NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

2. PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements have been prepared under the historical cost convention, except for certain financial instruments, which are measured at fair value.

The accounting policies and methods of computation used in the preparation of the unaudited condensed consolidated financial statements are consistent with those used in the Group's annual financial statements for the year ended 31 March 2005, except as described below.

In the Period, the Group has applied, for the first time, a number of new Hong Kong Financial Reporting Standards (the "HKFRS"), Hong Kong Accounting Standards (the "HKAS") and Interpretations (hereinafter collectively referred to as the "new HKFRSs") issued by the HKICPA that are effective for accounting periods beginning on or after 1 January 2005. The application of the new HKFRSs has resulted in a change in the presentation of the income statement, balance sheet and statement of changes in equity. In particular, the presentation of minority interests and share of tax of associates have been changed. The changes in presentation have been applied retrospectively. The adoption of the new HKFRSs has resulted in changes to the Group's accounting policies or presentation of elements of the financial statements in the following areas that have an effect on how the results for the current or prior accounting periods are prepared and presented:

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(a) Earnings per Share

HKAS 33 "Earnings per Share" prescribes principles for the determination and presentation of earnings per share. It requires separate disclosure of basic and diluted earnings per share from continuing operations on the face of the income statement. The adoption of the HKAS 33 has resulted in changes in the presentation of the Group's earnings per share on the face of the income statement.

(b) Financial Instruments

In prior periods, the Group classified and measured its debt and equity securities in accordance with the benchmark treatment of Statement of Standard Accounting Practice 24 "Accounting for Investments in Securities" (the "SSAP 24"). Under the SSAP 24, investments in debt or equity securities are classified as investment securities, other investments or held-to-maturity investments as appropriate. Investment securities are carried at cost less impairment losses (if any) whereas other investments are measured at fair value, with unrealised gains or losses included in the income statement. Held-to-maturity investments are carried at amortised cost less impairment losses (if any).

In the Period, the Group has applied the HKAS 32 "Financial Instruments: Disclosure and Presentation" and the HKAS 39 "Financial Instruments: Recognition and Measurement". HKAS 32 requires retrospective application. HKAS 39, which is effective for annual periods beginning on or after 1 January 2005, generally does not permit the recognition, derecognition or measurement of financial assets and liabilities on a retrospective basis.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(b) Financial Instruments (Continued)

The Group has applied the relevant transitional provisions in the HKAS 39 with respect to classification and measurement of financial assets and financial liabilities that are within the scope of the HKAS 39. From 1 April 2005 onwards, the Group classifies and measures its debt and equity securities in accordance with the HKAS 39. Under the HKAS 39, financial assets are classified as financial assets at fair value through profit or loss, available-for-sale financial assets, loans and receivables, or held-to-maturity financial assets. The classification depends on the purpose for which the assets are acquired. Financial assets at fair value through profit or loss and available-for-sale financial assets are carried at fair value, with changes in fair value recognised in the income statement and equity respectively. Available-for-sale financial assets of which the fair value cannot be measured reliably are stated at cost less impairment. Loans and receivables and held-to-maturity financial assets are measured at amortised cost using the effective interest method.

On 1 April 2005, the Company classified and measured its debt and equity securities in accordance with the requirements of the HKAS 39. Other investments with carrying amount of approximately HK$1,134,000 were reclassified to held-for-trading investments (at fair value through profit or loss) on 1 April 2005.

(c) Business Combinations and Impairment of Assets

In prior periods, goodwill/negative goodwill arising on acquisition prior to 1 April 2001 was held in reserves and was not recognised in the income statement until disposal or impairment of the relevant subsidiary or associate.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(c) *Business Combinations and Impairment of Assets (Continued)*

Goodwill arising on acquisition after 1 April 2001 was recognised as an asset and amortised on a straight line basis over its estimated useful life and was subject to impairment testing when there was any indication of impairment. Negative goodwill arising on acquisition after 1 April 2001 was carried in the balance sheet and was released to income based on an analysis of the circumstances from which the balance resulted.

