EASYKNIT INTERNATIONAL HOLDINGS LIMITED

永 義 國 際 集 團 有 限 公 司

(Stock Code : 1218)

2010/2011
ANNUAL REPORT

CONTENTS

BOARD OF DIRECTORS

Executive Directors
Mr. Kwong Jimmy Cheung Tim
(President and Chief Executive Officer)
Ms. Lui Yuk Chu *(Vice President)*
Ms. Koon Ho Yan, Candy

Non-Executive Director
Mr. Tse Wing Chiu, Ricky

Independent Non-Executive Directors
Mr. Tsui Chun Kong
Mr. Jong Koon Sang
Mr. Hon Tam Chun

AUDIT COMMITTEE

Mr. Tsui Chun Kong *(Chairman)*
Mr. Jong Koon Sang
Mr. Hon Tam Chun

REMUNERATION COMMITTEE

Mr. Jong Koon Sang *(Chairman)*
Mr. Tsui Chun Kong
Mr. Hon Tam Chun

EXECUTIVE COMMITTEE

Mr. Kwong Jimmy Cheung Tim *(Chairman)*
Ms. Lui Yuk Chu
Ms. Koon Ho Yan, Candy

COMPANY SECRETARY

Mr. Lee Po Wing, Simon

AUDITOR

Deloitte Touche Tohmatsu

LEGAL ADVISERS

As to Hong Kong law:
Richards Butler

As to Bermuda law:
Appleby

PRINCIPAL BANKERS

Hang Seng Bank Limited
The Hongkong & Shanghai Banking Corporation Limited

REGISTERED OFFICE

Clarendon House
2 Church Sheet
Hamilton HM 11
Bermuda

PRINCIPAL PLACE OF BUSINESS

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

BERMUDA PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Butterfield Fulcrum Group (Bermuda) Limited
Rosebank Centre
11 Bermudiana Road
Pembroke HM08
Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

STOCK CODE

1218

On behalf of the board of directors (the "Board") of Easyknit International Holdings Limited (the "Company"), I am pleased to announce the audited consolidated results of the Company and its subsidiaries (together the "Group") for the year ended 31 March 2011.

FINANCIAL RESULTS

For the year ended 31 March 2011, the Group recorded a turnover of approximately HK$39,986,000 from its continuing operations, representing an increase of approximately 13.3% as compared to approximately HK$35,289,000 of last year. The increase in turnover was mainly attributable to the rental income derived from the Hong Kong properties and the Singapore properties. Gross profit increased approximately 11.5% to HK$37,922,000 from approximately HK$34,012,000 of last year. Cost of sales increased by 61.6% to approximately HK$2,064,000 from HK$1,277,000 of last year for continuing operations. The total operating expenses increased by 39.6% to approximately HK$22,986,000 from approximately HK$16,463,000 of last year.

To facilitate the business restructuring, the Group first disposed its garment sourcing and exporting business to a subsidiary of Easyknit Enterprises Holdings Limited ("Easyknit Enterprises", an associate company of the Company) in March 2010; and finally in September 2010, the Group completed the full disposal of its garment business by ceasing the remaining garment distribution business in USA.

For the year under review, the discontinued garment sourcing and exporting business contributed approximately HK$2,138,000 to the turnover of the Group (2010: approximately HK$382,685,000). As a result of the dropped of the garment sourcing and exporting business in March 2010, the cost of sales dropped down significantly to approximately HK$1,001,000 (2010: approximately HK$335,888,000). The gross profit decreased to approximately HK$1,137,000 from approximately HK$46,797,000 of last year. Due to the aforesaid disposal of the garment sourcing and exporting business, the operating expenses also reduced to approximately HK$1,540,000 (2010: approximately HK$35,718,000). Profit for the year was approximately HK$226,000 (2010: HK$48,989,000).

Profit attributable to shareholders surged approximately 107.8% to HK$389,311,000 from HK$187,358,000 last year. Such profit was largely attributable to (i) gain on the disposal of available-for-sale investment arising from the favourable performance of the Hong Kong security market, which was approximately HK$23,936,000 (2010: gain of approximately HK$5,459,000); (ii) gain arising from changes in the fair value of the Group's investment properties as a result of the booming property market, which were approximately HK$370,881,000 (2010: gain of approximately HK$87,380,000) and (iii) gain in share of results of associates of approximately HK$21,451,000 (2010: loss of approximately HK$5,655,000). Basic earnings per share from continuing and discontinued operations increased more than double to approximately HK$4.90 (2010: basic earnings per share were approximately HK$2.36).

No finance cost was incurred (2010: nil) and there was no bank borrowing during the year under review.

BUSINESS REVIEW

The financial year ended 31 March 2011 was a remarkable year for the Group. Not only did the Group successfully reposition into a property investment and development company, the soaring Hong Kong property market also reassured the Group's new business direction. The board of directors resolved to cease the remaining garment distribution business in USA to prevent further loss during the year. Moving forward, the Group holds a positive view towards the outlook of its property investment and development business.

GARMENT SOURCING, EXPORTING AND DISTRIBUTION

The Group had disposed all of its garment sourcing, exporting and distribution business completely in September 2010 to better utilize the capital and human resources of the Group.

PROPERTY INVESTMENT AND DEVELOPMENT

During the year, the Group has put much focus on enriching the property investment portfolio and successfully transformed into a property development and investment company.

Regarding property project, the presale of initial 24 units of the re-development of No. 1 & 1A, 3 & 3A Victory Avenue in Homantin (namely "One Victory") was commenced on 21 August 2010. Three shops, with total gross floor area of 5,181 square feet are located on the ground and first floor of the building, designated for investment purpose. 8 units have been sold up to the date hereof, recording an average selling price of approximately HK$10,196 per square feet. The remaining 55 units are expected to be gradually sold to buyers. One Victory is expected to be completed by August 2011 and deliver income for the Group.

As for property development, the Group has acquired all the units or 100% of the undivided shares in the buildings situated at Nos. 313, 313A, 313B and 313C Prince Edward Road West (Section B of Kowloon Inland Lot No. 1685), Nos. 311B and 311D Prince Edward Road West (Sub-Section 1 of Section A of Kowloon Inland Lot No. 2978) and Nos. 311A and 311C Prince Edward Road West (remaining portion of Section A of Kowloon Inland Lot No. 2978). The acquisitions expanded the Group's property development portfolio and the Group intends to redevelop the sites together.

On 21 September 2010, the Company's wholly-owned subsidiary entered into the binding provisional sale and purchase agreement with an independent third party for the disposal of the residential property being House No. 11 and the garden appurtenant thereto and car parking space nos. 11A & 11B Las Pinadas, No. 33 Shouson Hill Road, Hong Kong at a consideration of HK$88,500,000 (the "Disposal"), the completion was taken in January 2011. The Disposal constituted a major transaction of the Company under the Listing Rules. The Company had received written irrevocable approval of the Disposal from a closely allied group of shareholders of the Company, namely Sea Rejoice Limited and Magical Profits Limited, in accordance with the provisions of the Listing Rules. Accordingly, no general meeting of shareholders of the Company was required to approve the Disposal. Details of the Disposal were set out in the Company's circular dated 18 October 2010.

As at 31 March 2011, the Group's commercial and residential rental properties were approximately 100% and 80% leased respectively. Its industrial rental properties continued to maintained a high occupancy rate of approximately 90%. The building management fee income was approximately HK$314,000 (2010: approximately HK$299,000).

PROSPECTS

The Hong Kong property market in 2010 experienced a huge recovery since the financial tsunami. Both sales volume and property prices went up during the year. The sky-high land prices reflected from the numerous land auctions also reassured property developer's confidence in the Hong Kong property market. The rebound showed that Hong Kong remains as one of the most attractive markets for property investments. The Group believes that the property development market will be optimistic in the coming year.

Currently, the Group holds various commercial, industrial and residential properties in Hong Kong. For property development, the Group plans to actively acquire properties with good potentials, so as to further expand the property investment portfolio, and provide the Group with solid income from this area. Under the current trend of booming property market in Hong Kong, the Group has great confidence in the potential appreciation of the acquired properties.

The board of directors believes that with the unique economic system in Hong Kong, its property market will remain attractive to global investors, especially those from China as its economy continues to grow. The favourable economy coupling with the strong demand from investors in China, the property market is expected to stay robust. For the year 2011 and ahead, the Group will continue to look for property investment and development opportunities with high development and appreciation potentials in order to create income for our shareholders.

LIQUIDITY AND FINANCIAL RESOURCES

During the year ended 31 March 2011, the Group financed its operations mainly by internally generated resources. As the Group had no bank borrowings as at 31 March 2011 (2010: nil), no gearing ratio of the Group was presented.

The Group continued to maintain a favourable liquidity position. As at 31 March 2011, the Group had net current assets of approximately HK$682,664,000 (2010: approximately HK$600,445,000) and bank balances and cash of approximately HK$73,851,000 (2010: approximately HK$116,555,000). At 31 March 2011, the current ratio of the Group was approximately 10.2 (2010: approximately 12.0), which was calculated on the basis of current assets of approximately HK$756,595,000 (2010: HK$655,185,000) to current liabilities of approximately HK$73,931,000 (2010: approximately HK$54,740,000). During the year under review, the Group serviced its debts primarily through internally generated resources.

CAPITAL STRUCTURE

The Group has no debt securities or other capital instruments as at 31 March 2011.

MATERIAL ACQUISITIONS AND DISPOSALS

As announced by the Company and Easyknit Enterprises on 5 January 2011, Easyknit Enterprises proposed to raise approximately HK$64,200,000 before expenses by way of a rights issue of 183,562,225 rights shares (the "Rights Issue") at a subscription price of HK$0.35 per Rights Share. The Company, through Landmark Profits Limited, a wholly owned subsidiary of the Company, had undertaken to Easyknit Enterprises and the underwriter of the Rights Issue that, among others, a total of 58,197,662 rights shares were allotted and taken up in full. The subscription cost amounted to approximately HK$20,400,000. Landmark Profits Limited did not apply for any excess rights shares. Details of the Rights Issue were set out in the Company's announcement dated 5 January 2011.

PLEDGE OF ASSETS

As at 31 March 2011, the Group has pledged the investment properties of HK$655,000,000 to a bank to secure credit facilities.

CAPITAL EXPENDITURE AND CAPITAL COMMITMENTS

During the year ended 31 March 2011, the Group spent approximately HK$16,000 (2010: approximately HK$48,000) on acquisition of property, plant and equipment.

As at 31 March 2011, the Group has no capital commitments.

CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities as at 31 March 2011 (2010: nil).

SIGNIFICANT INVESTMENT

As at 31 March 2011, the Group had significant investments in a portfolio of equity securities listed in Hong Kong, which comprised of available-for-sale investment of approximately HK$46,293,000 (2010: approximately: HK$72,232,000) and investment held for trading of approximately HK$96,948,000 (2010: approximately HK$69,942,000). All these investments were stated at fair value and their fair values were determined by reference to the bid prices quoted in active markets.

In respect of the listed securities performance for the year under review, the Group recorded gain on disposal of available-for-sale investments of approximately HK$23,936,000 (2010: gain approximately of HK$5,459,000).

On 15 October 2010, the Group acquired on the Stock Exchange 100,000 shares of the Hongkong and Shanghai Banking Corporation Limited at a totally consideration of approximately HK$8,300,000 (exclusive of transaction costs) which was satisfied in cash from internal resources of the Company.

On 23 November and 24 November 2010, the Company has, through its wholly-owned subsidiary, disposed of 100,000 and 120,000 shares of The Stock Exchange of Hong Kong Limited respectively on the market at aggregate gross sale proceeds of HK$39,123,000.

During the period from 28 October 2010 to 10 February 2011, the Company, through its wholly owned subsidiary, acquired an aggregate of 150,000 shares of The Stock Exchange of Hong Kong Limited on the market at an aggregate consideration of HK$25,540,000 (excluding transaction costs).

As announced on 5 January 2011, the Group undertook to subscribe 58,197,662 shares of the rights share of Easyknit Enterprises Holdings Limited at a total consideration of approximately HK$20,400,000. Please refer to the section of "Material Acquisitions and Disposals" for more details.

Save as disclosed above, the Group did not have any significant investment held or any significant investment plans as at 31 March 2011.

SUBSEQUENT EVENT

As announced by the Company on 29 April 2011, its wholly owned subsidiary Hansford International Investment Limited ("Hansford") has entered into agreements with independent third parties, to acquire the Ground Floor, the First Floor and the Second Floor of Block A, the Ground Floor, the First Floor and the Second Floor of Block B, the Ground Floor and the First Floor of Block D of Nos. 301, 301A-C Prince Edward Road West, Kowloon, Hong Kong (the "Properties") at a total consideration of HK$131,300,000. The Properties comprise 8 out of 12 units in a building situated at Nos. 301, 301A-C Prince Edward Road West, Hong Kong with a total saleable area of approximately 7,764 square feet. The acquisitions are scheduled to be completed on or before 30 September 2011.

EMPLOYMENT AND REMUNERATION POLICY

As at 31 March 2011, the number of employees of the Group in Hong Kong and the US was about 14. Staff costs (including directors' emoluments) amounted to approximately HK$10,524,000 for the year under review (2010: approximately HK$25,018,000). The Group remunerates its employees based on their performance, experience and prevailing industry practice. The Group has set out the Mandatory Provident Fund Scheme for the Hong Kong's employees and made contribution to the pension scheme for the US staff. The Group also has a share option scheme to motivate valued employees.

APPRECIATION

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

Kwong Jimmy Cheung Tim
President and Chief Executive Officer

Hong Kong, 28 June 2011

EXECUTIVE DIRECTORS

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

Mr. Kwong, aged 68, is an executive director, President, Chief Executive Officer and authorised representative of the Company and a member and Chairman of the Executive Committee of the Board. He is also an executive director, Chairman, Chief Executive Officer and authorised representative, and a member and Chairman of the Executive Committee of the board of directors of Easyknit Enterprises Holdings Limited ("Easyknit Enterprises"). Mr. Kwong was graduated from The University of Hong Kong in 1965 and was admitted as Barrister-at-law in the United Kingdom in 1970 and Hong Kong in 1973 respectively. He has over 30 years of experience in the legal field. He serves as director of various subsidiaries of the Company and Easyknit Enterprises. Mr. Kwong was appointed to the Board in April 2007. In December 2007, Mr. Kwong was appointed as President and Chief Executive Officer.

Ms. Lui Yuk Chu *Vice President*

Ms. Lui, aged 53, is a co-founder of the Group, an executive director and Vice President of the Company and a member of the Executive Committee of the Board. She is also an executive director and Deputy Chairman, and a member of the Executive Committee of the board of directors of Easyknit Enterprises. Ms. Lui has been involved in the textiles industry for over 30 years and has extensive experience in design, manufacturing, marketing and distribution of apparel. She serves as director of various subsidiaries of the Company and Easyknit Enterprises. Ms. Lui was appointed to the Board in September 1994. In January 2006, Ms. Lui was appointed as Vice President. Ms. Lui is the wife of Mr. Koon Wing Yee, the co-founder of the Group and substantial shareholder of the Company. She is the mother of Ms. Koon Ho Yan, Candy, an executive director of the Company.

