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TACK FAT GROUP INTERNATIONAL LIMITED

(Provisional Liquidators Appointed)

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 00928)



FINAL RESULTS FOR THE YEAR ENDED 31 MARCH 2011

The joint and several provisional liquidators (the “**Provisional Liquidators**”) of Tack Fat Group International Limited (Provisional Liquidators Appointed) (the “**Company**”) announce the audited consolidated results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the year ended 31 March 2011 together with comparative figures for the year ended 31 March 2010 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2011

(Amounts expressed in Hong Kong dollars)

	Notes	2011 \$'000	2010 \$'000
Turnover	4	53,694	55,648
Cost of sales		<u>(23,462)</u>	<u>(37,846)</u>
Gross profit		30,232	17,802
Distribution costs		<u>(35,535)</u>	(43,368)
Administrative and other operating expenses		<u>(24,649)</u>	<u>(15,367)</u>
		(29,952)	(40,933)
Other revenue	5	19,965	47,101
Gain on deconsolidation of subsidiaries		11,713	–
Provision for bank loan guarantees for deconsolidated subsidiaries	7	(59,691)	(23,598)
Finance costs	8	<u>(34,780)</u>	<u>(39,537)</u>
Loss before tax	9	(92,745)	(56,967)
Tax	10	<u>1,564</u>	<u>(1,954)</u>
Loss for the year		(91,181)	(58,921)
Other comprehensive income: Exchange differences on translating foreign operations		<u>202</u>	<u>13,090</u>
Total comprehensive income for the year		<u>(90,979)</u>	<u>(45,831)</u>
Loss for the year attributable to:			
– Owners of the Company		(93,138)	(59,239)
– Non-controlling interests		<u>1,957</u>	<u>318</u>
		<u>(91,181)</u>	<u>(58,921)</u>
Total comprehensive income for the year attributable to:			
– Owners of the Company		(92,936)	(46,149)
– Non-controlling interests		<u>1,957</u>	<u>318</u>
		<u>(90,979)</u>	<u>(45,831)</u>
			(Restated)
Basic loss per share	12	<u>(42.09 cents)</u>	<u>(26.77 cents)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2011

(Amounts expressed in Hong Kong dollars)

	Notes	2011 \$'000	2010 \$'000
Non-current assets			
Property, plant and equipment		<u>2,111</u>	<u>3,282</u>
Current assets			
Inventories		18,762	7,830
Trade and other receivables	13	31,448	28,273
Escrow money		2,504	352
Cash and cash equivalents		3,378	12,687
Amount due from deconsolidated subsidiaries		<u>642</u>	<u>—</u>
		<u>56,734</u>	<u>49,142</u>
Current liabilities			
Trade and other payables	14	78,129	80,692
Provision for bank			
loan guarantees for deconsolidated subsidiaries	15(i)	928,627	846,121
Other borrowings	15(ii)	52,390	52,390
Convertible bonds		121,557	121,557
Loans from the Investor	16	31,200	36,400
Amount due to deconsolidated subsidiaries		234,567	209,956
Tax payable		<u>—</u>	<u>1,954</u>
		<u>1,446,470</u>	<u>1,349,070</u>
Net current liabilities		<u>(1,389,736)</u>	<u>(1,299,928)</u>
NET LIABILITIES		<u><u>(1,387,625)</u></u>	<u><u>(1,296,646)</u></u>
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY			
Share capital	17	2,213	221,261
Deficiency		<u>(1,436,953)</u>	<u>(1,563,065)</u>
		<u>(1,434,740)</u>	<u>(1,341,804)</u>
Non-controlling interests		<u>47,115</u>	<u>45,158</u>
		<u><u>(1,387,625)</u></u>	<u><u>(1,296,646)</u></u>

NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2011

1 ORGANISATION AND OPERATIONS

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

The Company is principally engaged in investment holding. The Group is principally engaged in apparel retailing business in the People’s Republic of China (the “**PRC**”).

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

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

2 BASIS OF PRESENTATION

Going concern

As at 31 March 2011, the Group had consolidated net current liabilities of approximately HK\$1,389.74 million (2010: approximately HK\$1,299.93 million) and consolidated net liabilities of approximately HK\$1,387.63 million (2010: approximately HK\$1,296.65 million). The Group had a net loss after tax, provision for bank loan guarantees for subsidiaries and finance cost for the year ended 31 March 2011 of approximately HK\$91.18 million (2010: approximately HK\$58.92 million).

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

The Company was in the first stage of delisting procedures in accordance with Practice Note 17 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rule**”) as at 31 March 2011, the date of the financial statements.

