Takson Holdings Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 918)

Interim Report
And
Unaudited Condensed Consolidated
Interim Financial Information

For the six months ended 30th September 2006

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MANAGEMENT COMMENTARY

The Board of Directors (The "Board") of Takson Holdings Limited (the "Company") presents the interim report and the unaudited condensed consolidated interim financial information of the Company and its subsidiaries (the "Group") for the six months ended 30th September 2006 ("Review Period"), together with the comparatives.

MANAGEMENT DISCUSSION AND ANALYSIS

Group Results

During the Review Period, the Group has recorded a turnover of approximately HK$91.1 million, representing an increase of 37% as compared to approximately HK$66.6 million in the corresponding period last year. Gross profit margin achieved 26%, compared to 34% in the corresponding period last year. Net loss attributable to the equity holders of the Company was recorded as approximately HK$11.7 million, compared to a loss of HK$6.8 million (restated) in the corresponding period last year.

Business Overview

Export Business

The Group has been focusing on its business strategy in the Export Business starting from this new financial year. Turnover for the Review Period was approximately HK$43.9 million (2005: approximately HK$52.5 million) and gross profit margin achieved was approximately 23% (2005: 29%). Although this was slightly reduced from the same period last year, it was mainly due to the broadening of product lines that contributed lower gross profit margins.

Licensee Business

The Group has continued its strategy to invest in marketing and brand building for its Licensee Business for Diadora and HEAD®.

During the Review Period, turnover of the Licensee Business recorded was approximately HK$47.2 million as compared to HK$14.1 million in the corresponding period last year. This represents an increase of 235% due to full business operation for Diadora and HEAD® products during this Review Period. Gross profit margin achieved was approximately 29% for the Licensee Business as compared to 54% for the same period last year. The significant drop in gross profit margin in the first half of this financial year was mainly due to the Group's decision to offer very competitive product promotion campaigns to our dealers for quick market penetration in the market of the People's Republic of China (the "PRC").

Prospects

Export Business

In line with the existing strategy for Export Business, the Group continues to expand its customer base and started to broaden the product lines beyond outerwear. This will result in more balanced order delivery between 1st and 2nd half of the financial year. Although the gross profit margin might be under competitive pressures, the Group is confident to achieve a higher overall turnover in this business for the financial year. Moreover, with the expanded network and customer base, the Group is well prepared to build on these solid foundations for the years to come.

Licensee Business

The Group will concentrate on its expansion of Diadora Licensee Business in the Greater China Market (including the PRC, the Hong Kong Special Administrative Region of the PRC "Hong Kong", etc) by opening more brand-owned shops either directly or through our network of dealers.

For Diadora, the Group has established more than 240 Diadora's brand-owned shops in the PRC and Hong Kong operated by either the Group's business partners or the Group itself at the beginning of the financial period. By the end of the financial year, it is expected that the total number of Diadora retail shops in the region will exceed 320. This represents a significant growth and an excellent sign of confidence from our customers for this Italian sports brand in the market.

For HEAD®, the Group has changed its strategy in opening brand-owned shops for this line of business and decided to use the distribution model for the HEAD® racquets to sports dealers in the region. As a result, the Group also decided not to renew its HEAD® Apparel License after its expiry on 31st December 2006.

LIQUIDITY AND FINANCIAL RESOURCES

The Group generally finances its operations with its own working capital, trade facilities and revolving bank loans provided by its principal bankers in Hong Kong. Total net cash outflow used in operations amounted to approximately HK$8.8 million for the Review Period (2005: HK$28 million).

The Group's net borrowings comprise bank loans, obligations under finance leases and director's loan amounted to approximately HK$72.4 million (31st March 2006: HK$57.3 million). Among the total outstanding amounts of bank loans, obligations under finance leases and director's loan as at 30th September 2006, 82% (31st March 2006: 82%) are repayable within the next year, 1% (31st March 2006: 1%) are repayable in the second year and the remaining balance repayable in third to fifth year. The Group's bank loans are subject to floating rates while obligations under finance leases are subject to fixed interest rates.