Ms. Koon Ho Yan, Candy

Ms. Koon, aged 26, is an executive director and authorised representative of the Company and a member of the Executive Committee of the Board. She graduated from the University of Durham in 2007 with Bachelor of Arts degree in Economics and Politics. She also received her Bachelor of Laws degree and Legal Practice Course qualification in 2009 from the College of Law, England. Ms. Koon is also an executive director and a member of the Executive Committee of the board of directors of Easyknit Enterprises. Ms. Koon was appointed to the Board as an executive director in May 2010. Ms. Koon is the daughter of Ms. Lui, the Vice President of the Company.

NON-EXECUTIVE DIRECTOR

Mr. Tse Wing Chiu, Ricky

Mr. Tse, aged 53, is a non-executive director of the Company. He is also a non-executive director of Easyknit Enterprises. Mr. Tse obtained a Master's Degree in Business Administration from Adam Smith University of America in the United States in 1996. He has more than 30 years of experience in garment manufacturing and merchandising. Mr. Tse was appointed to the Board as an executive director and Vice President in November 2005 and was subsequently re-designated from Vice President to President and appointed as Chief Executive Officer in January 2006. In December 2007, Mr. Tse was re-designated from an executive director to a non-executive director of the Company, and resigned as President and Chief Executive Officer.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Tsui Chun Kong

Mr. Tsui, aged 60, is a member and Chairman of the Audit Committee of the Board and a member of the Remuneration Committee of the Board. He obtained a Master's Degree in Business Administration from the Oklahoma City University in the US in 1991 and is a fellow member of both The Hong Kong Institute of Certified Public Accountants and The Association of Chartered Certified Accountants. Mr. Tsui has over 38 years of experience in the public accounting profession and the commercial sector, especially the travel industry. He has experience in the preparation for the listing of shares on the Stock Exchange and worked for a few listed companies. Mr. Tsui is now practising as a public accountant under his own name. Mr. Tsui was appointed to the Board in September 2004.

Mr. Jong Koon Sang

Mr. Jong, aged 62, is a member and Chairman of the Remuneration Committee of the Board and a member of the Audit Committee of the Board. He is a fellow member of The Hong Kong Institute of Certified Public Accountants and The Association of International Accountants, England. He is also a fellow member of the Chartered Management Institute, England and an associate member of The Taxation Institute of Hong Kong. Mr. Jong is currently the President of The Association of International Accountants, Hong Kong Branch, the accountant ambassador of The Hong Kong Institute of Certified Public Accountants and Honorary Vice President of Accounting Student Society of Hong Kong University of Science and Technology. He is also a member of the Regional Advisory Committee of Hong Kong Hospital Authority. Mr. Jong has over 40 years of management experience in the financial, industrial and property business. Mr. Jong is currently the chief executive officer of Refractory Metals Mining Company Limited which is a company trading in ores from Africa. Mr. Jong was appointed to the Board in January 2005.

Mr. Hon Tam Chun

Mr. Hon, aged 76, is a member of the Audit Committee and Remuneration Committee of the Board. Mr. Hon is a retired Magistrate and Barrister. He had been in service with the Hong Kong Government for more than 39 years. During 1969 to 1973, Mr. Hon was a Crown Counsel in the Legal Department of the Hong Kong Government. He was a Judicial Officer in Judiciary from 1975 to 1995 when he retired. Mr. Hon was appointed to the Board in August 2008.

SENIOR MANAGEMENT

Mr. Koon Wing Yee *General Manager*

Mr. Koon, aged 55, is a co-founder of the Group. He was an executive director, President, Chief Executive Officer and authorised representative of the Company during the period from September 1994 to January 2006. Mr. Koon has been appointed as General Manager of the Group effective 21 February 2011. He reports directly to the Executive Committee of the Board on all matters assigned to him by the Executive Committee. Mr. Koon is the husband of Ms. Lui Yuk Chu, who is an executive director and Vice President of the Company and a member of the Executive Committee of the Board. Mr. Koon is also the father of Ms. Koon Ho Yan, Candy, who is an executive director of the Company and a member of the Executive Committee of the Board. He has more than 30 years of experience in the textile and garment industries.

Mr. Lee Po Wing *Company Secretary*

Mr. Lee, aged 48, was appointed as the Company Secretary of the Company in April 2011. Mr. Lee is a practising solicitor in Hong Kong since 1994 and has extensive experience in the legal field.

Ms. Leung Siu Mei *Assistant General Manager*

Ms. Leung, aged 51, joined the Group in 1992 and was promoted to her current position in 1994. She is responsible for the Group's financial and administration management.

Mr. Chan Chung Shun *Property Manager*

Mr. Chan, aged 55, joined the Group in 1998. He is responsible for the Group's property management. Mr. Chan obtained the honour degree of Bachelor of Arts from the University of Middlesex in England in 1983.

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

CORPORATE GOVERNANCE PRACTICES

During the year ended 31 March 2011, the Company has applied the principles of, and complied with, all the code provisions of the Code on Corporate Governance Practices (the "Code") set out in Appendix 14 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limitd (the "Stock Exchange") except for the following deviations. Nevertheless, none of the deviations are considered by the Board to be material or inappropriate given the size, nature and circumstances of the Group.

Code provision A.2.1

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

Code provision A.4.1

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules as its own code of conduct in relation to directors' securities transactions.

All directors of the Company, except Ms. Lui Yuk Chu, have confirmed, following specific enquiry by the Company, their compliance with the required standard set out in the Model Code for the year ended 31 March 2011.

On 28 May 2010, Ms. Lui Yuk Chu ("Ms. Lui"), an executive director and the Vice President of the Company and a substantial shareholder of the Company (being one of the beneficiaries of The Magical 2000 Trust), had through her wholly-owned company, Sea Rejoice Limited (as the Offeror), made a general offer for all the shares of the Company not already owned by the Offeror and parties acting in concert with it, at the offer price of HK$3.30 per offer share (the "General Offer").

According to the Model Code, "Dealing" includes "any acquisition, disposal or transfer of, or offer to acquire, dispose of or transfer, or creation of pledge, charge or any other security interest in, any securities of the Company or any entity whose assets solely or substantially comprise securities of the Company." The General Offer was caught under the above definition of "Dealing" in the shares of the Company for the purpose of the Model Code. The General Offer took place during the blackout period which commenced on 20 May 2010 and lasted up to and including 20 July 2010, the date immediately before the announcement of the Company's annual results for the year ended 31 March 2010. During the said blackout period, directors of the Company were prohibited from dealing in the shares of the Company.

Ms. Lui admits that inadvertently she was in breach of Rule A3 of the Model Code for directors' dealings during the blackout period, but submits that this was a misunderstanding of the meaning of "Dealing" (please refer to the paragraph above) and an innocent oversight as a result of the need to publish an announcement of the General Offer as soon as possible in light of the price sensitive nature of the General Offer and the rules of the Takeovers Code. Ms. Lui explained that it took longer than expected to obtain the confirmation regarding the non-application of the chain principle from the Executive of the Securities and Futures Commission and, as a result, by the time the confirmation was received, the fact that a blackout period had begun was overlooked.

Ms. Lui did not notify the President of the Company in writing before making the General Offer, nor did Ms. Lui receive a dated written acknowledgment from the Company as required by Rule B8 of the Model Code.

BOARD OF DIRECTORS

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

Executive directors:

Mr. Kwong Jimmy Cheung Tim - *President and Chief Executive Officer*
Ms. Lui Yuk Chu - *Vice President*
Ms. Koon Ho Yan, Candy

Non-executive director:

Mr. Tse Wing Chiu, Ricky

Independent non-executive directors:

Mr. Tsui Chun Kong
Mr. Jong Koon Sang
Mr. Hon Tam Chun

The biographical details of the existing directors are set out in the "Biographical Details of Directors and Senior Management" on pages 8 to 9 of this annual report.

Throughout the year ended 31 March 2011, the Company complied with Rules 3.10(1) and 3.10(2) of the Listing Rules relating to the appointment of at least three independent non-executive directors with at least one independent non-executive director possessing appropriate professional qualifications, or accounting or related financial management expertise. The Board has received from each independent non-executive director an annual confirmation of his independence and considers that all the independent non-executive directors are independent under the guidelines set out in Rule 3.13 of the Listing Rules.

The Board members have no financial, business, family or other material/relevant relationships with each other, except that Ms Koon Ho Yan, Candy, an executive director of the Company, is the daughter of Ms. Lui Yuk Chu, the Vice President of the Company.

The Board met seven times during the year ended 31 March 2011. The individual attendance records of the directors at the Board meetings were as follows:

Name of directors	**Number of meetings attended**	**Attendance rate**
Executive directors		
Mr. Kwong Jimmy Cheung Tim	7/7	100%
Ms. Lui Yuk Chu	6/7	86%
Ms. Koon Ho Yan, Candy (appointed on 5 May 2010)	6/7	86%
Non-executive director		
Mr. Tse Wing Chiu, Ricky	7/7	100%
Independent non-executive directors		
Mr. Tsui Chun Kong	7/7	100%
Mr. Jong Koon Sang	7/7	100%
Mr. Hon Tam Chun	7/7	100%

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

President and Chief Executive Officer

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

Retirement and re-election of directors

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

Non-executive directors

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

BOARD COMMITTEES

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

Remuneration Committee

The Company has established a Remuneration Committee. The terms of reference of the Remuneration Committee has been revised in February 2009 in full compliance with the provisions set out in the Code.

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

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

During the year ended 31 March 2011, one Remuneration Committee meeting was held. The individual attendance records of the committee members were as follows:

Name of committee members	Number of meetings attended	Attendance rate
Mr. Jong Koon Sang	1/1	100%
Mr. Tsui Chun Kong	1/1	100%
Mr. Hon Tam Chun	1/1	100%

The Remuneration Committee has reviewed and recommended the remuneration packages for each director and senior management of the Company for the year ended 31 March 2011 for the Board's approval.

For the year ended 31 March 2011, the main components of the executive directors' remuneration were director's fee, basic salary, benefits in kind, discretionary performance based bonus, retirement benefits and participation in the share option scheme adopted by the shareholders of the Company in February 2002 (the "Share Option Scheme").

The non-executive director and independent non-executive directors did not receive any discretionary bonus or other benefits from the Company for the year ended 31 March 2011. But each of them was entitled to a director's fee and was eligible for the Share Option Scheme subject to the approval of the shareholders of the Company.

During the year ended 31 March 2011, no director was involved in deciding his own remuneration.

Audit Committee

The Company has established an Audit Committee. The terms of reference of the Audit Committee has been revised in 2009 in compliance with the provisions set out in the Code.

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

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

During the year ended 31 March 2011, three Audit Committee meetings were held. The individual attendance records of the committee members were as follows:

Name of committee members	Number of meetings attended	Attendance rate
Mr. Tsui Chun Kong	3/3	100%
Mr. Jong Koon Sang	3/3	100%
Mr. Hon Tam Chun	3/3	100%

During the year ended 31 March 2011, the Audit Committee (i) reviewed the reports from the Auditor, accounting principles and practices adopted by the Group, management representation letters, and management's response in relation to the annual results for the year ended 31 March 2010 and the interim results for the six months ended 30 September 2010; and (ii) reviewed the financial reports for the year ended 31 March 2010 and for the six months ended 30 September 2010 and recommended the same to the Board for approval.

The Audit Committee has reviewed with the management and the Auditor the audited consolidated financial statements of the Company for the year ended 31 March 2011.

Executive Committee

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

AUDITOR'S REMUNERATION

For the year ended 31 March 2011, the audit service fee and non-audit service fees paid/payable to the Auditor were approximately HK$1,538,000 and HK$1,360,000, respectively. The non-audit services mainly related to review of interim results, taxation services, preliminary results announcement and review of the financial information for two major transactions.

NOMINATION OF DIRECTORS

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

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

During the year ended 31 March 2011, Ms Koon Ho Yan, Candy was appointed as the executive director on 5 May 2010.

FINANCIAL REPORTING

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

The statement of the Auditor regarding their reporting responsibilities on the financial statements of the Group is set out in the Independent Auditor's Report on pages 27 and 28.

The Auditor did not report for the year ended 31 March 2011 that there were any material uncertainties relating to events or conditions that might cast significant doubt upon the Company's ability to continue as a going concern.

INTERNAL CONTROL

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

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

The Board has conducted a review of the effectiveness of the system of internal control and risk management of the Group for the financial year ended 31 March 2011. Recommendations have been suggested to the management of the Group in order to enhance the Group's system of internal control and minimise operational risk.

The Board is of the view that the Company has the appropriate accounting systems and adequate human resources to discharge the financial reporting function of the Group for the year ended 31 March 2011. Training programmes and budget will be provided from time to time for further enhancement.

COMMUNICATION WITH SHAREHOLDERS

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

In compliance with the Code, all annual general meetings shall be called by at least 20 clear business days' notice, whilst other general meetings shall be called by at least 10 clear business days' notice. All resolutions at gereral meetings are dealt with by poll. An announcement on the poll vote results will be published in the websites of the Stock Exchange and the Company following the relevant general meeting.

The directors of the Company present their annual report and the audited consolidated financial statements for the year ended 31 March 2011.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The principal activities of the Company's subsidiaries are set out in note 37 to the consolidated financial statements.

RESULTS AND DIVIDEND

The results of the Group are set out in the consolidated statement of comprehensive income on pages 29 and 30.

The Directors have recommended the declaration of a final dividend of HK$0.12 per share for the year ended 31 March 2011 to shareholders whose names appear on the registers of members of the Company on 23 August 2011. The proposed final dividend together with the interim dividend of HK$0.08 per share and special dividend of HK$0.50 per share makes a total dividend of HK$0.70 per share for the year. The proposed final dividend will be paid on 30 August 2011 following approval at the 2011 annual general meeting of the Company.

CLOSURE OF REGISTERS

The principal and branch registers of members of the Company will be closed on 22 and 23 August 2011. During these two days, no transfer of shares will be registered. In order to qualify for the proposed final dividend for the year ended 31 March 2011, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Tricor Secretaries Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on 19 August 2011.

MAJOR SUPPLIERS AND CUSTOMERS

During the year, the percentage of sales from the Group's largest customer attributable to the Group was 12%. The percentage of sales attributable to the Group's five largest customers combined was less than 45% of the Group's total revenue. During the year, the percentage of purchases attributable to the Group's largest supplier and the five largest suppliers combined were 82% and 99%, respectively.

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

PROPERTY, PLANT AND EQUIPMENT

During the year, the Group spent approximately HK$16,000 on acquisition of property, plant and equipment. The details of the movements in property, plant and equipment of the Group during the year are set out in note 17 to the consolidated financial statements.

