ANNUAL REPORT 2008

KWONG HING INTERNATIONAL HOLDINGS (BERMUDA) LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 1131)

Contents

Corporate Information

DIRECTORS

Executive Directors

Li Man Ching *(Chairman)*
Li Mei Lin *(Deputy Chairman and Chief Executive Officer)*
Li Man Shun
Fung Chi Ki

Independent Non-Executive Directors

Tsui Wing Yin
So Kin Wah
Lee Pui Shing

COMPANY SECRETARY

Fung Chi Ki

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Units C-D, 8th Floor
Mai Shun Industrial Building
18-24 Kwai Cheong Road
Kwai Chung
New Territories
Hong Kong

AUDITORS

Deloitte Touche Tohmatsu
35th Floor
One Pacific Place
88 Queensway
Hong Kong

SOLICITORS

Michael Li & Co
14/F, Printing House
6 Duddell Street, Central
Hong Kong

PRINCIPAL SHARE REGISTERS

Butterfield Corporate Services Limited
Rosebank Centre
11 Bermudiana Road
Pembroke
Bermuda

HONG KONG BRANCH SHARE REGISTRARS

Secretaries Limited
26/F, Tesbury Centre
28 Queen's Road East
Hong Kong

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited
Wing Hang Bank Ltd.
Banco Weng Hang, S.A.

Dear Shareholders,

I announce the audited consolidated financial results of Kwong Hing International Holdings (Bermuda) Limited (the "Company") and its subsidiaries (the "Group") for the year ended 31st March, 2008.

RESULTS

For the year ended 31st March, 2008, the Group recorded a turnover of approximately HK$287,765,000 representing a decrease 11.3% compared to that of last year, and gross profit is approximately HK$17,614,000 which represented increase of approximately 139.3% compared to that of last year. However, the Group had recorded an unfavorable valuation adjustment of HK$8,684,000 on the fair value changes on the financial instruments held at balance sheet date as a consequence of the downturn in worldwide financial markets. Besides, an impairment loss of HK$11,426,000 on the trade receivables had also been made after prudent consideration by the Board. Consequently, the Group recorded a net loss of approximately HK$37,546,000 for the year.

DIVIDEND

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

BUSINESS REVIEW

The economic conditions in the United States are worsening in the year under review especially in the second half of the year. Such conditions had given an unfavourable impact to the Group's business, as US provide a major market to the Group's customers. As a result, the turnover of manufacture and sales of knitted fabric and dyed yarns has dropped to approximately HK$287,765,000 representing a decrease of 11.3% as compared to that of last year. The production costs have increased markedly because of rise in price of dyed material, coal and electricity, and salary and wages in China and the appreciation of the Renminbi against HK dollar. The impact of production cost increase was reduced by the stringent cost control measures which had delivered a positive impact to the Group, Consequently, the Group's gross margin was improved to 6.1% from 2.3% of last year. During the year, loss on fair value changes on the financial instruments was recorded and an impairment loss on the trade receivable had been made by the group under the prudent approach adopted by the Board, and fair value of the share options of approximately HK$5,522,000 was charged to the income statement. As a result, the Group recorded a net loss of approximately HK$37,546,000 this year.

During the year, management has focused on controlling its operating costs and enhancing its competitive advantage. Under the extreme competitive environment, the Group managed to control other production costs and overhead expenses reasonably well. The Group has also continued its prudent and conservative credit policy towards customers, and has monitored closely its inventory level as well as production requirements. These measures have enabled the Group to maintain a healthy cash level.

During the year, the Group invested approximately HK$5,487,000 in property, plant and equipment to upgrade its factory and production facilities as to increase its productivity and to enhance its production quality. Together with the capital investments in previous years, the Group is able to satisfy its demands of its product at better economies of scales.

PROSPECTS

Looking forward, the high production costs resulting from price increase in dyed material, coal and electricity, and salary and wages in China will continue to affect the Group's performance. The board believes that the business environment in the coming year is expected to be highly competitive and more challenging. The Group will continue to take appropriate cost control measures, rationalizing its operations, applying prudent credit policy for its customers and improving product quality in order to achieve improved return for its shareholders.

In the market front, the Group will strive to expand into the Asian and the PRC markets so as to broaden the Group's customer base and to reduce reliance on the US market.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31st March, 2008, the Group's shareholders' equity amounted to HK$340,461,000, while total indebtedness to financial institutes amounted to approximately HK$1,862,000, and cash on hand amount to approximately HK$74,349,000. The Group's financial institutes' indebtedness to equity ratio is only 0.005. Current ratio is 7.4. The Board believes that the Group's sound and healthy financial position will enable it to finance its operation and explore other business development opportunities.

As at 31st March, 2008, the Group holds a number of long-term high graded securities investments of approximately HK$15,600,000 of which HK$7,800,000 was pledged to a bank as security for general banking facilities granted to the Group.

The Groups' assets, liabilities and business transactions are principally denominated in Hong Kong dollars, Chinese Renminbi and US dollars and therefore the Group is exposed to foreign exchange risk from U.S. dollar and Renmibi. The Group manages its foreign exchange risks by performing regular review and monitoring its foreign exchange exposure. The Group will continue to enter into forward currency contracts to manage and reduce such risk.

PLEDGE OF ASSETS

At the balance sheet date, certain of the Group's prepaid lease payment and buildings with an aggregate net book value of approximately HK$2,183,000 (2007: HK$2,247,000), held-to-maturity investment of approximately HK$7,800,000 (2007: HK$7,800,000) and bank deposit of HK$4,000,000 (2007: HK$4,000,000) were pledged to banks as security for general banking facilities granted to the Group.

MAJOR CUSTOMERS AND MAJOR SUPPLIERS

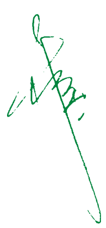
During the year, sales to the five largest customers amounted to approximately 32.3% of the Group's total sales for the year, in which the sales to the largest customer represented approximately 12.3% of the total sales for the year.

Purchases from the five largest suppliers amounted to approximately 44.2% of the total purchases for the year while total purchases from the largest supplier represented approximately 19.7% of the total purchases for the year.

To the best knowledge of the Directors, and save as disclosed above, none of the Directors, their associates or any shareholder who owned more than 5% of the Company's share capital had any interest in any of the Group's five largest customers and suppliers during the year.

APPRECIATION

For and on behalf of the Board, I would like to express my sincere gratitude to our management and staff, as well as our shareholders, customers and suppliers, for their commitments and support extended to the Group in the past year.



Chairman

Hong Kong, 26th July, 2008

Biographical Details of Directors and Senior Management

DIRECTORS AND SENIOR MANAGEMENT

Directors

Executive Directors

Mr. Li Man Ching, aged 49, is the Chairman of the Company and a co-founder of the Group. He is responsible for the business development and policy making of the Group, with primary focus on overseas marketing and sales promotion. He has over 20 years' experience in the textiles industry in the areas of sales and production.

Ms. Li Mei Lin, aged 48, is the Deputy Chairman of the Company and a co-founder of the Group. She is responsible for the administration and management of the Group. She has over ten years' experience in the textiles industry. Ms. Li Mei Lin is the younger sister of Mr. Li Man Ching.

Mr. Li Man Shun, aged 44, is a co-founder of the Group. He is responsible for the production facilities in the PRC, overseeing both the dyeing and the knitting operation. He has over 15 years' experience in the textiles industry in the area of production. Mr. Li Man Shun a younger brother of Mr. Li Man Ching.

Mr. Fung Chi Ki, aged 45, is the Group's chief financial officer and company secretary of the Company. He is fellow member of the Hong Kong Certified Public Accountants and a fellow of the Chartered Institute of Management Accountant. He has over thirteen years' experience in accounting and finance before he joined the Group in July 1998.

Independent Non-executive Directors

Mr. Tsui Wing Yin, aged 47, is a solicitor in Hong Kong. He graduated from the University of Essex in the United Kingdom with a Bachelor of Laws degree with honours. He has over fourteen years' legal experience in Hong Kong.

Mr. So Kin Wah, age 49, holds a master degree in science in construction project management from The University of Hong Kong, and is member of Royal Institution of Chartered Surveyors, The Hong Kong Institute of Surveyors, the Chartered Institute of Building, and The Chartered Institute of Arbitrators.

Mr. Lee Pui Shing, aged 44, is a senior finance manager of a financial manager of a financial institution in Hong Kong. Mr. Lee is a Chartered Accountant and holds a Bachelor's degree in Commerce from University of Otago in New Zealand. He is a member of New Zealand Institute of Chartered Accountants, a fellow member of Hong Kong Institute of Certified Public Accountants, and possesses extensive experience in corporate management, accounting and finance. Mr. Lee did not hold any directorship in other listed companies in the past.

DIRECTORS AND SENIOR MANAGEMENT (continued)

Management

Mr. Kwan Chui Shui, aged 36, is the general sales manager of the Group. He has over ten years' experience in the textiles industry and is responsible for the purchasing function and dyeing operation of the Group. He joined the Group in 1991 when it was established.

Mr. Tse Chi Sing, aged 48, is the production manager responsible for the fabric setting operations at the Group's production facilities in the PRC. He has over 16 years' experience in fabric setting. He joined the Group in April 2001.

Directors' Report

The directors present their annual report and the audited consolidated financial statements for the year ended 31st March, 2008.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The principal activities of the Group are the manufacture and sale of knitted fabrics and dyed yarns, with the provision of dyeing, bleaching, setting and finishing services.

