THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in YGM Trading Limited, you should at once hand this circular to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or the transfer was effected for transmission to the purchaser or transferee.

YGM TRADING LIMITED

(incorporated in Hong Kong with limited liability)

(Stock Code: 00375)

MAJOR TRANSACTION:

THE ACQUISITION OF CERTAIN TRADEMARKS OF "AQUASCUTUM"

27 October 2009

CONTENTS

In this circular, the following expressions shall, unless the context requires otherwise, have the following meanings:

"Acquisition"	the proposed acquisition by YGM International and YGM Mart of the Asian IP Rights
"Acquisition Agreement"	the agreement for the sale and purchase of, among other things, the Asian IP Rights dated 8 September 2009 entered into between, among others, Aquascutum as vendor, Renown as warrantor, and YGM International and YGM Mart as purchasers of the Asian IP Rights
"Aquascutum"	Aquascutum Limited, a company incorporated in England and Wales with limited liability and the entire issued share capital of which is owned by Aquascutum Group
"Aquascutum Group"	Aquascutum Group Limited, a company incorporated in England and Wales with limited liability and the shares of which are wholly owned by Renown and Renown Agency Inc. (which to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, is a subsidiary of Renown), and each of its subsidiaries
"Asian IP Rights"	all of the Intellectual Property originally owned by Aquascutum and other subsidiaries of Aquascutum Group in relation to the Asian Territories and to be acquired pursuant to the Acquisition
"Asian Territories"	a total of 42 countries and regions in Asia including, but not limited to, PRC, Hong Kong, Japan, the Republic of Korea, Indonesia, India, the Philippines, Malaysia, Thailand, Taiwan, Singapore, Brunei, and Macau
"Completion"	completion of the Acquisition Agreement
"Completion Date"	the date on which Completion shall occur in accordance with the terms of the Acquisition Agreement
"Company"	YGM Trading Limited, a company incorporated under the laws of Hong Kong and the issued shares of which are listed on the Stock Exchange
"Consideration"	the consideration for the Asian IP Rights
"Directors"	the directors of the Company
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong

"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"Independent Third Parties"	persons who, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, are third parties independent of the Company and its connected persons (as defined in the Listing Rules)
"Intellectual Property"	patents, trademarks, service marks, logos, business names, rights in designs, rights in get-up, rights in goodwill or to sue for passing off, unfair competition rights, copyrights and database rights, topography rights, domain names, know-how and business information, trade secrets and rights in confidence (whether or not any of these is registered and including applications for registration of any such thing) and all rights or forms of protection of a similar nature or having equivalent or similar effect to any of these which may subsist anywhere in the world
"Latest Practicable Date"	20 October 2009, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Macau"	the Macau Special Administrative Region of the People's Republic of China
"PRC"	the People's Republic of China, which for the purpose of this circular excludes, unless the context otherwise requires, Hong Kong, Macau and Taiwan
"Renown"	Renown Incorporated, a company incorporated under the laws of Japan and the issued shares of which are listed on the Tokyo Stock Exchange
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Trademarks"	the registrations of, pending applications to register and all unregistered trademark rights in all trademarks owned by Aquascutum immediately prior to Completion
"YGM Garment"	YGM Garment Limited, a company incorporated under the laws of Hong Kong and a wholly-owned subsidiary of the Company
"YGM International"	Aquascutum International Licensing Limited, a company incorporated under the laws of England and Wales and a wholly-owned subsidiary of YGM Mart

"YGM Mart"	YGM Mart Limited, a company incorporated under the laws of Hong Kong and a wholly-owned subsidiary of the Company
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"US$"	United States dollars, the lawful currency of the United States of America
"%"	per cent.
"£"	pound, the lawful currency of the United Kingdom

Unless otherwise specified herein, translations of £ into HK$ are made for illustration purposes at the rate of £1 = HK$12.68.

YGM TRADING LIMITED

(incorporated in Hong Kong with limited liability)

(Stock Code: 00375)

Executive Directors:
Chan Sui Kau *(Chairman)*
Chan Wing Fui, Peter *(Vice Chairman)*
Chan Wing Sun, Samuel *(Chief Executive Officer)*
Chan Suk Ling, Shirley *(Managing Director)*
Fu Sing Yam, William *(Deputy Managing Director)*
Chan Wing Kee
Chan Wing To

Independent Non-executive Directors:
Leung Hok Lim
Wong Lam
Lin Keping

Registered Office:
22 Tai Yau Street
San Po Kong
Kowloon
Hong Kong

27 October 2009

To all the Shareholders

Dear Sir/Madam,

MAJOR TRANSACTION: THE ACQUISITION OF CERTAIN TRADEMARKS OF "AQUASCUTUM"

INTRODUCTION

Reference is made to the announcement of the Company dated 10 September 2009 in which the board of Directors announced the Acquisition, which constitutes a major transaction of the Company for the purpose of the Listing Rules, in accordance with the requirements of the Listing Rules.

The purpose of this circular is to provide you with further information of the Acquisition in compliance with the requirements of the Listing Rules.

THE ACQUISITION

On 8 September 2009, Aquascutum, Renown, YGM International and YGM Mart (amongst others) entered into the Acquisition Agreement pursuant to which, inter alia, Aquascutum agreed to sell and YGM International and YGM Mart agreed to acquire the Asian IP Rights from Aquascutum at a consideration of £13.7 million (approximately HK$173,716,000). Summarised below are the principal terms of the Acquisition Agreement:

Date: 8 September 2009

Parties (amongst others):

(1) Aquascutum, as vendor;

(2) Renown, as warrantor; and

(3) YGM International and YGM Mart (each a wholly owned subsidiary of the Company), as purchasers of the Asian IP Rights.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, each of Aquascutum and Renown and their respective ultimate beneficial owners is an Independent Third Party. Please refer to the paragraph headed "Information on Aquascutum and Renown" below for the information regarding Aquascutum and Renown.

Sale and Purchase of the Asian IP Rights

Upon Completion, YGM International and YGM Mart have acquired all right, title and interest in the Asian IP Rights together with all goodwill of the business in relation to which they are and have been used (but no other or greater goodwill) including all rights, privileges and advantages thereto including, without limitation, the right to take proceedings and recover damages and to obtain all other remedies in respect of past infringements thereof to hold unto the relevant purchaser absolutely.

Consideration

The Consideration is £13.7 million (approximately HK$173,716,000), which was satisfied by YGM International and YGM Mart on Completion as follows:

(1) the sum of £12,330,000 (approximately HK$156,344,400) to Renown; and

(2) the sum of £1,370,000 (approximately HK$17,371,600), being 10% of the Consideration, paid into a retention account in the joint names of the legal advisers of Renown and the Group (the "**Retention Fund**").

YGM International and YGM Mart shall be entitled to retain the Retention Fund as security for YGM International and YGM Mart for any claim made by either of them against Renown under the warranties given by Renown. The Retention Fund will only be released from the retention account in the following manner:

(1) if either YGM International or YGM Mart (as applicable) is recorded as the registered proprietor of certain of the trade marks comprising the Asian IP Rights (and has received written evidence thereof) ("**Recordal Completion**") within 12 months after the Completion Date, £685,000 (approximately HK$8,685,800), being 50% of the Retention Fund (the "**First Retention Payment**"), will be released to Renown on the date falling 12 months after the Completion Date;

(2) if Recordal Completion does not occur within 12 months after the Completion Date, the First Retention Payment will be released to Renown on the date on which Recordal Completion occurs;

(3) if Recordal Completion occurs within 24 months after the Completion Date, the remaining balance of the Retention Fund (the "**Second Retention Payment**") will be released to Renown on the date falling the 24 months after the Completion Date; and

(4) if Recordal Completion does not occur within 24 months after the Completion Date, the Second Retention Payment will be released to Renown on the date on which Recordal Completion occurs,

provided that should Recordal Completion be only attained in respect of an agreed group of trade marks comprising the Asian IP Rights, certain of the Retention Fund will be withheld from the First Retention Payment or the Second Retention Payment (as the case may be) should (2) or (4) above be applicable for each other jurisdiction in which Recordal Completion for trade marks comprising the Asian IP Rights has not yet been obtained; and provided further that all amounts held in the retention account on the date falling 36 months after the Completion Date shall be released to Renown notwithstanding that Recordal Completion has not been attained by such time, and in any case in the absence of any claim by YGM International or YGM Mart against Renown for any breach of warranties.

The Directors value the history of "Aquascutum" in the fashion industry and the licences Aquascutum granted for the manufacturing and distribution of products bearing the well-known "Aquascutum" trademark in the past. The Consideration was negotiated between the parties at arm's length and on normal commercial terms, by reference to, among other considerations, the then preliminary indication of the range of value of the Asian IP Rights of between £10 million and £20 million (approximately between HK$126,800,000 and HK$253,600,000) as supplied by American Appraisal China Limited, an independent professional valuer. Your attention is drawn to the final range of value of the Asian IP Rights of between £12 million and £17 million (approximately between HK$152,160,000 and HK$215,560,000) as set out in the valuation report by American Appraisal China Limited in Appendix III to this circular. The final range of value of the Asian IP Rights was narrower than the preliminary indication because the valuer had collected more information from the Company, through its research and data in arriving at the final range. Based on the aforesaid, the Board considers that the Consideration is fair and reasonable.

Condition precedent

Completion is conditional upon the approval of the transactions contemplated hereunder by shareholders of the Company by means of the passing at a general meeting of ordinary resolution(s) or, subject to the permission of the Stock Exchange, the written approval by a shareholder or a group of shareholders of the Company, in compliance with the Listing Rules and the compliance by the Company in all material respects with the terms and conditions of all laws, rules, regulations and orders to which it or its assets are subject.

The Company has obtained the requisite approval from the relevant shareholders of the Company as more particularly described in the paragraph headed "Listing Rules Requirement" below. Accordingly, the condition precedent was satisfied and Completion took place on 8 September 2009 after the signing of the Acquisition Agreement.

INFORMATION ON THE ASIAN IP RIGHTS

Aquascutum owned the rights to the well-known "Aquascutum" brand which has over 150 years of history, and is principally engaged in the manufacturing and distribution of luxury apparel and clothing under "Aquascutum" brand before Completion.

YGM Garment entered into a licence agreement with Aquascutum on 25 June 2003 and a variation agreement on 25 January 2006 for a term expiring on 31 December 2013 (the "**Existing Licence Agreement**") pursuant to which Aquascutum has granted YGM Garment the exclusive rights for the manufacturing, wholesaling and marketing of ready-to-wear apparels bearing the "Aquascutum" trademark in Hong Kong, Macau, PRC, Taiwan, Singapore, Malaysia and Thailand.

Effective from Completion, YGM International and YGM Mart have held all rights in the Intellectual Property including, but not limited to, registered and unregistered trademarks, trademark applications and logos owned by Aquascutum in the Asian Territories (including the trademarks of "Aquascutum") for use, offer for sale, selling, advertising, marketing or promoting products or services including, without limitation, in print or broadcast media and over the internet exclusively in the Asian Territories.

OTHER ANCILLARY AGREEMENTS OR DOCUMENTS

Since Completion, YGM International and YGM Mart have collectively become the legal and beneficial owners of the Asian IP Rights. Pursuant to the Acquisition Agreement and for giving the desired and full effect to the Acquisition and the management and delineation of the rights to the Trademarks after Completion, YGM International, YGM Mart and YGM Garment (as the case may be) also entered into certain other agreements or documents with Aquascutum and Renown (amongst others), as more particularly described below:

(1) Pursuant to the Existing Licence Agreement, YGM Garment had made certain payments in the amount of approximately £1,500,000 (approximately HK$19,020,000) as royalty prepayments in respect of the royalties payable in 2009 and 2010 (the "**Royalty Prepayment**"). Pursuant to the Acquisition Agreement, YGM Garment and Aquascutum have entered into a termination and royalty prepayment repayment deed pursuant to which the Existing Licence Agreement shall be terminated and Aquascutum has agreed to repay and YGM Garment has agreed to receive the Royalty Prepayment upon Completion without prejudice to its obligations to Aquascutum in respect of unpaid royalties in relation to the royalty year beginning January 2009.

(2) YGM Mart and Renown have entered into a licence agreement (the "**New Licence Agreement**"), under which YGM Mart shall grant a licence to Renown for the use of certain Asian IP Rights acquired under the Acquisition in the manufacture, distribution and sale of certain approved products in the territory of Japan in consideration of the payment of the annual royalty calculated in accordance with the terms therein by Renown to YGM Mart and for an initial term of about ten years commencing on the Completion Date and ending on 31 December 2019 (with an option to extend for another ten years from the end of the original term to be exercised by Renown no later than 31 December 2017).

(3) As the ownership of all Asian IP Rights, as acquired pursuant to the Acquisition Agreement, relates only to the Asian Territories, YGM Mart and YGM International have entered into a deed with Aquascutum and other Independent Third Parties conditional upon Completion (the "**IP Use Deed**") to protect those rights acquired under the Acquisition and to maintain the prestige and image of the "Aquascutum" brand worldwide. The IP Use Deed shall regulate the marketing, promotion or advertisement of products under the "Aquascutum" trademarks by YGM Mart, YGM International and Aquascutum on the internet within the Asian Territories.

INFORMATION ON AQUASCUTUM AND RENOWN

Aquascutum is a limited liability company incorporated under the laws of England and Wales. According to the information provided by Aquascutum, Aquascutum is principally engaged in the manufacturing, designing, wholesale distributing, marketing and licensing of major consumer branded products primarily in apparel and accessories, including luxury apparel and clothing under "Aquascutum" brand, in major global markets. To the best knowledge of the Directors, Aquascutum had been owned by Renown since 1990.

Renown is principally engaged in the business as a comprehensive apparel manufacturer of men's and women's clothing, covering all distribution channels, including department stores, general merchandise stores and retail stores. The issued shares of Renown are listed on the Tokyo Stock Exchange.

To the best knowledge, information and belief of the Directors, the Japanese marks were not revenue-generating assets to the Renown group and were used by Renown to the effect that at the consolidated Renown group level, no revenue or income were generated from the Japanese marks and hence no profit and loss statement and valuation for the 3 preceding years are available.

REASONS FOR ENTERING INTO THE ACQUISITION AGREEMENT

The Group is principally engaged in the manufacturing, retailing and wholesaling of apparel and accessories, property investment and printing in Asia, including Taiwan.

As disclosed above, prior to the entering into the Acquisition Agreement, the Group had been a licensee of the "Aquascutum" brand for Hong Kong, Macau, PRC, Taiwan, Singapore, Malaysia and Thailand pursuant to the Existing Licence Agreement.

The Board considers that "Aquascutum" brand has been a part of London city life since its establishment in 1851. Its heritage is rooted in excellent British tailoring and it has always had a keen eye on fashion, creating an understated elegance and stylishly luxurious look. Its sartorial confidence, authentic quality and fine craftsmanship shown in the faultless attention to detail is trusted throughout the world. Aquascutum is positioned as an up-market brand and targets entrepreneurs, professionals and executives. Aquascutum's high standard of service is well recognised. Under the management of the Group, the brand achieved the "Service Retailer of the Year in Fashion & Accessories – High Fashion Category" of the "Mystery Shoppers Programme" organised by the Hong Kong Retail Management Association four times from 2004 to 2006 and 2008.

The Directors are of the view that the Acquisition is beneficial to the Group on the grounds that pursuant to the Acquisition, the Group has acquired an internationally established and leading brand for its future development in the Asian Territories. With the outright ownership of the Asian IP Rights in the "Aquascutum" brand, the Group is able to tap the value of this well-known brand for which the Group has been a licensee for some time.

The Directors are of the view that in the long term, it would be beneficial for the Group to appoint a leading international company as its licensee to help promote the "Aquascutum" brand in Japan. The grant of the licence to Renown of the relevant "Aquascutum" trademarks on Completion will enable the Group to promote and enhance the value of this trademark as a whole. In addition, the Directors believe that the New Licence Agreement will bring benefits to the Group by way of reasonable returns as the annual royalties received from the New Licence Agreement will be used to develop and expand its international retail network and as general working capital and will further strengthen the financial position of the Group.

The Directors (including the independent non-executive Directors) consider that the terms of the Acquisition and the Acquisition Agreement were negotiated on an arm's length basis and agreed on normal commercial terms between the parties and that the terms of the Acquisition Agreement are fair and reasonable so far as the shareholders of the Company are concerned and are in the best interest of the Company and its shareholders as a whole.

EFFECT OF THE ACQUISITION ON THE GROUP

As at 31 March 2009, the audited consolidated net asset value of the Group was approximately HK$798,247,000. As confirmed by the Directors, the Acquisition would not lead to any significant change in the assets and liability position of the Group.

The Directors also confirmed that the Acquisition would have a favourable effect on earnings of the Company as on the one hand, the Group is no longer required to pay royalties under the Existing Licence Agreement, in respect of which the Group paid Aquascutum aggregate royalties of approximately US$7,520,000 (equivalent to approximately HK$58,656,000) for the three years ended 31 December 2008 for the sale and distribution of the brand "Aquascutum" in Hong Kong, Macau, PRC, Taiwan and Malaysia only (which territory was far smaller than the 42 countries and regions under the Asian Territories covered under the Acquisition Agreement) and on the other hand, the Group is expecting to generate royalty income from licensing the "Aquascutum" brand in the Asian Territories (as appropriate) and for example, the Group will receive aggregate royalty income of not less than Japanese ¥5,000,000,000 (equivalent to approximately HK$425,000,000 for an initial term of about ten years commencing on the Completion Date and ending on 31 December 2019) from Renown on an arm's length basis and agreed on normal commercial terms between the parties and under the New Licence Agreement.

Up to the date of this circular, the Group intends to retain the Asian IP Rights for its own use and has no immediate plans to use such rights, save and except for the revenue-generating "Aquascutum" marks in Japan pursuant to the New Licence Agreement, to directly generate royalty or other income.

As the Group finances the Consideration out of the Group's internal resources, the Directors do not anticipate that the Acquisition would have a material effect on the gearing ratio.

Your attention is also drawn to the financial information of the Group set out in the Appendices I and II to this circular.

LISTING RULES REQUIREMENT

The Acquisition constitutes a major transaction for the Company pursuant to Rule 14.06(3) of the Listing Rules. The Acquisition Agreement and the transactions contemplated thereunder in respect of the Acquisition are therefore subject to the approval by the shareholders of the Company which may be given by a majority vote at a general meeting of the shareholders of the Company or a written shareholders' approval in lieu of holding a general meeting on the conditions that (i) no shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the transaction; and (ii) the written shareholders' approval has been obtained from a shareholder or a closely allied group of shareholders who together hold more than 50% in nominal value of the securities giving the right to attend and vote at that general meeting to approve the transaction.

Since no shareholders of the Company or any of their associates (within the meaning of the Listing Rules) are required to abstain from voting if a general meeting is to be convened for the approval of the Acquisition, the Company have obtained the written approval of the Acquisition from the shareholders of the Company who hold more than 50% in nominal value of the issued share capital of the Company in lieu of holding a general meeting for the approval of the Acquisition pursuant to Rule 14.44 of the Listing Rules.

