The following is the text of a report received from the Company's reporting accountant, PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus. It is prepared and addressed to the directors of the Company and to the Sponsor pursuant to the requirements of Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" issued by the Hong Kong Institute of Certified Public Accountants.

pwc 羅兵咸永道

31 December 2012

The Directors
Speedy Global Holdings Limited

Cinda International Capital Limited

Dear Sirs,

We report on the financial information of Speedy Global Holdings Limited (the "**Company**") and its subsidiaries (together, the "**Group**"), which comprises the consolidated statements of financial position as at 31 December 2009, 2010 and 2011 and 30 June 2012, the statements of financial position of the Company as at 31 December 2011 and 30 June 2012, and the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated cash flow statements for each of the years ended 31 December 2009, 2010 and 2011 and the six months ended 30 June 2012 (the "**Relevant Periods**"), and a summary of significant accounting policies and other explanatory information. This financial information has been prepared by the directors of the Company and is set out in Sections I to III below for inclusion in Appendix I to the prospectus of the Company dated 31 December 2012 (the "**Prospectus**") in connection with the initial listing of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited.

The Company was incorporated in the Cayman Islands on 28 September 2011 as an exempted company with limited liability under the Companies Law (2010 Revision) of the Cayman Islands. Pursuant to a group reorganisation as described in Note 1.2 of Section II headed "Reorganisation" below, which was completed on 2 January 2012, the Company became the holding company of the subsidiaries now comprising the Group (the "**Reorganisation**").

As at the date of this report, the Company has direct and indirect interests in the subsidiaries as set out in Note 1 of Section II below. All of these companies are private companies.

No audited financial statements have been prepared by the Company as it is newly incorporated and has not involved in any significant business transactions since its date of incorporation, other than the Reorganisation. The audited financial statements of the other companies now comprising the Group as at the date of this report for which there are statutory audit requirements have been prepared in accordance with the relevant accounting principles generally accepted in their place of incorporation. The details of the statutory auditors of these companies are set out in Note 1.2 of Section II below.

PricewaterhouseCoopers, 22/F, Prince's Building, Central, Hong Kong
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com

The directors of the Company have prepared the consolidated financial statements of the Company for the Relevant Periods, in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") (the "**Underlying Financial Statements**"). We have audited the Underlying Financial Statements in accordance with Hong Kong Standards on Auditing (the "**HKSA**") issued by the HKICPA pursuant to separate terms of engagement with the Company.

The directors of the Company are responsible for the preparation of the Underlying Financial Statements that gives a true and fair view in accordance with HKFRSs.

The financial information has been prepared based on the Underlying Financial Statements, with no adjustment made thereon.

Directors' Responsibility for the Financial Information

The directors of the Company are responsible for the preparation of the financial information that gives a true and fair view in accordance with HKFRSs, and for such internal control as the directors determine is necessary to enable the preparation of financial information that is free from material misstatement, whether due to fraud or error.

Reporting Accountant's Responsibility

Our responsibility is to express an opinion on the financial information and to report our opinion to you. We carried out our procedures in accordance with the Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" issued by the HKICPA.

Opinion

In our opinion, the financial information gives, for the purpose of this report, a true and fair view of the state of affairs of the Company as at 31 December 2011 and 30 June 2012 and of the state of affairs of the Group as at 31 December 2009, 2010 and 2011 and 30 June 2012 and of the Group's results and cash flows for the Relevant Periods then ended.

Review of Stub Period Comparative Financial Information

We have reviewed the stub period comparative financial information set out in Sections I to II below included in Appendix I to the Prospectus which comprises the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated cash flow statements for the six months ended 30 June 2011 and a summary of significant accounting policies and other explanatory information (the "**Stub Period Comparative Financial Information**").

The directors of the Company are responsible for the preparation and presentation of the Stub Period Comparative Financial Information in accordance with the accounting policies set out in Note 2 of Section II below.

Our responsibility is to express a conclusion on the Stub Period Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. A review of the Stub Period Comparative Financial Information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with HKSA and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purpose of this report, has not been prepared, in all material respects, in accordance with the accounting policies set out in Note 2 of Section II below.

I. FINANCIAL INFORMATION OF THE GROUP

The following is the financial information of the Group prepared by the directors of the Company as at 31 December 2009, 2010 and 2011 and 30 June 2012 and for each of the years ended 31 December 2009, 2010 and 2011 and the six months ended 30 June 2011 and 2012 (the "**Financial Information**").

(a) Consolidated Statements of Financial Position

	Section II Note	As at 31 December 2009	2010	2011	As at 30 June 2012
		HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
ASSETS					
Non-current assets					
Property, plant and equipment	*6*	33,626	49,749	29,111	30,705
Intangible assets	*7*	3	102	142	215
Deferred income tax assets	*17*	1,949	2,144	2,347	3,279
		35,578	51,995	31,600	34,199
Current assets					
Inventories	*8*	51,071	89,545	70,249	71,421
Trade and other receivables	*9*	138,562	192,832	231,119	130,493
Prepayments	*10*	15,467	60,202	14,752	19,912
Restricted bank deposits	*11*	26,662	31,736	32,696	34,317
Cash and cash equivalents	*11*	99,442	54,122	93,486	71,455
		331,204	428,437	442,302	327,598
Total assets		366,782	480,432	473,902	361,797
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	*12*	—	—	—	100
Other reserves	*13*	15,866	20,414	24,971	24,288
Retained earnings		15,110	13,960	79,897	39,216
		30,976	34,374	104,868	63,604
Non-controlling interests		—	214	—	—
Total equity		30,976	34,588	104,868	63,604

	Section II Note	As at 31 December 2009 HK$'000	As at 31 December 2010 HK$'000	As at 31 December 2011 HK$'000	As at 30 June 2012 HK$'000
LIABILITIES					
Non-current liabilities					
Borrowings	16	—	1,225	253	130
Deferred income tax liabilities	17	546	413	651	76
		546	1,638	904	206
Current liabilities					
Trade and other payables	14(a)	281,428	375,840	307,286	243,372
Current income tax liabilities		6,672	13,040	29,757	16,881
Dividend payables	25	—	20,000	6,000	—
Derivative financial instruments	15	—	132	—	—
Borrowings	16	47,160	35,194	25,087	37,734
		335,260	444,206	368,130	297,987
Total liabilities		335,806	445,844	369,034	298,193
Total equity and liabilities		366,782	480,432	473,902	361,797
Net current (liabilities)/assets		(4,056)	(15,769)	74,172	29,611
Total assets less current liabilities		31,522	36,226	105,772	63,810

(b) Statements of Financial Position

	Section II Note	As at 31 December 2011 HK$'000	As at 30 June 2012 HK$'000
ASSETS			
Non-current assets			
Investments in subsidiaries	*26*	21,467	46,868
Current assets			
Amounts due from subsidiaries	*26*	2,010	2,010
Total assets		23,477	48,878
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	*12*	—	100
Share premium		21,444	46,745
		21,444	46,845
LIABILITIES			
Current liabilities			
Amount due to a related party	*14(b)*	2,033	2,033
Total equity and liabilities		23,477	48,878
Net current liabilities		(23)	(23)
Total assets less current liabilities		21,444	46,845

(c) Consolidated Statements of Comprehensive Income

	Section II Note	Year ended 31 December 2009 HK$'000	2010 HK$'000	2011 HK$'000	Six months ended 30 June 2011 HK$'000 (Unaudited)	2012 HK$'000
Revenue	5	830,207	1,103,721	1,167,934	494,027	446,809
Cost of sales	20	(736,484)	(995,866)	(965,701)	(424,718)	(366,975)
Gross profit		93,723	107,855	202,233	69,309	79,834
Selling expenses	20	(21,940)	(29,896)	(30,468)	(12,841)	(15,522)
Administrative expenses	20	(43,700)	(53,294)	(66,214)	(24,285)	(39,082)
Other income	18	5,920	10,986	11,651	6,369	2,394
Other gains/(losses) — net	19	351	94	654	(837)	(394)
Operating profit		34,354	35,745	117,856	37,715	27,230
Finance income	22	245	233	563	174	451
Finance costs	22	(2,484)	(2,803)	(5,013)	(3,603)	(1,289)
Finance costs — net	22	(2,239)	(2,570)	(4,450)	(3,429)	(838)
Profit before income tax		32,115	33,175	113,406	34,286	26,392
Income tax expense	23	(8,734)	(11,660)	(29,569)	(13,920)	(5,182)
Profit for the year/period		23,381	21,515	83,837	20,366	21,210
Other comprehensive income						
Currency translation differences		621	2,597	2,453	1,491	(583)
Total comprehensive income for the year/period		24,002	24,112	86,290	21,857	20,627
Profit for the year/period						
Equity holders of the Company		23,381	21,595	83,845	20,369	21,210
Non-controlling interests		—	(80)	(8)	(3)	—
		23,381	21,515	83,837	20,366	21,210
Total comprehensive income attributable to:						
Equity holders of the Company		24,002	24,192	86,298	21,860	20,627
Non-controlling interests		—	(80)	(8)	(3)	—
		24,002	24,112	86,290	21,857	20,627
Earnings per share for profit attributable to equity holders of the Company for the year/period (expressed in HK$ per share)	24	23	22	84	20	21
Dividends	25	23,000	21,500	17,000	1,000	61,891

Note: The earnings per share presented above has not taken into account the proposed capitalisation issue pursuant to the shareholders' resolution dated 24 December 2012 (note 34) because the proposed capitalisation issue has not become effective as at the date of this report.

(d) Consolidated Statements of Changes in Equity

The Group

	Section II Note	Share capital	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity
		Attributable to equity holders of the Company					
		HK$'000 (Note 12)	HK$'000 (Note 13)	HK$'000	HK$'000	HK$'000	HK$'000
At 1 January 2009		—	13,964	15,432	29,396	—	29,396
Comprehensive income							
Profit for the year		—	—	23,381	23,381	—	23,381
Other comprehensive income							
Currency translation differences		—	621	—	621	—	621
Total comprehensive income		—	621	23,381	24,002	—	24,002
Transactions with owners							
Contribution from shareholders on acquisition of a subsidiary	31	—	10	—	10	—	10
Additional capital contribution made to a subsidiary		—	568	—	568	—	568
Appropriation to statutory reserves		—	703	(703)	—	—	—
Dividends	25	—	—	(23,000)	(23,000)	—	(23,000)
Total transactions with owners		—	1,281	(23,703)	(22,422)	—	(22,422)
At 31 December 2009		—	15,866	15,110	30,976	—	30,976
Comprehensive income							
Profit/(loss) for the year		—	—	21,595	21,595	(80)	21,515
Other comprehensive income							
Currency translation differences		—	2,597	—	2,597	—	2,597
Total comprehensive income		—	2,597	21,595	24,192	(80)	24,112
Transactions with owners							
Contribution from shareholders on acquisition of a subsidiary	31	—	706	—	706	294	1,000
Appropriation to statutory reserves		—	1,245	(1,245)	—	—	—
Dividends	25	—	—	(21,500)	(21,500)	—	(21,500)
Total transactions with owners		—	1,951	(22,745)	(20,794)	294	(20,500)
At 31 December 2010		—	20,414	13,960	34,374	214	34,588
Comprehensive income							
Profit/(loss) for the year		—	—	83,845	83,845	(8)	83,837
Other comprehensive income							
Currency translation differences		—	2,453	—	2,453	—	2,453
Total comprehensive income		—	2,453	83,845	86,298	(8)	86,290
Transactions with owners							
Additional capital contribution made to a subsidiary		—	990	—	990	—	990
Contribution from shareholders on acquisition of additional interests in a subsidiary	32	—	294	—	294	—	294
Acquisition of additional interests in a subsidiary from non-controlling interests	32	—	(88)	—	(88)	(206)	(294)
Appropriation to statutory reserves		—	908	(908)	—	—	—
Dividends	25	—	—	(17,000)	(17,000)	—	(17,000)
Total transactions with owners		—	2,104	(17,908)	(15,804)	(206)	(16,010)
At 31 December 2011		—	24,971	79,897	104,868	—	104,868

	Section II Note	Attributable to equity holders of the Company					
		Share capital	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity
		HK$'000 (Note 12)	HK$'000 (Note 13)	HK$'000	HK$'000	HK$'000	HK$'000
At 1 January 2011		—	20,414	13,960	34,374	214	34,588
Comprehensive income							
Profit for the period		—	—	20,369	20,369	(3)	20,366
Other comprehensive income							
Currency translation differences		—	1,491	—	1,491	—	1,491
Total comprehensive income		—	1,491	20,369	21,860	(3)	21,857
Transactions with owners							
Additional capital contribution made to a subsidiary		—	990	—	990	—	990
Appropriation to statutory reserves		—	885	(885)	—	—	—
Dividends	25	—	—	(1,000)	(1,000)	—	(1,000)
Total transactions with owners		—	1,875	(1,885)	(10)	—	(10)
At 30 June 2011		—	23,780	32,444	56,224	211	56,435
At 1 January 2012		—	24,971	79,897	104,868	—	104,868
Comprehensive income							
Profit for the period		—	—	21,210	21,210	—	21,210
Other comprehensive income							
Currency translation differences		—	(583)	—	(583)	—	(583)
Total comprehensive income		—	(583)	21,210	20,627	—	20,627
Transactions with owners							
Issue of ordinary shares for Reorganisation		100	(100)	—	—	—	—
Dividends	25	—	—	(61,891)	(61,891)	—	(61,891)
Total transactions with owners		100	(100)	(61,891)	(61,891)	—	(61,891)
At 30 June 2012		100	24,288	39,216	63,604	—	63,604

