

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2005

1. GENERAL

The Company is incorporated in Bermuda with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The Company is an investment holding company. During the year ended 31 March 2005, its subsidiaries were engaged in the following principal activities:

- (a) Apparel trading
- (b) Securities trading
- (c) Strategic investments
- (d) Provision of container depots and logistics management services (discontinued operations – Note 5)
- (e) Provision of freight forwarding and vessel operating common carrier services (discontinued operations – Note 5)

2. RECENTLY ISSUED HONG KONG FINANCIAL REPORTING STANDARDS

The Hong Kong Institute of Certified Public Accountants (the “HKICPA”) has issued a number of new and revised Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards (the “new HKFRSs”) which are effective for accounting periods beginning on or after 1 January 2005. The Group has not early adopted the new HKFRSs in the financial statements for the year ended 31 March 2005. The Group has already commenced an assessment of the impact of the new HKFRSs but is not yet in a position to state whether the new HKFRSs would have a significant impact on its results of operations and financial position.

3. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial statements have been prepared in accordance with accounting principles generally accepted in Hong Kong and comply with accounting standards issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except that, as disclosed in the accounting policies below, leasehold properties and other investments are stated at fair value.

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2005

3. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(b) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to 31 March each year, unless the subsidiaries are acquired and held exclusively with a view to be disposed of in the near future or operate under severe long-term restrictions which significantly impair their ability to transfer funds to the Company.

The results of subsidiaries acquired or disposed of during the year are consolidated from and up to their effective dates of acquisition and disposal, respectively. Minority interests, represent the interests of outside shareholders in the net assets and operating results of subsidiaries, are shown separately in the balance sheet and income statement, respectively.

All significant inter-company transactions and balances within the Group have been eliminated on consolidation.

(c) Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary or an associate at the date of acquisition.

Goodwill arising on acquisition after 1 April 2001 is recognised as an asset and amortised on a straight line basis over its estimated useful life of 5 to 10 years. Goodwill arising on the acquisition of an associate is included within the carrying amount of the associate. Goodwill arising on the acquisition of subsidiaries is presented separately in the balance sheet.

Goodwill arising on acquisition prior to 1 April 2001 was written off against reserves and will be charged to the income statement at the time of disposal of the relevant subsidiary or associate, or at such time as the goodwill is determined to be impaired.

On disposal of a subsidiary or an associate, the attributable amount of unamortised goodwill or goodwill previously eliminated against reserves is included in the determination of the profit or loss on disposal.

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2005**3. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****(d) Negative goodwill**

Negative goodwill represents the excess of the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary or an associate at the date of acquisition over the cost of acquisition.

Negative goodwill arising on acquisition after 1 April 2001 is presented as a deduction from assets and will be released to income based on an analysis of the circumstances from which the balance resulted. To the extent that the negative goodwill is attributable to losses or expenses anticipated at the date of acquisition, it is released to income in the period in which those losses or expenses arise. The remaining negative goodwill is recognised as income on a straight line basis over the remaining average useful lives of the identifiable acquired depreciable assets. To the extent that such negative goodwill exceeds the aggregate fair value of the acquired identifiable non-monetary assets, it is recognised as income immediately. Negative goodwill arising on the acquisition of an associate is deducted from the carrying value of that associate. Negative goodwill arising on the acquisition of subsidiaries is presented separately in the balance sheet as a deduction from assets.

Negative goodwill arising on acquisition prior to 1 April 2001 continues to be held in reserves and will be credited to income at the time of disposal of the relevant subsidiary or associate.

(e) Property, plant and equipment

Property, plant and equipment are stated at cost or valuation less accumulated depreciation and any impairment losses.

The gain or loss arising on disposal or retirement of an asset is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in the income statement.

Any surplus arising on revaluation of leasehold properties is credited to the other property revaluation reserve, and any decrease in net carrying amount arising on revaluation of leasehold properties is charged to the income statement to the extent that it exceeds the surplus, if any, held in the other property revaluation reserve relating to previous revaluations. On disposal of a revalued asset, the relevant portion of the other property revaluation reserve realised in respect of previous valuations is transferred to accumulated profits/(losses) as a movement in reserves.

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2005

3. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(e) Property, plant and equipment *(Continued)*

Depreciation is provided on a straight line basis to write off the cost or valuation of property, plant and equipment over their estimated useful lives, at the following rates per annum:

Leasehold land	Over the remaining unexpired terms of leases
Buildings	2% – 2.5%
Leasehold improvements	10% – 50% or over the remaining unexpired terms of the leases whichever is shorter
Furniture, fixtures and equipment	12 $\frac{1}{2}$ % – 33 $\frac{1}{3}$ %
Motor vehicles	16 $\frac{2}{3}$ % – 20%
Tractors, trailers and chassis	8 $\frac{1}{3}$ %
Plant and machinery	6 $\frac{2}{3}$ % – 20%

(f) Interests in subsidiaries

A subsidiary is a company that the Company controls which is normally evidenced when the Company has the power, directly or indirectly, to govern its financial and operating policies so as to benefit from its activities.

Interests in subsidiaries are included in the Company's balance sheet at cost less any impairment losses.

(g) Interests in associates

An associate is a company, not being a subsidiary, in which the Group has significant influence, but not control, over its management including participation in the financial and operating policy decisions.

The income statement includes the Group's share of the post-acquisition results of its associates for the year. In the consolidated balance sheet, interests in associates are stated at the Group's share of the net assets of the associates plus goodwill/(negative goodwill) arising on acquisition, less any impairment losses.

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2005**3. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****(h) Impairment of assets**

At each balance sheet date, the Group reviews the carrying amounts of its assets including property, plant and equipment and other non-current assets to determine whether there is any indication that those assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease in accordance with the relevant accounting policy for that revalued asset.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase in accordance with the relevant accounting policy for that revalued asset.

(i) Other investments

Other investments are carried at fair value. At each balance sheet date, the net unrealised gains and losses arising from the changes in fair value of other investments are recognised in the income statement. Profits or losses on disposal of other investments representing the difference between the net sales proceeds and the carrying amounts and are recognised in the income statement as they arise.

(j) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the first-in, first-out method. Net realisable value is determined on the basis of anticipated sales proceeds less estimated costs of completion and estimated selling expenses.

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2005

3. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(k) Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably. A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that outflow is probable, they will then be recognised as a provision.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the Group. A contingent asset is not recognised but is disclosed in the notes to the financial statements when an inflow of economic benefits is probable. When inflow is virtually certain, an asset is recognised.

(l) Revenue recognition

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

Sales of other investments are recognised when the sales contracts become unconditional.

Revenue from the rendering of freight forwarding and vessel operating common carrier services, container depot services and logistics management services is recognised when the risk of transaction is substantially transferred, which generally coincides with the date of departure for outward freight and the date of arrival for inward freight, the date of service rendered of vessel operating common carrier services and container depot services and logistics management services.

Interest income is accrued on a time proportion basis by reference to the principal outstanding and at the interest rate applicable.

Rental/royalty income is recognised on a time proportion basis in accordance with the terms and conditions of the tenancy/royalty agreements.

Dividend income is recognised when the shareholders' right to receive payment has been established.

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2005**3. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****(m) Employee benefits***(i) Employee leave entitlements*

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the balance sheet date.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(ii) Retirement benefits costs

Payments to defined contribution retirement benefits schemes are charged as expenses as they fall due.

(n) Taxation

Income tax comprises current tax and movements in deferred tax assets and liabilities.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date.

Deferred taxation is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Taxation rates enacted or substantively enacted by the balance sheet date are used to determine deferred taxation.

Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred taxation is provided on temporary differences arising on interests in subsidiaries and associates except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2005

3. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(o) Operating leases

Leases where substantially all the risks and rewards of ownership of assets remain with the leasing company are accounted for as operating leases.

Rentals payable under operating leases are charged to the income statement on a straight line basis over the lease terms.