The restructuring proposal submitted by Radford Developments Limited (the “**Investor**”) dated 2 December 2008 has been accepted by the Provisional Liquidators and, in principle, by the major creditors of the Group. On 12 January 2009, an exclusivity and escrow agreement was entered into amongst the Provisional Liquidators, FTI Consulting and the Investor. Pursuant to the exclusivity and escrow agreement, the Provisional Liquidators granted the Investor an exclusive right up to 11 July 2009 to negotiate a legally binding agreement for the implementation of the restructuring proposal. As a result, the Investor provided (i) a sum of HK\$10 million as working capital loan to the Group to meet its working capital requirements;

and (ii) a sum of HK\$6.4 million to the Group as professional fees in relation to the Group's restructuring. On 8 July 2009, the Provisional Liquidators and the Investor entered into a side letter to extend the exclusivity period by a 6-month period to 12 January 2010. On 11 August 2009, the Investor and the Provisional Liquidators entered into a revolving loan facility agreement, pursuant to which, the Investor consented to provide an additional working capital loan for the Group's retail operating entity in the PRC for an aggregate amount equal to HK\$15 million (the "**Working Capital Facility**"). On 20 January 2010, a further sum of HK\$5 million was provided by the Investor to meet the funding requirement of the PRC business (the "**Additional Funding**"). On 28 April 2010, the Company settled the obligations under the Working Capital Facility and the Additional Funding.

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

1. completion of the open offer, the subscription of convertible bonds and all other transactions in the Resumption Proposal;
2. publication of a circular containing (i) detailed disclosure of the Resumption Proposal comparable to prospectus standard; (ii) profit forecast for each of the two years ending 31 March 2012 which should be prepared by the Directors (including proposed Directors) after due and careful enquiry; and (iii) pro forma statement of financial position upon completion of the Resumption Proposal;
3. provision of a comfort letter from the auditors or the financial advisor relating to working capital sufficiency for the next 12 months from the latest practicable date before expected resumption date; and
4. provision of an undertaking to (i) appoint an independent professional advisor to conduct follow-up reviews on the internal control procedures within 6 months from resumption date; and (ii) disclose the review results in subsequent financial reports.

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

In May 2010, New Profit Holdings Limited ("**New Profit**"), an indirect 90% owned subsidiary of the Company, was placed into creditors' voluntary liquidation pursuant to the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) (the "**Companies Ordinance**"). Accordingly, the results and financial position of New Profit and its subsidiaries, except for its wholly-owned subsidiary, New Profit Garment (Luo Ding) Company Limited ("**Luo Ding**"), which remains under the control of the management of the Company, are not included in the consolidated financial statements of the Company. Luo Ding is the main operating subsidiary of the Group in relation to the XXEZZ apparel retail business. In December 2009, the Company set up an indirectly wholly owned subsidiary, Shenzhen XXeZZ Clothing Company Limited ("**Newco**"), which has gradually taken up the XXEZZ business from Luo Ding. Before completion of the restructuring of the Company and resumption of trading in the Shares, Newco will acquire all the remaining assets of Luo Ding at the carrying value and by then Luo Ding will be deconsolidated from the Group.

On 7 June 2010, the Company announced that a formal agreement (the “**Restructuring Agreement**”) for the proposed restructuring of the Group, involving capital reorganisation, debt restructuring, subscription of convertible bonds and offer of new shares, was entered into on 26 May 2010 among the Company, the Provisional Liquidators, the Investor and FTI Consulting (as the escrow agent). The principal elements of the Restructuring Agreement are as follows:

a) Capital Reorganisation

The Company proposed a capital reorganisation, involving capital reduction, share consolidation, capital cancellation and authorised share capital change (the “**Capital Reorganisation**”).

b) Open offer of new shares

The Company proposed to take necessary steps to implement the offer of a total of 15,001,474,104 offer shares on the basis of 339 offer shares for every 5 new shares upon the Capital Reorganisation held on the record date by the qualifying shareholders in order to raise approximately HK\$150 million (the “**Open Offer**”).

c) Subscription of convertible bonds

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

d) Debt Restructuring

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

- (i) five sevenths of the cash consideration of HK\$50 million, which is funded by the Company out of the gross proceeds from the subscription of the Investor Convertible Bonds;
- (ii) any cash held by or for the account of the Company at completion of the restructuring except for the proceeds from the Open Offer and the issue of the Investor Convertible Bonds; and
- (iii) all rights, title and interest in the companies transferred to Key Winner Holdings Limited (“**Key Winner**”) by Ever Century Holdings Limited (“**Ever Century**”) on or about 29 May 2009, and any other assets in the Group other than the assets which will remain for continuing operation of the Group.

On 20 August 2010, the Stock Exchange agreed the extension of the time for the satisfaction of the above-mentioned resumption condition to 15 December 2010.

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

The Capital Reorganisation was approved by the shareholders of the Company (the "**Shareholders**") at an extraordinary general meeting on 30 August 2010.

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

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

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

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

The Company has filed proceedings in the Grand Court of the Cayman Islands (the "**Proceedings**") against the Dissenting Shareholders and the legal holder in order to have the relevant votes cast at the EGM set aside, and declared to be void and of no effect on the basis that they were not properly exercised. However, the Company has decided not to continue the Proceedings subsequently as it is likely that there will be a successful implementation of the new proposal for the restructuring.

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

By a letter dated 7 December 2010, the Listing Committee of the Stock Exchange has conditionally confirmed the Listing Approval, subject to fulfilment of all conditionals of the proposed Capital Reorganisation. As the obtaining of the Listing Approval is the only outstanding condition, the Capital Reorganisation has become unconditional and effective after 5:00p.m. on Monday, 20 December 2010.