LIQUIDITY AND FINANCIAL RESOURCES *(continued)*

The ratio of current assets to current liabilities of the Group was 1.00 as at 30th September 2006 compared to 1.03 as at 31st March 2006. The Group's gearing ratio as at 30th September 2006 was 0.8 (31st March 2006: 0.7) which is calculated based on the Group's total liabilities of HK$146.1 million (31st March 2006: HK$103.3 million) and the Group's total assets of HK$188.9 million (31st March 2006: HK$157.8 million). As at 30th September 2006, the Group total cash and bank balances including the pledged time deposit amounted to HK$19.5 million compared to HK$18.1 million as at 31st March 2006.

The monetary assets and liabilities and business transaction of the Group are mainly carried and conducted in Hong Kong dollars, Renminbi and United States dollars. The Group maintains a prudent strategy in its foreign exchange risk management, where foreign exchange risk are minimised via balancing the monetary assets versus monetary liabilities, and foreign currency revenue versus foreign currency expenditure. In addition, the directors consider that there is no significant exposure to foreign exchange rate fluctuations between Hong Kong dollars and United States dollars because of the linked exchange rate.

Charge of Assets

As at 30th September 2006, the investment properties and leasehold land and buildings in Hong Kong held by the Group with an aggregate carrying value of approximately HK$41,642,000 (31st March 2006: approximately HK$46,117,000) together with the time deposit of approximately HK$10,665,000 (31st March 2006: approximately HK$10,665,000) were pledged as first legal charge for the Group's banking facilities.

Employees

As at 30th September 2006, the Group had a total of 141 employees, as compared to 219 employees as of 31st March 2006. Staff costs including directors' remuneration were approximately HK$14 million and HK$13.4 million for the six months ended 30th September 2006 and 2005 respectively. During this period, the Group has performed a restructuring of the manpower leading to the redundancy cost of approximately HK$0.6 million. Share options of the Company will be granted to the employees of the Group for rewarding and retaining talents. The Group's employment and remuneration policies have remained unchanged with those described in the 2005/2006 annual report.

PURCHASE, SALE OR REDEMPTION OF SHARES

The Company has not redeemed any of its shares during the six months ended 30th September 2006. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the period.

DIRECTORS' AND CHIEF EXECUTIVES' BENEFITS FROM RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the six months ended 30th September 2006 was the Company, its holding companies, its fellow subsidiaries or its subsidiaries a party to any arrangement to enable the directors and chief executives or their spouse or children under 18 years of age of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 30th September 2006, the interests and long positions of each director and chief executive in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")), as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") were as follows:

Long position

	Number of ordinary shares in the Company beneficially held				
Name of director	**Personal interests**	**Family interests**	**Corporate interests**	**Total interests**	**Percentage of holding**
Wong Tek Sun, Takson	4,621,600	10,800,000	285,120,000 *(Note 1)*	300,541,600	58.1%
Pang Shu Yuk, Adeline Rita	10,800,000	4,621,600	285,120,000 *(Note 1)*	300,541,600	58.1%

Note:

1. Such shares are held by Takson International Holdings Limited, the entire issued share capital of which is held by Wangkin Investments Inc. ("WII") as trustee of the Wangkin Investments Unit Trust (the "Unit Trust"). All issued and outstanding units in the Unit Trust are beneficially held by Guardian Trustee Limited as trustee of the Wang & Kin Family Trust (the "Family Trust"). The discretionary beneficiaries of the Family Trust are, inter alia, Ms. Pang Shu Yuk, Adeline Rita, Mr. Wong Chi Wang, Calvin, and Mr. Wong Chi Kin, Christopher, both the children of Mr. Wong Tek Sun, Takson and Ms. Pang Shu Yuk, Adeline Rita.

   Mr. Wong Tek Sun, Takson, being an executive Director of the Company, owns 50% of the issued share capital of WII and his children as, two of the discretionary beneficiaries of the Family Trust are deemed to have interests in the 285,120,000 shares in the issued share capital of the Company under the SFO.

   Ms. Pang Shu Yuk, Adeline Rita, being an executive Director of the Company, owns 50% of the issued share capital of WII and she as, one of the discretionary beneficiaries of the Family Trust is deemed to have interests in the 285,120,000 shares in the issued share capital of the Company under the SFO.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION *(continued)*

Save as disclosed above, as at 30th September 2006, none of the directors and chief executives of the Company (including their spouse and children under 18 years of age) had any other interests or long positions in the shares, or underlying shares in, or debentures of the Company or of any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS

The register of substantial shareholders maintained under Section 336 of the SFO showed that as at 30th September 2006, the Company had been notified of the following substantial shareholders' interests and short positions, being 5% or more of the Company's issued share capital.

