TACK FAT GROUP INTERNATIONAL LIMITED

(Provisional Liquidators Appointed)

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 00928)

INTERIM REPORT 2010

CONTENTS

CORPORATE INFORMATION

Joint and Several Provisional Liquidators

Mr. FOK Hei Yu *(Appointed by the High Court on 11 September 2008)*
Mr. Roderick John SUTTON *(Appointed by the High Court on 11 September 2008)*

Non-Executive Directors

Mr. James McMULLEN

Independent Non-Executive Directors

Mr. PAU Chin Hung, Andy
Mr. CHOONG Khuat Leok
Mr. KOOI Tock Chian

Audit Committee

Mr. PAU Chin Hung, Andy
Mr. CHOONG Khuat Leok
Mr. KOOI Tock Chian

Share Registrar

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

Principal Office

c/o FTI Consulting (Hong Kong) Limited
(formerly as FS Asia Advisory Limited)
14th Floor The Hong Kong Club Building
3A Chater Road Central Hong Kong

Company Website

www.tackfatgroup.com

Registered Office

Century Yard
Cricket Square, Hutchins Drive
George Town, Grand Cayman
Cayman Islands
British West Indies

Auditors

Hopkins CPA Limited
3rd Floor Sun Hung Kai Centre
30 Harbour Road
Hong Kong

PROVISIONAL LIQUIDATORS' REPORT

Trading in the shares of Tack Fat Group International Limited (Provisional Liquidators Appointed) (the "Company") has been suspended on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 30 July 2008.

On 11 September 2008, the Company filed a self petition for winding up and Bank of America N.A. filed an application to support the winding up petition against the Company. Accordingly, the High Court of Hong Kong (the "High Court") appointed Mr. Fok Hei Yu and Mr. Roderick John Sutton, both of FTI Consulting (Hong Kong) Limited ("FTI Consulting") (formerly FS Asia Advisory Limited), to act as joint and several provisional liquidators to the Company (the "Provisional Liquidators") on the same day.

The Provisional Liquidators have been granted the authority to sign, approve, publish and do all such acts in connection with this report pursuant to an order of the High Court. The Provisional Liquidators herein present their report together with the condensed consolidated financial statements of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 September 2010.

FINANCIAL RESULTS

For the six months ended 30 September 2010, the Group's turnover was approximately HK$22.79 million (six months ended 30 September 2009: HK$21.44 million), representing an increase of approximately 6.30% from the corresponding period of last year. Respective state of affairs of the Group is set out in the condensed consolidated financial statements on pages 11 to 31.

The consolidated loss attributable to shareholders of the Company for the six months ended 30 September 2010 amounted to approximately HK$98.65 million (six months ended 30 September 2009: HK$23.83 million). Loss per share was approximately HK4.45 cents as compared with loss per share of approximately HK1.08 cents for the corresponding period of last year.

BUSINESS REVIEW

The main business activity of the Group is the retailing of garment in the People's Republic of China (the "PRC").

For the six months ended 30 September 2010, the Group's turnover was approximately HK$22.79 million (six months ended 30 September 2009: HK$21.44 million), representing an increase of approximately 6.30% as compared to the corresponding period of last year.

The Group's gross margin for the six months ended 30 September 2010 was 43.91% (six months ended 30 September 2009: 39.43%), representing an increase of approximately 4.48% as compared to the corresponding period of last year.

Closing inventories at 30 September 2010 were approximately HK$5.79 million (six months ended 30 September 2009: HK$7.83 million). Inventory turnover on sales for the six months ended 30 September 2010 was 194 days (six months ended 30 September 2009: 191 days).

PROVISIONAL LIQUIDATORS' REPORT

LIQUIDITY, FINANCIAL RESOURCES AND FUNDING

Bank balances and cash including escrow money as at 30 September 2010 was approximately HK$7.20 million (31 March 2010: HK$13.04 million). The Group's gearing ratio measured on the basis of the Group's total bank borrowings relative to the shareholders' funds is not applicable as the Group had shareholders' deficits as at 30 September 2010 and 31 March 2010 respectively.

CAPITAL STRUCTURE

Details of the capital structure of the Group are set out in note 17 to the condensed consolidated financial statements.

FINANCIAL RISK MANAGEMENT

Exposures to credit, liquidity, interest rate, foreign currency risks arise in the normal course of the Group's business. The Group's financial management policies and practices are described below.

(a) Credit Risk

The Group's credit risk is primarily attributable to bank deposits, trade and other receivables. The Group maintains a defined credit policy and the exposures to these credit risks are monitored on an ongoing basis.

Cash is deposited with financial institutions with sound credit ratings and the Group does not have exposure limit to any single financial institution. Given their sound credit ratings, management does not expect any of these financial institutions will fail to meet their obligations.

Regular review and follow-up actions are carried out on overdue amounts to minimise exposure to credit risk. For trade and other receivables, credit terms given to customers are generally based on the financial strength and repayment history of each customer. As such, the Group does not obtain collateral from its customers. Adequate provisions have been made for estimated irrecoverable amounts.

The Group has no concentrations of credit risk in view of its large number of customers. The maximum exposure to credit risk is represented by the carrying amount of trade and other receivables in the condensed consolidated statement of financial position. Except for the guarantees given by the Group as disclosed in note 15 to the condensed consolidated financial statements, the Group does not provide any other guarantees which expose the Group to credit risk.

(b) Liquidity Risk

The Group's policy is to regularly monitor current and expected liquidity requirements, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from certain parties to meet its liquidity requirements in the short and longer term.

(c) Interest Rate Risk

The Group is exposed to interest rate risk through the impact of rates changes on interest-bearing borrowings which predominantly bear floating interest rates and fixed interest rates. As at the date of this report, the interest-bearing borrowings of the Group includes amount classified as "Provision for bank loan guarantees for subsidiaries", "Other borrowings" and "Convertible bonds" as set out in notes 15 and 16 to the condensed consolidated financial statements (collectively as the "Borrowings") that were entered prior to the appointment of the Provisional Liquidators by the Company. Pursuant to the proposed Restructuring Agreement, the Company's commitments to the borrowings will be compromised, discharged and settled through the proposed Schemes. Upon the effect of the Schemes, ceteris paribus, the Group's exposure to interest rate risks is minimal as the Group does not have other material interest-bearing borrowings which bear floating interest rates.

(d) Foreign Currency Risk

The Group's revenues and costs are mainly derived from subsidiaries in PRC. For subsidiaries in the PRC, most of the sales and purchases are denominated in Renminbi ("RMB"), the exposure to foreign currency risk is expected to be minimal.

The Group currently does not have a foreign currency hedging policy in respect of its foreign currency assets and liabilities. The Group will monitor its foreign currency exposure closely and will consider hedging foreign currency exposure if necessary.