(p) Foreign currencies

Foreign currency translations are recorded at the applicable rates of exchange ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the applicable rates of exchange ruling at that date. Exchange differences are dealt with in the income statement.

On consolidation, the balance sheets of overseas subsidiaries and associates are translated into Hong Kong dollars at the rates of exchange ruling at the balance sheet date, whereas the income statements are translated at the average rates for the year. The resulting translation differences are included in the translation reserve.

(q) Related parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities.

(r) Cash and cash equivalents

For the purpose of the consolidated cash flow statement, cash and cash equivalents consist of cash on hand, demand deposits and short term highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of change in value, and have a short maturity of generally within three months when acquired. Bank overdrafts which are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents.

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2005**3. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****(s) Share option scheme**

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants for their contribution and support to the Group. The financial impact of share options granted under the share option scheme is not recorded in the Company's and the Group's balance sheet until such time as the options are exercised, and no charge is recorded in the income statement or balance sheet for their cost. Upon the exercise of share options, the resulting shares issued are recorded by the Company as additional share capital at the nominal value of the shares, and the excess of the exercise price per share over the nominal value of the shares is recorded by the Company in the share premium account. Options which are cancelled prior to their exercise date, or which have lapsed, are deleted from the register of outstanding options and have no impact on the income statement or balance sheet.

(t) Segment reporting

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

The Group has chosen business segment information as the primary reporting format and geographical segment information as the secondary reporting format.

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

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

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2005

4. TURNOVER

Turnover represents the amounts received and receivable for apparel trading, sales of other investments, container depot services and logistics management services, and freight forwarding and vessel operating common carrier services rendered by the Group during the year. An analysis of the Group's turnover is as follows:

	2005 <i>HK\$'000</i>	2004 <i>HK\$'000</i>
Continuing operations		
Apparel trading	90,948	76,008
Sales of other investments	60,991	1,053
	151,939	77,061
Discontinued operations (<i>Note 5</i>)		
Provision of container depot services and logistics management services	482	23,138
Provision of freight forwarding and vessel operating common carrier services	1,531	23,323
	2,013	46,461
	153,952	123,522

5. DISCONTINUED OPERATIONS

	2005 <i>HK\$'000</i>	2004 <i>HK\$'000</i>
Gain on disposal of container depots and logistics management services operations	22,063	–
Loss on disposal of freight forwarding and vessel operating common carrier services operations	(489)	–
Gain on disposal of subsidiaries attributable to discontinued operations	21,574	–

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2005**5. DISCONTINUED OPERATIONS (Continued)****(a) Container depots and logistics management services operations**

On 22 March 2004, the Group entered into a sale and purchase agreement to dispose of its entire 60% equity interest in United Asia Terminal Holdings Limited ("United Asia") and the amount due from United Asia to the Group at a total consideration of HK\$33,000,000. United Asia and its subsidiaries ("United Asia Group") were principally engaged in the provision of container depots and logistics management services. Upon the completion of the disposal on 6 April 2004, the Group discontinued its container depots and logistics management services operations. Gain on disposal of the aforesaid discontinued operations of approximately HK\$22,063,000 has been credited to the income statement. No income tax expense or credit arose from the disposal.

The turnover, other revenue, results, cash flows, total assets and total liabilities of the container depots and logistics management services operations are as follows:

	Period from 1 April 2004 to 6 April 2004 HK\$'000	Year ended 31 March 2004 HK\$'000
Turnover	482	23,138
Direct operating costs	(314)	(16,542)
Gross profit	168	6,596
Other revenue	–	9
Operating expenses	(80)	(5,632)
Profit from ordinary activities before taxation	88	973
Taxation	–	(603)
Profit before minority interests	88	370
Minority interests	(35)	(42)
Net profit for the period/year	53	328
Net cash used in operating activities	(377)	(642)
Net cash used in investing activities	–	(436)
Net cash from financing activities	–	1,081
Effect on foreign exchange rate changes	–	(9)
Total net cash outflow	(377)	(6)

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2005

5. DISCONTINUED OPERATIONS *(Continued)*

(a) Container depots and logistics management services operations *(Continued)*

	As at 6 April 2004 HK\$'000	As at 31 March 2004 HK\$'000
Total assets	68,479	68,448
Total liabilities, including amount due to the Group of approximately HK\$50,788,000 (2004: HK\$50,788,000)	(93,228)	(93,285)
Minority interests	5,648	5,683
Net liabilities	<u>(19,101)</u>	<u>(19,154)</u>

(b) Freight forwarding and vessel operating common carrier services operations

On 30 March 2004, the Group entered into a sale and purchase agreement to dispose of its entire 100% equity interest in Jungjin Logistics Development Limited ("Jungjin Logistics") and the amount due from Jungjin Logistics to the Group at a total consideration of HK\$3,155,000. Jungjin Logistics and its subsidiaries ("Jungjin Logistics Group") were principally engaged in the provision of freight forwarding and vessel operating common carrier services. Upon the completion of the disposal on 22 April 2004, the Group discontinued its freight forwarding and vessel operating common carrier services operations. Loss on disposal of the aforesaid discontinued operations of approximately HK\$489,000 has been charged to the income statement. No income tax expense or credit arose from the disposal.

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2005

5. DISCONTINUED OPERATIONS *(Continued)*

(b) Freight forwarding and vessel operating common carrier services operations *(Continued)*

The turnover, other revenue, results, cash flows, total assets and total liabilities of the freight forwarding and vessel operating common carrier services operations are as follows:

	Period from 1 April 2004 to 22 April 2004 <i>HK\$'000</i>	Year ended 31 March 2004 <i>HK\$'000</i>
Turnover	1,531	23,323
Direct operating costs	(1,302)	(19,402)
Gross profit	229	3,921
Other revenue	–	13
Operating expenses	(457)	(4,119)
Loss from operations	(228)	(185)
Finance costs	–	(2)
Interest in an associate written off	–	(22)
Net loss for the period/year	(228)	(209)
Net cash (used in)/from operating activities	(793)	638
Net cash used in investing activities	(101)	(58)
Total net cash (outflow)/inflow	(894)	580

	As at 22 April 2004 <i>HK\$'000</i>	As at 31 March 2004 <i>HK\$'000</i>
Total assets	7,534	7,796
Total liabilities, including amount due to the Group of approximately HK\$26,151,000 (2004: HK\$26,151,000)	(30,160)	(30,194)
Net liabilities	(22,626)	(22,398)

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2005

6. BUSINESS AND GEOGRAPHICAL SEGMENTS

Business segments

The Group is currently organised its operations into the following business segments:

- (a) apparel trading
- (b) securities trading
- (c) strategic investments and others

During the year ended 31 March 2005, the Group had discontinued its container depots and logistics management services operations, and its freight forwarding and vessel operating common carrier services operations, details of which are set out in Note 5.

