TACK FAT GROUP INTERNATIONAL LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Provisional Liquidators Appointed)

(Stock Code: 928)

ANNUAL REPORT 2008

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CORPORATE INFORMATION

Joint and Several Provisional Liquidators

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

Executive Directors

Mr. KWOK Wing
Mr. KWOK Kam Chuen *(Resigned on 25 March 2009)*
Ms. KWOK Choi Ha *(Appointed on 1 September 2007 and resigned on 20 March 2009)*
Mr. CHAN Chak Kai, Kenneth *(Appointed on 24 June 2008)*
Mr. GARY Drew Douglas *(Appointed on 24 June 2008 and resigned on 12 September 2008)*
Mr. HO Yik Kin, Norman *(Resigned on 9 September 2008)*
Mr. LAM Yick Sing *(Appointed on 24 June 2008 and resigned on 9 September 2008)*
Mr. LEE Yuk Man *(Resigned on 27 August 2007)*

Non-Executive Directors

Mr. MCMULLEN James *(Appointed on 13 August 2008)*
Mr. SZETO Chak Wah, Michael *(Appointed on 14 September 2007 and resigned on 4 August 2008)*

Independent Non-Executive Directors

Mr. CHING Kwok Ho, Samuel *(Resigned on 16 September 2008)*
Mr. LIU Kwong Sang *(Appointed on 30 June 2008 and resigned on 12 September 2008)*
Ms. KRISTI Swartz *(Appointed on 13 August 2008 resigned on 12 September 2008)*
Mr. CHAN Sze Hung *(Appointed on 14 August 2008 and resigned on 11 September 2008)*
Mr. HENG Kwoo Seng *(Resigned on 31 August 2007)*
Mr. CHOW Kai Leung, Sandy *(Appointed on 1 September 2007 and resigned on 5 August 2008)*
Mr. LAI Man Leung *(Appointed on 14 September 2007, re-designated as non-executive director with effect from 12 November 2007 and resigned on 4 August 2008)*
Mr. LEUNG Yiu Wing, Eric *(Resigned on 30 June 2008)*

Share Registrar

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

Principal Bankers (prior to the appointment of the Provisional Liquidators)

Taipei Fubon Bank
Bank of America, N.A.
Citic Ka Wah Bank
Banco Commercial De Macau

Principal Office

13th Floor
Roxy Industrial Centre
58-66 Tai Lin Pai Road
Kwai Chung, New Territories
Hong Kong

c/o
Ferrier Hodgson Limited
14/F 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

NCN CPA Limited
20/F Hong Kong Trade Centre
161-167 Des Voeux Road Central
Hong Kong

PROVISIONAL LIQUIDATORS' REPORT

Trading in the shares of Tack Fat Group International Limited (Provisional Liquidators Appointed) (the "Company") has been suspended from trading 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 Ferrier Hodgson Limited, to act as provisional liquidators to the Company (the "Provisional Liquidators") on the same day.

The Provisional Liquidators herein present their report together with the audited financial statements of the Company and its subsidiaries (collectively the "Group") for the year ended 31 March 2008.

The Provisional Liquidators were 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 are responsible for the accuracy and completeness of the contents of this report and the audited financial statements for the year ended 31 March 2008 in relation to (i) the affairs of the Group after the appointment of the Provisional Liquidators; and (ii) the preparation of the contents of this report and the audited financial statements for the year ended 31 March 2008 based on the books and records made available to the Provisional Liquidators.

The Provisional Liquidators make no representation as to the completeness of the information contained in this report.

PRINCIPAL ACTIVITIES

The Company is an investment holding company.

Details of the principal activities of the principal subsidiaries of the Company as at 31 March 2008 are set out in note 14 to the financial statements.

FINANCIAL RESULTS

For the year ended 31 March 2008, the Group's turnover was approximately HK$259 million (2007: HK$1,943 million), representing a decrease of approximately 87% from the last financial year. Respective state of affairs of the Group is set out in the financial statements on page 23 to 26.

The consolidated loss attributable to shareholders of the Company amounted to approximately HK$2,596 million (2007: profit of HK$315 million) for the year. Loss per share was approximately HK121.48 cents as compared with profit per share of approximately HK17.64 cents for the preceding year.

There will be no payment of final dividend for the year ended 31 March 2008 (2007: HK1.81 cents per share).

LIQUIDITY, FINANCIAL RESOURCES AND FUNDING

Bank balances and cash as at 31 March 2008 was approximately HK$2.7 million (2007: HK$340 million). The Group's gearing ratio measured on the basis of the Group's total borrowings over the shareholders' funds as at 31 March 2008 was not applicable as the Group has a negative shareholders' funds (2007: 42.6%). The Group's gearing ratio is calculated on the basis of dividing the Group's total bank borrowings by the Group's shareholders' funds.

CAPITAL STRUCTURE

Details of the capital structure of the Company are set out in note 26 to the consolidated financial statements.

FOREIGN CURRENCY EXPOSURE

The Group has minimal exposure to foreign currency risk as most of its business transactions, assets and liabilities are principally denominated in Hong Kong dollar and Renminbi.

The Group currently does not have a foreign currency hedging policy in respect of foreign currency assets and liabilities. The Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

KEY TRANSACTIONS CONDUCTED BY THE GROUP DURING THE YEAR AND PRIOR TO THE APPOINTMENT OF THE PROVISIONAL LIQUIDATORS

Based on published information, the Group entered into the following transactions during the year and prior to the appointment of the Provisional Liquidators:

- Entered into an agreement on 25 May 2007 to acquire 90% of the issued share capital of Best Favour Investments Limited at a cash consideration of HK$330 million. Best Favour Investments Limited, through its subsidiaries, is engaged in the fashion design and management of its XXEZZ brand of smart casual wear. The said transaction was completed in June 2007;

- Entered into a settlement agreement with Sino Legend Limited ("Sino Legend") on 13 October 2007 to redeem the Group's 600,000 preferred shares in Sino Legend for (i) a cash consideration of US$16 million (equivalent to approximately HK$124.8 million); and (ii) the entire issued share capital of a company which owned certain trademarks of the "Mudd" brand in Greater China and the right of Mudd (USA) LLC ("Mudd USA") to negotiate in good faith to enter into commercially reasonable arrangement (i.e. joint venture) to exploit certain trademarks of the "Mudd" brand in Asia (other than Greater China) and the Middle East providing for an equal sharing of costs and royalties with Iconix Brand Group, Inc. ("Iconix") pursuant to the agreement entered into between Mudd USA and Iconix dated 31 March 2006. The said transaction was completed on 29 February 2008;

- Entered into an agreement on 8 July 2008 to acquire 40% of both the entire issued share capital of and the shareholder's loan due by Global Agricultural Development Limited at a total consideration of HK$300 million which will be satisfied by the Group procuring Global Far East (Macao Commercial Offshore) Limited, an indirect wholly-owned subsidiary of the Company, to assign as beneficial owner all the rights, title, benefits and interests in its account receivables in the aggregate book values of HK$300 million upon completion of the said transaction. However, there is no evidence which shows that the said transaction has been completed.

On 15 August 2008, the Company's interest in Ever Century Holdings Limited ("Ever Century"), a wholly owned subsidiary of the Company and which in turn holds directly and indirectly the issued share capital of all the remaining subsidiary companies in the Group, was transferred to Merrier Limited ("Merrier").

RESTRUCTURING OF THE GROUP AFTER THE APPOINTMENT OF THE PROVISIONAL LIQUIDATORS

On 10 October 2008, Listing Division of the Stock Exchange issued a letter to the Company, inter alia, setting out the conditions for resumption of trading of the shares of the Company as follows:

- to submit a viable resumption proposal to demonstrate the Company's compliance with Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and all applicable laws and regulations;

- to clarify the Group's financial position and the transfer of the shares of Ever Century, to Merrier for US$1 on 15 August 2008;

- to publish all outstanding financial results of the Group as required under the Listing Rules and address any concerns that may be raised by the auditors of the Company through the qualification of their audit report on the financial statements of the Group; and

- to demonstrate that the Company has adequate financial reporting system and internal control procedures to enable the Company to meet its obligations under the Listing Rules.

The Stock Exchange placed the Company in the first stage of the delisting status. If the Company failed to submit a viable resumption proposal on or before 10 April 2009 and demonstrate its compliance with Rule 13.24 of the Listing Rules, the Stock Exchange would consider whether to proceed to place the Company in the second stage of delisting procedures. Subsequently, the Stock Exchange extended the said deadline and the Company has submitted a resumption proposal accordingly.

Asian Capital (Corporate Finance) Limited has been appointed by the Provisional Liquidators as the financial advisor to the Company regarding the restructuring of the Group.

On 12 January 2009, the Provisional Liquidators, on behalf of the Company, entered into an exclusivity and escrow agreement with Radford Developments Limited (the "Investor"). The said agreement granted the Investor a 6-month exclusivity period to negotiate the restructuring of the Company and certain subsidiaries and associated companies in the Group, and in turn, the Investor paid a sum of HK$10 million loan to the Company to meet its working capital requirement and a sum of HK$6.4 million to meet the cost and expenses in relation to the restructuring of the Company during the 6-month exclusivity period according to the said agreement.

PROVISIONAL LIQUIDATORS' REPORT

On 3 April 2009, the Company, the Provisional Liquidators, Forefront Finance Co., Limited ("Forefront"), Merrier, Hansom Finance Limited ("Hansom") and the Investor entered into a settlement deed pursuant to which Merrier agreed to transfer the interest in Ever Century back to the Company 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.

On 23 April 2009, Tack Fat International Holdings Limited and Chiu Wing Enterprise Limited (both are indirect wholly owned subsidiary of the Company) were placed into creditors' voluntary liquidation pursuant to section 228A of the Companies Ordinance (Chapter 32) of the Laws of Hong Kong (the "Companies Ordinance").

On 29 May 2009, the Provisional Liquidators, Ever Century, Key Winner Holdings Limited ("Key Winner") (a special purpose vehicle controlled by the Provisional Liquidators) entered into a sale and purchase agreement where Key Winner agreed to acquire and the Provisional Liquidators (on behalf of the Company) agreed to sell Ever Century's entire interest in Lantern Services Limited, Potter Industries Limited and Sino Profit Limited at a nominal consideration of HK$1. The said transaction is primarily in furtherance of 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 further 6-month period to 12 January 2010.

On 20 July 2009, the Company submitted a proposal to the Stock Exchange for the resumption of trading in the shares of the Company.

PROSPECTS

It is anticipated that the financial position of the Group will be substantially improved upon (i) the Investor signing a formal restructuring agreement with the Provisional Liquidators (on behalf of the Company without personal liability) to revive the Group; and (ii) completion of the proposed restructuring of the Group as contemplated under such agreement. 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 a proposed Hong Kong scheme of arrangement.

Subject to, among other things, the approvals of the shareholders of the Company and the Listing Division of the Stock Exchange upon completion of the abovementioned restructuring agreement, the Company's shares will resume trading on the Stock Exchange.

It is the Investor's intention to maintain the Group's existing retail business, currently conducted through New Profit Garment (Luo Ding) Company Limited, an indirect 90%-owned subsidiary of the Company and which is currently the only operating subsidiary of the Company.

With the strong 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.