PROPERTIES HELD FOR DEVELOPMENT FOR SALE

The details of the Group's properties held for development for sale are set out in note 18 to the consolidated financial statements.

INVESTMENT PROPERTIES

The Group's investment properties were revalued as at 31 March 2011 by independent professional property valuers and the gain arising on changes in fair value of investment properties, which had been charged directly to profit or loss, amounted to approximately HK$370,881,000. Details of these are set out in note 19 to the consolidated financial statements.

PRINCIPAL SUBSIDIARIES

The details of the Company's principal subsidiaries at 31 March 2011 are set out in note 37 to the consolidated financial statements.

PRINCIPAL ASSOCIATES

The details of the Group's principal associates at 31 March 2011 are set out in note 21 to the consolidated financial statements.

DISTRIBUTABLE RESERVES OF THE COMPANY

The Company's reserves available for distribution to shareholders at 31 March 2011 were as follows:

	HK$'000
Contributed surplus	**269,305**
Accumulated profits	**1,011,371**
	1,280,676

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

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

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

DIRECTORS

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

Executive directors:

Kwong Jimmy Cheung Tim - President and Chief Executive Officer
Lui Yuk Chu - Vice President
Koon Ho Yan, Candy (appointed on 5 May 2010)

Non-executive director:

Tse Wing Chiu, Ricky

Independent non-executive directors:

Tsui Chun Kong
Jong Koon Sang
Hon Tam Chun

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

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

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

DIRECTORS' INTERESTS IN CONTRACTS

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

CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS

Save as disclosed in the section headed "Connected Transactions" below, there was no contract of significance between the Company or its subsidiaries and a controlling shareholder or any of its subsidiaries subsisting during or at the end of the year, and there was no contract of significance for the provision of services to the Company or any of its subsidiaries by a controlling shareholder or any of its subsidiaries.

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

As at 31 March 2011, the interests and short positions of the directors and the chief executives of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register required to be kept by the Company under Section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") were as follows:

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

Name of director	Capacity	Number of ordinary shares held	Approximate percentage to issued ordinary shares of the Company
Ms. Lui Yuk Chu	Beneficiary (Note i)	46,609,144	58.69%
Ms. Koon Ho Yan, Candy (Note ii)	Beneficiary of a trust	29,179,480	36.74%

Notes:

(i) Out of 46,609,144 shares, 17,429,664 shares were beneficially owned by Sea Rejoice Limited which was wholly-owned by Ms. Lui Yuk Chu. The other 29,179,480 shares were registered in the name of and were beneficially owned by Magical Profits Limited, which was wholly-owned by Accumulate More Profits Limited which in turn was wholly-owned by Hang Seng Bank Trustee International Limited as trustee of The Magical 2000 Trust (the beneficiaries of which included Ms. Lui Yuk Chu and her family members other than her spouse).

(ii) Ms. Koon Ho Yan, Candy, the daughter of Ms. Lui Yuk Chu and a director of the Company, was deemed to be interested in the shares by virtue of her capacity as one of the beneficiaries of The Magical 2000 Trust.

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

Easyknit Enterprises Holdings Limited ("Easyknit Enterprises")

Name of director	Capacity	Number of ordinary shares held	Approximate percentage to issued ordinary shares of Easyknit Enterprises
Ms. Lui Yuk Chu	Beneficiary (Note iii)	174,592,987	31.70%
Ms. Koon Ho Yan, Candy (Note iv)	Beneficiary of a trust	174,592,987	31.70%

Notes:

(iii) These shares were registered in the name of and were beneficially owned by Landmark Profits Limited which was a wholly-owned subsidiary of the Company. Sea Rejoice Limited was interested in approximately 21.95% of the issued share capital of the Company and it was wholly-owned by Ms. Lui Yuk Chu. Magical Profits Limited was interested in approximately 36.74% of the issued share capital of the Company and it was wholly-owned by Accumulate More Profits Limited which in turn was wholly-owned by Hang Seng Bank Trustee International Limited as trustee of The Magical 2000 Trust (the beneficiaries of which included Ms. Lui Yuk Chu and her family members other than her spouse).

(iv) Ms. Koon Ho Yan, Candy, the daughter of Ms. Lui Yuk Chu and a director of the Company, was deemed to be interested in the shares by virtue of her capacity as one of the beneficiaries of The Magical 2000 Trust.

Wellmake Investments Limited ("Wellmake") (note v)

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

Notes:

(v) All the issued ordinary shares in the share capital of Wellmake which carry the voting rights were held by the Company.

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

Save as disclosed above, as at 31 March 2011, none of the directors or chief executives of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which had been recorded in the register kept by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Details of the Company's share option scheme and movement of options during the year are set out in note 30 to the consolidated financial statements.

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

Save as disclosed above, at no time during the year ended 31 March 2011 was the Company or any of its subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of the Company or any other body corporate, and none of the directors or any of their spouses or children under the age of 18, was granted any right to subscribe for the equity or debt securities of the Company or other body corporate nor had exercised any such right.

SUBSTANTIAL SHAREHOLDERS

As at 31 March 2011, the persons (other than the directors or the chief executives of the Company) who had an interest or a short position in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Long positions:

Name of substantial shareholder	Capacity	Number of ordinary shares held	Approximate percentage to issued ordinary shares of the Company
Koon Wing Yee (note i)	Interest of spouse	46,609,144	58.69%
Sea Rejoice Limited (notes i & ii)	Beneficial owner	17,429,664	21.95%
Magical Profits Limited (notes i & ii)	Beneficial owner	29,179,480	36.74%
Accumulate More Profits Limited (note i)	Interest of controlled corporation	29,179,480	36.74%
Hang Seng Bank Trustee International Limited (notes i & iii)	Trustee	29,179,480	36.74%
Hang Seng Bank Limited (note iii)	Interest of controlled corporation	29,179,480	36.74%
The Hongkong and Shanghai Banking Corporation Limited (note iii)	Interest of controlled corporation	29,179,480	36.74%
HSBC Asia Holdings BV (note iii)	Interest of controlled corporation	29,179,480	36.74%
HSBC Asia Holdings (UK) (note iii)	Interest of controlled corporation	29,179,480	36.74%
HSBC Holdings BV (note iii)	Interest of controlled corporation	29,179,480	36.74%
HSBC Finance (Netherlands) (note iii)	Interest of controlled corporation	29,179,480	36.74%
HSBC Holdings plc (note iii)	Interest of controlled corporation	29,179,480	36.74%

Notes:

(i) Out of 46,609,144 shares, 17,429,664 shares were beneficially owned by Sea Rejoice Limited which was wholly owned by Ms. Lui Yuk Chu. The other 29,179,480 shares relate to the same block of shares in the Company. These shares were registered in the name of and were beneficially owned by Magical Profits Limited which was wholly-owned by Accumulate More Profits Limited which in turn was wholly-owned by Hang Seng Bank Trustee International Limited as trustee of The Magical 2000 Trust (the beneficiaries of which include Ms. Lui Yuk Chu, a director of the Company, and her family members other than her spouse). Ms. Koon Ho Yan, Candy, the daughter of Ms. Lui Yuk Chu and a director of the Company, was deemed to be interested in the 29,179,480 shares by virtue of her capacity as one of the beneficiaries of The Magical 2000 Trust. Mr. Koon Wing Yee, being the spouse of Ms. Lui Yuk Chu, was deemed to be interested in the 46,609,144 shares by virtue of the SFO.

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

(iii) Hang Seng Bank Trustee International Limited was a wholly-owned subsidiary of Hang Seng Bank Limited. Hang Seng Bank Limited was owned as to approximately 62.14% by The Hongkong and Shanghai Banking Corporation Limited. The Hongkong and Shanghai Banking Corporation Limited was wholly-owned by HSBC Asia Holdings BV which was a wholly-owned subsidiary of HSBC Asia Holdings (UK). HSBC Asia Holdings (UK) was wholly-owned by HSBC Holdings BV which in turn was wholly-owned by HSBC Finance (Netherlands). HSBC Finance (Netherlands) was a wholly-owned subsidiary of HSBC Holdings plc.

Save as disclosed above, as at 31 March 2011, the Company had not been notified of any interests or short positions in the shares and underlying shares of the Company which were required to be recorded in the register kept by the Company under Section 336 of the SFO.

COMPETING INTERESTS

Mr. Kwong Jimmy Cheung Tim, Ms. Lui Yuk Chu and Ms. Koon Ho Yan, Candy, the executive directors of the Company, also serve as the executive directors of Easyknit Enterprises, of which the Company is indirectly interested in approximately 31.70% of the issued share capital. Mr. Tse Wing Chiu, Ricky, the non-executive director of the Company, is also a non-executive director of Easyknit Enterprises.

As at 31 March 2011, save and except that Ms. Lui Yuk Chu, through a company wholly-owned by her, had entered into a provisional sale and purchase agreement dated 31 December 2009 and two provisional sale and purchase agreements dated 15 January 2010 to acquire three units in the building situated at Nos. 301, 301A-C Prince Edward Road West, Kowloon, Hong Kong. None of the directors of the Company or their respective associates had any interest in businesses which are considered to compete or are likely to compete, either directly or indirectly, with the businesses of the Group as required to be disclosed pursuant to the Listing Rules, other than those businesses where the directors of the Company were appointed as directors to represent the interests of the Company and/or the Group and/or Easyknit Enterprises and/or the subsidiaries of Easyknit Enterprises.

The directors of the Company consider that the property investment business conducted by Easyknit Enterprises will not have material competition with the property investment and development businesses of the Group as the Group engages in larger scale property investment and development projects, whereas Easyknit Enterprises invests in individual property units for rental income.

CONNECTED TRANSACTIONS

(a) During the year, the Group received rental income of HK$251,000 from related parties/persons deemed to be "connected persons" pursuant to Chapter 14A of the Rules Governing the Listing of Securities on the Stock Exchange, being entities controlled by certain relatives of Ms. Lui Yuk Chu, a director and a substantial shareholder of the Company, and her spouse, Mr. Koon Wing Yee and her daughter, Ms. Koon Ho Yan, Candy, a director of the Company.

(b) The Company entered into a consultancy agreement with Mr. Koon Wing Yee for consultancy services provided by Mr. Koon Wing Yee to the Group for a fee of HK$498,000 per annum which shall be payable in arrears by twelve monthly instalments of HK$41,500 each. The consultancy agreement was for a period of one year commencing on 15 January 2010 and expired in January 2011. Mr. Koon Wing Yee is the spouse of Ms. Lui Yuk Chu, who is a director of the Company and also a director of Sea Rejoice Limited and Magical Profits Limited. Consultancy fee paid and payable to Mr. Koon Wing Yee during the year amounted to HK$394,250.

(c) During the year, the Company entered into an employment contract with Mr. Koon Wing Yee as the General Manager of the Company for a remuneration of HK$50,000 per month. The employment contract commenced on 21 February 2011 but may be terminated by either party at any time by three month's notice. Mr. Koon Wing Yee is the spouse of Ms. Lui Yuk Chu, a director of the Company and also a director of Sea Rejoice Limited and Magical Profits Limited. The remuneration paid and payable to Mr. Koon Wing Yee during the year amounted to HK$64,286.

PURCHASE, SALE AND REDEMPTION OF SHARES

There was no purchase, sale or redemption of the Company's shares by the Company or any of its subsidiaries during the year ended 31 March 2011.

EMOLUMENT POLICY

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

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

The Company has adopted a share option scheme as an incentive to the directors and eligible employees. Details of the scheme are set out in note 30 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

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

EVENT AFTER THE REPORTING PERIOD

Details of the significant event occurring after the reporting period are set out in note 38 to the consolidated financial statements.

SUFFICIENCY OF PUBLIC FLOAT

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

AUDITOR

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

On behalf of the Board

KWONG JIMMY CHEUNG TIM
President and Chief Executive Officer

Hong Kong, 28 June 2011

Deloitte.
德勤

TO THE SHAREHOLDERS OF EASYKNIT INTERNATIONAL HOLDINGS LIMITED
(incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Easyknit International Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 29 to 98, which comprise the consolidated statement of financial position as at 31 March 2011, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

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

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

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

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 31 March 2011 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

28 June 2011

	NOTES	2011 HK$'000	2010 HK$'000 (Restated)
Continuing operations			
Turnover	7	**39,986**	35,289
Cost of services rendered		**(2,064)**	(1,277)
Gross profit		**37,922**	34,012
Other income		**4,724**	7,555
Distribution and selling expenses		**(3,625)**	(4)
Administrative expenses		**(19,361)**	(16,459)
Gain arising on changes in fair value of investment properties		**370,881**	87,380
Gain on disposal of available-for-sale investments		**23,936**	5,459
Gain on fair value changes of investments held for trading		**2,662**	22,065
Gain on fair value change of structured deposit		**—**	1,047
Reversal of impairment loss on properties held for development for sale	9	**—**	25,632
Share of results of associates		**21,451**	(5,655)
Profit before taxation		**438,590**	161,032
Taxation charge	12	**(49,505)**	(22,663)
Profit for the year from continuing operations	10	**389,085**	138,369
Discontinued operations			
Profit for the year from discontinued operations	13	**226**	48,989
Profit for the year attributable to owners of the Company		**389,311**	187,358
Other comprehensive income (expense)			
Change in fair value of available-for-sale investments		**11,440**	44,503
Reclassification adjustment relating to disposal of available-for-sale investments		**(23,936)**	(5,459)
Exchange difference arising on translation of foreign operations		**13,583**	548
Share of translation reserve of associates		**3,015**	—
Share of other comprehensive income of associates		**—**	12,878
Fair value gain on leasehold properties transferred to investment properties		**—**	12,299
Deferred tax liabilities arising from fair value gain on leasehold properties transferred to investment properties		**—**	(2,029)

	NOTE	**2011** **HK$'000**	2010 HK$'000 (Restated)
Other comprehensive income for the year (net of tax) attributable to owners of the Company		**4,102**	62,740
Total comprehensive income for the year attributable to owners of the Company		**393,413**	250,098
Basic earnings per share	15		
From continuing and discontinued operations		**HK$4.90**	HK$2.36
From continuing operations		**HK$4.90**	HK$1.74

At 31 March 2011

	NOTES	2011 HK$'000	2010 HK$'000
Non-current assets			
Property, plant and equipment	17	**2,162**	2,335
Investment properties	19	**1,165,675**	866,372
Interests in associates	21	**182,740**	138,048
Available-for-sale investments	22	**46,293**	72,232
Loans receivable	26	**9,300**	10,000
		1,406,170	1,088,987
Current assets			
Properties held for development for sale	18	**538,830**	400,605
Investments held for trading	23	**96,948**	69,942
Inventories	24	**—**	945
Trade and other receivables	25	**2,451**	7,938
Loans receivable	26	**44,515**	59,200
Bank balances and cash	27	**73,851**	116,555
		756,595	655,185
Current liabilities			
Trade and other payables	28	**49,839**	30,745
Tax payable		**24,092**	23,995
		73,931	54,740
Net current assets		**682,664**	600,445
		2,088,834	1,689,432

