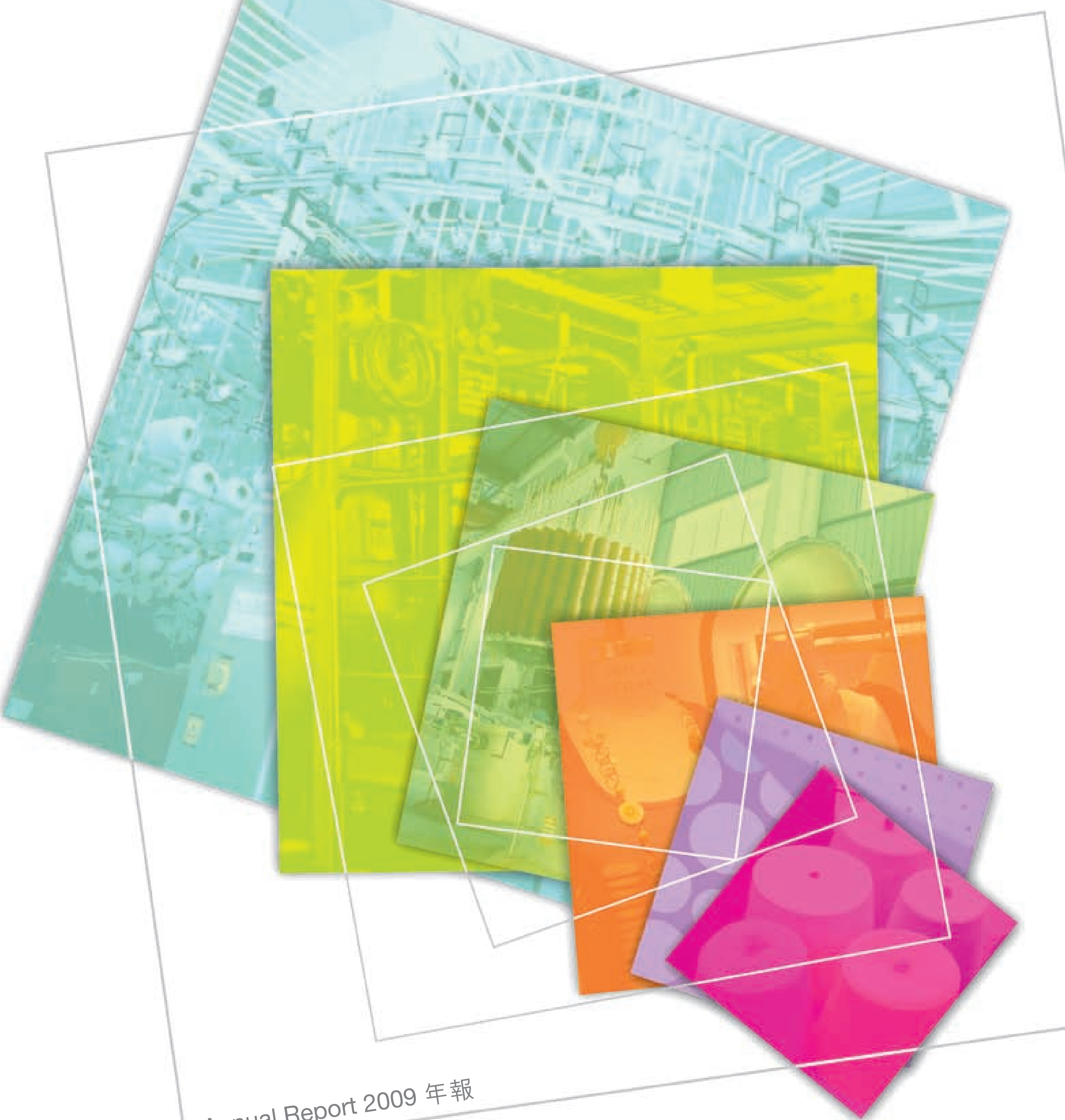
Stock Code 股份代號: 539



Annual Report 2009 年報

VICTORY CITY INTERNATIONAL HOLDINGS LIMITED

冠華國際控股有限公司

Contents

Corporate Information

Board of Directors

Executive

Li Ming Hung *(Chairman)*
Chen Tien Tui *(Chief Executive Officer)*
Lee Yuen Chiu, Andy
Choi Lin Hung

Independent Non-executive

Kan Ka Hon
Phaisalakani Vichai (Andy Hung)
Kwok Sze Chi

Company Secretary

Lee Chung Shing

Legal Advisers as to Hong Kong Law

Chiu & Partners

Auditor

Deloitte Touche Tohmatsu

Bankers

The Hongkong and Shanghai Banking Corporation Limited
Hang Seng Bank Limited
CITIC Ka Wah Bank Limited
China Construction Bank (Jiangmen Xinhui Sub-branch)
Agricultural Bank of China (Jiangmen Xinhui Sub-branch)
Industrial and Commercial Bank of China Limited (Jiangmen Xinhui Sub-branch)
Bank of China (Jiangmen Xinhui Sub-branch)
Bank of America, N.A.
United Overseas Bank Limited
Rabobank International
DBS Bank (Hong Kong) Limited
Mizuho Corporate Bank, Ltd
Bank of China (Hong Kong) Limited
Scotiabank (Hong Kong) Limited
Sumitomo Mitsui Banking Corporation
The Bank of Tokyo-Mitsubishi UFJ, Ltd.

Corporate Information

Principal Share Registrars

Butterfield Fulcrum Group (Bermuda) Limited
Rosebank Centre
11 Bermudiana Road
Pembroke HM 08
Bermuda

Branch Share Registrars in Hong Kong

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

Registered Office

Clarendon House
Church Street
Hamilton HM 11
Bermuda

Head Office and Principal Place of Business

Unit D, 3rd Floor
Winfield Industrial Building
3 Kin Kwan Street
Tuen Mun
New Territories
Hong Kong

Company Website

www.victorycity.com.hk

Financial
Highlights & Summary

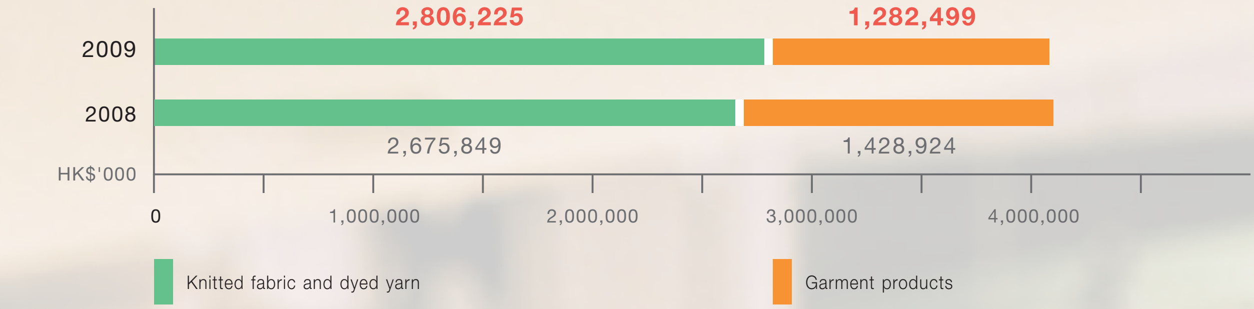
Results

	Year ended 31 March				
	2005 HK$'000	2006 HK$'000	2007 HK$'000	2008 HK$'000	**2009** **HK$'000**
Revenue	2,403,384	2,833,111	3,892,044	4,104,773	**4,088,724**
Profit before taxation	235,669	301,659	370,757	387,873	**258,032**
Income tax expense	(15,657)	(27,941)	(25,967)	(18,519)	**(17,120)**
Profit for the year	220,012	273,718	344,790	369,354	**240,912**
Attributable to:					
Equity holders of the Company	202,655	250,269	305,501	341,788	**216,865**
Minority shareholders	17,357	23,449	39,289	27,566	**24,047**
	220,012	273,718	344,790	369,354	**240,912**
Distributions	62,132	75,947	91,951	99,375	**–**

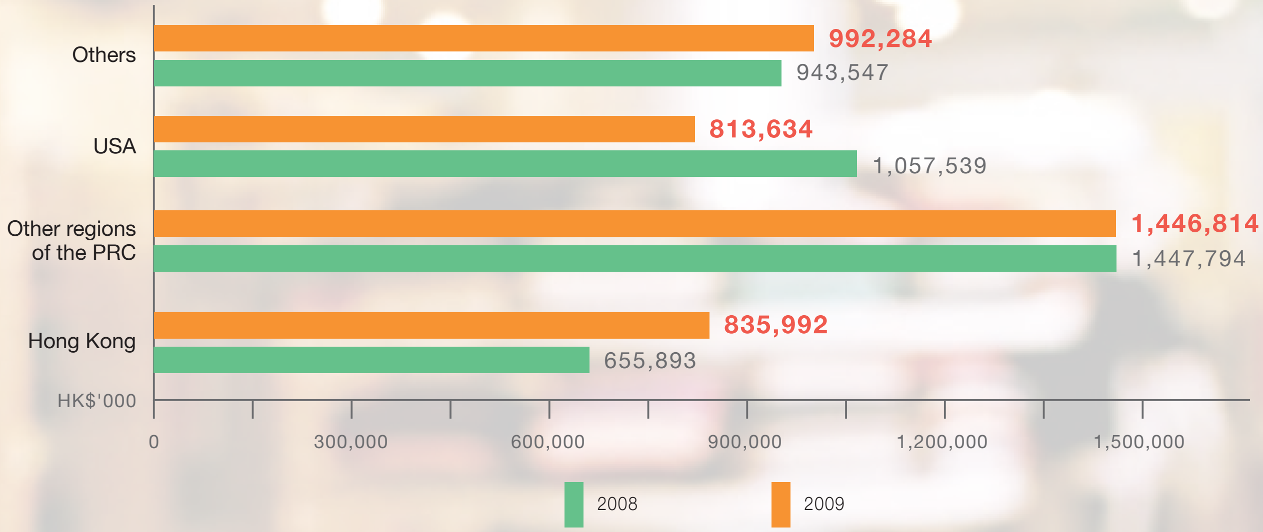
Assets and Liabilities

	At 31 March				
	2005 HK$'000	2006 HK$'000	2007 HK$'000	2008 HK$'000	**2009** **HK$'000**
Total assets	2,583,256	3,638,188	4,655,392	5,608,436	**5,396,052**
Total liabilites	(1,474,583)	(2,035,501)	(2,642,602)	(3,099,371)	**(2,523,838)**
	1,108,673	1,602,687	2,012,790	2,509,065	**2,872,214**
Equity attributable to:					
Equity holders of the Company	1,071,103	1,547,162	1,922,412	2,391,639	**2,729,883**
Minority shareholders	37,570	55,525	90,378	117,426	**142,331**
	1,108,673	1,602,687	2,012,790	2,509,065	**2,872,214**

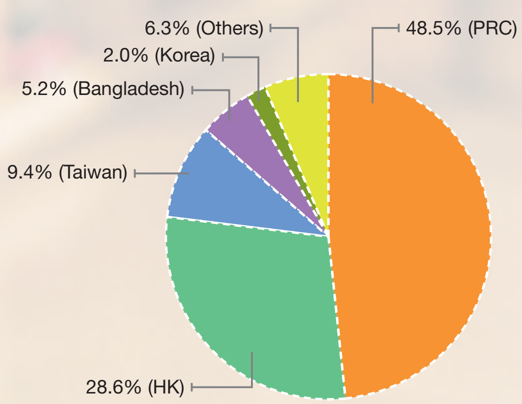
Revenue by Business Segments



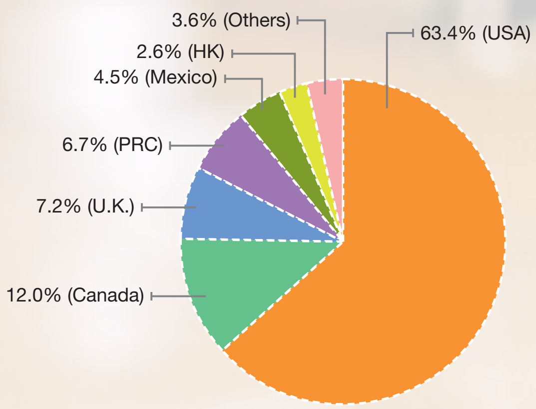
Revenue by Geographical Segments



Knitted fabric and dyed yarn



Garment products



Chairman's Statement

... the Group will maintain its sustainability and adapt rapidly to changing operating conditions and meet challenges in the market.

On behalf of the Board of Directors (the "Directors") of Victory City International Holdings Limited (the "Company") and its subsidiary companies (the "Group"), it gives me great pleasure to present to our shareholders the performance of the Group for the year ended 31 March 2009.

Dividends

The Directors have resolved not to declare any final dividend for the year ended 31 March 2009.

Business Review

During the financial year under review, the operating environment was full of challenges and difficulties for the textile and garment industry. The global economy has been struggling in the current credit market turmoil stemming from the subprime crisis in the United States (the "US"), which has adversely affected both consumer confidence and discretionary spending. Many brands and retailers in the US and Europe are aggressively reducing their inventories, thus purchase orders for our knitted fabric products and garment apparels have been affected especially during the second half of the financial year.

For the year ended 31 March 2009, the Group's consolidated revenue slightly decreased by 0.4% to HK$4.1 billion. Profit attributable to equity shareholders was HK$216.9 million, which included losses of approximately HK$28.5 million (2008: gains of approximately HK$41.7 million) arising from the fair value changes of the derivative financial instruments. Hence, profit from normal operations actually dropped by 18.6% as compared with previous financial year (2008: approximately HK$307 million). Basic earnings per share decreased from HK48.2 cents to HK29.7 cents for the financial year under review.

Production and sale of knitted fabric and dyed yarn remained as the principal operation of the Group and accounted for 68.6% of the consolidated revenue. Despite the adverse market conditions, revenue of this business segment reached HK$2.8 billion, representing a growth of 4.9% as compared with the previous year. The weakened consumer confidence has led to the slow down in purchase orders notably for the second half of the financial year. The difficult market conditions together with further stringent environmental regulations exerted pressure on all players of the industry, triggering faster consolidation. The expedited consolidation gave us rooms for increasing our market shares in both the export and domestic markets of the People's Republic of China (the "PRC"). However, surging fuel and labour costs as well as inflation in operation overheads brought pressure to our profit margins.

Revenue of the garment segment was close to HK$1.3 billion, account for 31.4% of the consolidation revenue. During the financial year under review, difficult trading environment together with volatile purchase orders stemmed from the global financial tsunami continued to haunt the garment industry. Competitions were severe and affected our profit margins. The management has exercised tight cost controls as well as efficient order schedulings and production plannings to reduce the adverse impact from the price cut.

Despite all the significant obstacles and difficult economic environment, we managed to strengthen our market position amidst keen competition. Even though there were downfalls in both revenue and profits during the financial year under review, the Directors are of great confidence to overcome all negative factors and maintain sustained profitability of the Group in the years to come.

Outlook

Looking forward, we expect the financial tsunami and the slowdown of the global economy will continue, resulting in an uncertain and volatile operating environment in the short run. However, we strongly believe that with our solid foundation, vertically-integrated set-up together with the environmental-conscious production facilities, the Group will maintain its sustainability and adapt rapidly to changing operating conditions and meet challenges in the market.

For the textiles business, following the consolidation of the industry and our stringent cost controls and streamlining measures, we have seen improvements in our order books and operation performance in the initial months of the new financial year. Our marketing teams will adopt a more aggressive approach to develop new clientele from both export and domestic PRC markets. We expect our market share in the business segment still have ample room for growth during these challenging periods.

For the garment business, with our diversified sourcing capability coupled with self-owned garment manufacturing facilities in the PRC and Indonesia, is well-positioned to capture the rising business opportunities. Market competitions remain severe and price cuts are anticipated. We have already streamlined our work force and will further reduce operating overheads by moving our merchandising support office to the PRC in late 2009. Together with continuing growth of garment apparel orders from domestic PRC customers, we remain cautiously optimistic towards the garment business segment, especially when export market demands gradually recover in the coming years.

No matter how difficult and challenging the operation environment is, the management will continue to dedicate all its effort to achieve our corporate vision of being a worldwide premier supplier of choice for textile and garment products. Our foundation, strength, foresight and commitments as well as strong support from our business partners will bring high returns to shareholders of the Company in the next couple of years.

Appreciation

On behalf of the Board, I would like to express my sincere gratitude to all our staff for their dedication, hard work and contribution especially during such challenging period. In addition, I convey our cordial thanks to all of customers, suppliers, bankers, business partners and shareholders for your continual support and confidence in the Group.

Li Ming Hung
Chairman

Hong Kong
16 July 2009

Management Discussion & Analysis

... reflecting the management's continuous efforts in implementing effective cost control measures.