PROVISIONAL LIQUIDATORS' REPORT

PLEDGE OF ASSETS

Details of pledge of assets are set out in note 30 to the financial statements.

PRE-EMPTIVE RIGHTS

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

CONVERTIBLE BONDS

Details of convertible bonds are set out in note 22 to the financial statements.

SIGNIFICANT INVESTMENT

On the basis that the relevant books and records are either lost prior to the appointment of the Provisional Liquidators or being incomplete, the Provisional Liquidators make no representation as to the completeness and accuracy of significant investment.

CONTINGENT LIABILITIES

Details are set out in note 28 to the 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 Listing Rules.

REVIEW BY THE AUDIT COMMITTEE

Following the resignations of the Company's independent non-executive directors in or around September 2008 up to the date of this report, there have been no replacement and no audit committee is therefore maintained as required by Rule 3.21 of the Listing Rules. As a result, the audited accounts of the Group for the year ended 31 March 2008 have not been reviewed by the audit committee.

DELAY IN DESPATCH OF ANNUAL REPORT FOR THE YEAR ENDED 31 MARCH 2008

Due to suspension of trading in its shares on the Stock Exchange and most of the responsible officers had left the Group as explained below, the Company has not been able to prepare and despatch the annual report for the financial year ended 31 March 2008 to its members within the due date as required by the Listing Rules.

The delay in the despatch of the 2008 annual report constitutes non-compliance of the Rule 13.46(2) of the Listing Rules by the Company.

PROVISIONAL LIQUIDATORS' REPORT

NON-COMPLIANCE OF APPENDIX 16 "DISCLOSURE OF FINANCIAL INFORMATION" OF THE LISTING RULES

Due to the failure to access the books and records of certain subsidiaries and the resignation of the majority of management personnel responsible for maintaining the books and records, the Provisional Liquidators do not have sufficient data to compile the annual report so as to comply with the Appendix 16 "Disclosure of financial information" to the Listing Rules. The following information, among others, has been omitted from this annual report:

1. The information on the Group's major suppliers and customers.

2. Connected transactions and continuing connected transactions with the connected person as defined in Chapter 14A (or Chapter 14 prior to the coming into force of Chapter 14A) of the Listing Rules.

3. A separate Corporate Governance Report contained the information required under Appendix 23 to the Listing Rules.

4. Details of the number and remuneration of employees, remuneration polices, and the retirement benefits scheme.

5. Details of related party transaction.

6. Details of management contract.

7. Details of directors' and employees' remuneration and five highest paid individuals.

8. Details of directors' contracts.

9. Details of contracts of significance between the Company and its directors, substantial shareholders and respective subsidiaries.

FIVE YEAR FINANCIAL SUMMARY

A summary of published results and assets and liabilities of the Group for the last five financial years, as extracted from the audited consolidated financial statements of the Company, is set out on page 60. This summary does not form part of the audited financial statements.

FIXED ASSETS

Details of movements in the fixed assets of the Group during the year are set out in note 13 to the financial statements.

SHARE CAPITAL AND SHARE OPTIONS

Movements in share capital of the Company and details of share option scheme of the Company are set out in note 26 to the financial statements.

RESERVES

Movements in reserves of the Group and the Company during the year are set out in the statement of changes in equity on page 25 and page 56 respectively.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

To the best knowledge of the Provisional Liquidators, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 March 2008.

DIRECTORS

To the best knowledge of the Provisional Liquidators, the directors of the Company during the year and up to the date of this report were:

Executive Directors

Mr. KWOK Wing
Mr. KWOK Kam Chuen *(Resigned on 25 March 2009)*
Ms. KWOK Choi Ha *(Appointed on 1 September 2007 and resigned on 20 March 2009)*
Mr. CHAN Chak Kai, Kenneth *(Appointed on 24 June 2008)*
Mr. GARY Drew Douglas *(Appointed on 24 June 2008 and resigned on 12 September 2008)*
Mr. HO Yik Kin, Norman *(Resigned on 9 September 2008)*
Mr. LAM Yick Sing *(Appointed on 24 June 2008 and resigned on 9 September 2008)*
Mr. LEE Yuk Man *(Resigned on 27 August 2007)*

Non-Executive Directors

Mr. MCMULLEN James *(Appointed on 13 August 2008)*
Mr. SZETO Chak Wah, Michael *(Appointed on 14 September 2007 and resigned on 4 August 2008)*

Independent Non-Executive Directors

Mr. CHING Kwok Ho, Samuel *(Resigned on 16 September 2008)*
Mr. LIU Kwong Sang *(Appointed on 30 June 2008 and resigned on 12 September 2008)*
Ms. KRISTI Swartz *(Appointed on 13 August 2008 and resigned on 12 September 2008)*
Mr. CHAN Sze Hung *(Appointed on 14 August 2008 and resigned on 11 September 2008)*
Mr. HENG Kwoo Seng *(Resigned on 31 August 2007)*

Mr. CHOW Kai Leung, Sandy *(Appointed on 1 September 2007 and resigned on 5 August 2008)*
Mr. LAI Man Leung *(Appointed on 14 September 2007, re-designated as non-executive director with effect from 12 November 2007 and resigned on 4 August 2008)*
Mr. LEUNG Yiu Wing, Eric *(Resigned on 30 June 2008)*

DIRECTORS' AND THE CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

To the best of knowledge of the Provisional Liquidators, as at 31 March 2008, the interests of the directors and their associates in the shares, underlying shares and debentures of the Company, its subsidiaries and 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) (the "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 (the "Model Code"), were as follows:

	Ordinary shares of HK$0.1 each			
Beneficial interests	**Personal interests**	**Corporate interests**	**Total number of shares held**	**Percentage of total issued shares**
Mr. Kwok Wing	–	762,424,000 *(note 1)*	762,424,000	38.12%
Mr. McMullen James *(Appointed on 13 August 2008)*	–	217,584,000 *(note 2)*	217,584,000	8.65%

Note 1: These shares were held as to 652,800,000 shares by Efulfilment Enterprises Limited and as to 109,624,000 shares by Sharp Asset Holdings Limited. Mr. Kwok Wing beneficially owns 50% of the issued share capital of Efulfilment Enterprises Limited and 100% of Sharp Asset Holdings Limited.

Note 2: These shares were held as to 217,584,000 shares by Jayhawk China Fund (Cayman), Ltd., a company which Mr. McMullen James is a principal of.

In addition to the above, one of the directors had non-beneficial personal equity interest in certain subsidiaries held for the benefit of the Group solely for the purpose of complying with the minimum company membership requirements of the Companies Ordinance. One of the directors also had beneficial interests in non-voting deferred shares practically carrying no rights to dividends or to receive notice of or to attend or vote at any general meeting or to participate in any distribution or winding up in a subsidiary.

To the best knowledge of the Provisional Liquidators, other than as disclosed above, none of the directors or their associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations as at 31 March 2008.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

To the best knowledge of the Provisional Liquidators, at no time during the year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any directors or their respective spouse or minor children, or were any such rights exercised by them, or was the Company or any of its subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

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

To the best knowledge of the Provisional Liquidators, as at 31 March 2008, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that other than the interests disclosed above in respect of certain directors, the following shareholders had notified the Company of relevant interests and short positions in the issued share capital of the Company.

	Ordinary shares held	**Percentage of total issued shares**
Wan Lai Ngan *(Note 1)*	762,424,000 (L)	38.12%
Efulfilment Enterprises Limited *(Note 2)*	652,800,000 (L)	32.64%
Kwok Chiu *(Note 2)*	652,800,000 (L)	32.64%
Sansar Capital Management, LLC *(Note 3)*	392,796,000 (L)	18.08%
McCathy Kent C. *(Note 4)*	261,084,000 (L)	12.02%
Sansar Capital Master Fund, LP *(Note 3)*	239,349,000 (L)	11.02%
Jayhawk China Fund (Cayman), Ltd. *(Note 4)*	217,584,000 (L)	10.01%
Sansar Capital Special Opportunity Master Fund, LP *(Note 3)*	148,759,000 (L)	6.85%
Sharp Asset Holdings Limited *(Note 5)*	109,624,000 (L)	5.48%
Templeton Asset Management Limited	239,547,000 (L)	11.03%

"L" denotes long position

Notes:

1. Ms. Wan Lai Ngan is the spouse of Mr. Kwok Wing and is therefore deemed to be interested in the shares of the Company held or deemed to be held by Mr. Kwok Wing under the SFO.

2. The issued share capital of Efulfilment Enterprises Limited is beneficially owned by Mr. Kwok Chiu and Mr. Kwok Wing, the chairman and an 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.

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

4. 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 is owned 100% by McCarthy Kent C..

5. The entire issued share capital of Sharp Asset Holdings Limited is owned by Mr. Kwok Wing, the chairman and an executive Director.

Other than as disclosed above, the Provisional Liquidators have not been notified of any other relevant interests or short positions in the issued share capital of the Company as at 31 March 2008.

SHARE OPTION SCHEME

The Company has conditionally adopted a share option scheme approved by way of written resolution on 11 April 2002 under which the directors of the Company 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 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.

To the best knowledge of the Provisional Liquidators, 102,000,000 and 40,000,000 share options were exercised during the year to 31 March 2008 and in June 2008 respectively.

CORPORATE GOVERNANCE

Since the Provisional Liquidators were appointed on 11 September 2008 pursuant to an order of the High Court, the Provisional Liquidators are unable to comment as to whether the Company has complied with the Code on Corporate Governance Practices contained in Appendix 14 to the Listing Rules throughout the year ended 31 March 2008.

SIGNIFICANT POST-BALANCE SHEET EVENTS

Details of the significant post-balance sheet events of the Group are set out in note 30 to the financial statements.

AUDITORS

The financial statements for the years ended 31 March 2004, 2005, 2006 and 2007 were audited by KPMG. The financial statements for the year ended 31 March 2008 have been audited by NCN CPA Limited.

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

22 July 2009

BIOGRAPHICAL DETAILS OF DIRECTORS

To the best knowledge of the Provisional Liquidators, the biographical details of directors of the Company are set out as follows:

EXECUTIVE DIRECTORS

Mr. KWOK Wing, aged 57, is the Chairman and one of the founders of the Group. Mr. Kwok has over 36 years of experience in the clothing industry. He was responsible for the formulation of overall corporate policy and business development strategy of the Group. Mr. Kwok was also responsible for supervising the operations of the Group's business and maintaining the relationships with major customers of the Group.

Mr. CHAN Chak Kai, Kenneth, aged 54, was educated in Canada and has over 20 years experience in retail and distribution business. Mr. Chan was responsible for retail operations of the Company.

NON-EXECUTIVE DIRECTOR

Mr. MCMULLEN James, aged 38, is a graduate of the University Of Kansas School Of Law with a J.D. degree order of the coif. He is also a graduate of the University of Georgetown with a Bachelor of Science in Foreign Service, cum laude. As at 31 March 2008, Mr. McMullen is a Principal of Jayhawk China Fund (Cayman), Ltd., which has interest in 217,584,000 shares of the Company. He has extensive experience in merger, acquisitions and legal affairs.