RESTRUCTURING OF THE GROUP FROM 2010

On 9 April 2010, the Company was informed by the Stock Exchange in a letter that trading in the ordinary shares of the Company (the "Shares") will be resumed subject to the satisfaction of the following conditions (collectively as the "Resumption Conditions") by 8 October 2010:

1. complete the open offer, subscription of convertible bonds and all other transactions in the proposal submitted to the Stock Exchange for the resumption of trading in the Shares on 20 July 2009 (the "Resumption Proposal");

2. publish a circular containing (i) detailed disclosure of the Resumption Proposal comparable to prospectus standard; (ii) profit forecast for each of the two years ending 31 March 2012 which should be prepared by the directors of the Company (including proposed Directors) (the "Director") after due and careful enquiry; and (iii) pro forma statement of financial position upon completion of the Resumption Proposal;

3. provide comfort letter from the auditor or the financial advisor relating to working capital sufficiency for the next 12 months from the latest practicable date before expected resumption date; and

4. undertake to (i) appoint an independent professional advisor to conduct follow-up reviews on the internal control procedures within 6 months from resumption date; and (ii) disclose the review results in subsequent financial reports.

The Stock Exchange may modify the resumption conditions if the Company's situation changes.

On 9 April 2010, the Company, the Provisional Liquidators, Forefront Finance Company Limited ("Forefront"), Merrier Limited ("Merrier"), Hansom Finance Limited ("Hansom") and Radford Developments Limited ("the Investor") entered into the supplemental deed to the settlement deed entered on 3 April 2009 (the "Supplemental Deed") pursuant to which Forefront and Hansom agreed to extend the period of not exercising their respective share charge over the Ever Century Shares from 12 months to 24 months from the date of the settlement deed entered by the Company, the Provisional Liquidators, Forefront, Merrier, Hansom and the Investor on 3 April 2009 (the "Settlement Deed"). By an order of the High Court dated 22 October 2010, the hearing for the winding up of the Company was further adjourned to 9 February 2011.

On 26 May 2010, the Company, the Provisional Liquidators, the Investor and Ferrier Hodgson Limited (now as FTI Consulting (Hong Kong) Limited) entered into a restructuring agreement (the "Restructuring Agreement") which provided for, inter alia, a proposed capital reorganisation, a proposed open offer, a proposed subscription of convertible bonds by the Investor, a proposed debt restructuring and schemes of arrangement in both Hong Kong (the "Hong Kong Scheme") and the Cayman Islands (the "Cayman Scheme") (collectively as the "Schemes").

On 28 May 2010, New Profit Holdings Limited, an indirect 90% owned subsidiary of the Company, was placed into creditors' voluntary liquidation pursuant to the Companies Ordinance of Hong Kong.

On 30 July 2010, the Company, the Provisional Liquidators, Anway Limited ("Anway"), Best Favour Investments Limited ("Best Favour"), Tack Fat Swimwear Manufacturing Limited (In Liquidation) ("Swimwear") and CITIC Bank International Limited ("CITIC Bank") entered into an agreement such that at completion of the Restructuring Agreement:

(i) the Company shall transfer or procure the transfer the remaining two sevenths of the cash consideration of HK$50 million described above and two sevenths of the Creditors Convertible Bonds to New Profit Holdings Limited (In Creditors' Voluntary Liquidation) ("New Profit"), or as it directs;

(ii) after receipt of the distributions described in (i) above, New Profit shall distribute to the Swimwear, CITIC Bank and Noble Group Investment Limited ("Noble"), the 10% shareholder of Best Favour, and any other person that may be identified during the restructuring process, as having an interest in New Profit as creditor or shareholder in the agreed order of priority;

(iii) upon Swimwear's receipt of its respective entitlements, Swimwear's claims against New Profit shall be settled and Swimwear shall be deemed to have no further claim against New Profit and to have waived any and all rights of action of any nature against New Profit arising prior to the date of payment of its respective entitlements;

(iv) upon CITIC Bank's receipt of its respective entitlements, CITIC Bank shall be deemed to have no further claims against Anway and to have waived any and all rights of action of any nature against Anway arising prior to the date of payment of its respective entitlements. CITIC Bank will take all steps necessary to release, on the completion date of the Restructuring Agreement, the security over the shares in Best Favour; and

(v) Noble will receive 10% of any residual amount due to Best Favour upon the distribution by New Profit.

On 8 August 2010, the Company has notified its shareholders for the proposed capital reorganization which comprise (i) the reduction in par value of all the issued Shares from HK$0.1 to HK$0.001 whereby all unissued Shares will be cancelled; (ii) the consolidation of every 10 issued shares of par value of HK$0.001 into one new share of par value of HK$0.01 each; and (iii) the increase of the Company's authorised share capital from HK$400 million to HK$500 million, divided into 50,000,000,000 New Shares of HK$0.01 each (the "Capital Reorganisation").

The extraordinary general meeting was convened on 30 August 2010 and the special resolution to approve the proposed Capital Reorganisation was passed by the majority of not less than 75% of the votes cast by the shareholders present in person or by proxy or by duly authorised representative by way of poll.

The creditors' meetings to approve the Schemes were held on 30 August 2010. The Schemes were passed by the required majority of the creditors with the scheme of arrangement in the Cayman Islands being sanctioned by the Cayman Court on 7 September 2010. The Schemes will become effective upon the completion of the restructuring.

On 20 August 2010, the Stock Exchange agreed the extension of the time for the satisfaction of the Resumption Conditions to 15 December 2010.

On 24 August 2010, the parties to the Restructuring Agreement entered into a side letter to extend the long stop date to 15 December 2010 and include the approval of special deal by the Company's shareholders and consent being granted by the Executive Director of the Corporate Finance Division of the Securities and Futures Commission of Hong Kong in addition to the existing conditions under the Restructuring Agreement.

On 31 August 2010, the Company despatched the circular (the "Circular") to the shareholders notifying the proposed restructuring of the Company which principally comprises (a) the proposed open offer of 15,001,474,104 offer shares at the subscription price of HK$0.01 per offer share on the basis of 339 offer shares for every 5 new shares in order to raise approximately HK$150 million; (b) the subscription of convertible bonds by the Investor and the creditors of the Company in the principal amount of HK$100 million and HK$20 million respectively at a conversion price of HK$0.01 per conversion share; (c) the application of whitewash waiver; (d) the approval of the special deal; and (e) the appointment of new directors to the Company.

The extraordinary general meeting in relation to the implementation of the terms under the Circular was convened on 15 September 2010 (the "EGM") and the proposed ordinary resolutions (the "Ordinary Resolutions"), except for the appointment of the new directors to the Company upon completion of the restructuring, were not passed by the majority of the shareholders attending and eligible to vote at the meeting.