RESULTS

The results of the Group for the year ended 31st March, 2008 are set out in the consolidated income statement on page 20 of the annual report.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year are set out in note 13 to the consolidated financial statements.

SHARE CAPITAL AND WARRANTS

Details of movements during the year in the share capital and outstanding warrants of the Company are set out in note 24 to the consolidated financial statements.

DISTRIBUTABLE RESERVES OF THE COMPANY

The Company's reserves available for distribution to shareholders as at 31st March, 2008 comprised the contributed surplus of HK$153,400,000 (2007: HK$153,400,000) and retained profits of HK$4,905,000 (2007: HK$8,779,000).

Under the Companies Act 1981 of Bermuda (as amended), the contributed surplus account of the Company is 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:

Mr. Li Man Ching *(Chairman)*

Ms. Li Mei Lin *(Deputy Chairman and Chief Executive Officer)*

Mr. Li Man Shun

Mr. Fung Chi Ki

Independent non-executive directors:

Mr. Tsui Wing Yin

Mr. So Kin Wah

Mr. Lee Pui Shing

In accordance with Articles 110 (A) of the Company's Bye-laws, Mr. Li Man Ching, Ms. Li Mei Lin and Mr. Tsui Wing Yin shall retire at the forthcoming annual general meeting and being eligible, offer themselves for re-election.

The term of office for independent non-executive director is three years or the period up to his retirement by rotation in accordance with the Company's Bye-laws.

DIRECTORS' SERVICE CONTRACTS

Mr. Li Man Ching, Ms. Li Mei Lin and Mr. Tsui Wing Yin have entered into service contracts with the Company for the term commencing from 1st January, 2008, 1st January 2008 and 24th July, 2008 respectively. All their appointments shall continue thereafter, subject to termination by either party giving at least three months' prior notice to the other party.

Other than as disclosed above, no director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

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

At 31st March, 2008, the interests of the directors, the chief executives and their associates in the shares and underlying shares of the Company and its associated corporations, as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance, or otherwise notified to the Company and the Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"), were as follows:

Long position

Name of director	Number of ordinary shares other interests *(note)*	Interest in underlying shares pursuant to share option	Aggregated interest	Percentage of the issued share capital of the Company
Ms. Li Mei Lin	171,043,000	3,100,000	174,143,000	45.38%
Mr. Li Man Shun	171,043,000	2,380,000	173,423,000	45.19%
Mr. Li Man Ching	–	3,830,000	3,830,000	1.0%
Mr. Fung Chi Ki	–	1,933,200	1,933,200	0.5%

Note: Ms. Li Mei Lin and Mr. Li Man Shun beneficially own 30,600 shares and 29,700 shares, respectively, in Rayten Limited, representing, 34% and 33%, respectively, of the issued share capital of Rayten Limited, which in turn owns 171,043,000 shares of HK$0.10 each in the Company.

Other than disclosed above, none of the directors, chief executives, nor their associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporation as at 31st March, 2008.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

None of the Company or its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 March 2008.

ARRANGEMENT TO PURCHASE SHARES OR DEBENTURES

Other than the share option holdings described in note 25 to the consolidated financial statements, at no time during the year was the Company nor 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.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

No contract of significance, to which the Company, its holding company, fellow subsidiaries or subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

SUBSTANTIAL SHAREHOLDERS

Other than the interests disclosed above in respect of certain directors, the register of substantial shareholders maintained by the Company pursuant to section 336 of SFO discloses no person as having a notifiable interests or short positions in the issued capital of the Company as at 31st March, 2008.

SHARE OPTION SCHEME

Details of the Company's share options scheme are set out in note 25 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

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

CORPORATE GOVERNANCE

The Company has complied throughout the year ended 31st March, 2008 with the Code on Corporate Government Practices as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), except for the deviation from code provision of A.4.1, pursuant to which, non-executive directors should be appointed for a specific term and subject to re-election. Certain Company's independent non-executive directors are not appointed for a specific term but are subject to retirement by rotation under the Company's Bye-laws, so that every independent non-executive directors shall retire at least once every three years. The above deviation is rectified in July 2008.

The Company has adopted the Model Code in Appendix 10 of the Listing Rules on the Stock Exchange as the code of conduct regarding securities transactions by directors. Having made specific enquiry of all directors, all directors confirmed they have complied with the required standard set out in the Model Code.

The Company has received, from each of the independent non-executive directors, an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of its independent non-executive directors are independent.

EMOLUMENT POLICY

As at 31st March, 2008, the Group had approximately 960 employees. The Group mainly determines staff remuneration in accordance with market terms and individual qualifications.

The emoluments of the directors of the Company are reviewed and recommended by the Remuneration Committee, and decided by the board of directors, as authorised by the shareholders at the annual general meeting, having regard to the Group's operating results, individual performance and comparable market statistics.

The Company maintains a share option scheme, pursuant to which, share options are granted to selected eligible participants, with a view to provide incentive to the option holders to participate and contribute the growth of the Group, details of the scheme is set out in note 25 to the consolidated financial statements. During the year, options to subscribe for a total of 20,710,000 shares of the Company were granted, and fair value of share options for HK$5,522,000 was charged to the income statement.

SUFFICIENCY OF PUBLIC FLOAT

The Company has maintained a sufficient public float throughout the year ended 31st March, 2008.

AUDITORS

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

On behalf of the Board

CHAIRMAN

Hong Kong, 26th July, 2008

CORPORATE GOVERNANCE

The Company has complied throughout the year ended 31st March, 2008 with the Code on Corporate Government Practices as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), except for the deviation from code provision of A.4.1, pursuant to which, non-executive directors should be appointed for a specific term and subject to re-election. Certain Company's independent non-executive directors are not appointed for a specific term but are subject to retirement by rotation under the Company's Bye-laws, so that every independent non-executive directors shall retire at least once every three years. The above deviation is rectified in July 2008.

DIRECTORS' SECURITIES TRANSACTION

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") in Appendix 10 of the Listing Rules on the Stock Exchange as the code of conduct regarding securities transactions by directors. Having made specific enquiry of all directors, all directors confirmed they have complied with the required standard set out in the Model Code.

THE BOARD OF DIRECTORS

The board (the "Board") of directors (the "Directors") of the Company assumes responsibility for the management of the Group's affairs, and concentrates on matters affecting the Group's overall strategic policies, finances, shareholder interests and corporate governance. The Board acknowledges its responsibility for the preparation of the accounts of the Group.

The Board comprises seven Directors including four executive Directors and three independent non-executive Directors.

The Company has received, from each of the independent non-executive Directors, an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of its independent non-executive directors are independent. Each of the independent non-executive Directors has professional, financial or accounting qualifications.

The Directors of the Group during the year and up to the date of this report were:

Executive Directors:
Mr. Li Man Ching *(Chairman)*
Ms. Li Mei Lin *(Deputy Chairman and Chief Executive Officer)*
Mr. Li Man Shun
Mr. Fung Chi Ki

Independent non-executive Directors:
Mr. Tsui Wing Yin
Mr. So Kin Wah
Mr. Lee Pui Shing

The biographical details of the Directors are set out on page 6 of this annual report.

The Board had met ten times this year to review the financial performance of the Group, major issues and also on the other occasions when the board decision were required. The views of directors were actively solicited if they were unable to attend the meeting of the Board, and the table below sets out the attendance record of each Director:

Name of Directors	Attendance
Executive Directors	
Mr. Li Man Ching *(Chairman)*	10/10
Ms. Li Mei Lin *(Deputy Chairman and Chief Executive Officer)*	10/10
Mr. Li Man Shun	10/10
Mr. Fung Chi Ki	10/10
Independent non-executive Directors	
Mr. Tsui Wing Yin	7/10
Mr. So Kin Wah	6/10
Mr. Lee Pui Shing	9/10

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The Company fully supports the division of responsibility between the Chairman of the Board and the Chief Executive Officer to ensure a balance of power and authority.

The Chairman bears primary responsibility for the functioning of the Board, by ensuring its effective operation, while the Chief Executive Officer bears executive responsibility for the Group's business, the management of the day-to-day operations of the Group.

AUDIT COMMITTEE

The Company had established a audit committee whose terms of reference was formulated in accordance with the requirements of the Stock Exchange and its current members comprise of:

Lee Pui Shing (Chairman)
Tsui Wing Yin
So Kin Wah

All the members of the audit committee are independent non-executive directors. The composition and members of the audit committee complies with the requirements of the listing Rule 3.21.

The Audit Committee's primary responsibilities include reviewing the reporting of financial and other information to shareholders, the system of the internal controls, risk management and the effectiveness and objectivity of the audit process. The audit committee had met three times this years, and all the members had attended the meeting.

REMUNERATION COMMITTEE

The remuneration committee was established in 2005 with specific terms of reference which deal clearly with its authority and duties, the current members include Mr. Lee Pui Shing (the chairman), Mr. So Kin Wah and Ms. Li Mei Lin. The remuneration committee had met four times this year to review the directors' remuneration and give its recommendation to the board for consideration. All members of the committee had attended the meeting.

NOMINATION OF DIRECTORS

The Board has not set up a nomination committee. The nomination of new Directors has been delegated to the Chairman and other executive Directors. They reviewed regularly the need to appoint additional Directors with appropriate professional knowledge and industry experience. The Board will then consider the appointment of the candidates nominated by them as Directors. During the year, no candidates be nominated.

AUDITORS' REMUNERATION

The auditor of the Group is Deloitte Touche Tohmatsu. They are primarily responsible for providing audit services in connection with the annual consolidated financial statements. During the year, the audit fee including fee for interim review charge to the accounts this year is HK$900,000. Deloitte Touche Tohmatsu are also the tax advisers of the Group, the services charges for the year is HK$68,700.

