants for terms of one to three years.

36. RETIREMENT BENEFITS SCHEMES

The Group had defined contribution retirement scheme (the "Retirement Scheme") for its employees and the assets of the Retirement Scheme are held under provident funds managed by independent trustees. With effect from 1 December 2000, the Retirement Scheme has become a "Top Up" scheme to supplement the minimum benefit under the mandatory provident fund scheme (the "MPF Scheme") for all the eligible employees of the Group in Hong Kong.

Under the MPF Scheme, the employees are required to contribute 5% of their monthly salaries or up to a maximum of HK$1,000 and they can choose to make additional contributions. The employer's monthly contributions are calculated at 5% of the employee's monthly salaries or up to a maximum of HK$1,000 (the "mandatory contributions"). The employees are entitled to 100% of the employer's mandatory contributions upon their retirement at the age of 65, death or total incapacity.

The aggregate employers' contributions which have been dealt with in the consolidated income statement for the year ended 31 March 2008 amounted to HK$776,000 (2007: HK$753,000).

At the balance sheet date, the total amount of forfeited contributions available to reduce the contributions payable in the future years was insignificant.

37. SIGNIFICANT EVENTS

The Company included in note 39 (c) of the Group's annual financial statements for the year ended 31 March 2007, details of, among others, a possible merger of Easyknit Enterprises with Wits Basin Precious Minerals Inc. ("Wits Basin") and a possible issue of approximately 3 billion shares by Easyknit Enterprises to the shareholders of Wits Basin which may lead to a dilution of the Company's shareholding in Easyknit Enterprises from approximately 35.93% to approximately 19.40%. Wits Basin is a company incorporated in Minnesota, the USA whose principal business was the exploration and development of minerals in Mexico, Colorado and South Africa.

The Company further announced jointly with Easyknit Enterprises on 20 August and 6 November 2007 that Wits Basin had sent a letter to Easyknit Enterprises purporting to terminate the merger agreements on the grounds cited or on any other grounds. Easyknit Enterprises did not admit any allegations made by Wits Basin or that Wits Basin was entitled to terminate the merger agreements on the grounds cited or on any other grounds. Easyknit Enterprises took legal advice in the USA about the purported termination of the merger agreements and instructed its lawyers in the USA to claim from Wits Basin a break up fee of US$30,000,000 (approximately HK$234 million) according to the termination clauses noted in the merger agreements.

On 19 December 2007, Easyknit Enterprises entered into a settlement agreement and general release (the "Settlement and Release") with Wits Basin in relation to the merger agreements and the litigation between Easyknit Enterprises and Wits Basin. Pursuant to the Settlement and Release, among others, the possible merger will not proceed and Easyknit Enterprises and Wits Basin agreed to dismiss the litigation previously started by Wits Basin on 15 August 2007, including all claims, counterclaims, and defences, with prejudice and on the merits, without further costs or fees to any party. In addition, it was agreed that all written or oral agreements entered into between Easyknit Enterprises and Wits Basin prior to the execution of the Settlement and Release were deemed terminated. Details of the Settlement and Release are set out in the Company's joint announcement with Easyknit Enterprises dated 19 December 2007.

38. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Particulars of the Company's principal subsidiaries as at 31 March 2008 and 2007 are as follows:

Name of subsidiary	Place of incorporation/ establishment and operation	Nominal value of issued share/ registered capital	Proportion of nominal value of issued share capital/ registered capital held by the Company				Principal activities
			2008		2007		
			Directly	Indirectly	Directly	Indirectly	
Cheong Ko Investment Company Limited	Hong Kong	Ordinary HK$2 (Non-voting preferred HK$10,000) *	—	100%	—	100%	Property holding
Easyknit BVI Limited	British Virgin Islands/ Hong Kong	Ordinary US$100	100%	—	100%	—	Investment holding
Easyknit Global Company Limited (formerly known as Easyknit Trading Company Limited and Perfect Luck Development Limited)	Hong Kong	Ordinary HK$2	—	100%	—	100%	Trading of garments
Easyknit International Limited	British Virgin Islands/ Hong Kong	Ordinary US$1	100%	—	100%	—	Investment holding
Easyknit Properties Holdings Limited	British Virgin Islands/ Hong Kong	Ordinary US$1,000	100%	—	100%	—	Investment holding
Easyknit Properties Management Limited	Hong Kong	Ordinary HK$10,000	—	100%	—	100%	Property management
Easyknit Worldwide Company Limited (formerly known as Easyknit International Trading Company Limited and Grand Modern Investment Limited)	Hong Kong	Ordinary HK$2	—	100%	—	100%	Trading of garments
Golden Top Properties Limited	Hong Kong	Ordinary HK$2	—	100%	—	100%	Property holding
Grand Modern Investment Limited (formerly known as Easyknit International Trading Company Limited)	Hong Kong	Ordinary HK$2	—	100%	—	100%	Trading of garments