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF
TACK FAT GROUP INTERNATIONAL LIMITED
(Provisional Liquidators Appointed)
(Incorporated in the Cayman Islands with limited liability)

We have audited the financial statements of Tack Fat Group International Limited (Provisional Liquidators Appointed) (the "Company") and its subsidiaries (hereinafter referred to as the "Group") set out on pages 23 to 59, which comprise the consolidated and company balance sheets as at 31 March 2008, and the consolidated income statement and the consolidated statement of changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors are responsible for the preparation and the true and fair presentation of these financial statements in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

SUSPENSION OF TRADING OF THE COMPANY'S SHARES AND APPOINTMENT OF THE JOINT AND SEVERAL PROVISIONAL LIQUIDATORS

Trading in the Company's shares on Stock Exchange has been suspended since 30 July 2008.

As stated in note 2 to the financial statements:

"On 11 September 2008, pursuant to a court order, Mr. Fok Hei Yu and Mr. Roderick John Sutton, both of Ferrier Hodgson Limited, 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 were suspended with regard to the affairs and business of the Company.

The Provisional Liquidators are responsible for the accuracy and completeness of the contents of this report and the audited financial statements for the year ended 31 March 2008 in relation to (i) the affairs of the Group after the appointment of the Provisional Liquidators; and (ii) the preparation of the contents of these audited financial statements for the year ended 31 March 2008 based on the books and records made available to the Provisional Liquidators."

INDEPENDENT AUDITORS' REPORT

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Except for the limitation in the scope of our work as explained below, we conducted our audit in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

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

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

BASIS FOR ADVERSE OPINION

Going concern and basis of preparation

As disclosed in note 2 to the financial statements, the Provisional Liquidators are in the process of restructuring the Group's indebtedness and revitalizing the Group's business and that the financial statements have been prepared on a going concern basis. The ability of the Group as a going concern assumes that the restructuring proposal by the financial advisor, Asian Capital (Corporate Finance) Limited, will be successfully implemented and that, following the restructuring, the Group will continue to meet in full its obligations as they fall due in the foreseeable future. We are unable to obtain information that is necessary to satisfy ourselves that the restructuring proposal will be successfully implemented and how the Group will be able to operate as a going concern after the restructuring. We are therefore unable to form an opinion as to whether the assumptions used to prepare the Group's financial statements on a going concern basis are appropriate and the Group will be able to continue as a going concern. Should the liquidation basis of accounting have to be used, adjustments would have to be made to restate the value of the Group's assets to their recoverable amounts and the liabilities to their estimated settlement amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities of the Group as current assets and liabilities respectively.

INDEPENDENT AUDITORS' REPORT

Changes of directors, appointment of Provisional Liquidators, loss of books and records and management representation

Subsequent to 31 March 2008, there were changes in the composition of the board of directors of the Company. On 24 June 2008, Mr. Gary Drew Douglas, Mr. Chan Chak Kai, Kenneth and Mr. Lam Yick Sing were appointed as executive directors of the Company. On 30 June 2008, Mr. Leung Yiu Wing, Eric resigned as independent non-executive director and Mr. Liu Kwong Sang was appointed as independent non-executive director of the Company. On 4 August 2008, Mr. Szeto Chak Wah, Michael and Mr. Lai Man Leung resigned as non-executive directors of the Company. On 5 August 2008, Mr. Chow Kai Leung, Sandy resigned as independent non-executive director of the Company. On 13 August 2008, Ms. Kristi Swartz and Mr. McMullen James were appointed as independent non-executive director and non-executive director of the Company respectively. On 14 August 2008, Mr. Chan Sze Hung was appointed as independent non-executive director of the Company. On 9 September 2008, Mr. Lam Yick Sing and Mr. Ho Yik Kin, Norman resigned as executive directors of the Company. On 11 September 2008, the Provisional Liquidators were appointed. On the same day, Mr. Chan Sze Hung resigned as independent non-executive director of the Company. On 12 September 2008, Mr. Gary Drew Douglas resigned as executive director of the Company and Mr. Liu Kwong Sang and Ms. Kristi Swartz resigned as independent non-executive directors of the Company. On 16 September 2008, Mr. Ching Kwok Ho, Samuel resigned as independent non-executive director of the Company. On 20 March 2009, Ms. Kwok Choi Ha resigned as executive director of the Company. On 25 March 2009, Mr. Kwok Kam Chuen resigned as executive director of the Company. We are unable to obtain representation from the former directors/directors/management that these financial statements present a true and fair view of the state of affairs of the Group and of the Company as at 31 March 2008 and the results of the Group for the year then ended.

As explained in note 2 to the financial statements under the heading "Loss of books and records", the Provisional Liquidators have not been able to locate all the books and records of the Group since their appointment. The Provisional Liquidators made no representation as to the completeness and accuracy of the information contained in these financial statements and, as a consequence, the Provisional Liquidators are not making any representation that these financial statements of the Group present a true and fair view of the state of affairs of the Group as at 31 March 2008 and the results of the Group for the year then ended.

The lack of representation from the former directors/directors/management/Provisional Liquidators on the completeness and accuracy of the information contained in these financial statements constitutes a severe limitation of the scope of our audit.

Deconsolidation of subsidiaries and subsequent impairment of respective book values

As disclosed in note 2 to the financial statements under the heading "Deconsolidation of subsidiaries and subsequent impairment of respective book values":

"The financial statements has been prepared based on the books and records recovered by the Provisional Liquidators since their appointment. The Provisional Liquidators consider that control of the Company over certain subsidiaries has been lost subsequent to the year ended 31 March 2008........

INDEPENDENT AUDITORS' REPORT

The Provisional Liquidators are of the view that the results and assets and liabilities of the said subsidiaries should not be consolidated to the financial statements of the Company. Furthermore, due to (i) the adverse financial positions of Tack Fat Swimwear, Tack Fat Manufacturing, Tack Fat International and Chiu Wing; and (ii) the Group's control over the operations of Lantern Services Limited, Potter Industries Limited, Sino Profit Limited, Masswin and Think Tank Holdings Limited was lost before the appointment of the Provisional Liquidators, and it would be appropriate to fully impair their book value on the Group's financial statements to zero."

According to the Provisional Liquidators, cessation of control over those subsidiaries took place before their appointment on 11 September 2008. However, there is no explanation from the Provisional Liquidators as to how they arrived at the conclusion that control had been lost and at which point in time. On 21 December 2007, the Company published the unaudited interim report of the Group for the six months ended 30 September 2007. The unaudited consolidated balance sheet of the Group as at 30 September 2007 reflected that the Group had total assets and net assets of HK$2,978,553,000 and HK$1,793,172,000 respectively and the unaudited consolidated profit of the Group for the six months ended 30 September 2007 amounted to HK$110,154,000. The loss of control, if justified, should have taken place subsequent to 21 December 2007. The effective date of the deconsolidation, accordingly, should be after 21 December 2007.

These financial statements are prepared on the basis that deconsolidation of the said subsidiaries was effective on 1 April 2007. These financial statements have not provided information and explanation why this basis is appropriate and why the assets and liabilities of the Group that were previously presented in the unaudited consolidated interim financial statements for the six months ended 30 September 2007 should be excluded.

In respect of non-consolidation of Tack Fat Swimwear, Tack Fat Manufacturing, Tack Fat International, Chiu Wing, Lantern Services Limited, Potter Industries Limited, Sino Profit Limited, Masswin and Think Tank Holdings Limited, we have not been able to obtain sufficient explanations from the Provisional Liquidators to satisfy ourselves that the control over those subsidiaries has been lost without recourse and that their financial positions are in such a state that making full impairment provision against their carrying values in the financial statements of the Group is appropriate and not misleading.

INDEPENDENT AUDITORS' REPORT

Movements of the assets and liabilities of the Group from 31 March 2007 to 31 March 2008/Assets that may or will be recovered by the Provisional Liquidators

As disclosed in note 2 to the financial statements, it was stated that "the financial statements of the Group have been prepared based on the available books and records". No reconciliation of the changes of individual asset and liability items in the consolidated balance sheet as at 31 March 2007 to those as at 31 March 2008 is available for the audit. A summary of the Group's assets and liabilities is set out below:

	As at 31 March 2008	As at 31 March 2007
	HK$'000	*HK$'000*
Non-current assets		
Fixed assets	**8,484**	466,279
Interest in associates	**–**	546,497
Other financial assets	**–**	94,100
	8,484	1,106,876
Current assets		
Inventories	**46,158**	313,670
Trade and other receivables	**8,762**	833,108
Cash and cash equivalents	**2,673**	340,335
	57,593	1,487,113
Total assets	**66,077**	2,593,989
Less: Current liabilities	**(850,192)**	(436,428)
Non-current liabilities	**(119,396)**	(581,689)
Net (liabilities)/assets	**(903,511)**	1,575,872

We have not been able to obtain sufficient information from the Provisional Liquidators as to what actions they have taken or proposed to take in recovering assets and discharging liabilities of the Group since their appointment. Such information, in our view, is important and essential for our evaluation of the overall presentation of the financial statements. Accordingly, we are unable to form a conclusion as to whether the consolidated balance sheet of the Group has reflected all the assets and liabilities of the Group as at 31 March 2008, including assets that may have and/or will come under the possession of the Provisional Liquidators.

Acquisition of subsidiaries in connection with the Group's retail business

Pursuant to the Company's announcement and circular of 29 May 2007 and 18 June 2007 respectively, the Group entered into an agreement on 25 May 2007 (the "Acquisition Agreement") pursuant to which the Group acquired 90% equity interest in the share capital of Best Favour Investments Limited ("Best Favour") at a consideration of HK$330 million. Best Favour and its subsidiaries are principally engaged in the fashion design and management of its XXEZZ brand of smart casual wear. The value of 100% equity interest in Best Favour was HK$384 million according to a valuation conducted by an independent valuer on 30 April 2007. After the acquisition, the Group should have recorded the net assets and the goodwill of Best Favour and its subsidiaries less any subsequent impairment in value as deemed necessary by the Provisional Liquidators in the consolidated balance sheet as at 31 March 2008. The financial statements have not reflected such an asset in the consolidated balance sheet as at 31 March 2008 nor have provided sufficient information and explanations as to the reason why this asset should be fully impaired.

Redemption of the Group's interest in an associate and refund of premium paid in respect of the option to acquire further interest in the associate

Current assets of the consolidated balance sheet as at 31 March 2007 included interests in associates with an aggregate carrying value of HK$546 million comprising the Group's interest in 50% of the voting rights in the general meeting of Sino Legend Limited ("Sino Legend"). The current assets of the consolidated balance sheet as at 31 March 2007 also included other financial assets with an aggregate carrying value of HK$94 million of which HK$78 million represented premium paid to acquire an additional 20.8% equity interest in Sino Legend (the "Premium").

Pursuant to the Company's announcement and circular of 23 October 2007 and 10 December 2007 respectively, the Group entered into an agreement on 23 October 2007 (the "Mudd Agreement") whereby Sino Legend was to redeem all of the Group's interests in Sino Legend, held by Newest Global Limited, a wholly-owned subsidiary of the Group, in consideration for the Group receiving from Sino Legend (i) cash of US$16 million; (ii) the entire issued capital of a company holding all the interests and benefits in the exclusive rights (including ownership, propriety, licensing or other rights) of the Mudd family of Marks in Greater China (the "Greater China Mudd Trade Marks"); and (iii) the right to negotiate in good faith with Iconix Brand Group, Inc. ("Iconix"), a Deleware corporation which shares are listed on NASDAQ in the United States of America, to enter into a joint venture to exploit the Mudd Trade Marks in Asia (other than Greater China) and the Middle East providing for an equal sharing of costs and royalties with Iconix.