Financial Review

The Group's total revenue for the year ended 31 March 2009 decreased slightly by about 0.4% to HK$4.1 billion. Revenue of production and sale of knitted fabric and dyed yarn increased by 4.9% to HK$2.8 billion, representing 68.6% of the consolidated revenue whereas revenue of garment sourcing, manufacturing and exporting business was close to HK$1.3 billion, dropped by 10.2% as compared with last year and representing 31.4% of the consolidated revenue.

During the financial year under review, rising crude oil and coal as well as other commodity prices had driven higher the costs of fuel, dyestuff and other raw materials. Appreciation of Renminbi together with the upsurge of labour costs also added pressure to production costs and overheads. As a result, gross profit margin for production and sale of knitted fabric and dyed yarn dropped from 21.5% to 18.2%. At the same time, volatile purchase orders and severe price competition affected the margins of the garment segment, resulted in a decrease of gross profit margin from 12.9% to 11.8% for the year under review.

Other gains and losses mainly composed of the fair value changes of derivative financial instruments. For the year ended 31 March 2009, there was a loss of HK$35 million whereas there was a gain of HK$33 million for the previous year.

Selling and distribution costs and administrative expenses decreased by 9.4% and 8.2% respectively as compared with previous year, reflecting the management's continuous efforts in implementing effective cost control measures. In addition, the reduction in head-count also contributed to the drop of administrative expenses.

Finance costs decreased from HK$65.1 million in 2008 to HK$60.6 million in 2009, mainly due to the prevailing low interest rates. The Group has tried its best endeavour in obtaining favourable banking facilities with its bankers so as to reduce its finance costs.

Liquidity and Financial Resources

As at 31 March 2009, the Group had total assets of HK$5,396,052,000 (2008: HK$5,608,436,000) which were financed by current liabilities of HK$1,662,841,000 (2008: HK$1,856,712,000), long term liabilities of HK$860,997,000 (2008: HK$1,242,659,000) and shareholders' equity of HK$2,729,883,000 (2008: HK$2,391,639,000). The current ratio was approximately 1.7 (2008: 1.8) and the gearing ratio, being the ratio of total borrowings (excluding bills discounted and debts factored, and net of bank balances and cash) to shareholders funds was 44% (2008: 71%). All of the Group's borrowings were at floating rate basis.

The Group services its debts primarily through cash earned from its operations. The Directors believe that the Group has maintained sufficient working capital for its operation and future expansion. Should other opportunities arise requiring additional funding, the Directors believe that the Group is in a good position to obtain financing on favourable terms.

Rights Issue

On 16 January 2009, the Company issued 341,831,666 ordinary shares of HK$0.01 each at a subscription price of HK$0.439 each, by way of rights issue in the proportion of one rights share for every two shares held on 22 December 2008 of HK$0.01 each. The net proceeds of approximately HK$148 million was used as general working capital of the Company. As a result of the rights issue, the total number of issued shares of the Company increased to 1,025,494,999.

Foreign Exchange and Interest Rate Risks

The Group continued to adopt a strict and prudent policy in managing its interest rate and currency exchange risks. The major interest-bearing bank borrowings of the Group were HIBOR based Hong Kong dollar borrowings with maturity due within five years. To reduce the interest rate risks, the Group had entered into derivative financial instrument contracts with international banks.

The Group's monetary assets and liabilities were principally denominated in Hong Kong dollars, Chinese Renminbi and US dollars. The fluctuations in the US dollars and Renminbi have always been the concern of the Group. In order to mitigate the foreign currency risk, the Group had entered into appropriate hedging arrangements in accordance with the Group's risk management policies.

Capital Expenditure

During the year, the Group invested approximately HK$322 million on additions to property, plant and equipment.

As at 31 March 2009, the Group had capital commitments of approximately HK$42 million in respect of acquisition of new machinery and construction of new factory plants, which are financed by long-term bank borrowings.

Charges on Assets

As at 31 March 2009, certain investment properties of the Group with net book value of approximately HK$91 million (2008: HK$133 million) were pledged to banks to secure banking facilities granted.

Employee Information

As at 31 March 2009, total number of employees of the Group were approximately 205 in Hong Kong and Macau (2008: 260), approximately 4 in the US and Canada (2008: 5), approximately 1,050 in Indonesia (2008: 1,470) and approximately 6,830 in the PRC (2008: 8,645). Remuneration packages are generally structured by reference to market terms and individual qualifications. Salaries and wages are normally reviewed on an annual basis based on performance appraisals and other relevant factors. Bonuses are normally paid to management staff based on individuals' merits as well as the results of the Group. Other benefits to the staff include a provident fund scheme as well as medical insurance.

The Company maintains a share option scheme, pursuant to which share options are granted to selected eligible executives, with a view to provide senior management an appropriate incentive interest for the growth of the Group.

Major Customers and Suppliers

In the year under review, sales to the five largest customers accounted for 24.8% of the total revenue for the year and sales to the largest customer included therein accounted for 11.7%.

Purchase from the five largest suppliers accounted for 27.1% of the total purchases for the year and purchase from the largest supplier included therein accounted for 9.1%.

None of the Directors, their respective associates (as defined in The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited) or shareholders of the Company who own more than five percent of the issued share capital of the Company has any interest in the Group's five largest customers during the year under review.

Profiles of Directors and Senior Management

Board of Directors

Executive Directors

Mr. Li Ming Hung, aged 58, is the Chairman of the Company and a co-founder of the Group. He has over 32 years experience in the textile industry and is responsible for the overall strategic planning of the corporate as well as business development of the Group.

Mr. Chen Tien Tui, aged 60, is the Chief Executive Officer of the Company and a co-founder of the Group. He has over 30 years experience in the textile industry and is responsible for the day-to-day operation in respect of production, sales and marketing of the Group.

Mr. Lee Yuen Chiu, Andy, aged 44, is an Executive Director of the Company. He has over 23 years experience in the textile industry and is responsible for the overall management of the sales and production of the Group. Mr. Lee joined the Group in 1997.

Mr. Choi Lin Hung, aged 47, is an Executive Director of the Company. He holds a Master in Business Administration and is responsible for the strategic planning and corporate development of the Group. Prior to joining the Group in 2001, Mr. Choi has over 9 years banking experience and 6 years management experience in garment and textile industry.

Independent Non-executive Directors

Mr. Kan Ka Hon, aged 58, graduated from The University of Hong Kong and is a qualified accountant. He is a Non-Executive Director of Easyknit Enterprises Holdings Limited (formerly known as Asia Alliance Holdings Limited), which is a company listed on The Stock Exchange of Hong Kong Limited. Mr. Kan has extensive experience in corporate finance, treasury and accounting and has over 29 years experience at management level in listed companies. Mr. Kan joined the Group in 1996.

Mr. Phaisalakani Vichai (Andy Hung), aged 61, is the Executive Director and Chief Financial Officer of Willas-Array Electronics (Holdings) Limited, a company listed on the Singapore Exchange Limited. He graduated from Minnesota State University at Mankato, USA and is a chartered accountant in Canada. He has worked for an international accounting firm for 11 years and has extensive experience in finance and corporate management with major electronics and garments corporations. Mr. Hung joined the Group in 1996.

Mr. Kwok Sze Chi, aged 54, currently holds a registered investment adviser licence and is a director of The Institute of Securities Dealers and the deputy chairman of The Hong Kong Institute of Financial Analysts and Professional Commentators. Having served the securities industry for over 30 years, Mr Kwok has vast experience in securities and futures investment and operation. Since 1985, Mr Kwok has been invited to appear on television and radio programmes to explain market trends and analyze stock market developments. He also provides professional investment analyses in newspapers and investment websites. Mr. Kwok joined the Group in 2006.

Profiles of Directors and Senior Management

Senior Management

Mr. Lee Chung Shing, aged 42, is the Financial Controller and Company Secretary of the Group. He is an associate member of the Chartered Institute of Management Accountants and an associate member of the Hong Kong Institute of Certified Public Accountants. Mr. Lee joined the Group in 1998 and has over 20 years experience in the accounting and finance sector including an international accounting firm and a company listed on the Stock Exchange.

Mr. Ng Tsze Lun, aged 54, is the Marketing Director of Ford Glory International Limited. Mr. Ng joined the Group in 2001 and has over 33 years experience in garment manufacturing and sourcing areas, he is responsible for overseeing the daily operation and marketing of the garment segment.

Mr. Wong Bing Koi, aged 54, is the General Manager of Xinhui Victory City Co., Ltd. He has over 34 years experience in the textile industry and is responsible for the overall management of the Xinhui factory. Mr. Wong joined the Group in 1992.

Mr. Wong Kam Hoi, aged 54, is the head of sales and marketing of the Group. He has over 26 years experience in the textile industry and is responsible for the sales and marketing function of the Group. Mr. Wong joined the Group in 1986.

Mr. Sy Wing Shuen, aged 55, is the Sales Manager of the Group. He has over 34 years experience in the textile industry and is responsible for the sales and marketing function of the Group. Mr. Sy joined the Group in 1999.

Ms. Chan Shuk Fun, aged 43, is the Assistant General Manager of Ford Glory International Limited. She is an associate member of the Hong Kong Institute of Certified Public Accountants since 1993. Prior to joining the Group in 2001, Ms. Chan has over 13 years experience in the accounting, finance and general management functions.

Mr. Chan Ling Kai, aged 36, is the General Manager of Champion Fortune Asia Limited. Mr. Chan joined the Group in 2003 and is responsible for the sales and marketing function of the yarn dyeing segment. Mr. Chan is the son of Mr. Chen Tien Tui, the Chief Executive Officer of the Company.

Mr. Lau Fat Chuen, aged 53, is the General Manager of Jiangmen V-Apparel Co., Ltd. Mr. Lau joined the Group in 2005 and has over 33 years experience in garment manufacturing area. He is responsible for overseeing the overall management of the PRC garment factory.

Directors' Report

The directors present their annual report and the audited consolidated financial statements for the year ended 31 March 2009.

Principal Activities

The Company is an investment holding company. Its subsidiaries are principally engaged in the production and sale of knitted fabric and dyed yarn and garment products.

Results and Appropriation

The results of the Group for the year ended 31 March 2009 are set out in the consolidated income statement on page 31. The directors do not recommend the payment of a final dividend for the year ended 31 March 2009.

Share Capital

Details of movements in the share capital of the Company during the year are set out in note 26 to the consolidated financial statements.

Property, Plant and Equipment

During the year, the Group acquired property, plant and equipment at a total cost of approximately HK$322,089,000 for the expansion of its business. Details of movements in the property, plant and equipment of the Group during the year are set out in note 12 to the consolidated financial statements.

Distributable Reserves of the Company

The Company's reserves available for distribution to shareholders as at 31 March 2009, represented by its accumulated profits, dividend reserve and contributed surplus, were approximately HK$276,215,000.

Directors and Service Contracts

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

Executive Directors:

Mr. Li Ming Hung *(Chairman)*
Mr. Chen Tien Tui *(Chief Executive Officer)*
Mr. Lee Yuen Chiu, Andy
Mr. Choi Lin Hung
Mr. So Kam Wah (service contract terminated on 22 January 2009)

Independent Non-executive Directors:

Mr. Kan Ka Hon
Mr. Phaisalakani Vichai (Andy Hung)
Mr. Kwok Sze Chi

Directors' Report

In accordance with Clause 87(1) of the Company's Bye-laws, Mr. Li Ming Hung, Mr. Chen Tien Tui and Mr. Kan Ka Hon will retire at the forthcoming annual general meeting and, being eligible, offer themselves for re-election. All other directors continue in office.

No directors being proposed for re-election at the forthcoming annual general meeting has a service contract with the Company or any of its subsidiaries which are not determinable by the Group within one year without payment of compensation other than statutory compensation.

The independent non-executive directors have been appointed for a specific term subject to retirement by rotation as required by the Company's Bye-laws.

Directors' Interests in Contracts and Connected Transactions

Details of the directors' interests in contract and connected transactions for the year are set out in note 36 to the consolidated financial statements.

Pursuant to Rule 14A.38 of the Listing Rules, the Board of Directors engaged the auditor of the Company to perform certain agreed upon procedures in respect of its continuing connected transactions (as defined in the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules")) as announced by the Company in its announcement dated 9 September 2005 and 12 September 2007 to assist the directors to evaluate whether the transactions:

a. received approval of the Board of Directors;

b. were entered into in accordance with the pricing policies of the Group with reference to similar transactions with independent third parties;

c. were entered into in accordance with the terms of the relevant agreement governing such transactions; and

d. exceeded the relevant cap amounts for the year ended 31 March 2009 as set out in the circular of the Company dated 3 October 2005 and 4 October 2007.

The auditor of the Company has performed procedures in respect of these transactions in accordance with Hong Kong Standard on Related Services 4400 "Engagements to Perform Agreed Upon Procedures Regarding Financial Information".

The auditor has reported the factual findings on these procedures to the Board of Directors. The independent non-executive directors of the Company have reviewed and confirmed the transactions and the findings. The auditor of the Company has confirmed the transactions were:

a. in the ordinary and usual course of business of the Group;

b. on normal commercial terms; and

c. in accordance with the relevant agreement governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

Independent Non-executive Directors' Confirmation of Independence

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 the independent non-executive directors independent.

Directors' and Chief Executive's Interest in Shares and Underlying Shares

As at 31 March 2009, the interests and short positions of the directors or chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (the "SFO")) which had been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they were deemed or taken to have under such provisions of the SFO) or which were required pursuant to section 352 of the SFO to be entered in the register referred to therein or which were required pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules to be notified to the Company and the Stock Exchange were as follows:

Name of Director	**The Company/ name of associated corporation**	**Capacity**	**Interest in shares** (note 1)	**Interest in underlying shares of share options** (note 1)	**Approximate % of the relevant class of issued share capital of the Company/ associated corporation**
Li Ming Hung	The Company	Founder of a trust	166,878,000 ordinary shares of HK$0.01 each of the Company ("Shares") (L) (note 2)	–	16.27% (note 17)
	The Company	Beneficial owner	13,740,000 Shares (L)	–	1.34%
	The Company	Beneficial owner	–	1,599,737 Shares (L) (note 4)	0.16%
	Victory City Company Limited (note 15)	Beneficial owner	4,000,000 non-voting deferred shares of HK$1.00 each (L)	–	50%
	Victory City Overseas Limited (note 15)	Beneficial owner	1,300 redeemable non-voting preference shares of US$1.00 each (L)	–	39.4%

Name of Director	The Company/ name of associated corporation	Capacity	Interest in shares (note 1)	Interest in underlying shares of share options (note 1)	Approximate % of the relevant class of issued share capital of the Company/ associated corporation
Chen Tien Tui	The Company	Founder of a trust	166,878,000 Shares (L) (note 3)	–	16.27% (note 17)
	The Company	Beneficial owner	15,411,000 Shares (L)	–	1.50%
	The Company	Beneficial owner	–	1,599,737 Shares (L) (note 4)	0.16%
	Victory City Company Limited (note 15)	Beneficial owner	4,000,000 non-voting deferred shares of HK$1.00 each (L)	–	50%
	Victory City Overseas Limited (note 15)	Beneficial owner	1,300 redeemable non-voting preference shares of US$1.00 each (L)	–	39.4%
Choi Lin Hung	The Company	Beneficial owner	4,980,000 Shares (L)	–	0.49%
	The Company	Beneficial owner	–	9,598,419 Shares (L) (note 5)	0.94%
	Victory City Overseas Limited (note 15)	Beneficial owner	700 redeemable non-voting preference shares of US$1.00 each (L)	–	21.2%
	Ford Glory Holdings Limited (note 15)	Interest of controlled corporation	49 shares of US$1.00 each (L) (note 6)	–	49%
	CSG Apparel Inc. (note 15)	Interest of controlled corporation	One common stock of CAD1.00 (L) (note 7)	–	100%
	Ford Glory International Limited (note 15)	Interest of controlled corporation	5,000,000 ordinary shares of HK$1.00 each (L) (note 13)	–	100%
	Glory Time Limited (note 16)	Interest of controlled corporation	70 ordinary shares of HK$1.00 each (L) (note 11)	–	70%

Name of Director	The Company/ name of associated corporation	Capacity	Interest in shares (note 1)	Interest in underlying shares of share options (note 1)	Approximate % of the relevant class of issued share capital of the Company/ associated corporation
	Mayer Apparel Limited (note 16)	Interest of controlled corporation	51 ordinary shares of HK$1.00 each (L) (note 10)	–	51%
	PT Victory Apparel Semarang (note 15)	Interest of controlled corporation	300,000 ordinary shares of US$1.00 each (L) (note 9)	–	100%
	Surefaith Limited (note 15)	Interest of controlled corporation	10 ordinary shares of US$1.00 each (L) (note 13)	–	100%
	Top Star Limited (note 15)	Interest of controlled corporation	2 ordinary shares of HK$1.00 each (L) (note 13)	–	100%
	Top Value Inc. (note 15)	Interest of controlled corporation	200 common shares of no par value (L) (note 12)	–	100%
	Value Plus (Macao Commercial Offshore) Limited (note 15)	Interest of controlled corporation	Quota capital of MOP100,000 (L) (note 14)	–	100%
	Victory Apparel Jordan Manufacturing Ltd. (note 15)	Interest of controlled corporation	50,000 ordinary shares of JD$1.00 each (L) (note 8)	–	100%
	Wealth Choice Limited (note 15)	Interest of controlled corporation	10 ordinary shares of US$1.00 each (L) (note 13)	–	100%
	福之源貿易(上海)有限公司 (note 15)	Interest of controlled corporation	Registered capital of RMB1,000,000 (L) (note 7)	–	100%
	Gojifashion Inc. (note 16)	Interest of controlled corporation	100 common shares of no par value (L) (note 12)	–	50%
Lee Yuen Chiu, Andy	The Company	Beneficial owner	–	9,598,419 Shares (L) (note 5)	0.94%
Phaisalakani Vichai	The Company	Beneficial owner	500,000 Shares (L)	–	0.05%

Notes:

1. The letter "L" represents the director's interests in the shares and underlying shares of the Company or its associated corporations.