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2005

6. BUSINESS AND GEOGRAPHICAL SEGMENTS *(Continued)*

Business segments *(Continued)*

An analysis of the Group's turnover, contribution to loss from operations for the years ended 31 March 2005 and 2004 and certain asset, liability and expenditure information regarding business segments is as follows:

	Continuing operations			Discontinued operations		Consolidated HK\$'000
	Apparel trading HK\$'000	Securities trading HK\$'000	Strategic investments and others HK\$'000	Operation of container depots and logistics management services HK\$'000	Freight forwarding and vessel operating common carrier services HK\$'000	
For the year ended 31 March 2005						
Turnover	90,948	60,991	-	482	1,531	153,952
Segment results	(9,667)	26	-	88	(228)	(9,781)
Interest income						81
Group overheads						(2,726)
Loss from operations						(12,426)
Finance costs						(1,242)
Gain/(Loss) on disposal of subsidiaries attributable to discontinued operations	-	-	-	22,063	(489)	21,574
Amortisation of goodwill arising on acquisition of subsidiaries	(1,843)	-	-	-	-	(1,843)
Amortisation of goodwill arising on acquisition of associates	-	-	(192)	-	-	(192)
Impairment losses recognised in relation to goodwill arising on acquisition of associates	-	-	(1,231)	-	-	(1,231)
Share of results of associates	-	-	14	-	-	14
Provision for loan receivables						(21)
Profit from ordinary activities before taxation						4,633
Taxation						-
Profit before minority interests						4,633
Minority interests						(35)
Net profit for the year						4,598

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2005

6. BUSINESS AND GEOGRAPHICAL SEGMENTS *(Continued)*

Business segments *(Continued)*

	Continuing operations			Discontinued operations		Consolidated HK\$'000
	Apparel trading HK\$'000	Securities trading HK\$'000	Strategic investments and others HK\$'000	Operation of container depots and logistics management services HK\$'000	Freight forwarding and vessel operating common carrier services HK\$'000	
As at 31 March 2005						
ASSETS						
Segment assets	81,416	1,149	1,159	-	-	83,724
Interests in associates	-	-	-	-	-	-
Unallocated corporate assets						2,346
Consolidated total assets						<u>86,070</u>
LIABILITIES						
Segment liabilities	11,976	-	1,159	-	-	13,135
Unallocated corporate liabilities						22,730
Consolidated total liabilities						<u>35,865</u>
OTHER INFORMATION						
Capital additions	1,187	-	-	-	101	1,288
Amortisation of goodwill arising on acquisition of subsidiaries	1,843	-	-	-	-	1,843
Amortisation of goodwill arising on acquisition of associates	-	-	192	-	-	192
Depreciation	989	15	-	49	13	1,066
Impairment losses recognised in relation to goodwill arising on acquisition of associates	-	-	1,231	-	-	1,231
Write down of inventories to net realisable value	9,186	-	-	-	-	9,186

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2005

6. BUSINESS AND GEOGRAPHICAL SEGMENTS *(Continued)*

Business segments *(Continued)*

	Continuing operations			Discontinued operations		Consolidated HK\$'000
	Apparel trading HK\$'000	Securities trading HK\$'000	Strategic investments and others HK\$'000	Operation of container depots and logistics management services HK\$'000	Freight forwarding and vessel operating common carrier services HK\$'000	
For the year ended 31 March 2004						
Turnover	76,008	1,053	–	23,138	23,323	123,522
Segment results	(14,253)	74	(62)	964	(183)	(13,460)
Interest income						784
Group overheads						(5,093)
Loss from operations						(17,769)
Finance costs						(4,878)
Gain on disposal of a subsidiary	–	–	488	–	–	488
Amortisation of goodwill arising on acquisition of subsidiaries	(941)	–	–	–	–	(941)
Amortisation of goodwill arising on acquisition of associates	–	–	(2,323)	–	–	(2,323)
Impairment losses recognised in relation to goodwill arising on acquisition of associates	–	–	(12,413)	–	–	(12,413)
Provision for loan receivables	–	–	(14)	–	–	(14)
Interest in an associate written off	–	–	–	–	(22)	(22)
Share of results of associates	–	–	135	–	–	135
Reserve realised upon expiry of warrants						33,392
Loss from ordinary activities before taxation						(4,345)
Taxation						(656)
Loss before minority interests						(5,001)
Minority interests						(42)
Net loss for the year						(5,043)

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2005

6. BUSINESS AND GEOGRAPHICAL SEGMENTS *(Continued)*

Business segments *(Continued)*

	Continuing operations			Discontinued operations		Consolidated HK\$'000
	Apparel trading HK\$'000	Securities trading HK\$'000	Strategic investments and others HK\$'000	Operation of container depots and logistics management services HK\$'000	Freight forwarding and vessel operating common carrier services HK\$'000	
As at 31 March 2004						
ASSETS						
Segment assets	86,404	–	8,913	68,448	7,796	171,561
Interests in associates	–	–	1,409	–	–	1,409
Unallocated corporate assets						4,404
Consolidated total assets						<u>177,374</u>
LIABILITIES						
Segment liabilities	9,521	–	7,529	6,143	4,002	27,195
Unallocated corporate liabilities						96,391
Consolidated total liabilities						<u>123,586</u>
OTHER INFORMATION						
Capital additions	1,319	–	32	446	62	1,859
Amortisation of goodwill arising on acquisition of subsidiaries	941	–	–	–	–	941
Amortisation of goodwill arising on acquisition of associates	–	–	2,323	–	–	2,323
Depreciation	757	–	87	3,469	231	4,544
Impairment losses recognised in relation to goodwill arising on acquisition of associates	–	–	12,413	–	–	12,413
Write down of inventories to net realisable value	<u>4,601</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>4,601</u>

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2005

6. BUSINESS AND GEOGRAPHICAL SEGMENTS *(Continued)*

Geographical segments

The Group's operations are principally located in the People's Republic of China (the "PRC") and Hong Kong.

An analysis of the Group's turnover and contribution to loss from operations by geographical market, irrespective of the origin of the goods/services is as follows:

	Turnover by geographical market		Contribution to loss from operations	
	2005 <i>HK\$'000</i>	2004 <i>HK\$'000</i>	2005 <i>HK\$'000</i>	2004 <i>HK\$'000</i>
The PRC	28,406	70,075	4,745	(7,592)
Hong Kong	125,546	53,447	(14,526)	(5,868)
	<u>153,952</u>	<u>123,522</u>	<u>(9,781)</u>	<u>(13,460)</u>
Interest income			81	784
Group overheads			(2,726)	(5,093)
Loss from operations			<u>(12,426)</u>	<u>(17,769)</u>

An analysis of the carrying amount of segment assets and additions to property, plant and equipment, by geographical areas is as follows:

	Carrying amount of segment assets		Additions to property, plant and equipment	
	2005 <i>HK\$'000</i>	2004 <i>HK\$'000</i>	2005 <i>HK\$'000</i>	2004 <i>HK\$'000</i>
The PRC	28,968	88,934	915	508
Hong Kong	57,102	88,440	373	1,351
	<u>86,070</u>	<u>177,374</u>	<u>1,288</u>	<u>1,859</u>

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2005

7. OTHER REVENUE

	2005 <i>HK\$'000</i>	2004 <i>HK\$'000</i>
Other revenue includes the following:		
Dividend income from other investments	14	–
Interest income	81	784
Rental income	747	1,016
Royalty income	1,248	1,035
Waiver of amounts due to other/trade creditors	–	673
Write back of amounts due to other creditors	2,721	616
	<u>2,721</u>	<u>616</u>

8. OTHER OPERATING EXPENSES

	2005 <i>HK\$'000</i>	2004 <i>HK\$'000</i>
Provision for bad and doubtful debts, net	215	9,708
Unrealised loss on other investments, net	30	–
	<u>245</u>	<u>9,708</u>

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2005**9. LOSS FROM OPERATIONS**

Loss from operations has been arrived at after charging/(crediting):

	2005 <i>HK\$'000</i>	2004 <i>HK\$'000</i>
Cost of sales		
Apparel trading	39,451	41,245
Write down of inventories to net realisable value	9,186	4,601
	48,637	45,846
Securities trading	60,949	969
	109,586	46,815
Auditors' remuneration		
Current year	462	702
Overprovision for prior years	(13)	(292)
	449	410
Depreciation	1,066	4,544
Loss on disposal of property, plant and equipment	174	1,201
Operating lease rentals in respect of		
Land and buildings	10,510	7,552
Vessels	–	3,313
Outgoings in respect of rental income	242	325
Royalty expenses	4,364	2,569
Staff salaries and other benefits	17,125	15,079
Staff retirement benefits scheme contributions, net of forfeited contributions of approximately HK\$11,000 (2004: HK\$309,000)	705	566
Provision for long service payments	44	959
Total staff costs including directors' emoluments	17,874	16,604
Gain on disposal of other investments, net	(42)	(84)

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2005**10. DIRECTORS' AND FIVE HIGHEST PAID INDIVIDUALS' EMOLUMENTS**

The emoluments of the directors and the five highest paid individuals are summarised as follows:

	2005 <i>HK\$'000</i>	2004 <i>HK\$'000</i>
Directors' emoluments		
Fees:		
Executive directors	120	102
Non-executive director	60	51
Independent non-executive directors	152	111
	<u>332</u>	<u>264</u>
Other emoluments to executive directors:		
Salaries, housing allowances and other benefits	555	305
	<u>887</u>	<u>569</u>

Emoluments of the directors were within the following band:

	Number of directors	
	2005	2004
Nil – HK\$1,000,000	<u>6</u>	<u>12</u>

There was no arrangement under which a director waived or agreed to waive any emoluments during the year.