	NOTES	2011 HK$'000	2010 HK$'000
Capital and reserves			
Share capital	29	**7,942**	7,942
Reserves		**1,954,689**	1,607,340
		1,962,631	1,615,282
Non-current liabilities			
Deferred taxation	31	**126,203**	74,150
		2,088,834	1,689,432

The consolidated financial statements on pages 29 to 98 were approved and authorised for issue by the Board of Directors on 28 June 2011 and are signed on its behalf by:

Kwong Jimmy Cheung Tim
DIRECTOR

Lui Yuk Chu
DIRECTOR

	Attributable to owners of the Company									
	Share capital HK$'000	Share premium HK$'000	Capital reserve HK$'000 (note a)	Translation reserve HK$'000	Special reserve HK$'000 (note b)	Contributed surplus HK$'000 (note c)	Investment revaluation reserve HK$'000	Property revaluation reserve HK$'000 (note d)	Accumulated profits HK$'000	Total HK$'000
At 1 April 2009	7,942	218,330	196,565	7,429	9,800	220,937	—	2,521	701,660	1,365,184
Change in fair value of available-for-sale investments	—	—	—	—	—	—	44,503	—	—	44,503
Released on disposal of available-for-sale investments	—	—	—	—	—	—	(5,459)	—	—	(5,459)
Share of other comprehensive income of associates	—	—	—	—	—	—	—	12,878	—	12,878
Exchange difference on translation of foreign operations	—	—	—	548	—	—	—	—	—	548
Fair value gain on leasehold properties transferred to investment properties	—	—	—	—	—	—	—	12,299	—	12,299
Deferred tax liabilities arising from fair value gain on leasehold properties transferred to investment properties	—	—	—	—	—	—	—	(2,029)	—	(2,029)
Profit for the year	—	—	—	—	—	—	—	—	187,358	187,358
Total comprehensive income for the year	—	—	—	548	—	—	39,044	23,148	187,358	250,098
At 31 March 2010 and 1 April 2010	7,942	218,330	196,565	7,977	9,800	220,937	39,044	25,669	889,018	1,615,282
Change in fair value of available-for-sale investments	—	—	—	—	—	—	11,440	—	—	11,440
Released on disposal of available-for-sale investments	—	—	—	—	—	—	(23,936)	—	—	(23,936)
Exchange difference on translation of foreign operations	—	—	—	13,583	—	—	—	—	—	13,583
Share of translation reserve of associates	—	—	—	3,015	—	—	—	—	—	3,015
Profit for the year	—	—	—	—	—	—	—	—	389,311	389,311
Total comprehensive income (expense) for the year	—	—	—	16,598	—	—	(12,496)	—	389,311	393,413
Interim dividend and special dividend for the year ended 31 March 2011	—	—	—	—	—	—	—	—	(46,064)	(46,064)
At 31 March 2011	7,942	218,330	196,565	24,575	9,800	220,937	26,548	25,669	1,232,265	1,962,631

Notes:

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

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

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

(d) The property revaluation reserve of the Group represents (i) the gain on revaluation of certain leasehold properties of the Group, and (ii) share of the gain on revaluation of prepaid lease payments and property, plant and equipment of the Group's associates, both arisen from the transfer of the Group's leasehold properties or associates' prepaid lease payment and property, plant and equipment to investment properties.

	2011 HK$'000	2010 HK$'000 (Restated)
Cash flows from operating activities		
Profit for the year	**389,311**	187,358
Adjustments for:		
Income tax recognised in profit or loss	**49,505**	22,663
Share of results of associates	**(21,451)**	5,655
Bank interest income	**(3)**	(168)
Reversal of impairment loss on properties held for development for sale	**—**	(25,632)
Depreciation of property, plant and equipment	**91**	510
Gain arising on changes in fair value of investment properties	**(370,881)**	(87,380)
Gain on disposal of available-for-sale investments	**(23,936)**	(5,459)
Dividend income from listed investments	**(3,959)**	(3,814)
Gain on fair value changes of investments held for trading	**(2,662)**	(22,065)
Gain on fair value change of structured deposit	**—**	(1,047)
Gain on disposal of subsidiaries	**—**	(37,374)
Loss on disposal of property, plant and equipment	**98**	—
Amortisation of land portion of properties held for development	**—**	2,104
Loss on disposal of club debenture	**—**	139
Operating cash flows before movements in working capital	**16,113**	35,490
Increase in properties held for development for sale	**(138,225)**	(88,263)
(Increase) decrease in investments held for trading	**(24,344)**	45,543
Decrease in loans receivable	**15,385**	16,868
Decrease in inventories	**945**	2,545
Decrease in trade and other receivables	**5,610**	23,100
Decrease in deposits for acquisition of properties held for development	**—**	(8,610)
Increase in trade and other payables	**19,001**	17,209
Decrease in bills receivable	**—**	13,065
Decrease in bills payable	**—**	(8,650)
Cash (used in) from operations	**(105,515)**	48,297
Hong Kong Profits Tax paid	**(367)**	(32)
Hong Kong Profits Tax refunded	**193**	307
Dividend received from investments held for trading	**2,212**	2,216
Net cash (used in) from operating activities	**(103,477)**	50,788

	NOTES	2011 HK$'000	2010 HK$'000 (Restated)
Cash flows from investing activities			
Proceeds from disposal of investment properties		**87,960**	51,773
Proceeds from disposal of available-for-sale investments		**37,379**	6,162
Dividend received from available-for-sale investments		**1,747**	1,598
Bank interest received		**3**	168
Capital contribution to associates		**(20,226)**	(35,135)
Purchase of property, plant and equipment		**(16)**	(48)
Acquisition of subsidiaries	32	**—**	(226,778)
Disposal of subsidiaries	33	**—**	77,024
Proceeds on maturity of structured deposit		**—**	25,092
Proceeds from disposal of club debenture		**—**	782
Net cash from (used in) investing activities		**106,847**	(99,362)
Cash outflows from financing activity			
Dividends paid		**(46,064)**	—
Net decrease in cash and cash equivalents		**(42,694)**	(48,574)
Cash and cash equivalents at beginning of the year		**116,555**	165,147
Effect of foreign exchange rate changes		**(10)**	(18)
Cash and cash equivalents at end of the year, represented by bank balances and cash		**73,851**	116,555

1. GENERAL

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

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

The Company is an investment holding company. The principal activities of the Company's subsidiaries are set out in note 37.

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

In the current year, the Group has applied a number of new and revised Standards, Amendments and Interpretations ("INTs") (collectively "new and revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), that are mandatorily effective for 2011 financial year ends.

Except as described below, the application of the new and revised HKFRSs in the current year has had no material effect on the amounts reported in these consolidated financial statements and/or disclosures set out in these consolidated financial statements.

Amendments to HKFRS 5 "Non-current assets held for sale and discontinued operations" (as part of improvements to HKFRSs issued in 2009)

The amendments to HKFRS 5 clarify that the disclosure requirements in HKFRSs other than HKFRS 5 do not apply to non-current assets (or disposal groups) classified as held for sale or discontinued operations unless those HKFRSs require (i) specific disclosures in respect of non-current assets (or disposal groups) classified as held for sale or discontinued operations, or (ii) disclosures about measurement of assets and liabilities within a disposal group that are not within the scope of the measurement requirement of HKFRS 5 and the disclosures are not already provided in the consolidated financial statements.

Disclosures in these consolidated financial statements have been modified to reflect the above clarification.

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

New and revised standards and interpretations issued but not yet effective

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective.

HKFRSs (Amendments)	Improvements to HKFRSs 2010[1]
HKFRS 7 (Amendments)	Disclosures - Transfers of financial assets[4]
HKFRS 9	Financial instruments[6]
HKAS 12 (Amendments)	Deferred tax: Recovery of underlying assets[5]
HKAS 24 (Revised)	Related party disclosures[3]
HK(IFRIC) - INT 14 (Amendments)	Prepayments of a minimum funding requirement[3]
HK(IFRIC) - INT 19	Extinguishing financial liabilities with equity instruments[2]

1 Effective for annual periods beginning on or after 1 July 2010 or 1 January 2011, as appropriate.
2 Effective for annual periods beginning on or after 1 July 2010.
3 Effective for annual periods beginning on or after 1 January 2011.
4 Effective for annual periods beginning on or after 1 July 2011.
5 Effective for annual periods beginning on or after 1 January 2012.
6 Effective for annual periods beginning on or after 1 January 2013.

HKFRS 9 "Financial instruments" (as issued in November 2009) introduces new requirements for the classification and measurement of financial assets. HKFRS 9 "Financial instruments" (as revised in November 2010) adds requirements for financial liabilities and for derecognition.

Under HKFRS 9, all recognised financial assets that are within the scope of HKAS 39 "Financial instruments: Recognition and measurement" are subsequently measured at either amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods.

In relation to financial liabilities, the significant change relates to financial liabilities that are designated as at fair value through profit or loss. Specifically, under HKFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the presentation of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

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

New and revised standards and interpretations issued but not yet effective – *continued*

HKFRS 9 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The directors of the Company anticipate that HKFRS 9 that will be adopted in the consolidated financial statements for financial year ending 31 March 2014 and that the application of the new Standard will affect the classification and measurement of the Group's available-for-sale investments but not on other financial assets nor the Group's financial liabilities.

The amendments to HKAS 12 titled "Deferred tax: Recovery of underlying assets" mainly deal with the measurement of deferred tax for investment properties that are measured using the fair value model in accordance with HKAS 40 "Investment property". Based on the amendments, for the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties measured using the fair value model, the carrying amounts of the investment properties are presumed to be recovered through sale, unless the presumption is rebutted in certain circumstances. The directors of the Company are in the process of assessing the impact on application of these new amendments to HKAS 12 and the directors of the Company anticipate that these amendments will have an impact on deferred tax liabilities of the Group.

The directors of the Company anticipate that the application of the other new and revised HKFRSs will have no material impact on the consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

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

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

3. SIGNIFICANT ACCOUNTING POLICIES – *continued*

Basis of consolidation

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

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

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

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

Interests in associates

An associate is an entity over which the investor has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, investments in associates are initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associates. When the Group's share of losses of an associate equals or exceeds its interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that associate.

Where a group entity transacts with its associate, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

3. SIGNIFICANT ACCOUNTING POLICIES – *continued*

Revenue recognition

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

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

Service income is recognised when services are rendered.

Revenue from sale of properties in the ordinary course of business is recognised when the respective properties have been completed and delivered to the buyers. Deposits and instalments received from purchasers prior to this stage are included in current liabilities.

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

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

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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

3. SIGNIFICANT ACCOUNTING POLICIES – *continued*

Property, plant and equipment

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

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

If an item of property, plant and equipment becomes an investment property because its use has changed as evidenced by end of owner-occupation, any difference between the carrying amount and the fair value of that item at the date of transfer is recognised in other comprehensive income and accumulated in property revaluation reserve. On the subsequent sale or retirement of the asset, the relevant revaluation reserve will be transferred directly to accumulated profits.

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

Investment properties

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES – *continued*

Properties held for development for sale

Properties held for development for sale are reclassified as current assets and stated at the lower of cost and net realisable value.

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

Inventories

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

Discontinued operations

A discontinued operation is a component of the Group, which comprises operations and cash flows that can be clearly distinguished, operationally and for financial reporting purposes from the rest of the Group, and has been disposed of, or is classified as held for sale, and either (a) represents a separate major line of business or geographical area of operations, (b) is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations or (c) is a subsidiary acquired exclusively with a view to resale.

Financial instruments

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

3. SIGNIFICANT ACCOUNTING POLICIES – *continued*

Financial instruments – *continued*

Financial assets

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

Effective interest method

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

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

Financial assets at fair value through profit or loss

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

A financial asset is classified as held for trading if:

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

3. SIGNIFICANT ACCOUNTING POLICIES – *continued*

Financial instruments – *continued*

Financial assets – *continued*

Financial assets at fair value through profit or loss – continued

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

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

Financial assets at FVTPL, including structured deposit, are measured at fair value, with changes in fair value arising from remeasurement recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit and loss excludes any dividend or interest earned on the financial assets.

Loans and receivables

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

Available-for-sale financial assets

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

Available-for-sale financial assets are measured at fair value at the end of the reporting period. Changes in fair value are recognised in other comprehensive income and accumulated in investment revaluation reserve, until the financial asset is disposed of or is determined to be impaired, at which time, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss (see accounting policy on impairment of financial assets below).

3. SIGNIFICANT ACCOUNTING POLICIES – *continued*

Financial instruments – *continued*

Impairment of financial assets

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

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

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

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

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

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

Impairment losses on available-for-sale equity investments will not be reversed in profit or loss in subsequent periods. Any increase in fair value subsequent to impairment loss is recognised directly in other comprehensive income and accumulated in investment revaluation reserve.

3. SIGNIFICANT ACCOUNTING POLICIES – *continued*

Financial instruments – *continued*

Financial liabilities and equity

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

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

Effective interest method

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

Interest expense is recognised on an effective interest basis.

Financial liabilities

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

Equity instruments

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

Derecognition

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

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

3. SIGNIFICANT ACCOUNTING POLICIES – *continued*

Intangible assets

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

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

Share-based payment transactions

Equity-settled share-based payment transactions

Share options granted to employees of the Company

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

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

Impairment (other than intangible assets with indefinite useful lives)

At the end of the reporting period, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

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

3. SIGNIFICANT ACCOUNTING POLICIES – *continued*

Foreign currencies

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

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) at the rate of exchange prevailing at the end of the reporting period, and their income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (the translation reserve).

Taxation

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES – *continued*

Taxation – *continued*

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity respectively.

Leasing

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

The Group as lessor

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

3. SIGNIFICANT ACCOUNTING POLICIES – *continued*

Leasing – *continued*

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expense over the lease term on a straight-line basis.

Leasehold land and building

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

Retirement benefit scheme

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

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. 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.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY – *continued*

(a) Impairment allowance on loans receivable

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

(b) Impairment loss on properties held for development for sale

Management reviews the recoverability of the Group's properties held for development amounting to HK$538,830,000 (2010: HK$400,605,000) with reference to current market environment whenever events or changes in circumstances indicate that the carrying amount of the assets may exceed its net realisable value, as appropriate. Appropriate write-down for estimated irrecoverable amounts is recognised in profit or loss when the net realisable value is below cost. When the carrying amount of the Group's properties held for development is increased to its revised recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised in prior years, a reversal of an impairment loss is immediately recognised as income in profit or loss. The estimates of net realisable value are based on the evidence available at the time the estimates are made, and the amounts the properties held for development are expected to realise or recover. Actual realised amount may differ from estimates, resulting in a decrease or an increase in the net realisable value of the properties held for development and additional write-down or additional reversal of impairment loss previously recognised may be required.