2. These Shares were held by Pearl Garden Pacific Limited. Pearl Garden Pacific Limited is wholly owned by Cornice Worldwide Limited, the entire issued share capital of which is held by Trustcorp Limited as discretionary trustee for Mr. Li Ming Hung's family.

3. These Shares were held by Madian Star Limited. Madian Star Limited is wholly owned by Yonice Limited, the entire issued share capital of which is held by Trustcorp Limited as discretionary trustee for Mr. Chen Tien Tui's family.

4. On 9 October 2003, each of Messrs. Li Ming Hung and Chen Tien Tui were granted 500,000 options under the option scheme of the Company to subscribe for 500,000 Shares, exercisable at a price of HK$3.04 per share during a period from 9 October 2004 to 29 November 2011. The exercise price per Share and the number of Shares issuable upon exercise in full of these options were adjusted to HK$2.85 and 533,246 respectively upon the rights issue of the Company ("Rights Issue") becoming unconditional on 13 January 2009 for each of Messrs. Li Ming Hung and Chen Tien Tui.

   On 7 June 2004, Messrs. Li Ming Hung and Chen Tien Tui were granted options under the share option scheme of the Company to subscribe for 1,000,000 Shares and 1,000,000 Shares respectively, exercisable at a price of HK$3.15 per Share during a period from 7 June 2004 to 29 November 2011. The exercise price per Share and the number of Shares issuable upon exercise in full of these options were adjusted to HK$2.95 and 1,066,491 respectively upon the Rights Issue becoming unconditional on 13 January 2009 for each of Messrs. Li Ming Hung and Chen Tien Tui.

5. On 23 May 2003, Messrs. Choi Lin Hung and Lee Yuen Chiu, Andy were granted 1,500,000 and 1,500,000 options respectively under the share option scheme of the Company to subscribe for 1,500,000 Shares and 1,500,000 Shares respectively, exercisable at a price of HK$2.35 per Share during a period from 27 May 2003 to 29 November 2011. The exercise price per Share and the number of Shares issuable upon exercise in full of these options were adjusted to HK$2.20 and 1,599,736 respectively upon the Rights Issue becoming unconditional on 13 January 2009 for each of Messrs. Choi Lin Hung and Lee Yuen Chiu, Andy.

   On 9 October 2003, Messrs. Choi Lin Hung and Lee Yuen Chiu, Andy were granted options under the share option scheme of the Company to subscribe for 3,500,000 Shares and 3,500,000 Shares, respectively, exercisable at a price of HK$3.04 per share during a period from 9 October 2004 to 29 November 2011. The exercise price per Share and the number of Shares issuable upon exercise in full of these options were adjusted to HK$2.85 and 3,732,719 respectively upon the Rights Issue becoming unconditional on 13 January 2009 for each of Messrs. Choi Lin Hung and Lee Yuen Chiu, Andy.

   On 7 June 2004, Messrs. Choi Lin Hung and Lee Yuen Chiu, Andy were granted options under the share option scheme of the Company to subscribe for 4,000,000 Shares and 4,000,000 Shares respectively, exercisable at a price of HK$3.15 per Share during a period from 7 June 2004 to 29 November 2011. The exercise price per Share and the number of Shares issuable upon exercise in full of these options were adjusted to HK$2.95 and 4,265,964 respectively upon the Rights Issue becoming unconditional on 13 January 2009 for each of Messrs. Choi Lin Hung and Lee Yuen Chiu, Andy.

6. These shares, representing 49% of the issued share capital of Ford Glory Holdings Limited, were held by Merlotte Enterprise Limited which is wholly owned by Mr. Choi Lin Hung.

7. This common stock or, as the case may be, registered capital was beneficially owned by Ford Glory International Limited which is a wholly owned subsidiary of Ford Glory Holdings Limited.

8. These shares was beneficially owned by Wealth Choice Limited which is a wholly owned subsidiary of Ford Glory Holdings Limited.

9. These shares was beneficially owned by Surefaith Limited which is a wholly owned subsidiary of Ford Glory Holdings Limited.

10. Mayer Apparel Limited is 51% owned by Ford Glory Holdings Limited.

11. Glory Time Limited is 70% owned by Ford Glory Holdings Limited.

12. These common shares were beneficially owned by Ford Glory Holdings Limited.

13. These shares were beneficially owned by Ford Glory Holdings Limited.

14. This quota capital was beneficially owned by Ford Glory Holdings Limited.

15. These companies are subsidiaries of the Company.

16. These companies are associated corporations (within the meaning of Part XV of the SFO) of the Company.

17. Mr. Li Ming Hung and Mr. Chen Tien Tui aggregately hold over 30% of the voting share capital of the Company, which complied under the condition of syndicated loan.

Save as disclosed above in this report, as at 31 March 2009, none of the directors and chief executive of the Company had any interest and short positions in the shares, underlying shares and debentures of the Company or any associated corporations (with the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including the interests and short positions in which they were deemed or taken to have under such provisions of the SFO) or which are required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules.

Discloseable Interest Under Divisions 2 and 3 of Part XV of the SFO and Substantial Shareholders

As at 31 March 2009, according to the register kept by the Company pursuant to section 336 of the SFO and so far as is known to, or can be ascertained after reasonable enquiry by the directors, the following persons (other than directors and chief executive of the Company) had an interest or short position in the Shares and/or underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name of person	Number of Shares (note 1)	Capacity	Approximate percentage of interest
Pearl Garden Pacific Limited	166,878,000 (L)	Beneficial owner (note 2)	16.27%
Cornice Worldwide Limited	166,878,000 (L)	Interest of controlled corporation (note 2)	16.27%
Madian Star Limited	166,878,000 (L)	Beneficial owner (note 3)	16.27%
Yonice Limited	166,878,000 (L)	Interest of controlled corporation (note 3)	16.27%
Trustcorp Limited	333,756,000 (L)	Trustee (notes 2, 3 & 4)	32.55%
Newcorp Ltd.	333,756,000 (L)	Interest of controlled corporation (notes 2, 3 & 4)	32.55%

Name of person	Number of Shares (note 1)	Capacity	Approximate percentage of interest
Ho Yuen Mui, Shirley	182,217,737 (L)	Interest of spouse (note 5)	17.77%
Or Kwai Ying	183,888,737 (L)	Interest of spouse (note 6)	17.93%
Templeton Asset Management Limited	142,734,932 (L)	Investment manager	13.92%
Sansar Capital Special Opportunity Master Fund, LP	66,119,000 (L)	Beneficial owner (note 7)	6.44%

Notes:

1. The letter "L" represents the person's interests in the Share and underlying Shares.

2. These shares were held by Pearl Garden Pacific Limited. Pearl Garden Pacific Limited is wholly owned by Cornice Worldwide Limited, the entire issued share capital of which is held by Trustcorp Limited as discretionary trustee for Mr. Li Ming Hung's family. Mr. Chen Tien Tui is a director of Pearl Garden Pacific Limited and Cornice Worldwide Limited.

3. These shares were held by Madian Star Limited. Madian Star Limited is wholly owned by Yonice Limited, the entire issued share capital of which is held by Trustcorp Limited as discretionary trustee for Mr. Chen Tien Tui's family. Mr. Li Ming Hung is a director of Madian Star Limited and Yonice Limited.

4. Trustcorp Limited is wholly owned by Newcorp Ltd.

5. Ms. Ho Yuen Mui, Shirley is the wife of Mr. Li Ming Hung.

6. Ms. Or Kwai Ying is the wife of Mr. Chen Tien Tui.

7. These shares were held by Sansar Capital Special Opportunity Master Fund, LP. To the best knowledge of the Company, Sansar Capital Management, LLC was interested in such Shares as investment manager.

Save as disclosed above, so far as is known to the directors of the Company, as at 31 March 2009, there was no person (other than a director or chief executive of the Company) who had an interest or short position in the Shares and/or underlying shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

Share Options

Details of the Company's share option scheme are set out in note 28 to the consolidated financial statements.

Repurchase, Sale or Redemption of the Company's Shares

During the year, the Company repurchased 348,000 ordinary shares of the Company through the Stock Exchange at an aggregate amount of HK$555,280 (i.e. at an average price of approximately HK$1.60 per share). These shares were all repurchased through the Stock Exchange. Apart from that, neither the Company nor any of its subsidiaries repurchased, sold or redeemed any of the shares of the Company during the year.

Directors' Report

Emolument Policy

The emolument policy of the employees of the Group is set up by the Remuneration Committee on the basis of their merit, qualifications and competence.

The emoluments of the directors of the Company are decided by the Remuneration Committee, having regard to the Company's operating results, individual performance and comparable market statistics.

The Company has adopted a share option scheme as an incentive to directors and eligible employees, details of the scheme are set out in note 28 to the consolidated financial statements.

Competing Business Interests of Directors

None of the directors of the Company or their respective associates has any interests in a business which competes or may compete with the business of the Company.

Contract of Significance

Save as disclosed in note 28 to the consolidated financial statements, there is no contract of significance to the Group subsisting as at 31 March 2009 in which a director or any member of the Group is or was materially interested, either directly or indirectly.

Pre-emptive Rights

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

Sufficiency of Public Float

The Company has maintained a sufficient public float throughout the year ended 31 March 2009.

Auditor

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

On behalf of the Board

Li Ming Hung
Chairman

Hong Kong
16 July 2009

Corporate Governance Report

Corporate Governance Practices

The Board is committed to maintaining high standards of corporate governance and endeavours in following the code provisions ("Code Provisions") of the "Code on Corporate Governance Practices" ("Code") as set out in Appendix 14 to the Rules ("Listing Rules") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Stock Exchange").

Throughout the year ended 31 March 2009, the Company had complied with the Code Provisions.

Model Code for Securities Transactions

The Company has adopted a code of conduct regarding securities transactions by directors and senior management of the Group on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules ("Model Code"). Having made specific enquiry of all directors and senior management of the Group, all directors and senior management of the Group have complied with the required standard set out in the Model Code and the Company's code of conduct regarding securities transactions by directors and senior management throughout the year ended 31 March 2009.

Board of Directors

The Board is currently composed of four executive directors comprising Mr. Li Ming Hung as the chairman, Mr. Chen Tien Tui as the chief executive officer of the Company, Mr. Lee Yuen Chiu, Andy and Mr. Choi Lin Hung; and three independent non-executive directors comprising Mr. Kan Ka Hon, Mr. Phaisalakani Vichai and Mr Kwok Sze Chi. The biographical details of the directors are set out on pages 14 to 15 of the annual report of the Company for the year ended 31 March 2009. All directors are subject to retirement by rotation and may offer themselves for re-election at the annual general meeting of the Company in accordance with the provisions of the Company's Bye-laws. Each independent non-executive director is appointed for a term of two years.

The Board meets regularly to review and determine the corporate strategies and overall strategic policies. Each of the members of the Board has full access to relevant information at the meetings. During the year, the Board has convened four regular meetings and conducted the following activities at such regular meetings:

(1) approved the interim and final results, interim and annual report, and matters to be considered at annual general meeting;

(2) reviewed and approved corporate strategies of the Group for the financial year ending 31 March 2010; and

(3) reviewed the performance and financial position of the Group.

Apart from the regular board meetings, the Board met on other occasions when a board-level decision on a particular matter was required.

Details of the directors' attendance records at the regular board meetings during the year are as follows:

	Attendance
Executive Directors	
Mr. Li Ming Hung *(Chairman)*	4/4
Mr. Chen Tien Tui *(Chief Executive Officer)*	4/4
Mr. So Kam Wah *(Note)*	2/4
Mr. Lee Yuen Chiu, Andy	4/4
Mr. Choi Lin Hung	4/4
Independent Non-executive Directors	
Mr. Kan Ka Hon	4/4
Mr. Phaisalakani Vichai	4/4
Mr. Kwok Sze Chi	4/4

Note: Mr. So Kam Wah's service contract was terminated on 22 January 2009.

The executive directors and senior management of the Company, as delegated by the Board, are responsible for implementing the determined strategies and policies and the day-to-day management of the Group's business.

The roles of the chairman and the chief executive officer are segregated and are not exercised by the same individual.

The Company has received from each of the independent non-executive directors a written confirmation of independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all the independent non-executive directors to be independent.

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 review 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 of the Company. The Chairman and other executive directors have not held any meeting for this purpose during the year under review as the Company has not appointed any new director during the year under review.

Remuneration Committee

The Remuneration Committee is currently composed of five members, comprising three independent non-executive directors, namely Mr. Kan Ka Hon (Chairman), Mr. Phaisalakani Vichai and Mr. Kwok Sze Chi, and two executive directors, Mr. Li Ming Hung and Mr. Chen Tien Tui. It was established by the Board and its duties are clearly defined in its written terms of reference which have been prepared and adopted according to the Code Provisions.

The Remuneration Committee meets annually to review the remuneration policies and packages for directors and senior management of the Company. No director takes part in any discussions and decisions about his own remuneration. During the year, it had convened one meeting with full attendance by its members and conducted the following activities:

(1) reviewed the remuneration packages for senior management of the Company; and

(2) reviewed the terms of the service contracts of all the executive directors of the Company by reference to their performance.

Auditor's Remuneration

During the year, the nature of the audit and non-audit services provided by Deloitte Touche Tohmatsu, the auditor of the Company, and the relevant fee paid by the Company for such services are as follows:

Audit services of approximately HK$2,245,000 for the Group;
Non-audit services of approximately HK$1,097,000 including:
- review of interim results
- taxation services for the Group
- agreed-upon procedures on the Group's continuing connected transaction
- agreed-upon procedures on the Group's annual results announcement

Audit Committee

The Audit Committee currently comprises three independent non-executive directors, namely Mr. Kan Ka Hon (Chairman), Mr. Phaisalakani Vichai and Mr. Kwok Sze Chi. It was established by the Board and its duties are clearly defined in its written terms of reference which have been prepared and adopted according to the Code Provisions.

The Audit Committee provides an important link between the Board and the Company's auditor in matters coming within the scope of the group audit. It also reviews the annual and interim reports of the Company prior to their approval by the Board, the effectiveness of the external and internal audit and of internal controls and risk evaluation.

During the year, the Audit Committee has convened three meetings and conducted the following activities:

(1) reviewed interim and annual reports of the Company;

(2) reviewed the internal controls and financial matters of the Group in pursuance of the written terms of reference;

(3) reviewed the audit plans and findings of the external auditor of the Company; and

(4) made recommendation to the Board on the re-appointment of the external auditor.

Details of attendance of each member of the Audit Committee during the year are as follows:

	Attendance
Independent Non-executive Directors	
Mr. Kan Ka Hon	3/3
Mr. Phaisalakani Vichai	3/3
Mr. Kwok Sze Chi	3/3

There was no disagreement between the Board's and the Audit Committee's view on the selection and appointment of the external auditor.

Independent Auditor's Report

Deloitte.
德勤

TO THE MEMBERS OF VICTORY CITY INTERNATIONAL HOLDINGS LIMITED
(incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Victory City International Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 31 to 94, which comprise the consolidated balance sheet as at 31 March 2009, 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.