RESPONSIBILITIES IN RESPECT OF FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the accounts which were prepared in accordance with statutory requirements and applicable accounting standards.

There are no material uncertainties relating to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

The statement of the external auditors of the Company about their reporting responsibilities on the financial statements is set out in the Report of the Auditor on page 18 to page 19 of this annual report.

During the year, the Board has reviewed the effectiveness of the internal control system of the Group. The review covers all material controls, including financial, operational and compliance controls and risk management functions of the Group. No material internal control aspects of any significant problems were noted. The board was satisfied that the internal system of the Group has been functioned effectively during the review year.

Deloitte.
德勤

TO THE MEMBERS OF
KWONG HING INTERNATIONAL HOLDINGS (BERMUDA) LIMITED
廣興國際控股有限公司
(incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Kwong Hing International Holdings (Bermuda) Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 20 to 75, which comprise the consolidated balance sheet as at 31st 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 31st March, 2008 and of the Group's loss 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
26th July 2008

Consolidated Income Statement

For the year ended 31st March, 2008

	NOTES	2008 HK$'000	2007 HK$'000
Continuing operation			
Revenue	6	287,765	319,624
Cost of sales		(270,151)	(310,833)
Gross profit		17,614	8,791
Other income		4,417	2,821
Distribution and selling expenses		(6,474)	(7,009)
Administrative expenses		(44,347)	(23,508)
Fair value changes on financial instruments at fair value through profit or loss		(8,684)	1,573
Finance costs	8	(72)	(276)
Loss before taxation		(37,546)	(17,608)
Income tax credit	9	–	1,963
Loss for the year from continuing operation		(37,546)	(15,645)
Discontinued operation	26		
Loss for the year from discontinued operation		–	(5,911)
Loss for the year	10	(37,546)	(21,556)
Loss per share	12		
From continuing and discontinued operations:			
– Basic		9.8 HK cents	5.6 HK cents
From continuing operation:			
– Basic		9.8 HK cents	4.1 HK cents

Consolidated Balance Sheet

	NOTES	2008 HK$'000	2007 HK$'000
Non-current assets			
Property, plant and equipment	13	100,669	107,819
Prepaid lease payments	14	1,984	2,042
Held-to-maturity investments	15	15,600	15,600
		118,253	125,461
Current assets			
Inventories	16	102,898	108,208
Trade and other receivables	17	36,469	48,986
Bills receivable	17	448	2,405
Prepaid lease payments	14	58	58
Financial assets at fair value through profit or loss	19	39,595	5,167
Derivative financial instruments	20	3,131	1,203
Pledged bank deposit	18 & 27	4,000	4,000
Bank balances and cash	18	70,349	104,239
		256,948	274,266
Current liabilities			
Trade and other payables	21	25,660	30,360
Bills payable-secured	21	1,728	1,989
Taxation payable		2,794	3,464
Obligations under finance leases			
– due within one year	22	134	2,336
Derivative financial instruments	20	4,424	475
		34,740	38,624
Net current assets		222,208	235,642
Total assets less current liabilities		340,461	361,103
Non-current liabilities			
Obligations under finance leases – due after one year	22	–	134
		340,461	360,969

Consolidated Balance Sheet

At 31st March, 2008

	NOTES	2008 HK$'000	2007 HK$'000
Capital and reserves			
Share capital	24	**38,376**	38,376
Reserves		**302,085**	322,593
		340,461	360,969

The consolidated financial statements on pages 20 to 75 were approved and authorised for issue by the Board of Directors on 26th July 2008 and are signed on its behalf by:

CHAIRMAN

DEPUTY CHAIRMAN

Consolidated Statement of Changes in Equity

	Share capital HK$'000	Share premium HK$'000	Contributed surplus HK$'000	Warrant reserve HK$'000	Translation reserve HK$'000	Share option reserve HK$'000	Retained profits HK$'000	Total HK$'000
At 1st April, 2006	38,857	130,452	122,652	–	783	–	86,830	379,574
Exchange differences arising on translation of foreign operations recognised directly in equity	–	–	–	–	4,103	–	–	4,103
Loss for the year	–	–	–	–	–	–	(21,556)	(21,556)
Total recognised income and expense for the year	–	–	–	–	4,103	–	(21,556)	(17,453)
Shares repurchased	(481)	(671)	–	–	–	–	–	(1,152)
At 31st March, 2007	38,376	129,781	122,652	–	4,886	–	65,274	360,969
Exchange differences arising on translation of foreign operations recognised directly in equity	–	–	–	–	7,909	–	–	7,909
Loss for the year	–	–	–	–	–	–	(37,546)	(37,546)
Total recognised income and expense for the year	–	–	–	–	7,909	–	(37,546)	(29,637)
Issue of warrants (note 24)	–	–	–	3,800	–	–	–	3,800
Expenses incurred in connection with the issue of warrants	–	–	–	(193)	–	–	–	(193)
Recognition of equity-settled share-based payments	–	–	–	–	–	5,522	–	5,522
Lapse of share option	–	–	–	–	–	(2,668)	2,668	–
At 31st March, 2008	38,376	129,781	122,652	3,607	12,795	2,854	30,396	340,461

The contributed surplus of the Group represents the credit arising from a previous capital reduction exercise.

Consolidated Cash Flow Statement

For the year ended 31st March, 2008

	2008 HK$'000	2007 HK$'000
OPERATING ACTIVITIES		
Loss before taxation from continuing and discontinued operations	(37,546)	(23,519)
Adjustments for:		
Depreciation of property, plant and equipment	17,737	23,848
Finance costs	72	276
Loss (gain) on fair value changes on investment held for trading	3,059	(845)
Loss on fair value changes on financial assets designated at FVTPL	3,604	–
Loss (gain) on fair value changes on derivative financial instruments	2,021	(728)
Impairment loss on inventories	–	2,090
Impairment loss on trade and other receivables	11,426	803
Interest income	(3,574)	(2,697)
Loss on disposal of property, plant and equipment	436	2,850
Share-based payment expense	5,522	–
Release of prepaid lease payments	58	58
Operating cash flows before movements in working capital	2,815	2,136
Decrease in inventories	5,310	31,058
Decrease in trade and other receivables	1,091	26,079
Increase in financial assets at fair value through profit or loss	(41,091)	(4,214)
Decrease (increase) in bills receivable	1,957	(867)
Decrease in trade and other payables	(4,700)	(7,008)
Decrease in bills payable	(261)	(12,145)
Cash generated from operations	(34,879)	35,039
Income taxes paid	(670)	(40)
Interest paid	(72)	(276)
NET CASH (USED IN) FROM OPERATING ACTIVITIES	(35,621)	34,723
INVESTING ACTIVITIES		
Interest received	3,574	2,697
Proceeds on disposal of property, plant and equipment	6	3,795
Purchase of property, plant and equipment	(5,487)	(7,820)
NET CASH USED IN INVESTING ACTIVITIES	(1,907)	(1,328)

Consolidated Cash Flow Statement

	2008 HK$'000	2007 HK$'000
FINANCING ACTIVITIES		
Cash received from the issue of warrants	3,800	–
Expense incurred in connection with issue of warrants	(193)	–
Repayments of obligations under finance leases	(2,336)	(3,082)
Cash paid for the repurchase of shares	–	(1,152)
CASH FROM (USED IN) FINANCING ACTIVITIES	1,271	(4,234)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(36,257)	29,161
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	104,239	74,409
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	2,367	669
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR, represented by bank balances and cash	70,349	104,239

1. GENERAL

The Company is incorporated as an exempted company with limited liability in Bermuda under The Companies Act 1981 of Bermuda (as amended) and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The addresses of the registered office and principal place of business of the Company are disclosed in the corporate information section in the annual report.

The Company is an investment holding company. The principal activities of the Group are the manufacturing and sale of knitted fabrics and dyed yarns, with the provision of dyeing, bleaching, setting and finishing services.

The consolidated financial statements are presented in Hong Kong dollars, which is the same as the functional currency of the Company.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRS(s)")

In the current year, the Group has applied, for the first time, the following new standard, amendment and interpretations (the "new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), which are effective for the Group's financial year beginning on 1st 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 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 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.

The adoption of the new HKFRS(s) had no material effect on how the results and financial position for the current or prior accounting years have been prepared and presented. Accordingly, no prior years adjustment has been required.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRS(s)") (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 1st January, 2009
2 Effective for annual periods beginning on or after 1st July, 2009
3 Effective for annual periods beginning on or after 1st January, 2008
4 Effective for annual periods beginning on or after 1st July, 2008

The adoption of HKFRS 3 (Revised) may affect the accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1st July, 2009. HKAS 23 (Revised) will remove the option of immediately expensing those borrowing cost directly attributable to the acquisition, construction or production of a qualifying asset. 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 other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared on the historical cost basis except for 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 (the "Listing Rules") and by the Hong Kong Companies Ordinance. The principal accounting policies adopted are as follows:

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). 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.

Revenue recognition

Revenue is measured at the fair value of the consideration received and receivable and represents amount received and receivable for sales of goods in the normal course of business, net of discounts and sales related taxes.

Revenue from sales of goods are recognised when goods are delivered and title has passed.

Interest income from a financial asset including financial assets at fair value through profit or loss 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 assets' net carrying amount.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment

Property, plant and equipment including buildings held for use in the production or supply of goods or for administrative purposes are stated at cost less subsequent accumulated depreciation and accumulated impairment losses.