5. CAPITAL RISK MANAGEMENT

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

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

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

6. FINANCIAL INSTRUMENTS

a. Categories of financial instruments

	2011 HK$'000	2010 HK$'000
Financial assets		
Loans and receivables (including cash and cash equivalents)		
Trade and other receivables	**2,075**	7,357
Loans receivable	**53,815**	69,200
Bank balances and cash	**73,851**	116,555
	129,741	193,112
Fair value through profit or loss		
Investments held for trading	**96,948**	69,942
Available-for-sale financial assets		
Available-for-sale investments	**46,293**	72,232
Financial liabilities		
Amortised cost		
Trade and other payables	**20,931**	24,368

b. Financial risk management objectives and policies

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

6. FINANCIAL INSTRUMENTS – *continued*

b. Financial risk management objectives and policies – *continued*

Market risk

(i) Interest rate risk

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

No sensitivity analysis has been presented for the years ended 31 March 2011 and 2010 as all loans receivable are at fixed interest rate during both years.

(ii) Currency risk

Certain subsidiaries of the Company have sales denominated in currencies other than their functional currencies, which exposes the Group to foreign currency risk. All of the Group's purchases are denominated in the group entities' functional currency.

The carrying amounts of the group entities' foreign currency denominated monetary assets at the end of the reporting period are as follows:

	Assets		Liabilities	
	2011	2010	**2011**	2010
	HK$'000	HK$'000	**HK$'000**	HK$'000
United States dollars ("USD")	**3,057**	30,831	**—**	—
Euro	**—**	2	**—**	—

6. FINANCIAL INSTRUMENTS – *continued*

b. Financial risk management objectives and policies – *continued*

Market risk – *continued*

(ii) Currency risk – continued

Sensitivity analysis

The Group is mainly exposed to the exchange rate risk on HKD against USD and Euro for the foreign currency denominated monetary assets.

As HKD is pegged to USD and the carrying value of Euro assets is not significant, the financial impact on exchange rate risk is expected to be immaterial.

The Group currently does not have a foreign currency hedging policy to eliminate the currency exposures. However, the management monitors the related foreign currency exposure closely and will consider hedging significant foreign currency exposures should the need arise. In management's opinion, the sensitivity analysis is unrepresentative of the currency risk as the exposure at the end of the reporting period does not reflect the exposures during the year.

(iii) Equity price risk

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

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to equity price risk at the end of the reporting date.

If the prices of the listed equity securities classified as investments held for trading had been 10% (2010: 10%) higher/lower, profit for the year ended 31 March 2011 would increase/decrease by HK$8,095,000 (2010: HK$5,840,000) as a result of the changes in fair value of investments held for trading.

If the prices of the listed equity securities classified as available-for-sale investments had been 10% (2010: 10%) higher/lower, the investment revaluation reserve would increase/decrease by HK$4,629,000 (2010: HK$7,223,000) as a result of the changes in fair value of available-for-sale investments.

6. FINANCIAL INSTRUMENTS – *continued*

b. Financial risk management objectives and policies – *continued*

Credit risk

The Group's maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations at 31 March 2011 and 2010 in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the consolidated statement of financial position.

The Group has concentration of credit risk in relation to loans receivable from a few borrowers amounting to HK$53,815,000 at 31 March 2011 (2010: HK$69,200,000). The largest borrower of the Group by itself and together with the other four largest borrowers of the Group accounted for approximately 18.6% and 62.0% respectively (2010: 14.5% and 56.2% respectively) of the Group's loans receivable at 31 March 2011. At 31 March 2011 and 2010, all loans receivables are neither past due nor impaired and the borrowers are assessed to have satisfactory credit quality. In order to minimise the credit risk, the management has reviewed the recoverable amounts of the loans receivable regularly to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk on loans receivable is significantly reduced.

The Group also had concentration of credit risk as the Group's trade receivables as at 31 March 2011 of HK$675,000 (2010: HK$5,848,000) was due from a few customers. At 31 March 2010, all trade receivables were not yet past due except for approximately 13% (2011: nil) of these trade receivables were past due but not impaired at the end of the reporting period. The management considered that the credit risk of these trade receivables was minimal as all were with long business relationship.

In order to minimise the credit risk, the directors of the Company continuously monitor the level of exposure to ensure that follow-up actions and/or corrective actions are taken promptly to lower exposure or even to recover overdue debts. In addition, the management has reviewed the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk on trade receivables is significantly reduced.

In addition, the Group has credit risk on its liquid funds at the end of the reporting period. In the opinion of the directors of the Company, the credit risk on liquid funds is limited because majority of the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

6. FINANCIAL INSTRUMENTS – *continued*

b. Financial risk management objectives and policies – *continued*

Liquidity risk

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

At 31 March 2011, the Group had available unutilised bank loan facilities of HK$389,400,000 (2010: nil).

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

Liquidity risk tables

	Weighted average effective interest rate %	Less than 3 months HK$'000	3 months to 1 year HK$'000	Total undiscounted cash flows HK$'000	Carrying amounts at 31 March HK$'000
2011					
Non-derivative financial liabilities					
Trade and other payables	**N/A**	**10,366**	**10,565**	**20,931**	**20,931**
2010					
Non-derivative financial liabilities					
Trade and other payables	N/A	12,816	11,552	24,368	24,368

6. FINANCIAL INSTRUMENTS – *continued*

c. Fair value

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

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

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

Fair value measurements recognised in the consolidated statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1 and total HK$'000
At 31 March 2011	
Available-for-sale investments	
Listed equity securities	**46,293**
Investments held for trading	**96,948**
	143,241
At 31 March 2010	
Available-for-sale investments	
Listed equity securities	72,232
Investments held for trading	69,942
	142,174

7. TURNOVER

During the year ended 31 March 2011, the interest income from loan financing is classified as part of the revenue earned from the principal activities of the Group and as a result, the interest income from loan financing of HK$5,322,000 for the year ended 31 March 2010 was reclassified as revenue from other income. The directors of the Company are of the opinion that such change in classification is necessary to give a better understanding of the performance of the Group and the comparative amounts presented have been restated to conform with the revised classification.

Turnover represents the aggregate of the amounts received and receivable in respect of rental income from property letting, building management fee income and interest income from loan financing during the year. An analysis of the Group's turnover from its continuing operations is as follows:

	2011	2010
	HK$'000	HK$'000
		(Restated)
Rental income	**35,327**	29,668
Building management fee income	**314**	299
Interest income from loan financing	**4,345**	5,322
	39,986	35,289

8. SEGMENT INFORMATION

HKFRS 8 "Operating segments" requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker, being the chief executive officer of the Group, in order to allocate resources to segments and to assess their performance. The Group's operating and reportable segments from continuing operations under HKFRS 8 are (i) property investments, (ii) property development, (iii) investment in securities and (iv) loan financing. All of the Group's operations relating to garment sourcing and exporting were discontinued during the year (see note 13), accordingly, no segment information in respect of these discontinued operations is presented.

Under HKFRS 8, the operating segments are identified based on internal management reporting information which is consistent with the Group's internal information that is regularly reviewed by the chief executive officer. The chief executive officer assesses segment profit or loss using a measure of operating profit. The measurement policies the Group used for segment reporting under HKFRS 8 are the same as those used in its HKFRS financial statements, except that certain items are not included in arriving at the segment results of the operating segments (share of results of associates, taxation, and corporate income and expenses).

8. SEGMENT INFORMATION – *continued*

(a) Segment revenue and results

The following is an analysis of the Group's revenue and results from continuing operations by reportable segment:

For the year ended 31 March 2011

Continuing operations:

	Property investments HK$'000	Property development HK$'000	Investment in securities HK$'000	Loan financing HK$'000	Eliminations HK$'000	Consolidated HK$'000
SEGMENT REVENUE						
External	35,641	—	—	4,345	—	39,986
RESULT						
Segment result	397,482	(4,984)	30,557	3,930	(249)	426,736
Unallocated corporate income						579
Unallocated corporate expenses						(10,176)
Share of results of associates						21,451
Profit before taxation (continuing operations)						438,590

8. SEGMENT INFORMATION – *continued*

(a) Segment revenue and results – *continued*

For the year ended 31 March 2010

Continuing operations:

	Property investments HK$'000	Property development HK$'000	Investment in securities HK$'000	Loan financing HK$'000	Eliminations HK$'000	Consolidated HK$'000
SEGMENT REVENUE						
External	29,967	—	—	5,322	—	35,289
Inter-segment	2,767	—	—	—	(2,767)	—
Total	32,734	—	—	5,322	(2,767)	35,289
RESULT						
Segment result	118,412	23,423	31,338	5,233	(2,494)	175,912
Unallocated corporate income						1,172
Unallocated corporate expenses						(10,397)
Share of results of associates						(5,655)
Profit before taxation (continuing operations)						161,032

8. SEGMENT INFORMATION – *continued*

(b) Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable segment:

At 31 March 2011

	Property investments HK$'000	Property development HK$'000	Investment in securities HK$'000	Loan financing HK$'000	Consolidated HK$'000
ASSETS					
Segment assets from continuing operations	1,167,488	538,934	143,241	54,102	1,903,765
Interests in associates					182,740
Bank balances and cash					73,851
Unallocated corporate assets					2,409
Consolidated assets					2,162,765
LIABILITIES					
Segment liabilities from continuing operations	13,590	35,515	—	70	49,175
Tax payable					24,092
Deferred taxation					126,203
Unallocated corporate liabilities					664
Consolidated liabilities					200,134

8. SEGMENT INFORMATION – *continued*

(b) Segment assets and liabilities – *continued*

At 31 March 2010

	Property investments HK$'000	Property development HK$'000	Investment in securities HK$'000	Loan financing HK$'000	Consolidated HK$'000
ASSETS					
Segment assets from continuing operations	867,508	400,705	142,174	69,869	1,480,256
Interests in associates					138,048
Bank balances and cash					116,555
Assets relating to discontinued operations					6,959
Unallocated corporate assets					2,354
Consolidated assets					1,744,172
LIABILITIES					
Segment liabilities from continuing operations	16,567	4,399	—	42	21,008
Tax payable					23,995
Deferred taxation					74,150
Liabilities relating to discontinued operations					8,154
Unallocated corporate liabilities					1,583
Consolidated liabilities					128,890

8. SEGMENT INFORMATION – *continued*

(c) Other segment information

For the year ended 31 March 2011

Continuing operations:

	Property investments HK$'000	Property development HK$'000	Investment in securities HK$'000	Loan financing HK$'000	Consolidated HK$'000
Amounts included in the measure of segment assets or segment result:					
Capital additions	12	4	—	—	16
Depreciation of property, plant and equipment	80	1	—	—	81
Gain on disposal of available-for-sale investments	—	—	23,936	—	23,936
Gain arising on changes in fair value of investment properties	370,881	—	—	—	370,881
Gain on fair value changes of investments held for trading	—	—	2,662	—	2,662
Loss on disposal of property, plant and equipment	24	—	—	—	24

8. SEGMENT INFORMATION – *continued*

(c) Other segment information – *continued*

For the year ended 31 March 2010

Continuing operations:

	Property investments HK$'000	Property development HK$'000	Investment in securities HK$'000	Loan financing HK$'000	Consolidated HK$'000
Amounts included in the measure of segment assets or segment result:					
Capital additions	16	—	—	—	16
Amortisation of land portion of properties held for development	—	2,104	—	—	2,104
Depreciation of property, plant and equipment	361	—	—	—	361
Gain on disposal of available-for-sale investments	—	—	5,459	—	5,459
Gain arising on changes in fair value of investment properties	87,380	—	—	—	87,380
Gain on fair value changes of investments held for trading	—	—	22,065	—	22,065
Reversal of impairment loss on properties held for development for sale	—	25,632	—	—	25,632

8. SEGMENT INFORMATION – *continued*

(d) Geographical information

The Group's operations are located in Hong Kong (place of domicile) and Singapore.

The Group's revenue from continuing operations from external customers based on location of its customers and information about the Group's non-current assets (excluding interests in associates, available-for-sale investments, loans receivables and those relating to discontinued operations), analysed by the geographical area in which the assets are located, are as follows:

	Revenue from external customers		Carrying amounts of non-current assets	
	2011 HK$'000	2010 HK$'000	**2011 HK$'000**	2010 HK$'000
Hong Kong	**36,672**	34,405	**997,322**	725,361
Singapore	**3,314**	884	**170,515**	143,262
	39,986	35,289	**1,167,837**	868,623

(e) Information about major customers

Revenues from customers of the corresponding years contributing over 10% of the total revenue of the Group are as follows:

	2011 HK$'000	2010 HK$'000
Customer A[1]	**4,783**	N/A[2]
Customer B[1]	**4,200**	4,189

[1] Revenue from property investments.

[2] The corresponding revenue did not contribute over 10% of the total revenue of the Group.

9. REVERSAL OF IMPAIRMENT LOSS ON PROPERTIES HELD FOR DEVELOPMENT FOR SALE

During the year ended 31 March 2010, the Group undertook review of its development projects to assess their net realisable value with reference to valuations made by independent qualified professional property valuers as at 31 March 2010 by using the residual valuation method.

Due to improvement in the property market conditions during the year ended 31 March 2010, the recoverable amount of the properties held for development, which was impaired in previous years, was greater than its carrying amount as at 31 March 2010. As a result, a reversal of impairment loss previously recognised amounting to HK$25,632,000 (2011: nil) was recognised as income in profit or loss during that year.

10. PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS

	2011 **HK$'000**	2010 HK$'000
Profit for the year from continuing operations has been arrived at after charging:		
Directors' remuneration (note 11(a))	**4,365**	4,055
Other staff costs, including retirement benefits costs	**5,390**	2,043
Total staff costs	**9,755**	6,098
Amortisation of land portion of properties held for development	**—**	2,104
Auditor's remuneration:		
- current year	**1,280**	955
- underprovision in prior years	**258**	99
Depreciation of property, plant and equipment	**81**	361
Loss on disposal of property, plant and equipment	**24**	—
Loss on disposal of club debenture	**—**	139
and after crediting to other income:		
Exchange gain, net	**22**	778
Dividend income from listed investments	**3,959**	3,814
Bank interest income	**3**	95

11. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

(a) Information regarding directors' emoluments

Details of emoluments to the directors of the Company for the year ended 31 March 2011 are as follows:

	Executive director			Non-executive director	Independent non-executive director			
	Kwong Jimmy Cheung Tim HK$'000	Lui Yuk Chu HK$'000	Koon Ho Yan, Candy HK$'000 (Note)	Tse Wing Chiu, Ricky HK$'000	Jong Koon Sang HK$'000	Tsui Chun Kong HK$'000	Hon Tam Chun HK$'000	Total HK$'000
Fees	—	—	—	100	100	100	100	400
Other emoluments								
– salaries and other benefits	960	2,650	272	—	—	—	—	3,882
– retirement benefits schemes contributions	12	60	11	—	—	—	—	83
Total directors' emoluments	972	2,710	283	100	100	100	100	4,365

Note: Ms. Koon Ho Yan, Candy was appointed on 5 May 2010.