Independent Auditor's Report

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

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 31 March 2009 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu
Certified Public Accountants

Hong Kong
16 July 2009

Consolidated Income Statement

For the year ended 31 March 2009

	Notes	2009 HK$'000	2008 HK$'000
Revenue	4	**4,088,724**	4,104,773
Cost of sales		**(3,427,189)**	(3,346,188)
Gross profit		**661,535**	758,585
Other income		**29,663**	31,280
Other gains and losses	6	**(33,081)**	34,562
Selling and distribution costs		**(87,563)**	(96,656)
Administrative expenses		**(251,943)**	(274,416)
Share of loss of a jointly controlled entity		**–**	(338)
Finance costs	7	**(60,579)**	(65,144)
Profit before taxation		**258,032**	387,873
Income tax expense	8	**(17,120)**	(18,519)
Profit for the year	9	**240,912**	369,354
Attributable to:			
Equity holders of the Company		**216,865**	341,788
Minority shareholders		**24,047**	27,566
		240,912	369,354
Distributions	10	**–**	99,375
			(restated)
Earnings per share	11		
Basic		**29.7 cents**	48.2 cents
Diluted		**N/A**	48.0 cents

Consolidated Balance Sheet

At 31 March 2009

	Notes	2009 HK$'000	2008 HK$'000
Non-current assets			
Property, plant and equipment	12	**2,444,630**	2,283,968
Prepaid lease payments	13	**49,147**	21,283
Investment properties	14	**–**	2,470
Goodwill	15	**6,185**	6,185
Interest in a jointly controlled entity	16	**–**	–
Deposit paid for acquisition of property, plant and equipment		**4,306**	8,735
		2,504,268	2,322,641
Current assets			
Inventories	17	**1,357,908**	1,495,200
Trade receivables	18	**875,514**	906,442
Deposits, prepayments and other receivables		**107,476**	114,773
Prepaid lease payments	13	**1,237**	479
Structured deposit	19	**–**	39,399
Derivative financial instruments	25	**3,172**	33,972
Bank balances and cash	20	**546,477**	470,139
		2,891,784	3,060,404
Asset classified as held for sale	21	**–**	225,391
		2,891,784	3,285,795
Current liabilities			
Trade payables	22	**376,913**	450,563
Other payables		**112,063**	91,882
Dividend payable		**83**	237
Taxation payable		**60,583**	55,251
Bank borrowings – amount due within one year	23	**1,082,727**	1,160,339
Structured borrowings – amount due within one year	24	**18,792**	17,168
Derivative financial instruments	25	**11,680**	12,190
		1,662,841	1,787,630
Liabilities associated with asset classified as held for sale	21	**–**	69,082
		1,662,841	1,856,712
Net current assets		**1,228,943**	1,429,083
		3,733,211	3,751,724

Consolidated Balance Sheet

At 31 March 2009

	Notes	2009 HK$'000	2008 HK$'000
Capital and reserves			
Share capital	26	**10,255**	6,758
Reserves		**2,719,628**	2,384,881
Equity attributable to equity holders of the Company		**2,729,883**	2,391,639
Minority interests		**142,331**	117,426
Total equity		**2,872,214**	2,509,065
Non-current liabilities			
Bank borrowings – amount due after one year	23	**830,631**	1,190,960
Structured borrowings – amount due after one year	24	**28,188**	51,503
Deferred taxation	29	**2,178**	196
		860,997	1,242,659
		3,733,211	3,751,724

The financial statements on pages 31 to 94 were approved and authorised for issue by the Board of Directors on 16 July 2009 and are signed on its behalf by:

Li Ming Hung
Director

Chen Tien Tui
Director

Consolidated Statement of Changes in Equity

For the year ended 31 March 2009

	Attributable to equity holders of the Company									
	Share capital HK$'000 (note 26)	**Share premium** HK$'000	**Capital redemption reserve** HK$'000	**Capital reserve** HK$'000 (note 27)	**Translation reserve** HK$'000	**Dividend reserve** HK$'000	**Accumulated profits** HK$'000	**Total** HK$'000	**Minority interests** HK$'000	**Total** HK$'000
As 1 April 2007	6,609	720,798	–	76,229	203,680	45,032	870,064	1,922,412	90,378	2,012,790
Exchange difference arising from translation of foreign operations, representing total income recognised directly in equity	–	–	–	–	191,681	–	–	191,681	–	191,681
Profit for the year	–	–	–	–	–	–	341,788	341,788	27,566	369,354
Total recognised income and expense for the year	–	–	–	–	191,681	–	341,788	533,469	27,566	561,035
Exercise of share options	13	4,016	–	–	–	–	–	4,029	–	4,029
Share repurchased and cancelled	(36)	(9,162)	36	–	–	(46)	10	(9,198)	–	(9,198)
Issue of shares under scrip dividend scheme for 2007 final and 2008 interim dividend	172	39,158	–	–	–	(39,330)	–	–	–	–
Interim dividend proposed	–	–	–	–	–	53,417	(53,417)	–	–	–
Final dividend proposed (note 10)	–	–	–	–	–	45,958	(45,958)	–	–	–
Dividends paid in cash	–	–	–	–	–	(59,073)	–	(59,073)	–	(59,073)
Dividend paid to minority interests	–	–	–	–	–	–	–	–	(3,714)	(3,714)
Capital contribution by a minority shareholder	–	–	–	–	–	–	–	–	3,196	3,196
At 31 March 2008	6,758	754,810	36	76,229	395,361	45,958	1,112,487	2,391,639	117,426	2,509,065
Exchange difference arising from translation of foreign operations, representing total income recognised directly in equity	–	–	–	–	4,874	–	–	4,874	–	4,874
Profit for the year	–	–	–	–	–	–	216,865	216,865	24,047	240,912
Total recognised income and expense for the year	–	–	–	–	4,874	–	216,865	221,739	24,047	245,786
Share repurchased and cancelled	(3)	(555)	3	–	–	–	–	(555)	–	(555)
Issue of shares under scrip dividend scheme for 2008 final dividend	82	14,820	–	–	–	(14,902)	–	–	–	–
Issue of shares of rights issue (note 26)	3,418	144,698	–	–	–	–	–	148,116	–	148,116
Dividends paid in cash	–	–	–	–	–	(31,056)	–	(31,056)	–	(31,056)
Dividend paid to minority interests	–	–	–	–	–	–	–	–	(3,636)	(3,636)
Capital contribution by a minority shareholder	–	–	–	–	–	–	–	–	4,494	4,494
At 31 March 2009	**10,255**	**913,773**	**39**	**76,229**	**400,235**	**-**	**1,329,352**	**2,729,883**	**142,331**	**2,872,214**

Consolidated Cash Flow Statement

For the year ended 31 March 2009

	2009	2008
	HK$'000	HK$'000
OPERATING ACTIVITIES		
Profit before taxation	258,032	387,873
Adjustments for:		
Depreciation of property, plant and equipment	204,371	166,953
Gain on disposal of property, plant and equipment	(12,577)	(1,901)
Gain on structured deposits early terminated during the year	(2,444)	–
Gain on fair value changes of structured deposit	–	(399)
Interest income	(3,062)	(3,479)
Interest on bank borrowings	60,579	`65,144
Loss (gain) on fair value changes of derivative financial instruments	35,446	(32,951)
Gain on fair value changes of structured borrowings	(4,531)	(8,329)
Loss on fair value changes of investment properties	–	10,946
Impairment losses recognised on receivables	806	3,101
Release of prepaid lease payments	645	585
Share of loss of a jointly controlled entity	–	338
Operating cash flows before working capital changes	537,265	587,881
Decrease (increase) in inventories	105,140	(243,476)
Decrease in trade receivables	18,885	67,220
Decrease in deposits, prepayments and other receivables	7,297	24,075
Decrease in trade payables	(69,057)	(104,777)
Increase (decrease) in other payables	20,181	(13,449)
(Decrease) increase in derivative financial instrument	(5,156)	12,793
Cash generated from operations	614,555	330,267
Interest paid on bank borrowings	(71,118)	(115,134)
Hong Kong Profits Tax paid	(13,516)	(19,446)
Overseas tax refund (paid)	1,962	(7,080)
Interest received	3,062	3,479
NET CASH FROM OPERATING ACTIVITIES	534,945	192,086
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(302,815)	(374,559)
Increase in structured deposit	(56,160)	(39,000)
Purchase of prepaid lease payment	(28,779)	–
Deposit paid for acquisition of property, plant and equipment	(4,306)	(8,735)
Proceeds from sales of assets classified as held for sale	169,966	–
Proceeds from termination of structured deposits	98,003	–
Proceeds from disposal of property, plant and equipment	352	2,040
Deposits received from assets classified as held for sale	–	14,042
Proceeds from disposal of prepaid lease payments	–	443
NET CASH USED IN INVESTING ACTIVITIES	(123,739)	(405,769)

Consolidated Cash Flow Statement

For the year ended 31 March 2009

	2009 HK$'000	2008 HK$'000
FINANCING ACTIVITIES		
Proceeds from issue of new shares	**148,116**	–
New bank loans raised	**16,854**	407,254
New mortgage loans raised	**42,560**	–
Capital contribution from minority shareholders	**4,494**	–
Repayment of bank loans	**(215,878)**	(39,500)
Net amount of bills, import loans, trust receipts loans and revolving trade loan (repaid) raised	**(281,086)**	205,226
Dividend paid to the Company's shareholders	**(31,210)**	(59,112)
Repayment of structured borrowings	**(17,160)**	(17,160)
Dividend paid to a minority shareholder	**(3,636)**	(3,714)
Share repurchased and cancelled	**(555)**	(9,198)
Repayment of mortgage loans	**(391)**	(11,472)
Exercise of share options	**–**	4,029
NET CASH (USED IN) FROM FINANCING ACTIVITIES	**(337,892)**	476,353
NET INCREASE IN CASH AND CASH EQUIVALENTS	**73,314**	262,670
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	**470,139**	204,563
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	**3,024**	2,906
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, representing bank balances and cash	**546,477**	470,139

Notes to the Consolidated Financial Statements

For the year ended 31 March 2009

1. General

The Company is incorporated in Bermuda as an exempted company with limited liability 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 set out in the annual report.

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

The Company is an investment holding company. Its subsidiaries are principally engaged in the production and sale of knitted fabric and dyed yarn and garment products.

2. Application of New and Revised Hong Kong Financial Reporting Standards ("HKFRS(s)")

In the current year, the Group has applied the following amendments and interpretations ("new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which are or have become effective.

HKAS 39 & HKFRS 7 (Amendments)	Reclassification of Financial Assets
HK(IFRIC) – Int 12	Service Concession Arrangements
HK(IFRIC) – Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The adoption of the new HKFRSs 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 year 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.

HKFRSs (Amendments)	Improvements to HKFRSs[1]
HKFRSs (Amendments)	Improvements to HKFRSs 2009[2]
HKAS 1 (Revised)	Presentation of Financial Statements[3]
HKAS 23 (Revised)	Borrowing Costs[3]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[4]
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation[3]
HKAS 39 (Amendment)	Eligible Hedged Items[4]
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate[3]
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations[3]
HKFRS 3 (Revised)	Business Combinations[4]
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments[3]
HKFRS 8	Operating Segments[3]
HK(IFRIC) – Int 9 & HKAS 39 (Amendments)	Embedded Derivatives[5]
HK(IFRIC) – Int 13	Customer Loyalty Programmes[6]
HK(IFRIC) – Int 15	Agreements for the Construction of Real Estate[3]
HK(IFRIC) – Int 16	Hedges of a Net Investment in a Foreign Operation[7]
HK(IFRIC) – Int 17	Distributions of Non-cash Assets to Owners[4]
HK(IFRIC) – Int 18	Transfers of Assets from Customers[8]

1 Effective for annual periods beginning on or after 1 January 2009 except the amendments to HKFRS 5, effective for annual periods beginning on or after 1 July 2009
2 Effective for annual periods beginning on or after 1 January 2009, 1 July 2009 and 1 January 2010, as appropriate
3 Effective for annual periods beginning on or after 1 January 2009
4 Effective for annual periods beginning on or after 1 July 2009
5 Effective for annual periods ending on or after 30 June 2009
6 Effective for annual periods beginning on or after 1 July 2008
7 Effective for annual periods beginning on or after 1 October 2008
8 Effective for transfers on or after 1 July 2009

The application of HKFRS 3 (Revised) may affect the Group's accounting for business combination for which the acquisition date is on or after 1 April 2010. HKAS 27 (Revised) will affect the accounting treatment for changes in the Group's ownership interest in a subsidiary. The directors of the Company anticipate that the application of the 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 investment properties and certain financial instruments which are measured at fair value, as explained in the accounting policies set out below.

The consolidated financial statements have been prepared in accordance with HKFRSs 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.

Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including special purpose 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.

Minority interests in the net assets of consolidated subsidiaries are presented separately from the Group's equity therein. Minority interests in the net assets consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

Non-current Assets Held for Sale

Non-current assets are reclassified as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition.

Non-current assets classified as asset held for sale are measured at the lower of the assets' previous carrying amount and fair value less costs to sell.

3. Significant Accounting Policies *(Continued)*

Goodwill

Goodwill Arising on Acquisitions Prior to 1 January 2005

Goodwill arising on acquisition of net assets and operations of another entity for which the agreement date is before 1 January 2005 represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of the relevant acquire at the date of acquisition.

For previously capitalised goodwill arising on acquisitions of net assets and operations of another entity after 1 April 2001, the Group has discontinued amortisation from 1 April 2005 onwards, and such goodwill is tested for impairment annually, and whenever there is an indication that the cash-generating unit ("CGU") to which the goodwill relates may be impaired (see the accounting policy below).

Goodwill Arising on Acquisitions on or after 1 January 2005

Goodwill arising on an acquisition of a business for which the agreement date is on or after 1 January 2005 represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities of the relevant business at the date of acquisition. Such goodwill is carried at cost less any accumulated impairment losses.

Capitalised goodwill arising on an acquisition of a business is presented separately in the consolidated balance sheet.

For the purposes of impairment testing, goodwill arising from an acquisition is allocated to each of the relevant CGUs, or groups of CGUs, that are expected to benefit from the synergies of the acquisition. A CGU to which goodwill has been allocated is tested for impairment annually, and whenever there is an indication that the unit may be impaired. For goodwill arising on an acquisition in a financial year, the CGU to which goodwill has been allocated is tested for impairment before the end of that financial year. When the recoverable amount of CGU is less than the carrying amount of the unit, the impairment loss is allocated to reduce the carrying amount of any goodwill allocated to the unit first, and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in the consolidated income statement. An impairment loss for goodwill is not reversed in subsequent periods.

On subsequent disposal of the relevant CGU, the attributable amount of goodwill capitalised is included in the determination of the amount of profit or loss on disposal.

3. Significant Accounting Policies *(Continued)*

Jointly Controlled Entity

Joint venture arrangements that involve the establishment of a separate entity in which venturers have joint control over the economic activity of the entity are referred to as jointly controlled entity.

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

Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

When a group entity transacts with a jointly controlled entity of the Group, profits or losses are eliminated to the extent of the Group's interest in the jointly controlled entity.

Revenue Recognition

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

Sale of goods is recognised when the goods are delivered and title has passed.

Interest income from a financial asset excluding 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 asset's net carrying amount.

Property, Plant and Equipment

Property, plant and equipment including buildings held for use in the production or supply of goods or services, or for administrative purposes (other than construction in progress) are stated at cost or deemed cost less subsequent accumulated depreciation and any accumulated impairment losses.

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2009

3. Significant Accounting Policies *(Continued)*

Property, Plant and Equipment *(Continued)*

Construction in progress includes, property, plant and equipment in the course of construction for production or for its own use purposes. Construction in progress is carried at cost less any recognised impairment losses. Cost includes all development expenditure and other direct costs, including borrowing costs capitalised in accordance with the Group's accounting policy, attributable to such projects. Construction in progress is classified to the appropriate category of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

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.

An investment property carried at fair value will be transferred to property, plant and equipment when the property is no longer held to earn rentals and/or for capital appreciation but for use in the production or supply of goods or services, or for administrative purposes. The property's deemed cost for subsequent accounting in accordance with HKAS 16 shall be its fair value at the date of change in use.

Investment Properties

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

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

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

Prepaid Lease Payments

Prepaid lease payments represent up-front payments to acquire leasehold land interests are stated at cost and amortised over the period of the lease on a straight-line basis.

3. Significant Accounting Policies *(Continued)*

Operating Leases

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

The Group as Lessor

Rental income from operating leases is recognised in the consolidated income statement on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

The Group as Lessee

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

The land and building elements of a lease of land and building are considered separately for the purpose of lease classification. To the extent the allocation of the lease payments can be made reliably, leasehold interests in land are accounted for as operating lease except for a property interest that is held under an operating lease that is accounted for as investment property measured at fair value.

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. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity, in which cases, the exchange differences are also recognised directly in equity.

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.

3. Significant Accounting Policies *(Continued)*

Foreign Currencies *(Continued)*

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation on or after 1 April 2005 are treated as assets and liabilities of that foreign operation and translated at the rate of exchange prevailing at the balance sheet date. Exchange differences arising are recognised in the translation reserve.