Upon the adoption of the HKFRS 3 "Business Combinations" and the HKAS 36 "Impairment of Assets", goodwill arising on acquisition is no longer amortised but subject to an annual impairment review (including in the year of its initial recognition), or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Any impairment loss recognised for goodwill is not reversed in a subsequent period.

Any excess of the Group's interest in the net fair value of the acquirees' identifiable assets, liabilities and contingent liabilities over the cost of the acquisition of subsidiaries and associates, after reassessment, is recognised immediately in the income statement.

In accordance with the transitional provisions of the HKFRS 3, the Group:

(i) ceased to amortise goodwill from 1 April 2005 onwards and eliminated at 1 April 2005 the carrying amounts of accumulated amortisation of approximately HK$2,782,000 with a corresponding entry to the cost of goodwill. The effect of the changes is a decrease in amortisation of goodwill of approximately HK$921,000 for the Period; and

(ii) derecognised the existing negative goodwill reserve, which amounted to approximately HK$26,986,000 by way of an adjustment to the accumulated losses at 1 April 2005.

2. **PRINCIPAL ACCOUNTING POLICIES** *(Continued)*

(c) Business Combinations and Impairment of Assets (Continued)

In accordance with the transitional provisions of the HKFRS 3, comparative amounts have not been restated.

In addition, the excess of the Group's interest in the net fair value of identifiable assets, liabilities and contingent liabilities of a subsidiary acquired by the Group during the Period over the cost of acquisition in an amount of approximately HK$36,000 was fully recognised as income for the Period.

(d) Discontinued Operations

HKFRS 5 "Non-current Assets Held-for-Sale and Discontinued Operations" requires an operation to be classified as discontinued when the criteria to be classified as held-for-sale have been met or the entity has disposed of the operation. The adoption of the HKFRS 5 has resulted in changes in the presentation of the Group's income statement and has had no effect on both the profit attributable to equity holders of the parent for the period ended 30 September 2004 and equity attributable to equity holders of the parent at 31 March 2005.

Save as disclosed above, other new HKFRSs adopted have no material impact on the unaudited condensed consolidated financial statements.

3. POTENTIAL IMPACT OF NEW STANDARDS NOT YET APPLIED

The Group has not early applied the following new standards or interpretations that have been issued but are not yet effective.

HKAS 1 (Amendment)	Capital Disclosures
HKAS 19 (Amendment)	Actuarial Gains and Losses, Group Plans and Disclosures
HKAS 39 (Amendment)	Cash Flow Hedge Accounting for Forecast Intragroup Transactions
HKAS 39 (Amendment)	The Fair Value Option
HKAS 39 and HKFRS 4 (Amendment)	Financial Guarantee Contracts
HKFRS 6	Exploration for and Evaluation of Mineral Resources
HKFRS 7	Financial Instruments: Disclosures
HK(IFRIC) – Int 4	Determining whether an Arrangement contains a Lease
HK(IFRIC) – Int 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
HK(IFRIC) – Int 6	Liabilities arising from Participating in a Specific Market, Waste Electrical and Electronic Equipment

The Group has already commenced an assessment of the potential impact of these new standards or interpretations but is not yet in a position to determine whether these new standards or interpretations would have a significant impact on its results of operations and financial position.

4. SEGMENT INFORMATION

Business segment

The Group was principally engaged in the business of apparel trading, securities trading and strategic investments. The details are as follows:

	Continuing operations				Discontinued operations		
	Apparel trading	Securities trading	Strategic investments and others	Sub-total	Operation of container depots and logistics management services	Freight forwarding and vessel operating common carrier services	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
For the six months ended 30 September 2005							
Turnover	**43,224**	**4,556**	**-**	**47,780**	**-**	**-**	**47,780**
Segment results	**(7,265)**	**149**	**-**	**(7,116)**	**-**	**-**	**(7,116)**
Interest income				**8**			**8**
Group overheads				**(2,137)**			**(2,137)**
Provision for loan receivables	**-**	**-**	**(100)**	**(100)**	**-**	**-**	**(100)**
Impairment loss recognised in relation to goodwill arising on acquisition of subsidiaries	**(3,118)**	**-**	**-**	**(3,118)**	**-**	**-**	**(3,118)**
Loss from operations				**(12,463)**			**(12,463)**
Gain on disposal of subsidiaries	**1**	**-**	**9**	**10**	**-**	**-**	**10**
Finance costs				**(1,099)**			**(1,099)**
Loss before taxation				**(13,552)**			**(13,552)**
Taxation				**-**			**-**
Loss from continuing operations				**(13,552)**			
Loss for the Period							**(13,552)**

4. SEGMENT INFORMATION *(Continued)*

Business segment (Continued)

	Continuing operations				Discontinued operations		
	Apparel trading	Securities trading	Strategic investments and others	Sub-total	Operation of container depots and logistics management services	Freight forwarding and vessel operating common carrier services	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
For the six months ended 30 September 2004 (Restated)							
Turnover	46,839	39,118	–	85,957	482	1,531	87,970
Segment results	(4,278)	(6)	(22)	(4,306)	88	(228)	(4,446)
Interest income				44			44
Group overheads				(2,769)			(2,769)
Provision for loan receivables	–	–	(459)	(459)	–	–	(459)
Amortisation of goodwill arising on acquisition of subsidiaries	(921)	–	–	(921)	–	–	(921)
Loss from operations				(8,411)			(8,551)
Gain/(loss) on disposal of subsidiaries attributable to discontinued operations	–	–	–	–	22,063	(489)	21,574
Finance costs				(663)			(663)
Share of results of associates	–	–	(1)	(1)	–	–	(1)
Impairment loss recognised in relation to goodwill arising on acquisition of associates	–	–	(1,635)	(1,635)	–	–	(1,635)
(Loss)/Profit before taxation				(10,710)			10,724
Taxation				–			–
Loss from continuing operations				(10,710)			
Profit for the period							10,724

5. LOSS FROM OPERATIONS

	Six months ended 30 September 2005 HK$'000	2004 HK$'000 (Restated)
Loss from operations has been arrived at after charging/(crediting):		
Cost of goods sold	**28,477**	65,875
Depreciation	**658**	532
Loss on write-off of property, plant and equipment	**39**	29
Rental income	**–**	(600)
Royalty income	**(205)**	(888)

6. FINANCE COSTS

	Six months ended 30 September 2005 HK$'000	2004 HK$'000
Interest on short term loan wholly repayable within five years	**1,099**	663

7. TAXATION

No provision for Hong Kong Profits Tax has been made as the Group did not have any assessable profits for both periods.

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, a subsidiary of the Group, is exempted from The People's Republic of China (the "PRC") enterprise income tax (the "EIT") for the period from 1 May 2004 to 31 December 2006. No provision for the EIT has been made for other subsidiaries operating in the PRC as they did not generate any assessable profits for both periods.

8. DISCONTINUED OPERATIONS

In March 2004, the Group entered into two sale and purchase agreements to dispose of United Asia Terminal Holdings Limited and its subsidiaries ("United Asia Group") and Jungjin Logistics Development Limited and its subsidiaries ("Jungjin Logistics Group"). United Asia Group and Jungjin Logistics Group were principally engaged in container depots and logistics management services operations; and freight forwarding and vessel operating common carrier services operations, respectively. The disposals were completed in April 2004 and details of the profit from discontinued operations were as follows:

	Six months ended 30 September 2004 *HK$'000*
Turnover	2,013
Loss for the period	(140)
Gain on disposal of subsidiaries attributable to discontinued operations	21,574
	21,434

9. (LOSS)/EARNINGS PER SHARE

The calculation of the basic loss per share is based on the loss attributable to equity holders of the parent for the Period of approximately HK$13,552,000 (30 September 2004: profit of approximately HK$10,689,000) and on the weighted average number of approximately 437,108,000 ordinary shares (30 September 2004: weighted average number of approximately 364,308,000 ordinary shares) in issue during the Period.