(e) Consolidated Cash Flow Statements

		Year ended 31 December			Six months ended 30 June	
	Section II Note	2009	2010	2011	2011	2012
		HK$'000	HK$'000	HK$'000	HK$'000 (Unaudited)	HK$'000
Cash flows from operating activities						
Cash generated from/(used in) operations	28(a)	77,540	(7,106)	77,160	23,283	60,309
Interest paid		(2,484)	(2,803)	(5,013)	(3,603)	(1,289)
Income tax paid		(5,992)	(5,620)	(12,817)	(5,681)	(19,565)
Net cash generated from/(used in) operating activities		69,064	(15,529)	59,330	13,999	39,455
Cash flows from investing activities						
Purchase of property, plant and equipment		(10,906)	(21,205)	(4,136)	(1,661)	(6,323)
Proceeds from disposal of property, plant and equipment	28(b)	188	—	20,030	—	161
Purchase of intangible assets		(3)	(102)	(60)	(54)	(91)
Interest received		245	233	563	174	451
Net cash (used in)/generated from investing activities		(10,476)	(21,074)	16,397	(1,541)	(5,802)
Cash flows from financing activities						
Proceeds from borrowings		50,063	118,595	48,434	48,434	15,602
Repayments of borrowings		(12,903)	(131,480)	(58,593)	(8,989)	(2,600)
Dividends paid		(23,000)	(1,500)	(31,000)	(21,000)	(67,891)
Contribution from shareholders on acquisition of a subsidiary	31	8	2,845	—	—	—
Additional capital contribution made to an existing subsidiary within the Group		568	—	990	990	—
Net cash generated from/(used in) financing activities		14,736	(11,540)	(40,169)	19,435	(54,889)
Net increase/(decrease) in cash and cash equivalents		73,324	(48,143)	35,558	31,893	(21,236)
Cash and cash equivalents at beginning of the year/period		25,098	99,442	54,122	54,122	93,486
Exchange gains/(losses) on cash and cash equivalents		1,020	2,823	3,806	2,102	(795)
Cash and cash equivalents at end of the year/period		99,442	54,122	93,486	88,117	71,455

II. NOTES TO THE FINANCIAL INFORMATION

1 General information, reorganisation and basis of presentation

1.1 General information of the Group

Speedy Global Holdings Limited (the "**Company**") was incorporated in the Cayman Islands on 28 September 2011 as an exempted company with limited liability under the Companies Law (2010 Revision) of the Cayman Islands. The address of its registered office is at the office of Offshore Incorporation (Cayman) Limited, Scotia Centre, 4th Floor, P.O. Box 2804, George Town, Grand Cayman KY1-1112, Cayman Islands.

The Company is an investment holding company. The Company and the companies now comprising the group (the "**Group**") are principally engaged in: (i) the apparel supply chain servicing business which offers a wide range of woven wear and knitwear products to a number of owners or agents of global reputable brands (the "**Apparel Supply Chain Servicing Business**"), and (ii) the apparel retail business operating under the brand name of Unisex, as well as the Unisex sub-brands and the Republic Brands in the People's Republic of China (the "**PRC**") (the "**Apparel Retail Business**", together with the Apparel Supply Chain Servicing Business, collectively known as the "**Listing Businesses**").

1.2 Reorganisation

The Listing Businesses were controlled by Mr. Huang Chih Shen ("**Mr. Huang**") and Mr. Huang Chih Chien (collectively, known as the "**Huang Brothers**") at the beginning of the Relevant Periods or since the date when the companies first came under the common control by the Huang Brothers, whichever is a shorter period.

Prior to incorporation of the Company and the completion of the reorganisation as described below, the Listing Businesses were controlled by Peakwin Group Limited ("**Peakwin Group**"), a company collectively owned and controlled by the Huang Brothers. Apart from the Listing Businesses, Peakwin Group is also engaged in the manufacturing and sale of sweater knitwear products (the "**Other Business**"). The Listing Businesses and Other Business are operated independently by different or separate management team. For the purpose of this report, only the financial information of the Listing Businesses was included throughout the years ended 31 December 2009, 2010 and 2011 and the six months ended 30 June 2012 (the "**Relevant Periods**").

In preparation for the listing of the Company's shares on the Main Board of the Stock Exchange of Hong Kong Limited (the "**Listing**"), a group reorganisation (the "**Reorganisation**") was undertaken pursuant to which the group companies engaged in the Listing Businesses controlled by Peakwin Group were transferred to the Company. The other shareholders of the Listing Businesses also transferred their interests in the Listing Businesses in exchange for the shares in the Company. The Reorganisation involved the followings:

— On 14 September 2011, Sky Halo Holdings Limited ("**Sky Halo**") was incorporated with one issued share capital of US$1.00 allotted and issued to Mr. Huang.

— On 28 September 2011, the Company was incorporated with one issued share capital of HK$0.10 allotted and issued to Sky Halo.

— On 25 October 2011, Rich Vast International Limited ("**Rich Vast**"), Mega Dollar Investment Limited ("**Mega Dollar**") and Halo Cypress Investment Limited ("**Halo Cypress**") were incorporated in the British Virgin Islands ("**BVI**") with one issued share capital of US$1.00 allotted and issued to the Company.

— On 8 November 2011, Ms. Zhuo Meijuan and Ms. Li Minhua transferred their respective interests as to 20% and 80% in 上海耀中貿易有限公司 (Shanghai Shining China Trading Company Limited*) ("**Shanghai Shining**") to 優捷思貿易(惠州)有限公司 (Unisex Trading (Huizhou) Company Limited*) ("**Unisex Trading**") at the instruction of the Huang Brothers for a consideration of RMB1,000,000. Upon completion of the equity transfer, Shanghai Shining became an indirect wholly-owned subsidiary of the Company.

— On 12 December 2011, Mr. Huang, Mr. Huang Chih Chien, Mr. Chan Hung Kwong ("**Mr. Chan**"), Mr. Au Wai Shing ("**Mr. Au**") and Ms. Chang Yiu Wen ("**Ms. Chang**") subscribed for 3,998.83 shares, 3,999.83 shares, 816.47 shares, 775.64 shares and 408.23 shares respectively in Sky Halo to hold their interests in the Company.

— On 16 December 2011, Peakwin Group and Obvious Success Limited ("**Obvious Success**"), an independent third party, transferred their respective interests in Higrowth Ventures Limited ("**Higrowth**") to the Company. As the consideration of such transfers, the Company allotted and issued 944,842 shares and 55,157 shares, credited as fully paid, to Sky Halo and Obvious Success, respectively. Upon completion of the equity transfer on 2 January 2012, Higrowth became direct wholly-owned subsidiary of the Company and its wholly-owned subsidiaries, Speedy Garment Manufacturing (Hong Kong) Company Limited ("**Speedy Garment**") and 東莞迅捷環球製衣有限公司 (Dongguan Speedy Garment Manufacturing Company Limited*) ("**Speedy Dongguan**") became indirect wholly-owned subsidiaries of the Company. Sky Halo and Obvious Success own approximately 94.48% and 5.52% equity interests in the Group.

— Pursuant to an instrument of transfer on 29 December 2011, Rich Vast acquired 51%, 20%, 19% and 10% equity interests in Jointex Garment Manufactory Limited ("**Jointex Garment**") from each of its then beneficial shareholders respectively, namely, the Huang Brothers, Mr. Chan, Mr. Au and Ms. Chang. As consideration, Rich Vast allotted and issued 1,000 shares of US$1.00 each, credited as fully paid, to the Company at the direction of the respective transferors. Upon completion of the equity transfer on 30 December 2011, Jointex Garment and its wholly-owned subsidiary, 高業製衣(惠州)有限公司 (Koyip Garment (Huizhou) Manufactory Ltd.*) ("**Koyip Huizhou**") became indirect wholly-owned subsidiaries of the Company.

— Pursuant to an instrument of transfer on 29 December 2011, Mega Dollar acquired 51%, 20%, 19% and 10% equity interests in Goalwill Garment Manufactory Limited ("**Goalwill Garment**") from each of its then beneficial shareholders respectively, namely, the Huang Brothers, Mr. Chan, Mr. Au and Ms. Chang. As consideration, Mega Dollar allotted and issued 1,000 shares of US$1.00 each, credit as fully paid, to the Company at the direction of the respective transferors. Upon completion of the equity transfer on 30 December 2011, Goalwill Garment became an indirect wholly-owned subsidiary of the Company.

— Pursuant to an instrument of transfer on 29 December 2011, Halo Cypress acquired 100% equity interests in Shining China Investment Holding Company Limited ("**Shining China**") from its beneficial shareholders, the Huang Brothers. As consideration, Halo Cypress allotted and issued 1,000 shares of US$1.00 each, credit as fully paid, to the Company at the instruction of the Huang Brothers. Upon completion of the equity transfer on 30 December 2011, Shining China and its wholly-owned subsidiary, Unisex Trading, became indirect wholly-owned subsidiaries of the Company.

— After the completion of the Reorganisation steps as described above, the Company became the holding company of the subsidiaries now comprising the Group.

Upon the completion of the Reorganisation and as at the date of this report, the Company has direct or indirect interests in the following subsidiaries:

Name of company	Place and date of incorporation/ establishment	Type of legal status	Issued and paid up/ registered capital	Effective interest held as at 31 December 2009	31 December 2010	31 December 2011	30 June 2012	Principal activities
Subsidiaries — incorporated in the BVI and directly owned								
Higrowth	2 April 2004	Limited liability	USD1,000	100%	100%	100%	100%	Investment holding
Rich Vast	25 October 2011	Limited liability	USD1,001	—	—	100%	100%	Investment holding
Mega Dollar	25 October 2011	Limited liability	USD1,001	—	—	100%	100%	Investment holding
Halo Cypress	25 October 2011	Limited liability	USD1,001	—	—	100%	100%	Investment holding

Name of company	Place and date of incorporation/ establishment	Type of legal status	Issued and paid up/ registered capital	Effective interest held as at 31 December 2009	31 December 2010	31 December 2011	30 June 2012	Principal activities
Subsidiaries — incorporated in the PRC and indirectly owned								
Speedy Dongguan	9 October 2004	Wholly-foreign owned enterprise	HK$10,000,000	100%	100%	100%	100%	Apparel Supply Chain Servicing Business
Koyip Huizhou *(Note 1)*	22 January 2009	Wholly-foreign owned enterprise	HK$10,000,000	100%	100%	100%	100%	Apparel Supply Chain Servicing Business
Unisex Trading	3 June 2010	Wholly-foreign owned enterprise	USD1,000,000	—	100%	100%	100%	Apparel Retail Business
Shanghai Shining	11 August 2004	Limited liability	RMB1,000,000	100%	100%	100%	100%	Apparel Retail Business
Subsidiaries — incorporated in Hong Kong and indirectly owned								
Speedy Garment	18 June 2004	Limited liability	HK$10,000	100%	100%	100%	100%	Apparel Supply Chain Servicing Business
Jointex Garment	7 May 2003	Limited liability	HK$1,000,000	100%	100%	100%	100%	Apparel Supply Chain Servicing Business
Goalwill Garment *(Note 1)*	21 April 2004	Limited liability	HK$10,000	100%	100%	100%	100%	Apparel Supply Chain Servicing Business
Shining China *(Note 2)*	17 March 2004	Limited liability	HK$1,000,000	—	70.6%	100%	100%	Investment holding

Notes:

(1) On 24 June 2009, Peakwin Group acquired 51% equity interests of Goalwill Garment at a consideration of HK$5,100 from Ms. Poon Ching Ling (the wife of the elder brother of the Huang Brothers), and thereafter, Goalwill Garment became a company controlled by the Huang Brothers. The remaining equity interests in Goalwill Garment were held by Mr. Chan, Mr. Au and Ms. Chang as to 20%, 19% and 10% respectively (Note 31).

(2) On 2 June 2010, the Huang Brothers acquired 70.6% equity interests of Shining China at a consideration of HK$706,000 from Mr. Cheuk Sze Cheung Philip ("**Mr. Cheuk**", who is father-in-law of Mr. Huang), Smart Grain Enterprise Limited ("**Smart Grain**", a company owned by Mr. Wong Yung and Mr. Lam Chi Sum who are the senior management members of the Group), Mr. Yan Yan (a relative of Mr. Huang) and Multigrowth Limited ("**Multigrowth**"). The remaining equity interests in Shining China were held by Mr. Cheuk and Smart Grain as to 10.4% and 19% respectively. After the acquisition, Shining China became a company controlled by the Huang Brothers (Note 31).

On 1 November 2011, the Huang Brothers acquired the remaining equity interests in Shining China at a consideration of HK$294,000 from Mr. Cheuk and Smart Grain as to 10.4% and 19% respectively (Note 32).