The following persons or entities, being shareholders of the Company not interested in the Acquisition and who are beneficially interested in an aggregate of 85,680,162 shares in the capital of the Company which represent approximately 55.64% in nominal value of the issued share capital of the Company, and who shall comprise a closely allied group of shareholders of the Company for the purposes of Rule 14.44 of the Listing Rules, gave their written approval of the Acquisition on 4 September 2009 and in compliance with Rule 14.60(5) of the Listing Rules, the details of these shareholders are as follows:

Name of beneficial shareholder	Relationship among the shareholders	No. of ordinary shares of the Company beneficially interested	Approximate percentage of total issued share capital of the Company as of the date of the written approval
Chan Sui Kau	–	4,929,272	3.20%
Chan Wing Fui Peter	Son of SK Chan and the brother of Chan Wing Sun Samuel and Chan Suk Ling Shirley	324,068	0.21%

Name of beneficial shareholder	Relationship among the shareholders	No. of ordinary shares of the Company beneficially interested	Approximate percentage of total issued share capital of the Company as of the date of the written approval
Chan Wing Sun Samuel	Son of SK Chan and the brother of Chan Wing Fui Peter and Chan Suk Ling Shirley	9,363,216	6.08%
Chan Suk Ling Shirley	Daughter of SK Chan and the sister of Chan Wing Fui Peter and Chan Wing Sun Samuel	3,613,544	2.34%
Fu Sing Yam William	Nephew of SK Chan	900,462	0.58%
Chan Wing Kee	Nephew of SK Chan and the brother of Chan Wing To	3,692,776	2.40%
Chan Wing To	Nephew of SK Chan and the brother of Chan Wing Kee	4,144,736	2.69%
Chan Family Investment Corporation Limited	Company owned by members of the Chan Family comprising Messrs SK Chan, Chan Wing Fui Peter, Chan Wing Sun Samuel, Fu Sing Yam William, Chan Wing Kee and Chan Wing To and Madam Chan Suk Ling Shirley	29,601,700	19.24%
Canfield Holdings Limited	Company owned by the Chan Family comprising Messrs Chan Wing Fui Peter, Chan Wing Sun Samuel, Chan Wing Kee and Chan Wing To and Madam Ms. Chan Suk Ling Shirley	24,595,908	15.98%

Name of beneficial shareholder	Relationship among the shareholders	No. of ordinary shares of the Company beneficially interested	Approximate percentage of total issued share capital of the Company as of the date of the written approval
Hearty Development Limited	Company owned by the Chan Family comprising Messrs Chan Wing Fui Peter, Chan Wing Sun Samuel, Chan Wing Kee and Chan Wing To and Madam Chan Suk Ling Shirley	2,917,480	1.89%
Super Team International Limited	Company owned by the Chan Family comprising Messrs Chan Wing Kee and Chan Wing To	1,597,000	1.03%
	Aggregate	85,680,162	55.64%

GENERAL

Your attention is drawn to the further information contained in the Appendices to this circular.

Yours faithfully,
By order of the board of Directors
Chan Wing Sun, Samuel
Director

1. FINANCIAL SUMMARY

The following is a summary of the consolidated financial information of the Group for the three years ended 31 March 2009, details of which were extracted from the annual reports of the Company for each of the years ended 31 March 2007, 2008 and 2009.

Consolidated Profit and Loss Account

	For year ended 31 March		
	2009	2008	2007
	HK$'000	*HK$'000*	*HK$'000*
Turnover	**971,936**	1,110,115	1,022,818
Cost of sales	**(379,328)**	(438,661)	(390,827)
Gross profit	**592,608**	671,454	631,991
Other revenue	**11,496**	12,000	12,652
Other net income	**8,531**	10,495	1,601
Distribution costs	**(367,064)**	(409,445)	(385,848)
Administrative expenses	**(154,487)**	(174,221)	(153,600)
Other operating expenses	**(2,360)**	(7,768)	(5,225)
Profit from operations	**88,724**	102,515	101,571
Valuation (losses)/gains on investment properties	**(13,000)**	13,400	18,600
Gain on disposal of investment properties	**–**	45,589	–
Finance costs	**(1,712)**	(4,729)	(6,992)
Share of profits less losses of associates	**17,072**	34,099	21,252
Profit before taxation	**91,084**	190,874	134,431
Income tax	**(11,616)**	(14,630)	(14,387)
Profit for the year	**79,468**	176,244	120,044
Attributable to :			
Equity shareholders of the Company	**80,187**	170,997	118,121
Minority interests	**(719)**	5,247	1,923
Profit for the year	**79,468**	176,244	120,044
Dividends payable to equity shareholders of the Company attributable to the year :			
Interim dividend declared during the year	**15,383**	19,998	19,998
Special dividend proposed after the balance sheet date	**–**	46,150	–
Final dividend proposed after the balance sheet date	**43,073**	49,226	49,226
	58,456	115,374	69,224
Earnings per share			
Basic	**HK$0.52**	HK$1.11	HK$0.77
Diluted	**HK$0.52**	HK$1.11	HK$0.77

Consolidated Balance Sheet

	As at 31 March					
	2009		2008		2007	
	HK$'000	***HK$'000***	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Non-current assets						
Fixed assets						
– Investment properties		**53,300**		66,300		81,900
– Other property, plant and equipment		**122,542**		129,017		135,992
– Interest in leasehold land held for own use under operating lease		**5,533**		5,571		5,216
		181,375		200,888		223,108
Intangible assets		**107,709**		108,489		109,344
Lease premium		**9,727**		11,696		9,912
Interest in associates		**109,962**		128,150		96,864
Other financial assets		**34,642**		35,128		42,893
Deferred tax assets		**55,679**		65,006		57,204
		499,094		549,357		539,325
Current assets						
Trading securities	**4,537**		11,923		3,977	
Inventories	**140,353**		137,709		180,865	
Trade and other receivables	**106,874**		138,686		138,839	
Cash and cash equivalents	**238,615**		276,633		193,782	
Current tax recoverable	**2,091**		3,406		–	
	492,470		568,357		517,463	

	As at 31 March					
	2009		2008		2007	
	HK$'000	***HK$'000***	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Current liabilities						
Trade and other payables	**155,221**		188,640		179,415	
Bank loans and overdrafts	**14,518**		38,942		56,499	
Current tax payable	**8,930**		9,892		10,593	
	178,669		237,474		246,507	
Net current assets		**313,801**		330,883		270,956
Total assets less current liabilities		**812,895**		880,240		810,281
Non-current liabilities						
Bank loans	**3,467**		6,406		49,038	
Deferred tax liabilities	**11,181**		13,657		13,989	
		14,648		20,063		63,027
NET ASSETS		**798,247**		860,177		747,254
CAPITAL AND RESERVES						
Share capital		**76,916**		76,916		76,916
Reserves		**702,386**		761,649		650,765
Total equity attributable to shareholders of the Company		**779,302**		838,565		727,681
Minority interests		**18,945**		21,612		19,573
TOTAL EQUITY		**798,247**		860,177		747,254

2. AUDITED CONSOLIDATED FINANCIAL STATEMENTS

Set out below are the audited consolidated income statement, consolidated balance sheet, consolidated cash flow statement and consolidated statement of changes in equity of the Group together with the notes to the financial statements of the Group as extracted from pages 36 to 118 of the annual report of the Company for the year ended 31 March 2009. References to page numbers in this section are to the page numbers of such annual report of the Company.

Consolidated Profit and Loss Account
(Expressed in Hong Kong dollars)
For the year ended 31 March 2009

	Note	2009 $'000	2008 $'000
Turnover	3 & 13	**971,936**	1,110,115
Cost of sales		**(379,328)**	(438,661)
Gross profit		**592,608**	671,454
Other revenue	4	**11,496**	12,000
Other net income	4	**8,531**	10,495
Distribution costs		**(367,064)**	(409,445)
Administrative expenses		**(154,487)**	(174,221)
Other operating expenses		**(2,360)**	(7,768)
Profit from operations		**88,724**	102,515
Valuation (losses)/gains on investment properties	14	**(13,000)**	13,400
Gain on disposal of investment properties	6	**–**	45,589
Finance costs	5(a)	**(1,712)**	(4,729)
Share of profits less losses of associates		**17,072**	34,099
Profit before taxation	5	**91,084**	190,874
Income tax	7	**(11,616)**	(14,630)
Profit for the year		**79,468**	176,244
Attributable to:			
Equity shareholders of the Company	10 & 29	**80,187**	170,997
Minority interests	29	**(719)**	5,247
Profit for the year		**79,468**	176,244
Dividends payable to equity shareholders of the Company attributable to the year:	11		
Interim dividend declared during the year		**15,383**	19,998
Special dividend proposed after the balance sheet date		**–**	46,150
Final dividend proposed after the balance sheet date		**43,073**	49,226
		58,456	115,374
Earnings per share			
Basic	12(a)	**$0.52**	$1.11
Diluted	12(b)	**$0.52**	$1.11

Consolidated Balance Sheet
(Expressed in Hong Kong dollars)
At 31 March 2009

	Note	**2009**		2008	
		$'000	**$'000**	$'000	$'000
Non-current assets					
Fixed assets	14(a)				
– Investment properties			**53,300**		66,300
– Other property, plant and equipment			**122,542**		129,017
– Interest in leasehold land held for own use under operating lease			**5,533**		5,571
			181,375		200,888
Intangible assets	15		**107,709**		108,489
Lease premium	16		**9,727**		11,696
Interest in associates	18		**109,962**		128,150
Other financial assets	19		**34,642**		35,128
Deferred tax assets	28(b)		**55,679**		65,006
			499,094		549,357
Current assets					
Trading securities	20	**4,537**		11,923	
Inventories	21	**140,353**		137,709	
Trade and other receivables	22	**106,874**		138,686	
Cash and cash equivalents	23	**238,615**		276,633	
Current tax recoverable	28(a)	**2,091**		3,406	
		492,470		568,357	
Current liabilities					
Trade and other payables	24	**155,221**		188,640	
Bank loans and overdrafts	25	**14,518**		38,942	
Current tax payable	28(a)	**8,930**		9,892	
		178,669		237,474	

	Note	2009 $'000	2009 $'000	2008 $'000	2008 $'000
Net current assets			**313,801**		330,883
Total assets less current liabilities			**812,895**		880,240
Non-current liabilities					
Bank loans	25	**3,467**		6,406	
Deferred tax liabilities	28(b)	**11,181**		13,657	
			14,648		20,063
NET ASSETS			**798,247**		860,177
CAPITAL AND RESERVES	29(a)				
Share capital			**76,916**		76,916
Reserves			**702,386**		761,649
Total equity attributable to shareholders of the Company			**779,302**		838,565
Minority interests			**18,945**		21,612
TOTAL EQUITY			**798,247**		860,177

Balance Sheet
(Expressed in Hong Kong dollars)
At 31 March 2009

	Note	**2009** $'000	**2009** $'000	2008 $'000	2008 $'000
Non-current assets					
Fixed assets	14(b)		**301**		531
Investments in subsidiaries	17		**466,476**		562,849
Interest in associates	18		**17,315**		17,315
Other financial assets	19		**33,681**		33,834
			517,773		614,529
Current assets					
Trading securities	20	**993**		5,358	
Trade and other receivables	22	**1,090**		1,537	
Cash and cash equivalents	23	**132,691**		89,705	
Current tax recoverable	28(a)	**308**		108	
		135,082		96,708	
Current liabilities					
Trade and other payables	24	**7,238**		7,640	
Net current assets			**127,844**		89,068
Total assets less current liabilities			**645,617**		703,597
Non-current liability					
Deferred tax liability	28(b)		**14**		40
NET ASSETS			**645,603**		703,557
CAPITAL AND RESERVES	29(b)				
Share capital			**76,916**		76,916
Reserves			**568,687**		626,641
TOTAL EQUITY			**645,603**		703,557

Consolidated Statement of Changes in Equity

(Expressed in Hong Kong dollars)

For the year ended 31 March 2009

	Note	**2009** $'000	**2009** $'000	2008 $'000	2008 $'000
Total equity at 1 April			**860,177**		747,254
Net (expense)/income recognised directly in equity					
Exchange differences on translation of financial statements of subsidiaries based outside Hong Kong	29(a)		**(9,360)**		11,165
Exchange reserve realised on disposal of associate	29(a)		**–**		(167)
Share of exchange reserve of associates	29(a)		**(21,143)**		(334)
Net (expense)/income for the year recognised directly in equity			**(30,503)**		10,664
Net profit for the year	29(a)		**79,468**		176,244
Total recognised income and expense for the year			**48,965**		186,908
Attributable to:					
– Equity shareholders of the Company		**51,496**		180,108	
– Minority interests		**(2,531)**		6,800	
		48,965		186,908	
Dividends declared or approved during the year attributable to:					
– Equity shareholders of the Company	11	**(110,759)**		(69,224)	
– Minority interests	29(a)	**(136)**		(4,761)	
			(110,895)		(73,985)
Total equity at 31 March			**798,247**		860,177

Consolidated Cash Flow Statement
(Expressed in Hong Kong dollars)
For the year ended 31 March 2009

	Note	**2009** $'000	**2009** $'000	2008 $'000	2008 $'000
Operating activities					
Profit before taxation		**91,084**		190,874	
Adjustments for:					
– Valuation losses/(gains) on investment properties	14(a)	**13,000**		(13,400)	
– Depreciation	14(a)	**31,948**		28,284	
– Amortisation of land lease premium for property held for own use	14(a)	**158**		147	
– Amortisation of intangible assets	5(c)	**780**		780	
– Interest paid	5(a)	**1,712**		4,729	
– Bank interest income	4	**(2,330)**		(4,575)	
– Interest income from associate	4	**(1,911)**		(1,919)	
– Dividend income from listed securities	4	**(25)**		(147)	
– Share of profits less losses of associates		**(17,072)**		(34,099)	
– Net loss on disposal of other fixed assets	4	**1,070**		2,135	
– Net gain on disposal of intangible assets	4	**–**		(267)	
– Gain on disposal of investment properties	6	**–**		(45,589)	
– Net realised and unrealised loss/(gain) on trading securities	4	**2,904**		(4,208)	
– Foreign exchange gain		**(3,652)**		(9,302)	
Operating profit before changes in working capital		**117,666**		113,443	
(Increase)/decrease in inventories		**(2,644)**		43,156	
Decrease in debtors, bills receivable, deposits and prepayments		**31,900**		3,157	
Increase in amounts due from related companies		**(88)**		(3,004)	
Decrease in bills payable		**(618)**		(5,350)	
(Decrease)/increase in creditors and accrued charges		**(27,663)**		16,401	
Decrease in amounts due to related companies		**(5,138)**		(1,826)	
Cash generated from operations		**113,415**		165,977	
Tax paid					
Hong Kong Profits Tax paid		**(8,108)**		(13,822)	
Tax paid outside Hong Kong		**(3,508)**		(6,742)	

	Note	**2009** **$'000**	**2009** **$'000**	2008 $'000	2008 $'000
Net cash generated from operating activities			**101,799**		145,413
Investing activities					
Payment for the purchase of fixed assets		**(26,621)**		(20,208)	
Proceeds from disposal of fixed assets		**31**		2,508	
Net proceeds from disposal of investment properties		**–**		74,589	
Proceeds from disposal of intangible assets		**–**		342	
Payment for the purchase of trading securities		**(30,371)**		(33,156)	
Proceeds from disposal of trading securities		**34,230**		29,418	
Dividends received from an associate		**14,117**		10,111	
Bank interest received		**2,330**		4,575	
Other interest received		**1,911**		1,919	
Dividends received from listed securities		**25**		147	
Net cash (used in)/generated from investing activities			**(4,348)**		70,245
Financing activities					
Proceeds from new bank loans		**–**		16,650	
Repayment of bank loans		**(15,856)**		(93,537)	
Interest paid		**(1,712)**		(4,729)	
Dividends paid to equity shareholders of the Company	11	**(110,759)**		(69,224)	
Dividends paid to minority interests	29(a)	**(136)**		(4,761)	
Net cash used in financing activities			**(128,463)**		(155,601)
Net (decrease)/increase in cash and cash equivalents			**(31,012)**		60,057
Cash and cash equivalents at 1 April			**256,544**		190,391
Effect of foreign exchange rate changes			**466**		6,096
Cash and cash equivalents at 31 March	23		**225,998**		256,544

Notes to the Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

1 Significant accounting policies

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). A summary of the significant accounting policies adopted by the Group is set out below.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group and the Company. Note 2 provides information on the changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 March 2009 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in associates.

The measurement basis used in the preparation of the financial statements is the historical cost basis except as set out in the accounting policies below.

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of HKFRSs that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 34.

(c) Subsidiaries and minority interests

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances and transactions and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Minority interests represent the portion of the net assets of subsidiaries attributable to interests that are not owned by the Company, whether directly or indirectly through subsidiaries, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. Minority interests are presented in the consolidated balance sheet within equity, separately from equity attributable to the equity shareholders of the Company. Minority interests in the results of the Group are presented on the face of the consolidated profit and loss account as an allocation of the total profit or loss for the year between minority interests and the equity shareholders of the Company.

Where losses applicable to the minority exceed the minority's interest in the equity of a subsidiary, the excess, and any further losses applicable to the minority, are charged against the Group's interest except to the extent that the minority has a binding obligation to, and is able to, make additional investment to cover the losses. If the subsidiary subsequently reports profits, the Group's interest is allocated all such profits until the minority's share of losses previously absorbed by the Group has been recovered.

In the Company's balance sheet, an investment in a subsidiary is stated at cost less impairment losses (see note 1(k)(ii)).

(d) Associates

An associate is an entity in which the Group or Company has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

An investment in an associate is accounted for in the consolidated financial statements under the equity method and is initially recorded at cost and adjusted thereafter for the post acquisition change in the Group's share of the associate's net assets. The consolidated profit and loss account includes the Group's share of the post-acquisition, post-tax results of the associates for the year, including any impairment of goodwill relating to the interests in associates recognised for the year (see notes 1(e) and 1(k)(ii)).

When the Group's share of losses exceeds its interest in the associate, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate. For this purpose, the Group's interest in the associate is the carrying amount of the investment under the equity method together with the Group's long-term interests that in substance form part of the Group's net investment in the associate.

Unrealised profits and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associate, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in the consolidated profit and loss account.

In the Company's balance sheet, its investments in associates are stated at cost less impairment losses (see note 1(k)(ii)).

(e) Goodwill

Goodwill represents the excess of the cost of a business combination or an investment in an associate over the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities.

Goodwill is stated at cost less accumulated impairment losses. Goodwill is allocated to cash-generating units and is tested annually for impairment (see note 1(k)(ii)). In respect of associates, the carrying amount of goodwill is included in the carrying amount of the interest in the associate.

Any excess of the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of a business combination or an investment in an associate is recognised immediately in the consolidated profit and loss account.

On disposal of a cash generating unit or an associate during the year, any attributable amount of purchased goodwill is included in the calculation of the profit or loss on disposal.

(f) Other investments in debt and equity securities

The Group's and the Company's policies for investments in debt and equity securities, other than investments in subsidiaries and associates, are as follows:

Investments in debt and equity securities are initially stated at cost, which is their transaction price unless fair value can be more reliably estimated using valuation techniques whose variables include only data from observable markets. Cost includes attributable transaction costs, except where indicated otherwise below. These investments are subsequently accounted for as follows, depending on their classification:

Investments in securities held for trading are classified as current assets. Any attributable transaction costs are recognised in the profit and loss account as incurred. At each balance sheet date the fair value is remeasured, with any resultant gain or loss being recognised in consolidated profit and loss account. The net gain or loss recognised in the consolidated profit and loss account does not include any dividends or interest earned on these investments as these are recognised in accordance with the policies set out in notes 1(t)(iv) and (v).

Dated debt securities that the Group and/or the Company have the positive ability and intention to hold to maturity are classified as held-to-maturity securities. Held-to-maturity securities are stated in the balance sheet at amortised cost less impairment losses (see note 1(k)).

Investments in equity securities that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are recognised in the balance sheet at cost less impairment losses (see note 1(k)).

Investments are recognised/derecognised on the date the Group and/or the Company commits to purchase/sell the investments or they expire.