On 18 May 2011, the Company, the Provisional Liquidators, Forefront Finance Co. Limited (“**Forefront**”), Merrier Limited (“**Merrier**”), Hansom Finance Limited (“**Hansom**”) and the Investor entered into a second supplemental deed to the settlement deed (the “**Second Supplemental Deed**”), pursuant to which, (i) Hansom agreed to extend the period of not exercising its share charge over the shares of Ever Century (the “**Ever Century Shares**”) from 24 months to 36 months from the date of the settlement deed (i.e. 3 April 2009); (ii) Forefront agreed and acknowledged that all outstanding amounts due from the Group to Forefront under the loan agreement dated 12 June 2008 had been unconditionally and irrevocably settled in full; and (iii) Forefront further agreed and undertook to take all necessary steps to release the Ever Century Shares from all security interests created pursuant to the share charge exercisable by Forefront. Save for the amendments made by the Second Supplemental Deed, all the terms of the settlement deed remain in full force and effect.

The Company submitted a new proposal for the restructuring of the Company, which is substantially the same as the previous proposal presented to the Shareholders at the EGM, except for that the Investor would not sub-underwrite the Open Offer and a further share consolidation was proposed, to the Stock Exchange, and on 26 May 2011, the Stock Exchange agreed the extension of the time for the satisfactory of the following resumption conditions to 15 September 2011:

1. completion of the Open Offer, subscription of convertible bonds and all other transactions in the Resumption Proposal;
2. publication of a circular containing the following: (i) detailed disclosure of the Resumption Proposal comparable to prospectus standard; (ii) profit forecast for each of the two years ending 31 March 2013 which should be prepared by the directors (including proposed directors) after due and careful enquiry; (iii) pro forma balance sheet upon completion of the Resumption Proposal;
3. provision of a comfort letter from the auditors or the financial advisor relating to working capital sufficiency for the next 12 months from the latest practicable date before expected resumption date; and
4. provision of an undertaking to (a) appoint an independent professional advisor to conduct follow-up reviews on the internal control procedures within 6 months from resumption date; and (b) disclose the review results in subsequent financial reports.

On 28 June 2011, the Company despatched the new circular (the “**New Circular**”) to the Shareholders notifying the proposed restructuring of the Company which principally comprises (1) restructuring of the Company by way of the new proposal involving (a) proposed Open Offer on the basis of 339 offer shares for every 5 existing shares held on the open offer record date; (b) proposed issue of Investor Convertible Bonds; (c) proposed issue of Creditors Convertible Bonds; (d) proposed share consolidation; and (e) general mandates to issue shares and repurchase shares; (2) change in board lot size; and (3) notice of a new extraordinary general meeting (the “**New EGM**”) which will be held on 13 July 2011.

In light of the foregoing, the Directors and the Provisional Liquidators considered that it is appropriate to prepare the consolidated financial statements on a going concern basis. The consolidated financial statements do not incorporate any adjustments for possible failure of the restructuring proposal and the continuance of the Group as a going concern. Should the Group be unable to continue as a going concern, adjustments would have to be made to restate the value of assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets as current assets. The effects of these adjustments have not been reflected in these consolidated financial statements.

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

In the current year, the Group has applied the following new and revised Standards, Amendments and Interpretations (“**new and revised HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”).

HKFRS 2 (Amendments)	Group Cash-settled Share-based Payment Transactions
HKFRS 3 (as revised in 2008)	Business Combinations
HKAS 27 (as revised in 2008)	Consolidated and Separate Financial Statements
HKAS 32 (Amendments)	Classification of Rights Issues
HKAS 39 (Amendments)	Eligible Hedged Items
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009
HKFRSs (Amendments)	Amendments to HKFRS 5 as part of Improvements to HKFRSs issued in 2008
HK(IFRIC) – Int 17	Distributions of Non-cash Assets to Owners
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments
HK – Int 5	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

The application of these new and revised HKFRSs in the current year has had no material effect on the consolidated financial statements and/or disclosures set out in these financial statements.

The Group has not early applied the following new and revised Standards and Interpretations that have been issued but are not yet effective:

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2010 ¹
HKFRS 7 (Amendments)	Disclosures – Transfers of Financial Assets ³
HKFRS 9	Financial Instruments ⁴
HKAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets ⁵
HKAS 24 (as revised in 2009)	Related Party Disclosures ⁶
HK(IFRIC)-Int 14 (Amendments)	Prepayments of a Minimum Funding Requirement ⁶
HK(IFRIC)-Int 19	Extinguishing Financial Liabilities with Equity Instruments ²

¹ Effective for annual periods beginning on or after 1 July 2010 or 1 January 2011, as appropriate.

² Effective for annual periods beginning on or after 1 July 2010.

³ Effective for annual periods beginning on or after 1 July 2011.

⁴ Effective for annual periods beginning on or after 1 January 2013.

⁵ Effective for annual periods beginning on or after 1 January 2012.

⁶ Effective for annual periods beginning on or after 1 January 2011.