Details of emoluments to the directors of the Company for the year ended 31 March 2010 are as follows:

	Executive director		Non-executive director	Independent non-executive director			
	Kwong Jimmy Cheung Tim HK$'000	Lui Yuk Chu HK$'000	Tse Wing Chiu, Ricky HK$'000	Jong Koon Sang HK$'000	Tsui Chun Kong HK$'000	Hon Tam Chun HK$'000	Total HK$'000
Fees	—	—	100	100	100	100	400
Other emoluments							
– salaries and other benefits	960	2,623	—	—	—	—	3,583
– retirement benefits schemes contributions	12	60	—	—	—	—	72
Total directors' emoluments	972	2,683	100	100	100	100	4,055

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

(b) Information regarding employees' emoluments

The five highest paid individuals of the Group during the year included two (2010: two) directors. The emoluments of the remaining three (2010: three) highest paid individuals, not being directors, are as follows:

	2011 **HK$'000**	2010 HK$'000
Salaries and other benefits	**2,604**	2,945
Retirement benefits schemes contributions	**80**	70
	2,684	3,015

The emoluments of these employees fall within the following bands:

	Number of employees **2011**	2010
Nil to HK$1,000,000	**2**	1
HK$1,000,001 - HK$1,500,000	**1**	2
	3	3

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

12. TAXATION CHARGE

	2011 **HK$'000**	2010 HK$'000
Continuing operations:		
The charge comprises:		
Hong Kong Profits Tax:		
Charge for the year	—	—
Overprovision in prior years	—	(2,184)
	—	(2,184)
Taxation arising in other jurisdictions:		
Charge for the year	**237**	200
	237	(1,984)
Deferred taxation (note 31)		
Charge for the year	**49,268**	24,647
Tax charge attributable to the Company and its subsidiaries	**49,505**	22,663

Hong Kong Profits Tax is calculated at 16.5% (2010: 16.5%) of the estimated assessable profit for the year.

No provision for Hong Kong Profits Tax has been made in the consolidated financial statements as the estimated assessable profits for both years are wholly absorbed by tax losses brought forward.

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

12. TAXATION CHARGE – *continued*

Taxation charge for the year can be reconciled to the results per the consolidated statement of comprehensive income as follows:

	2011 **HK$'000**	2010 HK$'000
Profit before taxation (from continuing operation)	**438,590**	161,032
Tax charge of Hong Kong Profits Tax at 16.5% (2010: 16.5%)	**72,367**	26,570
Tax effect of expenses not deductible for tax purposes	**693**	7,156
Tax effect of income not taxable for tax purposes	**(9,459)**	(7,962)
Tax effect of share of results of associates	**(3,539)**	933
Tax effect of tax losses not recognised	**797**	70
Tax effect of utilisation of tax losses previously not recognised	**(228)**	(1,433)
Release of deferred taxation arising from disposal of an investment property	**(11,187)**	(580)
Overprovision in prior years	**—**	(2,184)
Effect of different tax rate of subsidiaries operating in other jurisdictions	**61**	93
Taxation charge for the year	**49,505**	22,663

13. DISCONTINUED OPERATIONS

During the year ended 31 March 2011, the garment sourcing and exporting businesses operated by Mary Mac Apparel, Inc. ("Mary Mac"), a wholly owned subsidiary of the Company, ceased substantially and Mary Mac was subsequently dissolved during the year.

The results of the discontinued operations included in the consolidated statement of comprehensive income and consolidated statement of cash flows are set out below. The comparative results and cash flows from discontinued operations have been re-presented to classify the garment sourcing and exporting operations as discontinued operations. The re-presentation in the consolidated statement of comprehensive income for the prior year has had no impact on the consolidated statement of financial position at the beginning of the earliest comparative period and hence the consolidated statement of financial position at the beginning of the earliest comparative period is not presented.

Profit for the year from the discontinued operations is analysed as follows:

	2011 **HK$'000**	2010 HK$'000
Profit from garment sourcing and exporting operations for the year	**226**	11,615
Gain on disposal of subsidiaries constituting discontinued operations (see note 33)	**—**	37,374
Profit for the year	**226**	48,989

13. DISCONTINUED OPERATIONS – *continued*

The results of the garment sourcing and exporting operations for the year, which have been included in the consolidated statement of comprehensive income, were as follows:

	2011 HK$'000	2010 HK$'000
Revenue	**2,138**	382,685
Cost of sales	**(1,001)**	(335,888)
Gross profit	**1,137**	46,797
Other income	**629**	536
Distribution and selling expenses	**(233)**	(9,598)
Administrative expenses	**(1,307)**	(26,120)
Profit for the year from discontinued operations attributable to the owners of the Company	**226**	11,615
Profit for the year from discontinued operations includes the following:		
Directors' remuneration	**—**	—
Other staff costs, including retirement benefits costs	**769**	18,920
Total staff costs	**769**	18,920
Auditor's remuneration		
– current year	**—**	245
– underprovision in prior years	**—**	74
Cost of inventories recognised as an expense	**1,001**	335,888
Depreciation of property, plant and equipment	**10**	149
Loss on disposal of property, plant and equipment	**74**	—
Bank interest income	**—**	(73)
Other information:		
Capital additions	**—**	32

	2011 HK$'000	2010 HK$'000
Cash flows from discontinued operations		
Net cash flows (used in) from operating activities	**(644)**	44,930
Net cash flows from investing activities	**—**	77,083
Net cash flows used in financing activities	**—**	(47,724)
Net cash (outflows) inflows	**(644)**	74,289

14. DIVIDEND

	2011 HK$'000	2010 HK$'000
Dividends declared and paid		
Interim dividend for financial year ended 31 March 2011 of HK$0.08 per share (2010: nil)	**6,354**	—
Special dividend for financial year ended 31 March 2011 of HK$0.50 per share (2010: nil)	**39,710**	—
	46,064	—
Dividend proposed		
Proposed final dividend for 2011 of HK$0.12 per share (2010: nil)	**9,530**	—

The final dividend of HK$0.12 per share in respect of the year ended 31 March 2011 has been proposed by the directors of the Company and is subject to approval by the shareholders of the Company in the forthcoming annual general meeting.

15. BASIC EARNINGS PER SHARE

For continuing and discontinued operations:

The calculation of the basic earnings per share attributable to owners of the Company is based on the following data:

	2011 HK$'000	2010 HK$'000
Earnings for the purpose of calculating basic earnings per share (profit for the year attributable to owners of the Company)	**389,311**	187,358

	2011	2010
Number of shares		
Number of shares for the purpose of calculating basic earnings per share	**79,420,403**	79,420,403

15. BASIC EARNINGS PER SHARE – *continued*

From continuing operations:

The calculation of the basic earnings per share from continuing operations attributable to owners of the Company is based on the following data:

Earnings are calculated as follows:

	2011	2010
	HK$'000	HK$'000
Profit for the year attributable to owners of the Company	**389,311**	187,358
Less: Profit for the year from discontinued operations attributable to owners of the Company	**(226)**	(48,989)
Profit for the purpose of calculating basic earnings per share from continuing operations	**389,085**	138,369

	2011	2010
Number of shares		
Number of shares for the purpose of calculating basic earnings per share	**79,420,403**	79,420,403

No diluted earnings per share is presented as there is no potential ordinary shares of the Company outstanding during both years.

From discontinued operations:

Basic earnings per share for the discontinued operations is HK$0.003 per share (2010: HK$0.617 per share), based on the profit for the year from discontinued operations of HK$226,000 (2010: HK$48,989,000) and the denominators detailed above for basic earnings per share.

16. RELATED PARTY TRANSACTIONS/CONNECTED TRANSACTIONS

(a) During the year, the Group received rental income of HK$251,000 (2010: HK$376,000) from related parties/persons deemed to be "connected persons" pursuant to Chapter 14A of the Rules Governing the Listing of Securities on the Stock Exchange, being entities controlled by certain relatives of Ms. Lui Yuk Chu, a director and a substantial shareholder of the Company, and her spouse, Mr. Koon Wing Yee and her daughter, Ms. Koon Ho Yan, Candy, a director of the Company.

(b) During the year, the Group had the following transactions with wholly-owned subsidiaries of Easyknit Enterprises Holding Limited ("Easyknit Enterprises"), an associate of the Group, in which Ms. Lui Yuk Chu, a director and a substantial shareholder of the Company, and Ms. Koon Ho Yan, Candy, a director of the Company, are also the directors of Easyknit Enterprises:

	2011	2010
	HK$'000	HK$'000
Rental income	**2,275**	213
Purchase of garments	**—**	999
Administrative service fee income	**—**	220

At the end of the reporting period, amounts due to these entities comprise:

	2011	2010
	HK$'000	HK$'000
Trade payables	**—**	7,162

(c) During the year, the Company entered into an employment contract with Mr. Koon Wing Yee as the General Manager of the Company for a remuneration of HK$50,000 per month. The employment contract commenced on 21 February 2011 but may be terminated by either party at any time by three month's notice. Mr. Koon Wing Yee is the spouse of Ms. Lui Yuk Chu, a director and a substantial shareholder of the Company. The remuneration paid and payable to Mr. Koon Wing Yee during the year amounted to HK$64,286 (2010: nil).

(d) The Company entered into a consultancy agreement with Mr. Koon Wing Yee for consultancy services provided by Mr. Koon Wing Yee to the Group for a fee of HK$498,000 per annum which shall be payable in arrears by twelve monthly instalments of HK$41,500 each. The consultancy agreement was for a period of one year commencing on 15 January 2010 and expired in January 2011. Mr. Koon Wing Yee is the spouse of Ms. Lui Yuk Chu, who is a director of the Company and also a substantial shareholder of the Company. Consultancy fee paid and payable to Mr. Koon Wing Yee during the year amounted to HK$394,250 (2010: HK$103,750).

16. RELATED PARTY TRANSACTIONS/CONNECTED TRANSACTIONS – *continued*

(e) During the year ended 31 March 2010, the Group entered into an agreement with Quick Easy Limited for the disposal of the entire issued share capital of each of Easyknit Global Company Limited, Easyknit Worldwide Company Limited and Grand Profit Development Limited (collectively the "Garment Trading Companies"), which were wholly-owned subsidiaries of the Company and principally engaged in garment sourcing and exporting, for a consideration of HK$80 million. Quick Easy Limited, being purchaser of this transaction, is a wholly-owned subsidiary of Easyknit Enterprises. Details of this transaction are set out in note 33.

(f) During the year ended 31 March 2010, the Group entered into two separate sale and purchase agreements with Ms. Lui Yuk Chu, a director and a substantial shareholder of the Company, to acquire the entire issued share capital of each of Supertop Investment Limited ("Supertop") and Grow Well Profits Limited ("Grow Well") together with settlement of the interest-free shareholders' loans and bank borrowings owed by Supertop and Grow Well for a total consideration of HK$226,251,000. Details of these transactions are set out in note 32.

(g) Compensation of key management personnel

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

	2011	2010
	HK$'000	HK$'000
Short-term employee benefits	**6,953**	7,067
Post employment benefits	**176**	154
	7,129	7,221

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

17. PROPERTY, PLANT AND EQUIPMENT

	Leasehold properties HK$'000 (note)	Furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
COST				
At 1 April 2009	32,319	13,071	2,717	48,107
Additions	—	48	—	48
Revaluation upon reclassification of leasehold properties to investment properties	(5,150)	—	—	(5,150)
Disposal of subsidiaries (note 33)	—	(9,856)	(2,717)	(12,573)
Reclassified to investment properties (note 19)	(23,850)	—	—	(23,850)
At 31 March 2010	3,319	3,263	—	6,582
Additions	—	16	—	16
Eliminated on disposals	—	(671)	—	(671)
At 31 March 2011	**3,319**	**2,608**	**—**	**5,927**
ACCUMULATED DEPRECIATION				
At 1 April 2009	18,220	12,583	1,815	32,618
Provided for the year	342	61	107	510
Eliminated on revaluation	(17,449)	—	—	(17,449)
Eliminated on disposal of subsidiaries (note 33)	—	(9,510)	(1,922)	(11,432)
At 31 March 2010	1,113	3,134	—	4,247
Provided for the year	59	32	—	91
Eliminated on disposals	—	(573)	—	(573)
At 31 March 2011	**1,172**	**2,593**	**—**	**3,765**
CARRYING VALUES				
At 31 March 2011	**2,147**	**15**	**—**	**2,162**
At 31 March 2010	2,206	129	—	2,335

Note: Owner-occupied leasehold land situated in Hong Kong was included in leasehold properties as the allocation between the land and building elements could not be made reliably.

17. PROPERTY, PLANT AND EQUIPMENT – *continued*

In March 2010, the Group started to lease out a portion of the leasehold properties to a wholly-owned subsidiary of Easyknit Enterprises for rental income. The leasehold properties were transferred to investment properties and measured at fair value at the date of transfer accordingly. The fair value of the leasehold properties at the date of transfer to investment properties is HK$23,850,000. The gain on revaluation, amounting to HK$12,299,000, is credited to the property revaluation reserve directly. Details of the valuation are set out in note 19.

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

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

The carrying value of leasehold properties shown above comprises:

	2011 **HK$'000**	2010 HK$'000
Properties held on medium-term lease in Hong Kong	**2,147**	2,206

18. PROPERTIES HELD FOR DEVELOPMENT FOR SALE

Movements of properties held for development for sale are as follows:

	Notes	HK$'000
At 1 April 2009		280,204
Acquired from acquisition of a subsidiary	(a)	2,440
Additions	(b)	94,433
Reversal of impairment loss recognised in profit or loss (note 9)		25,632
Amortisation of land portions of properties held for development		(2,104)
At 31 March 2010		400,605
Acquired from acquisition of a subsidiary	(c)	15,185
Additions	(d)	123,040
At 31 March 2011		**538,830**

Notes:

(a) During the year ended 31 March 2010, the Group entered into a sale and purchase agreement with an outside individual to acquire the entire issued share capital of Kingbest Capital Holdings Limited ("Kingbest") for a total cash consideration of HK$2,440,000. The purpose of the acquisition of Kingbest was to enable the Group to acquire all units in a building situated on sub-Section 1 of Section A of Kowloon Inland Lot No. 2978 (Nos. 311B and 311D Prince Edward Road West, Kowloon, Hong Kong) (the "311B & 311D Prince Edward Road Building"). This transaction has been accounted for as a purchase of assets and liabilities rather than business combination as Kingbest was not a business. The net assets acquired were as follows:

	HK$'000
Net assets acquired:	
Deposits for acquisition of properties held for development	8,610
Properties held for development	2,440
Amount due to a former shareholder	(1,200)
Amount due to a subsidiary of the Company	(7,410)
	2,440
Total consideration satisfied by cash and cash outflow in respect of the acquisition	(2,440)

The cash outflow was included in the operating activities for the year ended 31 March 2010 as the acquisition was for the purpose of acquiring properties held for development for sale in the ordinary course of business.