Name of substantial shareholders	Capacity	Number of ordinary shares held	Percentage of holding
Wangkin Investments Inc. *(Note)*	Interest of a controlled corporation	285,120,000	55.1%
Takson International Holdings Limited *(Note)*	Beneficial owner	285,120,000	55.1%

Note: Takson International Holdings Limited is a wholly-owned subsidiary of Wangkin Investments Inc., which in turn is owned as to 50% by Mr. Wong Tek Sun, Takson, and as to 50% by Ms. Pang Shu Yuk, Adeline Rita, both of whom are executive Directors of the Company. Therefore, all of these shares are entirely duplicated.

Save as disclosed herein, as at 30th September 2006, no other person is recorded in the register of substantial shareholders maintained under Section 336 of the SFO as having an interest or short positions in 5% or more of the issued share capital of the Company.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Board of the Company is committed to maintain good corporate governance practices. The Company has applied the principles and complied with all the applicable code provisions of the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Listing Rules for the period ended 30th September 2006, except for the deviations discussed below. The Board will continuously review and improve the corporate governance practices and standards of the Company to ensure that its business activities are regulated in a proper and prudent manner.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES *(continued)*

Code provision A.2.1

Code provision A.2.1 stipulates that the roles of the chairman and chief executive officer of the Company should be separate and should not be performed by the same individual.

The Company has deviated from the Code provision A.2.1 and the roles of chairman and chief executive officer of the Company are now performed by the same person. Mr. Wong Tek Sun, Takson now assumes the roles of both the chairman and chief executive officer of the Company. The Board intends to maintain this structure for the time being as it believes that this structure can provide the Group with strong and consistent leadership and allows for more effective planning and execution of long-term business strategies.

Code provision A.4.1

Code provision A.4.1 stipulates that non-executive directors should be appointed for a specific term and are subject to re-election.

The Company has deviated from the Code provision A.4.1. The non-executive Directors are not appointed for a specific term but are subject to retirement by rotation and re-election at the annual general meeting pursuant to Bye-law 87 of the Company's Bye-laws.

The Board believes that, despite the absence of specified term of non-executive Directors' service, the Directors are committed to represent the long-term interests of the shareholders of the Company.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules for securities transactions by Directors. Having made specific enquiry, all Directors confirmed that they have complied with the required standard set out in the Model Code during the six months ended 30th September 2006.

AUDIT COMMITTEE

The Audit Committee comprises the two independent non-executive directors, Mr. Lee Kwok Cheung and Mr. Chau Tsun Ming, Jimmy, and the non-executive director, Mr. Wong Tak Yuen. The Audit Committee reviews and supervises the Group's financial reporting and internal control system.

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including a review of the interim report and the unaudited condensed consolidated interim financial information for the six months ended 30th September 2006 with the Directors.

CONDENSED CONSOLIDATED INCOME STATEMENT

		Unaudited Six months ended 30th September	
	Notes	**2006**	2005
		HK$'000	*HK$'000*
			(Restated)
Turnover	*5*	**91,096**	66,591
Cost of sales		**(67,280)**	(43,632)
Gross profit		**23,816**	22,959
Other revenues		**1,377**	2,203
Selling, distribution and marketing expenses		**(14,203)**	(13,418)
Administrative expenses		**(20,594)**	(19,468)
Operating loss	*5, 6*	**(9,604)**	(7,724)
Finance costs	*7*	**(2,499)**	(1,543)
Loss before taxation		**(12,103)**	(9,267)
Taxation credit	*9*	**400**	1,532
Loss after taxation		**(11,703)**	(7,735)
Attributable to:			
Equity holders of the Company		**(11,703)**	(6,767)
Minority interests		**—**	(968)
		(11,703)	(7,735)
Basic loss per share for loss attributable to the equity holders of the Company during the period	*11*	**(2.26 cents)**	(1.45 cents)

The accompanying notes are an integral part of the condensed consolidated interim financial information.