Borrowings Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, are capitalised as part of the cost of those assets. Capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Retirement Benefit Costs

Payments to the Group's defined contribution retirement benefit plans, Mandatory Provident Fund Scheme and state-managed retirement benefit schemes are charged as expense when employees have rendered services entitling them to the contributions.

Taxation

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

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

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

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and interests in joint ventures, 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 realised. Deferred tax is charged or credited in 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.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

Financial Instruments

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

Financial Assets

The Group's financial assets are classified as financial assets at FVTPL 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 to the net carrying amount of the asset on initial recognition.

Income is recognised on an effective interest basis.

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.

The Group's financial assets classified as financial assets at FVTPL are derivatives and structured deposit that are not designated and effective as hedging instruments.

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

3. Significant Accounting Policies *(Continued)*

Financial Instruments *(Continued)*

Financial Assets *(Continued)*

Loans and receivables

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

Impairment of financial assets

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

For financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For 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 and observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, 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, 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.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss 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.

3. Significant Accounting Policies *(Continued)*

Financial Instruments *(Continued)*

Financial Liabilities and Equity

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

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The Group's financial liabilities are generally classified as FVTPL and other financial liabilities. The accounting policies adopted in respect of financial liabilities and equity instruments are set out below.

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 to the net carrying amount of the liability on initial recognition.

Interest expense is recognised on an effective interest basis.

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.

3. Significant Accounting Policies *(Continued)*

Financial Instruments *(Continued)*

Financial Liabilities and Equity *(Continued)*

Financial liabilities at fair value through profit or loss (Continued)

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. The net gain or loss recognised in profit or loss includes any interest paid on the financial liabilities.

Other financial liabilities

Other financial liabilities including trade payables, other payables, dividend payable and bank borrowings are initially measured at fair value, and subsequently measured at amortised cost, using the effective interest method.

Equity instruments

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

Upon repurchase of the Company's own shares, the issued share capital of the Company is reduced by the nominal value thereof. The premium payable on repurchase is charged against the Company's share premium account.

Scrip dividends are issued as an alternative to a cash dividend. The amount subscribed for the shares is equal to the cash value of the dividend. Any excess of the scrip amount over the nominal value of the shares is taken to the share premium account just as it is for any other issue of shares.

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.

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. If the Group retains substantially all the risks and rewards of ownership of a transferred asset, the Group continues to recognise the financial asset and recognise a collateralised borrowing for proceeds received.

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.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2009

3. Significant Accounting Policies *(Continued)*

Share-based Payment Transactions

Equity-settled Share-based Payment Transactions

Share options granted to employees on or before 7 November 2002, or granted after 7 November 2002 and vested before 1 January 2005

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. Upon the exercise of the share options, the resulting shares issued are recorded 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 as share premium. Options which lapse or are cancelled prior to their exercise date are deleted from the register of outstanding options.

Share options granted to employees of the Group after 7 November 2002 and vested after 1 January 2005

The fair value of services received determined by reference to the fair value of share options granted at the grant date is recognised as an expense in full at the grant date when the share options granted vest immediately, with a corresponding increase in equity (share options reserve). At each balance sheet date, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the estimates during the vesting period, if any, is recognised in profit or loss, with a corresponding adjustment to share options reserve. At the time when the share options are exercised, the amount previously recognised in share options 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 options reserve will continue to be held in share options reserve.

Impairment Losses

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

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 as income immediately.

4. Revenue

Revenue represents the amounts received and receivable for goods sold and services provided by the Group to outside customers, less returns and allowances. It is analysed as follows:

	2009 **HK$'000**	2008 HK$'000
Production and sale of knitted fabric and dyed yarn and provision of related subcontracting services	**2,806,225**	2,675,849
Production and sale of garment products and provision of quality inspection service	**1,282,499**	1,428,924
	4,088,724	4,104,773

5. Business and Geographical Segments

Business Segments

For management purpose, the Group is currently organised into two operating divisions: (i) knitted fabric and dyed yarn; and (ii) garment products. These divisions are the basis on which the Group reports its primary segment information.

Principal activities are as follows:

Knitted fabric and dyed yarn – Production and sale of knitted fabric and dyed yarn and provision of related subcontracting services

Garment products – Production and sale of garment products and provision of quality inspection services

Notes to the Consolidated Financial Statements

For the year ended 31 March 2009

5. Business and Geographical Segments *(Continued)*

Business Segments *(Continued)*

Year ended 31 March 2009

	Knitted fabric and dyed yarn HK$'000	Garment products HK$'000	Consolidated HK$'000
REVENUE			
External sales	2,806,225	1,282,499	4,088,724
RESULTS			
Segment results	293,767	54,385	348,152
Unallocated corporate income			17,590
Unallocated corporate expenses			(47,131)
Finance costs			(60,579)
Profit before taxation			258,032
Income tax expense			(17,120)
Profit for the year			240,912

BALANCE SHEET

At 31 March 2009

	Knitted fabric and dyed yarn HK$'000	Garment products HK$'000	Consolidated HK$'000
ASSETS			
Segment assets	4,358,809	486,420	4,845,229
Unallocated corporate assets			550,823
Consolidated total assets			5,396,052
LIABILITIES			
Segment liabilities	372,687	114,041	486,728
Unallocated corporate liabilities			2,037,110
Consolidated total liabilities			2,523,838

For the year ended 31 March 2009

5. Business and Geographical Segments *(Continued)*

Business Segments *(Continued)*

OTHER INFORMATION

	Knitted fabric and dyed yarn HK$'000	Garment products HK$'000	Unallocated HK$'000	Consolidated HK$'000
Capital additions	**282,113**	**39,976**	**–**	**322,089**
Depreciation	**182,817**	**21,554**	**–**	**204,371**
Gain on disposal of property, plant and equipment	**–**	**12,577**	**–**	**12,577**
Gain on fair value changes of structured borrowings	**–**	**–**	**4,531**	**4,531**
Loss on fair value changes of derivative financial instruments	**–**	**–**	**35,446**	**35,446**
Impairment losses recognised on receivables	**184**	**622**	**–**	**806**

Year ended 31 March 2008

	Knitted fabric and dyed yarn HK$'000	Garment products HK$'000	Consolidated HK$'000
REVENUE			
External sales	2,675,849	1,428,924	4,104,773
RESULTS			
Segment results	361,589	63,795	425,384
Unallocated corporate income			50,773
Unallocated corporate expenses			(22,802)
Share of loss of a jointly controlled entity			(338)
Finance costs			(65,144)
Profit before taxation			387,873
Income tax expense			(18,519)
Profit for the year			369,354

For the year ended 31 March 2009

5. Business and Geographical Segments *(Continued)*

Business Segments *(Continued)*

BALANCE SHEET

At 31 March 2008

	Knitted fabric and dyed yarn HK$'000	Garment products HK$'000	Consolidated HK$'000
ASSETS			
Segment assets	4,338,468	502,699	4,841,167
Unallocated corporate assets			767,269
Consolidated total assets			5,608,436
LIABILITIES			
Segment liabilities	402,395	139,941	542,336
Unallocated corporate liabilities			2,557,035
Consolidated total liabilities			3,099,371

OTHER INFORMATION

	Knitted fabric and dyed yarn HK$'000	Garment products HK$'000	Unallocated HK$'000	Consolidated HK$'000
Capital additions	408,844	15,706	–	424,550
Depreciation	152,927	14,026	–	166,953
Gain on disposal of property, plant and equipment	1,765	136	–	1,901
Gain on fair value changes of				
– structured borrowings	–	–	8,329	8,329
– derivative financial instruments	–	–	32,951	32,951
– structured deposit	–	–	399	399
Impairment losses recognised on receivables	3,101	–	–	3,101

5. Business and Geographical Segments *(Continued)*

Geographical Segments

The Group's operations are mainly located in Hong Kong, other regions of the People's Republic of China (the "PRC") and United States of America ("USA").

The following table provides an analysis of the Group's sales by geographical market, irrespective of the origin of the goods/services:

	Sales revenue by geographical market	
	2009	2008
	HK$'000	HK$'000
Hong Kong	**835,992**	655,893
Other regions of the PRC	**1,446,814**	1,447,794
USA	**813,634**	1,057,539
Others	**992,284**	943,547
	4,088,724	4,104,773

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

	Carrying amount of segment assets As at 31 March		Additions to property, plant and equipment As at 31 March	
	2009	2008	**2009**	2008
	HK$'000	HK$'000	**HK$'000**	HK$'000
Hong Kong	**624,709**	813,367	**31,250**	8,202
Other regions of the PRC	**3,985,319**	3,723,353	**289,638**	410,454
USA	**82,800**	144,182	**273**	636
Others	**152,401**	160,265	**928**	5,258
	4,845,229	4,841,167	**322,089**	424,550

Notes to the Consolidated Financial Statements

For the year ended 31 March 2009

6. Other Gains and Losses

	2009 HK$'000	2008 HK$'000
(Loss) gain on fair value changes of derivative financial instruments	**(35,446)**	32,951
Gain on fair value changes of structured borrowings	**4,531**	8,329
Gain on structured deposits early terminated during the year	**2,444**	–
Gain on fair value changes of structured deposit	**–**	399
Net foreign exchange losses	**(3,804)**	(4,016)
Impairment losses recognised on receivables	**(806)**	(3,101)
	(33,081)	34,562

7. Finance Costs

	2009 HK$'000	2008 HK$'000
Interest on:		
– bank borrowings wholly repayable within five years	**71,118**	112,309
– bank borrowings not wholly repayable within five years	**–**	2,825
Total borrowing costs	**71,118**	115,134
Less: amounts capitalised	**(10,539)**	(49,990)
	60,579	65,144

Borrowing costs capitalised during the year are calculated by applying a capitalisation rate of approximate 3% (2008: 5%).

For the year ended 31 March 2009

8. Income Tax Expense

	2009 HK$'000	2008 HK$'000
The tax charge comprises:		
Current tax:		
Hong Kong Profits Tax		
– current year	**7,304**	12,637
– overprovision in respect of prior years	**(643)**	(1,246)
	6,661	11,391
Enterprise income tax in the PRC attributable to subsidiaries	**9,476**	14,411
Overseas income tax	**109**	327
	16,246	26,129
Deferred tax (note 29):		
– current year	**886**	(7,610)
– effect of change in tax rate	**(12)**	–
	17,120	18,519

On 26 June 2008, the Hong Kong Legislative Council passed the Revenue Bill 2008 which reduced corporate profits tax rate from 17.5% to 16.5% effective from the year of assessment 2008/2009. Therefore, Hong Kong Profits Tax is calculated at 16.5% (2008: 17.5%) of the estimated assessable profit for the year.

Pursuant to the relevant laws and regulations in the PRC, certain of the Group's PRC subsidiaries are exempted from PRC enterprise income tax for two years starting from their first profit-making year, followed by a 50% reduction for the next three years. Accordingly, the profits of one (2008: two) PRC subsidiaries are subject to PRC income tax at a reduced rate of 12.5% (2008: 12.5%) for the year.

On 16 March 2007, the PRC promulgated the Law of the PRC on Enterprise Income Tax (the "New Law") by Order No. 63 of the President of the PRC. On 6 December 2007, the State Council of the PRC issued Implementation Regulations of the New Law. The New Law and Implementation Regulations enacted the tax rate of 25% for certain subsidiaries from 1 January 2008.

The relevant PRC subsidiaries can continue to enjoy the tax incentives granted to them according to the grandfathering provisions in the Implementation Regulations.

As stated in the Decree Law No. 58/99/M, Chapter 2, Article 12, dated 18 October 1999, the Macau subsidiaries are exempted from Macao Complementary Tax.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2009

8. Income Tax Expense *(Continued)*

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

The tax charge for the year can be reconciled to the profit per the consolidated income statement as follows:

	2009	2008
	HK$'000	HK$'000
Profit before taxation	**258,032**	387,873
Tax at the domestic income tax rate of 16.5% (2008: 17.5%)	**42,575**	67,878
Tax effect of expenses that are not deductible for tax purpose	**10,572**	11,602
Tax effect of income not taxable for tax purpose	**(30,050)**	(44,434)
Tax effect of utilisation of tax losses previously not recognised	**(373)**	(455)
Tax effect of tax losses not recognised	**2,167**	408
Tax effect of other deferred tax assets not recognised	**2,435**	453
Income tax on concessionary rate and tax exemption	**(3,139)**	(4,559)
Effect of different tax rates of subsidiaries operating in other jurisdictions	**(6,434)**	(11,128)
Overprovision in respect of prior years	**(2,514)**	(1,246)
Decrease in opening deferred tax liabilities resulting from a decrease in applicable tax rate	**(12)**	–
Deferred tax provided on dividends withholding tax on PRC subsidiaries	**1,893**	–
Tax charge for the year	**17,120**	18,519

Details of deferred taxation are set out in note 29.

For the year ended 31 March 2009

9. Profit for the Year

	2009 HK$'000	2008 HK$'000
Profit for the year has been arrived at after charging:		
Directors' remuneration (note i)	**16,985**	18,166
Other staff costs	**281,645**	246,607
Total staff costs	**298,630**	264,773
Auditor's remuneration	**2,198**	2,406
Depreciation of property, plant and equipment	**204,371**	166,953
Operating expenses paid to a joint venture partner in the PRC	**–**	4,031
Loss on fair value changes of investment properties	**–**	10,946
Release of prepaid lease payments	**645**	585
and after crediting:		
Gross rental income from investment properties	**958**	7,850
Less: Outgoings	**(129)**	(765)
Net property rental income	**829**	7,085
Gain on disposal of property, plant and equipment	**12,577**	1,901
Bank interest income	**3,062**	3,479

Included in the total staff costs is an aggregate amount of approximately HK$13,255,000 (2008: HK$11,348,000) in respect of contributions of retirement benefits schemes made by the Group (note ii).

The cost of inventories recognised as an expense of the Group approximates the cost of sales as disclosed in the consolidated income statement on page 31.

For the year ended 31 March 2009

9. Profit for the Year *(Continued)*

Notes:

(i) Information regarding directors' and employees' emoluments

Directors

The emoluments paid or payable to each of the eight (2008: eight) directors were as follows:

	Li Ming Hung HK$'000	Chen Tien Tui HK$'000	So Kam Wah HK$'000 (note)	Lee Yuen Chiu, Andy HK$'000	Choi Lin Hung HK$'000	Kan Ka Hon HK$'000	Phaisalakani Vichai (Andy Hung) HK$'000	Kwok Sze Chi HK$'000	Total HK$'000
2009									
Fees	**–**	**–**	**–**	**–**	**–**	**180**	**180**	**180**	**540**
Salaries and other benefits	**3,360**	**3,360**	**788**	**1,476**	**2,202**	**–**	**–**	**–**	**11,186**
Performance related incentive payments	**1,944**	**1,944**	**232**	**418**	**455**	**–**	**–**	**–**	**4,993**
Contribution to retirement benefits scheme	**48**	**48**	**70**	**82**	**18**	**–**	**–**	**–**	**266**
Total emoluments	**5,352**	**5,352**	**1,090**	**1,976**	**2,675**	**180**	**180**	**180**	**16,985**
2008									
Fees	–	–	–	–	–	150	150	150	450
Salaries and other benefits	3,360	3,360	946	1,476	2,265	–	–	–	11,407
Performance related incentive payments	2,326	2,326	242	555	571	–	–	–	6,020
Contribution to retirement benefits scheme	48	48	93	82	18	–	–	–	289
Total emoluments	5,734	5,734	1,281	2,113	2,854	150	150	150	18,166

No directors waived any emoluments in the year ended 31 March 2009 and 2008.

Note: Mr. So Kam Wah's service contract was terminated on 22 January 2009.

Employees

The five highest paid individuals of the Group for both years included four (2008: four) directors of the Company, details of whose emoluments are set out above. The emoluments of the remaining one (2008: one) individual of the Group, not being a director of the Company, are as follows:

	2009 HK$'000	2008 HK$'000
Salaries and other benefits	**1,080**	1,080
Performance related incentive payments	**324**	426
Contributions to retirement benefits scheme	**54**	54
	1,458	1,560

9. Profit for the Year *(Continued)*

Notes: *(Continued)*

(ii) Retirement benefits scheme contributions

The Group has operated a defined contribution retirement benefit scheme for all qualifying employees in Hong Kong since 1 April 1995. The assets of the scheme are held separately from those of the Group in a provident fund managed by an independent trustee. The retirement benefits scheme contributions represent contributions payable to the fund by the Group at rates specified in the rules of the scheme. Where there are employees who leave the scheme prior to vesting fully in the contributions, the contributions payable by the Group are reduced by the amount of forfeited contributions. According to the Mandatory Provident Fund ("MPF") legislation regulated by the Mandatory Provident Fund Schemes Authority in Hong Kong, with effect from 1 December 2000, the Group is also required to participate in a MPF scheme operated by approved trustees in Hong Kong and to make contributions for its eligible employees. The contributions borne by the Group are calculated at 5% of the salaries and wages (monthly contribution is limited to 5% of HK$20,000 for each eligible employee) as calculated under the MPF legislation.

