

## 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.

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 2006, 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”), Hong Kong (International Financial Reporting Interpretations Committee) Interpretations (the “HK(IFRIC) – Int”) 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 December 2005.

The adoption of these New HKFRSs has had no material effect on how the results for the current or prior accounting period have been prepared and presented. Accordingly, no prior period adjustment has been required.

### 3. POTENTIAL IMPACT OF NEW STANDARDS NOT YET APPLIED

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

HKAS 1 (Amendment)	Presentation of financial statements: Capital disclosures
HK(IFRIC) – Int 7	Applying the restatement approach under HKAS 29 financial reporting in hyperinflationary economies
HK(IFRIC) – Int 8	Scope of HKFRS 2
HK(IFRIC) – Int 9	Reassessment of embedded derivatives

The Group has already commenced an assessment of the potential impact of these New HKFRSs but is not yet in a position to determine whether these New HKFRSs 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:

	Apparel trading <i>HK\$'000</i>	Securities trading <i>HK\$'000</i>	Strategic investments and others <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
<b>For the six months ended</b>				
<b>30 September 2006</b>				
Turnover	<u>36,514</u>	<u>55</u>	<u>-</u>	<u>36,569</u>
Segment results	<u>(4,960)</u>	<u>(3)</u>	<u>-</u>	<u>(4,963)</u>
Interest income				149
Group overheads				<u>(2,582)</u>
Loss from operations				(7,396)
Loss on sales of available-for-sale financial assets			(13,288)	(13,288)
Finance costs				<u>(327)</u>
Loss before taxation				(21,011)
Taxation				<u>-</u>
Loss for the Period				<u><u>(21,011)</u></u>

**4. SEGMENT INFORMATION** (Continued)*Business segment (Continued)*

	<b>Apparel trading</b>	<b>Securities trading</b>	<b>Strategic investments and others</b>	<b>Consolidated</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>For the six months ended</b>				
<b>30 September 2005</b>				
Turnover	43,224	4,556	-	47,780
Segment results	(7,265)	149	-	(7,116)
Interest income				8
Group overheads				(2,137)
Provision for loan receivables	-	-	(100)	(100)
Impairment loss of goodwill arising on acquisition of subsidiaries	(3,118)	-	-	(3,118)
Loss from operations				(12,463)
Gain on disposal of subsidiaries	1	-	9	10
Finance costs				(1,099)
Loss before taxation				(13,552)
Taxation				-
Loss for the period				(13,552)

**5. LOSS FROM OPERATIONS**

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2006</b>	2005
	<b>HK\$'000</b>	<i>HK\$'000</i>
Loss from operations has been arrived at after charging/(crediting):		
Cost of goods sold	<b>18,539</b>	28,477
Depreciation	<b>1,015</b>	658
Loss on disposal/write-off of property, plant and equipment	<b>451</b>	39
Royalty income	-	(205)
	<b>_____</b>	<b>_____</b>

**6. FINANCE COSTS**

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2006</b>	2005
	<b>HK\$'000</b>	<i>HK\$'000</i>
Interest on short term loan wholly repayable within five years	<b>327</b>	1,099
	<b>_____</b>	<b>_____</b>

**7. TAXATION**

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

**8. LOSS 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\$21,011,000 (30 September 2005: loss of approximately HK\$13,552,000) and on the weighted average number of approximately 314,336,000 ordinary shares (30 September 2005: weighted average number of approximately 437,108,000 ordinary shares) in issue during the Period.

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

**9. DIVIDEND**

The Directors do not recommend the payment of an interim dividend for the Period (2005: Nil).

**10. PROPERTY, PLANT AND EQUIPMENT**

	<i>HK\$'000</i>
Net book value at 31 March 2006	2,534
Additions	420
Disposal/written off	(501)
Depreciation	(1,015)
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Net book value at 30 September 2006	1,438

**11. AVAILABLE-FOR-SALE FINANCIAL ASSETS**

	At 30 September 2006 <i>HK\$'000</i>	At 31 March 2006 <i>HK\$'000</i>
Listed equity securities in Hong Kong	-	2,807

**12. INVENTORIES**

	At 30 September 2006 <i>HK\$'000</i>	At 31 March 2006 <i>HK\$'000</i>
Merchandise goods for sales – Apparel	<b>32,856</b>	38,073