(b) During the year ended 31 March 2010, Kingbest completed the acquisition of all units in the 311B and 311D Prince Edward Road Building at a total consideration of HK$66,316,000 (including direct costs). The amount was added to the properties held for development for the year ended 31 March 2010.

18. PROPERTIES HELD FOR DEVELOPMENT FOR SALE – *continued*

Notes:– *continued*

(c) During the year ended 31 March 2011, the Group entered into a sale and purchase agreement with an outside individual to acquire the entire issued share capital of Chief Access Limited ("Chief Access") for a consideration of HK$5,650,000. Chief Access held interests in units of the building situated on the remaining portion of Section A of Kowloon Inland Lot No. 2978 (Nos. 311A and 311C Prince Edward Road West, Kowloon, Hong Kong) (the "311A and 311C Prince Edward Road Building"). This transaction has been accounted for as a purchase of assets and liabilities rather than business combination as Chief Access was not a business. The net assets acquired were as follows:

	HK$'000
Net assets acquired:	
Properties held for development	15,185
Amount due to a former shareholder	(9,535)
	5,650
Settlement of amount due to a former shareholder by the Group	9,535
	15,185
Total consideration satisfied by cash and cash outflow in respect of the acquisition	15,815

The cash outflow was included in the operating activities for the year ended 31 March 2011 as the acquisition was for the purpose of acquiring properties held for development for sale in the ordinary course of business.

(d) During the year ended 31 March 2011, Chief Access completed the acquisition of all units in the 311A and 311C Prince Edward Road Building at a total consideration of HK$98,996,000 (including direct costs). The net balance of HK$89,461,000, after deducting deposits of HK$9,535,000, was included in the additions to the properties held for development for the year ended 31 March 2011.

At 31 March 2011, the properties held for development of HK$538,830,000 (2010: HK$400,605,000) were included in the Group's current assets in the consolidated statement of financial position as it is expected that the properties will be realised in the Group's normal operating cycle for properties development, which is expected to be more than twelve months after the end of the reporting period.

At 31 March 2011 and 2010, the Group performed impairment review assessment on its properties held for development to assess their recoverable amounts with reference to valuations made by independent qualified professional property valuers not connected to the Group. The valuations were arrived at by using the residual valuation method.

Due to improvement in the property market conditions during the year ended 31 March 2010, a reversal of impairment loss previously recognised amounting to HK$25,632,000 (2011: nil) was recognised as income in profit or loss during the year ended 31 March 2010 (see note 9). Since the recoverable amounts of other properties held for development are higher than their carrying amounts as at 31 March 2011 and 2010, the directors of the Company are of the opinion that no impairment on these properties held for development is considered necessary.

19. INVESTMENT PROPERTIES

	HK$'000
FAIR VALUE	
At 1 April 2009	544,920
Acquired from acquisition of subsidiaries (note 32)	260,521
Exchange realignments	1,474
Reclassified from leasehold properties (note 17)	23,850
Increase in fair value recognised in profit or loss	87,380
Disposals	(51,773)
At 31 March 2010	866,372
Exchange realignments	16,382
Increase in fair value recognised in profit or loss	370,881
Disposals	(87,960)
At 31 March 2011	**1,165,675**

The fair values of the Group's investment properties at 31 March 2011 and 2010 were arrived at on the basis of valuation carried out as at these dates by the following independent firms of qualified professional property valuers not connected with the Group. The valuations were arrived at by reference to market evidence of transaction prices for similar properties and by reference to net rental income allowing for reversionary income potential using the applicable market yields for the respective locations and types of properties.

Name of valuer	Location of investment properties
At 31 March 2011	
Vigers Appraisal & Consulting Limited	Hong Kong
DTZ Debenham Tie Leung (SEA) Pte Ltd	Singapore
At 31 March 2010	
A.G. Wilkinson & Associates	Hong Kong
Knight Frank Petty Limited	Hong Kong
DTZ Debenham Tie Leung (SEA) Pte Ltd	Singapore

The fair values of the leasehold properties transferred from property, plant and equipment at the date of transfer for the year ended 31 March 2010 were arrived at on the basis of a valuation carried out as at that date by Knight Frank Petty Limited, an independent firm of qualified professional property valuer not connected to the Group. The valuation was arrived at by reference to market evidence of transaction prices for similar properties.

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

19. INVESTMENT PROPERTIES – *continued*

The carrying value of investment properties shown above comprises:

	2011 HK$'000	2010 HK$'000
Property interests situated in Hong Kong under:		
Long lease	**250,000**	114,000
Medium-term lease	**745,160**	609,110
	995,160	723,110
Freehold properties situated in Singapore	**170,515**	143,262
	1,165,675	866,372

20. INTANGIBLE ASSET

During the year ended 31 March 2010, the club debenture was disposed of at a consideration of HK$782,000, resulting in a loss on disposal of HK$139,000 (2011: nil).

21. INTERESTS IN ASSOCIATES

	2011 HK$'000	2010 HK$'000
Listed securities in Hong Kong, at cost	**200,029**	179,803
Share of post-acquisition losses	**(24,194)**	(44,818)
Share of translation reserve	**10,477**	7,462
Share of property revaluation reserve	**12,878**	12,878
Unrealised gain on disposal of the Garment Trading Companies (note a)	**(16,450)**	(17,277)
	182,740	138,048
Market value of listed securities	**68,964**	44,230

21. INTERESTS IN ASSOCIATES – *continued*

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

	2011 HK$'000	2010 HK$'000
Total assets	**702,005**	548,793
Total liabilities	**(73,643)**	(58,810)
Net assets	**628,362**	489,983
Group's share of net assets of associates	**199,190**	155,325
Turnover	**347,992**	31,210
Profit (loss) for the year	**65,060**	(18,058)
Group's share of results of associates for the year (note b)	**20,624**	(5,724)
Realised gain on disposal of the Garment Trading Companies (note c)	**827**	69
Total share of results of associates for the year	**21,451**	(5,655)

Notes:

(a) The amount relates to the portion of the gain on disposal by the Group of the entire issued share capital of the Garment Trading Companies to a wholly-owned subsidiary of the Group's associate, Easyknit Enterprises, during the year ended 31 March 2010, which is attributable to the Group's interests in the associates (see note 33).

(b) Included in the Group's share of results of associates is the Group's share of profit from the discontinued operations of the associates amounting to HK$6,398,000 (2010: loss from discontinued operations of HK$2,860,000) during the year ended 31 March 2011.

(c) The amount represents the realised portion of gain on disposal of the Garment Trading Companies during the years ended 31 March 2011 and 2010 as a result of amortisation of intangible assets and tax effect thereon arising from the acquisition of the Garment Trading Companies by Easyknit Enterprises.

The Group performed impairment review assessment on interests in associates as at 31 March 2011 and 2010. The recoverable amounts of these interests in associates were determined based on a value-in-use calculation using discounted cashflow analysis to estimate the present value of the estimated future cash flows expected to be generated by the Group from its associates. This calculation uses cash flow projections based on one year period financial budgets approved by management of Easyknit Enterprises using a discount rate of 13% (2010: 13%).

21. INTERESTS IN ASSOCIATES – *continued*

Since the recoverable amounts of the interests in associates are higher than their carrying amounts as at 31 March 2011 and 2010, the directors of the Company are of the opinion that no impairment on interests in associates is considered necessary.

Particulars of the Group's principal associates as at 31 March 2011 and 2010 are as follows:

Name of associate	Form of business structure	Place of incorporation/ establishment/ registration	Principal place of operation	Class of shares held	Proportion of nominal value of issued capital/ paid up registered capital/stated capital held by the Group		Nature of business
					2011	2010	
Easyknit Enterprises[#]	Incorporated	Bermuda	Hong Kong	Ordinary	**31.70%**	31.70%	Investment holding
Chancemore Limited	Incorporated	British Virgin Islands	Hong Kong	Ordinary	**100%**	100%	Property investment
Clever Wise Holdings Limited	Incorporated	British Virgin Islands	Hong Kong	Ordinary	**100%**	100%	Property investment
Easyknit Global Company Limited	Incorporated	Hong Kong	Hong Kong	Ordinary	**100%**	100%	Trading of garments
Gainever Corporation Limited	Incorporated	Hong Kong	Hong Kong	Ordinary	**100%**	100%	Trading of marketable securities
Grand Profit Development Limited	Incorporated	Hong Kong	Hong Kong	Ordinary	**100%**	100%	Trading of garments
永義製衣（湖州）有限公司 ("Huzhou Garment")[1]	Establishment	PRC	PRC	N/A	**100%**	100%	Property investment

[1] Huzhou Garment is a wholly foreign owned enterprise established in the PRC, to be operated for 50 years up to 14 December 2054.

[#] Easyknit Enterprises is a company listed on the Main Board of the Stock Exchange.

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

22. AVAILABLE-FOR-SALE INVESTMENTS

	2011 HK$'000	2010 HK$'000
Equity securities listed in Hong Kong at market value	**46,293**	72,232

23. INVESTMENTS HELD FOR TRADING

	2011 HK$'000	2010 HK$'000
Equity securities listed in Hong Kong at market value	**96,948**	69,942

24. INVENTORIES

	2011 HK$'000	2010 HK$'000
Finished goods	**—**	945

25. TRADE AND OTHER RECEIVABLES

	2011 HK$'000	2010 HK$'000
Trade receivables	**675**	5,848
Other receivables	**1,776**	2,090
	2,451	7,938

The Group allows credit period of up to 20 days to its trade customers. The aged analysis of trade receivables based on invoice date at the end of the reporting period is as follows:

	2011 HK$'000	2010 HK$'000
0 - 60 days	**675**	5,353
61 - 90 days	**—**	495
	675	5,848

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

25. TRADE AND OTHER RECEIVABLES – *continued*

Included in the Group's trade receivables balance at 31 March 2010 were debtors with aggregate carrying amount of HK$775,000 (2011: nil) which were past due at the end of the reporting period for which the Group has not provided for allowance. The Group did not hold any collateral over these balances.

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

	2011 **HK$'000**	2010 HK$'000
Overdue by 1 to 60 days	**—**	771
Overdue by 61 to 90 days	**—**	4
	—	775

No allowance was made for trade receivables that are past due but not impaired at 31 March 2010 as the amounts were recovered during the year ended 31 March 2011.

All trade and other receivables are denominated in HKD, functional currency of the relevant group entity, at the end of each reporting period.

26. LOANS RECEIVABLE

	2011 **HK$'000**	2010 HK$'000
Unsecured amounts		
– guaranteed by outside parties and bearing interest at a fixed rate ranging from 5% to 7% (2010: a fixed rate ranging from 7% to 8.75%) per annum	**17,765**	17,500
– bearing interest at a fixed rate ranging from 5% to 7% (2010: bearing interest at a fixed rate ranging from 7% to 9%) per annum	**31,050**	51,700
Amount secured by a property and bearing interest at fixed rate of 4.5% per annum	**5,000**	—
	53,815	69,200
Less: Amount due from borrowers within one year shown under current assets	**(44,515)**	(59,200)
Amount due from borrowers after one year but not more than two years shown under non-current assets	**9,300**	10,000

The management closely monitors the credit quality of loans receivable and considers loans receivable that are neither past due nor impaired to be of good credit quality based on historical settlement records. No loans receivable is past due at the end of the reporting period.

All loans receivable are denominated in HKD, functional currency of the relevant group entity, at the end of each reporting period.

27. BANK BALANCES AND CASH

The amounts comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less, at prevailing market interest rates ranging from 0.001% to 0.01% (2010: 0.001% to 0.75%) per annum.

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

	2011 HK$'000	2010 HK$'000
USD	**3,057**	30,831
Euro	**—**	2

28. TRADE AND OTHER PAYABLES

	2011 HK$'000	2010 HK$'000
Trade payables	**7,659**	7,396
Rental deposits received	**6,968**	9,332
Deposits received from pre-sale of residential units	**26,993**	—
Accruals and other payables	**8,219**	14,017
	49,839	30,745

The aged analysis of trade payables based on invoice date at the end of the reporting period is as follows:

	2011 HK$'000	2010 HK$'000
0 - 60 days	**7,659**	4,127
61 - 90 days	**—**	557
Over 90 days	**—**	2,712
	7,659	7,396

All trade and other payables are denominated in HKD, functional currency of the relevant group entity, at the end of each reporting period.

29. SHARE CAPITAL

	Notes	Nominal value per share HK$	Number of shares	Amount HK$'000
Authorised:				
At 1 April 2009		0.01	100,000,000,000	1,000,000
Consolidation of shares	(a)		(90,000,000,000)	—
At 31 March 2010 and 31 March 2011		**0.1**	**10,000,000,000**	**1,000,000**
Issued and fully paid:				
At 1 April 2009		0.01	794,204,028	7,942
Exercise of share options	(b)	0.01	2	—
		0.01	794,204,030	7,942
Consolidation of shares	(a)		(714,783,627)	—
At 31 March 2010 and 31 March 2011		**0.1**	**79,420,403**	**7,942**

Notes:

(a) As announced by the Company on 8 December 2009, the Company proposed to effect a share consolidation and every ten issued and unissued shares of the Company of HK$0.01 each were consolidated into one consolidated share of HK$0.10 each. Details of the share consolidation are set out, inter alia, in the circular of the Company dated 29 January 2010. An ordinary resolution approving the share consolidation was passed at the special general meeting of the Company held on 17 February 2010 and the share consolidation became effective on 18 February 2010.

(b) On 13 January 2010, options to subscribe for a total of 2 ordinary shares of HK$0.01 each of the Company at a subscription price of HK$0.27 per share were granted pursuant to the Company's share option scheme adopted on 18 February 2002. The share options are exercisable within 30 days from the date of grant. The grant was accepted on 13 January 2010 for a nominal consideration of HK$1 and were exercised in full on the same day. These shares issued rank pari passu with the then existing shares in issue in all respects.

30. SHARE OPTION SCHEME

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

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

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

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

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

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

30. SHARE OPTION SCHEME – *continued*

A summary of the movement of the Company's share options during the year ended 31 March 2010 is as follows:

	Number of share options					
Date of grant	At 1 April 2009	Granted during the year	Exercised during the year	At 31 March 2010	Exercise price per share option	Exercise period
13 January 2010	—	2	(2)	—	HK$0.27	From 13 January 2010 to 12 February 2010

Notes:

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

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

There was no share options outstanding at 31 March 2011 and 2010 or at any time during the year ended 31 March 2011.

In the opinion of the directors of the Company, the estimated fair value of the share options granted on 13 January 2010 was insignificant.