For the purpose of this transaction and as stated in the Company's circular dated 10 December 2007, independent valuations of the Greater China Mudd Trade Marks were obtained showing that the Greater China Mudd Trade Marks would have a value of HK$651 million. The circular also stated the proposed accounting treatments upon completion of the transaction including the replacement of the Group's interests in Sino Legend by the Greater China Mudd Trade Marks with a carrying value of HK$499.7 million.

Pursuant to the Company's announcement of 29 February 2008, the Mudd Agreement was completed on that day. Accordingly, the proposed accounting treatments should have been effected and the Group should have recorded the Greater China Mudd Trade Marks with a value of HK$499.7 million and adjusted for any increase/decrease in the fair value of the said Trade Marks in the consolidated balance sheet as at 31 March 2008. The financial statements have not reflected such an asset in the consolidated balance sheet as at 31 March 2008 nor have they provided sufficient information and explanations as to the reasons why this asset should be fully impaired.

Acquisition of 40% interest in Global Agricultural Development Limited ("Global Agricultural")

As disclosed in the Company's announcement of 15 July 2008:

"On 8 July 2008, the Purchaser, a wholly-owned subsidiary of the Company, entered into the Acquisition Agreement with the Vendor, pursuant to which the Purchaser conditionally agreed to purchase and the Vendor conditionally agreed to sell 40% of both the entire issued share capital of and the shareholder's loan due by Global Agricultural at a total consideration of HK$300 million. The total consideration will be satisfied by the Purchaser procuring Global Far East (Macao Commercial Offshore) Ltd., a wholly-owned subsidiary of the Company, to assign as beneficial owner all the rights, title, benefits and interests in its account receivables in the aggregate book values of HK$300 million upon Completion."

We have not been provided with the details as to the circumstances leading to such acquisition. We have not been informed that the above acquisition had been completed. These financial statements have not reflected the related accounts receivable in the consolidated balance sheet of the Group as at 31 March 2008 nor have they provided sufficient information and explanations as to the reasons why the related accounts receivable should be fully impaired.

Transfers of shares in Ever Century Holdings Limited ("Ever Century")

As disclosed in the Company's announcement of 24 October 2008:

"During the course of their investigations, the Provisional Liquidators have discovered that:

(i) Between June and July this year the Company entered into a number of loans with money lenders purportedly in order to meet the Group's short term financing needs, including a loan with Forefront Finance. As security for the loan advanced by Forefront Finance, the Company granted a charge over all the shares in its wholly-owned subsidiary, Ever Century (the Charge) on 12 June 2008.

(ii) Ever Century holds directly and indirectly the entire issued share capital of all the remaining subsidiary company in the Group (the Group Companies).

(iii) On or about 15 August 2008, the entire issued share capital of Ever Century was transferred to a company called Merrier Limited (the Transfer).

The Provisional Liquidators have been unable to ascertain the circumstances of the Transfer. In particular, although the Transfer may relate to the Charge, the Provisional Liquidators cannot state at this stage whether the Transfer has been made to perfect the Charge or to enforce it.

The investigations of the Provisional Liquidators into this matter are continuing."

In the announcement made by the Company on 6 April 2009:

"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 Ever Century Shares back to the Company 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 the Ever Century Shares or the Company's control over Ever Century………………………

(c) if the restructuring of the Company is not completed within 12 months from the date of the Settlement Deed (or such other date as agreed in writing between Forefront, Hansom, the Company and the Provisional Liquidators) and Forefront or Hansom wishes to enforce the Share Charge (in the case of Forefront) or Hansom Share Charge (in the case of Hansom), Forefront and Hansom respectively undertake to give two weeks notice to the Company and the Provisional Liquidators before taking any action to transfer the Ever Century Shares pursuant to their respective charge; and …………………"

Due to the limited information available to us, we are unable to ascertain whether sufficient disclosure has been made in these financial statements regarding the background, details and reasons of the above incidence and actions taken by the management and/or the Provisional Liquidators.

Departure from the Hong Kong Financial Reporting Standards

As explained in note 2 to the financial statements, a number of disclosures as required by the Hong Kong Financial Reporting Standards have not been made in these financial statements because the Provisional Liquidators did not have sufficient data and information as a result of unavailability of complete books and records of all the subsidiaries of the Group. Accordingly, the disclosures in these financial statements are not in full compliance with the relevant Hong Kong Financial Reporting Standards.

Opening balances and comparative figures

We were appointed auditors of the Group on 12 November 2007 to report on the consolidated financial statements for the year ended 31 March 2008. The comparative figures in the financial statements are based on the audited financial statements for the year ended 31 March, 2007 which were audited by Messrs. KPMG, Certified Public Accountants, that contained a qualified opinion and the basis for qualified opinion as stated in their auditor's report is extracted as follows:

"……………
The financial statements of Sino Legend referred to above were audited by an audit firm which is unrelated to the network of member firms affiliated with KPMG International. This firm issued an unqualified report dated 24 July 2007 on these financial statements. However, we have yet to receive sufficient information from this firm as we consider necessary in order to enable us to form a conclusion as to the adequacy of their work for our purposes or to carry out sufficient alternative procedures…………………"

We have not been provided with all the necessary books and records to satisfy ourselves that the balances brought forward as at 1 April 2007 and the comparative figures in these consolidated financial statements do not contain misstatements which might materially affect the current year's consolidated financial statements.

Omission of consolidated cash flow statement

The financial statements of the Group do not include a consolidated cash flow statement. According to HKAS 7 "Cash Flow Statements", a consolidated cash flow statement is required to be presented in the financial statements of the Group to facilitate a proper understanding of the Group's cash flow for the year ended 31 March 2008.

ADVERSE OPINION

In our opinion, because of the significance of the effects of the matters described in the paragraphs under the heading "Basis for Adverse Opinion" above, these financial statements do not give a true and fair view of the state of affairs of the Group and of the Company as at 31 March 2008 and of the Group's result for the year then ended in accordance with Hong Kong Financial Reporting Standards. These financial statements have not been properly prepared in accordance with the Hong Kong Companies Ordinance.

REPORT ON MATTERS UNDER SECTIONS 141(4) AND 141(6) OF THE HONG KONG COMPANIES ORDINANCE

We have not obtained all the information and explanations that we considered necessary for the purpose of our audit and we are further of the opinion that proper books of account of the Group had not been kept.

NCN CPA LIMITED
Certified Public Accountants
Fung Pui Cheung
Practising Certificate Number P00755

20/F., Hong Kong Trade Centre,
161-167 Des Voeux Road Central,
Hong Kong S.A.R., China

22 July 2009

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2008

(Expressed in Hong Kong dollars)

	Note	**2008** **$'000**	2007 $'000
Turnover	*5*	**259,175**	1,942,545
Cost of sales		**(123,601)**	(1,415,714)
Gross profit		**135,574**	526,831
Other revenue	*6*	**10,917**	9,167
Other net loss	*6*	**–**	(840)
Distribution costs		**(99,583)**	(208,440)
Administrative and other operating expenses		**(2,617,854)**	(47,634)
(Loss)/profit from operations		**(2,570,946)**	279,084
Finance costs	*7*	**(17,527)**	(65,839)
Share of profits less losses of associates		**–**	114,084
(Loss)/profit before taxation	*7*	**(2,588,473)**	327,329
Income tax	*8*	**(3,946)**	(12,690)
(Loss)/profit for the year before minority interests		**(2,592,419)**	314,639
Minority interests		**(3,203)**	–
(Loss)/profit for the year attributable to equity shareholders of the Company		**(2,595,622)**	314,639
Dividends payable to equity shareholders of the Company	*10*		
Interim dividend declared and paid during the year		**–**	21,303
Final dividend proposed after the balance sheet date		**–**	42,267
		–	63,570
Basic (loss)/earnings per share	*11*	**(121.48 cents)**	17.64 cents

CONSOLIDATED BALANCE SHEET

As at 31 March 2008

(Expressed in Hong Kong dollars)

	Note	2008 $'000	2007 $'000
Non-current assets			
Fixed assets			
– Other property, plant and equipment	13	**8,484**	363,869
– Interests in leasehold land held for own use under operating leases		**–**	102,410
		8,484	466,279
Interest in associates		**–**	546,497
Other financial assets	16	**–**	94,100
		8,484	1,106,876
Current assets			
Inventories	17	**46,158**	313,670
Trade and other receivables	18	**8,762**	833,108
Cash and cash equivalents		**2,673**	340,335
		57,593	1,487,113
Current liabilities			
Trade and other payables	20	**35,734**	108,099
Bank loans and overdrafts		**–**	287,188
Provision for bank loan guarantee for subsidiaries	21	**814,298**	–
Obligations under finance leases		**–**	6,914
Current tax payable		**160**	34,227
		850,192	436,428
Net current (liabilities)/assets		**(792,599)**	1,050,685
Total assets less current liabilities		**(784,115)**	2,157,561
Non-current liabilities			
Bank loans	21	**–**	384,000
Convertible bonds	22	**119,396**	157,720
Obligations under finance leases	23	**–**	37,932
Provision for long service payments	24	**–**	1,800
Deferred tax liabilities		**–**	237
		119,396	581,689
NET (LIABILITIES)/ASSETS		**(903,511)**	1,575,872
CAPITAL AND RESERVES			
Share capital	26	**217,261**	200,000
Reserves	26	**(1,155,580)**	1,375,872
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY		**(938,319)**	1,575,872
Minority interests		**34,808**	–
		(903,511)	1,575,872

These financial statements were approved and authorised for issue by the Joint and Several Provisional Liquidators on 22 July 2009.

Fok Hei Yu
Joint and Several Provisional Liquidator
who acts without personal liability

Roderick John Sutton
Joint and Several Provisional Liquidator
who acts without personal liability

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2008

(Expressed in Hong Kong dollars)

	2008		2007	
	$'000	***$'000***	*$'000*	*$'000*
Total equity at 1 April		**1,575,872**		838,200
Net income recognized directly in equity:				
Exchange differences on translation of financial statements of overseas subsidiaries	**–**		5,389	
Capital reserve	**67,149**		–	
Net (loss)/profit for the year	**(2,595,622)**		314,639	
Total recognized income and expense for the year		**(2,528,473)**		320,028
Dividends declared or approved during the year		–		(53,154)
Movements in equity arising from capital transactions				
Shares issued under share option scheme	**11,473**		26,640	
Shares issued on conversion of convertible bonds	**37,617**		40,920	
Placement of new shares, net of issue expenses	**–**		403,238	
		49,090		470,798
Total (deficiency)/equity at 31 March		**(903,511)**		1,575,872

BALANCE SHEET

As at 31 March 2008

(Expressed in Hong Kong dollars)

	Note	2008 $'000	2007 $'000
Non-current assets			
Investments in subsidiaries	14	**228,300**	228,300
Amount due from subsidiaries	19	**–**	736,405
		228,300	964,705
Current assets			
Amount due from subsidiaries	19	**–**	184,101
Current tax recoverable		**–**	162
Cash and cash equivalents		**690**	132
		690	184,395
Current liabilities			
Trade and other payables		**467**	13,833
Provision for bank loan guarantee for subsidiaries	21	**814,298**	–
		814,765	13,833
Net current (liabilities)/assets		**(814,075)**	170,562
Total assets less current liabilities		**(585,775)**	1,135,267
Non-current liabilities			
Convertible bonds	22	**119,396**	157,720
NET (LIABILITIES)/ASSETS		**(705,171)**	977,547
CAPITAL AND RESERVES			
Share capital	26	**217,261**	200,000
Reserves	26	**(922,432)**	777,547
TOTAL (DEFICIENCY)/EQUITY		**(705,171)**	977,547

These financial statements were approved and authorised for issue by the Joint and Several Provisional Liquidators on 22 July 2009.