Subsequent to the EGM, the Provisional Liquidators have been informed that two entities holding a beneficial interest in not less than 28.68% in aggregate of the existing issued share capital of the Company as at the date of the EGM (the "Dissenting Shareholders") caused the legal holder to vote against the Ordinary Resolutions at the EGM.

PROVISIONAL LIQUIDATORS' REPORT

Based on the information and evidence collected from their investigation, the Provisional Liquidators believe that implementation of the Restructuring Agreement is in the best interests of all of the shareholders, and that in causing the legal holder to vote against the Ordinary Resolutions referred to above, the Dissenting Shareholders have not exercised their votes in the best interests of the shareholders as a whole.

The Company has filed proceedings in the Grand Court of the Cayman Islands (the "Proceedings") against the Dissenting Shareholders and the legal holder in order to have the relevant votes cast at the EGM set aside, and declared to be void and of no effect on the basis that they were not properly exercised.

Meanwhile, the Investor has indicated an intention to make a new proposal for the restructuring of the Company. The Provisional Liquidators and their professional advisors are now dealing with the regulatory issues arising from the new proposal, under which the shareholders may be asked to vote on new Ordinary Resolutions.

On 8 November 2010, the Investor, the Provisional Liquidators and FTI Consulting entered into a revolving loan facility agreement of which the Investor consented to make available to the Company a revolving facility in an aggregate amount of HK$15 million for the retail operation of the Company in the PRC.

PROSPECTS

It is anticipated that the financial position of the Group will be substantially improved upon (i) the successful implementation of the Restructuring Agreement; and (ii) resumption of trading in the shares on the Stock Exchange. The Investor and the Provisional Liquidators anticipate all existing liabilities owed to the creditors of the Company and creditors of its subsidiaries holding guarantees given by the Company will be compromised and discharged through the Schemes.

It is the Investor's intention to maintain the Group's existing retail business. With the strong and continuous support provided by the Investor to the Group in terms of both business and financial aspects, the Group will be able to sustain its retail business at a sufficient level in upcoming financial years and expand its retail business to a substantial level within a reasonable period of time after the resumption of trading in the shares of the Company on the Stock Exchange.

PLEDGE OF ASSETS

On 3 April 2009, the Company, the Provisional Liquidators, Forefront, Merrier, Hansom and the Investor entered into the Settlement Deed pursuant to which Merrier agreed to transfer the interest in Ever Century (a wholly-owned subsidiary of the Company the entire equity interest of which was charged and transferred to Forefront by the Company in June 2008 and August 2008 respectively) back to the Company for a period of 12 months in order to facilitate the restructuring of the Company and Forefront and Hansom acknowledged, confirmed and agreed that there was no intention to change the beneficial ownership of interest in Ever Century or the Company's control over Ever Century. The period was further extended to 24 months from the date of the Settlement Deed pursuant to the Supplemental Deed. Upon completion of the restructuring, the Provisional Liquidators anticipate that the charge over the shares of Ever Century will be discharged through the proposed Schemes.

PROVISIONAL LIQUIDATORS' REPORT

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's articles of association and the laws of the Cayman Islands.

CONTINGENT LIABILITIES

Details of contingent liabilities are set out in note 20 to the condensed consolidated financial statements.

PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Provisional Liquidators as at the latest practicable date prior to the issue of this report, the Company has complied with the sufficiency of public float requirement under the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

REVIEW BY THE AUDIT COMMITTEE

For the six months ended 30 September 2010, the audit committee comprises of three members, namely Mr. Pau Chin Hung, Andy, Mr. Choong Khuat Leok and Mr. Kooi Tock Chian, with Mr. Choong as the chairman of the audit committee.

The interim report has been reviewed by the audit committee but not the Company's auditor.

RELATED PARTY TRANSACTIONS, CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

Details of the related party transactions are set out in note 21 to the condensed consolidated financial statements.

EMPLOYEES AND REMUNERATION POLICY

As at 30 September 2010, the Group employed approximately 320 full time employees. The Group remunerates its employees based on performance and experience.

The Group's subsidiary in the PRC participates in a defined contribution retirement scheme organised by the PRC municipal government. The said subsidiary is required to make contributions at approximately 20% of the relevant PRC employees' salaries to the scheme.

Save as disclosed above, the Group has no other significant obligations to make payments in respect of retirement benefits of the employees.

Disclosure of directors' emoluments is set out in note 21 to the condensed consolidated financial statements.

SHARE CAPITAL

Movement in share capital of the Company is set out in note 17 to the condensed consolidated financial statements.

PROVISIONAL LIQUIDATORS' REPORT

SHARE OPTION SCHEME

The Company has conditionally adopted a share option scheme approved by way of written resolution on 11 April 2002 (the "Share Option Scheme") under which the Directors may invite any full-time employees, directors (including executive directors, non-executive directors and independent non-executive directors) and part-time employees of the Group with weekly working hours of 10 hours and above, any advisers (professional or otherwise) or consultants, distributors, suppliers, agents, customers, partners, joint venture partners, promoters, service providers to the Group from time to time to take up options to subscribe for shares of the Company.

The exercise price is determined by the board of directors at its absolute discretion and notified to each option holder but which shall be no less than the highest of (i) the closing price of the shares as stated in the daily quotations sheets issued by the Stock Exchange on the date of grant; (ii) the average closing price of the shares as stated in the daily quotations sheets issued by the Stock Exchange for the five business days immediately preceding the date of grant; and (iii) the nominal value of a share on the date of grant. The options may be exercised in accordance with the terms of the share option scheme at any time during a period to be notified by the board of directors to each option holder but may not be exercised after the expiry of ten years from the date of grant.

The share options granted to the employees under the Share Option Scheme lapsed immediately upon their cessation of employment with the Group. To the best knowledge of the Provisional Liquidators, no person who also holds a share option is being employed by the Company or the Group nor there are any share options outstanding under the Share Option Scheme as at the six months ended 30 September 2010 and 30 September 2009.

During the six months ended 30 September 2010, no share option has been granted.

INTERIM DIVIDEND

There will not be a payment of an interim dividend for the six months ended 30 September 2010 (six months ended 30 September 2009: Nil).