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.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

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.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the first-in, first-out method.

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 lessee

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the leases or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Leasing (continued)

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, leasehold land which title is not expected to pass to the lessee by the end of the lease term is classified as an operating lease unless the lease payments cannot be allocated reliably between the land and building elements, in which case, the entire lease is classified as a finance lease.

Financial instruments

Financial assets and financial liabilities are recognised on the consolidated 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 or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

The Group's financial assets are classified into three categories, including financial assets at FVTPL, held-to-maturity investments and loans and receivables. 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.

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Financial assets at fair value through profit or loss

Financial assets at FVTPL has two subcategories, including financial assets held for trading and those designated at FVTPL on initial recognition.

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.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and HKAS 39 permits the entire combined contract (asset or liability) to be designated as at FVTPL.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets quoted in active market with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. At each balance sheet date subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment loss on financial assets below).

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, bills receivable, pledged bank deposits and bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment on 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.

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 certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, observable changes in national or local economic conditions that correlate with default on receivables.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

An 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, 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.

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.

Financial liabilities and equity instruments

Financial liabilities and equity instruments issued by a group entity are classified according to the substance of the contractual arrangements entered into and the definition 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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial liabilities and equity instruments (continued)

Financial liabilities at fair value through profit or loss

Financial liabilities at FVTPL has two subcategories, including financial liabilities held for trading and those designated at FVTPL on initial recognition.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing 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.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

- it forms part of a contract containing one or more embedded derivatives, and HKAS 39 permits the entire combined contract (asset or liability) to be designated as at FVTPL.

At each balance sheet date subsequent to initial recognition, financial liabilities 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.

Financial liabilities

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial liabilities and equity instruments (continued)

Equity instruments

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

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Warrants issued by the Company that will be settled by a fixed amount of cash for fixed number of the Company's own equity instruments is equity. The net proceed received from the issue of warrants is recognised in equity (warrant reserve). The warrant reserve will be transferred to share capital and share premium accounts upon the exercise of the warrants. When the warrants are still not exercised at the expiry date, the amount previously recognised in warrant reserve will be transferred to retained profits.

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 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.

Derivative financial instruments

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

Derivatives not designated into an effective hedge relationships are classified as held-for-trading and presented as a current asset or current liability.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment losses on tangible 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 immediately in profit or loss.

Where 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 immediately in profit or loss.

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.

Retirement benefit costs

Payments to defined contribution retirement benefit plans, including state-managed retirement benefit scheme and Mandatory Provident Fund Scheme are charged as expenses when employees have rendered services entitling them to the contributions.

Equity-settled share-based payment transactions

Share options granted to employees of the Group after 7th November, 2002 and vested on or after 1st April, 2005

The fair value of services received determined by reference to the fair value of share options granted at the grant date is expensed on a straight-line basis over the vesting period or 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 share option reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share option reserve will be transferred to the retained profits.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Equity-settled share-based payment transactions (continued)

Share options granted on or before 7th November, 2002 or granted after 7th November, 2002 but vested before 1st April, 2005

By applying the transitional provision of HKFRS 2 "Share-based Payment", the financial impact of share options granted is not recorded in the consolidated financial statements until such time as the options are exercised, and no charge is recognised in the consolidated income statement in respect of the value of options granted in the year. Upon the exercise of the share options, the resulting shares issued are recorded by the Company as additional share capital at the nominal value of the shares, and the excess of the exercise price per share over the nominal value of the shares is recorded by the Company in the share premium account. Options which lapse or are cancelled prior to their exercise date are deleted from the register of outstanding options.

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 the 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 income statement 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 base 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 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, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxation (continued)

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 profits 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 is realised. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

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 the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges 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 carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. 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.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) at the rate of exchange prevailing at the balance sheet date, and their income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised as a separate component of equity (the translation reserve). Such exchange differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

4. 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 debt which includes the obligations under finance leases as disclosed in note 22 and equity attributable to equity holders of the Company, comprising issued share capital and various reserves.

The directors of the Company review the capital structure on a semi-annual basis. As part of this review, the directors consider the cost of capital and the risks associates 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 the issue of new debt.

5. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2008	2007
	HK$'000	*HK$'000*
Financial assets		
Loans and receivables		
(including cash and cash equivalents)	**109,775**	158,736
Fair value through profit or loss		
held-for-trading	**34,310**	6,370
designated as at FVTPL	**8,416**	–
Financial liabilities		
Amortised cost	**18,143**	23,664
Derivative financial instruments held for trading	**4,424**	475

5. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies

The Group's major financial instruments include trade and other receivables, bills receivable, pledged bank deposit, bank balances and cash, trade and other payables, bills payable, obligations under finance leases, financial assets/liabilities at fair value through profit or loss and derivative financial instruments. Details of the financial instruments are disclosed in respective notes. The risks associated with certain of these financial instruments include market risk (interest rate risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner. The Group's overall strategy remains unchanged from prior year.

Market risk

Interest rate risk

The Group is exposed to cash flow interest rate risk primarily in relation to the floating-rate bank balances. The Group is also exposed to fair value interest rate risk in related to the pledged deposits fixed rate bank balance and finance leases. The Group currently does not have an interest rate hedging policy. However, management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for floating-rate bank balances at the balance sheet date. The analysis is prepared assuming the amount of asset outstanding at the balance sheet date was outstanding for the whole year. A 50 basis point increase or decrease in interest rate is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's loss for the year would decrease/increase by HK$202,000 (2007: HK$194,000).

5. FINANCIAL INSTRUMENTS (continued)

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

Market risk (continued)

Other price risk

The Group is exposed to equity price risk arising from investments held-for-trading, investments in equity-linked notes and equity option accumulators. Management manages this exposure by maintaining a portfolio of investments with different risks. The Group's equity price risk is mainly concentrated on listed equity investments quoted on the Stock Exchange. In addition, the Group has appointed a special team to monitor the price risk and will consider hedging the risk exposure should the need arise.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to equity price risks, assuming all other variables were held constant, at the reporting date.

If the prices of the respective equity instruments had been 5% higher/lower, the Group's loss for the year ended 31st March, 2008 would decrease/increase by HK$2,387,000 (2007: HK$258,000) as a result of the changes in fair value of investments held for trading and equity option accumulators. The effect of equity-linked notes is insignificant.

In additon, the Group is exposed to fluctuation in foreign exchange rates (mainly RMB/USD) in relation to its foreign currency forward contracts. The Group's sensitivity to a 5% increase in the forward foreign exchange rates of the relevant forward contracts is that the Group's loss for the year will be decreased by approximately HK$3,456,000 (2007: HK$779,000). For a 5% decrease in forward foreign exchange rates of the relevant forward contracts, there would be an equal and opposite impact on the Group's loss for the current and prior years.

5. FINANCIAL INSTRUMENTS (continued)

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

Credit risk

As at 31st March, 2008, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amounts of the respective recognised financial assets as stated in the consolidated balance sheet.

In order to manage its the credit risk, management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. Credit sales of products are made to customers with an appropriate credit history. In addition, the Group reviews the recoverable amount of debt on a collective basis 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 is significantly reduced.

The credit risk on liquid funds is limited because the counterparties are banks with good reputation.

Other than the concentration of credit risk by geographical location which is mainly in Hong Kong and accounted for 85% (2007: 83%) of the total trade receivable as at 31st March, 2008, the Group has no significant concentration of credit risk on trade receivables, with exposure spread over a number of counterparties and customers.

5. FINANCIAL INSTRUMENTS (continued)

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

Liquidity risk

In management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The following table details the Group's remaining contractual maturity for its financial liabilities and derivative financial assets. For non-derivative financial liabilities, the table has been drawn up based on the undiscounted cash flows of the financial liabilities based on the earliest date on which the Group can be required to pay. For derivative financial assets settled on a net/gross basis, the table has been drawn up based on the undiscounted net/gross cash (inflows) outflows on these derivative instruments. The table includes both interest and principle cash flows.

	Weighted average effective interest rate	Less than 1 month	1-3 months	3 months to 1 year	Over 1 year	Total undiscounted cash flows	Carrying amount at 31st March, 2008
	%	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
2008							
Non-derivative financial liabilities							
Trade and other payables	–	5,625	3,760	7,030	–	16,415	16,415
Bills payable	–	1,728	–	–	–	1,728	1,728
Obligations under finance leases	5.48	67	68	–	–	135	134
		7,420	3,828	7,030	–	18,278	18,277
Derivatives – net settlement							
Foreign exchange forward contracts							
– inflow	–	–	(876)	(2,255)	–	(3,131)	(3,131)
– outflow	–	–	425	264	–	689	689
		–	(451)	(1,991)	–	(2,442)	(2,442)
Derivatives-gross settlement							
Equity option accumulators							
– inflow	–	(2,150)	(4,300)	(10,975)	–	(17,425)	–
– outflow	–	2,523	5,047	12,707	–	20,277	–
		373	747	1,732	–	2,852	3,735

5. FINANCIAL INSTRUMENTS (continued)

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

Liquidity risk (continued)

	Weighted average effective interest rate	Less than 1 month	1-3 months	3 months to 1 year	Over 1 year	Total undiscounted cash flows	Carrying amount at 31st March, 2007
	%	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
2007							
Non-derivative financial liabilities							
Trade and other payables	–	6,620	4,177	10,878	–	21,675	21,675
Bills payable	–	1,989	–	–	–	1,989	1,989
Obligations under finance leases	6.75	267	548	1,592	135	2,542	2,470
		8,876	4,725	12,470	135	26,206	26,134
Derivatives – net settlement							
Foreign exchange forward contracts							
– inflow	–	–	(111)	(1,092)	–	(1,203)	(1,203)
– outflow	–	–	–	475	–	475	475
		–	(111)	(617)	–	(728)	(728)

5. FINANCIAL INSTRUMENTS (continued)

(c) Fair value

The fair values 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;
- the fair values of other financial assets and financial liabilities (including derivatives instruments) are determined in accordance with generally accepted pricing models (e.g. discounted cash flow analysis), using prices or rates from observable current market transactions as input.