CONDENSED CONSOLIDATED BALANCE SHEET

	Notes	**Unaudited 30th September 2006 HK$'000**	Audited 31st March 2006 HK$'000
Non-current assets			
Intangible assets	*12*	**19,034**	21,951
Property, plant and equipment	*12*	**26,909**	26,749
Investment properties	*12*	**—**	5,743
Leasehold land and land use rights	*12*	**25,100**	25,394
Deferred tax assets		**74**	74
		71,117	79,911
Current assets			
Inventories		**25,870**	32,645
Trade receivables	*13*	**50,199**	13,800
Deposits, prepayments and other receivables		**22,211**	13,345
Pledged time deposit		**10,665**	10,665
Cash and bank balances		**8,860**	7,457
		117,805	77,912
Total assets		**188,922**	157,823
Current liabilities			
Trade payables	*14*	**41,833**	13,484
Trust receipt and other bank loans		**50,208**	46,199
Current portion of long-term liabilities	*16*	**5,446**	5,391
Provision for taxation		**92**	112
Provision for other liabilities and charges		**12,686**	10,423
Director's loan	*19(b)*	**8,100**	—
		118,365	75,609
Net current (liabilities)/assets		**(560)**	2,303
Total assets less current liabilities		**70,557**	82,214
Financed by:			
Share capital	*15*	**51,740**	51,740
Reserves		**(8,882)**	2,828
Equity		**42,858**	54,568
Non-current liabilities			
Long-term liabilities	*16*	**24,706**	24,253
Director's loan	*19(b)*	**2,150**	2,150
Deferred tax liabilities		**843**	1,243
		27,699	27,646
		70,557	82,214
Total liabilities		**146,064**	103,255
Total equity and liabilities		**188,922**	157,823

The accompanying notes are an integral part of the condensed consolidated interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Unaudited								
	Share capital	**Share premium**	**Building revaluation**	**Investment properties revaluation reserve**	**Exchange fluctuation reserve**	**Reserve on consolidation**	**Accumulated losses**	**Total**	**Minority interest**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1st April 2005, as previously reported	38,950	42,032	–	15,165	7	2,214	(34,346)	64,022	1,975
Prior period adjustments	–	–	–	(15,165)	–	–	13,772	(1,393)	–
At 1st April 2005, as restated	38,950	42,032	–	–	7	2,214	(20,574)	62,629	1,975
Formation of new joint venture	–	–	–	–	–	–	–	–	2,765
Disposal of a subsidiary	–	–	–	–	–	–	–	–	(426)
Exchange difference arising on translation of the accounts of overseas subsidiaries	–	–	–	–	108	–	–	108	–
Share issued pursuant to the Rights Issue, net	7,790	(640)	–	–	–	–	–	7,150	–
Loss for the period, as restated	–	–	–	–	–	–	(6,767)	(6,767)	(968)
At 30th September 2005	46,740	41,392	–	–	115	2,214	(27,341)	63,120	3,346
At 1st April 2006	51,740	41,392	330	–	(80)	2,214	(41,028)	54,568	–
Exchange difference arising on translation of the accounts of overseas subsidiaries	–	–	–	–	(7)	–	–	(7)	–
Loss for the period	–	–	–	–	–	–	(11,703)	(11,703)	–
At 30th September 2006	51,740	41,392	330	–	(87)	2,214	(52,731)	42,858	–

The accompanying notes are an integral part of the condensed consolidated interim financial information.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Unaudited Six months ended 30th September	
	2006	2005
	HK$'000	*HK$'000*
Net cash outflow from operating activities	**(8,835)**	(28,016)
Net cash inflow from investing activities	**860**	11,023
Net cash inflow from financing activities	**9,378**	21,046
Increase in cash and cash equivalents	**1,403**	4,053
Cash and cash equivalents at 1st April	**7,457**	10,328
Cash and cash equivalents at 30th September	**8,860**	14,381
Analysis of the balances of cash and cash equivalents		
Cash and bank balances	**8,860**	15,373
Bank overdrafts	**—**	(992)
	8,860	14,381

The accompanying notes are an integral part of the condensed consolidated interim financial information.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1. GENERAL INFORMATION

Takson Holdings Limited (the "Company") and its subsidiaries (together the "Group") engaged in the sourcing, subcontracting, marketing and selling of garments, including licenced products.

The Company is a limited liability company incorporated in Bermuda. The address of its registered office is 5th Floor, South Wing, Harbour Centre, Tower One, 1 Hok Cheung Street, Hunghom, Kowloon, Hong Kong.

The Company has its primary listing on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

These condensed consolidated interim financial information has been approved for issue by the Board of Directors on 21st December 2006.