The statutory financial statements of the Company's subsidiaries for the years ended 31 December 2009, 2010 and 2011 were audited by the respective certified public accountants as follows:

Name of company	For the years ended	Name of statutory auditors
Subsidiaries — established in the PRC		
Speedy Dongguan	31 December 2009, 2010 and 2011	東莞市德正會計師事務所有限公司 (Dongguan City Diligent Certified Public Accountants Co., Ltd.)
Koyip Huizhou	31 December 2009, 2010 and 2011	惠州廣誠會計師事務所 (Huizhou Guangcheng CPA's)
Unisex Trading	31 December 2010 and 2011	惠州廣誠會計師事務所 (Huizhou Guangcheng CPA's)
Shanghai Shining	Not applicable	Not applicable
Subsidiaries — incorporated in Hong Kong		
Speedy Garment	31 December 2009, 2010 and 2011	嚴繼鵬會計師事務所 (David Yim & Co. Certified Public Accountants, renamed as CCTH CPA LIMITED afterwards)
Jointex Garment	31 March 2010 and 31 December 2010 and 2011	中正天恒會計師有限公司 (CCTH CPA LIMITED)
Goalwill Garment	31 March 2010 and 31 December 2010 and 2011	中正天恒會計師有限公司 (CCTH CPA LIMITED)
Shining Holding	31 December 2009, 2010 and 2011	中正天恒會計師有限公司 (CCTH CPA LIMITED)

All companies established in the PRC have adopted 31 December as their financial year end date for statutory reporting purpose.

Except for the above mentioned companies, no audited statutory financial statements were prepared for the remaining subsidiaries as it is not required to issue audited financial statements under the statutory requirement of its respective place of incorporation.

The English names of certain subsidiaries and auditors referred to above represented the best efforts by management of the Company in translating their Chinese names as they do not have official English names.

1.3 Basis of presentation

For the purpose of this report, the consolidated statements of comprehensive income, consolidated cash flow statements and consolidated statements of changes in equity of the Group for each of the years ended 31 December 2009, 2010 and 2011 and the six months ended 30 June 2011 and 2012 have been prepared using the financial information of the companies engaged in the Listing Businesses, under the common control of the Huang Brothers and now comprising the Group as if the current group structure had been in existence throughout each of the years ended 31 December 2009, 2010 and 2011 and the six months ended 30 June 2011 and 2012, or since their respective dates of incorporation/establishment of the companies, or since the date when the companies first came under the control of the Huang Brothers, whichever is a shorter period. The consolidated statements of financial position of the Group as at 31 December 2009, 2010 and 2011 and 30 June 2012 have been prepared to present the assets and liabilities of the companies now comprising the Group at these dates, as if the current group structure had been in existence as at these dates. The net assets and results of the Group were consolidated using the existing book values from the Huang Brothers' perspective.

For companies acquired from third parties during each of the years ended 31 December 2009, 2010 and 2011 and the six months ended 30 June 2011 and 2012, they are included in the consolidated financial information of the Group from the respective dates of acquisition.

Inter-company transactions, balances and unrealised gains/losses on transactions between group companies are eliminated on consolidation.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of the Financial Information are set out below. These policies have been consistently applied during the Relevant Periods.

2.1 Basis of preparation

The principal accounting policies applied in the preparation of the Financial Information which are in accordance with the Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the HKICPA are set out below. The Financial Information has been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss.

The preparation of Financial Information in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the Financial Information are disclosed in Note 4.

Up to the date of this report, the HKICPA has issued the following new standards, amendments and interpretations which are relevant to the Group's operation but not yet effective for the annual accounting period beginning 1 January 2012 and which have not been early adopted:

		Effective for annual periods beginning on or after
HKFRS 9 (Amendment)	"Financial instruments"	1 January 2015
HKFRS 7 (Amendment)	"Disclosures — transfers of financial assets"	1 July 2012
HKAS 1 (Amendment)	"Presentation of financial statements"	1 July 2012
HKFRS 9	"Financial instruments"	1 January 2015
HKFRS 10	"Consolidated financial statements"	1 January 2013
HKFRS 12	"Disclosure of interest in other entities"	1 January 2013
HKFRS 13	"Fair value measurements"	1 January 2013
HKAS 19	"Employee benefits"	1 January 2013
HKAS 27 (revised 2011)	"Separate financial statements"	1 January 2013
HKAS 32 (Amendment)	"Financial instruments: Presentation — Offsetting financial assets and financial liabilities"	1 January 2014
HKFRS 7 (Amendment)	"Financial instruments: Disclosures — Offsetting financial assets and financial liabilities"	1 January 2013

The management is in the process of assessing of the impact of these standards, amendments and interpretations on the Financial Information of the Group. The adoption of the above is not expected to have a material impact on Financial Information of the Group.

2.2 *Consolidation and combination*

Subsidiaries

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Inter-company transactions, balances, income and expenses on transactions between group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Except for the Reorganisation, the Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with HKAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in the consolidated statements of comprehensive income.

Business combination under common control

The Financial Information incorporates the financial statement items of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling party.

The net assets of the combining entities or businesses are combined using the existing book values from the controlling party's perspective. No amount is recognised with respect to goodwill or any excess of an acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over its cost at the time of common control combination, to the extent of the contribution of the controlling party's interest.

The consolidated statements of comprehensive income include the results of each of the combining entities or businesses from the earliest date presented or since the date when combining entities or businesses first came under common control, where this is a shorter period, regardless of the date of the common control combination.

The comparative amounts in the Financial Information are presented as if the entities or businesses had been combined at the earliest date presented or when they first came under common control, whichever is the later.

Intra-group transactions, balances and unrealised gains on transactions between the combining entities or businesses are eliminated. Unrealised losses are also eliminated but considered as an impairment indicator of the asset transferred. Accounting policies of combining entities or businesses have been changed where necessary to ensure consistency with the policies adopted by the Group.

Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions — that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals of non-controlling interests are also recorded in equity.

2.3 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments during the Relevant Periods, has been identified as the chairman and executive director and chief executive officer of the Group.

2.4 Foreign currency translation

(i) Functional and presentation currency

Items included in the consolidated financial information of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "**functional currency**"). The Financial Information is presented in HK dollars ("**HK$**"), which is the Company's functional and the Group's presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statements of comprehensive income.

Foreign exchange gains and losses that related to borrowings and cash and cash equivalents are presented in the consolidated statements of comprehensive income within "finance income or cost". All other foreign exchange gains and losses are presented in the consolidated statements of comprehensive income within "other losses — net".

(iii) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(a) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

(b) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

(c) all resulting exchange differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in equity.

2.5 Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the consolidated statements of comprehensive income during the financial period in which they are incurred.

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their costs to their residual values over their estimated useful lives, as follows:

Land and buildings	37 years
Leasehold improvements	5–10 years
Furniture and fixtures	5–10 years
Office equipment	3–5 years
Machinery	7–10 years
Motor vehicles	4–5 years

Residual values range from nil to 10%.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.7).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within other losses — net, in the consolidated statements of comprehensive income.

2.6 Intangible assets

Separately acquired trademark is shown at historical cost. Trademark has a finite useful life and is carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of trademark over its estimated useful lives of 7–10 years.

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of 5–10 years.

2.7 Impairment of non-financial assets

Assets that have an indefinite useful life or intangible assets not ready for use, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

2.8 Financial assets

2.8.1 Classification

The Group classifies its financial assets in the following categories: at fair value through profit or loss and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets if expected to be settled within 12 months; otherwise, they are classified as non-current.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for the amounts that are settled or expected to be settled more than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables comprise "trade and other receivables" (Note 2.12), "term deposits with initial term of over three months", "restricted bank deposits" and "cash and cash equivalents" (Note 2.13) in the statements of financial position.

2.8.2 Recognition and measurement

Regular way purchases and sales of financial assets are recognised on the trade-date — the date on which the Group commits to purchase or sell the asset. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the statement of comprehensive income. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the "financial assets at fair value through profit or loss" category are presented in the statement of comprehensive income within "other losses — net" in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the statement of comprehensive income as part of other income when the Group's right to receive payments is established.

2.9 Impairment of financial assets

For financial assets carried at amortised cost, the Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "**loss event**") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated statement of comprehensive income. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated statement of comprehensive income.

2.10 Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Trading derivatives are classified as a current asset or liability.

2.11 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method. The cost of finished goods and work in progress comprises raw materials, direct labor, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.12 Trade and other receivables

Trade receivables are amounts due from customers for merchandise sold in the ordinary course of business. If collection of trade and other receivables is expected to be collected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

2.13 Cash and cash equivalents

In the consolidated cash flow statements, cash and cash equivalents includes cash in hand and deposits held at call with banks.

2.14 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.15 Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.16 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated statements of comprehensive income over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Borrowing costs are recognised as an expense in the period in which they are incurred.

2.17 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the consolidated statements of comprehensive income, except to the extent that it relates to items recognised directly in equity. In this case, the tax is also recognised directly in equity.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the companies now comprising the Group operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) Deferred income tax

Inside basis differences

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated statements of financial position. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Outside basis differences

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

(c) Offsetting

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.18 Employee benefits — pension obligations

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the "Pension Scheme") set up pursuant to the Mandatory Provident Fund Schemes Ordinance, for all of its employees in Hong Kong. Contributions are made based on a percentage of the employees' basic salaries and are charged to the consolidated statements of comprehensive income as they become payable in accordance with the rules of the Pension Scheme. The assets of the Pension Scheme are held separately from those of the Group in an independently administrated fund.

The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as an employee benefit expense when they are due and are reduced by contributions forfeited by those employees who leave the scheme prior to vesting fully in the contributions. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payment is available.

In addition, pursuant to the government regulations in the PRC, the Group is required to contribute an amount to certain retirement benefit schemes based on approximately 7% to 20% of the wages for the year/period of those employees in the PRC. The local municipal government undertakes to assume the retirement benefits obligations of those employees of the Group. Contributions to these retirement benefits schemes are charged to the consolidated statements of comprehensive income as incurred.

2.19 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.20 Financial guarantee contracts

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument. Such financial guarantees are given to banks on behalf of subsidiaries or related parties to secure loans and other banking facilities.

Financial guarantees are initially recognised in the financial statements at fair value on the date the guarantee was given. The fair value of a financial guarantee at the time of signature is zero because all guarantees are agreed on arm's length terms and the value of the premium agreed corresponds to the value of the guarantee obligation. No receivable for the future premiums is recognised. Subsequent to initial recognition, the Company's liabilities under such guarantees are measured at the higher of the initial amount, less amortisation of fees recognised in accordance with HKAS 18, and the best estimate of the amount required to settle the guarantee. These estimates are determined based on experience of similar transactions and history of past losses, supplemented by management's judgement. The fee income earned is recognised on a straight-line basis over the life of the guarantee. Any increase in the liability relating to guarantees is reported in the consolidated statements of comprehensive income in other operating expenses.

2.21 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of discounts returns and value added taxes. The Group recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Group's activities, as described below. The Group bases its estimates of return on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(i) Sales of goods — Apparel Supply Chain Servicing Business

The Group manufactures and sells a wide range of woven wear and knitwear products to a number of owners or agents of global reputable brands. Revenue from the sales of goods is recognised when the risk and reward of the goods has been transferred to the Wholesaler, which is usually at the date when an entity of the Group has delivered products to the Wholesaler, the Wholesaler has accepted the products, and there is no unfulfilled obligation that could affect the Wholesaler's acceptance of the products.

(ii) Sales of goods — Apparel Retail Business

The Group operates a chain of retail outlets for selling woven wear and knitwear products under the in-house apparel retail brands, namely the Unisex brand, as well as the sub-brands and the Republic Brands. Sales of goods are recognised when a group entity sells a product to the franchisees or the customers of self-operated or cooperative retail outlets.

It is the Group's policy to sell its products to franchised retail outlets with a right to exchange within the granted percentage. Accumulated experience is used to estimate and provide for such returns at the time of sale. The Group does not operate any loyalty programmes.

(iii) Interest income

Interest income is recognised using the effective interest method. When a loan and receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loan and receivables are recognised using the original effective interest rate.

(iv) Rental income

Rental income is recognised on a straight-line basis over the terms of the respective lease.

(v) Commission income

Commission income is recognised when the service is rendered and right to receive payment is established.

(vi) Dividend income

Dividend income is recognised when the right to receive payment is established.

2.22 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the consolidated statements of comprehensive income on a straight-line basis over the period of the lease.

The Group leases certain property, plant and equipment. Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased asset and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in borrowings. The interest element of the finance cost is charged to the consolidated statements of comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases are depreciated over the shorter of the useful life of the asset and the lease term.

2.23 Dividend distribution

Dividend distribution to the then shareholders of the companies now comprising the Group is recognised as a liability in the Group's consolidated statements of financial position in the period in which the dividends are approved by the directors.

3 Financial risk management

(a) Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, price risk, cash flow interest rate risk and fair value interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(1) Market risk

(i) Foreign exchange risk

The Group's foreign currency transactions are mainly denominated in RMB and HK\$. The majority of assets and liabilities are denominated in RMB and HK\$, and there are no significant assets and liabilities denominated in other currencies. The Group is subject to foreign exchange rate risk arising from future commercial transactions and recognised assets and liabilities which are denominated in a currency other than HK\$ or RMB, which are the functional currencies of the major operating companies now comprising the Group.

The exchange rate of RMB to HK\$ is subject to the rules and regulations of foreign exchange control promulgated by the PRC government. The Group manages its foreign currency risk by closely monitoring the movement of the foreign currency rates.