By Order of the Board
TACK FAT GROUP INTERNATIONAL LIMITED
(Provisional Liquidators Appointed)

CHOONG Khuat Leok
Independent Non-Executive Director

For and on behalf of
TACK FAT GROUP INTERNATIONAL LIMITED
(Provisional Liquidators Appointed)

FOK Hei Yu
Roderick John Sutton
Joint and Several Provisional Liquidators who act without personal liabilities

30 November 2010

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2010

(Amounts expressed in Hong Kong dollars)

		Unaudited Six months ended 30 September	
		2010	2009
	Notes	***$'000***	*$'000*
Turnover	*4*	**22,788**	21,435
Cost of sales		**(12,782)**	(12,984)
Gross profit		**10,006**	8,451
Other revenue	*6(c)*	**1,386**	1,557
Distribution costs		**(18,793)**	(24,559)
Administrative and other operating expenses	*5*	**(73,974)**	(5,723)
Loss from operations		**(81,375)**	(20,274)
Finance costs	*6(a)*	**(17,759)**	(5,783)
Loss before tax	*6*	**(99,134)**	(26,057)
Income tax	*7*	**–**	–
Loss for the period		**(99,134)**	(26,057)
Other comprehensive income:			
Exchange differences on translating foreign operations		**266**	–
Total comprehensive income for the period		**(98,868)**	(26,057)
Loss for the period attributable to:			
Owners of the Company		**(98,652)**	(23,834)
Non-controlling interests		**(482)**	(2,223)
		(99,134)	(26,057)
Total comprehensive income for the period attributable to:			
Owners of the Company		**(98,386)**	(23,834)
Non-controlling interests		**(482)**	(2,223)
		(98,868)	(26,057)
Dividends payable to equity shareholders of the Company	*8*	**Nil**	Nil
Basic loss per share	*9*	**(4.45 cents)**	(1.08 cents)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2010

(Amounts expressed in Hong Kong dollars)

	Notes	Unaudited 30 September 2010 $'000	Audited 31 March 2010 $'000
Non-current assets			
Property, plant and equipment	*11*	**2,606**	3,282
Current assets			
Inventories		**5,785**	7,830
Trade and other receivables	*12*	**32,395**	28,273
Escrow money	*13*	**1,489**	352
Cash and cash equivalents		**5,707**	12,687
		45,376	49,142
Current liabilities			
Trade and other payables	*14*	**79,722**	80,692
Provision for bank loan guarantees for subsidiaries	*15(i)*	**917,873**	846,121
Other borrowings	*15(ii)*	**52,390**	52,390
Convertible bonds	*16*	**121,557**	121,557
Loans from the Investor		**21,200**	36,400
Amounts due to deconsolidated subsidiaries	*19*	**235,398**	209,956
Tax payable		**2,646**	1,954
		1,430,786	1,349,070
Net current liabilities		**(1,385,410)**	(1,299,928)
NET LIABILITIES		**(1,382,804)**	(1,296,646)
EQUITY			
Share capital		**221,261**	221,261
Deficiency		**(1,647,761)**	(1,563,065)
Total equity attributable to owners of the Company		**(1,426,500)**	(1,341,804)
Non-controlling interests		**43,696**	45,158
		(1,382,804)	(1,296,646)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2010

(Amounts expressed in Hong Kong dollars)

	Unaudited Six months ended 30 September			
	2010		2009	
	$'000	***$'000***	*$'000*	*$'000*
Total deficiency at 1 April (audited)		**(1,296,646)**		(1,250,814)
Net loss recognised directly in equity:				
Capital reserve	**(30,720)**		(46,686)	
Net loss for the period	**(99,134)**		(26,057)	
Total recognised income and expenses for the period		**(129,854)**		(72,743)
Total deficiency attributable to shareholders of the Company		**(1,426,500)**		(1,323,557)
Non-controlling interests		**43,696**		42,617
At 30 September (unaudited)		**(1,382,804)**		(1,280,940)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2010

(Amounts expressed in Hong Kong dollars)

	Unaudited Six months ended 30 September	
	2010	2009
	$'000	*$'000*
Net cash used in operating activities	**(9,197)**	(13,638)
Net cash used in investing activities	**(1,094)**	(18)
Net cash generated from financing activities	**4,800**	9,998
Net decrease in cash and cash equivalents	**(5,491)**	(3,658)
Cash and cash equivalents at 1 April	**12,687**	8,210
Cash and cash equivalents at 30 September	**7,196**	4,552

1 ORGANIZATION AND OPERATION

Tack Fat Group International Limited (Provisional Liquidators Appointed) (the "Company", together with its subsidiaries, the "Group") was incorporated in the Cayman Islands on 12 March 2001. The address of its registered office is Century Yard, Cricket Square, Hutchins Drive, George Town, Grand Cayman, Cayman Islands, British West Indies. The principal place of business is 14th Floor, The Hong Kong Club Building, 3A Chater Road, Central, Hong Kong. The shares of the Company were listed on the Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 29 April 2002 and have been suspended from trading since 30 July 2008.

The Company is principally engaged in investment holding. The Group is principally engaged in apparel retailing business in the People's Republic of China (the "PRC").

The Company's functional currency is Renminbi. The condensed consolidated financial statements are presented in Hong Kong dollars as the Hong Kong dollars is considered the most appropriate presentation currency in view of the Company's past practice.

These condensed consolidated financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand ($'000) except otherwise indicated.

2 BASIS OF PRESENTATION

The unaudited condensed consolidated interim financial statements have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34: "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and the same accounting policies as those adopted in the annual financial statements for the year ended 31 March 2010. These unaudited condensed consolidated interim financial statements should be read in conjunction with the Annual Report 2010 of the Company.

The interim financial report is unaudited and has only been reviewed by the audit committee of the Company but not the auditors.

Going concern

As at 30 September 2010, the Group had unaudited consolidated net current liabilities of approximately HK$1,385.41 million (31 March 2010: approximately HK$1,299.93 million) and unaudited consolidated net liabilities of approximately HK$1,382.80 million (31 March 2010: approximately HK$1,296.65 million). The Group had a net loss attributable to equity holders of the Company for the six months ended 30 September 2010 of approximately HK$98.65 million (six months ended 30 September 2009: approximately HK$23.83 million).

2 BASIS OF PRESENTATION (Continued)

Going concern (Continued)

On 11 September 2008, pursuant to a court order, Mr. Fok Hei Yu and Mr. Roderick John Sutton, both of FTI Consulting (Hong Kong) Limited ("FTI Consulting"), were appointed as the provisional liquidators to the Company (the "Provisional Liquidators") as a result of the Company's self petition for winding up and Bank of America N.A.'s application to support the winding up petition against the Company. Upon the appointment of the Provisional Liquidators, the powers of the directors of the Company were suspended with regard to the affairs and business of the Company.

As at 30 September 2010, the Company has obtained approval in principal for the resumption of trading in the Company's shares by the Stock Exchange and pending execution and fulfillment of the resumption conditions as set out by the Stock Exchange.