2. BASIS OF PREPARATION

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

3. ACCOUNTING POLICIES

The accounting policies used in the preparation of the condensed consolidated interim financial information are consistent with those used in the annual accounts for the year ended 31st March 2006 except for the following new standards, amendments to standards and interpretations which are effective for accounting periods beginning on or after 1st January 2006:

Amendment to HKAS 19	Actuarial gains and losses, group plans and disclosures
Amendment to HKAS 21	Net investment in a foreign operation
Amendment to HKAS 39	Cash flow hedge accounting of forecast intragroup transactions
Amendment to HKAS 39 and HKFRS 4	Financial guarantee contracts
HKFRS 6	Exploration for and evaluation of mineral resources
HK(IFRIC) — Int 4	Determining whether an arrangement contains a lease
HK(IFRIC) — Int 5	Rights to interests arising from decommissioning, restoration and environmental rehabilitation funds
HK(IFRIC) — Int 6	Liabilities arising from participating in a specific market — waste electrical and electronic equipment (this interpretation is effective for accounting periods on or after 1st December 2005)

The adoption of new standards, amendments to standards and interpretations did not result in significant changes to the Group's accounting policies.

The following new standards, amendments to standards and interpretations have been issued but are not yet effective for the year ending 31st December 2006 and have not been early adopted by the Group:

Amendment to HKAS 1	Capital disclosures
HKFRS 7	Financial instruments: Disclosures
HK(IFRIC) — Int 7	Applying the restatement approach under HKAS 29
HK(IFRIC) — Int 8	Scope of HKFRS 2
HK(IFRIC) — Int 9	Reassessment of embedded derivatives
HK(IFRIC) — Int 10	Interim financial reporting and impairment

The Group is in the process of assessing the impact of these new standards, amendments to standards and interpretations and is not yet in a position to state the potential impact of all these new standards, amendments to standards and interpretations would have on its results of operations and financial position.

4. PRIOR PERIOD ADJUSTMENTS

The comparative figures for the six months ended 30th September 2005 have been restated to take into account the effect of the adoption of HKAS 38, HKAS 40 and HKAS Int 21 as follows:

	HKAS 38 *HK$'000*	**HKAS 40** *HK$'000*	**HKAS Int 21** *HK$'000*	**Total** *HK$'000*
Decrease/(increase) in accumulated losses as at 1st April 2005	1,440	15,164	(2,832)	13,772
Decrease in other revenue	—	(4,698)	—	(4,698)
Decrease in selling, distribution and marketing expenses	117	—	—	117
Increase in finance costs	(380)	—	—	(380)
Increase in taxation credit	—	—	868	868
Total	(263)	(4,698)	868	(4,093)

5. TURNOVER AND SEGMENT INFORMATION

The Group is principally engaged in the sourcing, subcontracting, marketing and selling of outerwear garments. Revenues recognised during the period are as follows:

By business segment:

	Six months ended 30th September 2006 *HK$'000*		
	Export business	**Licensee business**	**Total**
Turnover	**43,880**	**47,216**	**91,096**
Segment operating profit/(loss)	**783**	**(56)**	**727**
Interest income			**285**
Rental income			**135**
Unallocated costs			**(10,751)**
Operating loss			**(9,604)**
Finance costs			**(2,499)**
Loss before taxation			**(12,103)**
Taxation credit			**400**
Loss after taxation			**(11,703)**

5. TURNOVER AND SEGMENT INFORMATION *(continued)*

	Six months ended 30th September 2005 *HK$'000* (Restated)		
	Export business	Licensee business	Total
Turnover	52,498	14,093	66,591
Segment operating profit/(loss)	8,374	(7,092)	1,282
Interest income			32
Rental income			541
Unallocated costs			(9,579)
Operating loss			(7,724)
Finance costs			(1,543)
Loss before taxation			(9,267)
Taxation credit			1,532
Loss after taxation			(7,735)

There are no sales or other transactions between the business segments.

By geographical segment:

	Turnover Six months ended 30th September		**Segment operating profit/(loss) Six months ended 30th September**	
	2006	2005	**2006**	2005
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000* (Restated)
United States of America	**34,167**	36,314	**62**	7,078
Europe	**6,355**	11,940	**728**	1,557
Canada	**3,095**	3,458	**(30)**	(648)
Hong Kong	**4,512**	5,848	**(1,139)**	(1,119)
PRC	**42,704**	8,719	**1,083**	(5,831)
Others	**263**	312	**23**	245
	91,096	66,591	**727**	1,282
Interest income			**285**	32
Rental income			**135**	541
Unallocated costs			**(10,751)**	(9,579)
Operating loss			**(9,604)**	(7,724)

There are no sales between the geographical segments.