(g) Investment properties

Investment properties are land and/or buildings which are owned or held under a leasehold interest (see note 1(j)) to earn rental income and/or for capital appreciation.

Investment properties are stated in the balance sheet at fair value. Any gain or loss arising from a change in fair value or from the retirement or disposal of an investment property is recognised in the profit and loss account. Rental income from investment properties is accounted for as described in note 1(t)(ii).

When the Group holds a property interest under an operating lease to earn rental income and/or for capital appreciation, the interest is classified and accounted for as an investment property on a property-by-property basis. Any such property interest which has been classified as an investment property is accounted for as if it were held under a finance lease (see note 1(j)), and the same accounting policies are applied to that interest as are applied to other investment properties leased under finance leases. Lease payments are accounted for as described in note 1(j).

(h) Other property, plant and equipment

The following items of property, plant and equipment are stated in the balance sheet at cost less accumulated depreciation and impairment losses (see note 1(k)):

– land held under operating leases and buildings thereon, where the fair values of the leasehold interest in the land and buildings cannot be measured separately at the inception of the lease and the building is not clearly held under an operating lease (see note 1(j));

– buildings held for own use which are situated on leasehold land, where the fair value of the building could be measured separately from the fair value of the leasehold land at the inception of the lease (see note 1(j)); and

– other items of plant and equipment.

Where land and buildings are transferred from investment properties, "cost" represents the fair value at the date of change in use of the properties.

In preparing these financial statements, the Group has relied upon the provisions set out in paragraph 80A of HKAS 16, *"Property, plant and equipment"* issued by the HKICPA, with the effect that fair value of investment property transferred to land and buildings in prior years has been treated as the deemed cost of those land and buildings at the date of transfer. Such previously revalued land and buildings have not been revalued to fair value at the balance sheet date and are stated at deemed cost less accumulated depreciation and impairment losses and will not be revalued in future years.

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight-line method over their estimated useful lives as follows:

– Leasehold land is depreciated on a straight-line basis over the remaining term of the lease.

– Buildings situated on leasehold land are depreciated over the shorter of the unexpired term of the lease and their estimated useful lives, being no more than 50 years after the date of completion.

– Plant and machinery over 10 years.

– Leasehold improvements, motor vehicles, furniture and equipment between 2 to 10 years.

Where parts of an item of property, plant and equipment have different useful lives, the cost or valuation of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in the profit and loss account on the date of retirement or disposal.

(i) Intangible assets (other than goodwill)

(i) Trademarks

Trademarks acquired by the Group with an indefinite estimated useful economic life are stated in the balance sheet at cost less accumulated impairment losses (see note 1(k)). Expenditure on internally generated brands is recognised as an expense in the period in which it is incurred.

(ii) Licences

Licences acquired by the Group with a finite estimated useful economic life are stated in the balance sheet at cost less accumulated amortisation and impairment losses (see note 1(k)).

Amortisation of licences is charged to the profit and loss account on a straight-line basis over the period to which the licence relates.

(iii) Lease premiums

Lease premiums paid by the Group with an indefinite estimated useful economic life are stated in the balance sheet at cost less accumulated impairment losses (see note 1(k)).

Both the period and method of amortisation are reviewed annually.

Intangible assets are not amortised while their useful lives are assessed to be indefinite. Any conclusion that the useful life of an intangible asset is indefinite is reviewed annually to determine whether events and circumstances continue to support the indefinite useful life assessment for that asset. If they do not, the change in the useful life assessment from indefinite to finite is accounted for prospectively from the date of change and in accordance with the policy for amortisation of intangible assets with finite lives as set out above.

(j) Leased assets

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

(i) Classification of assets leased to the Group

Assets that are held by Group under leases which transfer to the Group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases, with the following exceptions:

– property held under operating leases that would otherwise meet the definition of an investment property is classified as an investment property on a property-by-property basis and, if classified as investment property, is accounted for as if held under a finance lease (see note 1(g)); and

– land held for own use under an operating lease, the fair value of which cannot be measured separately from the fair value of a building situated thereon at the inception of the lease, is accounted for as being held under a finance lease, unless the building is also clearly held under an operating lease. For these purposes, the inception of the lease is the time that the lease was first entered into by the Group, or taken over from the previous lessee.

(ii) Assets acquired under finance leases

Where the Group acquires the use of assets under finance leases, the amounts representing the fair value of the leased asset, or, if lower, the present value of the minimum lease payments, of such assets are included in fixed assets. Depreciation is provided at rates which write off the cost or valuation of the assets over the term of the relevant lease or, where it is likely the Group will obtain ownership of the asset, the life of the asset. Impairment losses are accounted for in accordance with the accounting policy as set out in note 1(k).

(iii) Operating lease charges

Where the Group has the use of assets held under operating leases, payments made under the leases are charged to the profit and loss account in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in the profit and loss account as an integral part of the aggregate net lease payments made. Contingent rentals are charged to the profit and loss account in the accounting period in which they are incurred.

The cost of acquiring land under an operating lease is amortised on a straight-line basis over the period of the lease term except where the property is classified as an investment property (see note 1(g)).

(k) Impairment of assets

(i) Impairment of investments in debt and equity securities and other receivables

Investments in debt and equity securities (other than investments in subsidiaries and associates: see note 1(k)(ii)) and other current and non-current receivables that are stated at cost or amortised cost are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to the attention of the Group about one or more of the following loss events:

– significant financial difficulty of the debtor;

– a breach of contract, such as a default or delinquency in interest or principal payments;

– it becoming probable that the debtor will enter bankruptcy or other financial reorganisation;

– significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; and

– a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

If any such evidence exists, an impairment loss is determined and recognised as follows:

– For unquoted equity securities and current receivables that are carried at cost, the impairment loss is measured as the difference between the carrying amount of the financial asset and the estimated future cash flows, discounted at the current market rate of return for a similar financial asset where the effect of discounting is material. Impairment losses for equity securities are not reversed.

– For trade and other current receivables and other financial assets carried at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material. This assessment is made collectively where financial assets carried at amortised cost share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for financial assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective group.

  If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through the profit and loss account. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognised in respect of trade debtors and bills receivable included within trade and other receivables, whose recovery is considered doubtful but not remote. In this case, the impairment losses for doubtful debts are recorded using an allowance account. When the Group is satisfied that recovery is remote, the amount considered irrecoverable is written off against trade debtors and bills receivable directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in the profit and loss account.

(ii) Impairment of other assets

Internal and external sources of information are reviewed at each balance sheet date to identify indications that the following assets may be impaired or, except in the case of goodwill, an impairment loss previously recognised no longer exists or may have decreased:

– property, plant and equipment (other than properties carried at revalued amounts);

– pre-paid interests in leasehold land classified as being held under an operating lease;

– intangible assets;

– investments in subsidiaries and associates; and

– goodwill.

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill and intangible assets that have indefinite useful lives, the recoverable amount is estimated annually whether or not there is any indication of impairment.

– Calculation of recoverable amount

The recoverable amount of an asset is the greater of its net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

– Recognition of impairment losses

An impairment loss is recognised in the profit and loss account whenever the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amount of the assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs to sell, or value in use, if determinable.

– Reversals of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to the profit and loss account in the year in which the reversals are recognised.

(iii) Interim financial reporting and impairment

Under the Rules Governing the Listing of Securities on the Stock Exchange, the Group is required to prepare an interim financial report in compliance with HKAS 34, *"Interim financial reporting"*, in respect of the first six months of the financial year. At the end of the interim period, the Group applies the same impairment testing, recognition, and reversal criteria as it would at the end of the financial year (see notes 1(k)(i) and (ii)).

Impairment losses recognised in an interim period in respect of goodwill, available-for-sale equity securities and unquoted equity securities carried at cost are not reversed in a subsequent period. This is the case even if no loss, or a smaller loss, would have been recognised had the impairment been assessed only at the end of the financial year to which the interim period relates.

(l) Inventories

Inventories are carried at the lower of cost and net realisable value.

Cost is calculated using the FIFO formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

(m) Trade and other receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost less allowance for impairment of doubtful debts (see note 1(k)(i)), except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less impairment of doubtful debts.

(n) Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in the profit and loss account over the period of the borrowings, together with any interest and fees payable, using the effective interest method.

(o) Trade and other payables

Trade and other payables are initially recognised at fair value. Except for financial guarantee liabilities measured in accordance with note 1(s)(i), trade and other payables are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(p) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated cash flow statement.

(q) Employee benefits

(i) Short term employee benefits and contributions to defined contribution retirement plans

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(ii) Share based payments

The fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in a capital reserve within equity. The fair value is measured at grant date using the binomial lattice model, taking into account the terms and conditions upon which the options were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the options, the total estimated fair value of the options is spread over the vesting period, taking into account the probability that the options will vest.

During the vesting period, the number of options that is expected to vest is reviewed. Any adjustment to the cumulative fair value recognised in prior years is charged/credited to the profit and loss account for the year of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the capital reserve.

On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of options that vest (with a corresponding adjustment to the capital reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the Company's shares. The equity amount is recognised in the capital reserve until either the option is exercised (when it is transferred to the share premium account) or the option expires (when it is released directly to retained profits).

(iii) Termination benefits

Termination benefits are recognised when, and only when, the Group demonstrably commits itself to terminate employment or to provide benefits as a result of voluntary redundancy by having a detailed formal plan which is without realistic possibility of withdrawal.

(r) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in the profit and loss account, except to the extent that they relate to items recognised directly in equity, in which case they are recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses.

Apart from certain limited exceptions, all deferred tax liabilities and all deferred tax assets, to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at each balance sheet date and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

– in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

– in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

– the same taxable entity; or

– different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

(s) Financial guarantees issued, provisions and contingent liabilities

(i) Financial guarantees issued

Financial guarantees are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the "holder") for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Where the Group issues a financial guarantee, the fair value of the guarantee (being the transaction price, unless the fair value can otherwise be reliably estimated) is initially recognised as deferred income within trade and other payables. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Group's policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in the profit and loss account on initial recognition of any deferred income.

The amount of the guarantee initially recognised as deferred income is amortised in the profit and loss account over the term of the guarantee as income from financial guarantees issued. In addition, provisions are recognised in accordance with note 1(s)(iii) if and when (i) it becomes probable that the holder of the guarantee will call upon the Group under the guarantee, and (ii) the amount of that claim on the Group is expected to exceed the amount currently carried in trade and other payables in respect of that guarantee i.e. the amount initially recognised, less accumulated amortisation.

(ii) Contingent liabilities acquired in business combinations

Contingent liabilities acquired as part of a business combination are initially recognised at fair value, provided the fair value can be reliably measured. After their initial recognition at fair value, such contingent liabilities are recognised at the higher of the amount initially recognised, less accumulated amortisation where appropriate, and the amount that would be determined in accordance with note 1(s)(iii). Contingent liabilities acquired in a business combination that cannot be reliably fair valued are disclosed in accordance with note 1(s)(iii).

(iii) Other provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group or the Company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(t) Revenue recognition

Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in the profit and loss account as follows:

(i) Sale of goods

Revenue arising from the sale of garments and printing products is recognised when goods are delivered to the customer which is taken to be the point in time when the customer has accepted the goods and the related risks and rewards of ownership. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

(ii) Rental income from operating leases

Rental income receivable under operating leases is recognised in the profit and loss account in equal instalments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognised in the profit and loss account as an integral part of the aggregate net lease payments receivable. Contingent rentals are recognised as income in the accounting period in which they are earned.

(iii) Royalty income

Royalty income is recognised in accordance with the substance of the relevant agreements.

(iv) Dividend income

– Dividend income from unlisted investments is recognised when the shareholder's right to receive payment is established.

– Dividend income from listed investments is recognised when the share price of the investment goes ex-dividend.

(v) Interest income

– Interest income from dated debt securities intended to be held to maturity is recognised as it accrues, as adjusted by the amortisation of the premium or discount on acquisition, so as to achieve a constant rate of return over the period from the date of purchase to the date of maturity.

– Interest income from bank deposits is recognised as it accrues using the effective interest method.

(u) Translation of foreign currencies

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's subsidiaries are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation currency.

(ii) Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the balance sheet date. Exchange gains and losses are recognised in the profit and loss account.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was determined.

The results of foreign operations are translated into Hong Kong dollars at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Balance sheet items are translated into Hong Kong dollars at the foreign exchange rates ruling at the balance sheet date. The resulting exchange differences are recognised directly in a separate component of equity. Goodwill arising on consolidation of a foreign operation acquired before 1 January 2005 is translated at the foreign exchange rate that applied at the date of acquisition of the foreign operation.

On disposal of a foreign operation, the cumulative amount of the exchange differences recognised in equity which relate to that foreign operation is included in the calculation of the profit or loss on disposal.

(v) Borrowing costs

Borrowing costs are expensed in the profit or loss account in the period in which they are incurred.

(w) Related parties

For the purposes of these financial statements, a party is considered to be related to the Group if:

(i) the party has the ability, directly or indirectly, through one or more intermediaries to control the Group or exercise significant influence over the Group in making financial and operating policy decisions, or has joint control over the Group;

(ii) the Group and the party are subject to common control;

(iii) the party is an associate of the Group or a joint venture in which the Group is a venturer;

(iv) the party is a member of key management personnel of the Group or the Group's parent, or a close family member of such an individual, or is an entity under the control, joint control or significant influence of such individuals;

(v) the party is a close family member of a party referred to in (i) or is an entity under the control, joint control or significant influence of such individuals; or

(vi) the party is a post-employment benefit plan which is for the benefit of employees of the Group or of any entity that is a related party of the Group.

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

(x) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

In accordance with the Group's internal financial reporting system, the Group has chosen business segment information as the primary reporting format and geographical segment information as the secondary reporting format for the purposes of these financial statements.

Segment revenue, expenses, results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis to that segment. For example, segment assets may include inventories, trade receivables and property, plant and equipment. Segment revenue, expenses, assets, and liabilities are determined before intra-group balances and intra-group transactions are eliminated as part of the consolidation process, except to the extent that such intra-group balances and transactions are between Group entities within a single segment. Inter-segment pricing is based on similar terms as those available to other external parties.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets (both tangible and intangible) that are expected to be used for more than one period.

Unallocated items mainly comprise financial and corporate assets, interest-bearing loans, borrowings, tax balances, corporate and financing expenses.

2 Changes in accounting policies

The HKICPA has issued the following new Interpretation and amendment to HKFRSs that are first effective for the current accounting period of the Group and the Company.

- HK(IFRIC) 11, HKFRS 2 – Group and treasury share transactions
- Amendment to HKAS 39, Financial instruments: Recognition and measurement, and HKFRS 7, Financial instruments: Disclosures – Reclassification of financial assets

These HKFRS developments have had no material impact on the Group's financial statements as either they were consistent with accounting policies already adopted by the Group or they were not relevant to the Group's and the Company's operations.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period (see note 35).

3 Turnover

The principal activities of the Company are investment holding and the provision of management services. The principal activities of the subsidiaries and associates are manufacturing, retailing and wholesaling of apparel and accessories, property investment and printing.

Turnover represents the aggregate of net invoiced value of sales to and royalty and rental income from external customers and income from printing and related services. The amount of each significant category of revenue recognised in turnover during the year is as follows:

	2009	2008
	$'000	$'000
Sales of garments	**873,405**	998,303
Royalty and related income	**59,533**	65,145
Printing and related services	**34,675**	38,981
Gross rentals from investment properties	**4,323**	7,686
	971,936	1,110,115

4 Other revenue and net income

	2009	2008
	$'000	$'000
Other revenue		
Alteration charges	**256**	186
Bank interest income	**2,330**	4,575
Interest income from associate	**1,911**	1,919
Claims receivable	**1,171**	586
Dividend income from listed securities	**25**	147
Others	**5,803**	4,587
	11,496	12,000
Other net income		
Net exchange gain	**11,863**	6,772
Net loss on disposal of other fixed assets	**(1,070)**	(2,135)
Net realised and unrealised (loss)/gain on trading securities	**(2,904)**	4,208
Net gain on disposal of intangible assets (note 15)	**–**	267
Others	**642**	1,383
	8,531	10,495

5 Profit before taxation

Profit before taxation is arrived at after charging/(crediting):

		2009	2008
		$'000	$'000
(a)	Finance costs		
	Interest on bank advances and other borrowings wholly repayable within five years	**1,712**	4,729
(b)	Staff costs*		
	Contributions to defined contribution retirement plans	**12,608**	17,693
	Salaries, wages and other benefits	**195,763**	205,118
		208,371	222,811
(c)	Other items		
	Amortisation of intangible assets (note 15)	**780**	780
	Depreciation and amortisation on owned assets (note 14(a))*	**32,106**	28,431
	Impairment losses on trade and other receivables (note 22(b))	**2,833**	6,317
	Auditors' remuneration		
	– audit services		
	– KPMG	**2,437**	2,385
	– other auditors	**1,096**	1,325
	– tax services	**326**	534
	Operating lease charges*		
	– hire of equipment	**1,602**	3,059
	– property rentals (including contingent rental payments of $28,919,000 (2008: $30,557,000))	**178,887**	199,031
	Share of associates' taxation	**4,765**	9,262
	Rentals receivable from investment properties less direct outgoings	**(1,683)**	(4,252)
	Cost of inventories* (note 21(b))	**379,328**	438,661

* *Cost of inventories includes $30,690,000 (2008: $31,876,000) relating to staff costs, depreciation expenses and operating lease charges, which amount is also included in the respective total amounts disclosed separately above or in note 5(b) for each of these types of expenses.*

6 *Gain on disposal of investment properties*

On 20 February 2008, two subsidiaries of the Company, Chenza Ridge Limited and Parahood Limited entered into sale and purchase agreements with an independent third party respectively to dispose of their factory and warehouses at Lee Chung Street, Hong Kong for a total consideration of $75,311,000. These agreements were completed on 28 March 2008 and a profit of $45,589,000, net of legal fees of $722,000, was recognised in the consolidated profit and loss account for the year ended 31 March 2008.

7 Income tax in the consolidated profit and loss account

(a) Taxation in the consolidated profit and loss account represents:

	2009	2008
	$'000	$'000
Current tax – Hong Kong Profits Tax		
Provision for the year	**8,575**	11,231
(Over)/under-provision in respect of prior years	**(384)**	74
	8,191	11,305
Current tax – Outside Hong Kong		
Provision for the year	**4,472**	4,736
(Over)/under-provision in respect of prior years	**(715)**	416
	3,757	5,152
Deferred tax		
Origination and reversal of temporary differences	**(332)**	(1,601)
Effect on deferred tax balances at 1 April resulting from a decrease in tax rate	**–**	(226)
	(332)	(1,827)
	11,616	14,630

The provision for Hong Kong Profits Tax for 2009 is calculated at 16.5% (2008: 17.5%) of the estimated assessable profits for the year.

In February 2008, the Hong Kong Government announced a decrease in the Profits Tax rate from 17.5% to 16.5% applicable to the Group's operations in Hong Kong as from the year ended 31 March 2009. This decrease is taken into account in the preparation of the Group's 2008 financial statements in respect of deferred tax balances.

Taxation for subsidiaries based outside Hong Kong is charged at the appropriate current rates of taxation ruling in the relevant jurisdictions.

On 16 March 2007, the Fifth Plenary Session of the Tenth National People's Congress passed the Corporate Income Tax Law of The People's Republic of China (the "PRC") (the "new tax law") which became effective on 1 January 2008. Under the new tax law, the statutory income tax rate applicable to the PRC subsidiaries has changed from between 15%-33% to 25%.