The directors consider that the carrying amounts of financial assets and financial liabilities, other than held-to-maturity investments, recorded at amortised cost in the consolidated financial statements approximate their corresponding fair values.

6. REVENUE

Revenue represents the aggregate of net amounts received and receivable for goods sold, less returns and allowances to outside customers during the year, for both continuing and discontinued operations, and is analysed as follows:

	Continuing operation		Discontinued operation		Total	
	2008	2007	**2008**	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Manufacture and sale of knitted fabric and dyed yarns	**287,765**	319,624	**–**	–	**287,765**	319,624
Manufacture and sale of garment products	**–**	–	**–**	4,712	**–**	4,712
	287,765	319,624	**–**	4,712	**287,765**	324,336

7. SEGMENT INFORMATION

Geographical Segment

For management purpose, the Group is currently engaged in the manufacturing and sale of knitted fabric and dyed yarns, with the provision of dyeing, bleaching, setting and finishing services to different geographical areas. The Group was also involved in the operation of manufacture and sales of garment products, which has been discontinued in prior year (note 26). The Group has therefore reported its primary segment information by geographical locations.

As over 90% of the Group's revenue and contribution to segment results based on location of customers for the year ended 31st March, 2008 and 2007 are derived from Hong Kong, geographical analyses of segment revenue and results are not presented. Other geographical locations include Mainland China and United States of America.

Revenue from the Group's discontinued garment operation amounting to HK$4,712,000 during the year ended 31st March, 2007 was derived principally from the PRC.

Segment assets consists of inventories, trade receivables and other operating assets. Segment liabilities comprise trade payables. Substantial amount of the carrying amount of segment assets and liabilities by location of customers at 31st March, 2008 and 2007 and non-cash expense (including impairment loss on trade and receivables and impairment loss on inventories) for the two years ended 31st March, 2008 and 2007 are attributable to Hong Kong.

Property, plant and equipment, prepaid lease payments, bank balances, financial instruments at fair value through profit or loss and other non-cash expenses (including depreciation of property, plant and equipment, release of prepaid lease payments and fair value changes on financial instruments at fair value through profit or loss) are not directly attributable to each customer and cannot be allocated to the segments on a reasonable basis. Accordingly, no analysis of these information by geographical area is presented.

Substantial amount of the carrying amount of segment assets at 31st March, 2008 and 2007 and capital additions for the two years ended 31st March, 2008 and 2007 are located in the Mainland China. Accordingly, no analysis of the Group's carrying amount of segment assets and capital additions by geographical area is presented.

7. SEGMENT INFORMATION (continued)

Business segment

Segment information by different activities is presented below:

CONSOLIDATED INCOME STATEMENT

For the year ended 31st March, 2008

	Continuing operation	Discontinued operation	
	Manufacture and sale of knitted fabric and dyed yarns	Manufacture and sale of garment products	Consolidated
	HK$'000	*HK$'000*	*HK$'000*
REVENUE			
External sales	287,765	–	287,765
RESULTS			
Segment results	(22,102)	–	(22,102)
Other income	4,417	–	4,417
Unallocated corporate expenses	(19,789)	–	(19,789)
Finance costs	(72)	–	(72)
Loss before taxation	(37,546)	–	(37,546)
Income tax	–	–	–
Loss for the year	(37,546)	–	(37,546)

7. SEGMENT INFORMATION (continued)

CONSOLIDATED INCOME STATEMENT (continued)
For the year ended 31st March, 2007

	Continuing operation	Discontinued operation		
	Manufacture and sale of knitted fabric and dyed yarns	Manufacture and sale of garment products	Eliminated	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
REVENUE				
External sales	319,624	4,712	–	324,336
Inter-segment sales	676	–	(676)	–
Total revenue	320,300	4,712	(676)	324,336
RESULTS				
Segment results	(17,275)	(3,699)		(20,974)
Other income	2,821	532		3,353
Unallocated corporate expenses	(2,878)	(2,744)		(5,622)
Finance costs	(276)	–		(276)
Loss before taxation	(17,608)	(5,911)		(23,519)
Income tax credit	1,963	–		1,963
Loss for the year	(15,645)	(5,911)		(21,556)

* Inter-segment sales were charged at terms determined and agreed between the group companies.

7. SEGMENT INFORMATION (continued)

CONSOLIDATED BALANCE SHEET
At 31st March, 2008

	Continuing operation	Discontinued operation	
	Manufacture and sale of knitted fabric and dyed yarns	Manufacture and sale of garment products	Consolidated
	HK$'000	*HK$'000*	*HK$'000*
ASSETS			
Segment assets	242,526	–	242,526
Unallocated corporate assets			132,675
Consolidated total assets			375,201
LIABILITIES			
Segment liabilities	27,388	–	27,388
Unallocated corporate liabilities			7,352
Consolidated total liabilities			34,740

7. SEGMENT INFORMATION (continued)

CONSOLIDATED BALANCE SHEET
At 31st March, 2007

	Continuing operation	Discontinued operation	
	Manufacture and sale of knitted fabric and dyed yarns	Manufacture and sale of garment products	Consolidated
	HK$'000	*HK$'000*	*HK$'000*
ASSETS			
Segment assets	269,518	–	269,518
Unallocated corporate assets			130,209
Consolidated total assets			399,727
LIABILITIES			
Segment liabilities	32,117	–	32,117
Unallocated corporate liabilities			6,641
Consolidated total liabilities			38,758

8. FINANCE COSTS

	2008	2007
	HK$'000	*HK$'000*
Interest on:		
Bank borrowings and trust receipts and import loans, wholly repayable within five years	**–**	5
Finance leases	**72**	271
	72	276

9. INCOME TAX CREDIT

	2008 HK$'000	2007 HK$'000
Continuing operation		
Current tax:		
Hong Kong Profits Tax	–	(108)
(Under)overprovision in prior years:		
Hong Kong Profits Tax	–	(49)
Other jurisdictions	–	27
	–	(130)
Deferred taxation *(note 23)*:		
Current year	–	2,093
	–	1,963

Hong Kong Profits Tax was calculated at 17.5% of the estimated assessable profit. No provision for Hong Kong Profits Tax has been made for the year ended 31st March, 2008 as the Group had incurred a tax loss for the year.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdiction.

The taxation for the year can be reconciled to the loss before taxation per the consolidated income statement as follows:

	2008 HK$'000	2007 HK$'000
Loss before taxation from continuing and discontinued operations	(37,546)	(23,519)
Tax credit at the domestic income tax rate of 17.5%	(6,571)	(4,116)
Tax effect of expenses not deductible for tax purpose	2,654	3,327
Tax effect of income not taxable for tax purpose	(592)	(665)
Tax effect of tax losses not recognised	4,787	97
Utilisation of tax losses previously not recognised	–	(132)
Effect of different tax rates of subsidiaries operating in other jurisdictions	(278)	(496)
Underprovision in prior years	–	22
Taxation for the year	–	(1,963)

Details of deferred taxation are set out in note 23.

10. LOSS FOR THE YEAR

	Continuing operation		Discontinued operation		Consolidated	
	2008 HK$'000	2007 HK$'000	2008 HK$'000	2007 HK$'000	2008 HK$'000	2007 HK$'000
Loss for the year has been arrived at after charging:						
Staff costs, including directors' emoluments:						
– Salaries and other benefits	34,658	32,471	–	2,381	34,658	34,852
– Retirement benefit scheme contributions	986	778	–	–	986	778
– Share-based payment expenses	5,522	–	–	–	5,522	–
Total staff costs	41,166	33,249	–	2,381	41,166	35,630
Auditor's remuneration	900	912	–	–	900	912
Depreciation of property, plant and equipment	17,737	23,504	–	344	17,737	23,848
Release of prepaid lease payments	58	58	–	–	58	58
Cost of inventories recognised as an expense	270,151	308,743	–	6,143	270,151	314,886
Impairment loss on trade and other receivables	11,426	803	–	–	11,426	803
Impairment loss on inventories (included in cost of sales)	–	2,090	–	–	–	2,090
Loss on disposal of property, plant and equipment	436	106	–	2,744	436	2,850
Loss on fair value changes on investments held-for-trading	3,059	–	–	–	3,059	–
Loss on fair value changes on financial assets designated at FVTPL	3,604	–	–	–	3,604	–
Loss on fair value changes on derivative financial instruments	2,021	–	–	–	2,021	–
and after crediting:						
Interest income from banks	3,063	2,383	–	3	3,063	2,386
Interest income from held-to-maturity investments	368	311	–	–	368	311
Interest income from financial assets designated at FVTPL	143	–	–	–	143	–
Gain on fair value changes on investments held-for-trading	–	845	–	–	–	845
Gain on fair value changes on derivative financial instruments	–	728	–	–	–	728

11. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

Directors

The emoluments paid or payable to each of the seven (2007: eight) directors were as follows:

2008

	Mr. Li Man Ching* HK$'000	Ms. Li Mei Lin* HK$'000	Mr. Li Man Shun* HK$'000	Mr. Fung Chi Ki* HK$'000	Mr. Tsui Wing Yin** HK$'000	Mr. So Kin Wah** HK$'000	Mr. Lee Pui Shing** HK$'000	Total HK$'000
Fees	–	–	–	–	100	100	100	300
Salaries and other benefits	1,170	1,320	1,428	834	–	–	–	4,752
Retirement benefits schemes contributions	12	16	–	12	–	–	–	40
Share-based payment expense	1,245	836	773	–	–	–	–	2,854
Total emoluments	2,427	2,172	2,201	846	100	100	100	7,946

2007

	Mr. Li Man Ching* HK$'000	Ms. Li Mei Lin* HK$'000	Mr. Li Man Shun* HK$'000	Mr. Fung Chi Ki* HK$'000	Mr. Tsui Wing Yin** HK$'000	Mr. So Kin Wah** HK$'000	Mr. Lau Chung Man, Louis** HK$'000 (Note)	Mr. Lee Pui Shing** HK$'000 (Note)	Total HK$'000
Fees	–	–	–	–	100	100	42	52	294
Salaries and other benefits	850	1,110	1,236	778	–	–	–	–	3,974
Retirement benefits schemes contributions	12	16	–	12	–	–	–	–	40
Total emoluments	862	1,126	1,236	790	100	100	42	52	4,308

* Being executive director

** Being independent non-executive director

Note: Mr. Lau Chung Man, Louis resigned on 31st August, 2006 and Mr. Lee Pui Shing is appointed on 25th September, 2006.

11. DIRECTORS' AND EMPLOYEES' EMOLUMENTS (continued)

Employees

Of the five individuals with highest emoluments in the Group, four (2007: four) were directors of the Company, details of whose emoluments are included in the disclosures set out above. The emoluments of the remaining individual were as follows:

	2008	2007
	HK$'000	*HK$'000*
Salaries and other benefits	**656**	656
Retirement benefit scheme contributions	**12**	12
	668	668

12. LOSS PER SHARE

From continuing and discontinued operations

The calculation of the basic loss per share attributable to the ordinary equity holders of the Company is based on the following data:

	2008	2007
	HK$'000	*HK$'000*
Loss for the year attributable to equity holders of the Company for the purpose of basic loss per share	**(37,546)**	(21,556)

	'000	*'000*
Weighted average number of ordinary shares for the purpose of basic loss per share	**383,763**	384,573

12. LOSS PER SHARE (continued)

From continuing operation

The calculation of the basic loss per share from continuing operation attributable to the ordinary equity holders of the Company is based on the following data:

	2008	2007
	HK$'000	*HK$'000*
Loss for the year attributable to equity holders of the Company	**(37,546)**	(21,556)
Less: Loss for the year from discontinued operation	**–**	5,911
Loss for the purpose of basic loss per share from continuing operation	**(37,546)**	(15,645)

The denominators used are the same as those detailed above for basic loss per share from continuing and discontinued operations.

From discontinued operation

Basic loss per share for discontinued operation is 1.5 HK cents per share for the year ended 31st March, 2007. The denominators used are the same as those detailed above for basic loss per share.

No diluted loss per share for the year ended 31st March, 2008 and 2007 has been presented because the exercise price of the Company's options and warrants was higher than the average market price per share.

13. PROPERTY, PLANT AND EQUIPMENT

	Buildings HK$'000	Plant and machinery HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
COST					
At 1st April, 2006	18,171	263,209	39,883	11,437	332,700
Exchange adjustments	–	6,484	177	208	6,869
Additions	–	6,961	588	271	7,820
Disposals	–	(9,823)	(2,295)	(1,253)	(13,371)
At 31st March, 2007	18,171	266,831	38,353	10,663	334,018
Exchange adjustments	–	12,502	342	383	13,227
Additions	1,520	115	908	2,944	5,487
Disposals	–	–	(453)	(406)	(859)
At 31st March, 2008	19,691	279,448	39,150	13,584	351,873
DEPRECIATION					
At 1st April, 2006	3,879	167,043	24,205	10,407	205,534
Exchange adjustments	–	3,196	170	177	3,543
Provided for the year	364	17,335	5,223	926	23,848
Eliminated on disposals	–	(5,118)	(444)	(1,164)	(6,726)
At 31st March, 2007	4,243	182,456	29,154	10,346	226,199
Exchange adjustments	–	6,995	335	355	7,685
Provided for the year	394	12,921	3,763	659	17,737
Eliminated on disposals	–	–	(10)	(407)	(417)
At 31st March, 2008	4,637	202,372	33,242	10,953	251,204
CARRYING AMOUNTS					
At 31st March, 2008	15,054	77,076	5,908	2,631	100,669
At 31st March, 2007	13,928	84,375	9,199	317	107,819

13. PROPERTY, PLANT AND EQUIPMENT (continued)

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

Buildings	Over the shorter of the leases, or 50 years
Plant and machinery	6-10%
Furniture, fixtures and equipment	20%
Motor vehicles	20-30%

All of the Group's buildings are held under medium-term leases in the PRC.

The carrying amount of plant and machinery includes an amount of HK$2,242,000 (2007: HK$9,900,000) in respect of assets held under finance leases.

14. PREPAID LEASE PAYMENTS

The Group's prepaid lease payments represent leasehold land held in the PRC under medium-term land use right and are analysed for reporting purposes as follows:

	2008	2007
	HK$'000	*HK$'000*
Non-current asset	**1,984**	2,042
Current asset	**58**	58
	2,042	2,100

15. HELD-TO-MATURITY INVESTMENTS

	2008 & 2007
	HK$'000
Held-to-maturity investments-unlisted debt securities	15,600

Held-to-maturity debt securities are measured at amortised cost less any impairment losses. They will mature in 2009 with guaranteed full repayment of investment cost plus the contractual interest rates which are carried at guaranteed coupons totalling approximately 10% of the initial offer price over the investment period. The effective interest rate is 2.3% per annum.

The potential return of the investments is linked to the performance of the Dow Jones Global Titans 50 index and a basket of shares, which is considered as an embedded derivative that is not closely related to the host debt contract. The fair value of the embedded derivative is negligible at the balance sheet dates.

The fair value of these investments is approximately HK$15,500,000 (2007: HK$14,641,000) which has been determined by reference to the prices quoted by bank.

16. INVENTORIES

	2008	2007
	HK$'000	*HK$'000*
Raw materials	69,388	60,936
Work in progress	33,510	42,507
Finished goods	–	4,765
	102,898	108,208

17. TRADE AND OTHER RECEIVABLES AND BILLS RECEIVABLES

	2008	2007
	HK$'000	*HK$'000*
Trade receivables	35,611	47,143
Impairment loss recognised	(2,402)	(803)
	33,209	46,340
Other receivables	3,260	2,646
	36,469	48,986

The Group generally allows credit period of up to 120 days to its trade customers. The following is an aged analysis of trade receivables net of impairment loss, is as follows:

	2008	2007
	HK$'000	*HK$'000*
0-60 days	15,474	30,389
61-90 days	10,632	7,401
91-120 days	5,816	1,566
Over 120 days	1,287	6,984
	33,209	46,340

Before accepting any new customer, the Group will assess credit worthiness by customer. As the customers are mostly the renowned international garment manufacturer, therefore based on the past history, no recoverability problem is expected. Trade receivables that were neither past due nor impaired are customers that have a good repayment record with the Group. Based on past experience, the directors of the Company are of the opinion that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

17. TRADE AND OTHER RECEIVABLES AND BILLS RECEIVABLES (continued)

Included in the Group's trade receivables balance as at 31st March, 2008 are debtors with a carrying amount of HK$1,454,000 (2007: HK$7,661,000) which are past due at the reporting date for which the Group has not recognised impairment loss as there has not been a significant change in credit quality and the amounts are still considered recoverable.

Ageing of trade receivables which are past due but not impaired

	2008	2007
	HK$'000	*HK$'000*
91-120 days	167	677
Over 120 days	1,287	6,984
	1,454	7,661

Bills receivable are aged within three months.

Movement in impairment loss recognised

	2008	2007
	HK$'000	*HK$'000*
Balance at the beginning of the year	803	116
Impairment loss recognised on trade receivables	11,426	803
Amounts written off as uncollectible	(9,827)	(116)
Balance at the end of the year	2,402	803

Included in the above impairment loss was an amount of HK$9,024,000 recognised in respect of an amount due from a customer who has default payment upon the goods received.

The Group has provided fully for all receivables that are aged over 365 days because historical experience is such that receivables that are past due beyond 365 days are generally not recoverable.

18. PLEDGED BANK DEPOSIT AND BANK BALANCES

Pledged bank deposit represents deposit pledged to a bank to secure general banking facilities granted to the subsidiaries. The pledged deposit carries fixed interest rate of 4.285% (2007: 4.295%) per annum.

Bank balances mainly represent fixed bank deposits with maturity less than three months. They carry interests at fixed rates which range from 2.50% to 3.30% (2007: 3.50% to 4.75%) per annum.

19. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Investments held-for-trading:

	2008	2007
	HK$'000	*HK$'000*
Listed equity securities in:		
– Hong Kong	**16,070**	875
– PRC	**15,109**	4,292
	31,179	5,167
Financial assets designated at fair value through profit or loss:		
– Equity-linked notes	**8,416**	–
	39,595	5,167

The equity linked notes represent notes with interest payments based on the annual return of a portfolio of underlying asset-backed securities which have an early redemption option. Each equity linked note held by the Group contains embedded derivatives. Hence, the Group designated the entire equity linked notes as financial assets at fair value through profit or loss.