Fok Hei Yu
Joint and Several Provisional Liquidator
who acts without personal liability

Roderick John Sutton
Joint and Several Provisional Liquidator
who acts without personal liability

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2008
(Expressed in Hong Kong dollars)

1 ORGANISATION AND OPERATIONS

Tack Fat Group International Limited (Provisional Liquidators Appointed) (the "Company") 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 14/F, The Hong Kong Club Building, 3A Chater Road, Central, Hong Kong. The shares of the Company are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 29 April 2002 and have been suspended from trading since 30 July 2008.

The Company is principally engaged in investment holding. The Group was principally engaged in the apparel manufacturing business through original design manufacturing (ODM) and original equipment manufacturing (OEM) with manufacturing base in the People's Republic of China (the "PRC") and the Kingdom of Cambodia (the "Cambodia"), and also apparel retailing business in the PRC. Due to the insolvency and winding up of certain subsidiaries of the Company, only the retailing business remains in the Group.

2 BASIS OF PRESENTATION

Going concern

As at 31 March 2008, the Company and its subsidiaries (collectively the "Group") had consolidated net current liabilities of approximately HK$793 million (2007: net current assets of approximately HK$1,051 million) and consolidated net liabilities of approximately HK$904 million (2007: net assets of approximately HK$1,576 million). The Group had a net loss for the year ended 31 March 2008 of approximately HK$2,596 million (2007: net profit of approximately HK$315 million).

On 11 September 2008, pursuant to a court order, Mr. Fok Hei Yu and Mr. Roderick John Sutton, both of Ferrier Hodgson Limited, 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 were suspended with regard to the affairs and business of the Company.

The Provisional Liquidators are responsible for the accuracy and completeness of the contents of this report and the audited financial statements for the year ended 31 March 2008 in relation to (i) the affairs of the Group after the appointment of the Provisional Liquidators; and (ii) the preparation of the contents of these audited financial statements for the year ended 31 March 2008 based on the books and records made available to the Provisional Liquidators.

The Provisional Liquidators make no representation as to the completeness and accuracy of the information contained in these financial statements.

The Company is in the first stage of the delisting procedures in accordance with Practice Note 17 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") as at the date of these financial statements.

The restructuring proposal submitted by Radford Developments Limited (the "Investor") on 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 (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. On 8 July 2009, the Provisional Liquidators and the Investor entered into a side letter to extend the exclusivity period by a further 6-month period to 12 January 2010.

The Provisional Liquidators have appointed Asian Capital (Corporate Finance) Limited as financial adviser to the Company with a view to restructuring the Company and submitting a viable resumption proposal to the Stock Exchange.

The proposed restructuring, if successfully implemented, will, among other things, result in:

(i) a restructuring of the share capital of the Company through the capital restructuring, and the issuance of rights issue shares and convertible bonds. The issuance of rights issue shares and convertible bonds will provide gross cash proceeds of approximately HK$224 million;

(ii) all the existing creditors of the Company and creditors of its subsidiaries holding guarantees given by the Company discharging and waiving their claims against the Company by way of schemes of arrangement under section 166 of the Companies Ordinance (Cap 32 of the Laws of Hong Kong) (the "Companies Ordinance") by payment of the amount of approximately HK$70 million;

(iii) only retail business remaining in the Group. The Company operates and manages the retail business of "XXEZZ" through Ever Century Holdings Limited ("Ever Century"), Anway Limited, Best Favour Investments Limited, New Profit Holdings Limited and New Profit Garment (Luo Ding) Company Limited, whilst other subsidiaries of the Company have either been liquidated or transferred to a special purpose vehicle controlled by the Provisional Liquidators for the benefit of the creditors of the Company. The Provisional Liquidators are of the view that any asset recovery leading to realisation will be applied firstly towards the discharge of the relevant creditors of the entities holding the assets, with the residual value attributable to the creditors of the Company. Given the massive level of debts owed by the Company, the Provisional Liquidators consider that a full repayment to the creditors of the Company is not possible and accordingly, there will be no value left to the Company.

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 foreseeable future.

In the opinion of the Provisional Liquidators, the financial statements for the year ended 31 March 2008 which are 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.

Loss of books and records

The Provisional Liquidators have used their best endeavors to locate all the books and records of the Group since their appointment. However, the Provisional Liquidators were unable to obtain sufficient books and records to satisfy themselves regarding various accounting balance of the Group for reasons as follows:

- Most of the books and records of the Group were lost prior to the appointment of the Provisional Liquidators and books and records recovered from the office of the Company and its subsidiaries were minimal;

- According to some former staff of the Group, some of the relevant books and records may have been shipped to overseas shortly prior to the appointment of the Provisional Liquidators. However, the Provisional Liquidators are unable to verify this allegation; and

- Former accounting personnel of the Group had left and the Provisional Liquidators are unable to obtain their cooperation on updating the accounts.

The financial statements of the Group have been prepared based on the available books and records. Accordingly, the Provisional Liquidators are unable to ascertain that the opening balances and corresponding figures of the Group for the year ended 31 March 2008 have been properly reflected in the available books and records and in the financial statements.

Deconsolidation of subsidiaries and subsequent impairment of respective book values

The financial statements have been prepared based on the books and records recovered by the Provisional Liquidators since their appointment. The Provisional Liquidators consider that control of the Company over certain subsidiaries has been lost subsequent to the year ended 31 March 2008. Details are set out as follows:

- The directors of the Company resolved to appoint an independent reporting accountant Borrelli Walsh Limited on 30 July 2008 to investigate into the matters giving rise to the Company's failure to report its results for the year ended 31 March 2008.

- On 9 September 2008, Borrelli Walsh Limited resigned, citing that it was unable to obtain sufficient information to properly discharge its engagement, and raised concern that the board of directors was unable to control the assets of the Group after 23 June 2008.

- Mr. Fok Hei Yu and Mr. Roderick John Sutton, both of Ferrier Hodgson Limited, were appointed as provisional liquidators to Tack Fat Swimwear Manufacturing Limited ("Tack Fat Swimwear") on 6 October 2009. On 18 February 2009, the High Court ordered Tack Fat Manufacturing Factory Limited ("Tack Fat Manufacturing") to be wound up.

- Tack Fat International Holdings Limited ("Tack Fat International") and Chiu Wing Enterprise Company Limited ("Chiu Wing") were placed into creditors' voluntary liquidation on 23 April 2009;

- Lantern Services Limited, Potter Industries Limited and Sino Profit Limited, all direct wholly owned subsidiaries of Ever Century were transferred to a special purpose vehicle controlled by the Provisional Liquidators on 29 May 2009 for realisation for the benefit of the creditors of the Company and to facilitate the restructuring as proposed by the Investor;

- According to the investigation by the Provisional Liquidators, the Company does not have any legal ownership over Masswin International Limited ("Masswin") and accordingly, Masswin is no longer deemed as a subsidiary of the Company. Moreover, Masswin was struck off from the British Virgin Islands (the "BVI") registrar on 1 May 2009; and

- Think Tank Holdings Limited was struck off from the BVI registrar on 1 November 2007.

The Provisional Liquidators are of the view that the results and assets and liabilities of the said subsidiaries should not be consolidated to the financial statements of the Company. Furthermore, due to (i) the adverse financial positions of Tack Fat Swimwear, Tack Fat Manufacturing, Tack Fat International and Chiu Wing; and (ii) the Group's control over the operations of Lantern Services Limited, Potter Industries Limited, Sino Profit Limited, Masswin and Think Tank Holdings Limited was lost before the appointment of the Provisional Liquidators, and it would be appropriate to fully impair their book value on the Group's financial statements to zero.

Among the assets, the values of which the Provisional Liquidators consider should be fully impaired are those trademarks related to the brands "XXEZZ" and "MUDD®" and the receivables of approximately HK$300 million recorded under Global Far East (Macao Commercial Offshore) Limited ("GFE (Macao)"), a wholly owned subsidiary of Sino Profit Limited.

Pursuant to the Company's announcement dated 29 May 2007, the Company acquired the XXEZZ business in June 2007 by acquiring 90% interest in Best Favour Investments Limited, which was principally engaged in fashion design and management of its XXEZZ brand of smart casual wear. Investigations conducted by the Provisional Liquidators show that the brand "XXEZZ" does not belong to the Group, any value that has been attributed to the goodwill previously should be fully impaired. However, Best Favour Investments Limited has always been managing the brand of XXEZZ pursuant to a written authority.

In respect of the "MUDD®" trademark, it is owned by Wingar Limited, an indirect subsidiary of Tack Fat Swimwear. Since the Provisional Liquidators have been appointed to Tack Fat Swimwear, which is deconsolidated from the Group, the goodwill related to the "MUDD®" trademark, if any, should not be accounted for by the Group. Furthermore, the MUDD® retail business has been loss making for the year ended 31 March 2008 and accordingly, the Provisional Liquidators consider that any value that has been attributed to the goodwill previously should be fully impaired.

The Provisional Liquidators are aware that the Company had disclosed in its announcement on 15 July 2008 that the Company was going to assign the receivables of GFE (Macao) for HK$300 million to the vendor for the acquisition of 40% shareholding interest in Global Agricultural Development Limited. The Provisional Liquidators are unable to obtain any supporting documents from available records to identify the debtor(s) and determine whether the HK$300 million receivables ever existed. GFE (Macao) is a directly owned subsidiary of Sino Profit Limited, which has been transferred to a special purpose vehicle controlled by the Provisional Liquidators on 29 May 2009 for realisation for the benefit of the creditors of the Company and to facilitate the restructuring as proposed by the Investor.

Any adjustment as a result of the abovementioned may have a significant effect to the Group's financial statements for the year ended 31 March 2008 and relevant disclosures. Accordingly, the corresponding figures shown in the financial statements may not be comparable with those figures for the year ended 31 March 2007.

Departure from the Hong Kong Financial Reporting Standards ("HKFRSs")

Due to the failure of getting access to the books and records of certain subsidiaries and the resignation of the majority of management personnel responsible for maintaining the books and records, the Provisional Liquidators do not have sufficient data to compile the financial statements of the Group for the year ended 31 March 2008 so as to comply with the HKFRSs. The following information, among others, are not disclosed in the said financial statements:

(Expressed in Hong Kong dollars)

(a) Information about the extent and nature of the financial instruments as required by HKAS 32 "Financial Instruments: Disclosure and Presentation" issued by the HKICPA;

(b) Details of the Group's policy in respect of the financial risk management as required by HKAS 32 "Financial Instruments: Disclosure and Presentation";

(c) Details of related party disclosures as required by HKAS 24 "Related Party Disclosures";

(d) Details of the Group's aging of debtors and creditors as required by the Listing Rules;

(e) Details of analysis of pledge of assets as required by the Companies Ordinance;

(f) Information of deferred taxation and taxation charge reconciliation as required by HKAS 12 "Income Taxes"; and

(g) Details of directors' and employees' emoluments as required by the Listing Rules and the Companies Ordinance.