Under the new tax law, a 10% withholding tax will also be levied on dividends declared to foreign investors from the Group's PRC subsidiaries, however, only the dividends attributable to the profits of the financial period starting from 1 January 2008 will be subject to the withholding tax. A lower withholding tax rate may be applied if there is a tax treaty arrangement between the PRC and the jurisdiction of the foreign investor. Pursuant to a double tax arrangement between the PRC and Hong Kong, the Group is subject to a withholding tax at a rate of 5% for any dividend payments from certain of the Group's PRC subsidiaries.

(b) Reconciliation between tax expense and accounting profit at applicable tax rates:

	2009	2008
	$'000	$'000
Profit before taxation	**91,084**	190,874
Notional tax on profit before taxation, calculated at the rates applicable to profits in the countries concerned	**7,097**	17,759
Tax effect of non-deductible expenses	**7,008**	8,256
Tax effect of non-taxable revenue	**(807)**	(11,649)
Tax effect of tax losses not recognised in prior years utilised during the year	**(162)**	–
Tax effect of tax losses not recognised in prior years recognised in the current year	**(421)**	–
Effect on opening deferred tax balances resulting from a decrease in tax rate	**–**	(226)
(Over)/under-provision in respect of prior years	**(1,099)**	490
Actual tax expense	**11,616**	14,630

8 Directors' remuneration

Directors' remuneration disclosed pursuant to section 161 of the Hong Kong Companies Ordinance is as follows:

	Directors' fees		Salaries, allowances and benefits in kind		Discretionary bonuses		Retirement scheme contributions		Total	
	2009	2008	**2009**	2008	**2009**	2008	**2009**	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
Chairman										
Chan Sui Kau	**30**	30	**1,463**	1,463	**1,200**	1,200	**–**	–	**2,693**	2,693
Executive Directors										
Chan Wing Fui, Peter	**30**	30	**–**	–	**1,025**	1,025	**–**	–	**1,055**	1,055
Chan Wing Sun, Samuel	**30**	30	**2,730**	2,730	**2,050**	2,050	**72**	72	**4,882**	4,882
Chan Suk Ling, Shirley	**30**	30	**2,236**	2,236	**2,850**	2,800	**72**	72	**5,188**	5,138
Fu Sing Yam, William	**30**	30	**1,625**	1,625	**2,300**	2,250	**60**	60	**4,015**	3,965
Chan Wing Kee	**30**	30	**–**	–	**–**	–	**–**	–	**30**	30
Chan Wing To	**30**	30	**–**	–	**–**	–	**–**	–	**30**	30
Independent Non-executive Directors										
Leung Hok Lim	**160**	160	**–**	–	**–**	–	**–**	–	**160**	160
Wong Lam	**60**	60	**–**	–	**–**	–	**–**	–	**60**	60
Lin Keping	**60**	60	**–**	–	**–**	–	**–**	–	**60**	60
	490	490	**8,054**	8,054	**9,425**	9,325	**204**	204	**18,173**	18,073

The details of share options granted to certain directors under the Company's share option scheme are disclosed under the paragraph "Share Option Scheme" in the Report of the Directors and note 27. No share options were granted to the directors in the current or prior year.

9 Individuals with the highest emoluments

Of the five individuals with the highest emoluments, four (2008: four) are directors whose emoluments are disclosed in note 8. The emoluments of the other individual are as follows:

	2009	2008
	$'000	$'000
Salaries and other emoluments	**650**	910
Discretionary bonuses	**500**	1,000
Retirement scheme contributions	**60**	60
	1,210	1,970

The emoluments of the one (2008: one) individual with the highest emoluments is within the following band:

$	**2009 Number of individuals**	2008 Number of individuals
1,000,001 – 1,500,000	**1**	–
1,500,001 – 2,000,000	**–**	1

10 Profit attributable to equity shareholders of the Company

The consolidated profit attributable to equity shareholders of the Company includes a profit of $52,805,000 (2008: $139,953,000) which has been dealt with in the financial statements of the Company (note 29(b)).

11 Dividends

(a) Dividends payable to equity shareholders of the Company attributable to the year

	2009	2008
	$'000	$'000
Interim dividend declared and paid of 10 cents (2008: 13 cents) per ordinary share	**15,383**	19,998
Special dividend proposed after the balance sheet date of Nil cents (2008: 30 cents) per ordinary share	**–**	46,150
Final dividend proposed after the balance sheet date of 28 cents (2008: 32 cents) per ordinary share	**43,073**	49,226
	58,456	115,374

The final dividend (2008: special and final dividends) proposed after the balance sheet date has not been recognised as a liability at the balance sheet date.

(b) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the year

	2009	2008
	$'000	$'000
Special dividend in respect of the previous financial year, approved and paid during the year, of 30 cents (2008: Nil cents) per ordinary share	**46,150**	–
Final dividend in respect of the previous financial year, approved and paid during the year, of 32 cents (2008: 32 cents) per ordinary share	**49,226**	49,226
	95,376	49,226

12 Earnings per share

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of $80,187,000 (2008: $170,997,000) and 153,831,792 (2008: 153,831,792) ordinary shares in issue during the year.

(b) Diluted earnings per share

The Company did not have dilutive potential ordinary shares outstanding during both 2009 and 2008. Accordingly, the diluted earnings per share is the same as the basic earnings per share for both 2009 and 2008.

13 Segment reporting

Segment information is presented in respect of the Group's business and geographical segments. Business segment information is chosen as the primary reporting format because this is more relevant to the Group's internal financial reporting.

Business segments

The Group comprises the following main business segments:

– Sales of garments: the manufacture, retail and wholesale of garments.

– Royalty and related income: the management and licensing of a trademark for royalty income.

– Printing and related services: the manufacture and sale of printed products.

– Property rental: the leasing of properties to generate rental income.

	Sales of garments		Royalty and related income		Printing and related services		Property rental		Inter-segment elimination		Consolidated	
	2009	2008	**2009**	2008	**2009**	2008	**2009**	2008	**2009**	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
Revenue from external customers	**873,405**	998,303	**59,533**	65,145	**34,675**	38,981	**4,323**	7,686	**–**	–	**971,936**	1,110,115
Inter-segment revenue	**–**	–	**–**	1,007	**2,193**	2,687	**6,509**	6,529	**(8,702)**	(10,223)	**–**	–
Total	**873,405**	998,303	**59,533**	66,152	**36,868**	41,668	**10,832**	14,215	**(8,702)**	(10,223)	**971,936**	1,110,115
Segment result	**86,555**	84,799	**5,221**	5,897	**3,882**	6,294	**5,328**	6,168			**100,986**	103,158
Inter-segment transactions	**3,710**	3,259	**–**	(101)	**290**	(252)	**(4,000)**	(2,906)			**–**	–
Contribution from operations	**90,265**	88,058	**5,221**	5,796	**4,172**	6,042	**1,328**	3,262			**100,986**	103,158
Unallocated operating income and expenses											**(12,262)**	(643)
Profit from operations											**88,724**	102,515
Valuation (losses)/gains on investment properties	**–**	–	**–**	–	**–**	–	**(13,000)**	13,400	**–**	–	**(13,000)**	13,400
Gain on disposal of investment properties	**–**	–	**–**	–	**–**	–	**–**	45,589	**–**	–	**–**	45,589
Finance costs											**(1,712)**	(4,729)
Share of profits less losses of associates	**17,072**	34,099	**–**	–	**–**	–	**–**	–	**–**	–	**17,072**	34,099
Income tax											**(11,616)**	(14,630)
Profit after taxation											**79,468**	176,244

	Sales of garments		Royalty and related income		Printing and related services		Property rental		Unallocated		Consolidated	
	2009	2008	**2009**	2008	**2009**	2008	**2009**	2008	**2009**	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
Depreciation and amortisation for the year	**30,682**	25,384	**–**	–	**1,974**	1,459	**–**	2,129	**230**	239	**32,886**	29,211
Segment assets	**336,490**	296,167	**127,345**	153,315	**25,176**	15,073	**53,423**	128,877	**–**	–	**542,434**	593,432
Interest in associates	**105,242**	123,430	**–**	–	**–**	–	**–**	–	**4,720**	4,720	**109,962**	128,150
Unallocated assets	**–**	–	**–**	–	**–**	–	**–**	–	**339,168**	396,132	**339,168**	396,132
Total assets											**991,564**	1,117,714
Segment liabilities	**114,978**	126,931	**28,233**	43,898	**4,435**	4,274	**310**	5,871	**–**	–	**147,956**	180,974
Unallocated liabilities	**–**	–	**–**	–	**–**	–	**–**	–	**45,361**	76,563	**45,361**	76,563
Total liabilities											**193,317**	257,537
Capital expenditure incurred during the year	**26,055**	20,020	**–**	–	**566**	178	**–**	–	**–**	10	**26,621**	20,208

Geographical segments

The Group's business is managed on a worldwide basis, but participates in three principal economic environments. Hong Kong and Macau, Taiwan and other areas of the PRC are the major markets for the Group's garment business. Following the acquisition of Société Guy Laroche in 2005, the Group has a worldwide revenue stream from licensing the Guy Laroche trademark. Hong Kong and Macau is the major market for all of the Group's other businesses.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets and capital expenditure are based on the geographical location of the assets.

	Hong Kong and Macau		Taiwan		Other areas of the PRC		Others		Total	
	2009	2008	**2009**	2008	**2009**	2008	**2009**	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
Revenue from external customers	**439,666**	468,770	**109,309**	137,342	**358,674**	429,817	**64,287**	74,186	**971,936**	1,110,115
Segment assets	**243,023**	264,541	**154,345**	175,299	**110,013**	105,441	**140,295**	171,581	**647,676**	716,862
Capital expenditure incurred during the year	**9,535**	7,447	**2,935**	3,292	**13,457**	8,235	**694**	1,234	**26,621**	20,208

14 Fixed assets

(a) The Group

	Land and buildings held for own use $'000	Plant and machinery $'000	Leasehold improvements, motor vehicles, furniture and equipment $'000	Sub-total $'000	Interest in leasehold land held for own use under operating lease $'000	Investment properties $'000	Total $'000
Cost or valuation:							
At 1 April 2007	118,137	46,111	118,421	282,669	7,717	81,900	372,286
Exchange adjustments	3,226	2,250	6,561	12,037	755	–	12,792
Additions	–	862	19,346	20,208	–	–	20,208
Disposals	–	(995)	(21,329)	(22,324)	–	(29,000)	(51,324)
Fair value adjustment	–	–	–	–	–	13,400	13,400
At 31 March 2008	121,363	48,228	122,999	292,590	8,472	66,300	367,362
Representing:							
Cost	121,363	48,228	122,999	292,590	8,472	–	301,062
Valuation – 2008	–	–	–	–	–	66,300	66,300
	121,363	48,228	122,999	292,590	8,472	66,300	367,362
At 1 April 2008	121,363	48,228	122,999	292,590	8,472	66,300	367,362
Exchange adjustments	782	516	(2,339)	(1,041)	183	–	(858)
Additions	–	1,191	25,430	26,621	–	–	26,621
Disposals	–	(912)	(13,121)	(14,033)	–	–	(14,033)
Fair value adjustment	–	–	–	–	–	(13,000)	(13,000)
At 31 March 2009	122,145	49,023	132,969	304,137	8,655	53,300	366,092
Representing:							
Cost	122,145	49,023	132,969	304,137	8,655	–	312,792
Valuation – 2009	–	–	–	–	–	53,300	53,300
	122,145	49,023	132,969	304,137	8,655	53,300	366,092

	Land and buildings held for own use $'000	Plant and machinery $'000	Leasehold improvements, motor vehicles, furniture and equipment $'000	Sub-total $'000	Interest in leasehold land held for own use under operating lease $'000	Investment properties $'000	Total $'000
Accumulated amortisation and depreciation:							
At 1 April 2007	34,805	33,791	78,081	146,677	2,501	–	149,178
Exchange adjustments	1,355	1,165	3,773	6,293	253	–	6,546
Charge for the year	2,631	2,521	23,132	28,284	147	–	28,431
Written back on disposals	–	(995)	(16,686)	(17,681)	–	–	(17,681)
At 31 March 2008	38,791	36,482	88,300	163,573	2,901	–	166,474
At 1 April 2008	38,791	36,482	88,300	163,573	2,901	–	166,474
Exchange adjustments	333	247	(1,574)	(994)	63	–	(931)
Charge for the year	2,670	2,205	27,073	31,948	158	–	32,106
Written back on disposals	–	(912)	(12,020)	(12,932)	–	–	(12,932)
At 31 March 2009	41,794	38,022	101,779	181,595	3,122	–	184,717
Net book value:							
At 31 March 2009	80,351	11,001	31,190	122,542	5,533	53,300	181,375
At 31 March 2008	82,572	11,746	34,699	129,017	5,571	66,300	200,888

(b) ***The Company***

	Leasehold improvements, motor vehicles, furniture and equipment	
	2009	2008
	$'000	$'000
Cost:		
At 1 April	**5,572**	6,125
Additions	**–**	10
Disposals	**–**	(563)
At 31 March	**5,572**	5,572
Accumulated depreciation:		
At 1 April	**5,041**	5,367
Charge for the year	**230**	237
Written back on disposals	**–**	(563)
At 31 March	**5,271**	5,041
Net book value:		
At 31 March	**301**	531

(c) All investment properties of the Group were revalued as at 31 March 2009 on an open market value basis calculated by reference to net rental income allowing for reversionary income potential. The valuations were carried out by an independent firm of surveyors, Savills Valuation and Professional Services Limited, who have among their staff Fellows of the Hong Kong Institute of Surveyors with recent experience in the location and category of the properties being valued.

(d) The analysis of net book value or valuation of properties of the Group is as follows:

	2009	2008
	$'000	$'000
In Hong Kong		
– long leases	**39,003**	40,010
– medium-term leases	**63,645**	77,426
Outside Hong Kong		
– medium-term leases	**25,696**	25,825
– short-term leases	**10,840**	11,182
	139,184	154,443

	2009	2008
	$'000	$'000
Representing:		
Land and buildings	**80,351**	82,572
Investment properties	**53,300**	66,300
	133,651	148,872
Interest in leasehold land held for own use under operating lease	**5,533**	5,571
	139,184	154,443

(e) Included in investment properties are certain properties with an aggregate carrying value of $10,900,000 (2008: $53,700,000) which are pledged to banks for obtaining banking facilities of which $Nil (2008: $1,131,000) was utilised as at 31 March 2009.

(f) Details of the Group's investment properties are as follows:

Location	Existing use	Term of lease
G/F and M/F, 20 Tai Yau Street, San Po Kong, Kowloon	Offices and factories	Medium
G/F, 18 Ng Fong Street, San Po Kong, Kowloon	Factories and shops	Medium
Unit B, C, D, G and H on 7/F, and Car Parking Space No. 8 on 1/F, Wah Shun Industrial Building, 4 Cho Yuen Street, Yau Tong, Kowloon	Offices, factories and warehouses	Medium
Unit Nos. 2 and 4 on 6/F, and Unit Nos. 1 and 2 on 8/F, Lee Sum Factory Building, 28 Ng Fong Street, Kowloon	Factories	Medium

(g) ***Fixed assets leased out under operating leases:***

The Group leases out investment properties under operating leases. The leases typically run for an initial period of one to five years, with an option to renew the lease upon expiry at which time all terms are renegotiated. None of the leases includes contingent rentals.

All properties held under operating leases that would otherwise meet the definition of investment properties are classified as investment property.

The Group's total future minimum lease receipts under non-cancellable operating leases are receivable as follows:

	2009	2008
	$'000	$'000
Within 1 year	**2,629**	2,876
After 1 year but within 5 years	**367**	2,940
	2,996	5,816

15 Intangible assets

		The Group	
	Licence	**Trademarks**	**Total**
	$'000	**$'000**	**$'000**
Cost:			
At 1 April 2007	9,364	102,125	111,489
Disposal	–	(75)	(75)
At 31 March 2008, 1 April 2008 and 31 March 2009	9,364	102,050	111,414
Accumulated amortisation:			
At 1 April 2007	2,145	–	2,145
Charge for the year	780	–	780
At 31 March 2008	2,925	–	2,925
At 1 April 2008	2,925	–	2,925
Charge for the year	780	–	780
At 31 March 2009	3,705	–	3,705
Net book value:			
At 31 March 2009	5,659	102,050	107,709
At 31 March 2008	6,439	102,050	108,489

During the year ended 31 March 2008, the Group disposed of its "Mic Mac" trademark for proceeds of $342,000 realising a gain of $267,000 (note 4).

The Guy Laroche trademark is considered to have an indefinite useful life and is accounted for in accordance with accounting policy note 1(i).

The licence is amortised over a period of 12 years being the estimated useful life of the licence. The amortisation charge for the year is included within "Distribution costs" in the consolidated profit and loss account.

Impairment test for trademark with indefinite useful economic life

The Guy Laroche trademark services the Guy Laroche operations which are separately identifiable.

The recoverable amount of the Guy Laroche trademark has been determined based on value-in-use calculations. The calculation uses cash flow projections based on a five-year period approved by management. Cash flows beyond the five-year period have been extrapolated without any growth rate. Management believes that any reasonably possible change in the key assumptions on which the recoverable amount is based would not cause the carrying amount to exceed its recoverable amount.

Key assumptions used for value-in-use calculation:

	2009	2008
– Growth rate	**0%**	0%
– Gross contribution rate	**89%**	89%
– Discount rate	**8%**	10%

Management determined the growth rate and gross contribution rate based on the past performance and its expectations for market development. The discount rate used is the weighted average cost of capital of the Group.

16 Lease premium

	The Group	
	2009	2008
	$'000	$'000
Cost	**9,595**	9,595
Exchange adjustments	**132**	2,101
	9,727	11,696

Lease premium represents an amount paid by a subsidiary to obtain the right to lease a property in France. In the event that the subsidiary vacates the property, the subsidiary would be entitled to sell the right to the lease to the next tenant. Accordingly, the lease premium is considered to have an indefinite useful economic life and is carried in the balance sheet at cost less impairment losses.

17 Investments in subsidiaries

	The Company	
	2009	2008
	$'000	$'000
Unlisted shares, at cost	**11,003**	11,003
Amounts due from subsidiaries	**578,997**	665,147
	590,000	676,150
Amounts due to subsidiaries	**(3,624)**	(40,451)
	586,376	635,699
Less: Impairment losses	**(119,900)**	(72,850)
	466,476	562,849

Amounts due from and to subsidiaries are unsecured, interest free and have no fixed terms of repayment but are not expected to be settled within one year from the balance sheet date.

18 Interest in associates

	The Group		The Company	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
Unlisted shares, at cost	**–**	–	**30,000**	30,000
Listed shares, at cost	**–**	–	**12,595**	12,595
Share of net assets	**109,962**	128,150	**–**	–
	109,962	128,150	**42,595**	42,595
Less: Impairment loss	**–**	–	**(25,280)**	(25,280)
	109,962	128,150	**17,315**	17,315

(a) During the year ended 31 March 2008, the Group disposed of its interest in an associate, see note 33(c). On disposal, a loan receivable of the Group amounting to $7,799,000 was written off, see note 33(d).

(b) The market value of the Company's interest in the ordinary shares of the above listed investment at 31 March 2009 was $59,354,000 (2008: $118,708,000).

(c) On 22 January 2009, the Group has entered into an agreement with an independent third party to dispose of its interest in an associate, Hunan San Jiu Nankai Pharmaceutical Company Limited for a consideration of approximately RMB11,980,000 (equivalent to $13,585,000). The carrying value of the interest in this associate amounted to $4,720,000 at 31 March 2009. The completion of this transaction is subject to the approval of relevant government authorities in the PRC and the completion of relevant business registration procedures.