Both the defined contributions retirement benefits scheme and the MPF scheme co-existed within the Group in both years.

As at 31 March 2009 and 2008, there were no forfeited contributions available to offset future employers' contributions to the scheme.

The Company's subsidiaries in the PRC are members of the state-managed retirement benefits scheme operated by the government of the PRC. The retirement scheme contributions, which are based on 17% of the salaries of the relevant subsidiaries' employees, are charged to the income statement in the period to which they relate and represent the amount of contributions payable by these subsidiaries to the scheme.

In addition, certain overseas subsidiaries of the Company are required to contribute amounts based on employees' salaries to the retirement benefit schemes as stipulated by relevant local authorities. The employees are entitled to the these subsidiaries' contributions subject to the regulations of the relevant local authorities.

10. Distributions

	2009	2008
	HK$'000	HK$'000
2009 interim dividend of nil (2008: HK8.0 cents) per ordinary share	–	53,417
2009 final dividend of nil (2008: HK6.8 cents) per ordinary share	–	45,958
	–	99,375

Notes to the Consolidated Financial Statements

For the year ended 31 March 2009

10. Distributions *(Continued)*

The amount of dividends recognised as distributions to equity holders of the Company was HK$45,958,000 for the year ended 31 March 2009 (2008: HK$98,403,000).

	2009 **HK$'000**	2008 HK$'000
2009 interim dividend of nil (2008: HK8.0 cents) per ordinary share	**–**	53,417
2008 final dividend of HK6.8 cents (2007: HK6.8 cents) per ordinary share	**45,958**	44,986
	45,958	98,403

The dividends were paid in cash and scrip dividend as follows:

	2008 Interim HK$'000	2008 Final HK$'000
Cash	35,090	31,056
Share alternative	18,327	14,902
	53,417	45,958

The directors do not recommend the payment of a final dividend for the year ended 31 March 2009.

For the year ended 31 March 2009

11. Earnings Per Share

The calculation of the basic and diluted earnings per share attributable to the equity holders of the Company for the year is based on the following data:

	2009 HK$'000	2008 HK$'000
Earnings		
Profit for the year attributable to equity holders of the Company	**216,865**	341,788
Number of shares (note i)		
Weighted average number of ordinary shares for the purposes of basic earnings per share	**729,768,643**	708,967,197
Effect of dilutive potential ordinary shares in respect of share options	**–**	2,726,772
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**729,768,643**	711,693,969

Notes:

(i) The weighted average number of ordinary shares for the purpose of calculating basic and diluted earnings per share for the years ended 31 March 2009 and 2008 have been retrospectively adjusted for the effect of the rights issue completed in the current year.

(ii) No diluted earnings per share has been presented for the year ended 31 March 2009 because the exercise price of the Company's share options outstanding for the year was higher than the average market price of the shares.

For the year ended 31 March 2009

12. Property, Plant and Equipment

	Buildings HK$'000	Construction in progress HK$'000	Furniture, fixtures and equipment HK$'000	Leasehold improvements HK$'000	Motor vehicles HK$'000	Plant and machinery HK$'000	Total HK$'000
COST							
At 1 April 2007	895,660	474,155	33,768	17,599	21,788	992,505	2,435,475
Exchange realignment	67,875	45,960	1,320	689	733	72,152	188,729
Additions	515	381,998	5,686	11,648	3,757	20,946	424,550
Transfer	–	(534)	–	159	–	375	–
Transfer to asset held for sale	(2,672)	–	–	–	–	–	(2,672)
Disposals	(1,037)	–	(59)	–	(53)	(23,922)	(25,071)
At 31 March 2008	960,341	901,579	40,715	30,095	26,225	1,062,056	3,021,011
Exchange realignment	17,884	10,260	516	412	257	19,488	48,817
Additions	181,821	57,850	4,374	5,192	1,630	71,222	322,089
Transfer	758,244	(937,805)	–	–	–	179,561	–
Transfer from investment properties	2,470	–	–	–	–	–	2,470
Disposals	–	–	(499)	–	(512)	(168)	(1,179)
At 31 March 2009	**1,920,760**	**31,884**	**45,106**	**35,699**	**27,600**	**1,332,159**	**3,393,208**
DEPRECIATION							
At 1 April 2007	90,980	–	17,758	9,005	14,606	422,364	554,713
Exchange realignment	7,666	–	664	174	428	31,755	40,687
Provided for the year	33,301	–	5,630	2,533	3,817	121,672	166,953
Eliminated upon transfer to asset held for sale	(378)	–	–	–	–	–	(378)
Eliminated on disposals	(1,037)	–	(49)	–	(35)	(23,811)	(24,932)
At 31 March 2008	130,532	–	24,003	11,712	18,816	551,980	737,043
Exchange realignment	4,374	–	243	130	175	3,097	8,019
Provided for the year	55,619	–	6,784	3,094	2,990	135,884	204,371
Eliminated on disposals	–	–	(287)	–	(448)	(120)	(855)
At 31 March 2009	**190,525**	**–**	**30,743**	**14,936**	**21,533**	**690,841**	**948,578**
CARRYING VALUE							
At 31 March 2009	**1,730,235**	**31,884**	**14,363**	**20,763**	**6,067**	**641,318**	**2,444,630**
At 31 March 2008	829,809	901,579	16,712	18,383	7,409	510,076	2,283,968

12. Property, Plant and Equipment *(Continued)*

On 17 October 2007, the Group entered into a provisional sale agreement with an independent third party to dispose of certain properties at a consideration of HK$18,336,000. Accordingly, the property and the related prepaid lease payments were transferred to asset held for sale at 31 March 2008.

The above items of property, plant and equipment are depreciated using the straight line method at the following rates per annum:

Buildings	4% per annum
Leasehold improvements	5 to 10 years or over the term of the relevant leases, if shorter
Furniture, fixtures and equipment	15% – 25% per annum
Motor vehicles	20% per annum
Plant and machinery	$6^2/_3$% – 25% per annum

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

13. Prepaid Lease Payments

	2009	2008
	HK$'000	HK$'000
The Group's prepaid lease payments comprise:		
Leasehold land in Hong Kong:		
Medium-term leases	**28,623**	–
Leasehold land in PRC:		
Medium-term leases	**21,761**	21,762
	50,384	21,762
Analysed for reporting purposes as:		
Current asset	**1,237**	479
Non-current asset	**49,147**	21,283
	50,384	21,762

On 17 October 2007, the Group entered into a provisional sale agreement with an independent third party to dispose of certain properties at a consideration of HK$18,336,000. Accordingly, the prepaid lease payments with the carrying amount of HK$3,433,000 were transferred to asset held for sale at 31 March 2008.

14. Investment Properties

	HK$'000
FAIR VALUE	
At 1 April 2007	233,080
Transfer to asset held for sale	(219,664)
Loss on fair value changes recognised in the income statement	(10,946)
At 31 March 2008	2,470
Transfer to property, plant and equipment	(2,470)
At 31 March 2009	–

On 17 October 2007, the Group entered into a provisional sale agreement with an independent third party to dispose of the investment properties at a consideration of HK$219,664,000. Accordingly, the investment properties were transferred to asset held for sale at 31 March 2008. The consideration of HK$219,664,000 was taken as the fair value as at 31 March 2008, which gave rise to a loss on fair value change of HK$10,946,000 which was charged directly to the consolidated income statement for the year ended 31 March 2008.

The fair value of the Group's investment properties as at 31 March 2008 was arrived at on the basis of a valuation carried out as of that date by Savills (Hong Kong) Limited, independent qualified professional valuers not connected with the Group. Savills (Hong Kong) Limited is a member firm of the Institute of Valuers, and has appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations. The valuation, which conforms to International Valuation Standards, was arrived at by reference to market prices for similar properties.

As at 31 March 2008, the Group's property interests held under operating leases to earn rentals or for capital appreciation purposes were measured using fair value model and are classified and accounted for as investment properties. They were all situated in Hong Kong and are held under medium-term leases.

15. Goodwill

	HK$'000
COST	
At 1 April 2007, 31 March 2008 and 31 March 2009	**6,185**

As explained in note 5, the Group uses business segments as its primary segment for reporting segment information. For the purposes of impairment testing, goodwill was allocated to a cash generating unit (CGU), which is the garment products segment. The carrying amount of goodwill (net of accumulated impairment losses) as at 31 March 2009 allocated to this unit is as follows:

	Goodwill HK$'000
Garment products	**6,185**

The recoverable amount of this unit has been determined based on a value in use calculation. That calculation uses cash flow projections based on financial budgets approved by management covering a 5-year period, and discount rate of 4%. The cash flows beyond the 5-year period are extrapolated using a steady 3% growth rate. This growth rate is based on the relevant industry growth forecasts and does not exceed the average long-term growth rate for the relevant industry. Other key assumptions for the value in use calculations relate to the estimation of cash inflows/outflows which include budgeted sales and gross margin, such estimation is based on the unit's past performance and management's expectations for the market development. Management believes that any reasonably possible change in any of these assumptions would not cause the aggregate carrying amount to exceed the aggregate recoverable amount.

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For the year ended 31 March 2009

16. Interest in a Jointly Controlled Entity

	2009 HK$'000	2008 HK$'000
Cost of unlisted investment in a jointly controlled entity	**1,340**	1,340
Share of loss	**(1,340)**	(1,340)
	–	–

As at 31 March 2009, the Group had interest in the following jointly controlled entity:

Name of entity	Form of business structure	Place of incorporation	Principal place of operation	Proportion of nominal value of issued capital held by the Group	Principal activity
Gojifashion Inc.	Incorporation	Canada	Canada	50%	Inactive

The jointly controlled entity is dormant and has insignificant assets and liabilities.

17. Inventories

	2009 HK$'000	2008 HK$'000
Raw materials	**662,164**	851,579
Work in progress	**381,887**	355,960
Finished goods	**313,857**	287,661
	1,357,908	1,495,200

For the year ended 31 March 2009

18. Trade Receivables

	2009 HK$'000	2008 HK$'000
Trade receivables	**653,843**	648,123
Bills discounted with recourse and debts factored with recourse	**225,443**	264,614
Less: allowance for doubtful debts	**(3,772)**	(6,295)
	875,514	906,442

The Group allows an average credit period of 90 – 120 days to its trade customers.

The following is an aged analysis of trade and bills receivables at the balance sheet date:

	2009 HK$'000	2008 HK$'000
0 – 60 days	**637,345**	723,767
61 – 90 days	**165,238**	115,703
91 – 120 days	**48,264**	36,931
Over 120 days	**24,667**	30,041
	875,514	906,442

Included in the Group's trade receivable balance are debtors that are outstanding for more than 120 days with aggregate carrying amount of HK$24,667,000 (2008: HK$30,041,000) which were past due at the reporting date for which the Group has not provided for impairment loss. The Group does not hold any collateral over these balances.

For the year ended 31 March 2009

18. Trade Receivables *(Continued)*

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.

Movement in the allowance for doubtful debts

	2009	2008
	HK$'000	HK$'000
Balance at beginning of the year	**6,295**	3,194
Impairment losses recognised on receivables	**806**	3,101
Amounts written off as uncollectible	**(3,329)**	–
Balance at end of the year	**3,772**	6,295

19. Structured Deposit

At 31 March 2008, the structured deposit was stated at fair value. The fair value was calculated using discounted cashflow analysis based on the applicable yield curves of interest rates. The structured deposit was early terminated during the year.

Under the relevant agreement, the structured deposit contained an embedded derivative, the return of which is determined by reference to the change in certain interest rates quoted in the market.

Major terms of the structured deposit at 31 March 2008:

Principal amount	**Maturity**	**Coupon rate**
US$5,000,000	16 February 2010 (subject to early termination at the Group's and the issuing bank's discretion)	First coupon payment: 5.75% Remaining seven coupon payments: (3.95% minus CMS2Y) x 7 (subject to a minimum rate of 0%)

Where:

"CMS2Y" means the 2-year Constant Maturity Swap Rate as stated on Reuters Screen ISDAFIX1 Page as of 11:00 am New York time on the day that is two U.S. Government Securities Business Days preceding the Reset Date.

At 31 March 2008, the structured deposit was stated at fair value and classified as current as the management intended to exercise the option for early termination within 12 months from the balance sheet date.

20. Bank Balances and Cash

Bank balances and cash of the Group comprises bank balances and cash held and short-term bank deposits. Bank balances carry interest at market rates ranged from 0.01% to 1.5% (2008: 1.5% to 2.7%) per annum.

21. Asset Classified as Held for Sale/Liabilities Associated with Asset Classified as Held for Sale

On 17 October 2007, the Group entered into a provisional sales agreement with an independent third party to dispose of certain property interests comprising of self-used buildings and investment properties. Accordingly, the relevant property interests were reclassified from property, plant and equipment, prepaid lease payments and investment properties amounted to HK$2,294,000, HK$3,433,000 and HK$219,664,000 respectively to asset held for sale in the consolidated balance sheet as at 31 March 2008.

The Group received a sale deposit of HK$14,042,000 in respect of the above disposal. Together with the associated deferred tax liabilities and mortgage loans of HK$1,108,000 and HK$53,932,000 as set out in notes 29 and 23 respectively, the aggregated balance of HK$69,082,000 was classified as liabilities associated with asset classified as held for sale in the consolidated balance sheet at 31 March 2008.

The above disposal was completed on 27 May 2008. A net proceed thereon of HK$169,966,000 (after repayment of mortgage loan amounted to HK$53,932,000) was received and gain on disposal of property, plant and equipment amounted to HK$12,577,000 was recognised in the current year (2008: fair value loss on investment property of HK$10,946,000).

22. Trade Payables

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

	2009 **HK$'000**	2008 HK$'000
0 – 60 days	**326,744**	376,486
61 – 90 days	**30,538**	33,050
Over 90 days	**19,631**	41,027
	376,913	450,563

The average credit period for purchase of goods is 120 days. The Group has financial risk management policies in place to ensure that all payables are settled within the credit periods granted.

For the year ended 31 March 2009

23. Bank Borrowings

	2009 HK$'000	2008 HK$'000
Bank loans	**1,353,014**	1,658,438
Bills discounted with recourse and debts factored with recourse	**225,443**	264,614
Import loans and trust receipts loans	**292,732**	428,247
Mortgage loans	**42,169**	53,932
Transfer to liabilities associated with asset classified as held for sale	**–**	(53,932)
	1,913,358	2,351,299
Analysed as:		
– secured	**59,023**	–
– unsecured	**1,854,335**	2,351,299
	1,913,358	2,351,299
Carrying amount repayable:		
On demand or within one year	**1,082,727**	1,160,339
In more than one year but not more than two years	**388,053**	392,429
In more than two years but not more than three years	**407,645**	385,641
In more than three years but not more than four years	**2,545**	412,890
In more than four years but not more than five years	**32,388**	–
	1,913,358	2,351,299
Less: Amount due within one year included in current liabilities	**(1,082,727)**	(1,160,339)
Amount due after one year	**830,631**	1,190,960

The above includes a syndicated loan of HK$1,388,000,000 which bears interest at Hong Kong Interbank Offered Rate ("HIBOR") plus 0.5% per annum and with a tenure of 5 years. The effective interest rate of the Group's other variable-rate bank borrowings are within a range from 2.03% to 3.91% (2008: 4.6% to 5.5%) per annum.

23. Bank Borrowings *(Continued)*

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

	United States dollars (equivalent to HK$'000)
As at 31 March 2009	**39,381**
As at 31 March 2008	2,687

24. Structured Borrowings

	2009 **HK$'000**	2008 HK$'000
Structured borrowings, classified as:		
Current	**18,792**	17,168
Non-current	**28,188**	51,503
	46,980	68,671

The structured borrowings contain embedded derivatives. Hence the entire combined contracts were designated as at fair value through profit or loss upon initial recognition. The estimated amount repayable to the bank within one year, represents the fair value of the structured borrowings on balance sheet date apportioned accordingly to the repayment term.

For the year ended 31 March 2009

24. Structured Borrowings *(Continued)*

Major terms of the structured borrowings are set out below:

Notional amount	Upfront payment	Maturity date	Repayment amount
US$50,000,000	US$5,000,000	11 October 2011	First half year: 2% p.a. on notional amount Remaining four and half years: 8% p.a. minus (6% p.a. x N/M) on notional amount
US$60,000,000	US$6,000,000	22 September 2011	First half year: 2% p.a. on notional amount Remaining four and half years: 8.5% p.a. minus (6.5% p.a. x N/M) on notional amount

Where:

N = number of business days in the period for which Spread Rate > -0.13% and > -0.10% for the structured borrowings with notional amount of US$50,000,000 and US$60,000,000 respectively.