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2005**10. DIRECTORS' AND FIVE HIGHEST PAID INDIVIDUALS' EMOLUMENTS**
*(Continued)***Five highest paid individuals' emoluments**

The five highest paid individuals in the Group in the current year include one (2004: one) director of the Company and details of whose emoluments are set out above. The emoluments of the remaining four (2004: four) highest paid individuals are as follows:

	2005 <i>HK\$'000</i>	2004 <i>HK\$'000</i>
Salaries, housing allowances and other benefits	2,001	2,491
Performance related incentive payments	–	66
Retirement benefits scheme contributions	43	44
	2,044	2,601

Emoluments of the remaining four (2004: four) highest paid individuals were within the following bands:

	Number of individuals	
	2005	2004
Nil – HK\$1,000,000	4	3
HK\$1,000,001 – HK\$1,500,000	–	1
	4	4

No emoluments were paid by the Group to the directors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office during the year.

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2005**11. FINANCE COSTS**

	2005 <i>HK\$'000</i>	2004 <i>HK\$'000</i>
Interest on short term loans Wholly repayable within five years	<u>1,242</u>	<u>4,878</u>

12. TAXATION

(a) The taxation charged to the income statement represents:

	2005 <i>HK\$'000</i>	2004 <i>HK\$'000</i>
Current – Hong Kong Profits Tax		
Underprovision in prior year	–	53
Deferred taxation	–	603
Taxation	<u>–</u>	<u>656</u>

No provision for Hong Kong Profits Tax has been made as the Group has sufficient tax losses brought forward to set off against current year's assessable profits.

Pursuant to a notice dated 7 March 2005 issued by Shanghai Local Tax Bureau Xu Hui Branch, 上海歐裝貿易有限公司 (“上海歐裝”), a subsidiary of the Group, is exempted from PRC enterprise income tax (“EIT”) for the period from 1 May 2004 to 31 December 2006. No provision for EIT has been made for other subsidiaries operating in the PRC as they did not generate any assessable profits during the year.

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2005**12. TAXATION (Continued)**

- (b) The taxation on the Group's profit/(loss) from ordinary activities before taxation differs from the theoretical amount that would arise using the taxation rate of Hong Kong as follows:

	2005 <i>HK\$'000</i>	2004 <i>HK\$'000</i>
Profit/(Loss) from ordinary activities before taxation	4,633	(4,345)
Calculated at Hong Kong Profits Tax rate of 17.5% (2004: 17.5%)	811	(760)
Tax effect of different tax rates in other jurisdictions	–	69
Tax effect of non-taxable income	(4,594)	(6,479)
Tax effect of non-deductible expenses	1,664	7,436
Tax effect of deferred tax asset not recognised	197	1
Tax losses not recognised	2,056	624
Tax effect of utilisation of tax losses previously not recognised	(134)	(288)
Underprovision in prior year	–	53
Taxation	–	656

13. NET PROFIT/(LOSS) FOR THE YEAR

Of the consolidated profit of approximately HK\$4,598,000 (2004: a loss of approximately HK\$5,043,000), a profit of approximately HK\$3,278,000 (2004: HK\$25,959,000) has been dealt with in the financial statements of the Company.

14. EARNINGS/(LOSS) PER SHARE

The calculation of basic earnings/(loss) per share is based on the Group's net profit for the year of approximately HK\$4,598,000 (2004: net loss of approximately HK\$5,043,000) and on the weighted average number of approximately 385,650,000 ordinary shares (2004: 275,230,000 ordinary shares) in issue during the year.

There were no dilutive potential shares during the year ended 31 March 2005, accordingly, no diluted earnings per share has been presented. Diluted loss per share for the year ended 31 March 2004 has not been presented as the share options and warrants outstanding during the year ended 31 March 2004 had an anti-dilutive effect on the basic loss per share for that year.

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2005

15. PROPERTY, PLANT AND EQUIPMENT

THE GROUP

	Leasehold properties <i>HK\$'000</i>	Leasehold improvements, furniture, fixtures and equipment <i>HK\$'000</i>	Motor vehicles, tractors, trailers and chassis <i>HK\$'000</i>	Plant and machinery <i>HK\$'000</i>	Total <i>HK\$'000</i>
Cost or valuation					
As at 1 April 2004	51,000	6,090	11,795	17,071	85,956
Additions	–	1,288	–	–	1,288
Disposal of subsidiaries	(51,000)	(4,028)	(11,795)	(17,071)	(83,894)
Disposals	–	(567)	–	–	(567)
As at 31 March 2005	–	2,783	–	–	2,783
Comprising:					
At cost	–	2,783	–	–	2,783
At valuation	–	–	–	–	–
As at 31 March 2005	–	2,783	–	–	2,783
Accumulated depreciation					
As at 1 April 2004	607	3,470	8,793	8,752	21,622
Charge for the year	14	1,018	16	18	1,066
Disposal of subsidiaries	(621)	(2,742)	(8,809)	(8,770)	(20,942)
Disposals	–	(393)	–	–	(393)
As at 31 March 2005	–	1,353	–	–	1,353
Net book value					
As at 31 March 2005	–	1,430	–	–	1,430
As at 31 March 2004	50,393	2,620	3,002	8,319	64,334

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2005**16. GOODWILL**

	THE GROUP <i>HK\$'000</i>
Cost	
As at 1 April 2004	9,217
Disposal of subsidiaries	(2)
	<hr/>
As at 31 March 2005	9,215
	<hr/>
Aggregate amortisation	
As at 1 April 2004	941
Amount amortised for the year	1,843
Disposal of subsidiaries	(2)
	<hr/>
As at 31 March 2005	2,782
	<hr/>
Net book value	
As at 31 March 2005	6,433
	<hr/> <hr/>
As at 31 March 2004	8,276
	<hr/> <hr/>

The goodwill arose on the acquisition of Hamlet Profits Limited ("Hamlet Profits") and its subsidiaries, which are principally engaged in apparel trading. As at 31 March 2005, the directors assessed the carrying value of the goodwill based on results projections to determine the estimated goodwill recoverable amount and considered that no impairment loss of the goodwill is required.

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2005

17. INTERESTS IN SUBSIDIARIES AND AMOUNT DUE TO A SUBSIDIARY

	THE COMPANY	
	2005 HK\$'000	2004 HK\$'000
Unlisted shares, at cost	833,671	833,671
Amounts due from subsidiaries	84,867	77,309
	918,538	910,980
Less: Impairment losses	(873,748)	(877,074)
	44,790	33,906
Amount due to a subsidiary	(2,500)	–

The amounts due from/to subsidiaries are unsecured, interest free and have no fixed terms of repayment. In the opinion of the directors, no demand for repayment will be made by the Company or by the subsidiary in the next twelve months. Accordingly, the amounts are shown as non-current.