HKFRS 9 *Financial Instruments* (as issued in November 2009) introduces new requirements for the classification and measurement of financial assets. HKFRS 9 *Financial Instruments* (as revised in November 2010) adds requirements for financial liabilities and for derecognition. Under HKFRS 9, all recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* are subsequently measured at either amortised cost or fair value.

Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods.

HKFRS 9 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted and the application of HKFRS 9 have no significant impact on the Group's financial assets.

The amendments to HKAS 12 titled *Deferred Tax: Recovery of Underlying Assets* mainly deal with the measurement of deferred tax for investment properties that are measured using the fair value model in accordance with HKAS 40 *Investment Property*. Based on the amendments, for the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties measured using the fair value model, the carrying amounts of the investment properties are presumed to be recovered through sale, unless the presumption is rebutted in certain circumstances. The Provisional Liquidators anticipate that the application of the amendments to HKAS 12 may have a significant impact on deferred tax recognised for investment properties that are measured using the fair value model. The Provisional Liquidators are still in the process of assessing the impact of the amendments.

The Provisional Liquidators of the Company anticipate that the application of the other new and revised Standards and Interpretations will have no material impact on the consolidated financial statements.

4 TURNOVER

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

5 OTHER REVENUE

	2011 \$'000	2010 \$'000
Interest income	4	4
Written back of trade payables	18,607	—
Exchange gain	—	154
Reversal of excess provision in current tax payable	—	44,737
Rental income	—	1,688
Others	1,354	518
	<u>19,965</u>	<u>47,101</u>

6 SEGMENT INFORMATION

For the years ended 31 March 2011 and 2010, the Group has been predominately operating in one geographical segment, i.e. the PRC, and principally engaged in the retail and concessionaire sales of garments with the results set out in the financial statements.

For the year ended 31 March 2011, there was no transaction with a single external customer that amounting to 10% or more of the Group's revenue (2010: Nil).

7 PROVISION FOR BANK LOAN GUARANTEES FOR DECONSOLIDATED SUBSIDIARIES

	2011 \$'000	2010 \$'000
Provision for bank loan guarantees for deconsolidated subsidiaries	<u>59,691</u>	<u>23,598*</u>

8 FINANCE COSTS

	2011 \$'000	2010 \$'000
Interest on bank advances and other borrowings wholly repayable within five years	33,737	33,661*
Interest on convertible bonds	966	4,592
Bank charges	77	4
Other borrowing costs	<u>–</u>	<u>1,280</u>
	<u>34,780</u>	<u>39,537</u>

The creditors' meetings to approve the Schemes were held on 30 August 2010. The Schemes were passed by the required majority of the creditors with the Cayman scheme being sanctioned by the Cayman Court on 7 September 2010. The provision for bank loan guarantees for deconsolidated subsidiaries and finance cost shown in Note 7 and Note 8 are expected to be discharged by the Schemes upon completion of the Restructuring Agreement.

* The comparative figures of provision for bank loan guarantees for deconsolidated subsidiaries and interest on bank advances and other borrowings wholly repayable within five years shown in Note 7 and Note 8 have been restated to conform with the current year's presentation.

9 LOSS BEFORE TAX

Results before taxation is arrived at after charging the following:

	2011 \$'000	2010 \$'000
Cost of inventories sold	23,462	37,846
Depreciation	2,522	1,734
Auditor's remuneration	685	755
Bad debts written off	1,951	–
Allowance for doubtful debts	–	4,545
Directors' remuneration	590	270
Disposal of property, plant and equipment	601	1,548
Deposit written off	908	506
Operating lease rental on premises	16,185	15,762
Retirement benefit scheme contributions	2,238	1,014
Staff costs, excluding directors' remuneration	<u>10,310</u>	<u>11,342</u>

The operating loss for the year ended 31 March 2011 before other revenue, the gain on deconsolidation of subsidiaries, provision for bank loan guarantees for deconsolidated subsidiaries and finance costs, which are non-recurring, is approximately HK\$29.95 million.

10 TAX

	2011 \$'000	2010 \$'000
PRC Enterprise Income Tax		
– Current year	–	1,954
– Over-provision in previous years	<u>(1,564)</u>	<u>–</u>
	<u>(1,564)</u>	<u>1,954</u>

No Hong Kong Profits Tax was provided as there was no assessable profit for both years.

The Group's subsidiaries in the PRC are subject to PRC Enterprise Income Tax at the rate of 25% (2010: 25%) on taxable income determined in accordance with the relevant laws and regulations in the PRC.

No provision for deferred taxation has been made as, in the opinion of the Provisional Liquidators, the effect of all the temporary differences would not be significant or the temporary differences are not expected to crystallise in the foreseeable future.

The tax charge for the year can be reconciled to the loss per the consolidated statement of comprehensive income as follows:

	2011 \$'000	2010 \$'000
Loss before tax	<u>(92,745)</u>	<u>(56,967)</u>
Tax at the statutory tax rates	(15,303)	(9,400)
Tax effect of expenses not deductible for tax purpose	18,532	22,819
Tax effect of income not taxable for tax purpose	(3,229)	(12,121)
Effect of different tax rates of subsidiaries		
operated in other jurisdiction	–	656
Over-provision in previous years	<u>(1,564)</u>	<u>–</u>
Income tax charge for the year	<u>(1,564)</u>	<u>1,954</u>

11 DIVIDENDS

The Board does not recommend the payment of dividend for the year ended 31 March 2011 (2010: Nil).