M = actual number of business days in the period.

"Spread Rate" means 10 years US$-ISDA-Swap Rate minus 2 years US$-ISDA-Swap Rate.

"10 years US$-ISDA-Swap Rate" means the rate for a reset date will be the rate for U.S. Dollar swaps with a maturity of the designated maturity of 10 years, expressed as a percentage which appears on the Reuters Screen ISDAFIX1 Page as of 11:00 a.m. New York time on each business day.

"2 years US$-ISDA-Swap Rate" means the rate for a reset date will be the rate for U.S. Dollar swaps with a maturity of the designated maturity of 2 years, expressed as a percentage which appears on the Reuters Screen ISDAFIX1 Page as of 11:00 a.m. New York time on each business day.

The entire combined contract is measured at fair value and calculated using discounted cashflow analysis based on the applicable yield curves at 31 March 2009. As at 31 March 2009, difference between the fair value as compared with the net amount of the upfront payment received less the repayment made was HK$180,000 (2008: HK$31,000). Decrease in fair value of HK$4,531,000 (2008: decrease of HK$8,329,000) during the year was credited (2008: credited) to the consolidated income statement.

The structured borrowings are denominated in United States dollars that is the currency other than the functional currencies of the group entity.

For the year ended 31 March 2009

25. Derivative Financial Instruments

	2009		2008	
	Assets	**Liabilities**	Assets	Liabilities
	HK$'000	**HK$'000**	HK$'000	HK$'000
Interest rates swaps (note a)	**2,678**	**(11,510)**	18,331	(252)
Foreign currency forward contracts (note b)	**494**	**(170)**	15,641	(11,938)
	3,172	**(11,680)**	33,972	(12,190)

Notes:

(a) Major terms of the interest rate swaps as at 31 March 2009 are as follows:

Notional amount	**Maturity**	**Swaps**
US$10,000,000	10 August 2012	note (i)
EUR60,000,000	08 May 2013 (subject to the option for early termination at the issuing bank's discretion)	note (ii)

Notes:

(i) The Group receives interest calculated using pre-determined formula rate and pays interests at 3-month United States dollars LIBOR throughout the interest rate swap period to the counterparty.

(ii) The Group receives interest calculated using pre-determined formula and pays interests at 3-month EURIBOR throughout the interest rate swap period to the counterparty.

Major terms of the interest rate swaps as at 31 March 2008 are as follows:

Notional amount	**Maturity**	**Swaps**
US$80,000,000 in aggregate	From 26 February 2011 to 10 August 2012	note (i)
EUR50,000,000	10 July 2012 (subject to the option for early termination at the issuing bank's discretion)	note (ii)

Notes:

(i) The Group receives interest calculated using pre-determined formula rate and pays interests at 3-month United States dollars LIBOR throughout the interest rate swap period to the counterparty.

(ii) The Group receives interest calculated using pre-determined formula and pays interests at 3-month EURIBOR throughout the interest rate swap period to the counterparty.

For the year ended 31 March 2009

25. Derivative Financial Instruments *(Continued)*

Notes: *(Continued)*

(b) Major terms of the outstanding foreign currency forward contracts as at 31 March 2009 are as follows:

Notional amount	Forward Contract Rates	Maturity
1 contract to buy US$2,500,000	US$1 to HK$7.705	From 11 April 2009 to 10 August 2009
1 contract to sell US$2,500,000	US$1 to HK$7.745	From 11 April 2009 to 10 August 2009
1 contract to sell CAD800,000	US$1 to CAD1.2980	30 September 2009

Major terms of the outstanding foreign currency forward contracts as at 31 March 2008 are as follows:

Notional amount	Forward Contract Rates	Maturity
8 contracts to buy US$24,000,000 in total	US$1 to RMB7.0940 – 7.3075	From 11 April 2008 to 12 November 2008
8 contracts to sell US$24,000,000 in total	US$1 to RMB7.4106 – 7.5196	From 11 April 2008 to 12 November 2008

The above derivatives are measured at fair value at each balance sheet date. The fair value of interest rate swaps is determined using discounted cash flow analysis based on applicable yield curves, while the fair value of foreign currency forward contracts is determined based on the quoted market prices provided by multi-national financial institutions for equivalent instruments at the balance sheet date.

For the year ended 31 March 2009

26. Share Capital

	Number of shares	Amount HK$'000
Authorised:		
At 1 April 2007, 31 March 2008 and 31 March 2009, at HK$0.01 each	**40,000,000,000**	**400,000**
Issued and fully paid:		
At 1 April 2007	660,933,899	6,609
Issue of shares pursuant to scrip dividend scheme for 2007 final and 2008 interim dividend (note i)	17,215,768	172
Shares repurchased (note ii)	(3,600,000)	(36)
Exercise of share options (note iii)	1,300,000	13
At 31 March 2008	675,849,667	6,758
Issue of shares pursuant to scrip dividend scheme for 2008 final dividend (note iv)	8,161,666	82
Shares repurchased (note v)	(348,000)	(3)
Issue of shares on rights issue (note vi)	341,831,666	3,418
At 31 March 2009	**1,025,494,999**	**10,255**

Notes:

(i) On 18 October 2007 and 7 March 2008, the Company issued and allotted a total of 8,914,678 shares and 8,301,090 shares of HK$0.01 each at an issue price of HK$2.3560 and HK$2.2078 each in lieu of cash for the 2007 final and 2008 interim dividends pursuant to the scrip dividend circulars dispatched to shareholders on 17 September 2007 and 25 January 2008 respectively. These shares rank pari passu in all respects with the then existing shares.

(ii) During the year ended 31 March 2008, the Company repurchased its own shares through the Stock Exchange as follows:

Month of repurchase	Number of ordinary shares of HK$0.01 each	Price per share Highest HK$	Price per share Lowest HK$	Total consideration paid HK$
August 2007	2,188,000	3.02	2.50	5,799,940
September 2007	1,130,000	2.52	2.37	2,765,860
October 2007	116,000	2.50	2.44	285,180
January 2008	166,000	2.11	2.00	347,720
	3,600,000			9,198,700

The above shares were cancelled upon repurchase.

For the year ended 31 March 2009

26. Share Capital *(Continued)*

Notes: *(Continued)*

(iii) During the year ended 31 March 2008, a total of 1,300,000 ordinary shares of the Company were issued upon the exercise of 600,000 and 700,000 share options at an exercise price of HK$3.04 and HK$3.15 with the consideration of HK$1,824,000 and HK$2,205,000 respectively.

(iv) On 17 October 2008, the Company issued and allotted a total of 8,161,666 shares of HK$0.01 each at an issue price of HK$1.8259 each in lieu of cash for the 2008 final dividends pursuant to the scrip dividend circulars dispatched to shareholders on 28 August 2008. These shares rank pari passu in all respects with the then existing shares.

(v) During the year ended 31 March 2009, the Company repurchased its own shares through the Stock Exchange as follows:

Month of repurchase	Number of ordinary shares of HK$0.01 each	Price per share Highest	Price per share Lowest	Total consideration paid
		HK$	HK$	HK$
September 2008	**316,000**	**1.78**	**1.44**	**506,200**
October 2008	**32,000**	**1.61**	**1.50**	**49,080**
	348,000			**555,280**

The above shares were cancelled upon repurchase.

(vi) On 16 January 2009, the Company issued 341,831,666 shares at a subscription price of HK$0.439 each in the share capital of the Company, by way of rights issue in the proportion of one rights share for every two ordinary shares of HK$0.01 each in the Company held by the shareholders whose names appeared on the register of members of the Company at the close of business on 22 December 2008. The gross proceeds of approximately HK$150,064,000 was used for general working capital of the Company. Arrangement fees of approximately HK$1,948,000 was set off against share premium. As a result of the rights issue, the total number of shares in issue increased to 1,025,494,999.

27. Capital Reserve

The capital reserve of the Group represents the difference between the nominal value of shares issued by the Company and the aggregate nominal value of the issued share capital of subsidiaries acquired pursuant to the group reorganisation which became effective on 22 April 1996, reduced by the amount arising from the capital reduction in January 2001.

28. Share-based Payment Transactions

At a special general meeting of the Company held on 30 November 2001 ("Adoption Date"), the shareholders of the Company approved the adoption of the new share option scheme of the Company (the "Scheme") and the termination of the then existing share option scheme of the Company. The Scheme was adopted for the primary purpose of providing incentives or rewards to selected participants for their contribution to the Group, and will expire on 29 November 2011. Under the Scheme, the Board of Directors of the Company may grant options to full-time employees, including executive directors of the Company and its subsidiaries, and any participants from time to time determined by the Board of Directors as having contributed or may contribute to the development and growth of the Group to subscribe for shares in the Company.

At 31 March 2009, the number of shares in respect of which options had been granted and remained outstanding under the Scheme was 128,512,180 (2008: 130,700,000), representing approximately 13% (2008: 19%) of the shares of the Company in issue at that date. The maximum number of shares to be issued upon the exercise of all outstanding options granted and yet to be exercised under the Scheme and any other share option scheme of the Group must not in aggregate exceed 30% of the issued share capital of the Company from time to time. The total number of shares which may be issued upon exercise of all options (excluding, for this purpose, options which have lapsed in accordance with the terms of the Scheme and any other share option scheme of the Group) to be granted under the Scheme and any other share option scheme of the Group must not in aggregate exceed 10% of the Shares in issue on the Adoption Date. Such 10% limit may be refreshed, subject to specific approval by the shareholders of the Company, from time to time with reference to the issued share capital of the Company for the time being. Subject to specific approval by the shareholders of the Company, the total number of shares issued and which may fall to be issued upon exercise of the options granted under the Scheme and any other share option scheme of the Group (including both exercised or outstanding options) to each participant in any 12-month period shall not exceed 1% of the issued share capital of the Company for the time being.

Options granted must be taken up within 21 days from the date of grant, upon payment of HK$1 per grant of option(s). Options may, subject to the black-out periods under the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules, generally be exercised at any time from the date of grant to the 10th anniversary of the date of grant. In each grant of options, the Board of Directors of the Company may at its discretion determine the specific exercise period and exercise price. The exercise price shall not be less than the highest of (i) the closing price of shares on the Stock Exchange on the date of the offer of grant; (ii) the average closing price of shares on the Stock Exchange for the five trading days immediately preceding the date of the offer of grant; and (iii) the nominal value of the shares.

For the year ended 31 March 2009

28. Share-based Payment Transactions *(Continued)*

The following table discloses movements in the Company's share options during both years:

Category	Date of grant	Exercise price HK$ (note i)	Exercisable period	Outstanding at 1.4.2007	Exercised during the year	Outstanding at 1.4.2008	Adjustment for rights issue at 1.4.2008 (note i)	Lapsed during the year	Outstanding at 31.3.2009
				Number of option shares					
Directors									
Mr. Li Ming Hung	9 October 2003	2.85	9.10.2004 – 29.11.2011	500,000	–	500,000	33,246	–	**533,246**
	4 June 2004	2.95	7.6.2004 – 29.11.2011	1,000,000	–	1,000,000	66,491	–	**1,066,491**
Mr. Chen Tien Tui	9 October 2003	2.85	9.10.2004 – 29.11.2011	500,000	–	500,000	33,246	–	**533,246**
	4 June 2004	2.95	7.6.2004 – 29.11.2011	1,000,000	–	1,000,000	66,491	–	**1,066,491**
Mr. So Kam Wah	23 May 2003	2.20	27.5.2003 – 29.11.2011	3,300,000	–	3,300,000	219,421	(3,519,421)	**–**
(Note ii)	9 October 2003	2.85	9.10.2004 – 29.11.2011	1,700,000	–	1,700,000	113,035	(1,813,035)	**–**
	4 June 2004	2.95	7.6.2004 – 29.11.2011	4,000,000	–	4,000,000	265,964	(4,265,964)	**–**
Mr. Lee Yuen Chiu, Andy	23 May 2003	2.20	27.5.2003 – 29.11.2011	1,500,000	–	1,500,000	99,737	–	**1,599,737**
	9 October 2003	2.85	9.10.2004 – 29.11.2011	3,500,000	–	3,500,000	232,719	–	**3,732,719**
	4 June 2004	2.95	7.6.2004 – 29.11.2011	4,000,000	–	4,000,000	265,963	–	**4,265,963**
Mr. Choi Lin Hung	23 May 2003	2.20	27.5.2003 – 29.11.2011	1,500,000	–	1,500,000	99,737	–	**1,599,737**
	9 October 2003	2.85	9.10.2004 – 29.11.2011	3,500,000	–	3,500,000	232,719	–	**3,732,719**
	4 June 2004	2.95	7.6.2004 – 29.11.2011	4,000,000	–	4,000,000	265,963	–	**4,265,963**
Employees	23 May 2003	2.20	27.5.2003 – 29.11.2011	23,100,000	–	23,100,000	1,535,945	–	**24,635,945**
	9 October 2003	2.85	9.10.2004 – 29.11.2011	39,100,000	(600,000)	38,500,000	2,559,908	(533,246)	**40,526,662**
	4 June 2004	2.95	7.6.2004 – 29.11.2011	39,800,000	(700,000)	39,100,000	2,599,805	(746,544)	**40,953,261**
				132,000,000	(1,300,000)	130,700,000	8,690,390	(10,878,210)	**128,512,180**
Exercisable at the end of the year				132,000,000		130,700,000			128,512,180
Weighted average exercise price (HK$)				2.93	3.10	2.93	2.74	2.69	2.75

Notes:

(i) As a result of the rights issue as set out in note 26, the exercise price of the share options was adjusted from HK$2.35, HK$3.04 and HK$3.15 to HK$2.20, HK$2.85 and HK$2.95 respectively and the total number of the outstanding share options under the Scheme was also adjusted accordingly based on the adjustment factor of rights issue.

(ii) Mr. So Kam Wah's service contract was terminated on 22 January 2009.

29. 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 HK$'000	Revaluation of investment properties HK$'000	Withholding income tax HK$'000	Total HK$'000
At 1 April 2007	269	8,645	–	8,914
Credit to income statement for the year	(55)	(7,555)	–	(7,610)
Transfer to liabilities associated with assets classified as held for sale (Note 21)	(18)	(1,090)	–	(1,108)
At 31 March 2008	196	–	–	196
Charge to income statement for the year	101	–	1,893	1,994
Effect of change in tax rate	(12)	–	–	(12)
At 31 March 2009	**285**	**–**	**1,893**	**2,178**

At the balance sheet date, the Group had unused tax losses of approximately HK$13,775,000 (2008: HK$2,898,000) available for offset against future profits and deductible temporary difference of approximately HK$51,428,000 (2008: HK$36,671,000) in respect of accelerated accounting depreciation. No deferred tax assets have been recognised in respect of the unused tax losses and the deductible temporary differences due to the unpredictability of future profit streams. The tax losses may be carried forward indefinitely.

According to the New Law as mentioned in note 8, starting from 1 January 2008, 5% to 10% withholding income tax will be imposed on dividends payable to foreign shareholder's out of profits generated by the companies established in the PRC for the calendar year 2008 onwards. Deferred taxation has been provided for in respect of the undistributed profits from these PRC subsidiaries in the consolidated financial statements.

Notes to the Consolidated Financial Statements

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30. Key Sources of Estimation Uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Estimated Impairment of Trade Receivable

When there is objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 31 March 2009, the carrying amount of trade receivable was HK$875,514,000 (net of allowance for doubtful debts of HK$3,772,000).

31. Capital Risk Management

The Group manages its capital to ensure that 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 years.

The capital structure of the Group consists of debt, which includes the borrowings disclosed in notes 23 and 24, equity reserves attributable to equity holders of the Company, comprising issued share capital and various reserves and accumulated profits.

The directors of the Company review the capital structure on a semi-annual basis. As part of this review, the directors of the Company consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the directors, the Group will balance its overall capital structure through new share issues, and share buy-backs as well as the issue of new debt or the redemption of existing debts.

For the year ended 31 March 2009

32. Financial Instruments

(a) Categories of Financial Instruments

	2009 HK$'000	2008 HK$'000
Financial assets		
Loans and receivables (including cash and cash equivalents)	**1,435,215**	1,390,491
Derivative financial instruments	**3,172**	33,972
Structured deposit (note i)	**–**	39,399
Financial liabilities		
Amortised cost	**2,299,000**	2,858,438
Derivative financial instruments	**11,680**	12,190
Structured borrowings (note ii)	**46,980**	68,671

Notes:

(i) Structured deposit

	2009 HK$'000	2008 HK$'000
Difference between carrying amount and outstanding principal amount		
At fair value	**–**	39,399
Outstanding principal at balance sheet date	**–**	(39,000)
	–	399

(ii) Structured borrowings

	2009 HK$'000	2008 HK$'000
Difference between carrying amount and outstanding principal amount		
At fair value	**46,980**	68,671
Outstanding principal at balance sheet date	**(46,800)**	(68,640)
	180	31

The change in fair value was mainly due to change in market risk factors. The fair value attributable to change in its credit risk is considered minimal.