The restructuring proposal submitted by Radford Developments Limited (the "Investor") dated 2 December 2008 has been accepted by the Provisional Liquidators and, in principle, by the major creditors of the Group. On 12 January 2009, an exclusivity and escrow agreement was entered into amongst the Provisional Liquidators, Ferrier Hodgson Limited (currently FTI Consulting) (as the escrow agent) and the Investor. Pursuant to the exclusivity and escrow agreement, the Provisional Liquidators granted the Investor an exclusive right up to 11 July 2009 to negotiate a legally binding agreement for the implementation of the restructuring proposal. As a result, the Investor provided (i) a sum of HK$10 million as working capital loan to the Group to meet its working capital requirements; and (ii) a sum of HK$6.4 million to the Group as professional fees in relation to the Group's restructuring. On 8 July 2009, the Provisional Liquidators and the Investor entered into a side letter to extend the exclusivity period by a 6-month period to 12 January 2010. On 11 August 2009, the Investor and the Provisional Liquidators entered into a revolving loan facility agreement, pursuant to which, the Investor consented to provide an additional working capital loan for the Group's retail operating entity in the PRC for an aggregate amount equal to HK$15 million (the "Working Capital Facility"). On 20 January 2010, a further sum of HK$5 million was provided by the investor to meet the funding requirement of the PRC business (the "Additional Funding"). On 28 April 2010, the Company settled the obligations under the Working Capital Facility and the Additional Funding.

2 BASIS OF PRESENTATION (Continued)

Going concern (Continued)

The Provisional Liquidators have appointed Asian Capital (Corporate Finance) Limited ("Asian Capital") as financial advisor to the Company with a view to restructuring the Company and submitting a viable resumption proposal to the Stock Exchange. The Company on 20 July 2009 submitted a resumption proposal (the "Resumption Proposal") to the Stock Exchange. On 9 April 2010, the Company was informed by the Stock Exchange in a letter that trading in the Shares will be resumed subject to the satisfaction of the following conditions by 8 October 2010:

1. complete the open offer, subscription of convertible bonds and all other transactions in the Resumption Proposal;

2. publish a circular containing (i) detailed disclosure of the Resumption Proposal comparable to prospectus standard; (ii) profit forecast for each of the two years ending 31 March 2012 which should be prepared by the Directors (including proposed Directors) after due and careful enquiry; and (iii) pro forma statement of financial position upon completion of the Resumption Proposal;

3. provide comfort letter from the auditors or the financial advisor relating to working capital sufficiency for the next 12 months from the latest practicable date before expected resumption date; and

4. undertake to (i) appoint an independent professional advisor to conduct follow-up reviews on the internal control procedures within 6 months from resumption date; and (ii) disclose the review results in subsequent financial reports.

The Stock Exchange may modify the resumption conditions if the Company's situation changes.

In May 2010, New Profit Holdings Limited, an indirect 90% owned subsidiary of the Company, was placed into creditors' voluntary liquidation pursuant to the Companies Ordinance. Accordingly, the results and financial position are not included in the consolidated financial statements of the Company. Given New Profit Garment (Luo Ding) Company Limited ("Luo Ding") remains under the control of the management of the Company and, accordingly, the results and financial position are included in consolidated financial statements of the Company.

On 7 June 2010, the Company announced that a formal agreement (the "Restructuring Agreement") for the proposed restructuring of the Group, involving capital reorganisation, debt restructuring, subscription of convertible bonds and offer of new shares, was entered into on 26 May 2010 among the Company, the Provisional Liquidators, the Investor and Ferrier Hodgson Limited (currently FTI Consulting (Hong Kong) Limited) (the "Escrow Agent"). The principal elements of the restructuring proposal are as follows:

a) *Capital Reorganisation*

The Company will undergo Capital Reorganisation, involving capital reduction, share consolidation, capital cancellation and authorised share capital change.

2 BASIS OF PRESENTATION (Continued)

Going concern (Continued)

b) Open offer of new shares

Pursuant to the Restructuring Agreement, the Company will take necessary steps to implement the offer of a total of 15,001,474,104 new shares on the basis of 339 offer shares for every 5 new shares upon the completion of the capital reorganisation held on the record date by the qualifying shareholders in order to raise approximately HK$150 million (the "Open Offer").

c) Subscription of convertible bonds

Pursuant to the Restructuring Agreement upon the capital reorganisation, the Investor will subscribe for the convertible bonds issued by the Company with principal amount of HK$100 million and tenure of three years bearing no interest and convertible into new shares at the option of the bondholders at a conversion price of HK$0.01 per share (the "Investor Convertible Bonds").

d) Debt Restructuring

Pursuant to the Restructuring Agreement, the Company will apply to the High Court of Hong Kong and the Grand Court of the Cayman Islands (the "Cayman Court") for orders convening the creditors' meetings to consider the Hong Kong and the Cayman Islands schemes of arrangement (collectively as the "Schemes") between the Company and the creditors in order to effect the debt restructuring pursuant to which (a) the Company's indebtedness (including but not limited to any guarantee or indemnity given by the Company) will be compromised, discharged and settled; (b) the creditors of the Company (the "Scheme Creditors"), other than creditors which held a preferential claim against the Company, will receive a pro rata distribution of five sevenths of the convertible bonds to be issued by the Company with principal amount of HK$20 million and tenure of one year bearing an interest rate of 2% per annum and convertible into new shares of the Company at the option of the bondholders at a conversion price of HK$0.01 per share (the "Creditors Convertible Bonds"); and (c) the Company will transfer or procure the transfer to the scheme administrators of the Schemes for distribution to the Scheme Creditors of the follows:

(i) five sevenths of the cash consideration of HK$50 million, which is funded by the Company out of the gross proceeds from the subscription of the Investor Convertible Bonds;

(ii) any cash held by or for the account of the Company at completion of the restructuring; and

2 BASIS OF PRESENTATION (Continued)

Going concern (Continued)

d) *Debt Restructuring* **(Continued)**

(iii) all rights, title and interest in the companies transferred to Key Winner Holdings Limited ("Key Winner") by Ever Century Holdings Limited ("Ever Century") on or about 29 May 2009, and any other assets in the Group other than the assets which will remain for continuing operation of the Group.

On 20 August 2010, the Stock Exchange agreed the extension of the time for the satisfaction of the Resumption Condition to 15 December 2010.

On 24 August 2010, the parties to the Restructuring Agreement entered into the Supplemental Restructuring Side Letter to extend the long stop date to 15 December 2010 and include the approval of special deal by the Company's shareholders and consent being granted by the Executive Director of the Corporate Finance Division of the Securities and Futures Commission of Hong Kong in addition to the existing conditions under the Restructuring Agreement.