Particulars of the principal subsidiaries of the Company as at 31 March 2005 are as follows:

Name	Place of incorporation or registration/ operations	Nominal value of issued ordinary share capital/ registered capital	Percentage of equity attributable to the Group	Principal activities
Interests held directly:				
Oriental Union Strategies Limited ("OU Strategies")	British Virgin Islands/ Hong Kong	US\$300,000	100%	Investment holding
Value Place Investments Limited	British Virgin Islands/ Hong Kong	US\$1	100%	Investment holding and securities trading
Interests held indirectly:				
Aceluck Nominees Limited	Hong Kong	HK\$2	100%	Investment holding
Acute Investments Limited	British Virgin Islands/ Hong Kong	US\$1	100%	Investment holding

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2005

17. INTERESTS IN SUBSIDIARIES AND AMOUNT DUE TO A SUBSIDIARY (Continued)

Name	Place of incorporation or registration/ operations	Nominal value of issued ordinary share capital/ registered capital	Percentage of equity attributable to the Group	Principal activities
Interests held indirectly: (continued)				
Capital Asia Properties Limited	Hong Kong	HK\$2	100%	Investment holding
Capital Asia Property Management (China) Limited	Hong Kong	HK\$10,000	100%	Investment holding
Century Lead Limited	Hong Kong	HK\$2	100%	Apparel trading
Crossborder Assets Limited	British Virgin Islands/ Hong Kong	US\$2	100%	Investment holding
Full Ahead Limited ("Full Ahead")	British Virgin Islands/ Hong Kong	US\$1	100%	Investment holding
Gainwell Corporation Limited	Hong Kong	HK\$2	100%	Apparel trading
Gold Stock Resources Limited	Samoa/the PRC	US\$1	100%	Apparel trading
Gold Venture Corporation Limited	Hong Kong	HK\$2	100%	Securities trading and management services
Goldgain Services Limited	Samoa/the PRC	US\$1	100%	Apparel trading
Hamlet Profits	British Virgin Islands/ Hong Kong	US\$1	100%	Investment holding
Ocean Blue Developments Limited	British Virgin Islands/ Hong Kong	US\$1	100%	Investment holding

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2005

17. INTERESTS IN SUBSIDIARIES AND AMOUNT DUE TO A SUBSIDIARY (Continued)

Name	Place of incorporation or registration/ operations	Nominal value of issued ordinary share capital/ registered capital	Percentage of equity attributable to the Group	Principal activities
Interests held indirectly: (continued)				
Oriental Union Freight Holdings Limited	British Virgin Islands/ Hong Kong	US\$1	100%	Investment holding
Oriental Union Information & Technology Ltd.	British Virgin Islands/ Hong Kong	US\$1	100%	Investment holding
Oriental Union Techn. Limited	British Virgin Islands/ Hong Kong	US\$1	100%	Investment holding
Piston Investment Limited	Hong Kong	HK\$2	100%	Investment holding
Planwell Limited	Hong Kong	HK\$2	100%	Money lending
Reward Well Limited	British Virgin Islands/ Hong Kong	US\$1	100%	Apparel trading
Shrewd Skill Limited	British Virgin Islands/ Hong Kong	US\$1	100%	Investment holding
Sinostate Enterprises (China) Limited	Hong Kong	HK\$2	100%	Investment holding
Sinostate Properties Limited	Hong Kong	HK\$2	100%	Investment holding
Super Target Limited	Hong Kong	HK\$2	100%	Apparel trading
廣州歐裝貿易有限公司 formerly known as 廣州戴來爾珠寶有限公司 ("廣州歐裝") (Note)	the PRC	RMB500,000	100%	Apparel trading
上海歐裝 (Note)	the PRC	RMB500,000	100%	Apparel trading

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2005

17. INTERESTS IN SUBSIDIARIES AND AMOUNT DUE TO A SUBSIDIARY *(Continued)*

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

Note: 廣州歐裝 and 上海歐裝, incorporated during the year, are domestic enterprises in the PRC legally owned by two nominees who are PRC nationals. Pursuant to the various agreements entered into between Full Ahead and each of the individual nominees, in the opinion of the directors, the Company has effective control over the operational and financial policies of 廣州歐裝 and 上海歐裝 and therefore they are included as subsidiaries of the Company and the financial statements of 廣州歐裝 and 上海歐裝 have been consolidated in the Group's financial statements for the year ended 31 March 2005.

18. INTEREST IN AN UNCONSOLIDATED SUBSIDIARY AND AMOUNT DUE TO AN UNCONSOLIDATED SUBSIDIARY

	THE GROUP	
	2005 HK\$'000	2004 HK\$'000
Interest stated at carrying value	3,519	12,201
Less: Impairment losses	(2,360)	(4,676)
	<u>1,159</u>	<u>7,525</u>
Amount due to an unconsolidated subsidiary	<u>(1,159)</u>	<u>(7,525)</u>

Particulars of the unconsolidated subsidiary held by the Group as at 31 March 2005 are as follows:

Name	Place of incorporation or registration/ operations	Percentage of equity attributable to the Group	Principal activities
Shanghai Fuda Jewellery Company Limited ("Fuda")	the PRC	57% Indirect	Jewellery subcontracting

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2005

18. INTEREST IN AN UNCONSOLIDATED SUBSIDIARY AND AMOUNT DUE TO AN UNCONSOLIDATED SUBSIDIARY *(Continued)*

In the prior year, the Group acquired 70% equity interest in Beijing Capital Asia International Bonded Affairs Development Co., Ltd. ("Bonded Affairs") and 57% equity interest in Fuda through the acquisition of Hamlet Profits. The Group has been unable to exercise its rights as a major shareholder of both Bonded Affairs and Fuda since the date of acquisition. Accordingly, the Group has been unable either to control the assets and operations or to exercise significant influence over the financial and operating policy decisions of both Bonded Affairs and Fuda. In view of the above, the financial statements of Bonded Affairs and Fuda have not been consolidated.

The directors, to their best knowledge, are satisfied that the Group has no material obligations or commitments either in respect of Bonded Affairs or Fuda that require either adjustments to or disclosure in the financial statements.

The Group has not been able to obtain the financial information since the date of acquisition of Bonded Affairs and Fuda.

The business licence of Bonded Affairs was revoked by the State Administrative of Industry and Commerce in 2004 and the directors considered that the Group's interest in Bonded Affairs had ceased. Accordingly, the Group's interest in Bonded Affairs was written off against the amount due to Bonded Affairs by the same amount of approximately HK\$6,366,000. Consequently, there was no effect on the results for the current year.

19. INTERESTS IN ASSOCIATES

	THE GROUP	
	2005 <i>HK\$'000</i>	2004 <i>HK\$'000</i>
Share of net liabilities	(762)	(776)
Goodwill	212	1,635
Amount due from an associate	550	35,230
	—	36,089
Less: Impairment losses	—	(34,680)
	—	1,409

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2005

19. INTERESTS IN ASSOCIATES (*Continued*)

The amount due from an associate is unsecured, interest free and has no fixed terms of repayment. In the opinion of the directors, no demand for repayment will be made by the Group in the next twelve months. Accordingly, the amount is shown as non-current.

Particulars of the principal associate (not audited by RSM Nelson Wheeler) held by the Group as at 31 March 2005 are as follows:

Name	Place of incorporation or registration /operations	Business structure	Nominal value of issued ordinary share capital	Percentage of equity attributable to the Group		Principal activities
				Direct	Indirect	
Global Institute, Inc. ("Global Institute")	British Virgin Islands/ Hong Kong	Corporate	US\$50,000	49%		Investment holding (which together with its wholly- owned subsidiary, is engaged in the business of co-ordinating academic training programs)

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

Note: Under the equity method of accounting, the Group's shares of losses of its associate is discontinued when the carrying amount of the interest in an associate reaches zero, unless the Group has incurred obligations or guaranteed obligations in respect of the associate. As at 31 March 2005, the Group's share of certain associates' losses exceeded its carrying amount of the interests in associates. Accordingly, the losses of these associates were not equity accounted for.