38. PARTICULARS OF PRINCIPAL SUBSIDIARIES – *continued*

Particulars of the Company's principal subsidiaries as at 31 March 2008 and 2007 are as follows: – *continued*

Name of subsidiary	Place of incorporation/ establishment and operation	Nominal value of issued share/ registered capital	Proportion of nominal value of issued share capital/ registered capital held by the Company				Principal activities
			2008		2007		
			Directly	Indirectly	Directly	Indirectly	
Grand Profit Development Limited	Hong Kong	Ordinary HK$2	–	100%	–	100%	Trading of garments
Happy Light Investments Limited	British Virgin Islands/ Hong Kong	Ordinary US$1	–	100%	–	100%	Property development
Janson Properties Limited	Hong Kong	Ordinary HK$2	–	100%	–	100%	Property holding
Landmark Profits Limited	British Virgin Islands/ Hong Kong	Ordinary US$1	100%	–	100%	–	Investment holding
Mark Profit Development Limited	Hong Kong	Ordinary HK$2	–	100%	–	100%	Property holding and property development
Mary Mac Apparel Inc.	USA	Common stock US$7,738,667	–	100%	–	100%	Garment distribution
Perfect Luck Development Limited (formerly known as Easyknit Trading Company Limited)	Hong Kong	Ordinary HK$2	–	100%	–	100%	Trading of garments
Planetic International Limited	Hong Kong	Ordinary HK$2	–	100%	–	100%	Finance company
Wellmake Investments Limited	Hong Kong	Ordinary HK$9,998 (Non-voting deferred HK$2) *	–	100%	–	100%	Property holding

* The non-voting preferred shares of Cheong Ko Investment Company Limited and the non-voting deferred shares of Wellmake Investments Limited carry no rights to receive notice of, attend or vote at any general meeting and have very limited rights to participate in a distribution of profits and, on liquidation, to the repayment of the amount paid up on the shares.

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

None of the subsidiaries had issued any debt securities at 31 March 2008.

39. POST BALANCE SHEET EVENTS

The following significant events took place subsequent to 31 March 2008:

(a) The holder of the convertible note issued by Easyknit Enterprises exercised his conversion right and converted the whole amount of the convertible note at its par value of HK$37,650,000 into 784,375,000 new ordinary shares of Easyknit Enterprises at a conversion price of HK$0.048 per conversion share. The Group's interest in Easyknit Enterprises was diluted from approximately 35.93% to approximately 31.70% and the gain on partial disposal of interests in associates is not expected to be significant.

(b) As announced by the Company on 18 April 2008, the Group acquired certain equity securities listed in Hong Kong, which were classified as investments held for trading, from the market at a consideration of approximately HK$21.6 million (exclusive of transaction costs).

(c) As announced by the Company on 20 June 2008, the Group disposed of certain equity securities listed in Hong Kong, which were classified as investments held for trading and available-for-sale investments, through the market for an aggregate gross sale proceeds of approximately HK$23.6 million. The gain on fair value change of the investments held for trading and available-for-sale investments from 1 April 2008 to the date of disposals amounted to approximately HK$2.1 million.