12 LOSS PER SHARE

(a) Basic Loss Per Share

The calculation of basic loss per share is based on the loss attributable to ordinary equity shareholders of the Company of approximately HK\$93.14 million (2010: approximately HK\$59.24 million) and the weighted average of 221,260,680 (2010 restated: 221,260,680 as adjusted to reflect the Capital Reorganisation) ordinary shares in issue during the year.

(b) Diluted Earnings Per Share

Diluted loss per share for the years ended 31 March 2011 and 31 March 2010 are the same as the basic loss per share as the Company did not have any dilutive potential ordinary shares during the years.

13 TRADE AND OTHER RECEIVABLES

	2011 \$'000	2010 \$'000
Trade receivables	23,734	22,387
Less: Allowance for doubtful debts	<u>(1,881)</u>	<u>(4,545)</u>
	21,853	17,842
Other receivables and prepayments	<u>9,595</u>	<u>10,431</u>
	<u>31,448</u>	<u>28,273</u>

Ageing analysis

The following is an aged analysis of trade receivables net of allowance for doubtful debts presented based on the invoice date at the end of the reporting period:

	2011 \$'000	2010 \$'000
0 – 90 days	10,058	15,888
91 – 180 days	1,062	298
181 – 365 days	2,249	1,656
Over 365 days	<u>8,484</u>	<u>—</u>
	<u>21,853</u>	<u>17,842</u>

The Group's concessionaire sales through department stores is generally collectible within 30 days to 60 days from the invoice date.

Due to the migration of business from Luo Ding to Newco, collections from department stores were delayed. Nevertheless, the management maintained constant contact with the department stores and accordingly, the recoverability of the account receivables fall over the credit terms still remains positive.

Allowance for doubtful debts

Movement in the allowance for doubtful debts for trade receivables:

	2011 \$'000	2010 \$'000
At 1 April	4,545	–
Impairment losses recognised on receivables	–	4,545
Written off during the year	(2,664)	–
	<hr/>	<hr/>
At 31 March	<u>1,881</u>	<u>4,545</u>

14 TRADE AND OTHER PAYABLES

	2011 \$'000	2010 \$'000
Trade payables	19,655	38,482
Other payables and accruals	58,474	42,210
	<hr/>	<hr/>
	<u>78,129</u>	<u>80,692</u>

The credit periods granted by suppliers ranged from 60 days to 90 days. At 31 March 2011, the aged analysis of the trade payables is as follows:

	2011 \$'000	2010 \$'000
0 – 90 days	1,587	3,014
91 – 180 days	633	1,119
181 – 365 days	2,595	4,524
Over 365 days	14,840	29,825
	<hr/>	<hr/>
	<u>19,655</u>	<u>38,482</u>

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 Renminbi and Hong Kong dollars.

15 PROVISION FOR BANK LOAN GUARANTEES FOR DECONSOLIDATED SUBSIDIARIES AND OTHER BORROWINGS

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

(i) Provision for bank loan guarantees for deconsolidated subsidiaries

	2011 \$'000	2010 \$'000
Secured	151,168	141,947
Unsecured	777,459	704,174
	<u>928,627</u>	<u>846,121</u>

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

(ii) Other borrowings

	2011 \$'000	2010 \$'000
Secured	10,718	10,718
Unsecured	41,672	41,672
	<u>52,390</u>	<u>52,390</u>

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

The effective interest rate for the year ended 31 March 2011 for other borrowings were 4% per month and 8%-11% per annum (2010: 4% per month and 8%-11% per annum).

The Schemes will become effective upon completion of the Restructuring Agreement and amount due from the bank loan guarantee for deconsolidated subsidiaries and other borrowings will be compromised and discharged.

16 LOANS FROM THE INVESTOR

	2011 \$'000	2010 \$'000
At 1 April	36,400	16,400
Addition	14,800	20,000
Repayment	(20,000)	—
At 31 March	<u>31,200</u>	<u>36,400</u>

17 SHARE CAPITAL

Authorised and Issued Share Capital

	2011 \$'000	2010 \$'000
<i>Authorised:</i>		
50,000,000,000 ordinary shares of HK\$0.01 each (2010: 4,000,000,000 ordinary shares of HK\$0.10 each)	<u>500,000</u>	<u>400,000</u>
<i>Issued and fully paid:</i>		
221,260,680 ordinary shares of HK\$0.01 each (2010: 2,212,606,800 ordinary shares of HK\$0.10 each)	<u>2,213</u>	<u>221,261</u>

The Capital Reorganisation was effective after 5:00p.m. on 20 December 2010. Details of the effect of the Capital Reorganisation are summarized below:

	Prior to the Capital Reorganisation	After the Capital Reduction (i)	After the Capital Cancellation (ii)	After the Share Consolidation (iii)	After the Authorised Share Capital Increase (iv)
Par value of share (HK\$)	0.10	0.001	0.001	0.01	0.01
Number of authorised shares	4,000,000,000	4,000,000,000	2,212,606,800	221,260,680	50,000,000,000
Authorised share capital (HK\$)	400,000,000.00	4,000,000.00	2,212,606.80	2,212,606.80	500,000,000.00
Number of shares in issue	2,212,606,800	2,212,606,800	2,212,606,800	221,260,680	221,260,680
Paid-up capital (HK\$)	221,260,680.00	2,212,606.80	2,212,606.80	2,212,606.80	2,212,606.80

- (i) reduced the par value of all issued and un-issued shares in the Company from HK\$0.1 to HK\$0.001 each;
- (ii) cancelled the entire existing un-issued share capital of the Company;
- (iii) consolidated every 10 shares of the Company into 1 new share; and
- (iv) authorised share capital of the Company became HK\$500,000,000 divided into 50,000,000,000 new shares of HK\$0.01 each, of which 221,260,680 new shares are in issue.

18 CONTINGENT LIABILITIES

The Provisional Liquidators are not aware of any significant contingent liabilities of the Group and the Company as at 31 March 2011 and 31 March 2010.

19 EVENTS AFTER THE REPORTING PERIOD

On 18 May 2011, the Company, the Provisional Liquidators, Forefront, Merrier, Hansom and the Investor entered into the Second Supplemental Deed, pursuant to which, (i) Hansom agreed to extend the period of not exercising its share charge over the Ever Century Shares from 24 months to 36 months from the date of the settlement deed (i.e. 3 April 2009); (ii) Forefront agreed and acknowledged that all outstanding amounts due from the Group to Forefront under the loan agreement dated 12 June 2008 had been unconditionally and irrevocably settled in full; and (iii) Forefront further agreed and undertook to take all necessary steps to release the Ever Century Shares from all security interests created pursuant to the share charge exercisable by Forefront. Save for the amendments made by the Second Supplemental Deed, all the terms of the settlement deed remain in full force and effect.

On 26 May 2011, the Stock Exchange agreed the extension of the time for the satisfactory of the following resumption conditions to 15 September 2011:

1. completion of the open offer, subscription of convertible bonds and all other transactions in the Resumption Proposal;
2. publication of a circular containing the following: (i) detailed disclosure of the Resumption Proposal comparable to prospectus standard; (ii) profit forecast for each of the two years ending 31 March 2013 which should be prepared by the directors (including proposed directors) after due and careful enquiry; (iii) pro forma balance sheet upon completion of the Resumption Proposal;
3. provision of a comfort letter from the auditors or the financial advisor relating to working capital sufficiency for the next 12 months from the latest practicable date before expected resumption date; and
4. provision of an undertaking to (a) appoint an independent professional advisor to conduct follow-up reviews on the internal control procedures within 6 months from resumption date; and (b) disclose the review results in subsequent financial reports.

By an order of the High Court dated 27 May 2011, the petition hearing for the winding up of the Company was further adjourned to 12 October 2011.

On 27 May 2011, the Company, the Provisional Liquidators, the Investor and FTI Consulting entered into a second supplemental side letter to the Restructuring Agreement and the other two supplemental agreements in relation to the issue of the Investor Convertible Bonds and the Creditors Convertible Bonds. On 27 June 2011, the Company and Asian Capital entered into a supplemental underwriting agreement in relation to the Open Offer. Details of the agreements are set out in the New Circular.

On 28 June 2011, the Company despatched the New Circular to the Shareholders notifying the proposed restructuring of the Company which principally comprises (1) restructuring of the Company by way of the new proposal involving (a) proposed Open Offer on the basis of 339 offer shares for every 5 existing shares held on the open offer record date; (b) proposed issue of Investor Convertible Bonds; (c) proposed issue of Creditors Convertible Bonds; (d) proposed share consolidation; and (e) general mandates to issue shares and repurchase shares; (2) change in board lot size; and (3) notice of the New EGM.

AN EXTRACT OF AUDITOR'S REPORT

BASIS FOR QUALIFIED OPINION

MATERIAL UNCERTAINTY RELATING TO THE GOING CONCERN BASIS

In forming our opinion, we have considered the adequacy of the disclosures made in note 2 to the consolidated financial statements which explains that a proposal for the resumption of trading in the Company's shares and the restructuring of the Group (the "Resumption Proposal") was submitted to The Stock Exchange of Hong Kong Limited on 20 July 2009. The consolidated financial statements have been prepared on a going concern basis on the assumption that the Resumption Proposal will be successfully completed in the foreseeable future and following that the Group will continue to meet in full its financial obligations as they fall due. The consolidated financial statements do not include any adjustments that would result from a failure to complete the Resumption Proposal. We consider that the disclosures are adequate. However, in view of the extent of the material uncertainty relating to the completion of the Resumption Proposal, we disclaim our opinion in respect of the material uncertainty relating to the going concern basis.

DISCLAIMER OF OPINION

Because of the material uncertainty relating to the going concern basis as described above, we do not express an opinion on the consolidated financial statements as to whether they give a true and fair view of the state of affairs of the Group as at 31 March 2011 and of the Group's results and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards. In all other respects, in our opinion the consolidated financial statements have been properly prepared in accordance with the disclosure requirements of the Companies Ordinance.