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2005**19. INTERESTS IN ASSOCIATES (Continued)**

The movements of goodwill arising on acquisition of associates are as follows:

	THE GROUP <i>HK\$'000</i>
Cost	
As at 1 April 2004 and as at 31 March 2005	<u>53,725</u>
Aggregate amortisation and impairment losses	
As at 1 April 2004	52,090
Amount amortised for the year	192
Impairment losses for the year	<u>1,231</u>
As at 31 March 2005	<u>53,513</u>
Net book value	
As at 31 March 2005	<u><u>212</u></u>
As at 31 March 2004	<u><u>1,635</u></u>

As most of the PRC partnering institutes still put their development activities on hold, the development of providing higher academic programs to mature students in the PRC was slower than expected. An impairment loss of approximately HK\$1,231,000 of the goodwill on acquisition of Global Institute (belongs to the segment of strategic investments and others) is provided for the year ended 31 March 2005 accordingly.

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2005

19. INTERESTS IN ASSOCIATES *(Continued)*

Summarised financial information, as extracted from the audited financial statements of Global Institute, the Group's significant associate, is as follows:

	2005 <i>HK\$'000</i>	2004 <i>HK\$'000</i>
Audited consolidated income statement information for the year ended 31 March 2005		
Turnover	<u>973</u>	<u>1,157</u>
Profit/(Loss) from ordinary activities before taxation	27	(24)
Taxation	<u>2</u>	<u>1</u>
Net profit/(loss) for the year	<u><u>29</u></u>	<u><u>(23)</u></u>
Audited consolidated balance sheet information as at 31 March 2005		
Non-current assets	13	29
Current assets	415	308
Current liabilities	(861)	(798)
Non-current liabilities	<u>-</u>	<u>(1)</u>
Net liabilities	<u><u>(433)</u></u>	<u><u>(462)</u></u>

20. INVENTORIES

	THE GROUP	
	2005 <i>HK\$'000</i>	2004 <i>HK\$'000</i>
Merchandise goods for sales		
Apparel	<u>40,728</u>	<u>47,971</u>

Inventories of approximately HK\$13,002,000 (2004: HK\$9,220,000) included in the above are carried at net realisable value.

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2005

21. TRADE AND OTHER DEBTORS, DEPOSITS AND PREPAYMENTS

The Group allows a credit period normally ranging from cash on delivery to 120 days to its trade customers.

As at 31 March 2005, the balance of trade and other debtors, deposits and prepayments included trade debtors of approximately HK\$6,088,000 (2004: HK\$13,476,000). An aged analysis of trade debtors, net of provision for bad and doubtful debts, is as follows:

	THE GROUP	
	2005 HK\$'000	2004 HK\$'000
0 – 60 days	3,603	10,902
61 – 90 days	694	651
91 – 180 days	1,073	1,259
181 – 365 days	718	528
Over 1 year	–	136
	<u>6,088</u>	<u>13,476</u>

22. OTHER INVESTMENTS

	THE GROUP	
	2005 HK\$'000	2004 HK\$'000
Equity securities listed in Hong Kong, at market value	<u>1,134</u>	<u>–</u>

As at 31 March 2005, the Group's other investments were deposited as collateral for margin loan facility granted to the Group. No margin loan facility was utilised by the Group as at the balance sheet date.

23. PLEDGED BANK DEPOSITS

The pledged bank deposits were used to secure general banking facilities granted to the Group.

24. BANK AND CASH BALANCES

As at 31 March 2005, the bank and cash balances of the Group denominated in Renminbi ("RMB") amounted to approximately HK\$2,128,000 (2004: HK\$Nil). The remittance of these funds out of the PRC is subject to the foreign exchange control restriction imposed by the PRC government.

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2005**25. TRADE AND OTHER CREDITORS**

As at 31 March 2005, the balance of trade and other creditors included trade creditors of approximately HK\$4,115,000 (2004: HK\$6,006,000). An aged analysis of trade creditors is as follows:

	THE GROUP	
	2005 <i>HK\$'000</i>	2004 <i>HK\$'000</i>
0 – 60 days	3,439	4,706
61 – 90 days	578	318
91 – 180 days	98	449
181 – 365 days	–	83
Over 1 year	–	450
	4,115	6,006

26. SHORT TERM LOAN

	THE GROUP	
	2005 <i>HK\$'000</i>	2004 <i>HK\$'000</i>
Secured loan	16,434	45,517
Unsecured loan	–	1,081
	16,434	46,598

As at 31 March 2005, the short term loan was extended by an independent third party which is interest bearing at 1% per annum over bank's best lending rate and due on 30 September 2005. The loan is secured by a pledge of all the issued share capital in and the shareholder loan to Full Ahead, a wholly-owned subsidiary of the Company. Full Ahead is the holding company of the subsidiaries which are mainly engaged in apparel trading.

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2005

27. DEFERRED TAXATION

(a)

	THE GROUP	
	2005 HK\$'000	2004 HK\$'000
As at 1 April	3,304	4,637
Disposal of subsidiaries	(3,304)	–
Charged to the income statement	–	603
Credited to equity	–	(1,945)
Exchange differences	–	9
As at 31 March	–	3,304

(b) The movements in deferred tax assets and liabilities are as follows:

	THE GROUP			
	Accelerated tax depreciation HK\$'000	Revaluation of leasehold properties HK\$'000	Tax losses HK\$'000	Total HK\$'000
As at 1 April 2003	(314)	7,500	(2,549)	4,637
(Credited)/Charged to the income statement	–	(135)	738	603
Credited to equity	–	(1,945)	–	(1,945)
Exchange difference	1	–	8	9
As at 31 March 2004 and as at 1 April 2004	(313)	5,420	(1,803)	3,304
Disposal of subsidiaries	313	(5,420)	1,803	(3,304)
As at 31 March 2005	–	–	–	–

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2005

27. DEFERRED TAXATION *(Continued)*

- (c) As at the balance sheet date, the following unused tax losses and deductible temporary differences have not been recognised as deferred tax assets:

	THE GROUP		THE COMPANY	
	2005 HK\$'000	2004 HK\$'000	2005 HK\$'000	2004 HK\$'000
Unused tax losses	67,467	76,003	4,713	11,328
Deductible temporary differences	5,148	3,239	–	–
	<u>72,615</u>	<u>79,242</u>	<u>4,713</u>	<u>11,328</u>

Deferred tax assets have not been recognised in respect of the above items because it is not probable that future taxable profits will be available against which the Group and the Company can utilise the benefits. Included in the above unused tax losses are losses of approximately HK\$870,000 that will expire after five years from the year of assessment they relate to. Other unused tax losses may be carried forward indefinitely.

As at 31 March 2005, there was no significant unrecognised deferred tax liability for taxes that would be payable on the unremitted earnings of certain Group's subsidiaries and associates.

28. PROVISION FOR LONG SERVICE PAYMENTS

Under the Hong Kong Employment Ordinance, the Group is obliged to make lump sum payments on cessation of employment in certain circumstances to certain employees who have completed at least five years of service with the Group. The amount payable is dependent on the employees' final salary and years of service, and is reduced by entitlements accrued under the Group's retirement plan that are attributable to contributions made by the Group. The Group does not set aside any assets to fund any remaining obligations.

The amount recognised in respect of the probable future long service payments expected to be made is as follows:

	THE GROUP	
	2005 HK\$'000	2004 HK\$'000
As at 1 April	959	–
Provision made during the year	59	959
Provision utilised during the year	(44)	–
Reversal of unutilised provision	(15)	–
As at 31 March	<u>959</u>	<u>959</u>

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2005

29. SHARE CAPITAL

	Number of shares	HK\$'000
Authorised:		
As at 1 April 2003: Ordinary shares of HK\$0.10 each	3,000,000,000	300,000
Share subdivision, ordinary shares of HK\$0.001 each	297,000,000,000	–
	<u>300,000,000,000</u>	<u>300,000</u>
As at 31 March 2004 and 2005: Ordinary shares of HK\$0.001 each	<u>300,000,000,000</u>	<u>300,000</u>
Issued and fully paid:		
As at 1 April 2003: Ordinary shares of HK\$0.10 each	1,521,541,315	152,154
Capital reduction	–	(152,002)
Share consolidation	(1,369,387,184)	–
Rights issue	152,154,131	152
Top-up placement	60,000,000	60
	<u>364,308,262</u>	<u>364</u>
As at 31 March 2004 and as at 1 April 2004:		
Ordinary shares of HK\$0.001 each	364,308,262	364
Placing of new shares	72,800,000	73
	<u>437,108,262</u>	<u>437</u>
As at 31 March 2005: Ordinary shares of HK\$0.001 each	<u>437,108,262</u>	<u>437</u>

On 15 December 2004, 72,800,000 ordinary shares of HK\$0.001 each were issued at HK\$0.095 per share through a private placing to independent third parties. The placing price represents a discount of approximately 5% to the closing price of the share of the Company on 17 November 2004 and a discount of approximately 0.42% to the average of the closing price of the share of the Company for the five trading days up to and including 17 November 2004. These new shares rank pari passu in all respects with the then existing shares of the Company. The premium arose from the placing of approximately HK\$6,843,000, net of share issuing expenses of approximately HK\$149,000, was credited to the share premium account (Note 31). The directors believe that the placing is a good opportunity for the Company to broaden its shareholding base. The Company used the net proceeds from the placing of approximately HK\$6,767,000 for the Group's general working capital and investment purposes.