For the year ended 31 March 2009

32. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial Risk Management Objectives and Policies

The Group's major financial instruments include trade receivables, other receivables, derivative financial instruments, bank balances, trade payables, other payables, bank borrowings and structured borrowings. The risks associated with these financial instruments include market risk (currency risk and interest rate 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.

Market Risk

(i) Currency Risk

Several subsidiaries of the Company have foreign currency sales and purchases and the Group has entered into foreign currency forward contracts, which expose the Group to risk due to changes in foreign exchange rates.

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

	Liabilities		**Assets**	
	2009	2008	2009	2008
	HK$'000	HK$'000	**HK$'000**	HK$'000
USD	**124,121**	158,454	**155,964**	283,745
RMB	**11,049**	399	**38,869**	24,648

Sensitivity Analysis

As HKD is pegged with USD, the Group's currency risk in relation to the monetary assets/liabilities denominated in USD is not expected to be significant.

The Group is mainly exposed to foreign currency risk of RMB.

The following table details the Group's sensitivity to a 5% increase and decrease in HKD against RMB. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjust their translation at year end for a 5% change in foreign currency rates. A 5% strengthening of RMB against HKD will give rise to exchange gain as follow, and vice versa.

32. Financial Instruments *(Continued)*

(b) Financial Risk Management Objectives and Policies *(Continued)*

Market Risk *(Continued)*

(i) Currency Risk (Continued)

Sensitivity Analysis *(Continued)*

	RMB Impact	
	2009	2008
	HK$'000	HK$'000
Profit for the year	**1,391**	1,212

No sensitivity analysis was presented for the outstanding foreign currency forward contracts as the impact of the foreign forward contracts is insignificant as at 31 March 2009.

(ii) Interest Rate Risk

The Group is exposed to cash flow interest rate risk in relation to variable-rate bank balances, bank borrowings and structured borrowings and interest rates swaps (see notes 20, 23 and 24 for details). It is the Group's policy to keep its bank balances and borrowings at floating rate of interests so as to minimise the fair value interest rate risk.

In respect of the structured borrowings, the repayment amounts are based on the spread rates between 10 years US$-ISDA-Swap Rate and 2 years US$-ISDA-Swap Rate, the entire borrowing is designated as fair value through profit or loss as disclosed in note 24. Other than the structured borrowings, the bank borrowings (note 23) carry interest at prevailing market rate.

The management monitors interest rate exposure and will consider hedging significant interest rate exposure or reducing the exposure of existing interest swaps should the need arise.

The Group's exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of HIBOR and spread rate arising from the Group's bank borrowings and structured borrowings respectively.

Sensitivity Analysis

The sensitivity analyses below have been determined based on the exposure to variable rate of bank borrowings at the balance sheet date. The analysis is prepared assuming the amount of liability 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 HIBOR interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's profit for the year would decrease/increase by approximately HK$9,567,000 (2008: HK$11,868,000). This is mainly attributable to the Group's exposure to interest rates on its variable-rate bank borrowings. The interest rate risk exposure of bank balances is insignificant.

For the year ended 31 March 2009

32. Financial Instruments *(Continued)*

(b) Financial Risk Management Objectives and Policies *(Continued)*

Market Risk *(Continued)*

(ii) Interest Rate Risk (Continued)

Sensitivity Analysis *(Continued)*

For structured borrowing with notional amount of US$50,000,000 and US$60,000,000, the number of business days in the period for which spread rate > -0.13% and > -0.10% respectively, 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 there were 7 (2008: 7) less business days in the period for which spread rate > -0.13% and > -0.10% respectively, and all other variables were held constant, the Group's profit for the year ended 31 March 2009 would decrease by HK$1,449,000 (2008: HK$1,449,000). This is mainly attributable to the Group's exposure to interest rates on its structured borrowings.

Credit Risk

As at 31 March 2009, 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 amount of the respective recognised financial assets as stated in the consolidated balance sheet.

In order to manage its 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. In addition, the Group reviews the recoverable amount of each individual trade debt at each balance sheet date to ensure that adequate impairment losses are made for irrecoverable amounts. An impairment loss of approximately HK$4,207,000 (2008: HK$3,101,000) in respect of the trade receivable was recognised by the Group for the year. In this regard, the directors of the Company consider that the Group's credit risk is minimal.

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

The Group has no significant concentration of credit risk, with exposure spread over a number of counterparties and customers.

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. Management monitors the utilisation of bank borrowings and structured borrowings and ensures compliance with loan covenants.

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

For the year ended 31 March 2009

32. Financial Instruments *(Continued)*

(b) Financial Risk Management Objectives and Policies *(Continued)*

Liquidity Risk *(Continued)*

For derivative instruments settle on net basis, undiscounted net cash outflows are presented.

	Weighted average effective interest rate	Less than 1 month HK$'000	1-3 months HK$'000	3 months to 1 year HK$'000	Over 1 year HK$'000	Total undiscounted cash flows HK$'000	Carrying amount at 31 March 2009 HK$'000
2009							
Non-derivative financial liabilities							
Trade and other payables		271,255	67,962	46,425	–	385,642	385,642
Bank borrowings	3.88%	328,946	331,040	449,025	831,195	1,940,206	1,871,189
Mortgage loan	2.80%	197	200	2,017	40,936	43,350	42,169
		600,398	399,202	497,467	872,131	2,369,198	2,299,000
Structured borrowings	2.25%	3,943	–	8,671	34,797	47,411	46,980
Derivatives – net settlement							
Foreign currency contracts	–	–	–	170	–	170	170
Interest rate swaps	–	11,510	–	–	–	11,510	11,510
		11,510	–	170	–	11,680	11,680

	Weighted average effective interest rate	Less than 1 month HK$'000	1-3 months HK$'000	3 months to 1 year HK$'000	Over 1 year HK$'000	Total undiscounted cash flows HK$'000	Carrying amount at 31 March 2008 HK$'000
2008							
Non-derivative financial liabilities							
Trade and other payables		254,178	162,069	36,960	–	453,207	453,207
Bank borrowings	4.81%	873,151	88,630	240,669	1,258,827	2,461,277	2,351,299
Mortgage loan	4.60%	–	56,412	–	–	56,412	53,932
		1,127,329	307,111	277,629	1,258,827	2,970,896	2,858,438
Structured borrowings	2.65%	8,807	–	8,807	52,844	70,458	68,671
Derivatives – net settlement							
Foreign currency contracts	–	1,515	3,009	7,414	–	11,938	11,938
Interest rate swaps	–	252	–	–	–	252	252
		1,767	3,009	7,414	–	12,190	12,190

For the year ended 31 March 2009

32. Financial Instruments *(Continued)*

(c) Fair Value

The fair value of financial assets and financial liabilities (including derivative instruments, structured deposit and structured borrowings) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices or rates from observable current market data as input.

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

33. Major Non-cash Transactions

Details of scrip dividends in lieu of cash are set out in note 26.

34. Pledge of Assets

As at 31 March 2009, the carrying value of the Group's assets which were pledged to secure credit facilities granted to the Group are as follows:

	2009	2008
	HK$'000	HK$'000
Investment properties		
(included in asset classified as held for sale)	**–**	133,154
Property, plant and equipment	**56,837**	–
Prepaid lease payment	**34,382**	–
	91,219	133,154

35. Commitments

(i) Capital Commitments

	2009	2008
	HK$'000	HK$'000
Capital expenditure in respect of property, plant and equipment contracted for but not provided in the consolidated financial statements	**41,792**	178,420

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For the year ended 31 March 2009

35. Commitments *(Continued)*

(ii) Operating lease commitments and arrangements

The Group as lessee

	2009 HK$'000	2008 HK$'000
Minimum lease payments paid under operating leases in respect of premises and warehouses during the year	**8,385**	4,603

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

	2009 HK$'000	2008 HK$'000
Within one year	**4,488**	3,181
In the second to fifth year inclusive	**2,247**	1,761
More than five years	**82**	–
	6,817	4,942

Operating lease payment represents rental payable by the Group for its office premises and warehouse. Leases are negotiated for terms ranging from one to four years and rental is fixed throughout the lease period.

The Group as lessor

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

	2009 HK$'000	2008 HK$'000
Within one year	**–**	1,039
In the second to fifth year inclusive	**–**	12
	–	1,051

In 2008, the investment properties held have committed tenants for the next two years.

36. Related Party Disclosures

(i) During the year, the Group paid operating lease rentals amounting to approximately HK$108,000 (2008: HK$108,000) to Verdure Enterprises Limited ("Verdure"). Verdure is owned by a discretionary trust, the beneficiaries of which include Mr. Li Ming Hung, a director of the Company, and his family.

The payment of the above operating lease rentals constitutes an exempted connected transaction under Chapter 14A of the Listing Rules.

(ii) On 27 October 2008, the Group entered into a master sale and purchase agreement ("Master Supply Agreement") with 南京新一棉紡織印染有限公司 Nanjing Synergy Textiles Limited ("Nanjing Synergy"). The issued share capital of Nanjing Synergy is indirectly owned as to 50% each by a discretionary trust whose discretionary beneficiaries are the family members of Mr. Li Ming Hung and a discretionary trust whose discretionary beneficiaries are the family members of Mr. Chen Tien Tui, both are directors of the Company. Pursuant to the Master Supply Agreement, Nanjing Synergy agreed to supply yarn to the Group and the purchase during the year was approximately HK$144,318,000 (2008: HK$329,642,000). As at 31 March 2009, the aggregate amount of purchase deposits placed by the Group in Nanjing Synergy was approximately HK$40,061,000 (2008: HK$55,577,000) which were included in deposits, prepayments and other receivables.

The transactions contemplated by the Master Supply Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

(iii) On 1 April 2007, the Group entered into a master sale and purchase agreement ("Kimberly-Mayer Master Agreement") with 加美(清遠)制衣有限公司 Kimberly (Qing Yuan) Garment Limited ("Kimberly"). Kimberly is owned by a director of a subsidiary of the Company. Pursuant to the Kimberly-Mayer Master Agreement, Kimberly agreed to supply apparel products to the Group and the purchase during the year was approximately HK$53,962,000 (2008: HK$38,075,000). As at 31 March 2009, the aggregate amount of purchase deposits placed by the Group in Kimberly was approximately HK$1,020,000 (2008: HK$4,894,000) which were included in deposits, prepayments and other receivables.

The transactions contemplated by the Kimberly-Mayer Master Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

(iv) On 25 September 2007, the Company and certain of its subsidiaries had conditionally agreed to provide guarantees in favour of several banks in respect of facilities granted by the banks to Ford Glory International Limited ("Ford Glory"), a subsidiary of the Company in which Mr. Choi Lin Hung has a 49% beneficial interest.

The guarantees given by the Group in respect of credit facilities granted to Ford Glory amounted to HK$588 million in aggregate as at 31 March 2009 (2008: HK$579 million). The amount of financial assistance provided exceeds the proportional interest of the Company in Ford Glory. The provision of the guarantees constitutes connected transactions under Rule 14A.13(2) of the Listing Rules of the Stock Exchange. Mr. Choi Lin Hung did not provide similar guarantees to the banks but had provided pro rata counter indemnity to the Company and the relevant subsidiaries of the Company.

For the year ended 31 March 2009

36. Related Party Disclosures *(Continued)*

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

	2009 HK$'000	2008 HK$'000
Short-term benefits	**18,123**	19,383
Post employment benefits	**320**	343
	18,443	19,726

The remuneration of directors and key executives is determined by the board of directors having regard to the performance of individuals and market trends.

37. Particulars of Principal Subsidiaries

Particulars of the Company's principal subsidiaries at 31 March 2009 and 2008 (except for 江門市冠達紡織材料有限公司) are as follows:

Name of subsidiary	Place of incorporation or registration/ operation	Issued and fully paid share capital/ registered capital	Attributable equity held by the Company Directly %	Attributable equity held by the Company Indirectly %	Principal activities
Best Linkage (Macao Commercial Offshore) Limited	Macau	MOP100,000	–	100	Trading of knitted fabric
Champion Fortune Asia Limited	Hong Kong	Ordinary HK$2	–	100	Trading of dyed yarn
CSG Apparel Inc.	Canada	Common stock CAD1	–	51	Trading of garment products
Elite Sound Investments Limited	Hong Kong	Ordinary HK$1	–	100	Investment holding
Ford Glory Holdings Limited	British Virgin Islands	Ordinary US$100	–	51	Investment holding

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For the year ended 31 March 2009

37. Particulars of Principal Subsidiaries *(Continued)*

Name of subsidiary	Place of incorporation or registration/ operation	Issued and fully paid share capital/ registered capital	Attributable equity held by the Company Directly %	Attributable equity held by the Company Indirectly %	Principal activities
Ford Glory International Limited	Hong Kong	Ordinary HK$5,000,000	–	51	Trading of garment products
Glory Time Limited	Hong Kong	Ordinary HK$100	–	35.7 (note vi)	Trading of garment products
Grace Link Enterprises Limited	Hong Kong	Ordinary HK$10	–	100	Property holding
PT Victory Apparel Semarang	Indonesia	Ordinary US$300,000	–	51	Manufacture of garment
Top Star Limited	Hong Kong	Ordinary HK$2	–	51	Property holding
V-Apparel International Limited	Hong Kong	Ordinary HK$100	–	100	Trading of garment products
Value Plus (Macao Commercial Offshore) Limited	Macau	MOP100,000	–	51	Provision of quality inspection service
Victory City Company Limited	Hong Kong	Ordinary HK$10 Deferred (note i) HK$8,000,000	–	100	Trading of knitted fabric
Victory City Holdings Limited	British Virgin Islands	Ordinary US$6	100	–	Investment holding

37. Particulars of Principal Subsidiaries *(Continued)*

Name of subsidiary	Place of incorporation or registration/ operation	Issued and fully paid share capital/ registered capital	Attributable equity held by the Company Directly %	Attributable equity held by the Company Indirectly %	Principal activities
Victory City Investments Limited	British Virgin Islands	Ordinary US$1	100	–	Investment holding
Victory City Overseas Limited ("VCOL")	British Virgin Islands	Ordinary US$2 Preference US$3,300 (note ii)	–	100	Investment holding and provision of subcontracting services
江門市新會區冠華針織廠有限公司 (note iv)	PRC	US$20,944,510	–	100	Knitting, dyeing and finishing of fabric
江門市新會區揚名針織廠有限公司	PRC	(note iii)	–	100	Knitting, dyeing and finishing of fabric
江門錦豐科技纖維有限公司 (note iv)	PRC	US$6,595,167	–	100	Dyeing of yarn and provision of related subcontracting services
江門冠暉製衣有限公司 (note iv)	PRC	HK$30,000,000	–	60	Manufacture of garment
福之源貿易(上海)有限公司 (note iv)	PRC	RMB1,000,000	–	51	Trading of garment products
江門市冠達紡織材料有限公司	PRC	(note v)	–	60	Mixing of chemicals

For the year ended 31 March 2009

37. Particulars of Principal Subsidiaries *(Continued)*

Notes:

(i) The deferred shares, which are not held by the Group, practically carry no rights to dividend or to receive notice of or to attend or vote at any general meeting of respective subsidiaries or to participate in any distribution on a winding-up.

(ii) The redeemable non-voting preference shares of VCOL, which are held by Messrs. Li Ming Hung, Chen Tien Tui and Choi Lin Hung, carry minimal right to receive notice of or to attend or vote at any general meeting of VCOL. On a winding-up, the holders of the redeemable non-voting preference shares shall be entitled to receive a return of the capital paid up on the redeemable non-voting preference shares held by them respectively.

(iii) The company is a co-operative joint venture established in the PRC. The verified paid up registered capital of 江門市新會區揚名針織廠有限公司 was approximately US$1,709,000 as at 31 March 2009, which was wholly contributed by the Group. Additional capital contribution by the Group during the year ended 31 March 1999, which amounted to approximately US$394,000, has not yet been verified as at 31 March 2009.

(iv) This company is a wholly foreign owned enterprise incorporated in the PRC with limited liability.

(v) The company is a co-operative joint venture newly established in the PRC during the year. The verified paid up registered capital of 江門市冠達紡織材料有限公司 was approximately RMB4,000,000 as at 31 March 2009.

(vi) The company is 70% owned by Ford Glory Holdings Limited, a 51% owned subsidiary of the Group.

None of the subsidiaries had any debt securities subsisting at 31 March 2009 or at any time during the year.

The above table only lists those subsidiaries of the Company which, in the opinion of the directors, principally affected the results or net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

VICTORY CITY INTERNATIONAL HOLDINGS LIMITED

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