(d) Summary information on associates:

	Assets $'000	Liabilities $'000	Equity $'000	Revenue $'000	Profit $'000
2009					
100 percent	1,181,556	(630,917)	550,639	2,033,908	79,862
Group's effective interest	243,825	(133,863)	109,962	416,863	17,072
2008					
100 percent	1,295,255	(660,690)	634,565	2,196,633	168,307
Group's effective interest	266,911	(138,761)	128,150	450,756	34,099

19 Other non-current financial assets

	The Group		The Company	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
Held-to-maturity debt securities				
Unlisted	**961**	1,294	**–**	–
Other equity securities				
Unlisted equity security	**6,900**	6,900	**–**	–
Less: Impairment loss	**(6,900)**	(6,900)	**–**	–
	–	–	**–**	–
Loan to associate and accrued interest (note 33(e))	**33,681**	33,834	**33,681**	33,834
	34,642	35,128	**33,681**	33,834

(a) The loan to associate is unsecured, interest bearing at 6% per annum and repayable after ten years from the date of advance on 9 November 2011.

The fair value of the loan to associate at the balance sheet date is $32,261,000 (2008: $32,620,000). The fair value is estimated as the present value of future cash flows, discounted at current market interest rates for similar financial instruments.

(b) Other equity securities represents the Group's investment in a corporation in the PRC.

20 Trading securities

	The Group		The Company	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
Trading securities (at market value)				
Listed equity securities				
– in Hong Kong	**993**	2,564	**993**	2,564
– outside Hong Kong	**–**	2,794	**–**	2,794
	993	5,358	**993**	5,358
Listed debt securities				
– outside Hong Kong	**3,544**	6,565	**–**	–
	4,537	11,923	**993**	5,358

21 Inventories

(a) Inventories in the balance sheet comprise:

	The Group	
	2009	2008
	$'000	$'000
Raw materials	**19,851**	18,972
Work in progress	**3,316**	6,360
Finished goods	**117,186**	112,377
	140,353	137,709

(b) The analysis of the amount of inventories recognised as an expense is as follows:

	The Group	
	2009	2008
	$'000	$'000
Carrying amount of inventories sold	**385,935**	435,935
(Reversal of write-down)/write-down of inventories	**(6,607)**	2,726
	379,328	438,661

The reversal of write-down of inventories made in prior years arose due to an increase in the estimated realisable value of garments as a result of a change in consumer preferences.

22 Trade and other receivables

	The Group		The Company	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
Debtors and bills receivable	**64,060**	87,687	**–**	–
Less: Allowance for doubtful debts	**(12,159)**	(15,122)	**–**	–
	51,901	72,565	**–**	–
Deposits and prepayments	**50,143**	61,379	**340**	648
Amounts due from related companies	**3,970**	3,882	**–**	139
Club memberships	**860**	860	**750**	750
	106,874	138,686	**1,090**	1,537

All of the Group's and the Company's trade and other receivables, apart from club memberships and deposits, of $24,921,000 (2008: $33,332,000) and $750,000 (2008: $750,000) respectively, are expected to be recovered or recognised as expense within one year.

(a) Ageing analysis

Included in trade and other receivables are trade debtors and bills receivable (net of impairment losses for bad and doubtful debts) with the following ageing analysis as of the balance sheet date:

	The Group	
	2009	2008
	$'000	$'000
Current	**46,416**	66,522
1 to 3 months	**5,069**	4,798
More than 3 months but less than 12 months	**416**	1,245
	51,901	72,565

Trade debtors and bills receivable are due within 30 to 90 days from the date of billing. Further details on the Group's credit policy is set out in note 30(a).

(b) Impairment of trade debtors and bills receivable

Impairment losses in respect of trade debtors and bills receivable are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade debtors and bills receivable directly (see note 1(k)(i)).

The movement in the allowance for doubtful debts during the year, including both specific and collective loss components, is as follows:

	The Group	
	2009	2008
	$'000	$'000
At 1 April	**15,122**	8,550
Exchange adjustments	**(2,013)**	1,455
Impairment loss recognised (note 5(c))	**2,833**	6,317
Uncollectible amounts written off	**(3,783)**	(1,200)
At 31 March	**12,159**	15,122

At 31 March 2009, the Group's trade debtors of $6,000,000 (2008: $3,595,000) were individually determined to be impaired. The individually impaired receivables related to customers that were in financial difficulties and management assessed that only a portion of the receivables is expected to be recovered. Consequently, specific allowances for doubtful debts of $5,335,000 (2008: $3,497,000) were recognised. The Group does not hold any collateral over these balances.

(c) Trade debtors that are not impaired

The ageing analysis of trade debtors that are neither individually nor collectively considered to be impaired are as follows:

	The Group	
	2009	2008
	$'000	$'000
Neither past due nor impaired	**30,446**	49,179
Less than 1 month past due	**14,954**	16,778
1 to 3 months past due	**5,410**	5,262
More than 3 months but less than 12 months	**426**	1,248
	20,790	23,288
	51,236	72,467

Receivables that were neither past due nor impaired relate to a wide range of customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

23 Cash and cash equivalents

	The Group		The Company	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
Deposits with banks and other financial institutions	**123,526**	93,555	**122,458**	85,500
Cash at bank and in hand	**115,089**	183,078	**10,233**	4,205
Cash and cash equivalents in the balance sheet	**238,615**	276,633	**132,691**	89,705
Bank overdrafts (note 25)	**(12,617)**	(20,089)		
Cash and cash equivalents in the consolidated cash flow statement	**225,998**	256,544		

24 Trade and other payables

	The Group		The Company	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
Bills payable	**1,377**	1,995	**1,377**	1,995
Creditors and accrued charges	**151,923**	179,586	**5,742**	5,645
Amounts due to related companies	**1,921**	7,059	**119**	–
	155,221	188,640	**7,238**	7,640

All of the trade and other payables are expected to be settled within one year.

Included in trade and other payables are trade creditors and bills payable with the following ageing analysis as of the balance sheet date:

	The Group		The Company	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
Due within 1 month or on demand	**22,665**	23,977	**1,377**	1,995
Due after 1 month but within 3 months	**14,086**	27,929	**–**	–
Due after 3 months but within 6 months	**1,935**	1,259	**–**	–
Due after 6 months but within 12 months	**947**	1,438	**–**	–
	39,633	54,603	**1,377**	1,995

25 Bank loans and overdrafts

At 31 March 2009, the bank loans and overdrafts were repayable as follows:

	The Group	
	2009	2008
	$'000	$'000
Within 1 year or on demand	**14,518**	38,942
After 1 year but within 2 years	**1,947**	2,237
After 2 years but within 5 years	**1,520**	4,169
	3,467	6,406
	17,985	45,348

At 31 March 2009, the unsecured bank loans and overdrafts were as follows:

	The Group	
	2009	2008
	$'000	$'000
Bank overdrafts (note 23)	**12,617**	20,089
Bank loans	**5,368**	25,259
	17,985	45,348

As at 31 March 2009 and 2008, the Group's banking facilities were not subject to the fulfillment of financial covenants.

26 Employee retirement benefits

The Group operates a Mandatory Provident Fund Scheme (the "MPF scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF scheme is a defined contribution retirement scheme administered by independent trustees. Under the MPF scheme, the employer and its employees are each required to make contributions to the scheme at 5% of the employees' relevant income, subject to a cap of monthly relevant income of $20,000. Contributions to the scheme vest immediately.

Subsidiaries incorporated in the PRC and France participate in the defined contribution retirement schemes operated by the local authorities for employees in the PRC and France, respectively. Contributions to these schemes are charged to the profit and loss account when incurred.

A subsidiary established in Taiwan participates in a defined benefit retirement plan established in accordance with the local Labour Standards Law. Contributions to the plan are based upon 2% of wages and salaries paid. The scheme is not material to the Group and, therefore, the disclosures required by HKAS 19, "*Employee benefits*" issued by the HKICPA have not been presented.

27 Equity settled share-based transactions

The Company has a share option scheme which was adopted on 23 September 2004 whereby the Directors of the Company are authorised, at their discretion, to invite employees of the Group, including directors of any company in the Group, to take up options at nil consideration to subscribe for shares in the Company. The options vest after 30 days from the date of grant and are then exercisable within a period of ten years. Each option gives the holder the right to subscribe for one ordinary share in the Company.

(a) The terms and conditions of the grants that existed during the years are as follows, whereby all options are settled by physical delivery of shares:

	Number of instruments	Vesting conditions	Contractual life of options
Options granted to Directors:			
– on 17 January 2005	7,850,000	30 days from the date of grant	10 years
Options granted to employees:			
– on 17 January 2005	4,133,000	30 days from the date of grant	10 years
Total share options	11,983,000		

(b) The number and weighted average exercise prices of options are as follows:

	2009		2008	
	Weighted average exercise price	**Number of options**	Weighted average exercise price	Number of options
	$	**’000**	$	’000
Outstanding at the beginning of the period	**12.1**	**11,791**	12.1	11,983
Lapsed during the period	**12.1**	**(124)**	12.1	(192)
Outstanding at the end of the period	**12.1**	**11,667**	12.1	11,791
Exercisable at the end of the period	**12.1**	**11,667**	12.1	11,791

No options were granted or exercised during the year (2008: Nil).

The options outstanding at 31 March 2009 had an exercise price of $12.1 (2008: $12.1) and a weighted average remaining contractual life of 6 years (2008: 7 years).

28 Income tax in the balance sheet

(a) Current taxation in the balance sheets represents:

	The Group		The Company	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
Provision for Hong Kong Profits Tax for the year	**8,575**	11,231	**465**	720
Provisional Profits Tax paid	**(9,972)**	(12,711)	**(773)**	(828)
	(1,397)	(1,480)	**(308)**	(108)
Provision for tax outside Hong Kong	**8,236**	7,966	**–**	–
Current taxation	**6,839**	6,486	**(308)**	(108)
Analysed as follows:				
Current tax recoverable	**(2,091)**	(3,406)	**(308)**	(108)
Current tax payable	**8,930**	9,892	**–**	–
	6,839	6,486	**(308)**	(108)

(b) Deferred tax assets and liabilities recognised:

(i) The Group

The components of deferred tax (assets)/liabilities recognised in the consolidated balance sheet and the movements during the year are as follows:

Deferred tax arising from:	**Depreciation in excess of the related depreciation allowances $'000**	**Revaluation of properties $'000**	**Provisions $'000**	**Future benefit of tax losses $'000**	**Total $'000**
At 1 April 2007	(2,300)	14,457	(17,210)	(38,162)	(43,215)
Exchange adjustments	(21)	–	(683)	(5,603)	(6,307)
Effect on opening deferred tax balances resulting from a decrease in tax rate	68	(838)	74	470	(226)
(Credited)/charged to the profit and loss account	(2,079)	1,836	(1,214)	(144)	(1,601)
At 31 March 2008	(4,332)	15,455	(19,033)	(43,439)	(51,349)
At 1 April 2008	(4,332)	15,455	(19,033)	(43,439)	(51,349)
Exchange adjustments	19	–	809	6,355	7,183
Charged/(credited) to the profit and loss account	53	(2,145)	5,804	(4,044)	(332)
At 31 March 2009	(4,260)	13,310	(12,420)	(41,128)	(44,498)

(ii) The Company

The components of deferred tax liabilities recognised in the balance sheet and the movements during the year are as follows:

Deferred tax arising from:	**Depreciation allowances in excess of the related depreciation $'000**
At 1 April 2007	65
Effect on opening deferred tax balances resulting from a decrease in tax rate	(4)
Credited to the profit and loss account	(21)
At 31 March 2008	40
At 1 April 2008	40
Credited to the profit and loss account	(26)
At 31 March 2009	14

	The Group		**The Company**	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
Net deferred tax assets recognised in the balance sheet	**(55,679)**	(65,006)	**–**	–
Net deferred tax liabilities recognised in the balance sheet	**11,181**	13,657	**14**	40
	(44,498)	(51,349)	**14**	40

(c) Deferred tax assets not recognised

In accordance with the accounting policy set out in note 1(r), the Group has not recognised deferred tax assets in respect of cumulative tax losses of $11,978,000 (2008: $15,517,000), as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdictions and entity. The tax losses do not expire under current tax legislation.

(d) Deferred tax liabilities not recognised

At 31 March 2009, temporary differences relating to the undistributed profits of subsidiaries based in Taiwan and the PRC amounted to $50,659,000 (2008: $56,728,000) and $2,508,000 (2008: $Nil) respectively. Deferred tax liabilities of $10,132,000 (2008: $11,356,000) and $251,000 (2008: $Nil) have not been recognised in respect of the tax that would be payable on the distribution of these retained profits as the Company controls the dividend policy of these subsidiaries and it has been determined that it is probable that profits will not be distributed in the foreseeable future.

29 Capital and reserves

(a) The Group

	Note	Share capital $'000	Share premium $'000	Capital redemption reserve $'000	Capital reserve $'000	Associate's share option reserve $'000	Exchange reserve $'000	Retained profits $'000	Total $'000	Minority interests $'000	Total equity $'000
At 1 April 2007		76,916	133,383	4,646	23,007	703	12,597	476,429	727,681	19,573	747,254
Lapse of share options	27	–	–	–	(369)	–	–	369	–	–	–
Dividend approved in respect of the previous year	11(b)	–	–	–	–	–	–	(49,226)	(49,226)	–	(49,226)
Exchange differences on translation of financial statements of subsidiaries based outside Hong Kong		–	–	–	–	–	9,612	–	9,612	1,553	11,165
Exchange reserve realised on disposal of associate		–	–	–	–	–	(167)	–	(167)	–	(167)
Share of exchange reserve of associate		–	–	–	–	–	(334)	–	(334)	–	(334)
Profit for the year		–	–	–	–	–	–	170,997	170,997	5,247	176,244
Dividend declared in respect of the current year	11(a)	–	–	–	–	–	–	(19,998)	(19,998)	–	(19,998)
Dividends paid to minority interests		–	–	–	–	–	–	–	–	(4,761)	(4,761)
At 31 March 2008		76,916	133,383	4,646	22,638	703	21,708	578,571	838,565	21,612	860,177
At 1 April 2008		76,916	133,383	4,646	22,638	703	21,708	578,571	838,565	21,612	860,177
Lapse of share options	27	–	–	–	(238)	–	–	238	–	–	–
Lapse of associate's share options		–	–	–	–	(703)	–	703	–	–	–
Dividends approved in respect of the previous year	11(b)	–	–	–	–	–	–	(95,376)	(95,376)	–	(95,376)
Exchange differences on translation of financial statements of subsidiaries based outside Hong Kong		–	–	–	–	–	(7,548)	–	(7,548)	(1,812)	(9,360)
Share of exchange reserve of associate		–	–	–	–	–	(21,143)	–	(21,143)	–	(21,143)
Profit for the year		–	–	–	–	–	–	80,187	80,187	(719)	79,468
Dividend declared in respect of the current year	11(a)	–	–	–	–	–	–	(15,383)	(15,383)	–	(15,383)
Dividends paid to minority interests		–	–	–	–	–	–	–	–	(136)	(136)
At 31 March 2009		76,916	133,383	4,646	22,400	–	(6,983)	548,940	779,302	18,945	798,247

(b) The Company

	Note	Share capital $'000	Share premium $'000	Capital redemption reserve $'000	Capital reserve $'000	Retained profits $'000	Total $'000
At 1 April 2007		76,916	133,383	4,646	23,007	394,876	632,828
Lapse of share options	27	–	–	–	(369)	369	–
Dividend approved in respect of the previous year	11(b)	–	–	–	–	(49,226)	(49,226)
Profit for the year	10	–	–	–	–	139,953	139,953
Dividend declared in respect of the current year	11(a)	–	–	–	–	(19,998)	(19,998)
At 31 March 2008		76,916	133,383	4,646	22,638	465,974	703,557
At 1 April 2008		76,916	133,383	4,646	22,638	465,974	703,557
Lapse of share options	27	–	–	–	(238)	238	–
Dividends approved in respect of the previous year	11(b)	–	–	–	–	(95,376)	(95,376)
Profit for the year	10	–	–	–	–	52,805	52,805
Dividend declared in respect of the current year	11(a)	–	–	–	–	(15,383)	(15,383)
At 31 March 2009		76,916	133,383	4,646	22,400	408,258	645,603

(c) Share capital

(i) Authorised and issued share capital

	2009		2008	
	No. of shares ('000)	**$'000**	No. of shares ('000)	$'000
Authorised:				
Ordinary shares of $0.50 each	**200,000**	**100,000**	200,000	100,000
Ordinary shares, issued and fully paid	**153,832**	**76,916**	153,832	76,916

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

(ii) Terms of unexpired and unexercised share options at balance sheet date

	Exercise price	2009	2008
	$	**Number**	Number
Exercise period			
16 February 2005 to 15 February 2015	12.1	11,667,000	11,791,000

Each option entitles the holder to subscribe for one ordinary share in the Company. Further details of these options are set out in note 27 to the financial statements.

(d) Nature and purpose of reserves

(i) Share premium and capital redemption reserve

The application of the share premium account and the capital redemption reserve is governed by sections 48B and 49H respectively of the Hong Kong Companies Ordinance.

(ii) Capital reserve

The capital reserve comprises the fair value of the actual or estimated number of unexercised share options granted to employees of the Company recognised in accordance with the accounting policy adopted for share-based payments in note 1(q)(ii).

(iii) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policies set out in note 1(u).

(iv) Associate's share option reserve

It represents the Group's share of an associate's share option reserve, which arose on the granting of share options.

(e) Distributability of reserves

At 31 March 2009, the aggregate amount of reserves available for distribution to equity shareholders of the Company was $408,258,000 (2008: $465,974,000). After the balance sheet date, the directors proposed a final dividend of 28 cents (2008: 32 cents) per ordinary share and a special dividend of Nil cents (2008: 30 cents) per ordinary share, amounting to $43,073,000 (2008: $49,226,000) and $Nil (2008: $46,150,000), respectively. These dividends have not been recognised as liabilities at the balance sheet date.

(f) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

Consistent with industry practice, the Group monitors its capital structure on the basis of a net debt-to-adjusted capital ratio. For this purpose the Group defines net debt as total debt (which includes interest-bearing loans and borrowings and trade and other payables) plus unaccrued proposed dividends, less cash and cash equivalents. Adjusted capital comprises all components of equity less unaccrued proposed dividends.

During 2009, the Group's strategy, which was unchanged from 2008, was to maintain a relatively low net debt-to-adjusted capital ratio. In order to maintain or adjust the ratio, the Group may adjust the amount of dividends paid to shareholders, issue new shares, return capital to shareholders, raise new debt financing or sell assets to reduce debt.

The net debt-to-adjusted capital ratio at 31 March 2009 and 2008 was as follows:

		The Group		**The Company**	
		2009	2008	**2009**	2008
	Note	**$'000**	$'000	**$'000**	$'000
Current liabilities:					
– Trade and other payables	24	**155,221**	188,640	**7,238**	7,640
– Bank loans and overdrafts	25	**14,518**	38,942	**–**	–
		169,739	227,582	**7,238**	7,640
Non-current liabilities:					
– Bank loans	25	**3,467**	6,406	**–**	–
Total debt		**173,206**	233,988	**7,238**	7,640
Add: Proposed dividends	11(a)	**43,073**	95,376	**43,073**	95,376
Less: Cash and cash equivalents	23	**(238,615)**	(276,633)	**(132,691)**	(89,705)
Net debt		**N/A**	52,731	**N/A**	13,311
Total equity		**798,247**	860,177	**645,603**	703,557
Less: Proposed dividends	11(a)	**(43,073)**	(95,376)	**(43,073)**	(95,376)
Adjusted capital		**755,174**	764,801	**602,530**	608,181
Net debt-to-adjusted capital ratio		**N/A**	6.89%	**N/A**	2.19%

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

As at 31 March 2009, cash and cash equivalents are in excess of the aggregate of total debt and proposed dividend. Therefore, net debt-to-adjusted capital ratio is not presented.