At the balance sheet date, all financial assets at fair value through profit or loss are stated at fair value. The fair values of listed securities are determined based on the bid prices quoted in active markets and those of the equity-linked notes are based on the valuation provided by the respective issuing banks or financial institutions, which is determined based on pricing model with inputs such as share price of the underlying equity securities, the strike price, the knock-out price, if any, of the contracts and volatility of the underlying equity securities.

20. DERIVATIVE FINANCIAL INSTRUMENTS

	2008		2007	
	Assets	**Liabilities**	Assets	Liabilities
	HK$'000	***HK$'000***	*HK$'000*	*HK$'000*
Foreign currency forward contracts	3,131	(689)	1,203	(475)
Equity option accumulators	–	(3,735)	–	–
	3,131	(4,424)	1,203	(475)

Major terms of certain foreign currency contracts are as follows:

Notional amount	Maturity	Exchange rate
2008		
US$5,900,000 aggregated in total	Ranged from 14th May, 2008 to 25th March, 2009	Buy RMB and Sell US$ at 6.4205 to 7.4843
US$1,000,000	16th May, 2008	Buy US$ and Sell RMB at 7.2910
2007		
US$14,000,000 aggregated in total	Ranged from 30th April, 2007 to 21st March, 2008	Buy RMB and Sell US$ at 7.5247 to 7.6246

The Group has also entered into other foreign curreny contracts (e.g. USD/HKD) with insignificant effect.

At 31st March, 2008, the Group has outstanding equity option accumulator contracts with maturity dates ranging from 19th November, 2008 to 31st December, 2008.

The equity option accumulator contracts contain terms such as the strike price of the underlying equity securities, settlement dates, lot of shares traded on each settlement date and the knock-out price.

20. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

At each settlement date until the maturity of the equity option accumulator contracts, unless the contracts had been terminated (as described below), the Group holds an obligation to buy the shares of the underlying equity securities at the strike price of the contracts. Likewise, the counterparty financial institution holds an obligatoin to sell shares at the strike price.

The equity option accumulator contracts are terminated prior to the maturity if the market price on any date is higher than the predetermined knock-out price.

The equity accumulator contracts are derivative financial instruments and are measured at fair value at balance sheet date. The fair value are determined based on valuation provided by the counterparty financial institution, which is determined based on pricing model inputs such as share price of the underlying equity securities, the strike price, the knock-out price, if any, of the contracts and volatility of the underlying equity securities.

21. TRADE AND OTHER PAYABLES AND BILLS PAYABLE

Included in trade and other payables of the Group are trade payables of HK$15,253,000 (2007: HK$16,913,000).

The following is an aged analysis of trade payables at the balance sheet date:

	2008	2007
	HK$'000	*HK$'000*
0-60 days	**8,389**	13,391
61-90 days	**2,401**	1,664
Over 90 days	**4,463**	1,858
	15,253	16,913

The average credit period on purchase of goods is 90 days. The Group has financial risk management policies in place to ensure that all payables are within the credit timeframe.

Bills payable are aged within three months.

22. OBLIGATIONS UNDER FINANCE LEASES

	Minimum lease payments		Present value of minimum lease payments	
	2008	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Amounts payable under finance leases				
Within one year	**135**	2,407	**134**	2,336
More than one year but not more than two years	**–**	135	**–**	134
	135	2,542		
Less: Future finance charges	**(1)**	(72)		
Present value of lease obligations	**134**	2,470	**134**	2,470
Less: Amount due within one year shown under current liabilities			**(134)**	(2,336)
Amount due after one year			**–**	134

It is the Group's policy to lease certain of its plant and machinery under finance leases. The average lease term is three years. For the year ended 31st March, 2008, the average effective borrowing rate was 5.48% (2007: 6.75%) per annum. Interest rates are fixed at the contract date. All leases are on a fixed repayment basis and no arrangement has been entered into for contingent rental payments.

The Group's obligations under finance leases are secured by the lessor's charge over the leased assets.

23. DEFERRED TAXATION

The following are the major deferred tax liabilities and assets recognised and movements thereon during the current and prior years:

	Accelerated tax depreciation	Tax losses	Total
	HK$'000	*HK$'000*	*HK$'000*
At 1st April, 2006	(6,343)	4,250	(2,093)
Credit (charge) to consolidated income statement	2,523	(430)	2,093
At 31st March, 2007	(3,820)	3,820	–
Credit (charge) to consolidated income statement	2,116	(2,116)	–
At 31st March, 2008	(1,704)	1,704	–

At 31st March, 2008, the Group has unused tax losses of HK$40,207,000 (2007: HK$24,945,000) available for offset against future profits. A deferred tax asset has been recognised in respect of HK$9,737,000 (2007: HK$21,829,000) of such losses. No deferred tax asset has been recognised in respect of the remaining tax losses of HK$30,470,000 (2007: HK$3,116,000) due to the unpredictability of future profit streams. The tax losses may be carried forward indefinitely.

24. SHARE CAPITAL

	Number of shares	Amount HK$'000
Ordinary shares of HK$0.10 each		
Authorised:		
At 1st April, 2006, 31st March, 2007 and 31st March, 2008	5,000,000,000	500,000
Issued and fully paid:		
At 1st April, 2006	388,573,200	38,857
Shares repurchased	(4,810,000)	(481)
At 31st March, 2007 and 31st March, 2008	383,763,200	38,376

On 16th July, 2007, the Company has entered into two agreements with Emperor Securities Limited, pursuant to which, the Company will issue 38,000,000 unlisted warrants at the price of HK$0.10 each, the subscription price of the warrant is HK$1.06 per subscription share. Details of this transaction were disclosed on the announcement dated 18th July, 2007. Upon the issuance of warrants, HK$3,800,000 was credited to warrant reserve.

As at 31st March, 2008, the Company had outstanding 38,000,000 warrants. Exercise in full of such warrants would result in the issue of approximately 38,000,000 additional ordinary shares at HK$1.06 each.

25. SHARE-BASED PAYMENT TRANSACTIONS

On 28th August, 2002, the Company adopted the existing share option scheme (the "Scheme") for the primary purpose to attract, retain and motivate talented employees, executive and non-executive directors and consultants of the Company or any subsidiaries or associated companies or such persons who from time to time that determined by the board of directors (the "Board") at its discretion as having contributed to the Group based on his/her performance and/or years of services, or it regarded as valuable resources and other relevant factors (the "Participants"), to strive for future developments and expansion of the Group. The Scheme will be ending on 27th August, 2012.

Under the Scheme, the Board of the Company may grant options to Participants to subscribe for shares in the Company at a price equal to the highest of (i) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the offer date, which must be a trading day; (ii) a price being the average of the closing prices of shares as stated in the Stock Exchange's daily quotation sheet for the five trading days immediately preceding the date of the offer date and (iii) the nominal value of a share, subject to a maximum of 38,376,320 shares, representing approximately 10% of the issued share capital of the Company, as at the date of the approval of the refreshment of scheme mandate limit.

The total number of shares which may be issued and to be issued upon exercise of all exercised and/or outstanding options granted to each Participant shall not in aggregate exceed 1% of the relevant class of securities of the Company in issue in any 12-month periods.

All options granted shall be accepted within 21 days and have taken effect when the duplicate letter comprising acceptance of the options within signed by the grantee together with a remittance in favour of the Company of HK$1.00 by way of consideration for the grant thereof is received by the Company.

25. SHARE-BASED PAYMENT TRANSACTIONS (continued)

The following table discloses movements during both years in the Scheme:

Category		Date of grant	Exercisable period	Exercise price per share HK$	At 1.4.2006	Expired	At 31.3.2007	Granted	Lapsed (Note)	At 31.3.2008
1.	Directors									
	Ms. Li Mei Lin	17.9.2003	17.9.2003 to 16.9.2006	1.62	1,500,000	(1,500,000)	–	–	–	–
		17.9.2007	17.9.2007 to 16.9.2010	0.77	–	–	–	3,100,000	–	3,100,000
	Mr. Li Man Ching	26.7.2007	26.7.2007 to 25.7.2010	1.04	–	–	–	3,830,000	–	3,830,000
	Ms. Li Man Shun	26.7.2007	26.7.2007 to 25.7.2010	1.04	–	–	–	2,380,000	–	2,380,000
	Mr. Fung Chi Ki	2.11.2002	2.11.2002 to 1.11.2012	0.51	1,933,200	–	1,933,200	–	–	1,933,200
					3,433,200	(1,500,000)	1,933,200	9,310,000	–	11,243,200
2.	Employees in aggregate	2.11.2002	2.11.2002 to 1.11.2012	0.51	11,599,200	–	11,599,200	–	–	11,599,200
		17.9.2007	17.10.2007 to 16.3.2009	0.83	–	–	–	11,400,000	(11,400,000)	–
					11,599,200	–	11,599,200	11,400,000	(11,400,000)	11,599,200
					15,032,400	(1,500,000)	13,532,400	20,710,000	(11,400,000)	22,842,400

Note: Share options were lapsed upon the disposal of a subsidiary newly set up during the year.

During the year ended 31st March, 2008, options were granted on 26th July, 2007 and 17th September, 2007. The estimated fair values of the options granted were HK$2,018,000 and HK$3,504,000, respectively.