For companies with RMB as their functional currency, their businesses are principally conducted in RMB. The fluctuation of the exchange rates of RMB against foreign currencies has a limited impact on these companies' results of operations.

For companies with HK$ as their functional currency, their businesses are principally conducted in HK$, except that limited revenues from Apparel Supply Chain Servicing Business are denominated in other foreign currencies. Management of the Group monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

(ii) Price risk

The Group is exposed to equity securities price risk because of investments held by the Group and classified on the consolidated statements of financial position as financial assets at fair value through profit or loss. To manage its price risk arising from investments in equity securities, the Group closely monitors the movement of the share price that publicly traded.

(iii) Cash flow and fair value interest rate risk

The Group's exposure to interest rate risk arises mainly from cash and bank balances and borrowings. Cash and bank balances and borrowings at fixed rates expose the Group to fair value interest rate risk. Cash and bank balances and borrowings at variable rates expose the Group to cash flow interest rate risk.

As at 31 December 2009, 2010 and 2011 and 30 June 2012, the Group's cash and bank balances and borrowings were held at variable rates.

The interest rates and maturities of the Group's cash and bank balances and borrowings are disclosed in Notes 11 and 16.

Management monitors interest rate fluctuations to ensure that exposure to interest rate risk is within an acceptable level.

(2) Credit risk

Credit risk arises from cash and cash equivalents, restricted bank deposits and trade and other receivables. The carrying amounts or the undiscounted nominal amounts, where applicable, of each class of these financial assets represent the Group's maximum exposure to credit risk in relation to the corresponding class of financial assets.

To manage this risk, deposits are mainly placed with reputable financial institutions or with financial institutions which are controlled by the government. For Apparel Retail Business, sales made to franchisees or customers of self-operated retail outlets are usually settled by cash or credit cards. Certain percentage of deposits are required from cooperative partners. For Apparel Supply Chain Servicing Business, the Group has policies in place to ensure that sales are made to reputable and credit-worthy customers with an appropriate financial strength, credit history and after receiving an appropriate percentage of down payments. It also has other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition the Group reviews regularly the authorisation of credit limits to individual customers and recoverable amount of individual trade receivables to ensure that adequate impairment losses are made for non-recoverable amounts.

The table below shows the bank deposit balances of the major counterparties with or without external credit ratings as at 31 December 2009, 2010 and 2011 and 30 June 2012 as follows:

	As at 31 December			As at 30 June
	2009	2010	2011	2012
	HK$'000	HK$'000	HK$'000	HK$'000
Counterparties with external credit rating*				
A1	3,770	2,550	8,809	11,452
A2	2,372	2,311	14,898	4,038
Aa1	40,321	36,082	47,064	—
Aa2	10,725	10,559	11,940	32,684
Aa3	2,239	2,367	2,522	2,319
Baa2	30,222	25,283	27,411	30,935
	89,649	79,152	112,644	81,428
Counterparties without external credit rating				
Commercial banks in rural areas	36,090	5,495	13,430	23,993
Restricted bank deposits and cash in banks	125,739	84,647	126,074	105,421

* *The source of credit rating is from Moody's.*

The Group has concentration of credit risk. Sales of goods to the top five customers constituted HK$679,962,000, HK$911,981,000, HK$986,428,000 and HK$385,632,000 of the Group's revenue for the years ended 31 December 2009, 2010, 2011 and the six months ended 30 June 2012, respectively. The top five trade receivable balances accounted for approximately HK$108,227,000, HK$144,704,000 and HK$183,365,000 and HK$89,303,000 of the gross trade receivable balances as at 31 December 2009, 2010, 2011 and 30 June 2012, respectively. Collections of outstanding receivable balances are closely monitored on an ongoing basis to minimise such credit risk.

(3) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents and the availability of funding through an adequate amount of committed credit facilities. The Group finances its working capital requirements through a combination of funds generated from operations and bank borrowings.

The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period from the consolidated statements of financial position date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Specifically, for bank borrowings which contain a repayment on demand clause which can be exercised at the bank's sole discretion, the analysis shows the cash outflow based on the earliest period in which the entity can be required to pay, that is if the lenders were to invoke their unconditional rights to call the borrowings with immediate effect. The maturity analysis for other borrowings is prepared based on the scheduled repayment dates.

	On demand	Less than 1 Year	Between 1 and 2 years	Between 2 and 5 years	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 31 December 2009					
Bank borrowings subject to a repayment on demand clause	15,155	—	—	—	15,155
Other bank borrowings	—	32,005	—	—	32,005
Interest payments on borrowings *(Note)*	—	1,653	—	—	1,653
Trade and other payables*	—	254,088	—	—	254,088
Total	15,155	287,746	—	—	302,901
At 31 December 2010					
Bank borrowings subject to a repayment on demand clause	18,275	—	—	—	18,275
Other bank borrowings	—	16,000	—	—	16,000
Finance lease liabilities	—	1,010	1,019	255	2,284
Interest payments on borrowings *(Note)*	—	1,045	—	—	1,045
Derivative financial instruments (settled on gross basis)	—	12,102	—	—	12,102
Trade and other payables*	—	354,362	—	—	354,362
Total	18,275	384,519	1,019	255	404,068
At 31 December 2011					
Bank borrowings subject to a repayment on demand clause	3,116	—	—	—	3,116
Other bank borrowings	—	21,000	—	—	21,000
Finance lease liabilities	—	1,011	186	77	1,274
Interest payments on borrowings *(Note)*	—	1,064	—	—	1,064
Trade and other payables*	—	281,640	—	—	281,640
Total	3,116	304,715	186	77	308,094
At 30 June 2012					
Bank borrowings subject to a repayment on demand clause	7,646	—	—	—	7,646
Other bank borrowings	—	29,472	—	—	29,472
Finance lease liabilities	—	634	134	—	768
Interest payments on borrowings *(Note)*	—	1,187	—	—	1,187
Trade and other payables*	—	227,752	—	—	227,752
Total	7,646	259,045	134	—	266,825

* *Excluding advances from customers, other taxes payable and accrued payroll.*

Note: The interest on bank borrowings is calculated based on bank borrowings held as at 31 December 2009, 2010 and 2011 and 30 June 2012 and the applicable interest rate.

(b) Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as total borrowings divided by total equity.

The gearing ratio is calculated as follows:

	As at 31 December			As at 30 June
	2009	**2010**	**2011**	**2012**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Total borrowings *(Note 16)*	47,160	36,419	25,340	37,864
Total equity	30,976	34,588	104,868	63,604
Gearing ratio	152.2%	105.3%	24.2%	59.5%

(c) Fair value estimation

Financial instruments carried at fair value are measured by different valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The Group's financial assets at fair value through profit or loss are carried at fair value based on level 1 valuation method. The Group's derivative financial instruments are carried at fair value based on level 2 valuation method.

Other than the financial assets at fair value through profit or loss and derivative financial instruments, the carrying amount of the Group's other financial assets (including trade and other receivables, restricted bank deposits and cash and cash equivalents) and short-term liabilities (including trade and other payables and current borrowings) approximate their fair values due to their short-term maturities.

The fair value of financial liabilities for disclosure purpose is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

4 Critical accounting estimates and judgments

Estimates and judgements used in preparing the consolidated financial information are evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that may have a significant effect on the carrying amounts of assets and liabilities within the next financial period are discussed below.

(i) Current and deferred income taxes

Significant judgement is required in determining the provision for income tax. There are many transactions and calculations for which the ultimate determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such difference will impact the income tax and deferred tax provision in the period in which such determination is made.

Deferred tax assets relating to certain temporary differences and tax losses are recognised when management considers to be probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. The outcome of their actual utilisation may be different.

(ii) Net realisable value of inventories

Net realisable value of inventories is the estimated selling prices in the ordinary course of business less estimated selling expenses. These estimates are based on the current market condition and the historical experience of selling products of similar nature. It could change significantly as a result of changes in economic conditions in places where the Group operates and changes in customer taste and competitor actions in response to changes in market conditions. Management reassesses these estimates at each reporting date.

(iii) Impairment of receivables

The Group makes provision for impairment of receivables based on an assessment of the recoverability of the receivables. Provisions are applied to the receivables where events or changes in circumstances indicate that the balances may not be collectible. The identification of impairment requires the use of judgement and estimates. Where the expectation is different from the original estimate, such difference will impact the carrying value of the receivables and provision for impaired receivables in the period in which such estimate has been changed.

5 Revenue and segment information

(a) Revenue

The Group is principally engaged in the Apparel Supply Chain Servicing Business and Apparel Retail Business. Revenue recognised during the Relevant Periods was as follows:

	Year ended 31 December			**Six months ended 30 June**	
	2009	**2010**	**2011**	**2011**	**2012**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
Apparel Supply Chain Servicing Business	799,060	1,059,654	1,118,404	471,155	419,919
Apparel Retail Business	31,147	44,067	49,530	22,872	26,890
	830,207	1,103,721	1,167,934	494,027	446,809

(b) Segment information

Management reviews the Group's internal reporting in order to assess performance and allocate resource. Management has determined the operating segments based on the internal reports reviewed by the directors of the companies now comprising the Group that are used to make strategic decisions.

Management assesses the performance of the Group from sales channel perspective which included sales to a number of owners or agents of global reputable brands and sales to end customers or other retailers. Management assesses the performance of the operating segments based on a measure of adjusted operating profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Other gains/(losses) — net, finance costs — net (including finance costs and finance income) and income tax expense are managed on a group basis and are not allocated to operating segments.

Segment assets consist primarily of property, plant and equipment, intangible assets, inventories, trade and other receivables, prepayments and cash and bank balances. They exclude amounts due from related parties, deferred income tax assets and financial assets at fair value through profit or loss.

Segment liabilities comprise operating liabilities. They exclude borrowings, deferred income tax liabilities, current income tax liabilities, dividend payables, derivative financial instruments and amounts due to related parties.

The segment results for the year ended 31 December 2009:

	Apparel Supply Chain Servicing Business	**Apparel Retail Business**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
Segment revenue	799,060	31,147	830,207
Segment results	32,441	1,562	34,003
Other gains — net			351
Finance costs — net			(2,239)
Profit before income tax			32,115
Income tax expense			(8,734)
Profit for the year			23,381

Other segment items included in the consolidated statements of comprehensive income:

	Apparel Supply Chain Servicing Business	**Apparel Retail Business**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
Depreciation of property, plant and equipment	5,363	168	5,531

The segment assets and liabilities as at 31 December 2009 were as follows:

	Apparel Supply Chain Servicing Business	Apparel Retail Business	Unallocated	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Total assets	332,413	24,652	9,717	366,782
Total liabilities	(236,218)	(30,973)	(68,615)	(335,806)

The segment results for the year ended 31 December 2010:

	Apparel Supply Chain Servicing Business	Apparel Retail Business	Total
	HK$'000	*HK$'000*	*HK$'000*
Segment revenue	1,059,654	44,067	1,103,721
Segment results	35,533	118	35,651
Other gains — net			94
Finance costs — net			(2,570)
Profit before income tax			33,175
Income tax expense			(11,660)
Profit for the year			21,515

Other segment items included in the consolidated statements of comprehensive income:

	Apparel Supply Chain Servicing Business	Apparel Retail Business	Total
	HK$'000	*HK$'000*	*HK$'000*
Depreciation of property, plant and equipment	7,147	79	7,226
Amortisation of intangible assets	—	3	3

The segment assets and liabilities as at 31 December 2010 were as follows:

	Apparel Supply Chain Servicing Business	Apparel Retail Business	Unallocated	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Total assets	423,915	41,292	15,225	480,432
Total liabilities	(301,975)	(47,491)	(96,378)	(445,844)

The segment results for the year ended 31 December 2011:

	Apparel Supply Chain Servicing Business	Apparel Retail Business	Total
	HK$'000	*HK$'000*	
Segment revenue	1,120,181	49,530	1,169,711
Inter-segment revenue	(1,777)	—	(1,777)
Revenue from external customers	1,118,404	49,530	1,167,934
Segment results	116,740	462	117,202
Other gains — net			654
Finance costs — net			(4,450)
Profit before income tax			113,406
Income tax expense			(29,569)
Profit for the year			83,837

Other segment items included in the consolidated statements of comprehensive income:

	Apparel Supply Chain Servicing Business	Apparel Retail Business	Total
	HK$'000	*HK$'000*	*HK$'000*
Depreciation of property, plant and equipment	7,789	116	7,905
Amortisation of intangible assets	1	19	20

The segment assets and liabilities as at 31 December 2011 were as follows:

	Apparel Supply Chain Servicing Business	Apparel Retail Business	Unallocated	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Total assets	398,677	56,665	18,560	473,902
Total liabilities	(232,977)	(62,451)	(73,606)	(369,034)

The segment results for the period ended 30 June 2011 (unaudited):

	Apparel Supply Chain Servicing Business	Apparel Retail Business	Total
	HK$'000	*HK$'000*	*HK$'000*
Segment revenue	471,155	22,872	494,027
Segment results	37,108	1,444	38,552
Other losses — net			(837)
Finance costs — net			(3,429)
Profit before income tax			34,286
Income tax expense			(13,920)
Profit for the period			20,366

Other segment items included in the consolidated statements of comprehensive income (unaudited):