30 Financial risk management and fair values

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business. The Group is also exposed to equity price risk arising from its equity investments in other entities and movements in its own equity share price.

The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

The Group's credit risk is primarily attributable to trade and other receivables, listed debt investments and deposits with banks. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

In respect of trade and other receivables, individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are due within 30 days to 90 days from the date of billing.

Investments are normally only in liquid securities quoted on a recognised stock exchange, except where entered into for long term strategic purposes. Given their high credit standing, management does not expect any investment counterparty to fail to meet its obligations.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which customers operate and therefore significant concentrations of credit risk only arises if the Group has significant exposure to individual customers.

Investments in held-to-maturity securities and placement of bank deposits are normally with counterparties that have sound credit ratings. Therefore, management does not expect any investment counterparty to fail to meet its obligations.

The maximum exposure to credit risk without taking account of any collateral held is represented by the carrying amount of each financial asset in the balance sheet after deducting any impairment allowance. Except for the financial guarantees given by the Group as set out in note 32, the Group does not provide any other guarantees which would expose the Group or the Company to credit risk. The maximum exposure to credit risk in respect of these financial guarantees at the balance sheet date is disclosed in note 32.

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade and other receivables are set out in note 22.

(b) Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the short term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to approval by the Company's board when the borrowings exceed certain predetermined levels of authority. The Group's policy is to regularly monitor current and expected liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and readily realisable marketable securities and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following tables show the remaining contractual maturities at the balance sheet date of the Group's and the Company's non-derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the balance sheet date) and the earliest date the Group and the Company can be required to pay:

The Group

	Contractual undiscounted cash outflow									
	Within 1 year or on demand		More than 1 year but less than 2 years		More than 2 years but less than 5 years		Total		Balance sheet carrying amount	
	2009	2008	**2009**	2008	**2009**	2008	**2009**	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
Bank overdrafts	**12,617**	20,089	**–**	–	**–**	–	**12,617**	20,089	**12,617**	20,089
Bank loans	**2,074**	19,546	**2,074**	2,493	**1,555**	4,364	**5,703**	26,403	**5,368**	25,259
Bills payable	**1,377**	1,995	**–**	–	**–**	–	**1,377**	1,995	**1,377**	1,995
Creditors and accrued charges	**151,923**	179,550	**–**	36	**–**	–	**151,923**	179,586	**151,923**	179,586
Amounts due to related companies	**1,921**	7,059	**–**	–	**–**	–	**1,921**	7,059	**1,921**	7,059
	169,912	228,239	**2,074**	2,529	**1,555**	4,364	**173,541**	235,132	**173,206**	233,988

The Company

	Contractual undiscounted cash outflow					
	Within 1 year or on demand		Total		Balance sheet carrying amount	
	2009	2008	**2009**	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000	**$'000**	$'000
Bills payable	**1,377**	1,995	**1,377**	1,995	**1,377**	1,995
Creditors and accrued charges	**5,742**	5,645	**5,742**	5,645	**5,742**	5,645
Amounts due to related companies	**119**	–	**119**	–	**119**	–
	7,238	7,640	**7,238**	7,640	**7,238**	7,640

(c) Interest rate risk

The Group's interest rate risk arises primarily from long-term borrowings. Borrowings issued at variable rates and at fixed rates expose the Group to cash flow interest rate risk and fair value interest rate risk respectively. The Group monitors the level of its fixed rate and variable rate borrowings and manages the contractual terms of the interest-bearing financial assets and liabilities. The Group's interest rate profile as monitored by management is set out below.

(i) Interest rate profile

The following table details the interest rate profile of the Group's borrowings at the balance sheet date.

The Group

	2009		2008	
	Effective interest rate	**Total**	Effective interest rate	Total
	%	**$'000**	%	$'000
Variable rate borrowings:				
Bank overdrafts	**5.03**	**12,617**	5.03	20,089
Bank loans	**–**	**–**	7.23	16,650
		12,617		36,739
Fixed rate borrowings:				
Bank loans	**4.60**	**5,368**	4.60	8,609
Total borrowings		**17,985**		45,348

(ii) Sensitivity analysis

At 31 March 2009, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, would have decreased/increased the Group's profit after tax and retained profits by approximately $84,000 (2008: $303,000). Other components of consolidated equity would not have been affected in response to the general increase/decrease in interest rates.

The sensitivity analysis above indicates the instantaneous change in the Group's profit after tax (and retained profits) and other components of consolidated equity that would arise assuming that the change in interest rates had occurred at the balance sheet date and had been applied to re-measure those financial instruments held by the Group which expose the Group to fair value interest rate risk at the balance sheet date. In respect of the exposure to cash flow interest rate risk arising from floating rate non-derivative instruments held by the Group at the balance sheet date, the impact on the Group's profit after tax (and retained profits) and other components of equity is estimated as an annualised impact on interest expense or income of such a change in interest rates. The analysis is performed on the same basis for 2008.

(d) Currency risk

The Group is exposed to currency risk primarily through sales and purchases which give rise to receivables, payables and cash balances that are denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to which the transactions relate. The currencies giving rise to this risk are primarily United States dollars ("USD"), Euros, Pounds Sterling, Renminbi Yuan and Macau Pataca ("MOP").

Given that the Hong Kong Dollar ("HKD") and MOP are pegged to the USD, management does not expect any significant movements in the USD/HKD and MOP/HKD exchange rates and considers the exposure to foreign currency risk in relation to the USD and MOP to be low. However, management acknowledges that it is exposed to fluctuations in the exchange rate for the other currencies.

All the Group's borrowings are denominated in the functional currency of the entity taking out the loan or, in the case of Group entities whose functional currency is HKD, in either HKD or USD. Given this, management does not expect that there will be any significant currency risk associated with the Group's borrowings.

(i) Exposure to currency risk

The following table details the Group's and the Company's exposure at the balance sheet date to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. For presentation purposes, the amounts of the exposures are shown in the original currencies and with the net exposure shown in HKD, translated using the spot rate at the year end date. Differences resulting from the translation of the financial statements of foreign operations into the Group's presentation currency are excluded.

	United States Dollars		Euros		Pounds Sterling		Renminbi Yuan		Macau Patacas	
	2009	2008	**2009**	2008	**2009**	2008	**2009**	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
The Group										
Trade and other receivables	**1,177**	1,256	**1**	11	**–**	–	**1,531**	5	**544**	–
Cash and cash equivalents	**2,899**	692	**6**	5	**3**	3	**4,778**	6,366	**1,949**	2,448
Trade and other payables	**(169)**	(382)	**(465)**	(580)	**(47)**	(477)	**(13,482)**	(11,140)	**(33)**	–
Loan to associate and accrued interest	**4,346**	4,346	**–**	–	**–**	–	**–**	–	**–**	–
Net exposure arising from recognised assets and liabilities	**8,253**	5,912	**(458)**	(564)	**(44)**	(474)	**(7,173)**	(4,769)	**2,460**	2,448
Hong Kong Dollar equivalent	**63,962**	46,021	**(4,684)**	(6,943)	**(492)**	(7,347)	**(8,135)**	(5,293)	**2,387**	2,375
The Company										
Trade and other receivables	**2**	–	**–**	–	**–**	–	**–**	–	**–**	–
Cash and cash equivalents	**2,518**	270	**–**	–	**–**	–	**–**	–	**–**	–
Trade and other payables	**–**	(23)	**(135)**	(140)	**–**	–	**–**	–	**–**	–
Loan to associate and accrued interest	**4,346**	4,346	**–**	–	**–**	–	**–**	–	**–**	–
Net exposure arising from recognised assets and liabilities	**6,866**	4,593	**(135)**	(140)	**–**	–	**–**	–	**–**	–
Hong Kong Dollar equivalent	**53,212**	35,754	**(1,377)**	(1,730)	**–**	–	**–**	–	**–**	–

(ii) Sensitivity analysis

The following table indicates the instantaneous change in the Group's profit after tax (and retained profits) that would arise if foreign exchange rates to which the Group has significant exposure at the balance sheet date had changed at that date, assuming all other risk variables remained constant. In this respect, it is assumed that the pegged rates between the HKD and, the USD and MOP would be materially unaffected by any changes in movement in value of the USD or MOP against other currencies.

	2009 Increase/ (decrease) in foreign exchange rates	**2009** Effect on profit after tax and retained profits	2008 Increase/ (decrease) in foreign exchange rates	2008 Effect on profit after tax and retained profits
	%	**$'000**	%	$'000
The Group				
Euros	**5**	**(196)**	5	(286)
	(5)	**196**	(5)	286
Pounds Sterling	**5**	**(21)**	5	(303)
	(5)	**21**	(5)	303
Renminbi Yuan	**5**	**(340)**	5	(218)
	(5)	**340**	(5)	218

Results of the analysis as presented in the above table represent an aggregation of the instantaneous effects on each of the Group entities' profit after tax and equity measured in the respective functional currencies, translated into HKD at the exchange rate ruling at the balance sheet date for presentation purposes.

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the balance sheet date, including inter-company payables and receivables within the Group which are denominated in a currency other than the functional currencies of the lender or the borrower. The analysis excludes differences that would result from the translation of the financial statements of foreign operations into the Group's presentation currency. The analysis is performed on the same basis for 2008.

(e) Equity price risk

The Group is exposed to equity price changes arising from listed equity investments classified as trading securities (see note 20).

Certain of the Group's listed investments are listed on the Stock Exchange and are included in the Hang Seng Index. Decisions to buy or sell trading securities are based on daily monitoring of the performance of individual securities compared to that of the Index and other industry indicators, as well as the Group's liquidity needs. The portfolio is diversified in terms of industry distribution, in accordance with the limits set by the Group.

All of the Group's unquoted investments are held for long term strategic purposes. Their performance is assessed at least bi-annually with reference to the performance of similar listed entities and other information available to the Group, together with an assessment of their relevance to the Group's long term strategic plans.

At 31 March 2009, it is estimated that changes in the relevant stock market index (for listed investments) with all other variables held constant, would have increased/decreased the Group's profit after tax (and retained profits) and other components of consolidated equity as follows:

The Group

	2009		2008	
	Increase/ (decrease) in the relevant risk variable	**Effect on profit after tax and retained profits**	Increase/ (decrease) in the relevant risk variable	Effect on profit after tax and retained profits
	%	**$'000**	%	$'000
Stock market index in respect of listed investments:				
Hang Seng Index	**5**	**41**	5	106
	(5)	**(41)**	(5)	(106)
NASDAQ Composite Index	**–**	**–**	5	115
	–	**–**	(5)	(115)

The sensitivity analysis indicates the instantaneous change in the Group's profit after tax (and retained profits) and other components of consolidated equity that would arise assuming that the changes in the stock market index had occurred at the balance sheet date and had been applied to re-measure those financial instruments held by the Group which expose the Group to equity price risk at the balance sheet date. It is also assumed that the fair values of the Group's equity investments would change in accordance with the historical correlation with the relevant stock market index, and that all other variables remain constant. The analysis is performed on the same basis for 2008.

(f) Fair values

All financial instruments are carried at amounts not materially different from their fair values as at 31 March 2009 and 2008.

(g) Estimation of fair values

The following summarises the major methods and assumptions used in estimating the fair values of financial instruments set out in notes 19, 20, 25 and 32(a).

(i) Securities

Fair value is based on quoted market prices at the balance sheet date without any deduction for transaction costs.

(ii) Interest-bearing loans and borrowings

The fair value is estimated as the present value of future cash flows, discounted at current market interest rates for similar financial instruments.

(iii) Financial guarantees

The fair value of financial guarantees issued is determined by reference to fees charged in an arm's length transaction for similar services, when such information is obtainable, or is otherwise estimated by reference to interest rate differentials, by comparing the actual rates charged by lenders when the guarantee is made available with the estimated rates that lenders would have charged, had the guarantees not been available, where reliable estimates of such information can be made.

31 Commitments

(a) At 31 March 2009, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	2009		2008	
	Properties	**Other**	Properties	Other
	$'000	**$'000**	$'000	$'000
The Group				
Within 1 year	**103,340**	**1,454**	115,507	1,733
After 1 year but within 5 years	**68,558**	**2,793**	92,731	4,340
After 5 years	**–**	**–**	13,978	–
	171,898	**4,247**	222,216	6,073

	Properties	
	2009	2008
	$'000	$'000
The Company		
Within 1 year	**3,840**	3,840
After 1 year but within 5 years	**3,840**	7,680
	7,680	11,520

Significant leasing arrangements in respect of land and buildings classified as being held under finance lease and land held under operating leases are described in note 14.

Apart from these leases, the Group is the lessee in respect of a number of properties and office equipment held under operating leases. The leases typically run for an initial period of one to three years, with an option to renew the lease upon expiry when all terms are renegotiated.

Certain non-cancellable operating leases in respect of properties included above are subject to contingent rent payments, which are charged in amounts varying from 10% to 31% (2008: 12% to 29%) of the monthly gross takings at the leased premises in excess of the base rents as determined in the respective lease agreements. The above disclosures in respect of operating lease commitments for properties excludes contingent rent payments, which are not committed.

32 Contingent liabilities

(a) Guarantees

At 31 March 2009, the Company has issued guarantees to banks to secure banking facilities of subsidiaries amounting to $96,966,000 (2008: $114,670,000). The guarantees were issued by the Company at nil consideration. The transactions were not at arm's length, and it is not possible to measure reliably the fair value of these transactions in accordance with HKAS 39 had they been at arm's length. Accordingly, the guarantees have not been accounted for as financial liabilities and measured at fair value.

As at the balance sheet date, the directors do not consider it to be probable that a claim will be made against the Company under any of the guarantees issued. The maximum liability of the Company at the balance sheet date under the guarantees issued is the amount of banking facilities drawn down by the relevant subsidiaries of $22,633,000 (2008: $39,156,000).

(b) Claims

The Group's subsidiary in France is the subject of various claims from certain former employees of the subsidiary relating to their period of employment with the subsidiary. Having considered the claims with the Group's legal counsel, management and the Board consider the claims to be unfounded and the Group's position to be meritorious. As such, the Group intends to continue to vigorously defend the claims. The directors are of the opinion that, in accordance with paragraph 92 of HKAS 37, "*Provisions, Contingent Liabilities and Contingent Assets*", it would be against the interests of the Group to make further disclosure of the information required by paragraphs 84 to 89 of HKAS 37.

33 Material related party transactions

In addition to the transactions and balances disclosed elsewhere in these financial statements, the Group entered into the following material related party transactions.

(a) Transactions with and amounts paid to Yangtzekiang Garment Limited, its subsidiaries and associated companies ("Yangtzekiang Garment Group"). (Certain directors of the Company are collectively the controlling shareholders of both the Yangtzekiang Garment Group and the Group):

	2009	2008
	$'000	$'000
Purchases of traded products	**44,103**	40,845
Sales of traded products	**4,976**	594
Rentals payable on properties	**3,864**	3,755
Management fees payable	**804**	804
Building management fees payable	**288**	312
Commission paid	**805**	–

The purchases and sales of traded products and rental transactions were, in the opinion of the directors, carried out on prices and terms comparable to those offered to or by independent third parties. The management fees were charged for administration, business strategy, personnel, legal and company secretarial work, accounting and management services provided. The management fees are determined annually between the respective parties after negotiations having regard to the cost of services provided. Yangtzekiang Garment Group and the Group have not entered into any management contract in respect of the said services.

(b) Transactions with YGM Marketing Pte Limited which was beneficially owned by certain directors of the Company:

	2009	2008
	$'000	$'000
Sales of traded products	**–**	1,737

The sales of traded products were, in the opinion of the directors, carried out on prices and terms comparable to those offered to independent third party customers. The relevant directors disposed of their interests in YGM Marketing Pte Limited in November 2007.

(c) Transactions with Hang Ten Group Holdings Limited ("HTGH") and its subsidiaries ("HTGH Group"). A director of the Company and certain directors of certain subsidiaries of the Company are both directors and shareholders of HTGH:

	2009	2008
	$'000	$'000
Interest on loan granted	**1,911**	1,919
Service fee payable	**93**	244
Rental payable on properties	**536**	615

The rental transactions were, in the opinion of the directors, carried out at prices and on terms comparable to those offered to or by independent third parties. HTGH Group has not entered into any management contract in respect of the said services.

During the year ended 31 March 2008, the Company disposed of its interest in an associate, Efficient Sino Holdings Limited ("ESH") to HTGH Group for a total consideration of $Nil, see notes 18(a) and 33(d).

(d) Transactions with ESH, which prior to the acquisition by HTGH Group (note 33(c)), was a company controlled by certain directors of a subsidiary of the Company:

	2009	2008
	$'000	$'000
Waiver of principal loan	**–**	7,799
Waiver of interest on loan	**–**	420

During the year ended 31 March 2008, a principal loan balance due from ESH of $7,799,000 was waived due to the poor financial performance of ESH. The other shareholders of ESH, all of which have granted loans to ESH in proportion to their equity interests, also agreed to waive the payment of the principal loan balance and interest payable thereon by ESH for the year ended 31 March 2008, see note 18(a).

(e) Outstanding balances due from/(to) related companies as at 31 March 2009:

	2009	2008
	$'000	$'000
Amounts due from/(to) Yangtzekiang Garment Group, net	**2,338**	(2,790)
Amount due to HTGH Group	**(289)**	(387)
Loan and accrued interest due from HTGH Group	**33,681**	33,834

The outstanding balances with related companies are unsecured, interest-free and repayable on demand, except for the loan and accrued interest due from HTGH Group, the repayment terms of which are disclosed in note 19(a).

(f) Transactions with non-wholly owned subsidiaries:

Sales of traded products by the Group's wholly-owned subsidiaries to certain non-wholly owned subsidiaries and the related year end trade balances have been eliminated on consolidation.

34 Accounting estimates and judgements

Notes 14(c), 15, 27 and 30 contain information about the assumptions and their risk factors relating to fair value of investment property, intangible assets, share options granted and financial instruments respectively. Other key areas of estimation uncertainty are as follows:

(a) Impairment of trade receivables

If circumstances indicate that the carrying amount of trade receivables may not be recoverable, the assets may be considered "impaired" and an impairment loss may be recognised in accordance with HKAS 36, "*Impairment of assets*". The carrying amounts of trade receivables are reviewed periodically in order to assess whether the recoverable amounts have declined below the carrying amounts. The recoverable amount of trade receivables is the estimated future cash flows discounted at the current market rate of return of similar assets. The Group uses all readily available information in determining an amount that is a reasonable approximation of recoverable amount.

(b) Write down of inventories

The Group performs regular reviews of the carrying amounts of inventories with reference to aged inventories analyses, projections of, expected future saleability of goods and management experience and judgement. Based on this review, a write down of inventories will be made when the carrying amounts of inventories decline below their estimated net realisable value. Due to changes in customers' preferences, actual saleability of goods may be different from estimation and the profit and loss account in future accounting periods could be affected by differences in this estimation.

(c) Deferred tax assets – future benefit of tax losses

In accordance with the accounting policy set out in note 1(r), the Group has recognised deferred tax assets in respect of cumulative tax losses as at the year end based on management's assessment that it is probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction and entity.

35 Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended 31 March 2009

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments, new standards and interpretations which are not yet effective for the year ended 31 March 2009 and which have not been adopted in these financial statements.

The Group is in the process of making an assessment of what the impact of these amendments, new standards and new interpretations is expected to be in the period of initial application but is not yet in a position to state whether these amendments, new standards and interpretations would have a significant impact on its results of operation and financial position.