6. OPERATING LOSS

Operating loss is stated after crediting and charging the following:

	Six months ended 30th September	
	2006	2005
	HK$'000	*HK$'000*
		(Restated)
Crediting		
Gain on disposal of investment properties	**800**	1,551
Interest income	**285**	32
Net exchange gain	**—**	27
Rental income	**135**	541
Charging		
Amortisation of intangible assets	**2,917**	1,164
Amortisation of land use rights	**294**	331
Depreciation		
Owned fixed assets	**1,243**	1,206
Leased fixed assets	**81**	84
Impairment loss on goodwill	**—**	628
Loss on disposal of property, plant and equipment	**65**	—
Staff costs, including directors' emoluments	**13,993**	13,416

7. FINANCE COSTS

	Six months ended 30th September	
	2006	2005
	HK$'000	*HK$'000*
		(Restated)
Interest on bank loans	**1,659**	1,291
Interest element of finance leases	**17**	21
Other interest	**823**	231
	2,499	1,543

8. STAFF COSTS

	Six months ended 30th September	
	2006	2005
	HK$'000	*HK$'000*
Wages and salaries	**9,027**	9,192
Redundancy costs	**634**	—
Retirement benefit costs	**667**	520
Total staff costs, excluding directors' emoluments	**10,328**	9,712

9. TAXATION

The amount of taxation credited to the condensed consolidated income statement comprised:

	Six months ended 30th September	
	2006	2005
	HK$'000	*HK$'000*
		(Restated)
Deferred taxation relating to the origination and reversal of temporary differences	**400**	664
Deferred taxation credited to income statement due to the change in accounting policy	**—**	868
Taxation credit	**400**	1,532

Hong Kong profits tax has been provided at the rate of 17.5% (2005: 17.5%) on the estimated assessable profit for the period. No provision for taxation has been made as there was no assessable profit for the period.

10. INTERIM DIVIDEND

The directors do not recommend the payment of an interim dividend for the six months ended 30th September 2006 (2005: Nil).

11. LOSS PER SHARE

The calculation of basic loss per share is based on the Group's loss attributable to the equity holders of the Company of HK$11,703,000 (2005 restated: HK$6,767,000) for the period and on the total number of 517,400,000 (2005: 467,400,000) ordinary shares in issue during the period.

No diluted earnings per share is presented for the six months ended 30th September 2006 and 2005 as there is no dilutive potential ordinary shares for these periods.

12. CAPITAL EXPENDITURE

	Intangible assets	**Investment properties**	**Property, plant & equipment**	**Leasehold land & land use rights**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Restated)				
Opening net book amount as at 1st April 2005	25,519	26,969	27,078	30,639	110,205
Additions	—	—	5,172	—	5,172
Reclassification	—	2,153	(685)	(1,468)	—
Disposals	—	(8,663)	(36)	—	(8,699)
Impairment	(628)	—	—	—	(628)
Amortisation/depreciation	(1,164)	—	(1,290)	(331)	(2,785)
Closing net book amount as at 30th September 2005	23,727	20,459	30,239	28,840	103,265
Opening net book amount as at 1st April 2006	21,951	5,743	26,749	25,394	79,837
Additions	—	—	1,549	—	1,549
Disposals	—	(5,743)	(65)	—	(5,808)
Amortisation/depreciation	(2,917)	—	(1,324)	(294)	(4,535)
Closing net book amount as at 30th September 2006	19,034	—	26,909	25,100	71,043

13. TRADE RECEIVABLES

At 30th September 2006, the ageing analysis of trade receivables was as follows:

	30th September 2006 *HK$'000*	31st March 2006 *HK$'000*
Current	**44,218**	8,007
1 to 3 months	**3,993**	4,919
4 to 6 months	**1,988**	570
Over 6 months	**—**	306
	50,199	13,802
Less: Provision for bad and doubtful debts	**—**	(2)
	50,199	13,800

The Group's sales are on credit terms of 30 to 45 days.