31. DEFERRED TAXATION

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

	Accelerated tax depreciation HK$'000	Revaluation of properties HK$'000	Tax losses HK$'000	Total HK$'000
At 1 April 2009	246	33,949	(19,509)	14,686
Exchange realignment	—	153	—	153
Acquired from acquisition of subsidiaries (note 32)	—	34,369	(1,734)	32,635
(Credit) charge to profit or loss	(210)	19,037	6,400	25,227
Credit to profit or loss upon disposal	—	(580)	—	(580)
Charge to property revaluation reserve	—	2,029	—	2,029
At 31 March 2010	36	88,957	(14,843)	74,150
Exchange realignment	—	2,785	—	2,785
Charge to profit or loss	33	57,367	3,055	60,455
Credit to profit or loss upon disposal	—	(11,187)	—	(11,187)
At 31 March 2011	**69**	**137,922**	**(11,788)**	**126,203**

31. DEFERRED TAXATION – *continued*

For the purpose of presentation in the consolidated statement of financial position, the above deferred tax liabilities and assets have been offset.

At 31 March 2011, the Group has unused tax losses of HK$86,238,000 (2010: HK$159,490,000) available for offset against future profits. A deferred tax asset has been recognised in respect of HK$71,443,000 (2010: HK$89,957,000) of such losses. No deferred tax asset has been recognised in respect of the remaining tax losses of HK$14,795,000 (2010: HK$69,533,000) due to the unpredictability of future profits streams. At 31 March 2011, all of the unrecognised tax losses may be carried forward indefinitely. At 31 March 2010, the unrecognised tax losses may be carried forward indefinitely except the tax losses of HK$58,186,000 (2011: nil) which will expire as follows. The tax losses of HK$58,186,000 was eliminated upon dissolution of Mary Mac during the year ended 31 March 2011.

	2011	2010
	HK$'000	HK$'000
Year of expiry		
2022	—	1,821
2023	—	2,163
2024	—	11,225
2025	—	13,272
2026	—	7,650
2027	—	9,022
2028	—	7,300
2029	—	2,424
2030	—	3,309
	—	58,186

32. ACQUISITION OF SUBSIDIARIES

As referred to in note 16(f) and set out in the circular of the Company dated 4 December 2009, the Group entered into two separate sale and purchase agreements with Ms. Lui Yuk Chu, a director and a substantial shareholder of the Company, to acquire the entire issued share capital of each of Supertop and Grow Well together with settlement of the interest-free shareholders' loans and bank borrowings owed by Supertop and Grow Well for a total consideration of HK$226,251,000. Grow Well owns investment properties in Singapore, and Supertop, through its wholly-owned subsidiary, owns investment properties in Hong Kong. Supertop and its subsidiary are collectively referred to as the "Supertop Group".

These acquisitions were completed on 22 December 2009 and was accounted for as purchase of assets and liabilities rather than business combination as each of the Supertop Group and Grow Well was not a business.

32. ACQUISITION OF SUBSIDIARIES – *continued*

The net assets acquired in these acquisitions were as follows:

	The Supertop Group HK$'000	Grow Well HK$'000	Total HK$'000
Net assets acquired:			
Investment properties	116,205	144,316	260,521
Other receivables	110	137	247
Bank balances and cash	747	142	889
Other payables	(842)	(442)	(1,284)
Tax payable	—	(71)	(71)
Bank borrowings	(42,161)	(27,531)	(69,692)
Loans from a former shareholder	(17,469)	(86,007)	(103,476)
Deferred tax liabilities	(11,547)	(21,088)	(32,635)
	45,043	9,456	54,499
Settlement of bank borrowings			69,692
Settlement of loans from a former shareholder			103,476
			227,667
Represented by:			
Consideration satisfied by cash			226,251
Direct expenses incurred in connection with the acquisition of subsidiaries			1,416
			227,667
Net cash outflow arising from acquisitions:			
Cash consideration paid			(226,251)
Direct expenses incurred in connection with the acquisition of subsidiaries			(1,416)
Cash and cash equivalents acquired			889
			(226,778)

33. DISPOSAL OF SUBSIDIARIES

As referred to in note 16(e) and set out in the circular of the Company dated 29 January 2010, the Group entered into an agreement with Quick Easy Limited, a wholly-owned subsidiary of Easyknit Enterprises, to dispose of the entire issued share capital of the Garment Trading Companies for a cash consideration of HK$80,000,000. The disposal was completed on 1 March 2010.

The net assets disposed of at the date of disposal were as follows:

	HK$'000
Net assets disposed of:	
Property, plant and equipment	1,141
Trade and other receivables	12,521
Bills receivable	26,115
Bank balances and cash	415
Trade and other payables	(16,440)
Bills payable	(1,033)
	22,719
Gain on disposal of subsidiaries	
– realised	37,374
– unrealised (note)	17,346
Total consideration	77,439
Satisfied by:	
Cash consideration	80,000
Direct expenses incurred in connection with the disposal of subsidiaries	(2,561)
	77,439
Net cash inflow arising on disposal of subsidiaries:	
Cash received	80,000
Direct expenses incurred in connection with the disposal of subsidiaries	(2,561)
Cash and cash equivalents disposed of	(415)
	77,024

Note: The amount represented the unrealised gain on disposal by the Group of the entire issued share capital of the Garment Trading Companies to a wholly-owned subsidiary of the Group's associate, Easyknit Enterprises, at the date of disposal (see note 21).

34. PLEDGE OF ASSETS

At the end of the reporting period, the following assets of the Group were pledged to a bank to secure credit facilities granted to the Group:

	2011	2010
	HK$'000	HK$'000
Investment properties	**655,000**	—

35. OPERATING LEASE ARRANGEMENTS

The Group as lessee

	2011	2010
	HK$'000	HK$'000
Minimum lease payments recognised in profit or loss during the year	**1,536**	2,250

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2011	2010
	HK$'000	HK$'000
Within one year	**1,620**	91
In the second to fifth year inclusive	**297**	—
	1,917	91

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

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

35. OPERATING LEASE ARRANGEMENTS – *continued*

The Group as lessor

	2011 HK$'000	2010 HK$'000
Property rental income earned during the year	**35,327**	29,668
Less: Outgoings	**(2,064)**	(1,277)
Net rental income	**33,263**	28,391

At the end of the reporting period, the Group had contracted with tenants for the following future minimum lease payments:

	2011 HK$'000	2010 HK$'000
Within one year	**24,868**	28,627
In the second to fifth year inclusive	**21,233**	22,877
	46,101	51,504

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

36. RETIREMENT BENEFITS SCHEMES

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

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

The aggregate employers' contributions which have been dealt with in profit or loss for the year ended 31 March 2011 amounted to HK$240,000 (2010: HK$659,000).

At the end of the reporting period, the total amount of forfeited contributions available to reduce the contributions payable in the future years was insignificant.

37. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Particulars of the Company's principal subsidiaries as at 31 March 2011 and 2010 are as follows:

Name of subsidiary	Place of incorporation/ establishment and operation	Nominal value of issued share/ registered capital	Proportion of nominal value of issued share capital/ registered capital held by the Company				Principal activities
			2011		2010		
			Directly	Indirectly	Directly	Indirectly	
Chief Access Limited##	British Virgin Islands/ Hong Kong	Ordinary US$1	–	100%	–	–	Property development
Easyknit BVI Limited	British Virgin Islands/ Hong Kong	Ordinary US$100	100%	–	100%	–	Investment holding
Easyknit International Limited	British Virgin Islands/ Hong Kong	Ordinary US$1	100%	–	100%	–	Investment holding
Easyknit Properties Holdings Limited	British Virgin Islands/ Hong Kong	Ordinary US$1,000	100%	–	100%	–	Investment holding
Easyknit Properties Management Limited	Hong Kong	Ordinary HK$10,000	–	100%	–	100%	Property management
Goldchamp International Limited	Hong Kong	Ordinary HK$2	–	100%	–	100%	Property holding
Golden Top Properties Limited	Hong Kong	Ordinary HK$2	–	100%	–	100%	Property holding
Grow Well Profits Limited	British Virgin Islands/ Singapore	Ordinary US$1	–	100%	–	100%	Property holding
Happy Light Investments Limited	British Virgin Islands/ Hong Kong	Ordinary US$1	–	100%	–	100%	Property development
Janson Properties Limited	Hong Kong	Ordinary HK$2	–	100%	–	100%	Property holding
Kingbest Capital Holdings Limited	British Virgin Islands/ Hong Kong	Ordinary US$1	–	100%	–	100%	Property development
Landmark Profits Limited	British Virgin Islands/ Hong Kong	Ordinary US$1	100%	–	100%	–	Investment holding
Mark Profit Development Limited	Hong Kong	Ordinary HK$2	–	100%	–	100%	Property and investment holding
Mary Mac Apparel Inc.#	USA	Common stock US$7,738,667	–	–	–	100%	Garment distribution
Planetic International Limited	Hong Kong	Ordinary HK$2	–	100%	–	100%	Finance company
Supertop Investment Limited	British Virgin Islands/ Hong Kong	Ordinary US$1	–	100%	–	100%	Investment holding
Trump Elegant Investment Limited	Hong Kong	Ordinary HK$1	–	100%	–	100%	Property development
Wellmake Investments Limited	Hong Kong	Ordinary HK$9,998 (Non-voting deferred HK$2)*	–	100%	–	100%	Property holding

37. PARTICULARS OF PRINCIPAL SUBSIDIARIES – *continued*

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

This company was dissolved during the year ended 31 March 2011.

This company was acquired by the Group during the year ended 31 March 2011. Details are set out in note 18(c).

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

None of the subsidiaries had issued any debt securities at 31 March 2011 or 31 March 2010.

38. EVENT AFTER THE REPORTING PERIOD

Subsequent to 31 March 2011, the Group entered into sale and purchase agreements with independent third parties to acquire certain properties, which will be held for development for sale, located at Nos. 301, 301A-C Prince Edward Road West, Kowloon, Hong Kong for a total cash consideration of HK$131,300,000. Details of the acquisitions are set out in the circular of the Company dated 3 June 2011.

39. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2011 **HK$'000**	2010 HK$'000
Non-current assets		
Interests in subsidiaries	**1,760,398**	1,656,306
Current assets		
Other receivables	**250**	147
Bank balances and cash	**71,348**	114,957
	71,598	115,104
Current liabilities		
Other payables	**664**	1,583
Amounts due to subsidiaries	**127,818**	96,938
	128,482	98,521
Net current (liabilities) assets	**(56,884)**	16,583
Net assets	**1,703,514**	1,672,889
Capital and reserves		
Share capital	**7,942**	7,942
Reserves	**1,695,572**	1,664,947
Equity attributable to owners of the Company	**1,703,514**	1,672,889

RESULTS

	Year ended 31 March				
	2007 HK$'000 (Restated)	2008 HK$'000 (Restated)	2009 HK$'000 (Restated)	2010 HK$'000 (Restated)	**2011 HK$'000**
Turnover	560,453	524,583	465,662	35,289	**39,986**
(Loss) profit before taxation	(109,470)	60,100	(106,390)	210,021	**438,816**
Taxation (charge) credit	(6,127)	4,236	5,006	(22,663)	**(49,505)**
(Loss) profit for the year attributable to owners of the Company	(115,597)	64,336	(101,384)	187,358	**389,311**

ASSETS AND LIABILITIES

	At 31 March				
	2007 HK$'000	2008 HK$'000	2009 HK$'000	2010 HK$'000	**2011 HK$'000**
Total assets	1,473,064	1,559,398	1,443,902	1,744,172	**2,162,765**
Total liabilities	(103,886)	(89,869)	(78,718)	(128,890)	**(200,134)**
Equity attributable to owners of the Company	1,369,178	1,469,529	1,365,184	1,615,282	**1,962,631**

A. INVESTMENT PROPERTIES

Location	Purpose	Approximate gross floor/ saleable area (sq. ft.)	Lease term
1. 6th Floor, Nos. 650-652 Castle Peak Road, and No. 18A Wing Hong Street, Kowloon	Industrial	8,514	Medium
2. 2nd Floor, Nos. 790, 792 and 794 Cheung Sha Wan Road, Kowloon	Industrial	2,997	Medium
3. Block B1 and portion of Block B on 7th Floor, No. 481 Castle Peak Road, Cheung Sha Wan, Kowloon	Industrial	6,992	Medium
4. Unit B on First Floor, Fung Wah Factory Building, Nos. 646, 648, 648A Castle Peak Road, Kowloon	Industrial	1,937	Medium
5. Roof, No. 20 Wing Hong Street, Kowloon	Industrial	2,657	Medium
6. Fifth Floor, No. 20 Wing Hong Street, Kowloon	Industrial	2,637	Medium
7. Easy Tower Nos. 609 Tai Nan West Street, Cheung Sha Wan, Kowloon	Industrial/ commercial	74,458	Medium
8. Block A on 7th Floor, No. 481 Castle Peak Road, Cheung Sha Wan, Kowloon	Industrial/ commercial	11,874	Medium

A. INVESTMENT PROPERTIES – *continued*

Location	Purpose	Approximate gross floor/ saleable area (sq. ft.)	Lease term
9. Shops 1, 2, 3 on Ground Floor together with showcase on Ground Floor, First Floor and Second Floor of Fa Yuen Plaza, No. 19 Fa Yuen Street, Mong Kok, Kowloon	Commercial	13,544	Medium
10. Ground Floor, No. 50 Yun Ping Road, Causeway Bay, Hong Kong	Commercial	900	Long
11. House 9, Villa Castell, No. 20 Yau King Lane, Tai Po, New Territories	Residential	2,358	Medium
12. Units 1 and 2 on Seventh Floor, Block D and Car Parking Space No. 46 on Lower Ground Floor, Shatin Heights, No. 8003 Tai Po Road Shatin, New Territories	Residential	2,086	Medium
13. Third Floor, 161 Wong Nai Chung Road, Hong Kong	Residential	781	Medium
14. 15 Ardmore Park #04-03, Singapore 259959	Residential	2,885	Freehold
15. 15 Ardmore Park #06-04, Singapore 259959	Residential	2,885	Freehold
16. 15 Ardmore Park #18-02, Singapore 259959	Residential	2,885	Freehold

B. PROPERTIES HELD FOR DEVELOPMENT

Location	Purpose	Approximate gross site area (sq. ft.)	Percentage of interest	Lease term	Stage of completion
1. Nos. 1 & 1A, 3 & 3A Victory Avenue, Kowloon (The whole of Kowloon Inland Lot Nos. 1343 and 1344)	Residential	5,001	100%	Long	Under development
2. Nos. 313 313A, 313B and 313C, Prince Edward Road West, Kowloon (Section B of Kowloon Inland Lot No. 1685)	Residential	7,561	100%	Long	Under development
3. Nos. 311B and 311D, Prince Edward Road West, Kowloon (Sub-Section 1 of Section A of Kowloon Inland Lot No. 2978)	Residential	4,918	100%	Long	Under development
4. Nos. 311A and 311C Prince Edward Road West, Kowloon (Remaining portion of Section A of Kowloon Inland Lot No . 2978)	Residential	4,918	100%	Long	Under development