25. SHARE-BASED PAYMENT TRANSACTIONS (continued)

The fair value was calculated using the Black-Scholes Option pricing model. The inputs into the model were as follows:

	26th July, 2007	17th September, 2007	
Closing share price at date of grant	HK$1.04	HK$0.76	HK$0.76
Exercise price	HK$1.04	HK$0.77	HK$0.83
Expected volatility	62.00%	76.33%	103.04%
Expected life	1.5 years	1.5 years	0.75 years
Risk-free rate	4.14%	3.85%	3.81%
Expected dividend yield	–	–	–
Fair value per option	HK$0.325	HK$0.27	HK$0.23

Expected volatility was determined by using the historical volatility of the Company's share price over the previous trading days which equivalent to the assumed life of the share option. The expected life used in the model has been adjusted, based on management's best estimate for the effects of non transferability, exercise restrictions and behavioral considerations.

The Black-Scholes Option Pricing model has been used to estimate the fair value of the options. The variables and assumptions used in computing the fair value of the share options are based on the directors' best estimate. The value of an option varies with different variables of certain subjective assumptions.

The Company recognised the total expense of HK$5,522,000 (2007: nil) for the year ended 31st March, 2008 in relation to share options granted by the Company, of which HK$2,854,000 (2007: nil) was related to options granted to directors which has been included in directors' remuneration set out in note 11.

26. DISCONTINUED OPERATION

During the year ended 31st March, 2007, the Group discontinued its operation on manufacturing and trading of garment products in view of unsatisfactory performance and continuous loss made.

The results of the garment manufacturing and trading operation for the year which had been included in the consolidated income statement, were as follows:

	HK$'000
Revenue	4,712
Cost of sales	(6,143)
Other income	532
Distribution and selling costs	(38)
Administrative expenses	(4,974)
Loss for the year	(5,911)

During the year ended 31st March, 2007, the garment operation had HK$3,213,000 in respect of the Group's net operating cash outflows and received HK$1,704,000 in respect of investing activities.

27. PLEDGE OF ASSETS

At 31st March, 2008, certain of the Group's buildings with an aggregate carrying amount of HK$2,183,000 (2007: HK$2,247,000), held-to-maturity investments of HK$7,800,000 (2007: HK$7,800,000), and bank deposit of HK$4,000,000 (2007: HK$4,000,000) were pledged to banks as securities for general banking facilities granted to the Group.

28. CAPITAL COMMITMENTS

	2008 ***HK$'000***	2007 *HK$'000*
Capital expenditures in respect of acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements	72	1,216

29. OPERATING LEASES

The Group as lessee

The Group paid minimum lease payments of HK$2,074,000 (2007: HK$1,792,000) under operating leases in respect of rented premises.

At the balance sheet date, the Group has commitments for future minimum lease payments under non-cancellable operating leases in respect of rented premises which will fall due as follows:

	2008	2007
	HK$'000	*HK$'000*
Within one year	1,978	1,978
In the second to fifth year inclusive	6,687	6,539
Over five years	13,360	13,776
	22,025	22,293

Operating lease payments represent rentals payable by the Group for certain of its office premises and factory premises. Leases of office premises are negotiated for an average term of 1 to 2 years with fixed rentals. Leases of factory premises are negotiated for an average term of 20 years. The yearly rentals are fixed for first 10-year period and will be escalated by 10% for every 10-year period thereafter and the leases are terminable with three-month to four-month notice.

30 RETIREMENT BENEFIT PLANS

The Group operates a Mandatory Provident Fund Scheme for all qualifying employees. The assets of the scheme are held separately from those of the Group, in funds under the control of trustees. The Group contributes a fixed percentage of relevant payroll costs, up to maximum of HK$1,000, to the scheme, which contribution is matched by employees.

The employees of the PRC subsidiary of the Group are members of a state-managed retirement benefit scheme operated by the PRC government. The subsidiary is required to contribute a fixed percentage of its qualifying staff wages to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to this retirement benefit scheme is to make specified contributions.

The total cost charged to the consolidated income statement of HK$986,000 (2007: HK$778,000) represents contributions payable to these schemes by the Group recognised.

31. RELATED PARTY TRANSACTION DISCLOSURES

Other than the emoluments paid to the directors of the Company as disclosed in note 11, who are also considered as the key management of the Group, the Group has not entered into any other significant related party transaction.

32. BALANCE SHEET OF THE COMPANY

	NOTE	**2008** ***HK$'000***	2007 *HK$'000*
Total assets		**333,642**	331,033
Total liabilities		**719**	697
		332,923	330,336
Capital and reserves			
Share capital		**38,376**	38,376
Reserves	(i)	**294,547**	291,960
		332,923	330,336

32. BALANCE SHEET OF THE COMPANY (continued)

Note:

(i) Reserves

	Share premium *HK$'000*	Contributed surplus *HK$'000*	Warrant reserve *HK$'000*	Share option reserve *HK$'000*	Retained profits *HK$'000*	Total *HK$'000*
At 1st April, 2006	130,452	153,400	–	–	8,810	292,662
Loss for the year	–	–	–	–	(31)	(31)
Shares repurchased	(671)	–	–	–	–	(671)
At 31st March, 2007	129,781	153,400	–	–	8,779	291,960
Loss for the year	–	–	–	–	(6,542)	(6,542)
Issue of warrants	–	–	3,800	–	–	3,800
Expenses incurred in connection with the issue of warrants	–	–	(193)	–	–	(193)
Recognition of equity-settled share-based payments	–	–	–	5,522	–	5,522
Lapse of share option	–	–	–	(2,668)	2,668	–
At 31st March, 2008	129,781	153,400	3,607	2,854	4,905	294,547

The contributed surplus of the Company represents the difference between the consolidated shareholders' funds of the subsidiaries acquired and the nominal value of the Company's shares issued for the acquisition at the time of a previous group reorganisation less amounts utilised on bonus issue of shares plus the credit arising from the capital reduction in 2001.

33. PARTICULARS OF SUBSIDIARIES

Particulars of subsidiaries of the Company as at 31st March, 2008 and 2007 were as follows:

Name of subsidiary *(Note c)*	Place of incorporation or registration/ operations	Issued and fully paid share capital/ registered capital	Proportion of nominal value of issued share capital/ registered capital held by the Company *(Note a)*	Principal activities
Dongguan Winscope Garment Manufacturing Co., Ltd. ("DG Winscope")	PRC	HK$15,000,000 *(Note c)*	100%	Inactive
Gold Sleeve Limited	British Virgin Islands ("BVI")/ Hong Kong	US$50,000	100%	Inactive
Kwong Hing Knitting Fabric Trading Co. Limited	Hong Kong	HK$1,000,000	100%	Sale of knitted fabric and dyed yarns
Kwong Tai Dyeing Co. Limited	Hong Kong	HK$3,000,000	100%	Inactive
Nanhai Hengxing Dyeing Co., Ltd. ("Hengxing") *(Note b)*	PRC	HK$139,764,000 *(Note b)*	100%	Provision of dyeing, bleaching, setting and finishing services
Real Connection Limited	BVI	US$50,000	100%	Investment holding
Sinoplex Limited ("Sinoplex")	BVI	US$75	100%	Investment holding
Unite Might Investment Limited	Hong Kong	HK$500,000	100%	Provision of administration services
Sano Macao Commercial Offshore Company Limited	Macau/PRC	MOP1,000,000	100%	Sale of knitted fabric and dyed yarns
Sano Trading Limited	BVI	US$100	100%	Investment holding
Wincast Ltd.	BVI	US$1	100%	Investment holding
Winscope Limtied	BVI	US$1	100%	Investment holding
KHI Trading Limited	USA	US$1,000	100%	Sale of knitted fabric and dyed yarns
Allwealth Pacific Limited	BVI/PRC	US$100	100%	Provision of dyeing, bleaching, setting and finishing services

33. PARTICULARS OF SUBSIDIARIES (continued)

Notes:

a. The Company directly held the interests in Sinoplex. All the other interests shown above are indirectly held.

b. The capital contributed by the Group which has been verified amounted to approximately HK$122,844,000.

c. Other than Hengxing and DG Winscope, which are wholly foreign owned enterprises established in the PRC, all other companies are limited liability companies incorporated in the respective jurisdictions.

None of the subsidiaries had any debt securities outstanding at the end of the year or at any time during the year.

RESULTS

	Year ended 31st March,				
	2004	2005	2006	2007	**2008**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	***HK$'000***
Revenue from continuing and discontinued operations	540,167	528,327	405,347	324,336	**287,765**
Profit (loss) before taxation	35,158	3,554	(17,817)	(23,519)	**(37,546)**
Income tax (expense) credit	(1,621)	(551)	2,818	1,963	**–**
Profit (loss) for the year	33,537	3,003	(14,999)	(21,556)	**(37,546)**
Attributable to:					
Equity holders of the Company	33,629	1,300	(14,662)	(21,556)	**(37,546)**
Minority interests	(92)	1,703	(337)	–	**–**
	33,537	3,003	(14,999)	(21,556)	**(37,546)**

ASSETS AND LIABILITIES

	As at 31st March,				
	2004	2005	2006	2007	**2008**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	***HK$'000***
Total assets	500,237	473,107	442,095	399,727	**375,201**
Total liabilities	(104,931)	(79,595)	(62,521)	(38,758)	**(34,740)**
	395,306	393,512	379,574	360,969	**340,461**
Attributable to:					
Equity holders of the Company	391,875	393,175	379,574	360,969	**340,461**
Minority interests	3,431	337	–	–	**–**
	395,306	393,512	379,574	360,969	**340,461**