No disclosure of diluted (loss)/earnings per share has been presented as there were no dilutive potential shares in issue during both periods.

10. DIVIDEND

The Directors do not recommend the payment of an interim dividend for the Period (2004: Nil).

11. PROPERTY, PLANT AND EQUIPMENT

	HK$'000
Net book value at 31 March 2005	1,430
Exchange alignment	12
Additions	618
Written off	(39)
Depreciation	(658)
Net book value at 30 September 2005	1,363

12. GOODWILL

	HK$'000
At 1 April 2005	6,433
Impairment loss	(3,118)
At 30 September 2005	3,315

For the purposes of impairment reviews, the recoverable amount of goodwill, based on value in use calculation, is determined by the discounted cash flow projections based on the financial budget approved by the management. There are judgements, a number of assumptions and estimates involved for the preparation of cash flow projections for the period covered by the approved budget. Key assumptions include the expected growth in revenues, timing of capital expenditures and selection of discount rate to reflect the risks involved, ranging from 3% to 7%.

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

	At 30 September 2005	At 31 March 2005
	HK$'000	*HK$'000*
Interest stated at carrying value	**3,519**	3,519
Less: Impairment losses	**(2,360)**	(2,360)
	1,159	1,159
Amount due to an unconsolidated subsidiary	**(1,159)**	(1,159)

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

Particulars of the unconsolidated subsidiary held by the Group at 30 September 2005 are as follows:

Name	**Place of registration and operations**	**Percentage of equity attributable to the Group**
		Indirect
Shanghai Fuda Jewellery Company Limited ("Fuda")	the PRC	57%

The Group has been unable to exercise its rights as a major shareholder of Fuda throughout the Period. 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 Fuda. In view of the above, the financial statements of Fuda have not been consolidated. Based on the latest information available to the Directors, the principal activity of Fuda is jewellery subcontracting.

The Directors, to their best knowledge, are satisfied that the Group has no material obligations or commitments in respect of Fuda that require either adjustment to or disclosure in the unaudited condensed consolidated financial statements.

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

14. AVAILABLE-FOR-SALE INVESTMENTS

	At 30 September 2005 HK$'000	At 31 March 2005 HK$'000
Equity Securities listed in Hong Kong at fair value	**8,579**	–

Deficits on fair value of the available-for-sale investments of approximately HK$7,074,000 were recognised in the investment revaluation reserve during the Period.

15. INVENTORIES

	At 30 September 2005 HK$'000	At 31 March 2005 HK$'000
Merchandise goods for sales – Apparel	**39,245**	40,728

16. 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.

At 30 September 2005, the balance of trade and other debtors, deposits and prepayments included trade debtors of approximately HK$12,455,000 (31 March 2005: HK$6,088,000). An aged analysis of trade debtors, net of provision for bad and doubtful debts at the reporting dates is as follows:

	At 30 September 2005	At 31 March 2005
	HK$'000	*HK$'000*
0 – 60 days	**8,402**	3,603
61 – 90 days	**509**	694
91 – 180 days	**3,544**	1,073
181 – 365 days	**–**	718
	12,455	6,088

17. TRADE AND OTHER CREDITORS

At 30 September 2005, the balance of trade and other creditors included trade creditors of approximately HK$5,617,000 (31 March 2005: HK$4,115,000). An aged analysis of the trade creditors at the reporting dates are as follows:

	At 30 September 2005	At 31 March 2005
	HK$'000	*HK$'000*
0 – 60 days	**4,364**	3,439
61 – 90 days	**–**	578
91 – 180 days	**–**	98
181 – 365 days	**1,253**	–
	5,617	4,115

18. SHORT TERM LOAN

At 30 September 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 2006. The loan is secured by a pledge of all issued share capital in and the shareholder loan to Full Ahead Limited ("Full Ahead"), a wholly-owned subsidiary of the Group. Full Ahead is the holding company of the subsidiaries which are mainly engaged in apparel trading.