(d) As announced by the Company on 27 June 2008, the Group entered into a sale and purchase agreement with a vendor to acquire the entire issued share capital of Trump Elegant Investment Limited ("Trump Elegant") for a total consideration of HK$8,300,000. The Group also agreed to advance an interest-free loan to Trump Elegant up to an aggregate amount not exceeding HK$32,000,000. Trump Elegant is a limited liability company incorporated in Hong Kong and is the purchaser under various property purchase agreements. The acquisition of Trump Elegant will enable the Group to acquire 11 out of the 12 units in the building situated on Section B of Kowloon Lot No. 1685 (Nos. 313, 313A, 313B & 313C Prince Edward Road West, Kowloon, Hong Kong).

    In addition, the vendor granted to the Group the right to require the vendor to purchase from the Group entire issued share capital of Trump Elegant if completion of any units does not take place, at a consideration equivalent to the aggregate of HK$8,300,000 and total sum paid by Trump Elegant and the Group.

    Details of the above are set out in the announcement of the Company dated 27 June 2008.

RESULTS

	Year ended 31 March				
	2004	2005	2006	2007	**2008**
	HK$'000	HK$'000	HK$'000	HK$'000	**HK$'000**
Turnover	706,044	590,001	489,715	557,737	**521,339**
Profit (loss) before taxation	134,875	366,242	182,534	(109,470)	**60,100**
Taxation (charge) credit	(2,459)	(17,773)	(9,683)	(6,127)	**4,236**
Profit (loss) for the year	132,416	348,469	172,851	(115,597)	**64,336**
Attributable to:					
Equity holders of the Company	140,830	348,469	172,851	(115,597)	**64,336**
Minority interests	(8,414)	—	—	—	**—**
Profit (loss) for the year	132,416	348,469	172,851	(115,597)	**64,336**

ASSETS AND LIABILITIES

	At 31 March				
	2004	2005	2006	2007	**2008**
	HK$'000	HK$'000	HK$'000	HK$'000	**HK$'000**
Total assets	1,041,132	1,328,097	1,127,857	1,473,064	**1,559,398**
Total liabilities	(373,917)	(274,409)	(96,929)	(103,886)	**(89,869)**
Total equity	667,215	1,053,688	1,030,928	1,369,178	**1,469,529**

SUMMARY OF PROPERTIES

As at 31 March 2008

A. INVESTMENT PROPERTIES

	Location	Purpose	Approximate gross floor/ saleable area (sq. ft.)	Lease term
1.	Easy Tower Nos. 609 Tai Nan West Street, Cheung Sha Wan, Kowloon	Industrial/ commercial	74,458	Medium
2.	Shops 1, 2, 3 on Ground Floor together with showcase on Ground Floor, First Floor and Second Floor of Fa Yuen Plaza, No. 19 Fa Yuen Street, Mong Kok, Kowloon	Commercial	13,544	Medium
3.	6th Floor, Nos. 650-652 Castle Peak Road, and No. 18A Wing Hong Street, Kowloon	Industrial	8,514	Medium
4.	2nd Floor, Nos. 790, 792 and 794 Cheung Sha Wan Road, Kowloon	Industrial	2,997	Medium
5.	Ground Floor, No. 50 Yun Ping Road, Causeway Bay, Hong Kong	Commercial	900	Long
6.	Shop on Ground Floor together with open yard at rear thereof and the exterior walls of the said shop and yard, No. 8 Yue Man Square, Kwun Tong, Kowloon	Commercial	1,220	Medium
7.	Block B1 and portion of Block B of 7B, No. 481 Castle Peak Road Cheung Sha Wan Kowloon	Industrial	6,992	Medium

B. PROPERTIES HELD FOR SALE

Location	Purpose	Approximate gross floor area (sq. ft.)	Percentage of interest	Lease term
One Residential Unit of Fa Yuen Plaza at Upper Floor, No. 19 Fa Yuen Street, Mongkok, Kowloon	Residential	536	100%	Medium

C. PROPERTIES HELD FOR DEVELOPMENT

Location	Purpose	Approximate gross site area (sq. ft.)	Percentage of interest	Lease term	Stage of completion
Nos. 1 & 1A, 3 & 3A Victory Avenue, Kowloon (The whole of Kowloon Inland Lot Nos. 1343 and 1344)	Residential	5,001	100%	Long	Under development