FINANCIAL REVIEW

For the year ended 31 March 2011, the Group's turnover was approximately HK\$53.69 million (2010: HK\$55.65 million), representing a slight decrease of approximately 3.52% from the last financial year.

The consolidated loss attributable to shareholders of the Company amounted to approximately HK\$93.14 million (2010: HK\$59.24 million) for the year. Loss per share was approximately HK42.09 cents as compared with loss per share of approximately HK26.77 cents for the preceding year.

BUSINESS REVIEW

The main business activity of the Group is the retail of garment in the PRC.

As the conditional approval of resumption of trading from the Stock Exchange has not been obtained during the financial period, the Group's plan to expand its sales network in the PRC has been delayed and had affected the turnover.

For the year ended 31 March 2011, the Group's turnover was approximately HK\$53.69 million (2010: HK\$55.65 million), representing a slight decrease of approximately 3.52% as compared to last year.

The Group's gross margin for the year ended 31 March 2011 was 56.30% (2010: 32.00%), representing an increase of approximately 24.30% as compared to the corresponding period of last year which is consistent with management's expectation on the improvement in purchase and inventory management system which result in timelier stock ordering and delivery and their continuous effort on the negotiation with the suppliers on the supply term.

Closing inventories at 31 March 2011 were approximately HK\$18.76 million (2010: HK\$7.83 million). Inventory turnover on sales for the year ended 31 March 2011 was 207 days (2010: 111 days). The increase in inventory turnover days is caused by the build-up of inventories for future expansion as the management expected the Restructuring Agreement will be completed before Autumn 2011.

RESTRUCTURING OF THE GROUP FROM 2010

On 9 April 2010, the Company was informed by the Stock Exchange in a letter that trading in the Shares will be resumed subject to the satisfaction of the following conditions by 8 October 2010:

1. completion of the Open Offer, subscription of convertible bonds and all other transactions in the Resumption Proposal;
2. publication of a circular containing (i) detailed disclosure of the Resumption Proposal comparable to prospectus standard; (ii) profit forecast for each of the two years ending 31 March 2012 which should be prepared by the Directors (including proposed Directors) after due and careful enquiry; and (iii) pro forma statement of financial position upon completion of the Resumption Proposal;
3. provision of a comfort letter from the auditor or the financial advisor relating to working capital sufficiency for the next 12 months from the latest practicable date before expected resumption date; and
4. provision of an undertaking to (i) appoint an independent professional advisor to conduct follow-up reviews on the internal control procedures within 6 months from resumption date; and (ii) disclose the review results in subsequent financial reports.

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

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

On 26 May 2010, the Company, the Provisional Liquidators, the Investor and FTI Consulting entered into the Restructuring Agreement which provided for, inter alia, a proposed capital reorganisation, a proposed open offer, a proposed subscription of convertible bonds by the Investor, a proposed debt restructuring and schemes of arrangement in both Hong Kong and the Cayman Islands.

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

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

- (i) the Company shall transfer or procure the transfer the remaining two sevenths of the cash consideration of HK\$50 million described above and two sevenths of the Creditors Convertible Bonds to New Profit, or as it directs;
- (ii) after receipt of the distributions described in (i) above, New Profit shall distribute to the Swimwear, CITIC Bank and Noble Group Investment Limited (“**Noble**”), the 10% shareholder of Best Favour, and any other person that may be identified during the restructuring process, as having an interest in New Profit as creditor or shareholder in the agreed order of priority;
- (iii) upon Swimwear's receipt of its respective entitlements, Swimwear's claims against New Profit shall be settled and Swimwear shall be deemed to have no further claim against New Profit and to have waived any and all rights of action of any nature against New Profit arising prior to the date of payment of its respective entitlements;
- (iv) upon CITIC Bank's receipt of its respective entitlements, CITIC Bank shall be deemed to have no further claims against Anway and to have waived any and all rights of action of any nature against Anway arising prior to the date of payment of its respective entitlements. CITIC Bank will take all steps necessary to release, on the completion date of the Restructuring Agreement, the security over the shares in Best Favour; and
- (v) Noble will receive 10% of any residual amount due to Best Favour upon the distribution by New Profit.

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

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

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

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

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

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

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

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

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

The Company has filed Proceedings in the Cayman Court against the Dissenting Shareholders and the legal holder in order to have the relevant votes cast at the EGM set aside, and declared to be void and of no effect on the basis that they were not properly exercised. However, the Company had decided not to continue the Proceedings subsequently as it is likely that there will be a successful implementation of the new proposal for the restructuring.

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

By a letter dated 7 December 2010, the Listing Committee of the Stock Exchange has conditionally confirmed the Listing Approval, subject to fulfilment of all conditionals of the Capital Reorganisation. As the obtaining of the Listing Approval is the only outstanding condition, the Capital Reorganisation has become unconditional and has become effective after 5:00p.m. on Monday, 20 December 2010.