On 31 August 2010, the Company despatched the Circular to the Shareholders notifying the proposed restructuring of the Company which comprise (a) the proposed Open Offer; (b) the subscription of Investor Convertible Bonds and the Creditors Convertible Bonds; (c) the application of whitewash waiver; (d) the approval of the special deal; and (e) the appointment of new directors to the Company.

On 15 September 2010, an extraordinary general meeting in relation to the implementation of the terms under the Circular was convened on 15 September 2010 (the "EGM") and the resolutions to approve the proposed Open Offer, the subscription of the Investor Convertible Bonds and the Creditors Convertible Bonds, the application of whitewash waiver and the approval of the special deal (collectively as the "Ordinary Resolutions") were not passed by the majority of the shareholders attending and eligible to vote at the meeting.

Subsequent to the EGM, the Provisional Liquidators have been informed that two entities holding a beneficial interest in not less than 28.68% in aggregate of the existing issued share capital of the Company as at the date of the EGM (the "Dissenting Shareholders") caused the legal holder to vote against the Ordinary Resolutions at the EGM.

Based on the information and evidence collected from their investigation, the Provisional Liquidators believe that implementation of the Restructuring Agreement is in the best interests of all of the shareholders, and that in causing the legal holder to vote against the Ordinary Resolutions referred to above, the Dissenting Shareholders have not exercised their votes in the best interests of the shareholders as a whole.

2 BASIS OF PRESENTATION (Continued)

Going concern (Continued)

The Company has filed proceedings in the Grand Court of the Cayman Islands (the "Proceedings") against the Dissenting Shareholders and the legal holder in order to have the relevant votes cast at the EGM set aside, and declared to be void and of no effect on the basis that they were not properly exercised.

Meanwhile, the Investor has indicated an intention to make a new proposal for the restructuring of the Company. The Provisional Liquidators and their professional advisors are now dealing with the regulatory issues arising from the new proposal, under which the shareholders may be asked to vote on new Ordinary Resolutions.

On 8 November 2010, the Investor, the Provisional Liquidators and FTI Consulting entered into a revolving loan facility agreement pursuant to which the Investor consented to make available to the Company a revolving facility in an aggregate amount of HK$15 million for the retail operation of the Company in the PRC.

The financial statements have been prepared on a going concern basis on the basis that the proposed restructuring of the Company will be successfully completed, and that, following the restructuring, the Group will continue to meet in full its financial obligations as they fall due in the future.

In the opinion of the Provisional Liquidators, the financial statements for the six months ended 30 September 2010, which have been prepared on the going concern basis, present fairly the results and state of affairs of the Group.

Should the Group be unable to achieve a successful restructuring and to continue its business as a going concern, adjustments would have to be made to the financial statements to adjust the value of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities, respectively.

3 APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

Impact of New and Revised HKFRSs (Which Also Include HKASs and Interpretations)

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2010, except for the adoption of the new standards and interpretations as noted below.

HKFRS 1 (Revised)	*First-time Adoption of Hong Kong Financial Reporting Standards*
HKFRS 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Additional Exemptions for First-time Adopters*
HKFRS 2 Amendments	Amendments to HKFRS 2 *Share-based Payment – Group Cash-settled Share-based Payment Transactions*
HKFRS 3 (Revised)	*Business Combinations*
HKAS 27 (Revised)	*Consolidated and Separate Financial Statements*
HKAS 32 Amendments	Amendments to HKAS 32 *Financial Instruments: Presentation – Classification of Rights Issues*
Amendments to HKFRS 5 included in *Improvements to HKFRSs* issued in October 2008	Amendments to HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations – Plan to Sell the Controlling Interest in a Subsidiary*
HKAS 39 Amendment	Amendments to HKAS 39 *Financial Instruments: Recognition and Measurement-Eligible Hedged Items*
Annual Improvements Project	*Improvements to HKFRSs 2009*
HK Interpretation 4	*Leases – Determination of the Length of Lease Term in respect of Hong Kong Land Leases*
HK(IFRIC)-Int 17	*Distributions of Non-cash Assets to Owners*

The adoption of the above new standards and interpretations has had no material effect on the accounting policies of the Group and the methods of computation in the interim condensed consolidated financial statements.

4 TURNOVER

The principal activity of the Group is the retail and concessionaire sales of garments. Turnover represents the aggregate of the invoiced value of goods sold and is stated after deducting goods returned, trade discounts and sales tax.

5 ADMINISTRATIVE AND OTHER OPERATING EXPENSES

	Unaudited Six months ended 30 September	
	2010	2009
	$'000	*$'000*
Other operating expenses	**9,368**	4,060
Restructuring costs and charges	**4,915**	1,663
Provision for bank loan guarantees for subsidiary	**59,691**	–
	73,974	5,723

6 LOSS BEFORE TAXATION

Results before taxation is arrived at after charging the following:

(a) Finance Costs

	Unaudited Six months ended 30 September	
	2010	2009
	$'000	*$'000*
Interest on bank advances, other borrowings and convertible bond wholly repayable within five years	**17,719**	5,781
Bank charges	**40**	2
	17,759	5,783

6 LOSS BEFORE TAXATION (Continued)

(b) Other Items

	Unaudited Six months ended 30 September	
	2010	2009
	$'000	*$'000*
Cost of goods sold	**12,782**	12,984
Depreciation of property, plant and equipment	**1,765**	993

(c) Other revenue

	Unaudited Six months ended 30 September	
	2010	2009
	$'000	*$'000*
Interest income	**2**	–
Exchange difference	**334**	–
Others	**1,050**	1,557
	1,386	1,557

7 INCOME TAX

The provision for Hong Kong Profits Tax for the six months ended 30 September 2010 is calculated at 16.5% (six months ended 30 September 2009: 16.5%) of the estimated assessable profits for the period.

The Group's subsidiary in the PRC is subject to PRC income tax at the rate of 25% (six months ended 30 September 2009: 25%) of its taxable income.

No Hong Kong Profits Tax and PRC Enterprise Income Tax was provided as there was no assessable profits and taxable income for both periods.

8 DIVIDEND

	Unaudited Six months ended 30 September	
	2010	2009
	$'000	*$'000*
Interim dividend paid – HK$Nil per share	**Nil**	Nil

9 LOSS PER SHARE

(a) Basic Loss Per Share

The calculation of basic loss per share is based on the loss attributable to ordinary equity shareholders of the Company for the six months ended 30 September 2010 of approximately HK$98.65 million (six months ended 30 September 2009: approximately HK$23.83 million) and the weighted average number of 2,212,606,800 ordinary shares in issue during the period (six months ended 30 September 2009: 2,212,606,800).