	Apparel Supply Chain Servicing Business	Apparel Retail Business	Total
	HK$'000	*HK$'000*	*HK$'000*
Depreciation of property, plant and equipment	3,880	59	3,939
Amortisation of intangible assets	—	12	12

The segment assets and liabilities as at 30 June 2011 were as follows (unaudited):

	Apparel Supply Chain Servicing Business	Apparel Retail Business	Unallocated	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Total assets	367,639	38,857	63,272	469,768
Total liabilities	(246,174)	(44,121)	(123,038)	(413,333)

The segment results for the period ended 30 June 2012:

	Apparel Supply Chain Servicing Business	Apparel Retail Business	Total
	HK$'000	*HK$'000*	*HK$'000*
Segment revenue	426,702	26,890	453,592
Inter-segment revenue	(6,783)	—	(6,783)
Revenue from external customers	419,919	26,890	446,809
Segment results	31,196	(3,572)	27,624
Other losses — net			(394)
Finance costs — net			(838)
Profit before income tax			26,392
Income tax expense			(5,182)
Profit for the period			21,210

Other segment items included in the consolidated statements of comprehensive income:

	Apparel Supply Chain Servicing Business	Apparel Retail Business	Total
	HK$'000	*HK$'000*	*HK$'000*
Depreciation of property, plant and equipment	3,300	900	4,200
Amortisation of intangible assets	2	16	18

The segment assets and liabilities as at 30 June 2012 were as follows:

	Apparel Supply Chain Servicing Business	Apparel Retail Business	Unallocated	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Total assets	316,256	42,262	3,279	361,797
Total liabilities	(182,159)	(49,624)	(66,410)	(298,193)

6 Property, plant and equipment

	Land and buildings	Leasehold improvements	Furniture and fixtures	Office equipment	Machinery	Motor vehicles	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January 2009							
Cost	—	7,963	1,818	4,335	25,747	1,742	41,605
Accumulated depreciation	—	(2,105)	(1,057)	(2,135)	(7,135)	(729)	(13,161)
Net book amount	—	5,858	761	2,200	18,612	1,013	28,444
Year ended 31 December 2009							
Opening net book amount	—	5,858	761	2,200	18,612	1,013	28,444
Additions	—	5,893	11	539	2,787	1,676	10,906
Acquisition of a subsidiary	—	—	—	7	—	—	7
Disposals	—	—	—	—	—	(200)	(200)
Depreciation charge *(Notes 20 and 28(a))*	—	(1,106)	(273)	(875)	(2,690)	(587)	(5,531)
Closing net book amount	—	10,645	499	1,871	18,709	1,902	33,626
At 31 December 2009							
Cost	—	13,856	1,829	4,881	28,534	2,902	52,002
Accumulated depreciation	—	(3,211)	(1,330)	(3,010)	(9,825)	(1,000)	(18,376)
Net book amount	—	10,645	499	1,871	18,709	1,902	33,626
Year ended 31 December 2010							
Opening net book amount	—	10,645	499	1,871	18,709	1,902	33,626
Additions	16,514	747	175	845	1,634	3,434	23,349
Depreciation charge *(Notes 20 and 28(a))*	(149)	(1,733)	(192)	(905)	(3,204)	(1,043)	(7,226)
Closing net book amount	16,365	9,659	482	1,811	17,139	4,293	49,749
At 31 December 2010							
Cost	16,514	14,603	2,004	5,726	30,168	6,336	75,351
Accumulated depreciation	(149)	(4,944)	(1,522)	(3,915)	(13,029)	(2,043)	(25,602)
Net book amount	16,365	9,659	482	1,811	17,139	4,293	49,749
Year ended 31 December 2011							
Opening net book amount	16,365	9,659	482	1,811	17,139	4,293	49,749
Additions	—	160	119	468	2,305	164	3,216
Disposals	(15,919)	—	—	—	—	(30)	(15,949)
Depreciation charge *(Notes 20 and 28(a))*	(446)	(1,703)	(209)	(1,092)	(3,179)	(1,276)	(7,905)
Closing net book amount	—	8,116	392	1,187	16,265	3,151	29,111
At 31 December 2011							
Cost	—	14,763	2,123	6,194	32,473	6,198	61,751
Accumulated depreciation	—	(6,647)	(1,731)	(5,007)	(16,208)	(3,047)	(32,640)
Net book amount	—	8,116	392	1,187	16,265	3,151	29,111

	Land and buildings	Leasehold improvements	Furniture and fixtures	Office equipment	Machinery	Motor vehicles	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Six months ended 30 June 2011 (Unaudited)							
Opening net book amount	16,365	9,659	482	1,811	17,139	4,293	49,749
Additions	—	160	76	111	808	53	1,208
Depreciation charge *(Notes 20 and 28(a))*	(223)	(830)	(106)	(394)	(1,737)	(649)	(3,939)
Closing net book amount	16,142	8,989	452	1,528	16,210	3,697	47,018
At 30 June 2011 (Unaudited)							
Cost	16,514	14,763	2,080	5,837	30,976	6,389	76,559
Accumulated depreciation	(372)	(5,774)	(1,628)	(4,309)	(14,766)	(2,692)	(29,541)
Net book amount	16,142	8,989	452	1,528	16,210	3,697	47,018
Six months ended 30 June 2012							
Opening net book amount	—	8,116	392	1,187	16,265	3,151	29,111
Additions	—	1,869	3,612	129	68	167	5,845
Disposals	—	—	—	—	—	(51)	(51)
Depreciation charge *(Notes 20 and 28(a))*	—	(1,128)	(580)	(360)	(1,541)	(591)	(4,200)
Closing net book amount	—	8,857	3,424	956	14,792	2,676	30,705
At 30 June 2012							
Cost	—	16,632	5,735	6,323	32,541	5,170	66,401
Accumulated depreciation	—	(7,775)	(2,311)	(5,367)	(17,749)	(2,494)	(35,696)
Net book amount	—	8,857	3,424	956	14,792	2,676	30,705

As at 31 December 2010, office buildings with net book value of approximately HK$16,365,000 were pledged for the borrowings of the Group (Note 16).

During the year ended 31 December 2011, Speedy Garment disposed its office buildings to Shing Fun International Industrial Limited ("Shing Fun International") at a consideration of HK$20,000,000 (Note 30(a)(vii)). The disposal resulted in a gain of HK$4,081,000 which has recognised as other gains in the consolidated statements of comprehensive income (Note 19). The pledge for borrowings was released following the disposal of the office buildings.

Depreciation expense has been charged to the consolidated statements of comprehensive income as follows:

	Year ended 31 December			Six months ended 30 June	
	2009	**2010**	**2011**	**2011**	**2012**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
Cost of sales	4,242	5,687	6,056	2,938	3,082
Administrative expenses	1,289	1,539	1,849	1,001	1,118
	5,531	7,226	7,905	3,939	4,200

Motor vehicles include the following amounts where the Group is a lessee under a finance lease:

	As at 31 December			As at 30 June
	2009	2010	2011	2012
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Cost — capitalised finance leases	—	3,170	3,170	3,170
Accumulated depreciation	—	(423)	(1,057)	(1,374)
Net book amount	—	2,747	2,113	1,796

The Group leases various motor vehicles under non-cancellable finance lease agreements. The lease terms are between 3 and 5 years. After the lease term, the ownership of the assets lies within the Group.

7 Intangible assets

	Computer software	Trade marks	Total
	HK$'000	*HK$'000*	*HK$'000*
At 1 January 2009			
Cost	—	—	—
Accumulated amortisation	—	—	—
Net book amount	—	—	—
Year ended 31 December 2009			
Addition	3	—	3
Amortisation *(Notes 20 and 28(a))*	—	—	—
Closing net book amount	3	—	3
At 31 December 2009			
Cost	3	—	3
Accumulated amortisation	—	—	—
Net book amount	3	—	3
Year ended 31 December 2010			
Opening net book amount	3	—	3
Addition	2	100	102
Amortisation *(Notes 20 and 28(a))*	(1)	(2)	(3)
Closing net book amount	4	98	102
At 31 December 2010			
Cost	5	100	105
Accumulated amortisation	(1)	(2)	(3)
Net book amount	4	98	102

	Computer software	Trade marks	Total
	HK$'000	*HK$'000*	*HK$'000*
Year ended 31 December 2011			
Opening net book amount	4	98	102
Addition	58	2	60
Amortisation *(Notes 20 and 28(a))*	(10)	(10)	(20)
Closing net book amount	52	90	142
At 31 December 2011			
Cost	63	102	165
Accumulated amortisation	(11)	(12)	(23)
Net book amount	52	90	142
Six months ended 30 June 2012			
Opening net book amount	52	90	142
Addition	29	62	91
Amortisation *(Notes 20 and 28(a))*	(7)	(11)	(18)
Closing net book amount	74	141	215
At 30 June 2012			
Cost	92	164	256
Accumulated amortisation	(18)	(23)	(41)
Net book amount	74	141	215

Amortisation of the Group's intangible assets has been charged to administrative expenses in the consolidated statements of comprehensive income.

8 Inventories

	As at 31 December			As at 30 June
	2009	2010	2011	2012
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Raw materials	9,815	8,303	12,780	14,677
Work in progress	19,462	25,676	25,344	17,288
Finished goods	24,794	59,347	35,125	43,456
	54,071	93,326	73,249	75,421
Less: provision for impairment of inventories	(3,000)	(3,781)	(3,000)	(4,000)
	51,071	89,545	70,249	71,421

The cost of inventories recognised as expense and include in "cost of sales" amounted to HK$736,484,000, HK$995,866,000, HK$965,701,000, HK$424,718,000 and HK$366,975,000 for each of the years ended 31 December 2009, 2010 and 2011 and the six months ended 30 June 2011 and 2012, respectively.

9 Trade and other receivables

	As at 31 December			As at 30 June
	2009	2010	2011	2012
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Trade receivables	122,529	172,589	206,422	122,086
— Due from third parties	122,529	172,589	204,709	122,086
— Due from related parties *(Note 30(b))*	—	—	1,713	—
Other receivables	16,229	20,439	24,697	8,407
— Due from third parties	8,461	7,358	8,484	8,407
— Due from related parties *(Note 30(b))*	7,768	13,081	16,213	—
	138,758	193,028	231,119	130,493
Less: provision for impairment of receivables	(196)	(196)	—	—
	138,562	192,832	231,119	130,493

The carrying amounts of trade and other receivables approximate their fair values.

As at 31 December 2009, the Group pledged trade receivables of HK$10,000,000 to secure a bank borrowing amounting to HK$9,005,000 (Note 16(a)(iii)). The pledge was released in 2010.

As at 30 June 2012, the Group pledged trade receivables of HK$14,000,000 to secure a bank borrowing amounting to HK$602,000 (Note 16(a)(iii)).

For Apparel Retail Business: franchisees or consumers who purchase from self-operated retail outlets usually pay at the time of purchase by cash or credit card; cooperative partners are required to settle payments through bank transfer on a monthly basis. For Supply Chain Servicing Business, credit terms granted to customers by the Group were usually 30 to 90 days. The aging analysis of trade receivables as at 31 December 2009, 2010 and 2011 and 30 June 2012 was as follows:

	As at 31 December			As at 30 June
	2009	2010	2011	2012
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
0 to 30 days	97,656	149,784	151,414	83,080
31 to 90 days	22,695	18,020	48,596	27,707
91 to 180 days	1,938	4,615	5,702	8,081
Over 181 days	240	170	710	3,218
	122,529	172,589	206,422	122,086

As at 31 December 2009, 2010 and 2011 and 30 June 2012, the Group's trade receivables were from customers with good credit history and low default rate.

As at 31 December 2009, 2010 and 2011 and 30 June 2012, trade receivables of HK$2,178,000, HK$4,785,000, HK$6,412,000 and HK$11,299,000 were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables was as follows:

	As at 31 December			As at 30 June
	2009	**2010**	**2011**	**2012**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
91 to 180 days	1,938	4,615	5,702	8,081
Over 181 days	240	170	710	3,218
	2,178	4,785	6,412	11,299

The carrying amounts of the Group's trade and other receivables were denominated in the following currencies:

	As at 31 December			As at 30 June
	2009	**2010**	**2011**	**2012**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
RMB	80,112	137,951	141,251	76,295
HK$	55,358	49,564	80,958	40,876
Other currencies	3,288	5,513	8,910	13,322
	138,758	193,028	231,119	130,493

Movements of the provision for impairment of other receivables are as follows:

	As at 31 December			As at 30 June
	2009	**2010**	**2011**	**2012**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Beginning of year/period	196	196	196	—
Receivables written-off during the year/period as uncollectible	—	—	(196)	—
End of year/period	196	196	—	—

10 Prepayments

	As at 31 December			As at 30 June
	2009	**2010**	**2011**	**2012**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Prepayments for purchases of raw materials, processing fee, consumables and insurance				
— Due from third parties	15,467	57,577	14,752	19,912
— Due from a related party *(Note 30(b))*	—	2,625	—	—
	15,467	60,202	14,752	19,912

11 Cash and cash balances

	As at 31 December			As at 30 June
	2009	**2010**	**2011**	**2012**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Cash and cash equivalents	99,442	54,122	93,486	71,455
Restricted bank deposits *(Notes (a) and (b))*	26,662	31,736	32,696	34,317
	126,104	85,858	126,182	105,772

(a) The effective interest rates per annum on bank deposits, with maturities ranging from seven days to twelve months, were approximately 1.1%, 0.8%, 1.7% and 1.3% as at 31 December 2009, 2010 and 2011 and 30 June 2012, respectively.