**13. TRADE AND OTHER RECEIVABLES, 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 2006, the balance of trade and other receivables, deposits and prepayments included trade debtors of approximately HK\$6,384,000 (31 March 2006: HK\$8,278,000). An aged analysis of trade debtors, net of provision for bad and doubtful debts at the reporting dates is as follows:

	At 30 September 2006 <i>HK\$'000</i>	At 31 March 2006 <i>HK\$'000</i>
0 – 60 days	<b>4,498</b>	7,824
61 – 90 days	<b>452</b>	58
91 – 180 days	<b>1,099</b>	137
181 – 365 days	<b>107</b>	116
Over 1 year	<b>228</b>	143
	<b>6,384</b>	8,278

**14. TRADE AND OTHER PAYABLES, ACCRUALS AND DEPOSITS RECEIVED**

At 30 September 2006, the balance of trade and other payables, accruals and deposits received included trade creditors of approximately HK\$1,244,000 (31 March 2006: HK\$2,791,000). An aged analysis of the trade creditors at the reporting dates are as follows:

	<b>At 30 September 2006 HK\$'000</b>	<b>At 31 March 2006 HK\$'000</b>
0 – 60 days	–	1,505
61 – 90 days	–	38
91 – 180 days	–	3
181 – 365 days	–	1
Over 1 year	<b>1,244</b>	1,244
	<b>1,244</b>	2,791

**15. SHORT TERM LOAN**

At 30 September 2006, the short term loan was extended by an independent third party which is interest bearing at bank's best lending rate less 2% per annum and due on 31 March 2007. 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.



**16. SHARE CAPITAL**

	<b>Number of shares</b>	<i>HK\$'000</i>
Authorised:		
At 31 March 2006 and 30 September 2006:		
Ordinary shares of HK\$0.001 each	300,000,000,000	300,000
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Issued and fully paid:		
At 1 April 2005:		
Ordinary shares of HK\$0.001 each	437,108,262	437
Open offer	1,311,324,786	1,311
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At 1 April 2006		
Ordinary shares of HK\$0.001 each	1,748,433,048	1,748
Capital reduction	–	(1,661)
Share consolidation	(1,661,011,396)	–
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At 30 September 2006		
Ordinary shares of HK\$0.001 each	87,421,652	87
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At a special general meeting of the Company held on 26 April, 2006, a special resolution was passed pursuant to which the paid up capital of the Company was reduced from HK\$0.001 to HK\$0.00005 per share ("Reduced Share") by cancellation of HK\$0.00095 of the paid up capital on each issued share ("Capital Reduction"). As a result of the Capital Reduction and based on the number of issued shares of the Company as at 26 April 2006, an amount of approximately HK\$1,661,000 from the share capital account of the Company was cancelled and credited to the contributed surplus account of the Company where it was utilized to set off the accumulated losses of the Company. Immediately following the Capital Reduction became effective on 9 May 2006, every 20 Reduced Shares were consolidated into one share of HK\$0.001 each resulting in the total issued share capital of the Company reduced to 87,421,652 shares.

**17. RESERVES**

	Share premium HK\$'000	Investment revaluation reserve HK\$'000	Capital redemption reserve HK\$'000	Reserve funds HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1 April 2006	709,633	(12,845)	1,190	135	(655,942)	42,171
Capital reduction	(709,633)	-	-	-	711,295	1,662
Reserve realised upon sales of available-for-sale financial assets	-	12,845	-	-	-	12,845
Loss for the Period	-	-	-	-	(21,011)	(21,011)
At 30 September 2006	-	-	1,190	135	34,342	35,667

**18. CONTINGENCIES AND COMMITMENTS****(a) Litigation**

In August 2005, Orient Rise Limited ("Orient Rise") initiated a legal action against French Trade Marketing Limited and Euro Fashion Trading Company Limited, two wholly-owned subsidiaries of the Company, for a breach of the terms of sublicense causing loss and damages to Orient Rise.

Up to the date of this report, based on the legal advice obtained, the Directors believed that there is no ground for Orient Rise to make the claim and therefore, no provision has been made in the unaudited condensed consolidated financial statements.

18. CONTINGENCIES AND COMMITMENTS *(Continued)*

## (b) Capital commitments

	At <b>30 September</b> <b>2006</b> <i>HK\$'000</i>	At 31 March 2006 <i>HK\$'000</i>
Capital expenditure contracted for but not provided in the condensed consolidated financial statements in respect of:		
Acquisition of property in Malaysia	<b>105,281</b>	105,281
Acquisition of plant and equipment	-	79
	<b>105,281</b>	105,360