(b) Diluted Loss Per Share

No adjustment has been made to the basic loss per share amount presented for both periods in respect of dilution as the Group had no potential dilutive ordinary shares in issue during these periods.

10 SEGMENT REPORTING

Segment information is presented in respect of the Group's business and geographical segments according to the information available to the Provisional Liquidators. Business segment information is chosen as this is more relevant to the Group's internal financial reporting.

For the periods ended 30 September 2010 and 30 September 2009, the Group has been predominately operating in one geographical segment, i.e. the PRC, and principally engaged in the retail and concessionaire sales of garments with the results set out in the condensed consolidated financial statements on pages 11 to 31.

11 PROPERTY, PLANT AND EQUIPMENT

Group

	Furniture, fixtures and office equipment *$'000*
Cost	
At 1 April 2009	15,439
Additions	63
Disposals	(5,720)
Exchange adjustments	(6)
At 31 March 2010 (Audited)	**9,776**
At 1 April 2010	9,776
Additions	1,092
Exchange adjustments	(3)
At 30 September 2010	**10,865**
Accumulated depreciation and impairment	
At 1 April 2009 (Audited)	8,936
Change for the year	1,734
Disposal	(4,172)
Exchange adjustments	(4)
At 31 March 2010 (Audited)	**6,494**
At 1 April 2010	6,494
Charge for the year	1,765
At 30 September 2010	**8,259**
Net book value	
At 30 September 2010	**2,606**
At 31 March 2010 (Audited)	3,282

12 TRADE AND OTHER RECEIVABLES

	Unaudited As at 30 September 2010 *$'000*	Audited As at 31 March 2010 *$'000*
Trade receivables	**21,203**	22,387
Less: Allowance for doubtful debts	**(4,545)**	(4,545)
	16,658	17,842
Other receivables and prepayments	**15,737**	10,431
	32,395	28,273

All the trade and other receivables are expected to be recovered within one year and are denominated in Renminbi.

13 ESCROW MONEY

	Unaudited As at 30 September 2010 *$'000*	Audited As at 31 March 2010 *$'000*
Professional fees	**1,453**	123
Working Capital	**36**	229
	1,489	352

14 TRADE AND OTHER PAYABLES

	Unaudited As at 30 September 2010 *$'000*	Audited As at 31 March 2010 *$'000*
Trade payables	**28,950**	38,482
Accruals and other payables	**50,772**	42,210
	79,722	80,692

All the trade and other payables are expected to be settled within one year. All the trade payables are denominated in Renminbi and all accruals and other payables are denominated in Hong Kong dollars.

15 PROVISION FOR BANK LOAN GUARANTEES FOR SUBSIDIARIES AND OTHER BORROWINGS

The banking facilities of the Group were secured by corporate guarantees issued by the Company. The banking facilities granted to the subsidiaries of the Company were secured by the Company's interest in some of its subsidiaries and guaranteed by the Company. Details of the abovementioned items are set out as follows:

(i) Provision for bank loan guarantees for subsidiaries

	Unaudited As at 30 September 2010 *$'000*	Audited As at 31 March 2010 *$'000*
Secured	**147,698**	141,947
Unsecured	**770,175**	704,174
	917,873	846,121

All bank loan guarantees for subsidiaries are repayable within 1 year or on demand.

15 PROVISION FOR BANK LOAN GUARANTEES FOR SUBSIDIARIES AND OTHER BORROWINGS (Continued)

(ii) Other borrowings

	Unaudited As at 30 September 2010	Audited As at 31 March 2010
	$'000	*$'000*
Secured	**10,718**	10,718
Unsecured	**41,672**	41,672
	52,390	52,390

All other borrowings are repayable within 1 year or on demand.

The effective interest rate for the six months ended 30 September 2010 for other borrowings were 4% per month and 8-11% per annum. (six months ended 30 September 2009: 2% per month and 6% per annum).

The creditors' meetings to approve the Schemes were held on 30 August 2010. The Schemes were passed by the required majority of the creditors with the Cayman Scheme being sanctioned by the Cayman Court on 7 September 2010. The Schemes will become effective upon completion of the Restructuring Agreement and amount due from the bank loan guarantee for subsidiaries and other borrowings will be comprised and discharged.

16 CONVERTIBLE BONDS

Pursuant to a bond placement agreement dated 13 September 2004, the Company issued US$30 million (approximately HK$234 million) convertible bonds bearing interest at 1% per annum payable in quarters to independent investors on 11 October 2004. The convertible bonds has matured on 12 October 2009 (the "Date of Maturity"). Up to the date of this report, the Provisional Liquidators have not received any formal demand letter from the bondholders. The bonds are convertible into the Company's shares at the conversion price of HK$1.0 after three months from 11 October 2004 provided that up to a maximum of 50% of the bonds may be converted within the first 12 months from the date of issue. Each bondholder has a put option such that the Company shall redeem the bonds upon exercise of the option by the relevant bondholder under the following circumstances: (i) on the third and fifth anniversaries from the date of bond issue; or (ii) if the Company's shares are de-listed or suspended from trading on the Stock Exchange for more than 14 consecutive trading days; or (iii) if there is a change in control of the Company.

16 CONVERTIBLE BONDS (Continued)

The interest charged for the six months ended 30 September 2010 for convertible bonds are calculated with reference to the terms of convertible bonds and taking into consideration that the convertible bonds were matured on the Date of Maturity.

As the convertible bonds were matured on the Date of Maturity, the rights for conversion into the Company's shares lapsed with immediate effect on the same date.

17 SHARE CAPITAL

Authorised and Issued Share Capital

	Unaudited As at 30 September 2010 *$'000*	Audited As at 31 March 2010 *$'000*
Authorised:		
4,000,000,000 ordinary shares of HK$0.1 each	**400,000**	400,000
Issued and fully paid:		
2,212,606,800 ordinary shares of HK$0.1 each	**221,261**	221,261
	221,261	221,261

No movement in issued share capital were noted subsequent to the six months ended 30 September 2010.

18 LEASE COMMITMENT

At 30 September 2010, the total future minimum lease payments under non-cancellable operating leases are repayable as follows:

	Unaudited As at 30 September 2010	Audited As at 31 March 2010
	$'000	*$'000*
Within 1 year	**3,007**	5,560
After 1 year but within 5 years	**1,882**	4,151
Total commitment	**4,889**	9,711

19 AMOUNTS DUE TO DECONSOLIDATED SUBSIDIARIES

The amounts due to deconsolidated subsidiaries are unsecured, interest-free and has no fixed repayment terms. The Provisional Liquidators considered that the carrying amount of amount due to a deconsolidated company approximates its fair value.

20 CONTINGENT LIABILITIES

The Provisional Liquidators are not aware of any significant contingent liabilities of the Group and the Company as at 30 September 2010 and 30 September 2009.