(b) The restricted cash represented cash held at banks pledged for bills payables (note 14) and bank borrowings (note 16).

The Group's cash and cash balances are denominated in the following currencies:

	As at 31 December			As at 30 June
	2009	**2010**	**2011**	**2012**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
RMB	43,149	31,827	66,281	59,341
HK$	72,556	50,706	54,895	44,626
USD	7,719	2,562	4,836	1,638
Other currencies	2,680	763	170	167
	126,104	85,858	126,182	105,772

12 Share capital

Share capital

Company	**Number of ordinary shares**	**Nominal value of ordinary shares**	**Equivalent nominal value of ordinary shares**
			HK$'000
Authorised:			
Ordinary shares of HK$0.10 each upon incorporation on 28 September 2011	1,000,000	HK$100,000	
Issued and fully paid:			
Ordinary shares of HK$0.10 each at 28 September 2011 and 31 December 2011 *(Note a)*	1	HK$ 0.1	—
Issue of ordinary shares for reorganisation *(Note b)*	999,999	HK$99,999	—
At 30 June 2012	1,000,000	HK$100,000	—

Notes:

(a) The Company was incorporated in the Cayman Islands on 28 September 2011 as a limited liability company with authorised share capital of 1,000,000 ordinary shares of HK$0.10 each. On the same date, one ordinary share of HK$0.10 was allotted at par to Sky Halo. Since the Company had not been legally incorporated as at 31 December 2009 and 2010, no share capital was presented at the respective dates.

(b) On 2 January 2012, as described in Note 1.2 of Section II, the Company allotted and issued 944,842 shares and 55,157 shares (totalling 999,999 shares) to Sky Halo and Obvious Success respectively.

13 Other reserves

	Exchange reserve	Statutory reserve	Merger reserve	Capital reserve	Total reserves
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
		(Note (a))	*(Note (b))*		
At 1 January 2009	12,608	867	489	—	13,964
Currency translation differences	621	—	—	—	621
Contribution from shareholders on acquisition of a subsidiary	—	—	10	—	10
Additional capital contribution made to a subsidiary	—	—	568	—	568
Appropriation to statutory reserves	—	703	—	—	703
At 31 December 2009	13,229	1,570	1,067	—	15,866
Currency translation differences	2,597	—	—	—	2,597
Contribution from shareholders on acquisition of a subsidiary	—	—	706	—	706
Appropriation to statutory reserves	—	1,245	—	—	1,245
At 31 December 2010	15,826	2,815	1,773	—	20,414
Currency translation differences	2,453	—	—	—	2,453
Loss arising from acquisition of additional interests in a subsidiary from non-controlling interests	—	—	—	(88)	(88)
Contribution from shareholders on acquisition of additional interests in a subsidiary	—	—	294	—	294
Additional capital contribution made to a subsidiary	—	—	990	—	990
Appropriation to statutory reserves	—	908	—	—	908
At 31 December 2011	18,279	3,723	3,057	(88)	24,971
Currency translation differences	(583)	—	—	—	(583)
Issue of ordinary shares for reorganisation	—	—	(100)	—	(100)
At 30 June 2012	17,696	3,723	2,957	(88)	24,288

(a) Statutory reserves

In accordance with PRC regulations and the Articles of Association of the PRC companies, the PRC companies in the Group are required to make appropriations from net profits to the statutory reserve, after offsetting accumulated losses from prior years, and before profit distributions are made to investors. The percentages of profits to be appropriated to the above funds are determined by the board of directors of the PRC companies.

The principal PRC subsidiary of the Group appropriates 10% of its net profit as shown in the accounts prepared under PRC generally accepted accounting principles to statutory reserve, until the reserve reaches 50% of the registered capital. Appropriation of the statutory reserve must be made before distribution of dividends to equity holders.

(b) Merger reserve

The Company was incorporated on 28 September 2011 and the Reorganisation was completed on 2 January 2012. For the purpose of the Financial Information, the merger reserve in the consolidated statements of financial position as at 31 December 2009, 2010 and 2011 primarily represented the aggregate amount of share capital of the companies now comprising the Group.

At 30 June 2012, merger reserve of the Group represented the difference between the share capital of the subsidiaries acquired pursuant to the Reorganisation as disclosed in Note 1.2 over the nominal value of the share capital of the Company issued in exchange thereof.

14 Trade and other payables

(a) Group

	As at 31 December			As at 30 June
	2009	**2010**	**2011**	**2012**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Trade payables	146,249	161,447	176,683	159,928
— Due to third parties	120,978	160,421	172,912	150,567
— Due to related parties *(Note 30(b))*	25,271	1,026	3,771	9,361
Advances from customers	6,420	1,853	738	1,122
Other taxes payables	13,993	13,182	19,490	10,387
Deposits received	16,125	77,091	14,345	1,223
Bills payable *(Note (a))*	59,748	71,062	58,973	43,250
Accrued expenses	16,863	17,153	18,491	9,913
Accrued payroll	6,927	6,443	5,418	4,111
Other payables	866	1,235	1,290	1,849
Due to related parties *(Note 30(b))*	14,237	26,374	11,858	11,589
	281,428	375,840	307,286	243,372

(a) The bills payable are pledged by restricted cash (Note 11) and secured by guarantees provided by related parties and subsidiaries (Note 30(a)(ix)).

(b) The credit period granted by its principal suppliers ranges from 30 to 90 days.

(c) Ageing analysis of trade payables was as follows:

	As at 31 December			As at 30 June
	2009	2010	2011	2012
	HK$'000	HK$'000	HK$'000	HK$'000
0 to 30 days	67,456	95,077	114,274	78,622
31 to 90 days	60,704	31,427	49,859	64,980
91 to 180 days	13,117	11,841	5,642	12,288
Over 181 days	4,972	23,102	6,908	4,038
	146,249	161,447	176,683	159,928

(d) The carrying amounts of trade and other payables approximated their fair values and were denominated in the following currencies:

	As at 31 December			As at 30 June
	2009	2010	2011	2012
	HK$'000	HK$'000	HK$'000	HK$'000
RMB	233,133	336,096	210,960	175,877
HK$	47,987	36,307	90,393	57,026
Other currencies	308	3,437	5,933	10,469
	281,428	375,840	307,286	243,372

(b) Company

	As at 31 December			As at 30 June
	2009	2010	2011	2012
	HK$'000	HK$'000	HK$'000	HK$'000
Due to a related party	—	—	2,033	2,033

The amount is due to Mr. Huang, and is unsecured and interest free.

15 Derivative financial instruments

Amount represented fair value of forward foreign exchange contract intended to hedge for future sales orders denominated in foreign currency. The derivative is not qualified for hedge accounting and is classified as "current asset or liability". The notional principal amount of the outstanding forward foreign exchange contract as at 31 December 2010 was Singapore dollar 2,000,000. The forward foreign exchange contract was settled during 2011.

16 Borrowings

	As at 31 December			As at 30 June
	2009	2010	2011	2012
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Non-current				
Finance lease liabilities	—	1,225	253	130
Current				
Portion of borrowings from banks due for repayment within one year	37,910	22,968	24,116	37,118
Portion of borrowings from banks due for repayment after one year which contain a repayment on demand clause	9,250	11,307	—	—
Bank borrowings	47,160	34,275	24,116	37,118
Finance lease liabilities	—	919	971	616
	47,160	35,194	25,087	37,734
Total borrowings	47,160	36,419	25,340	37,864
Representing:				
Bank borrowings *(Note (a))*	47,160	34,275	24,116	37,118
Finance lease liabilities *(Note (b))*	—	2,144	1,224	746
Total borrowings	47,160	36,419	25,340	37,864

(a) Bank borrowings

(i) As at each of the reporting date, the Group's borrowings were repayable as follows:

	As at 31 December			As at 30 June
	2009	2010	2011	2012
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Within one year	37,910	22,968	24,116	37,118
Bank borrowings due for repayment after one year(*)				
More than 1 year but not exceeding 2 years	5,068	6,082	—	—
More than 2 years but not exceeding 5 years	4,182	5,225	—	—
	47,160	34,275	24,116	37,118

* The amounts due are based on the scheduled repayment dates set out in the loan agreements and ignore the effect of any repayment on demand clause.

(ii) The weighted average effective interest rates (per annum) at the respective reporting date were as follows:

	As at 31 December			As at 30 June
	2009	**2010**	**2011**	**2012**
HK$ bank borrowings	3.51%	2.84%	3.06%	3.20%

(iii) The Group's bank borrowings were secured/guaranteed by the following:

	As at 31 December			As at 30 June
	2009	**2010**	**2011**	**2012**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Secured by trade receivables *(Note 9)* and guarantees provided by related parties and subsidiaries *(Note 30(a))*	9,005	—	—	602
Secured by property, plant and equipment *(Note 6)* and guarantees provided by related parties and subsidiaries *(Note 30(a))*	—	9,025	—	—
Secured by restricted cash *(Note 11)* and guarantees provided by related parties and subsidiaries *(Note 30(a))*	10,000	—	—	—
Secured by guarantees provided by related parties *(Note 30(a))*	28,155	25,250	24,116	36,516
	47,160	34,275	24,116	37,118

According to the letter of release of guarantees issued by the respective banks, all the guarantees provided by the related parties would be released, upon the successful listing of the Company's shares on The Stock Exchange of Hong Kong Limited.

(iv) The exposure of the Group's bank borrowings to interest rate changes and the contractual repricing dates were all within one year.

(v) The carrying amounts of the Group's bank borrowings were denominated in the following currencies:

	As at 31 December			As at 30 June
	2009	**2010**	**2011**	**2012**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
HK$	47,160	34,275	24,116	37,118

(vi) All the borrowings are at variable rates and their carrying amounts approximate the fair value.

(b) Finance lease liabilities

Lease liabilities were effectively secured as the rights to the leased asset would be reverted to the lessor in the event of default.

	As at 31 December			As at 30 June
	2009	**2010**	**2011**	**2012**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Gross finance lease liabilities — minimum lease payments				
No later than 1 year	—	1,010	1,011	634
Later than 1 year and no later than 5 years	—	1,274	263	134
	—	2,284	1,274	768
Future finance charges on finance leases	—	(140)	(50)	(22)
Present value of finance lease liabilities	—	2,144	1,224	(746)
The present value of finance lease liabilities is as follows:				
No later than 1 year	—	919	971	616
Later than 1 year and no later than 5 years	—	1,225	253	130
	—	2,144	1,224	746

17 Deferred income tax assets and liabilities

There were no offsetting of deferred income tax assets and liabilities as at 31 December 2009, 2010 and 2011 and 30 June 2012. The analysis of deferred tax assets and deferred tax liabilities was as follows:

	As at 31 December			As at 30 June
	2009	**2010**	**2011**	**2012**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Deferred tax assets:				
— deferred tax assets to be recovered after 12 months	1,949	2,144	2,347	3,279
— deferred tax assets to be recovered within 12 months	—	—	—	—
	1,949	2,144	2,347	3,279
Deferred tax liabilities:				
— deferred tax liabilities to be recovered after 12 months	(546)	(413)	(651)	(76)
— deferred tax liabilities to be recovered within 12 months	—	—	—	—
	(546)	(413)	(651)	(76)
	1,403	1,731	1,696	3,203

The movement on the deferred income tax account was as follows:

	Year ended 31 December			Six months ended 30 June	
	2009	**2010**	**2011**	**2011**	**2012**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
At beginning of year/period	973	1,403	1,731	1,731	1,696
Credited/(charged) to the consolidated statements of comprehensive income *(Note 23)*	430	328	(35)	(200)	1,507
At ending of year/period	1,403	1,731	1,696	1,531	3,203

The movement in deferred income tax asset during the Relevant Periods was as follows:

Deferred tax assets	**Provisions for pension, impairment of inventories and tax losses**
	HK$'000
At 1 January 2009	1,643
Credited to the consolidated statements of comprehensive income	306
At 31 December 2009	1,949
At 1 January 2010	1,949
Credited to the consolidated statements of comprehensive income	195
At 31 December 2010	2,144
At 1 January 2011	2,144
Credited to the consolidated statements of comprehensive income	203
At 31 December 2011	2,347
At 1 January 2012	2,347
Credited to the consolidated statements of comprehensive income	932
At 30 June 2012	3,279

Deferred tax liabilities	Accelerated tax depreciation
	HK$'000
At 1 January 2009	(670)
Credited to the consolidated statements of comprehensive income	124
At 31 December 2009	(546)
At 1 January 2010	(546)
Credited to the consolidated statements of comprehensive income	133
At 31 December 2010	(413)
At 1 January 2011	(413)
Charged to the consolidated statements of comprehensive income	(238)
At 31 December 2011	(651)
At 1 January 2012	(651)
Credited to the consolidated statements of comprehensive income	575
At 30 June 2012	(76)

The Group did not recognise the following deferred income tax assets:

	As at 31 December			As at 30 June
	2009	2010	2011	2012
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Deferred income tax assets for:				
— companies established in the PRC	—	—	—	—
— companies established in Hong Kong	45	100	100	165
Derived from the respective tax losses of:				
— companies established in the PRC whose losses will expire within a period of 5 years	—	—	—	—
— companies established in Hong Kong whose losses are not subject to any expiry term	45	100	100	165