In addition, the following developments may result in new or amended disclosures in the financial statements, including restatement of comparative amounts in the first period of adoption:

		Effective for accounting periods beginning on or after
HKAS 1 (revised 2007)	Presentation of financial statements	1 January 2009
HKAS 23 (revised 2007)	Borrowing costs	1 January 2009
HKFRS 8	Operating segments	1 January 2009
HKFRS 3 (Revised)	Business combinations	1 July 2009
Amendments to HKAS 27	Consolidated and separate financial statements	1 July 2009
Improvements to HKFRSs 2009		1 July 2009 or 1 January 2010

3. MANAGEMENT DISCUSSION AND ANALYSIS

Set out below is the management discussion and analysis on the performance of the Company for each of the three years ended 31 March 2007, 2008 and 2009:

Results of Group Operations

All of the Group's markets were affected by the financial tsunami in Asia in the year ended 31 March 2009. Turnover of the Group for the year ended 31 March 2009 decreased by 12.4% from HK$1,110,115,000 (2007 : HK$1,022,818,000) for the previous year to HK$971,936,000.

Profit attributable to equity shareholders of the Company for the year ended 31 March 2009 was HK$80,187,000 (2008 : HK$170,997,000 and 2007 : HK$118,121,000) which included valuation losses on investment properties of HK$13,000,000 (2008 : valuation gains of HK$13,400,000 and 2007 : valuation gains of HK$18,600,000) and net realised and unrealised loss on trading securities of HK$2,904,000 (2008 : gain of HK$4,208,000 and 2007 : loss of HK$1,138,000). In addition, a gain on disposal of investment properties of HK$45,589,000 was recorded in the year ended 31 March 2008. Furthermore, the Group's share of profits of Hang Ten Group Holdings Limited and its subsidiaries and associates ("**Hang Ten Group**") for the year ended 31 March 2009 decreased by 50% from HK$34,099,000 (2007 : HK$21,252,000) for the previous year to HK$17,072,000 mainly because of the devaluation of the Korean Won in The Republic of Korea, a key market of Hang Ten Group.

Business Review

The Group's core business is the manufacturing, retailing and wholesaling of fashion apparel. Total sales of garments, the Group's principal business, decreased by 12.5% from HK$998,303,000 (2007 : HK$917,708,000) for the previous year to HK$873,405,000, representing 89.9% (2008 : 89.9% and 2007 : 89.7%) of the Group turnover. Despite the garment manufacturing plant in Dongguan, PRC recording a loss for the year ended 31 March 2009, contribution from operations from sales of garments for the year ended 31 March 2009 rose by 2.5% to HK$90,265,000 from HK$88,058,000 (2007 : HK$89,421,000) for the previous year.

The Group had 344 outlets, 339 outlets and 321 outlets as at 31 March 2007, 2008 and 2009 respectively, mainly in PRC, Taiwan, Hong Kong and Macau.

Breakdown of outlets by geographical locations

Geographical locations	As of March 2009	As of March 2008	As of March 2007
Hong Kong	35	41	44
Macau	8	8	7
Taiwan	46	56	57
PRC	215	227	230
Europe	1	1	3
South East Asia	16	6	3
Total	321	339	344

In addition, total royalty and related income of HK$61,164,0000, HK$65,145,000 and HK$59,533,000 were received from external customers in the three years ended 31 March 2007, 2008 and 2009 respectively.

Rental income from external customers for the year ended 31 March 2009 decreased by 43.8% as a result of a disposal of investment properties in the year ended 31 March 2008. Both turnover and contribution from operations of the security printing business for the year ended 31 March 2009 declined from the previous year.

Capital Expenditure

During the years ended 31 March 2007, 2008 and 2009, the Group spent approximately HK$20,883,000, HK$20,208,000 and HK$26,621,000 respectively in recurring additions and replacement of fixed assets.

Liquidity and Financial Resources

The Group financed its operations by internally generated cashflows and banking facilities provided by its bankers. The Group continues to maintain a prudent approach to managing its financial requirements.

For the years ended 31 March 2007, 2008 and 2009, the Group generated HK$121,477,000, HK$165,977,000 and HK$113,415,000 respectively of cash from operations. As at 31 March 2007, 2008 and 2009, the Group had cash and bank deposits net of overdrafts and short-term bank loans of HK$137,283,000, HK$237,691,000 and HK$224,097,000 respectively after payments of dividends of HK$69,497,000, HK$69,224,000 and HK$110,759,000 respectively during the years ended 31 March 2007, 2008 and 2009. At 31 March 2007, 2008 and 2009, the Group had listed securities which were readily convertible into cash with a fair value of HK$3,977,000, HK$11,923,000 and HK$4,537,000 respectively.

The Group's net assets as at 31 March 2007, 2008 and 2009 amounted to HK$747,254,000, HK$860,177,000 and HK$798,247,000 respectively. The Group's gearing ratio at the years ended 31 March 2007, 2008 and 2009 were 0.15, 0.05 and 0.02 respectively, which were calculated based on total borrowings of HK$105,537,000, HK$45,348,000 and HK$17,985,000 respectively and shareholders' equity of HK$727,681,000, HK$838,565,000 and HK$779,302,000 respectively. The Group's borrowings are mainly on a floating rate basis.

The Group also maintains a conservative approach to foreign exchange exposure management. The Group's income and expenditure streams are mainly denominated in Hong Kong Dollars, New Taiwan Dollars, Euros, Pounds Sterling, Renminbi Yuan and Macau Patacas. To manage currency risks, non HK$ assets are financed primarily by matching local currency debts as far as possible.

As at 31 March 2007, 2008 and 2009, certain investment properties with an aggregate carrying value of HK$57,700,000, HK$53,700,000 and HK$10,900,000 respectively were pledged to banks for obtaining banking facilities of which HK$Nil, HK$1,131,000 and HK$Nil were utilised as at 31 March 2007, 2008 and 2009 respectively.

As at 31 March 2007, 2008 and 2009, there were contingent liabilities in respect of guarantees issued to banks by the Company in respect of banking facilities extended to certain subsidiaries amounting to HK$87,524,000, HK$114,670,000 and HK$96,966,000 respectively. The maximum liability of the Company as at 31 March 2007, 2008 and 2009 under the guarantees issued is the amount of banking facilities drawn down by the relevant subsidiaries of HK$47,991,000, HK$39,156,000 and HK$22,633,000 respectively.

Share Option Scheme

On 23 September 2004, the Company adopted a share option scheme (the "**Share Option Scheme**") which will remain in force until 22 September 2014. Pursuant to the terms of the Share Option Scheme, the Company may grant options to eligible participants including directors and employees of the Group to subscribe for shares in the Company, subject to a maximum of 15,469,879 new shares.

During the years ended 31 March 2007, 2008 and 2009, no share options were granted to Directors and employees of the Group and no options were exercised.

Human Resources

As at 31 March 2007, 2008 and 2009, the Group had approximately 2,800, 2,700 and 2,000 employees respectively. The Group offers competitive remuneration packages including medical subsidies and retirement scheme contributions to its employees in compensation for their contribution. In addition, discretionary bonuses and share options may also be granted to eligible employees based on the Group's and individuals' performances.

4. INDEBTEDNESS

At the close of business on 31 August 2009, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Group had outstanding unsecured bank loans of approximately HK$29,200,000.

Save as aforesaid and apart from intra-group liabilities, the Group did not have any mortgages, charges, debentures, loan capital, bank loans and overdrafts, debt securities or other similar indebtedness, finance leases, liabilities under acceptances or acceptance creditors or any guarantees or other material contingent liabilities outstanding at the close of business on 31 August 2009. For the purpose of this indebtedness statement, foreign currency amounts have been translated into Hong Kong dollars at the approximate exchange rates prevailing as at 31 August 2009. The Directors are not aware of any material adverse changes in the Group's indebtedness position, contingent liabilities, financial or trading position since 31 August 2009.

5. WORKING CAPITAL

The Directors are of the opinion that, taking into account the Group's available credit facilities and cash on hand, the Group has, in the absence of unforeseeable circumstances, sufficient working capital for its present requirements.

6. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

As disclosed in the annual report of the Company for the year 2008/2009, the Group's core business is the manufacturing, retailing and wholesaling of fashion apparel. Total sales of garments for the year ended 31 March 2009 recorded a 12.5% decrease as compared to the year ended 31 March 2008. Despite the garment manufacturing plant in Dongguan, PRC recording a loss for the year, contribution from operations from sales of garments for the year ended 31 March 2009 rose by 2.5% to HK$90,265,000 from HK$88,058,000 for the previous year. As of the end of March 2009, the Group had 321 outlets, mainly in Hong Kong, Macau, Taiwan and the PRC.

Rental income from external customers decreased by 43.8% in the year ended 31 March 2009 as a result of a disposal of investment properties in the previous year. Both turnover and contribution from operations of the security printing business declined from the previous year.

As at 31 March 2009, being the date to which the Group's latest published audited consolidated financial statements were made up, the Group generated HK$113,415,000 (2008: HK$165,977,000) of cash from operations. As at 31 March 2009, the Group had cash and bank deposits net of overdrafts and short-term bank loans of HK$224,097,000, a decrease of HK$13,594,000 from HK$237,691,000 as at 31 March 2008 after payments of dividends of HK$110,759,000 during the year. At 31 March 2009, the Group had listed securities which were readily convertible into cash with a fair value of HK$4,537,000 (2008: HK$11,923,000).

The accompanying unaudited pro forma net assets statement of the Group has been prepared to illustrate the effect of the acquisition of the Asian IP Rights might have on the financial information of the Group.

The unaudited pro forma net assets statement of the Group is based on the audited consolidated balance sheet of the Group as at 31 March 2009, which has been extracted from the financial information of the Group as at 31 March 2009 as set out in Appendix I to this circular, and adjusted in accordance with the pro forma adjustments described in the notes thereto as if Completion had occurred on 31 March 2009.

The unaudited pro forma net assets statement has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true and fair picture of the financial position of the Group had the Acquisition been completed as at the respective dates to which it is made up to or at any future dates following Completion.

UNAUDITED PRO FORMA NET ASSETS STATEMENT AS AT 31 MARCH 2009

	The Group as at 31 March 2009 HK$'000	Pro forma adjustments HK$'000 (b)	Pro forma adjustments HK$'000 (c)	The Group after the Acquisition HK$'000
Non-current assets				
Fixed assets				
– Investment properties	53,300			53,300
– Other property, plant and equipment	122,542			122,542
– Interest in leasehold land held for own use under operating lease	5,533			5,533
	181,375			181,375
Intangible assets	107,709	173,716	8,500	289,925
Lease premium	9,727			9,727
Interest in associates	109,962			109,962
Other financial assets	34,642	8,686		43,328
Deferred tax assets	55,679			55,679
	499,094			689,996

	The Group as at 31 March 2009 HK$'000	Pro forma adjustments HK$'000 (b)	Pro forma adjustments HK$'000 (c)	The Group after the Acquisition HK$'000
Current assets				
Trading securities	4,537			4,537
Inventories	140,353			140,353
Trade and other receivables	106,874	8,686		115,560
Cash and cash equivalents	238,615	(173,716)	(8,500)	56,399
Current tax recoverable	2,091			2,091
	492,470			318,940
Current liabilities				
Trade and other payables	155,221	8,686		163,907
Bank loans and overdrafts	14,518			14,518
Current tax payable	8,930			8,930
	178,669			187,355
Net current assets	313,801			131,585
Total assets less current liabilities	812,895			821,581
Non-current liabilities				
Bank loans	3,467			3,467
Other payable	–	8,686		8,686
Deferred tax liabilities	11,181			11,181
	14,648			23,334
NET ASSETS	798,247			798,247

Notes:

(a) On 8 September 2009, YGM Mart Limited and Acquascutum International Licensing Limited, both wholly-owned subsidiaries of the Company, entered into the Acquisition Agreement with Acquascutum and Renown for the Acquisition.

(b) The adjustment is to reflect the total consideration of the Acquisition which is £13,700,000 (approximately HK$173,716,000) and was satisfied on Completion as follows:

(i) £12,330,000 (approximately HK$156,344,000) to Renown by cash; and

(ii) £1,370,000 (approximately HK$17,372,000), being 10% of the Consideration paid into a retention account in the joint names of the legal advisers of Renown and the Group.

Details concerning the payment into the retention account are disclosed in pages 5-6 of this circular.

For the purposes of this pro forma net assets statement and as the Acquisition is completed, the first retention amount payable of approximately £685,000 (approximately HK$8,686,000) is due within 12 months and recorded as current liabilities. The remaining retention amount of approximately £685,000 (approximately HK$8,686,000) will be paid 12 months after the first payment and is recorded as non-current other payable.

The carrying amount of the long-term portion of the asset and liability approximate to their fair value as the impact of discounting is not significant.

(c) The adjustment represented the net transaction costs directly attributable to the Acquisition of approximately HK$8,500,000 as estimated by the directors of the Company. The transaction costs are considered as part of the consideration arising from the Acquisition.

(d) No adjustment has been made to reflect any trading result or other transaction of the Group entered into subsequent to 31 March 2009.

ACCOUNTANTS' REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION

信永中和
ShineWing

SHINEWING (HK) CPA Limited
16/F., United Centre
95 Queensway, Hong Kong

27 October 2009

The Board of Directors
YGM Trading Limited
22 Tai Yau Street
San Po Kong
Kowloon
Hong Kong

Dear Sirs,

We report on the unaudited pro forma financial information of YGM Trading Limited (the "Company") and its subsidiaries (hereafter collectively referred to as the "Group") as set out in Appendix II of the circular dated 27 October 2009 (the "Circular") in connection with the acquisition of certain trademarks owned by Acquascutum Group Limited and its subsidiaries (the "Acquisition"), which has been prepared by the directors of the Company (the "Directors"), for illustrative purposes only, to provide information about how the Acquisition might have affected the financial information presented. The basis of preparation of the unaudited pro forma financial information is set out on pages 86 to 88 of the Circular.

Respective Responsibilities of the Directors and Reporting Accountants

It is the responsibility solely of the Directors to prepare the unaudited pro forma financial information in accordance with paragraph 29 of Chapter 4 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

It is our responsibility to form an opinion, as required by paragraph 29 (7) of Chapter 4 of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

Basis of Opinion

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 300 "Accountants' Reports on Pro Forma Financial Information in Investment Circulars" issued by the HKICPA. Our work consisted primarily of comparing the unadjusted financial information with source documents, considering the evidence supporting the adjustments and discussing the unaudited pro forma financial information with the Directors. This engagement did not involve independent examination of any of the underlying financial information.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the unaudited pro forma financial information has been properly compiled by the Directors on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purpose of the unaudited pro forma financial information as disclosed pursuant to paragraph 29 (1) of Chapter 4 of the Listing Rules.

The unaudited pro forma financial information is for illustrative purpose only, based on the judgments and assumptions of the Directors, and, because of its hypothetical nature, does not provide any assurance or indication that any event will take place in the future and may not be indicative of the financial position of the Group as at 31 March 2009 or at any future date.

Opinion

In our opinion:

(a) The unaudited pro forma financial information has been properly compiled by the Directors on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 29 (1) of Chapter 4 of the Listing Rules.

Yours faithfully,

SHINEWING (HK) CPA Limited
Certified Public Accountants
Ip Yu Chak
Practising Certificate Number: P04798
Hong Kong

The following is the text of a valuation report letter in relation to the Properties, prepared for the purpose of inclusion in this circular received from American Appraisal China Limited, an independent valuer:

American Appraisal China Limited
1506 Dah Sing Financial Centre
108 Gloucester Road / Wanchai / Hong Kong
美國評值有限公司
香港灣仔告士打道108號大新金融中心1506室
Tel +852 2511 5200 / Fax +852 2511 9626

Leading / Thinking / Performing

October 27, 2009

The Directors
YGM Trading Limited
3/F, 22 Tai Yau Street,
San Po Kong, Kowloon,
Hong Kong

Dear Sirs,

In accordance with your instructions and the terms and conditions of our Proposal dated August 7, 2009, we have completed the appraisal of the fair value of rights to use the brand name "Aquascutum" ("Trademark") in 42 Asian countries ("Asian IP Rights"). We understand that YGM Trading Limited ("YGM", the "Company", or the "Client") will disclose this letter in the circular to the shareholders of YGM and to the Stock Exchange of Hong Kong Limited ("Stock Exchange") pursuant to the requirements of the Rules Governing the Listing of Securities on Stock Exchange.

This appraisal identifies the assets appraised, describes the scope of work, states the basis of valuation and assumptions, explains the valuation methodology utilized, and presents our conclusion of value. We conducted our appraisal and followed the relevant reporting requirements and valuation standards set forth by the Uniform Standards of Professional Appraisal Practice in the United States and the International Valuation Standards, which are not in conflict with the generally acceptable valuation practices in Hong Kong.

PURPOSE OF VALUATION

In August 2009, YGM Trading Limited ("YGM", "Company" or "Client") through its subsidiaries contemplated to enter into an acquisition agreement (the "Proposed Transaction") with Aquascutum Limited ("Aquascutum" or "Vendor") and Renown Incorporated ("Renown" or "Warrantor") to acquire the Asian IP Rights from the Vendor at a consideration of GBP 13.7 million. The Company also contemplated to enter into a new licensing agreement ("Licensing Agreement") to grant Renown the right to use the Trademark for certain approved products in the territory of Japan in consideration of annual royalty payment and for the term of about ten years up to 2019 (with an option to extend for another ten years).

The purpose of our effort will be to assist YGM in determining the fair value of the Asian IP Rights as of July 31, 2009 ("Valuation Date"). The intended use of the appraisal is primarily to serve as an internal reference by the board of directors of the Company in connection with the Proposed Transaction. The ultimate transaction, if happens, and the corresponding acquisition prices would be the results of negotiations between the transacting parties. Our valuations would only form part of the information for the Company to consider and determine the acquisition price of the Asian IP Rights. It is inappropriate to use our valuation report for purpose other than its intended use.

STANDARD AND PREMISE OF VALUE

The valuation of the Asian IP Rights was based on fair value standard. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Our opinion of value was prepared on the premise of continued use, which reflects the condition where the buyer and seller contemplate retention of the business and related assets as part of current or forecasted operations.

DESCRIPTION OF THE TRADEMARK AND THE COMPANY

Originated from England, the brand "Aquascutum" has more than 150-years history and is positioned as an up-market brand which targets entrepreneurs, professionals and executives. In the past, Aquascutum has been granted the Royal Warrant for decades and was also chosen as the tailor shop by the Royal Family in England. The Trademark is always a popular brand among celebrities, well known ladies and gentlemen worldwide.

Renown is a company the shares of which are listed on the Tokyo Stock Exchange. We understand Aquascutum is a wholly-owned subsidiary of Renown.

YGM is a Hong Kong listed company in the business of manufacturing, retailing and wholesale of apparel and accessories. The Company is also engaged in property investment and printing in Asia. Prior to the Proposed Transaction, the Company and its subsidiaries (collectively the "Group") has been the licensee of the Trademark for manufacturing and trading of fashion garments, accessories and certain leather goods in Hong Kong, Macau, mainland China, Taiwan, Singapore, Malaysia and Thailand.

At present, the Company has over 150 retail outlets selling products with the Trademark in Hong Kong, Macau, mainland China and Taiwan ("Greater China"). Since 1998, YGM has been appointed as the master licensee, authorized manufacturer and sole distributor in Greater China for the use of the Trademark and has paid royalty fee of USD 16.9 million in total over the past ten years.