21 RELATED PARTY TRANSACTION

The remuneration of the Company's directors during the six months ended 30 September 2010 and 2009 are as follows:

	Unaudited Six months ended 30 September	
	2010	2009
	$'000	*$'000*
Directors' fees	**290**	Nil

Apart from the remuneration paid to the Directors (being the key management personnel) mentioned above, there were no other significant related party transactions entered into by the Group.

22 IMMEDIATE AND ULTIMATE CONTROLLING PARTY

According to the latest available information to the Provisional Liquidators, the immediate parent and ultimate controlling party of the Group was Efulfilment Enterprises Limited, which was incorporated in the British Virgin Islands and beneficially owned by Mr. Kwok Chiu and Mr. Kwok Wing, former executive director and chairman of the Company, in the proportion of 50:50, as at 30 September 2010. This entity does not produce financial statements available for public use.

23 SIGNIFICANT SUBSEQUENT EVENTS

On 20 October 2010, the Company announced that the Provisional Liquidators have been informed that two entities holding a beneficial interest in not less than 28.68% in aggregate of the existing issued share capital of the Company as at the date of the EGM (the "Dissenting Shareholders") caused the legal holder to vote against the Ordinary Resolutions at the EGM.

Based on the information and evidence collected from their investigation, the Provisional Liquidators believe that implementation of the Restructuring Agreement is in the best interests of all of the shareholders, and that in causing the legal holder to vote against the Ordinary Resolutions referred to above, the Dissenting Shareholders have not exercised their votes in the best interests of the shareholders as a whole.

The Company has filed proceedings in the Grand Court of the Cayman Islands (the "Proceedings") against the Dissenting Shareholders and the legal holder in order to have the relevant votes cast at the EGM set aside, and declared to be void and of no effect on the basis that they were not properly exercised.

Meanwhile, the Investor has indicated an intention to make a new proposal for the restructuring of the Company. The Provisional Liquidators and their professional advisors are now dealing with the regulatory issues arising from the new proposal, under which the shareholders may be asked to vote on new Ordinary Resolutions.

On 8 November 2010, the Investor, the Provisional Liquidators and FTI Consulting entered into a revolving loan facility agreement of which the Investor consented to make available to the Company a revolving facility in an aggregate amount of HK$15 million for the retail operation of the Company in the PRC.

ADDITIONAL INFORMATION

DIRECTORS' INTEREST OR SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 September 2010, to the best knowledge of the Provisional Liquidators, none of the directors, chief executives and their associates had any interests or short positions in the shares, underlying shares and debentures of the Company and its associated corporations, as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("SFO"), or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 September 2010, the following interests of 5% or more of the issued share capital of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

	Ordinary shares held	**Percentage of total issued shares**
Fidelitycorp Limited *(Note 1)*	10,000,000,000 (L)	451.96%
Moon Light Investments Group Limited *(Note 1)*	10,000,000,000 (L)	451.96%
Radford Developments Limited *(Note 1)*	10,000,000,000 (L)	451.96%
Wan Lai Ngan *(Note 2)*	762,424,000 (L)	34.46%
Efulfilment Enterprises Limited *(Note 3)*	652,800,000 (L)	29.50%
Kwok Chiu *(Note 3)*	652,800,000 (L)	29.50%

	Ordinary shares held	Percentage of total issued shares
Sansar Capital Management, LLC *(Note 4)*	434,636,000 (L)	19.64%
Sansar Capital Master Fund, LP *(Note 4)*	262,275,900 (L)	11.85%
Sansar Capital Special Opportunity Master Fund, LP *(Note 4)*	152,396,400 (L)	6.89%
Sharp Asset Holdings Limited *(Note 5)*	109,624,000 (L)	4.95%
Jayhawk China Fund (Cayman, Ltd.) *(Note 6)*	195,700,000 (L)	8.84%
Citigroup Inc.	315,581,500 (L)	14.26%
	5,276,500 (P)	0.24%

"L" denotes long position

"P" denotes lending pool

Notes:

1. These interests represent Investor subscription of the Investor Convertible Bonds convertible bond at completion of the restructuring in a principal amount of HK$100 million and convertible into new shares at the option of the bondholders at a conversion price of HK$0.01 per share. According to the form filed pursuant to Part XV of the SFO by the Investor, the Investor is wholly-owned by Moon Light Investments Group Limited, which in turn is wholly-owned by Moon Light Trust. The trustee of Moon Light Trust is Fidelitycorp Limited.

2. Ms. Wan Lai Ngan is the spouse of Mr. Kwok Wing (the former chairman and executive director of the Company who retired on 6 October 2009) and is therefore deemed to be interested in the shares held or deemed to be held by Mr. Kwok Wing under the SFO.

3. The issued share capital of Efulfilment Enterprises Limited is beneficially owned by Mr. Kwok Chiu and Mr. Kwok Wing, the then chairman and executive Director, in the proportion of 50:50. Mr. Kwok Chiu is therefore deemed to be interested in the Shares held by Efulfilment Enterprises Limited under the SFO.

4. These interests include the shares held by Sansar Capital Master Fund, LP and Sansar Capital Special Opportunity Master Fund, LP.

5. The entire issued share capital of Sharp Asset Holdings Limited is owned by Mr. Kwok Wing.

6. According to the form filed pursuant to Part XV of the SFO by McCarthy Kent C. and Jayhawk China Fund (Cayman) Ltd., the Shares are held by Jayhawk China Fund (Cayman), Ltd. as investment manager which was owned 100% by McCarthy Kent C. According to information available to the Provisional Liquidators, Mr. McCarthy Kent C had ceased to be interested in at least 5% issued share capital of the Company since 17 November 2008.

ADDITIONAL INFORMATION

Other than as disclosed above, there was no person who had an interest or short position in the issued share capital of the Company as at 30 September 2010.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

For the six months ended 30 September 2010, neither the Company nor any of it subsidiaries purchased, redeemed or sold any of the Company's listed securities.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company's code on corporate governance practices was adopted by reference to the provisions of the Code on Corporate Governance Practices (the "CG Code") contained in Appendix 14 to the Listing Rules. However, due to the severe financial difficulties of the Group and the appointment of the Provisional Liquidators, the Directors are unable to comment as to whether the Company has complied with the CG Code contained in Appendix 14 of the Listing Rules throughout the six months ended 30 September 2010.

ADOPTED CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 of the Listing Rules (the "Model Code") as the code of conduct regarding securities transactions by the Directors.

To the best knowledge of the Provisional Liquidators, after making reasonable enquiries, all the existing Directors have complied with the required standard set out in the Model Code during the six months ended 30 September 2010.