18 Other income

	Year ended 31 December			Six months ended 30 June	
	2009	**2010**	**2011**	**2011**	**2012**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
Rental income from subcontractors	2,634	6,066	8,313	4,110	2,394
Commission income from consignment sales service through retail outlets *(Note 30(a))*	3,286	4,920	2,739	1,733	—
Dividend from financial assets at fair value through profit or loss	—	—	172	172	—
Others	—	—	427	354	—
	5,920	10,986	11,651	6,369	2,394

19 Other gains/(losses) — net

	Year ended 31 December			Six months ended 30 June	
	2009	**2010**	**2011**	**2011**	**2012**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
Gain/(loss) on disposal of property, plant and equipment *(Notes 28(a) and (b))*	(12)	—	4,081	—	110
Net foreign exchange gains/(losses)	399	226	1,353	611	(212)
Losses on financial assets at fair value through profit or loss	—	—	(4,557)	(800)	—
Loss on derivative financial instrument	—	(132)	(67)	(559)	—
Others	(36)	—	(156)	(89)	(292)
	351	94	654	(837)	(394)

20 Expenses by nature

Expenses included in cost of sales, selling expenses and administrative expenses are analysed as follows:

	Year ended 31 December			Six months ended 30 June	
	2009	2010	2011	2011	2012
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
Changes in inventories of finished goods and work in progress	5,680	(34,051)	25,444	5,277	3,401
Raw materials and consumables used, processing fee paid and merchandise purchased	630,709	947,987	879,281	384,338	344,635
Employee benefit expenses *(Note 21)*	98,791	82,476	67,948	36,533	30,886
Rental expenses	20,409	24,678	24,997	13,196	10,996
Transportation expenses	8,576	11,469	8,705	4,223	3,342
Depreciation and amortisation *(Notes 6 and 7)*	5,531	7,229	7,925	3,951	4,218
Travelling expenses	4,181	5,060	5,513	1,900	2,135
Promoting expenses	3,299	3,772	2,828	1,846	1,280
Repair and maintenance expenses	1,309	962	3,526	445	682
Bank charges	1,439	1,616	2,973	713	732
Auditors' remuneration	157	166	228	8	353
Utilities	3,847	1,917	1,988	846	560
Entertainment expenses	3,239	6,008	4,913	2,781	1,683
Provision for impairment of inventories *(Note 8)*	—	781	—	—	1,000
Professional service fees in respect of listing preparation	—	—	6,572	—	6,221
Others	14,957	18,986	19,542	5,787	9,455
Total cost of sales, selling expenses and administrative expenses	802,124	1,079,056	1,062,383	461,844	421,579

21 Employee benefit expenses

	Year ended 31 December			Six months ended 30 June	
	2009	2010	2011	2011	2012
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
Wages, salaries and bonuses	86,152	69,267	53,187	29,766	22,306
Directors' and senior management's emoluments *(Note 27 and 30(a))*	6,969	8,206	10,002	4,316	5,614
Social security costs	1,331	1,349	1,837	790	1,042
Welfare and allowances	4,339	3,654	2,922	1,661	1,924
	98,791	82,476	67,948	36,533	30,886

22 Finance income and costs

	Year ended 31 December			Six months ended 30 June	
	2009	2010	2011	2011	2012
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
Finance costs					
— Interest expense on bank borrowings	(2,484)	(2,666)	(4,921)	(3,544)	(1,247)
— Financial lease liabilities	—	(137)	(92)	(59)	(42)
	(2,484)	(2,803)	(5,013)	(3,603)	(1,289)
Finance income					
— Interest income on short-term bank deposits	245	233	563	174	451
Net finance costs	(2,239)	(2,570)	(4,450)	(3,429)	(838)

23 Income tax expense

	Year ended 31 December			Six months ended 30 June	
	2009	2010	2011	2011	2012
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
Current income tax					
— PRC corporate income tax	4,602	6,540	20,365	9,839	2,217
— Hong Kong profits tax	3,797	4,664	6,910	2,420	4,184
	8,399	11,204	27,275	12,259	6,401
Deferred tax *(Note 17)*	(430)	(328)	35	200	(1,507)
Corporate income tax	7,969	10,876	27,310	12,459	4,894
Withholding tax	765	784	2,259	1,461	288
Income tax expense *(Note 28(a))*	8,734	11,660	29,569	13,920	5,182

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the combined entities in the respective jurisdictions as follows:

	Year ended 31 December			Six months ended 30 June	
	2009	**2010**	**2011**	**2011**	**2012**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
Profit before income tax	32,115	33,175	113,406	34,286	26,392
Tax calculated at rates applicable to profits of the combined entities in the respective jurisdictions	5,533	5,730	23,766	7,348	4,841
Utilisation of previously unrecognised tax losses	(80)	(69)	—	—	—
Expenses not deductible for tax purposes	2,516	5,215	3,544	5,111	53
Withholding tax	765	784	2,259	1,461	288
Tax charge	8,734	11,660	29,569	13,920	5,182

(i) Cayman Islands profits tax

The Company has not been subject to any taxation in the Cayman Islands.

(ii) Hong Kong profits tax

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profit for the years ended 31 December 2009, 2010 and 2011 and the six months ended 30 June 2011 and 2012, respectively.

*(iii) PRC enterprise income tax ("**EIT**")*

EIT is provided on the assessable income of entities within the Group incorporated in the PRC.

Pursuant to the PRC Enterprise Income Tax Law (the "**New EIT Law**"), the EIT is unified at 25% for all types of entities, effective from 1 January 2008.

Speedy Dongguan, a subsidiary of the Company, is qualified as a foreign investment manufacturing enterprise. While Speedy Dongguan's applicable EIT rate is 25% according to the New EIT Law, it is entitled to enjoy a five-year tax holiday from the first tax profitable year, with two years of exemption from EIT followed by a 50% reduction in EIT for the subsequent three years (the "**Tax Holiday**"). As approved by the tax authorities, the Tax Holiday began from 2006. Accordingly, the applicable income tax rate for Speedy Dongguan was 12.5%, 12.5%, 25%, 25% and 25%, respectively for the years ended 31 December 2009, 2010 and 2011 and the six months ended 30 June 2011 and 2012, respectively.

(iv) PRC withholding income tax

According to the new EIT Law, starting from 1 January 2008, a 10% withholding tax will be levied on the immediate holding companies established outside PRC when their PRC subsidiaries declare dividends out of their profits earned after 1 January 2008. A lower withholding tax rate may be applied if there is a tax treaty arrangement between the PRC and the jurisdiction of the foreign immediate holding companies. Withholding tax of the Group has been provided at a rate of 5% during the Relevant Periods.

24 Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the Relevant Periods. In determining the weighted average number of ordinary shares in issue during the Relevant Period, 1,000,000 shares of the Company, which were resulted from the issue and allotment of 1,000,000 shares by the Company in connection with the Reorganisation, had been treated as if those shares were in issue since 1 January 2009.

	Year ended 31 December			Six months ended 30 June	
	2009	**2010**	**2011**	**2011**	**2012**
				(Unaudited)	
Profit attributable to equity holders of the Company (HK$'000)	23,381	21,595	83,845	20,369	21,210
Weighted average number of ordinary shares in issue	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Basic earnings per share (HK$)	23	22	84	20	21

The Company did not have any potential ordinary shares outstanding during the Relevant Period. Diluted earnings per share is equal to basic earnings per share.

25 Dividends

No dividend has been paid or declared by the Company since its incorporation.

During the years ended 31 December 2009 and 2010, the board of directors of Higrowth and Jointex Garment declared the payment of a dividend of HK$18,000 and HK$1,500 per ordinary share in 2009 totaling HK$23,000,000, and of HK$20,000 and HK$150 per ordinary share in 2010 totaling HK$21,500,000. During the year ended 31 December 2011, the board of directors of Higrowth and Goalwill Garment declared the payment of a dividend of HK$10,000 and HK$700 per ordinary share in 2011 totaling HK$17,000,000. Except for the dividends declared by Goodwill Garment totaling HK$6,000,000, all dividends were paid out by the end of 2011.

During the period ended 30 June 2012, certain group companies declared and paid a dividend of HK$61,891,000 to the then shareholders of the group companies.

26 Investments in subsidiaries — the Company

	As at 31 December			As at 30 June
	2009	**2010**	**2011**	**2012**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Unlisted equity investment, cost *(i)*	—	—	21,467	46,868
Amounts due from subsidiaries *(ii)*	—	—	2,010	2,010
	—	—	23,477	48,878

(i) The details of the subsidiaries are included in Note 1.2.

(ii) The amounts due from subsidiaries are unsecured, interest free and repayable on demand. The fair value of amounts due from subsidiaries approximate their carrying amounts.

27 Emoluments of directors and senior management

(a) Directors' emoluments

Name	Salary	Discretionary bonus	Employer's contribution to pension scheme	Housing allowance	Other Benefits	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Year ended 31 December 2009						
Executive directors						
Mr. Huang	1,250	—	12	900	—	2,162
Mr. Chan	429	99	12	396	—	936
Ms. Tang Wai Shan ("**Ms. Tang**")	1,056	—	12	—	—	1,068
Mr. Au	390	—	12	68	—	470
Independent non-executive directors						
Mr. Wong Ting Kon	—	—	—	—	—	—
Ms. Pang Yuen Shan, Christina	—	—	—	—	—	—
Mr. Chang Cheuk Cheung, Terence	—	—	—	—	—	—
Mr. Chan Chung Bun, Bunny	—	—	—	—	—	—
	3,125	99	48	1,364	—	4,636
Year ended 31 December 2010						
Executive directors						
Mr. Huang	1,950	—	12	1,200	—	3,162
Mr. Chan	429	33	12	414	—	888
Ms. Tang	1,058	—	12	—	—	1,070
Mr. Au	390	—	12	30	—	432
Independent non-executive directors						
Mr. Wong Ting Kon	—	—	—	—	—	—
Ms. Pang Yuen Shan, Christina	—	—	—	—	—	—
Mr. Chang Cheuk Cheung, Terence	—	—	—	—	—	—
Mr. Chan Chung Bun, Bunny	—	—	—	—	—	—
	3,827	33	48	1,644	—	5,552

Name	Salary	Discretionary bonus	Employer's contribution to pension scheme	Housing allowance	Other Benefits	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Year ended 31 December 2011						
Executive directors						
Mr. Huang	1,950	—	12	1,200	700	3,862
Mr. Chan	569	—	12	456	—	1,037
Ms. Tang	1,063	—	12	—	—	1,075
Mr. Au	515	—	12	115	—	642
Independent non-executive directors						
Mr. Wong Ting Kon	—	—	—	—	—	—
Ms. Pang Yuen Shan, Christina	—	—	—	—	—	—
Mr. Chang Cheuk Cheung, Terence	—	—	—	—	—	—
Mr. Chan Chung Bun, Bunny	—	—	—	—	—	—
	4,097	—	48	1,771	700	6,616
Six months ended 30 June 2011						
Executive directors						
Mr. Huang	900	—	6	600	341	1,847
Mr. Chan	198	—	6	216	—	420
Ms. Tang	491	—	6	—	—	497
Mr. Au	180	—	6	—	—	186
Independent non-executive directors						
Mr. Wong Ting Kon	—	—	—	—	—	—
Ms. Pang Yuen Shan, Christina	—	—	—	—	—	—
Mr. Chang Cheuk Cheung, Terence	—	—	—	—	—	—
Mr. Chan Chung Bun, Bunny	—	—	—	—	—	—
	1,769	—	24	816	341	2,950
Six months ended 30 June 2012						
Executive directors						
Mr. Huang	1,500	—	6	—	91	1,597
Mr. Chan	248	—	6	244	—	498
Ms. Tang	494	—	6	—	—	500
Mr. Au	222	—	6	139	—	367
Independent non-executive directors						
Mr. Wong Ting Kon	—	—	—	—	—	—
Ms. Pang Yuen Shan, Christina	—	—	—	—	—	—
Mr. Chang Cheuk Cheung, Terence	—	—	—	—	—	—
Mr. Chan Chung Bun, Bunny	—	—	—	—	—	—
	2,464	—	24	383	91	2,962

Mr. Huang is the chief executive officer of the Group. No director has waived or agreed to waive any emoluments during the Relevant Periods.