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2005**30. SHARE OPTION SCHEME**

Pursuant to the share option scheme adopted by the shareholders of the Company on 30 August 2002 (the "Share Option Scheme"), the board of directors (the "Board") of the Company may for a consideration of HK\$1 offer to selected eligible persons to subscribe for shares of the Company as incentive or rewards for their contribution to the Group. The subscription price will be determined by the Board at its absolute discretion, but in any event shall not be less than the higher of the nominal value for the time being of each share of the Company, the average closing price of the shares of the Company as stated in the daily quotation sheets of the Stock Exchange for the five trading days immediately preceding the date on which the relevant option is granted and the closing price of the shares of the Company as stated in the Stock Exchange's daily quotation sheet on the date on which the relevant option is granted.

The maximum number of shares in respect of which options may be granted under the Share Option Scheme and any other schemes of the Company must not, in aggregate, exceed 30% of the issued share capital of the Company from time to time.

The Share Option Scheme became effective for a period of ten years commenced on 26 September 2002.

No options under the Share Option Scheme had been granted to any person since its adoption.

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2005

31. RESERVES THE GROUP

	Share premium HK\$'000	Contributed surplus HK\$'000	Other property revaluation reserve HK\$'000	Translation reserve HK\$'000	Negative goodwill reserve HK\$'000	Goodwill reserve HK\$'000	Capital redemption reserve HK\$'000	Other reserve HK\$'000	Reserve funds HK\$'000 (Note)	Accumulated losses HK\$'000	Total HK\$'000
As at 1 April 2003	615,825	-	24,318	1,098	27,314	(1,843)	1,190	33,392	-	(811,563)	(110,269)
Deficit on revaluation of leasehold properties	-	-	(7,204)	-	-	-	-	-	-	-	(7,204)
Deferred taxation credited to equity	-	-	1,945	-	-	-	-	-	-	-	1,945
Transfer from share capital due to capital reduction	-	152,002	-	-	-	-	-	-	-	-	152,002
Transfer between reserves	-	(152,002)	-	-	-	-	-	-	-	152,002	-
Premium arising from rights issue, net of expenses	44,423	-	-	-	-	-	-	-	-	-	44,423
Premium arising from top-up placement, net of expenses	14,647	-	-	-	-	-	-	-	-	-	14,647
Exchange difference arising on translation of operations outside Hong Kong	-	-	-	(136)	-	-	-	-	-	-	(136)
Reserves attributable to minority interests	-	-	2,104	54	-	-	-	-	-	-	2,158
Reserve realised upon disposal of a subsidiary	-	-	-	(8)	-	-	-	-	-	-	(8)
Reserve realised upon interest in an associate written off	-	-	-	(16)	-	-	-	-	-	-	(16)
Reserve realised upon expiry of warrants	-	-	-	-	-	-	-	(33,392)	-	-	(33,392)
Net loss for the year	-	-	-	-	-	-	-	-	-	(5,043)	(5,043)
As at 31 March 2004 and as at 1 April 2004	674,895	-	21,163	992	27,314	(1,843)	1,190	-	-	(664,604)	59,107
Reserves realised upon disposal of subsidiaries attributable to discontinued operations	-	-	(21,163)	(983)	(328)	1,843	-	-	-	-	(20,631)
Premium arising from placing of new shares, net of expenses (Note 29)	6,694	-	-	-	-	-	-	-	-	-	6,694
Net profit for the year	-	-	-	-	-	-	-	-	-	4,598	4,598
Transfer	-	-	-	-	-	-	-	-	135	(135)	-
As at 31 March 2005	681,589	-	-	9	26,986	-	1,190	-	135	(660,141)	49,768
Attributable to:											
The Company and its subsidiaries	681,589	-	-	-	26,986	-	1,190	-	135	(659,730)	50,170
Associates	-	-	-	9	-	-	-	-	-	(411)	(402)
As at 31 March 2005	681,589	-	-	9	26,986	-	1,190	-	135	(660,141)	49,768
Attributable to:											
The Company and its subsidiaries	674,895	-	21,163	983	27,314	(1,843)	1,190	-	-	(664,179)	59,523
Associates	-	-	-	9	-	-	-	-	-	(425)	(416)
As at 31 March 2004	674,895	-	21,163	992	27,314	(1,843)	1,190	-	-	(664,604)	59,107

Note: Pursuant to the relevant laws and regulations in the PRC, a portion of the profit of the Group's subsidiary in the PRC has been transferred to reserve funds which are restricted as to use.

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2005

31. RESERVES (Continued)

THE COMPANY

	Share premium <i>HK\$'000</i>	Contributed surplus <i>HK\$'000</i>	Capital redemption reserve <i>HK\$'000</i>	Other reserve <i>HK\$'000</i>	Accumulated losses <i>HK\$'000</i>	Total <i>HK\$'000</i>
As at 1 April 2003	615,825	129,298	1,190	33,392	(952,028)	(172,323)
Transfer from share capital due to capital reduction	-	152,002	-	-	-	152,002
Transfer between reserves	-	(152,002)	-	-	152,002	-
Premium arising from rights issue, net of expenses	44,423	-	-	-	-	44,423
Premium arising from top-up placement, net of expenses	14,647	-	-	-	-	14,647
Reserve realised upon expiry of warrants	-	-	-	(33,392)	-	(33,392)
Net profit for the year	-	-	-	-	25,959	25,959
As at 31 March 2004 and as at 1 April 2004	674,895	129,298	1,190	-	(774,067)	31,316
Premium arising from placing of new shares, net of expenses (<i>Note 29</i>)	6,694	-	-	-	-	6,694
Net profit for the year	-	-	-	-	3,278	3,278
As at 31 March 2005	681,589	129,298	1,190	-	(770,789)	41,288

The contributed surplus represents the difference between the nominal value of the Company's shares issued in exchange for all the issued ordinary shares of OU Strategies and the value of net assets of the underlying subsidiaries acquired at 31 August 1994, net of HK\$100,000 applied in paying up in full at par the 1,000,000 nil paid shares.

Under the Companies Act 1981 of Bermuda (as amended), the contributed surplus account of the Company is available for distribution to shareholders. However, the Company cannot declare or pay a dividend, or make a distribution out of contributed surplus if:

- it is, or would after the payment be, unable to pay its liabilities as they become due; or
- 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.

As at 31 March 2005 and 2004, the Company had no reserves available for distribution to shareholders.