3 ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

The HKICPA has issued a number of new and revised HKFRSs and Interpretations that are first effective or available for early adoption for the current accounting period of the Company.

HKAS 39 and HKFRS 7	Amendments to HKAS 39 Financial Instruments: Amendments Recognition and Measurement and HKFRS 7 Financial Instruments: Disclosures – Reclassification of Financial Assets
HK(IFRIC) – Int 11	HKFRS 2 – Group and Treasury Share Transactions
HK(IFRIC) – Int 12	Service Concession Arrangement
HK(IFRIC) – Int 14	HKAS19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The adoption of the new HKFRSs had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment is required.

4 SIGNIFICANT ACCOUNTING POLICIES

(a) Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances and transaction and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment. In the Company's balance sheet, an investment in a subsidiary is stated at cost less any impairment losses.

(b) Associates

An associate is an entity in which the Group has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

An investment in an associate is accounted for in the consolidated financial statements under the equity method and is initially recorded at cost and adjusted thereafter for the post acquisition change in the Group's share of the associate's net assets. The consolidated income statement includes the Group's share of the post-acquisition, post-tax results of the associates for the year, including any impairment loss on goodwill relating to the investment in associates recognized for the year.

When the Group's share of losses exceeds its interest in the associate, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate. For this purpose, the Group's interest in the associate is the carrying amount of the investment under the equity method together with the Group's long-term interests that in substance form part of the Group's net investment in the associate.

Unrealised profits and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associate, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

(c) Other Investments in Securities

The Group's policies for investments in securities other than investments in subsidiaries and associates are as follows:

(i) Investments in securities that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are recognised in the balance sheet at cost less impairment losses.

(ii) Investments are recognised/derecognised on the date the Group commits to purchase/sell the investments or they expire.

(d) Goodwill

Goodwill represents the excess of the cost of an investment in an associate over the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities.

Goodwill is stated at cost less accumulated impairment losses. Goodwill is allocated to cash-generating units and is tested annually for impairment. In respect of an associate, the carrying amount of goodwill is included in the interest in the associate.

Any excess of the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of an investment in an associate is recognised immediately in profit or loss.

On disposal of an associate during the year, any attributable amount of purchased goodwill is included in the calculation of the profit or loss on disposal.

(e) Other Property, Plant and Equipment

(i) The following items of property, plant and equipment are stated in the balance sheet at cost less accumulated depreciation and impairment losses:

- land held under operating leases and buildings thereon, where the fair values of the leasehold interest in the land and buildings cannot be measured separately at the inception of the lease and the building is not clearly held under an operating lease;

- buildings held for own use which are situated on the leasehold land, where the fair value of the building could be measured separately from the fair value of the leasehold land at the inception of the lease; and

- other items of property, plant and equipment.

(ii) Subsequent expenditure relating to an item of property, plant and equipment that has already been recognised is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the Group. All other subsequent expenditure is recognised as an expense in the period in which it is incurred.

(iii) Depreciation is calculated to write off the cost of items of property, plant and equipment using the straight line method over their estimated useful lives as follows:

Buildings	30 to 50 years
Plant and machinery	5 years
Furniture, fixtures and office equipment	5 years
Leasehold improvements	Shorter of lease term and 5 years
Motor vehicles and yacht	4 years

(iv) Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

(v) Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognized in profit or loss on the date of retirement or disposal.

(f) Leased Assets

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

(i) Classification of Assets Leased to the Group

Assets that are held by Group under leases which transfer to the Group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases, with the exception that land held for own use under an operating lease, the fair value of which cannot be measured separately from the fair value of a building situated thereon at the inception of the lease, is accounted for as being held under a finance lease, unless the building is also clearly held under an operating lease. For these purposes, the inception of the lease is the time that the lease was first entered into by the Group, or taken over from the previous lessee.

(ii) Assets Acquired under Finance Leases

Where the Group acquires the use of assets under finance leases, the amounts representing the fair value of the leased asset, or, if lower, the present value of the minimum lease payments, of such assets are included in fixed assets and the corresponding liabilities, net of finance charges, are recorded as obligations under finance leases. Depreciation is provided at rates which write off the cost of the assets over the term of the relevant lease or, where it is likely the Group will obtain ownership of the asset, the life of the asset. Impairment losses are accounted for in accordance with the accounting policy. Finance charges implicit in the lease payments are charged to profit or loss over the period of the leases so as to produce an approximately constant periodic rate of charge on the remaining balance of the obligations for each accounting period. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

(iii) Operating Lease Charges

Where the Group has the use of assets under operating leases, payments made under the leases are charged to profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

The cost of acquiring land held under an operating lease is amortised on a straight-line basis over the period of the lease term.

(g) Impairment of Assets

(i) Impairment of Investments in Securities and Other Receivables

Investments in equity securities and other current and non-current receivables that are stated at cost or amortised cost are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. If any such evidence exists, any impairment loss is determined and recognised as follows:

– For unquoted equity securities and current receivables that are carried at cost or amortised cost, the impairment loss is measured as the difference between the carrying amount of the financial asset and the estimated future cash flows, discounted at the current market rate of return for a similar financial asset where the effect of discounting is material. Impairment losses for current receivables are reversed if in a subsequent period the amount of the impairment loss decreases. Impairment losses for equity securities are not reversed.

- For financial assets carried at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material.

- If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

(ii) Impairment of Other Assets

Internal and external sources of information are reviewed at each balance sheet date to identify indications that the following assets may be impaired or, except in the case of goodwill, an impairment loss previously recognized no longer exists or may have decreased:

- property, plant and equipment;

- pre-paid interests in leasehold land classified as being held under an operating lease;

- investments in subsidiaries and associates; and

- goodwill.

If any such indication exists, the asset's recoverable amount is estimated. In addition, the recoverable amount of goodwill is estimated annually whether or not there is any indication of impairment.

- Calculation of recoverable amount

  The recoverable amount of an asset is the greater of its net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest Group of assets that generates cash inflows independently (i.e. a cash-generating unit).

– Recognition of impairment losses

An impairment loss is recognised in profit or loss whenever the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount.

– Reversals of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed. A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

(h) Inventories

Inventories are carried at the lower of cost and net realisable value.

Cost is calculated using the first-in, first-out cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognized as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognized as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

(i) Trade and Other Receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost less impairment losses for bad and doubtful debts, except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less impairment losses for bad and doubtful debts.

(j) Convertible Bonds

Convertible bonds that can be converted to equity share capital at the option of the holder, where the number of shares that would be issued on conversion and the value of the consideration that would be received at that time do not vary, are accounted for as compound financial instruments which contain both a liability component and an equity component.

At initial recognition the liability component of the convertible bonds is measured as the present value of the future interest and principal payments, discounted at the market rate of interest applicable at the time of initial recognition to similar liabilities that do not have a conversion option. Any excess of proceeds over the amount initially recognised as the liability component is recognised as the equity component. Transaction costs that relate to the issue of a compound financial instrument are allocated to the liability and equity components in proportion to the allocation of proceeds.

The liability component is subsequently carried at amortised cost. The interest expense recognised in profit or loss on the liability component is calculated using the effective interest method. The equity component is recognised in the capital reserve until either the bond is converted or redeemed.

If the bond is converted, the capital reserve, together with the carrying value of the liability component at the time of conversion, is transferred to share capital and share premium as consideration for the shares issued. If the bond is redeemed, the capital reserve is released directly to retained profits.

(k) Interest-bearing Borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in profit or loss over the period of the borrowings, together with any interest and fees payable, using the effective interest method.

(l) Trade and Other Payables

Trade and other payables are initially recognised at fair value and subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(m) Cash and Cash Equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated cash flow statement.

(n) Employee Benefits

(i) Short-term Employee Benefits and Contributions to Defined Contribution Retirement Plans

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(ii) Share-based Payments

The fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in a capital reserve within equity. The fair value is measured at grant date using the binomial lattice model, taking into account the terms and conditions upon which the options were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the options, the total estimated fair value of the options is spread over the vesting period, taking into account the probability that the options will vest.

During the vesting period, the number of share options that is expected to vest is reviewed. Any adjustment to the cumulative fair value recognised in prior years is charged/credited to profit or loss for the year of the review, unless the original employee expenses qualify for recognition as an asset with a corresponding adjustment to the capital reserve. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of options that vest (with a corresponding adjustment to the capital reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the Company's shares. The equity amount is recognised in the capital reserve until either the option is exercised (when it is transferred to the share premium account) or the option expires (when it is released directly to retained profits).

(iii) Termination Benefits

Termination benefits are recognised when, and only when, the Group demonstrably commits itself to terminate employment or to provide benefits as a result of voluntary redundancy by having a detailed formal plan which is without realistic possibility of withdrawal.

(o) Income Tax

(i) Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised directly in equity, in which case they are recognized in equity.

(ii) Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

(iii) Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at each balance sheet date and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

(iv) Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

- in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or
- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:
  - the same taxable entity; or
  - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

(p) Financial Guarantees Issued, Provisions and Contingent Liabilities

(i) Financial guarantees issued

Financial guarantees are contracts that require the issuer (i.e. guarantor) to make specified payments to reimburse the beneficiary to the guarantee ("the holder") for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Where the Group issues a financial guarantee, the fair value of the guarantee (being the transaction price, unless the fair value can otherwise be reliably estimated) is initially recognised as deferred income within trade and other payables. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Group's policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in profit or loss on initial recognition of any deferred income.

(ii) Provisions and contingent liabilities

Provisions are recognised for other liabilities of uncertain timing or amount when the Group or the Company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation. Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(q) Revenue Recognition

Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognized in profit or loss as follows:

(i) Sales of Goods

Revenue is recognised when goods are delivered at the customers' premises which is taken to be the point in time when the customer has accepted the goods and the related risks and rewards of ownership. Revenue excludes value added or other sales taxes and is after deduction of any trade discounts.

(ii) Interest Income

Interest income is recognised as it accrues using the effective interest method.

(r) Translation of Foreign Currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the balance sheet date. Exchange gains and losses are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was determined.

The results of foreign operations are translated into Hong Kong dollars at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Balance sheet items, including goodwill arising on consolidation of foreign operations acquired on or after 1 January 2005, are translated into Hong Kong dollars at the foreign exchange rates ruling at the balance sheet date. The resulting exchange differences are recognised directly in a separate component of equity.

On disposal of a foreign operation, the cumulative amount of the exchange differences recognised in equity which relate to that foreign operation is included in the calculation of the profit or loss on disposal.

(s) Borrowing Costs

Borrowing costs are expensed in profit or loss in the period in which they are incurred, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale.