14. TRADE PAYABLES

At 30th September 2006, the ageing analysis of trade payables was as follows:

	30th September 2006 *HK$'000*	31st March 2006 *HK$'000*
Current	**16,341**	5,254
1 to 3 months	**20,753**	5,110
4 to 6 months	**266**	1,777
Over 6 months	**4,473**	1,343
	41,833	13,484

The Group's purchases are on credit terms of 30 to 60 days.

15. SHARE CAPITAL

	Ordinary shares of HK$0.1 each	
	No. of shares	*HK$'000*
Authorised:		
At 31st March 2005, 30th September 2005, 31st March 2006 and 30th September 2006	1,000,000,000	100,000
Issued and fully paid:		
At 31st March 2005	389,500,000	38,950
Share issued pursuant to the Rights Issue	77,900,000	7,790
At 30th September 2005	467,400,000	46,740
Share issued pursuant to the placement	50,000,000	5,000
At 31st March 2006 and 30th September 2006	517,400,000	51,740

16. LONG-TERM LIABILITIES

	30th September 2006 *HK$'000*	31st March 2006 *HK$'000*
Bank loans — secured	**11,778**	8,644
Obligations under finance leases	**144**	324
Licence fee payable	**17,967**	20,413
Post retirement obligations	**263**	263
	30,152	29,644
Less: Current portion of long-term liabilities	**(5,446)**	(5,391)
	24,706	24,253

16. LONG-TERM LIABILITIES *(continued)*

(a) At 30th September 2006 and 31st March 2006, the Group's bank loans are repayable as follows:

	30th September 2006 *HK$'000*	31st March 2006 *HK$'000*
Within one year	**647**	426
In the second year	**698**	464
After third year	**10,433**	7,754
	11,778	8,644

(b) At 30th September 2006 and 31st March 2006, the Group's obligations under finance leases are repayable as follows:

	30th September 2006 *HK$'000*	31st March 2006 *HK$'000*
Within one year	**144**	261
In the second year	**—**	63
	144	324

(c) At 30th September 2006 and 31st March 2006, the Group's licence fee payable are repayable as follows:

	30th September 2006 *HK$'000*	31st March 2006 *HK$'000*
Within one year	**4,655**	4,704
In the second year	**4,718**	4,454
After third year	**8,594**	11,255
	17,967	20,413

17. BANKING FACILITIES

As at 30th September 2006, the Group's banking facilities amounting to approximately HK$81,700,000 (31st March 2006: approximately HK$75,666,000) were secured by the following:

(a) first legal charge over investment properties and leasehold land and buildings in Hong Kong held by the Group with an aggregate carrying value of approximately HK$41,642,000 (31st March 2006: approximately HK$46,117,000);

(b) bank time deposit of approximately HK$10,665,000 (31st March 2006: approximately HK$10,665,000); and

(c) corporate guarantees from the Company and certain of its subsidiaries.

18. COMMITMENTS UNDER OPERATING LEASES

At 30th September 2006, the Group had future aggregate minimum lease payments under non-cancellable operating leases in respect of land and buildings as follows:

	30th September 2006 *HK$'000*	31st March 2006 *HK$'000*
Not later than one year	**1,372**	937
Later than one year and not later than five years	**1,210**	—
	2,582	937

19. RELATED-PARTY TRANSACTIONS

(a) Key management compensation

	Six months ended 30th September	
	2006 *HK$'000*	2005 *HK$'000*
Salaries and other short-term employee benefits	**4,111**	3,704

(b) Director's loan

This represents an unsecured and interest free loan advanced by Mr. Wong Tek Sun, Takson, a director of the Company. The director has confirmed that HK$8,100,000 is repayable on demand and the remaining balance will not be demanded for repayment until the Group is in a position to do so.

20. SUBSEQUENT EVENT

On 29th November 2006, the Group entered into a sale and purchase and a covenant agreement with independent third parties relating to the trademarks registered under the names of "POWDERHORN" and "Powderhorn Mountaineering" with nil carrying value at a consideration of US$10,000 and US$490,000 respectively plus a series of periodic payments which are contingent on the future performance of the trademarks.

21. ULTIMATE HOLDING COMPANY

The directors regard Wangkin Investments Inc., a company incorporated in the British Virgin Islands, as being the ultimate holding company.

By Order of the Board
Wong Tek Sun, Takson
Chairman

Hong Kong, 21st December 2006