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2005

32. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

(a) Acquisition of subsidiaries

	2005 <i>HK\$'000</i>	2004 <i>HK\$'000</i>
Net liabilities acquired:		
Property, plant and equipment	–	1,140
Interests in unconsolidated subsidiaries	–	7,525
Inventories	–	44,549
Trade and other debtors, deposits and prepayments	–	19,690
Loan receivables	–	1,258
Bank and cash balances	–	871
Trade and other creditors	–	(7,211)
Amount due to immediate holding company	–	(306,799)
Short term loans	–	(64,200)
Amounts due to unconsolidated subsidiaries	–	(7,525)
	–	(310,702)
Assignment of amounts due from subsidiaries	–	306,827
Goodwill	–	9,217
Total consideration – satisfied by cash	–	5,342
Net outflow of cash and cash equivalents arising on acquisition of subsidiaries:		
Cash consideration	–	(5,342)
Bank and cash balances	–	871
Net outflow of cash and cash equivalents	–	(4,471)

The subsidiaries acquired during the year ended 31 March 2004 used approximately HK\$10,304,000 net cash outflow from operating activities, approximately HK\$585,000 net cash outflow from investing activities and approximately HK\$28,683,000 net cash outflow from financing activities.

The subsidiaries acquired during the year ended 31 March 2004 contributed approximately HK\$76,008,000 to the Group's turnover and accounted for approximately HK\$14,653,000 of the Group's loss from ordinary activities before taxation.

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2005

32. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT *(Continued)*

(b) Disposal of subsidiaries attributable to discontinued operations

As explained in Note 5, on 6 April 2004 and 22 April 2004, the Group discontinued its container depots and logistics management services operations and its freight forwarding and vessel operating common carrier services operations at the time of disposal of United Asia Group and Jungjin Logistics Group, respectively. The net liabilities of these subsidiaries disposed of during the year are as follows:

	2005 HK\$'000	2004 HK\$'000
Net liabilities disposed of:		
Property, plant and equipment	62,952	–
Trade and other debtors, deposits and prepayments	11,208	–
Bank and cash balances	1,853	–
Trade and other creditors	(5,711)	–
Short term loan	(1,081)	–
Amounts due to the Group	(76,939)	–
Amounts due to minority shareholders	(36,353)	–
Deferred taxation	(3,304)	–
Minority interests	5,648	–
	(41,727)	–
Other property revaluation reserve realised	(21,163)	–
Translation reserve realised	(983)	–
Negative goodwill reserve realised	(328)	–
Goodwill reserve realised	1,843	–
Assignment of amounts due from subsidiaries	76,939	–
	14,581	–
Gain on disposal of subsidiaries attributable to discontinued operations	21,574	–
Total consideration – satisfied by cash	<u>36,155</u>	<u>–</u>
Net inflow of cash and cash equivalents arising on disposal of subsidiaries attributable to discontinued operations:		
Cash consideration	36,155	–
Bank and cash balances disposed of	(1,853)	–
Net inflow of cash and cash equivalents	<u>34,302</u>	<u>–</u>

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2005

32. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT *(Continued)*

(b) Disposal of subsidiaries attributable to discontinued operations *(Continued)*

The above subsidiaries disposed of during the year ended 31 March 2005 contributed approximately HK\$2,013,000 to the Group's turnover and a loss of approximately HK\$140,000 to the Group's profit from ordinary activities before taxation.

(c) Disposal of subsidiaries

	2005 <i>HK\$'000</i>	2004 <i>HK\$'000</i>
Net assets/(liabilities) disposed of:		
Amounts due from the Group	1,374	–
Amounts due to the Group	(111)	(185,276)
	<u>1,263</u>	<u>(185,276)</u>
Amounts due from subsidiaries written off	111	185,276
Amounts due to subsidiaries written back	(1,374)	–
Incidental costs	–	20
Translation reserve realised	–	(8)
Gain on disposal of a subsidiary	–	488
	<u>–</u>	<u>500</u>
Total consideration – satisfied by cash <i>(Note)</i>		
Net inflow of cash and cash equivalents arising on disposal of a subsidiary:		
Cash consideration	–	500
Incidental costs	–	(20)
	<u>–</u>	<u>480</u>
Net inflow of cash and cash equivalents	<u>–</u>	<u>480</u>

The results of the subsidiaries disposed of during the years ended 31 March 2005 and 2004 had no significant impact on the Group's turnover or profit/(loss) from ordinary activities before taxation.

Note: There was a consideration of approximately HK\$259,000 attributable to the disposal of subsidiaries during the year ended 31 March 2005, however no amount was received by the Group and the said consideration receivable was fully written off.

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2005

33. RELATED PARTY TRANSACTIONS

Save as disclosed in the consolidated balance sheet and in Note 19, the Group did not have any significant related party transactions during the year.

34. CONTINGENT LIABILITIES

As at the balance sheet date, the Group had the following contingent liabilities:

On 13 March 2003, Total Resources Limited ("Total Resources") issued a Writ of Summons at the District Court against the Company for HK\$304,000 being fees allegedly due to Total Resources for secondment services in relation to provision of company secretary under a service agreement dated 1 August 2001 (the "Service Agreement"). On 2 May 2003, Total Resources amended its Statement of Claim and then increased its claims to HK\$1,064,000 being damages for repudiation of the Service Agreement. On 20 May 2003, an Order was granted by the District Court for the above action to be transferred to the High Court.

The sum of approximately HK\$343,000 representing outstanding service fees together with interest was paid to the High Court on 21 April 2004 in satisfaction of Total Resources' claims. Based on the legal advice obtained, the directors strongly believe that the Group has reasonable good chances of successfully defending the remaining part of the claims. Hence, no further provision has been made in the financial statements.

35. CAPITAL COMMITMENTS

	THE GROUP	
	2005 HK\$'000	2004 HK\$'000
Capital expenditure contracted but not provided for:		
Acquisition of property in Malaysia	<u>105,281</u>	<u>105,281</u>

In the opinion of the directors, no demand for payments of the above amount will be made by the counterparties in the coming year as the counterparties failed to complete the construction work.

The Company had no significant capital commitments as at the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2005**36. OPERATING LEASE COMMITMENTS**

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

	THE GROUP		THE COMPANY	
	2005 HK\$'000	2004 HK\$'000	2005 HK\$'000	2004 HK\$'000
Land and buildings				
Within one year	4,123	8,496	–	1,036
In the second to fifth year inclusive	1,644	4,805	–	–
	<u>5,767</u>	<u>13,301</u>	<u>–</u>	<u>1,036</u>
Vessels				
Within one year	–	1,260	–	–
	<u>5,767</u>	<u>14,561</u>	<u>–</u>	<u>1,036</u>

The leases are negotiated for terms ranging from 1 to 4 years. The operating lease rentals of certain retail outlets are based on the higher of the minimum guaranteed rental and the sales level based rental, ranging from 10% to 15% on the sales level. The minimum guaranteed rental has been used to arrive at the above commitments.

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2005

37. OTHER COMMITMENTS

As at the balance sheet date, the Group had entered into certain licensing and technical assistance arrangements. The future minimum licensing and technical assistance payments committed by the Group in respect of the arrangements are as follows:

	THE GROUP	
	2005 <i>HK\$'000</i>	2004 <i>HK\$'000</i>
Licensing arrangement		
Within one year	3,610	4,700
In the second to fifth year inclusive	8,780	12,390
	12,390	17,090
Technical assistance arrangement		
Within one year	–	3,973
	12,390	21,063

The licensing arrangement is contracted for a term up to 31 December 2008. Apart from the guaranteed royalty as disclosed above, if, at any time and during the contractual period, the Group's cumulated net sales are in excess of the sales level base as referred to in the relevant license agreement, the Group will pay additional royalty to the licensor, at 5% on the cumulated net sales exceeding the sales level base.

The Company had no significant other commitments as at the balance sheet date.

38. RETIREMENT BENEFITS SCHEMES

Hong Kong

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance, for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to the income statement as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2005**38. RETIREMENT BENEFITS SCHEMES (Continued)****The PRC**

The Group also participates in a defined contribution retirement scheme organised by the government in the PRC. The Group is required to contribute a specified percentage of the payroll of its employees to the retirement scheme. The contributions are charged to the income statement as they become payable in accordance with the rules of the retirement scheme. No forfeited contributions may be used by the employers to reduce the existing level of contributions.

39. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board on 15 July 2005.