(t) Related Parties

For the purpose of these financial statements, a party is considered to be related to the Group if:

(i) the party has the ability, directly or indirectly through one or more intermediaries, to control the Group or exercise significant influence over the Group in making financial and operating policy decisions, or had joint control over the Group;

(ii) the Group and the party are subject to common control;

(iii) the party is an associate of the Group or a joint venture in which the Group is a venturer;

(iv) the party is a member of key management personnel of the Group or the Group's parent, or a close family member of such an individual, or is an entity under the control, joint control or significant influence of such individuals;

(v) the party is a close family member of a party referred to in (i) or is an entity under the control, joint control or significant influence of such individuals; or

(vi) the party is a post-employment benefit plan which is for the benefit of employees of the Group or of any entity that is a related party of the Group.

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

(u) Segment Reporting

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

In accordance with the Group's internal financial reporting system, the Group has chosen business segment information as the primary reporting format and geographical segment information as the secondary reporting format for the purposes of these financial statements.

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

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

Unallocated items mainly comprise financial and corporate assets, interest-bearing loans, borrowings, tax balances, corporate and financing expenses.

5 TURNOVER

The principal activity of the Group is the retail sale 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.

6 OTHER REVENUE AND NET LOSS

	2008	2007
	$'000	*$'000*
Other revenue		
Interest income	**504**	7,228
Others	**10,413**	1,939
	10,917	9,167
Other net loss		
Net foreign exchange loss	**–**	840

7 (LOSS)/PROFIT BEFORE TAXATION

(Loss)/profit before taxation is arrived at after charging the following:

	2008	2007
	$'000	*$'000*
(a) Finance Costs		
Interest on bank advances and other borrowings wholly repayable within five years	**13,665**	55,772
Finance charges on obligations under finance leases	**–**	678
Bank charges	**3,376**	5,955
Other borrowing costs	**486**	3,434
	17,527	65,839

	2008	2007
	$'000	*$'000*
(b) Other Items		
Cost of inventories	**123,601**	1,415,714
Subcontracting charges	**–**	37,104
Depreciation		
– owned assets	**3,222**	50,044
– assets held under finance leases	**–**	2,890
Amortisation of land lease premium	**–**	2,377
Purchase cost of temporary textile quota entitlements	**–**	1,926
Auditor's remuneration	**550**	1,750
Impairment loss on subsidiaries not consolidated	**1,659,003**	–
Impairment loss on intangible assets	**243,245**	–
Adjustment to capital reserve	**8,931**	–
Provision for bank loan guarantee for subsidiaries	**616,298**	–
Impairment loss on inventories	**–**	1,332

On the basis that the relevant books and records are either lost prior to the appointment of the Provisional Liquidators or being incomplete, the Provisional Liquidators make no representation as to the completeness and accuracy of the abovementioned items.

8 INCOME TAX

The provision for Hong Kong Profits Tax for 2008 is calculated at 17.5% (2007: 17.5%) of the estimated assessable profits for the year.

The Group's subsidiary in the PRC is subject to PRC income tax at the rate of 25% of its taxable income.

The immediate holding company of all of the Company's Cambodia subsidiaries, Tack Fat International, has been deconsolidated from the financial statements of the Group for the year ended 31 March 2008 and has been placed into creditors' voluntary liquidation pursuant to section 228A of the Companies Ordinance on 23 April 2009. On this basis, the Group will no longer be subject to Cambodia tax.

9 LOSS ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY

The loss attributable to equity holders of the Company is dealt with in the financial statements of the Company to the extent of approximately HK$1,772 million (2007: profit of approximately HK$66 million).

10 DIVIDEND

	2008	2007
	$'000	*$'000*
Final dividend paid – HK$ Nil per share (2007: HK1.81 cents per share)	**–**	31,851

11 (LOSS)/EARNINGS PER SHARE

(a) Basic (Loss)/Earnings Per Share

The calculation of basic earnings per share is based on the loss attributable to ordinary equity shareholders of the Company of approximately HK$2,596 million (2007: profit of approximately HK$315 million) and the weighted average of 2,136,900,955 (2007: 1,783,858,000) ordinary shares in issue during the year, calculated as follows:

Weighted average number of ordinary shares

	2008 Number of shares	2007 Number of shares
	'000	*'000*
Issued ordinary shares at 1 April	**2,000,000**	1,516,664
Effect of conversion of convertible bonds *(note 26)*	**44,421**	18,302
Effect of issuance of new shares *(note 26)*	**12,316**	243,171
Effect of share options exercised *(note 26)*	**80,164**	5,721
Weighted average number of ordinary shares at 31 March	**2,136,901**	1,783,858

(b) Diluted Earnings Per Share

Since the outstanding share options and convertible bonds are anti-dilutive to the loss per share, no diluted loss per share is presented for both years.

12 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 the primary reporting format because this is more relevant to the Group's internal financial reporting.

(a) Business Segment

The Group has been predominately operating in one single business segment, i.e. the retail trading of garments in the PRC.

(b) Geographical Segments

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of the customers. Segment assets and capital expenditures are based on the geographical location of the assets.

The Group's business is principally managed in Hong Kong and other parts of the PRC while the principal market for the Group's products is retail trading of garments in the PRC.

		2008	2007
		$'000	*$'000*
(i)	Segment revenue		
	North America	**–**	1,558,529
	Europe	**–**	229,665
	Other regions	**259,175**	154,351
		259,175	1,942,545
(ii)	Capital expenditures		
	Hong Kong	**–**	5,654
	PRC, excluding Hong Kong	**178**	14,073
	Cambodia	**–**	120,970
		178	140,697
(iii)	Segment assets		
	Hong Kong	**698**	1,884,614
	PRC, excluding Hong Kong	**65,379**	177,383
	Cambodia	**–**	531,992
		66,077	2,593,989

13 FIXED ASSETS

The Group

	Land and buildings held for own use carried at cost	Plant and machinery	Furniture, fixtures and office equipment	Leasehold improvements	Motor vehicles and yacht	Sub-total	Interests in leasehold land held for own use under operating leases	Total
	$'000	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*
Cost:								
At 1 April 2006	192,975	290,301	81,198	–	14,679	579,153	100,973	680,126
Exchange adjustments	1,200	1,347	405	–	203	3,155	220	3,375
Additions	6,005	91,772	4,151	19,709	883	122,520	18,177	140,697
At 31 March 2007	200,180	383,420	85,754	19,709	15,765	704,828	119,370	824,198
At 1 April 2007	200,180	383,420	85,754	19,709	15,765	704,828	119,370	824,198
Exchange adjustments	–	–	1,858	–	–	1,858	–	1,858
Impairment loss on fixed assets	–	–	(8,146)	–	–	(8,146)	–	(8,146)
Impairment loss on other investment	(200,180)	(383,420)	(65,253)	(19,709)	(15,765)	(684,327)	(119,370)	(803,697)
Additions	–	–	178	–	–	178	–	178
At 31 March 2008	**–**	**–**	**14,391**	**–**	**–**	**14,391**	**–**	**14,391**
Accumulated depreciation:								
At 1 April 2006	24,581	194,695	52,948	–	13,583	285,807	14,534	300,341
Exchange adjustments	361	1,332	348	–	177	2,218	49	2,267
Charge for the year	4,495	37,010	7,577	3,140	712	52,934	2,377	55,311
At 31 March 2007	29,437	233,037	60,873	3,140	14,472	340,959	16,960	357,919
At 1 April 2007	29,437	233,037	60,873	3,140	14,472	340,959	16,960	357,919
Exchange adjustments	–	–	223	–	–	223	–	223
Impairment loss on other investment	(29,437)	(233,037)	(58,411)	(3,140)	(14,472)	(338,497)	(16,960)	(355,457)
Charge for the year	–	–	3,222	–	–	3,222	–	3,222
At 31 March 2008	**–**	**–**	**5,907**	**–**	**–**	**5,907**	**–**	**5,907**
Net book value:								
At 31 March 2008	**–**	**–**	**8,484**	**–**	**–**	**8,484**	**–**	**8,484**
At 31 March 2007	170,743	150,383	24,881	16,569	1,293	363,869	102,410	466,279

(Expressed in Hong Kong dollars)

14 INVESTMENT IN SUBSIDIARIES

Subsidiaries remain in the Group as at 31 March 2008 are as follows:

Name of Company	Place of incorporation/ operation	Particulars of issued and fully paid share capital/ registered capital	Proportion of ownership interest held by the Company	Proportion of ownership interest held by a subsidiary	Principal activities
Ever Century Holdings Limited	BVI/ Hong Kong	700 ordinary shares of US$1 each	100	–	Investment holding
Anway Limited	BVI	1 ordinary share of US$1 each	–	100	Investment holding
Best Favour Investments Limited	BVI	10 ordinary shares of US$1 each	–	90	Investment holding
New Profit Holdings Limited	Hong Kong	1 ordinary share of HK$1 each	–	100	Investment holding
New Profit Garment (Luo Ding) Company Limited	PRC	HK$19,000,075	–	100	Retail sale of garments

New Profit Garment (Luo Ding) Company Limited is a wholly-owned foreign enterprise established in the PRC.

15 LOSS ON DECONSOLIDATION OF THE SUBSIDIARIES AND IMPAIRMENT ON INVESTMENT COSTS AND DUE FROM DECONSOLIDATED SUBSIDIARIES

	2008	2007
	$'000	*$'000*
Loss on deconsolidation of subsidiaries	**354,238**	–
Impairment on investment costs in the deconsolidated subsidiaries	**228,300**	–
Impairment on amount due from the deconsolidated subsidiaries	**1,076,465**	–
	1,659,003	–

16 OTHER FINANCIAL ASSETS

On the basis that the relevant books and records are either lost prior to the appointment of the Provisional Liquidators or being incomplete, the Provisional Liquidators make no representation as to the completeness and accuracy of the other financial assets.

17 INVENTORIES

	2008	2007
	$'000	*$'000*
Raw materials	**–**	211,693
Work in progress	**–**	63,088
Finished goods	**46,158**	38,889
	46,158	313,670

18 TRADE AND OTHER RECEIVABLES

	2008	2007
	$'000	*$'000*
Trade receivables	**8,762**	473,334
Other receivables	**–**	359,774
	8,762	833,108

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

19 AMOUNTS DUE FROM SUBSIDIARIES

On the basis that the relevant books and records are either lost prior to the appointment of the Provisional Liquidators or being incomplete, the Provisional Liquidators make no representation as to the completeness and accuracy of the amounts due from subsidiaries.

20 TRADE AND OTHER PAYABLES

	2008	2007
	$'000	*$'000*
Bills payables	**–**	18,511
Trade payables	**35,267**	61,826
Accruals and other payables	**467**	27,762
	35,734	108,099

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 dollar.