19. SHARE CAPITAL

	Number of shares	*HK$'000*
Authorised:		
At 31 March 2005 and 30 September 2005:		
Ordinary shares of HK$0.001 each	300,000,000,000	300,000
Issued and fully paid:		
At 1 April 2004:		
Ordinary shares of HK$0.001 each	364,308,262	364
Placing of new shares	72,800,000	73
At 31 March 2005 and 30 September 2005:		
Ordinary shares of HK$0.001 each	437,108,262	437

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.

20. RESERVES

	Share premium HK$'000	Translation reserve HK$'000	Negative goodwill reserve HK$'000	Capital redemption reserve HK$'000	Investment revaluation reserve HK$'000	Reserve funds HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 April 2005, as previously reported	681,589	9	26,986	1,190	–	135	(660,141)	49,768
Opening adjustment in respect of adoption of HKFRS 3 (Note 2(c)(ii))	–	–	(26,986)	–	–	–	26,986	–
At 1 April 2005, as restated	681,589	9	–	1,190	–	135	(633,155)	49,768
Fair value changes on available-for-sale investments	–	–	–	–	(7,074)	–	–	(7,074)
Exchange differences on translation of foreign operations	–	(9)	–	–	–	–	–	(9)
Reserve realised upon disposal of associates	–	(9)	–	–	–	–	–	(9)
Loss for the Period	–	–	–	–	–	–	(13,552)	(13,552)
At 30 September 2005	681,589	(9)	–	1,190	(7,074)	135	(646,707)	29,124

21. CONTINGENCIES AND COMMITMENTS

(a) Litigation

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 claim 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 services 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 believed that the Group had reasonable good chances of successfully defending the remaining part of the claims. Hence, no further provision has been made in the unaudited condensed consolidated financial statements.

(b) Capital commitments

	At 30 September 2005	At 31 March 2005
	HK$'000	*HK$'000*
Capital expenditure contracted for but not provided in the condensed consolidated financial statements in respect of:		
Acquisition of properties in Malaysia	**105,281**	105,281
Acquisition of plant and equipment	**975**	–
	106,256	105,281

22. RELATED PARTY TRANSACTIONS

(i) Key management compensations:

During the Period, the Group had incurred the short-term employee and post-employment benefits for the key management personnel with amounts of approximately HK$682,000 and HK$6,000 respectively (30 September 2004: HK$276,000 and HK$Nil).

(ii) Save as disclosed above and in the condensed consolidated balance sheet, the Group did not have any significant related party transactions during both periods.

23. BUSINESS COMBINATION

On 30 June 2005, the Group acquired 100% of the share capital of French Trade Marketing Limited, a contract signing agent on behalf of the Group operating in Hong Kong. The acquiree had no significant contribution to the Group's turnover and results for the period from 1 July 2005 to 30 September 2005.

The excess of the Group's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over the cost of acquisition in the amount of approximately HK$36,000 was fully recognised as income for the Period and the details were as follows:

	HK$'000
Purchase consideration:	
– Cash paid	(2)
Assignment of amount due from the subsidiary	28,868
Fair value of net liabilities acquired – shown as below	(28,830)
	36

23. BUSINESS COMBINATION *(Continued)*

The assets and liabilities arising from the acquisition were as follows:

	Acquiree's carrying amount/Fair value
	HK$'000
Bank and cash balances	574
Receivables	16
Payables	(552)
Amount due to an immediate holding company	(28,868)
Net liabilities acquired	(28,830)
Purchase consideration settled in cash	(2)
Cash and cash equivalents in the subsidiary acquired	574
Cash inflow on acquisition	572

24. EVENTS AFTER THE BALANCE SHEET DATE

The Company announced on 18 October 2005 a proposal to raise approximately HK$30 million before expenses by an open offer of 1,311,324,786 shares at a subscription price of HK$0.023 per share (the "Open Offer"), which was approved by the shareholders at a special general meeting held on 25 November 2005. After completion of the Open Offer on 15 December 2005, the number of issued shares of the Company increased from 437,108,262 to 1,748,433,048.