On 18 May 2011, the Company, the Provisional Liquidators, Forefront, Merrier, Hansom and the Investor entered into the Second Supplemental Deed to the settlement deed, pursuant to which, (i) Hansom agreed to extend the period of not exercising its share charge over the Ever Century Shares from 24 months to 36 months from the date of the Settlement Deed (i.e. 3 April 2009); (ii) Forefront agreed and acknowledged that all outstanding amounts due from the Group to Forefront under the loan agreement dated 12 June 2008 had been unconditionally and irrevocably settled in full; and (iii) Forefront further agreed and undertook to take all necessary steps to release the Ever Century Shares from all security interests created pursuant to the share charge exercisable by Forefront. Save for the amendments made by the Second Supplemental Deed, all the terms of the settlement deed remain in full force and effect.

The Company submitted a new proposal, which is substantially the same as the previous proposal presented to the Shareholders at the EGM, except for that the Investor would not sub-underwrite the Open Offer and a further share consolidation was proposed, to the Stock Exchange, and on 26 May 2011, the Stock Exchange agreed the extension of the time for the satisfactory of the following resumption conditions to 15 September 2011:

- 1) completion of the open offer, subscription of convertible bonds and all other transactions in the Resumption Proposal;

- 2) publication of a circular containing the following: (i) detailed disclosure of the Resumption Proposal comparable to prospectus standard; (ii) profit forecast for each of the two years ending 31 March 2013 which should be prepared by the directors (including proposed directors) after due and careful enquiry; (iii) pro forma balance sheet upon completion of the Resumption Proposal;
- 3) provision of a comfort letter from the auditors or the financial advisor relating to working capital sufficiency for the next 12 months from the latest practicable date before expected resumption date; and
- 4) provision of an undertaking to (a) appoint an independent professional advisor to conduct follow-up reviews on the internal control procedures within 6 months from resumption date; and (b) disclose the review results in subsequent financial reports.

On 28 June 2011, the Company despatched the New Circular to the shareholders notifying the proposed restructuring of the Company which principally comprises (1) restructuring of the Company by way of the new proposal involving (a) proposed Open Offer on the basis of 339 offer shares for every 5 existing shares held on the open offer record date; (b) proposed issue of Investor Convertible Bonds; (c) proposed issue of Creditors Convertible Bonds; (d) proposed share consolidation; and (e) general mandates to issue shares and repurchase shares; (2) change in board lot size; and (3) notice of the New EGM.

The New EGM in relation to the implementation of the terms under the New Circular is set to be convened on 13 July 2011.

PROSPECTS

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

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

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

Trading in the Shares on Stock Exchange has been suspended since 30 July 2008.

On 11 September 2008, pursuant to a court order, Mr. Fok Hei Yu and Mr. Roderick John Sutton, both of FTI Consulting, were appointed as 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.

Based on the books and records made available to them, 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 2011 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 2011.

AUDIT COMMITTEE

On 24 November 2009, the audit committee of the Company was reconstituted. Mr. Pau Chin Hung, Andy, Mr. Choong Khuat Leok and Mr. Kooi Tock Chian were appointed as members of the audit committee, with Mr. Choong being appointed as chairman. Accordingly, the audit committee considered and accepted its terms of reference to:

- make recommendations to the Company regarding external auditor;
- to review and monitor external auditor independence and objectivity and effectiveness of audit process in accordance with applicable standard;
- to develop and implement policy on engagement of external auditor to provide non-audit services;
- to review the financial information of the Company prior to publication; and
- oversight of Company's financial reporting system and internal control procedures.

The annual results have been reviewed by the audit committee and the external auditor.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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 2011.

CORPORATE GOVERNANCE

The Company's code on corporate governance practices was adopted by reference to the provisions of the Code on Corporate Governance Practices (the "**CG Code**") contained in Appendix 14 to the Listing Rules. However, due to the severe financial difficulties of the Group and the appointment of the Provisional Liquidators, the Directors are unable to comment as to whether the Company has complied with the Code on Corporate Governance Practices contained in Appendix 14 of the Listing Rules throughout the year ended 31 March 2011.

ADOPTED CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

To the best knowledge of the Provisional Liquidators, after making reasonable enquiries, all the existing Directors have complied with the required standard set out in the Model Code during the year ended 31 March 2011.

PUBLICATION OF INFORMATION ON WEBSITES

This results announcement is available for viewing on the website of the Stock Exchange at www.hkex.com.hk and on the website of the Company at www.tackfatgroup.com.

By Order of the Board
**TACK FAT GROUP INTERNATIONAL
LIMITED**
(Provisional Liquidators Appointed)
CHOONG Khuat Leok
Independent Non-Executive Director

For and on behalf of
**TACK FAT GROUP INTERNATIONAL
LIMITED**
(Provisional Liquidators Appointed)
FOK Hei Yu
Roderick John SUTTON
*Joint and Several Provisional Liquidators who
act without personal liabilities*

Hong Kong, 30 June 2011

As at the date of this announcement, the Board comprises (i) one non-executive director, Mr. James McMullen; and (ii) three independent non-executive directors, namely, Mr. Pau Chin Hung, Andy, Mr. Choong Khuat Leok and Mr. Kooi Tock Chian.