21 BANK LOANS

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 such guarantees are set out below:

Bank	Guarantee for	Status of subsidiary	Guaranteed amount *HK$'000*
Banco Commercial de Macau S.A.	GFE (Macao)	Sino Profit Limited, being the immediate holding company of GFE (Macao), was disposed to a special purpose vehicle under control of the Provisional Liquidators on 29 May 2009. Respective results, assets and liabilities were deconsolidated from the Group's account for the year ended 31 March 2008. There is no indication that GFE (Macao) is able to or has the intention to repay the said bank loan.	28,752
Bank of America	Tack Fat Swimwear	Provisional liquidators were appointed to Tack Fat Swimwear on 6 October 2008. Respective results, assets and liabilities were deconsolidated from the Group's account for the year ended 31 March 2008. There is no indication that Tack Fat Swimwear is able to repay the said bank loan in full.	245,076
Citic Ka Wah Bank	Anway Limited	Under the Company's control. There is no indication that Anway Limited is able to repay the said bank loan in full.	133,018
Citic Ka Wah Bank	GFE (Macao)	Sino Profit Limited, being the immediate holding company of GFE (Macao), was disposed to a special purpose vehicle under control of the Provisional Liquidators on 29 May 2009. Respective results, assets and liabilities were deconsolidated from the Group's account for the year ended 31 March 2008. There is no indication that GFE (Macao) is able to or has the intention to repay the said bank loan.	21,344

Bank	Guarantee for	Status of subsidiary	Guaranteed amount *HK$'000*
Taipei Fubon Bank	Tack Fat Swimwear	Provisional liquidators were appointed to Tack Fat Swimwear on 6 October 2008. Respective results, assets and liabilities were deconsolidated from the Group's account for the year ended 31 March 2008. There is no indication that Tack Fat Swimwear is able to repay the said bank loan in full.	386,108
		Total:	**814,298**

On the basis that the relevant books and records are either lost prior to the appointment of the Provisional Liquidators or being incomplete, the Provisional Liquidators make no representation as to the completeness and accuracy of the abovementioned corporate guarantees.

22 CONVERTIBLE BONDS

Pursuant to a bond placement agreement dated 13 September 2004, the Company issued US$30,000,000 (approximately HK$234,000,000) convertible bonds bearing interest at 1% per annum payable in quarters to independent investors on 11 October 2004. The convertible bonds will mature on 12 October 2009. The bonds are convertible into the Company's shares at the conversion price of $1.00 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.

During the year, convertible bonds totalling US$7,400,000 (approximately HK$57,872,800) were converted into 57,872,800 ordinary shares.

Subsequent to the year end, no convertible bonds were converted into ordinary shares.

23 OBLIGATIONS UNDER FINANCE LEASE

On the basis that the relevant books and records are either lost prior to the appointment of the Provisional Liquidators or being incomplete, the Provisional Liquidators make no representation as to the completeness and accuracy of the obligations under finance lease.

24 PROVISION FOR LONG SERVICE PAYMENTS

On the basis that the relevant books and records are either lost prior to the appointment of the Provisional Liquidators or being incomplete, the Provisional Liquidators make no representation as to the completeness and accuracy of the provision for long service payments.

25 EMPLOYEE RETIREMENT BENEFITS

On the basis that the relevant books and records are either lost prior to the appointment of the Provisional Liquidators or being incomplete, the Provisional Liquidators make no representation as to the completeness and accuracy of the employee retirement benefits.

26 CAPITAL AND RESERVES

(i) Group

The amounts of the Group's reserves and the movements therein are presented in the consolidated statement of changes in equity.

(ii) Company

	Share capital	Share premium	Capital reserve	Contributed surplus	Retained earnings	Total
	$'000	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*
At 1 April 2006	151,666	81,165	62,601	193,780	4,623	493,835
Placement of new shares	39,277	363,961	–	–	–	403,238
Exercise of share options	3,600	23,040	–	–	–	26,640
Conversion of convertible bonds	5,457	49,113	(13,650)	–	–	40,920
Dividend approved in respect of the previous year	–	–	–	–	(31,851)	(31,851)
Profit for the year	–	–	–	–	66,068	66,068
Dividend declared in respect of the current year	–	–	–	–	(21,303)	(21,303)
At 31 March 2007	**200,000**	**517,279**	**48,951**	**193,780**	**17,537**	**977,547**

	Share capital $'000	Share premium $'000	Capital reserve $'000	Contributed surplus $'000	Retained earnings/ (accumu-lated losses) $'000	Total $'000
At 1 April 2007	200,000	517,279	48,951	193,780	17,537	977,547
Placement of new shares	1,274	12,607	–	–	–	13,881
Exercise of share options	10,200	56,460	–	–	–	66,660
Conversion of convertible bonds	5,787	51,781	(14,430)	–	–	43,138
Transfer	–	–	(34,521)	–	–	(34,521)
Loss for the year	–	–	–	–	(1,771,876)	(1,771,876)
Dividend declared in respect of the current year	–	–	–	–	–	-
At 31 March 2008	**217,261**	**638,127**	**–**	**193,780**	**(1,754,339)**	**(705,171)**

On the basis that the relevant books and records are either lost prior to the appointment of the Provisional Liquidators or being incomplete, the Provisional Liquidators make no representation as to the accuracy and completeness of the said statutory records.

27 COMMITMENTS

At 31 March 2008, the total future minimum lease payments under non-cancellable operating leases are repayable as follows:

	The Group **2008** *$'000*	2007 *$'000*
Within 1 year	**11,176**	12,737
After 1 year but within 5 years	**9,008**	7,678
After 5 years	**–**	235
	20,184	20,650

According to the books and records available to the Provisional Liquidators, the Group is the leasee in respect of a number of properties held under operating leases. The leases typically run for an initial period of one to three years, with an option to renew the lease when all terms are renegotiated.

In respect of the other subsidiaries, as the relevant books and records are either lost prior to the appointment of the Provisional Liquidators or being incomplete, the Provisional Liquidators are also unable to make any representation as to the completeness and accuracy of the commitment.

28 CONTINGENT LIABILITIES

On the basis that the relevant books and records are either lost prior to the appointment of the Provisional Liquidators or being incomplete, the Provisional Liquidators make no representation as to the completeness and accuracy of the contingent liabilities.

29 RELATED PARTY TRANSACTION

On the basis that the relevant books and records are either lost prior to the appointment of the Provisional Liquidators or being incomplete, the Provisional Liquidators make no representation as to the completeness and accuracy of the related party transaction.

30 POST BALANCE SHEET EVENTS

In June 2008, the Company entered into a number of loan agreements to meet its short term finance need, including loans from Forefront Finance Co., Limited ("Forefront") and Hansom Finance Limited ("Hansom"). To secure the loans from Forefront and Hansom, the Company pledged its entire interest in Ever Century (the "Share Charge"), a subsidiary which in turn controlled all the remaining subsidiaries of the Group. On 15 August 2008, Forefront enforced its rights under the Share Charge and accordingly the Company's legal ownership in Ever Century was transferred to Merrier.

On 11 September 2008, Mr. Fok Hei Yu and Mr. Roderick John Sutton were appointed as the Provisional Liquidators to the Company.

On 6 October 2008, Mr. Fok Hei Yu and Mr. Roderick John Sutton were appointed as provisional liquidators to Tack Fat Swimwear, an indirect wholly owned subsidiary of the Company.

On 12 January 2009, the Provisional Liquidators and the Investor entered into an exclusivity and escrow agreement granting the Investor a 6-month exclusivity period to negotiate the restructuring of the Group.

At the hearing of the winding-up petition before the High Court on 18 February 2009, the High Court ordered that Tack Fat Manufacturing, a subsidiary which will not be retained as part of the restructuring, be wound-up. The Official Receiver, by virtue of Section 191 of the Companies Ordinance, continues to act as provisional liquidator thereof until the High Court sanctions the appointment of liquidator in accordance with the procedures under the Companies Ordinance.

On 3 April 2009, the Company, the Provisional Liquidators, Forefront, Merrier, Hansom and the Investor entered into a settlement deed pursuant to which Merrier agreed to transfer the interest in Ever Century back to the Company in order to facilitate the restructuring of the Company, Forefront and Hansom acknowledged, confirmed and agreed that there was no intention for Forefront to change the beneficial ownership of interest in Ever Century or the Company's control over Ever Century upon the transfer of the legal ownership of Ever Century to Merrier on 15 August 2008.

Chiu Wing and Tack Fat International commenced creditors' voluntary winding-up on 23 April 2009 as they had insufficient working capital to continue their operations. Mr. Fok Hei Yu and Mr. Roderick John Sutton, both of Ferrier Hodgson Limited, were appointed as the provisional liquidators to Chiu Wing and Tack Fat International on 23 April 2009 and then subsequently appointed as liquidators thereof on 20 May 2009.

On 29 May 2009, the Provisional Liquidators, Ever Century, Key Winner Holdings Limited ("Key Winner") (a special purpose vehicle controlled by the Provisional Liquidators) entered into a sale and purchase agreement where the Provisional Liquidators (on behalf of the Company) agreed to transfer the Ever Century's entire interest in Lantern Services Limited, Potter Industries Limited and Sino Profit Limited to Key Winner in furtherance of the restructuring of the Group.

On 8 July 2009, the Provisional Liquidators and the Investor entered into a side letter to extend the exclusivity period by a further 6-month period to 12 January 2010.

On 20 July 2009, the Company has submitted a proposal to the Stock Exchange for resumption of trading in the shares of the Company.

31 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 BVI, as at 31 March 2008. This entity does not produce financial statements available for public use.

FIVE YEAR SUMMARY

(Expressed in Hong Kong dollars)

	2004 *$'000* (restated)	2005 *$'000* (restated)	2006 *$'000*	2007 *$'000*	**2008** ***$'000***
Results					
Turnover	989,413	1,528,999	1,655,166	1,942,545	**259,175**
Profit (Loss) from operations	148,123	194,194	262,346	279,084	**(2,570,946)**
Finance costs	(18,001)	(26,583)	(63,189)	(65,839)	**(17,527)**
Share of profits less losses of associates	–	–	(35,752)	114,084	**–**
Profit (Loss) before taxation	130,122	167,611	163,405	327,329	**(2,588,473)**
Taxation	(8,386)	(12,072)	(30,779)	(12,690)	**(3,946)**
Profit (Loss) for the year	121,736	155,539	132,626	314,639	**(2,592,419)**
Profit (Loss) attributable to minority interests	–	–	–	–	**(3,203)**
Profit (Loss) for the year attributable to equity shareholders of the company	121,736	155,539	132,626	314,639	**(2,595,622)**
Assets and liabilities					
Fixed assets	313,154	348,352	379,785	466,279	**8,484**
Interest in associates	–	–	432,413	546,497	**–**
Other non-current assets	18,742	43,843	94,100	94,100	**–**
Net current assets/(liabilities)	644,615	849,508	637,354	1,050,685	**(792,599)**
Total assets less current liabilities	976,511	1,241,703	1,543,652	2,157,561	**(784,115)**
Non-current liabilities	(445,592)	(554,028)	(705,452)	(581,689)	**(119,396)**
NET ASSETS/(LIABILITIES)	530,919	687,675	838,200	1,575,872	**(903,511)**
CAPITAL AND RESERVES					
Share capital	141,058	151,666	151,666	200,000	**217,261**
Reserves	389,861	536,009	686,534	1,375,872	**(1,155,580)**
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	530,919	687,675	838,200	1,575,872	**(938,319)**
Minority interests	–	–	–	–	**34,808**
	530,919	687,675	838,200	1,575,872	**(903,511)**

On the basis that the relevant books and records of the Group are either lost prior to the appointment of the Provisional Liquidators or being incomplete, therefore the presentation format of this summary has not been prepared on a consistent basis.