SCOPE OF WORK AND MAJOR ASSUMPTIONS

Our investigation included discussions with the management of the Company (the "Management") with regard to the history, operations and prospects of the business, a study of the historical revenues and expenses, an analysis of the industry and competitive environment, a search of comparable companies, transaction documents, operating statistics and other relevant documents. We have reviewed the following major documents and data:

- the existing licensing agreements using the Trademark in Greater China between the Vendor and the Company;

- sales and advertising expenses of the products using the Trademark in the past three years in Greater China;
- comparable market transactions pertaining to apparel brands;
- historical royalty payment made by the Company related to the use of the Trademark in Greater China
- the draft terms of the Licensing Agreement; and
- board minutes for the Proposed Transaction.

We assumed that the data we obtained in the course of the valuation, along with the opinions and representations provided to us by the Company are true and accurate without independent verification. We have no reason to suspect that any material facts have been omitted, nor are we aware of any facts or circumstances, which would render the information, opinion and representations made to us to be untrue, inaccurate or misleading. In arriving at our opinion of value, we have considered the following principal factors:

- overall apparel industry in Asia and its potential growth;
- the financial condition and historical operating results regarding to the income generated from the Asian IP Rights;
- the economic outlook in general and specific competitive environments in Asia affecting the apparel industry;
- the future prospect of the Asian IP Rights; and
- the business risks of the Company.

Due to the changing environments in which the Company is operating, a number of assumptions have to be established in order to sufficiently support our concluded value of the Asian IP Rights. The principal assumptions adopted in this appraisal:

- except for the Company's current business related to the Trademark in Greater China and expected licensing income devised from Japan Territory, the economic benefits of Asian IP Rights in other Asian countries are not material given the market size and are ignored in this valuation;
- there will be no major changes in the existing political, legal and economic conditions in Asia;
- industry trends and market conditions for Asian apparel and textile industry will not deviate significantly from the current market expectation;

- the required rate of return devised from comparable data in an efficient market have reflected both existing competition and expected future competition;
- there will be no major changes in the current taxation law in Asia;
- the availability of finance will not be a constraint on the development growth of the Company's operation;
- exchange rates and interest rates will not differ materially from those presently prevailing; and
- the Company will retain competent management, key personnel and technical staff to support their ongoing operations.

VALUATION METHODOLOGY OVERVIEW

In arriving at our opinion, we consider the cost approach, market approach and income approach.

Cost Approach established value based on the cost of reproducing or replacing the property less depreciation from physical deterioration and functional and economic obsolescence, if present and measurable. This approach might be considered the most consistently reliable indication of value for assets without a known used market or separately identifiable cash flows attributable to assets appraised.

Market approach is a technique used to estimate value from an analysis of actual transactions or offerings for economically comparable assets available as of the measurement date. The process is essentially that of comparison and correlation between the subject asset and similar assets recently sold or offered for sale in the market. The transaction or offering prices of the comparable assets are adjusted for dissimilarities in characteristics including location, age, time of sale, size, and utility, among others. The adjusted prices of the comparable assets are correlated to relevant economic benefits (or value drivers) and provide an indication of value for the subject asset in term of price multiples. The resulted price multiples are then applied to the corresponding economic benefits of the subject asset.

Income approach is the conversion of expected periodic benefits of ownership into an indication of value. It is based on the principle that an informed buyer would pay no more for the property than an amount equal to the present worth of anticipated future benefits (income) from the same or equivalent property with similar risk.

In alignment with market practices, the valuation of intangible assets which is used to be more subjective and, thus, it is not uncommon providing a range of value conclusion based on different approaches instead of a single point estimation.

COST APPROACH

In valuing the Asian IP Rights under the cost approach, normally, the replacement cost to replicate the development process is applied. However, the Company is the buyer in the Proposed Transaction and was not in a position to provide relevant replacement cost data. The most relevant and direct comparable transaction was the actual royalty payment made by the Company to the original Trademark owner for the use of the Trademark in Greater China from 1999 to 2008. These transactions with inflation adjustment served as the most direct proxy of future royalty saving at current price level and were presented in the following table:

Year	Actual royalty payment (USD' 000)	Historical Inflation rate	Inflation adjusted value at current price level (USD' 000)
	Note 1	Note 2	
1999	471	2.2%	622
2000	662	3.4%	856
2001	996	2.8%	1,246
2002	1,260	1.6%	1,533
2003	1,517	2.3%	1,817
2004	2,030	2.7%	2,376
2005	2,497	3.4%	2,846
2006	2,431	3.2%	2,680
2007	2,581	2.9%	2,757
2008	2,508	3.8%	2,603
		Total indicated value (USD' 000)	19,336
		Exchange rate (GBP / USD)	1.6713
		Total indicated value (GBP' 000)	12,000

Note:

1 *Information provided by the management*
2 *Inflation rate of the United States for the past 10 years*

Under the cost approach, the indicated value of the Asian IP Rights based on the sum of the above royalty payment at current price level from 1999 to 2008 was GBP 12,000,000 (rounded to nearest million).

The fair value concluded from the cost approach has its limitations that the historical transactions only represented certain use of the Trademark in Greater China, instead of full lines of products comparing to merely fashion garments, accessories and certain leather goods in 42 Asian countries. The above derived fair value may only represents the expected saving of royalty payment over a definite period of time instead of perpetuity. Thus, the resulted fair value derived under the cost approach is considered as the low-end range of concluded fair value.

MARKET APPROACH

Under the market approach, we identified the comparable trademark transactions in the apparel industry with disclosed transaction price and annual royalty income by the searching of public filing of listed companies over the past five years. For each comparable trademark transaction, the ratio of transaction amount to latest annual royalty payment based on published figures ("Price to Royalty Ratio") was calculated. The Price to Royalty Ratio was then applied to the saving in royalty income (GBP 4,175,000), being the sum of (a) latest annual royalty paid by the Company for the use of the Trademark in Greater China (GBP 1,300,000), representing the economic benefits of the Asian IP Rights, and (b) the minimum royalty (GBP 2,875,000) to be paid by Renown to the Company for the use of the Trademark in Japan in the first year upon the completion of the Proposed Transaction and Licensing Agreement.

Comparable Brands	Transaction Date	Transaction Amount (GBP '000)	Relevant Annual Royalty (GBP '000)	Price to Royalty Ratio
Guy Laroche and Mic Mac	25-Jun-04	6,545	4,012	1.63
Hang Ten	29-Jun-07	5,401	N/A	4.00
Byford	6-May-09	3,837	922	4.20
Ed Hardy Brand	5-May-09	11,266	3,313	3.60
Starter ®	17-Dec-07	29,696	8,909	3.33
Rocawear	2-Apr-07	120,841	21,741	5.56
Danskin	12-Mar-07	43,984	7,762	5.67
Mudd	12-Apr-06	56,486	10,861	5.20
Rampage	19-Sep-05	25,469	5,549	4.59
Average				4.20
Median				4.20

Under the market approach, the indicated value of the Asian IP Rights derived by multiplying the rounded median of Price to Royalty Ratio of 4 and the saving in royalty income of GBP 4,175,000 was GBP 17,000,000 (rounded to nearest million).

These comparable transactions may cover different regions from the Asian IP Rights with different growth potential, business/country risks and tax rate. Moreover, the fair value concluded, based on the market approach, has its limitation that the comparable transactions cannot fully reflect the subject Trademark's specific use to full lines of products and in 42 Asian countries.

INCOME APPROACH

The income approach was used in the valuation of Asian IP Rights where comparable licensing agreements can be identified and relevant cash flows can be identified. Ownership of the asset relieves the owner of the need to pay a royalty to a third party for use of the assets or create incremental cash flow attributable to a particular intangible asset. The ability to estimate incremental cash flows depends upon the specific circumstance and requires the identification of suitable comparable licensing transactions and/or comparison of the profitability of two products with and without the subject intellectual property. Given that the Management was unable to provide long-term multiple-periods financial forecast related to the Asian IP Rights, the fair value was derived under the income approach by the capitalization of expected royalty saving in a single annual period based on the historical royalty payment of GBP 1,300,000 and contractual minimum royalty income from the Japan Territory of GBP 2,875,000 net of corresponding withholding tax, brand maintenance cost, income tax and assuming no long-term growth rate as shown in the following formula:

Capitalization of Benefits:

Fair Value = Relevant Annual Cash Flow / Capitalization Rate
= GBP 2.644 million / 18%
= GBP 15 million (rounded to nearest million)

The capitalization rate for the valuation was developed through the application of the Capital Asset Pricing Model ("CAPM"), which is the most commonly adopted method of estimating the required rate of return for equity. CAPM states that the cost of equity is the risk-free rate plus a linear function of a measure of systematic risk ("Beta") of times equity market premium in general. In estimating the Beta, we have observed the share price movement relative to overall equity market index of the nine Hong Kong listed comparable companies in apparel business set out below. Companies in the apparel industry are regarded generally to be subjected to the same systematic risks as the Company.

Comparative Companies	Bloomberg Code
Top Form International Ltd	333 HK
Glorious Sun Enterprises Ltd	393 HK
Victory City International Holdings Ltd	539 HK
Takson Holdings Ltd	918 HK
Eagle Nice International Holdings Ltd	2368 HK
Texwinca Holdings Ltd	321 HK
YGM Trading Ltd	375 HK
Tack Fat Group	928 HK
High Fashion International	608 HK

The following set out the key parameters and assumptions adopted in the CAPM formula:

Risk free rate of 2.46% was the yield of the Hong Kong government bond with the maturity date on August 28, 2023, information sourced from Bloomberg.

Beta of 0.61 was derived from the unlevered beta of nine comparable companies in the apparel industry, adjusted by the proportion of target debt-to-equity ratio of the Company.

Equity risk premium of 6.48% was derived based on the U.S. equity risk premium (1979-2008), extracted from the Morningstar Inc. SBBI Yearbook 2009, and adjusted with market systematic risks based on the relative index volatility between Standard & Poor's 500 and Hang Seng Index.

Based on the study of Ibbotson Associates, the actual return of companies normally exceeds the return as estimated by CAPM when their sizes are small. According to some empirical studies, small companies usually associate with more risk. As a result, a small size risk premium of 5.81% was added. It was extracted from the size premium (10th deciles) in Morningstar Inc. SBBI Yearbook 2009 based on the market capitalization of the Company.

CAPM assumes that all investors have diversified investment portfolios. However, certain risks are specific to a company and subject asset and could not be diversified out. The specific risk of 2.6% was applied, based on certain qualitative factors to reflect the specific risk associated with the subject company that cannot be capture under CAPM. The qualitative factors included business and operational risks; product diversity; depth of management; financial history and stability; customer and supplier relationships and financial leverage.

The risk premium of 3% was a subjective element generally added to reflect the additional risk and hence return required by investors associated with the Trademark as an intangible asset that was higher than the overall required return (weighted average cost of capital) of the Company.

The capitalization rate of 18% was the rounded sum of the cost of equity (6.4%), small size risk premium (5.81%), company specific risk (2.6%), the risk premium (3%), which was considered appropriate for the valuation of the Asian IP Rights under the income approach.

The indicated value of the Asian IP Rights based on the capitalization of stabilized relevant annual cash flow was GBP 15,000,000 (rounded to nearest million).

The fair value derived from the capitalization of the historical royalty payment and contractual minimum royalty income was materially affected by the judgment on the selected capitalization rate. Moreover, the fair value concluded based on the income approach has its limitation that this method cannot fully reflect the Trademark's use in 42 Asian countries and to full lines of products.

CONCLUSION OF VALUE

Based upon the investigation and analysis outlined above and on the appraisal methods employed, it is our opinion that the fair market value of the Asian IP Rights to be acquired as of July 31, 2009 was reasonably stated by the range of BRITISH POUND TWELVE MILLION (GBP 12,000,000) AND BRITISH POUND SEVENTEEN MILLION (GBP 17,000,000) ONLY.

This conclusion of value was based on generally accepted valuation procedures and practices that rely extensively on the use of numerous assumptions and the consideration of many uncertainties, not all of which can be easily quantified or ascertained.

We have not investigated the title to or any liabilities against the property appraised.

We hereby certify that we have neither present nor prospective interests in the Company or the value reported.

Respectfully submitted,
For and on behalf of
AMERICAN APPRAISAL CHINA LIMITED

Ricky Lee, *FCCA, CFA, ASA*
Senior Vice President & Director

Note: Mr. Ricky Lee is a fellow member of the Association of Chartered Certified Accountants in the United Kingdom, an accredited senior appraiser of the American Society of Appraisers and a charter holder of the Chartered Financial Analyst. He has been conducting business valuations and intellectual property valuations in the Greater China region since 1995.

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading.

2. DISCLOSURE OF INTERESTS

As at the Latest Practicable Date, the interests and short positions 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 (the "**SFO**")) of the Directors and the chief executive of the Company 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 interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were required pursuant to section 352 of the SFO to be recorded in the register referred to therein, or which were otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, were as follows:

Interests in shares

	Shares of HK$0.50 each Number of Shares			
Name of Director	**Personal interest (i)**	**Family interests**	**Corporate interests**	**Other interests**
Chan Sui Kau	4,929,272	214,368	3,840,820	(ii)
Chan Wing Fui Peter	324,068	4,833,420	n/a	(ii), (iii) & (iv)
Chan Wing Sun Samuel	2,146,072	n/a	7,291,144	(ii), (iii) & (iv)
Chan Suk Ling Shirley	3,613,544	16,000	n/a	(ii), (iii) & (iv)
Chan Wing Kee	3,692,776	819,404	n/a	(ii), (iii), (iv) & (v)
Chan Wing To	4,144,736	n/a	n/a	(ii), (iii), (iv) & (v)
Fu Sing Yam William	900,462	n/a	n/a	(ii)
Leung Hok Lim	n/a	n/a	n/a	n/a
Lin Keping	n/a	n/a	n/a	n/a
Wong Lam	n/a	n/a	n/a	n/a

Notes:

(i) *These shares are registered under the name of the respective directors of the Company who are the beneficial owners.*

(ii) *29,601,700 shares of the Company were held by Chan Family Investment Corporation Limited (which is owned by Messrs. Chan Sui Kau, Chan Wing Fui, Peter, Chan Wing Kee, Chan Wing Sun, Samuel, Chan Wing To and Madam Chan Suk Ling, Shirley and other members of the Chan family) and its subsidiaries.*

(iii) *24,595,908 shares of the Company were held by Canfield Holdings Limited, which is beneficially owned by Messrs. Chan Wing Fui, Peter, Chan Wing Kee, Chan Wing Sun, Samuel, Chan Wing To, Madam Chan Suk Ling, Shirley and other members of the Chan family.*

(iv) 2,917,480 shares of the Company were held by Hearty Development Limited which is beneficially owned by Messrs. Chan Wing Fui, Peter, Chan Wing Kee, Chan Wing Sun, Samuel, Chan Wing To, Chan Suk Ling, Shirley and other members of the Chan family.

(v) 1,597,000 shares of the Company were held by Super Team International Limited which is beneficially owned by Messrs. Chan Wing Kee, Chan Wing To and other members of the Chan family.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company and its associated corporations (within 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 interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were required pursuant to Section 352 of the SFO to be recorded in the register referred to therein, or which were otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies.

3. SUBSTANTIAL SHAREHOLDING

Save as disclosed herein, the Directors are not aware of any person who was, directly or indirectly, interested or had short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or, was directly or indirectly, interested in 5% or more of the nominal value of the issued share capital carrying rights to vote in all circumstances at general meetings of the Company or any options in respect of such capital as at the Latest Practicable Date.

Name	Name of company in which interests or short positions were held	Nature of interests	Number of Shares	Approximate %
Chan Family Investment Corporation Limited	The Company	Beneficial interests	29,601,700 (L)	19.24%
Sevenoaks Associates, Inc.	The Company	Beneficial interests	27,513,388 (L)	17.89%

(L) denotes the long position held in the Shares.

4. LITIGATION

So far as the Directors are aware, neither the Company nor any of its subsidiaries was engaged in any litigation or arbitration or claims which is in the opinion of the Directors of material importance and no litigation or claims which is in the opinion of the Directors of material importance was known to the Directors to be pending or threatened by or against any member of the Group as at the Latest Practicable Date.

5. SERVICE CONTRACTS

As at the Latest Practicable Date, there was no existing or proposed service contract between any of the Directors or proposed Directors and the Company or any other member of the Group (excluding contracts expiring or determinable by the relevant employer within one year without payment of compensation (other than statutory compensation)).

6. DIRECTORS' INTERESTS IN ASSETS, CONTRACTS AND COMPETING BUSINESS

To the best knowledge of the Directors and as at the Latest Practicable Date:

(a) none of the Directors or their associates had any direct or indirect interest in any assets which have been, since 31 March 2009 (being the date to which the latest published audited financial statements of the Group were made up), acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group;

(b) none of the Directors or their associates was materially interested in any contract or arrangement entered into by any member of the Group and subsisting at the Latest Practicable Date which was significant in relation to the business of the Group; and

(c) none of the Directors or their respective associates (within the meaning defined in the Listing Rules) has any interests in a business, which competes or may compete, either directly or indirectly, with the business of the Group.

7. EXPERTS AND CONSENTS

The followings are the qualifications of the experts who have given their opinions and advice which are included in this circular:

Name	Qualification
American Appraisal China Limited	Independent Professional Valuer
SHINEWING (HK) CPA Limited	Certified Public Accountants

(a) As at the Latest Practicable Date, neither American Appraisal China Limited nor SHINEWING (HK) CPA Limited had any shareholding, directly or indirectly, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

(b) American Appraisal China Limited and SHINEWING (HK) CPA Limited have given and have not withdrawn their written consents to the issue of this circular, with the inclusion of their letters or references to their names in the form and context in which they are included.

(c) American Appraisal China Limited and SHINEWING (HK) CPA Limited have no direct or indirect interest in any assets which have been, since 31 March 2009 (being the date to which the latest published audited financial statements of the Group were made up), acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group.

8. MATERIAL CONTRACTS

Within the two years immediately preceding the issue of this circular, the following contracts, not being contracts entered into in the ordinary course of business, have been entered into by members of the Group and are or may be material:

(a) the letter agreements entered into on 4 February 2008 by the First Sense Holdings Limited with each of Chenza Ridge Limited and Parahood Limited (being wholly-owned and non-wholly-owned subsidiaries of the Company, respectively) in relation to disposal of certain property;

(b) the formal sale and purchase agreements dated 20 February 2008 entered into by the First Sense Holdings Limited with each of Chenza Ridge Limited and Parahood Limited (being wholly-owned and non-wholly-owned subsidiaries of the Company, respectively) in relation to disposal of certain property, pursuant to the letter agreements; and

(c) the Acquisition Agreement.

9. GENERAL

(a) The company secretary of the Company is Mr. Leung Wing Fat, FCCA and FCPA. Mr. Leung is a fellow member of The Association of Chartered Certified Accountants and a fellow member of the Hong Kong Institute of Certified Public Accountants.

(b) The share registrar and transfer office of the Company is Computershare Hong Kong Investor Services Limited at 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong.

(c) The English text of this circular shall prevail over the Chinese text.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the registered office of the Company at 22 Tai Yau Street, San Po Kong, Kowloon, Hong Kong from the date of this circular up to and including 11 November 2009:

(a) the memorandum and articles of association of the Company;

(b) the audited consolidated financial statements of the Company and its subsidiaries for each of the two years ended 31 March 2009;

(c) the accountants' report on the unaudited pro forma financial information on the Group from SHINEWING (HK) CPA Limited as set out in Appendix II to this circular;

(d) the valuation report on the Asian IP Rights from American Appraisal China Limited as set out in Appendix III to this circular;

(e) the written consents referred to under the section headed "Experts and Consents" in this Appendix IV;

(f) the material contracts referred to under the section headed "Material contracts" in this Appendix IV; and

(g) this circular.