During the Relevant Periods, the five individuals whose emoluments were the highest in the Group included 3 directors, whose emoluments were reflected in the analysis presented above. The emoluments payable to the remaining 2 individuals during the Relevant Periods were as follows:

	Year ended 31 December			Six months ended 30 June	
	2009	**2010**	**2011**	**2011**	**2012**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
Basic salaries, housing allowances and other allowances and benefits in kind	1,500	1,797	1,785	918	1,327

The emoluments of the above 2 individuals fell within the following bands:

	Year ended 31 December			Six months ended 30 June	
	2009	**2010**	**2011**	**2011**	**2012**
	Number	*Number*	*Number*	*Number*	*Number*
Emoluments band					
Nil–HK$1,000,000	2	2	2	2	2

During the Relevant Periods, no emoluments were paid by the Group to any of the directors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

28 Cash generated from/(used in) operations

(a) Reconciliation of profit for the year/period to cash generated from/(used in) operations was as follows:

	Year ended 31 December			Six months ended 30 June	
	2009	**2010**	**2011**	**2011**	**2012**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
Profit for the year/period	23,381	21,515	83,837	20,366	21,210
Adjustments for:					
— Income tax expenses *(Note 23)*	8,734	11,660	29,569	13,920	5,182
— Depreciation *(Note 6)*	5,531	7,226	7,905	3,939	4,200
— Amortisation *(Notes 7)*	—	3	20	12	18
— Loss/(gain) on sale of property, plant and equipment *(Note 28(b))*	12	—	(4,081)	—	(110)
— Finance income *(Note 22)*	(245)	(233)	(563)	(174)	(451)
— Finance costs *(Note 22)*	2,484	2,803	5,013	3,603	1,289
— Foreign exchange gains *(Note 19)*	(399)	(226)	(1,353)	(611)	212
Operating profit before working capital changes:	39,498	42,748	120,347	41,055	31,550
— Inventories	24,088	(38,474)	19,296	598	(1,172)
— Trade and other receivables	5,540	(54,024)	(38,287)	24,683	100,626
— Prepayments	8,356	(44,735)	45,450	26,631	(5,160)
— Financial assets at fair value through profit or loss	—	—	—	(4,200)	—
— Restricted cash	(10,024)	(5,074)	(960)	(5,942)	(1,621)
— Derivative financial instrument	—	132	(132)	559	—
— Trade and other payables	10,082	92,321	(68,554)	(60,101)	(63,914)
Cash generated from/(used in) operations	77,540	(7,106)	77,160	23,283	60,309

(b) In the consolidated cash flow statements, proceeds from sale of property, plant and equipment comprise:

	As at 31 December			As at 30 June
	2009	**2010**	**2011**	**2012**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Net book amount *(Note 6)*	200	—	15,949	51
(Loss)/gain on sale of property, plant and equipment	(12)	—	4,081	110
Proceeds from sale of property, plant and equipment	188	—	20,030	161

29 Operating lease commitments

The Group's future aggregate minimum lease payments under non-cancellable operating leases were as follows:

	As at 31 December			As at 30 June
	2009	2010	2011	2012
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Not later than 1 year	5,171	7,835	8,976	11,500
Later than 1 year and not later than 5 years	4,298	10,391	23,031	23,451
Later than 5 years	—	—	17,331	17,331
	9,469	18,226	49,338	52,282

30 Significant related party transactions

Parties are considered to be related if one party has, directly or indirectly, the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions.

The directors of the Company are of the view that the following companies were related parties that had transactions or balances with the Group during the Relevant Periods:

Company/Person	Relationship with the Group
Mr. Huang	Equity holder of the Company and director of the Company
Mr. Huang Chih Chien	Equity holder of the Company
Mr. Au	Equity holder of the Company and director of the Group
Ms. Chang	Equity holder of the Company and senior management of the Group
Mr. Chan	Equity holder of the Company and director of the Company
Peakwin Group	Controlled by the Huang Brothers
勝豐國際實業有限公司 (Shing Fun International Industrial Limited*) ("**Shing Fun International**")	Controlled by the Huang Brothers
金豐製衣(惠州)有限公司 (Jinfeng Garment (Huizhou) Company Limited*) ("**Jinfeng Huizhou**")	Controlled by the Huang Brothers
駿達製衣廠(惠州)有限公司 (Junda Garment Factory (Huizhou) Company Limited*) ("**Junda Huizho**u")	Controlled by the Huang Brothers
勝豐織造製衣(惠州)有限公司 (Shingfeng Weaving Garment (Huizhou) Company Limited*) ("**Shingfeng Huizhou**")	Controlled by the Huang Brothers
振豐織造有限公司 (J&F Knitters Limited*) ("**J&F Knitters**")	Controlled by the Huang Brothers
億城織造製衣(惠州)有限公司 (Yicheng Weaving Garment (Huizhou) Company Limited*) ("**Yicheng Huizhou**")	Controlled by the Huang Brothers
耀輝包裝物料(惠州)有限公司(Yaohui Packaging Materials (Huizhou) Company Limited*) ("**Yaohui Huizhou**")	Controlled by the Huang Brothers
勝豐織造製衣有限公司 (Shing Fun Knitting & Garment Limited*) ("**Shing Fun**")	Controlled by the Huang Brothers
Mr. Wong Yung	Senior management of the Group

Company/Person	Relationship with the Group
東莞知榮製衣有限公司 (Dongguan Zhirong Garment Limited*) ("**Dongguan Zhirong**")	Controlled by the Huang Brothers
Mr. Lam Chi Sum	Senior management of the Group
Mr. Cheuk	Father-in-law of Mr. Huang
Ms. Poon Ching Ling	The wife of the elder brother of the Huang Brothers
Smart Grain	Owned by Mr. Wong Yung and Mr. Lam Chi Sum who are the senior management members of the Group
Mr. Yan Yan	A relative of Mr. Huang
Glory Unit Investment Ltd.	Controlled by the wife of Mr. Huang

(a) Related party transactions

Saved as disclosed in Note 27, during the Relevant Periods, the following transactions were carried out between the Group and related parties. In the opinion of the directors of the Company, the related party transactions were carried out in the normal course of business and at terms negotiated between the Group and the respective related parties.

	Year ended 31 December			Six months ended 30 June	
	2009	2010	2011	2011	2012
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
Continuing transactions					
(i) *Rental expenses payable or paid*					
Jinfeng Huizhou	228	464	487	238	249
Shing Fun International	—	—	—	—	396
Dongguan Zhirong	—	—	—	—	285
Yicheng Huizhou	—	—	—	—	81
	228	464	487	238	1,011
(ii) *Senior management compensation (excluded directors' emoluments which have disclosed in Note 27(a))*					
Wages and salaries and other benefits in kind	2,091	2,492	3,220	1,283	2,616
Social security costs	242	162	166	83	36
	2,333	2,654	3,386	1,366	2,652
Discontinued transactions					
(i) *Rental expenses payable or paid*					
Shing Fun	739	493	—	—	—
Glory Unit Investment Ltd.	900	1,200	1,200	600	—
Jinfeng Huizhou	612	1,372	1,602	752	—
	2,251	3,065	2,802	1,352	—

	Year ended 31 December			Six months ended 30 June	
	2009	**2010**	**2011**	**2011**	**2012**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
(ii) Transportation fees payable or paid					
Shing Fun International	1,022	1,032	1,216	604	—
(iii) Purchase of raw materials, consumables, apparels and provision of production services					
Yaohui Huizhou	2,403	4,329	2,862	1,463	—
Yicheng Huizhou	—	727	17,057	4,925	—
Junda Huizhou	26,829	3,953	2,352	2,223	—
	29,232	9,009	22,271	8,611	—
(iv) Purchase of property, plant and equipment					
Shing Fun	—	15,900	—	—	—
(v) Purchase of trademark					
Mr. Wong Yung	—	100	—	—	—
(vi) Commission income from consignment sales service through retail outlets (Note 18)					
Shing Fun International	3,286	4,920	2,739	1,733	—
(vii) Sales of office buildings (Note 6)					
Shing Fun International	—	—	20,000	—	—

Following the sales of office buildings, the Group entered into lease agreements with Shing Fun International to lease the office buildings for a period of 3 years commencing from 1 January 2012.

(viii) Provision of processing service					
Yicheng Huizhou	—	—	1,437	—	—

(ix) Guarantees/securities provided by related parties

Guarantees/securities provided by certain related parties for bills payables were as follows:

	As at 31 December			As at 30 June
	2009	**2010**	**2011**	**2012**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Joint guarantees provided by Shing Fun, Shing Fun International, Peakwin Group, Mr. Huang and Mr. Huang Chih Chien	8,625	11,146	3,226	—
Joint guarantees provided by Peakwin Group, Mr. Huang and Mr. Huang Chih Chien	17,186	6,920	—	—
Joint guarantees provided by Shing Fun, Shing Fun International, Mr. Huang, Mr. Huang Chih Chien, Mr. Au and Mr. Chan	12,217	13,148	—	—
Joint guarantees provided by Shing Fun, Shing Fun International, Mr. Huang, Mr. Huang Chih Chien, Mr. Au, Mr. Chan, Shingfeng Huizhou and Junda Huizhou and pledge of land use rights provided by Yicheng Huizhou and Jinfeng Huizhou	—	11,732	18,051	—
Joint guarantees provided by Shing Fun, Shing Fun International, Mr. Huang, Mr. Huang Chih Chien, Mr. Au, Mr. Chan and Peakwin Group	21,720	16,903	9,185	6,864
Joint guarantees provided by Mr. Huang, Mr. Huang Chih Chien, Mr. Au and Mr. Chan	—	11,213	13,087	14,083
Joint guarantees provided by Mr. Huang and Mr. Huang Chih Chien	—	—	15,424	22,303
	59,748	71,062	58,973	43,250

Guarantees/securities provided by certain related parties for bank borrowings were as follows:

	As at 31 December			As at 30 June
	2009	2010	2011	2012
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Joint guarantees provided by Mr. Huang and Mr. Huang Chih Chien	10,545	6,606	7,570	10,515
Joint guarantees provided by Shing Fun, Shing Fun International, Peakwin Group, Mr. Huang and Mr. Huang Chih Chien	19,006	19,025	10,000	10,603
Joint guarantees provided by Peakwin Group, Mr. Huang and Mr. Huang Chih Chien	10,000	—	—	10,000
Joint guarantees provided by Shing Fun, Shing Fun International, Mr. Huang, Mr. Huang Chih Chien, Mr. Au and Mr. Chan	7,609	8,644	6,546	6,000
	47,160	34,275	24,116	37,118

According to the letter of release of guarantees issued by the respective banks, all the guarantees provided by the related parties would be released, upon the successful listing of the Company's shares on The Stock Exchange of Hong Kong Limited.

(x) Financial guarantee contracts

As at 31 December 2009, 2010 and 2011, certain subsidiaries within the Group together with certain related parties have jointly provided guarantees, at free of charge, for banking facilities to certain related parties with maximum amount of approximately HK$185,600,000, HK$180,848,000, HK$172,130,000, respectively. The banking facilities drawn by related parties as at 31 December 2009, 2010 and 2011 were as follows:

	As at 31 December			As at 30 June
	2009	2010	2011	2012
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Shingfeng Huizhou	7,963	5,893	3,689	—
Junda Huizhou	28,438	90,113	64,570	—
Shing Fun International	—	24,897	—	—
	36,401	120,903	68,259	—

Under the terms of the financial guarantee contracts, the guarantors will make payments to reimburse the lenders upon failure of the guaranteed entity to make payments when due.

The above financial guarantee contracts were released during the period ended 30 June 2012.

(xi) Guarantee for profit distribution

During the Relevant Periods, a fellow subsidiary of the Group provided a guarantee for profit distribution to a shareholder of a subsidiary of the Group. Guaranteed payments had to be made whenever the dividend distribution to the shareholder of the subsidiary did not meet certain threshold. There was no guaranteed payment made during the Relevant Periods. The guarantee arrangement was terminated in 2011.

(b) Balances with related parties

(i) Trade and other receivables (Note 9)

	As at 31 December			As at 30 June
	2009	2010	2011	2012
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Trade receivables				
— Yicheng Huizhou	—	—	1,713	—
Other receivables				
— Shing Fun International	7,768	13,081	16,213	—
	7,768	13,081	17,926	—

The amount due from Shing Fun International represented the receivable for commission income from consignment sales service through retail outlets (Note 18).

(ii) Prepayments (Note 10)

	As at 31 December			As at 30 June
	2009	2010	2011	2012
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Purchases of raw materials and consumables				
— Yicheng Huizhou	—	2,625	—	—

(iii) Trade and other payables (Note 14)

	As at 31 December			As at 30 June
	2009	2010	2011	2012
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Trade payables				
— Junda Huizhou	24,543	301	—	—
— Yicheng Huizhou	—	—	2,931	—
— Yaohui Huizhou	728	725	840	—
— Dongguan Zhirong	—	—	—	9,361
	25,271	1,026	3,771	9,361
Other payables				
— Mr. Huang	14,237	26,374	11,858	11,589
	39,508	27,400	15,629	20,950

(iv) Dividend payable (Note 25)

	As at 31 December			As at 30 June
	2009	**2010**	**2011**	**2012**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Peakwin Group	—	18,020	3,060	—
Mr. Chan	—	—	1,200	—
Mr. Au	—	—	1,140	—
Mr. Chang	—	—	600	—
	—	18,020	6,000	—

The above balances due to/from related parties were interest free, unsecured and have no fixed repayment terms.

31 Acquisition of subsidiaries

(a) Acquisition of Goalwill Garment

On 24 June 2009, the Group acquired 51% equity interests of Goalwill Garment at a consideration of HK$5,100 from Ms. Poon Ching Ling (the wife of the elder brother of the Huang Brothers), and thereafter, Goalwill Garment became a company controlled by the Huang Brothers. The remaining equity interests in Goalwill Garment were held by Mr. Chan, Mr. Au and Ms. Chang as to 20%, 19% and 10% respectively. The fair value of the identifiable assets and liabilities as at 24 June 2009 arising from the acquisition was as follows:

Recognised amounts of identifiable assets acquired and liabilities assumed

	Acquiree's carrying amount and fair value
	HK$'000
Cash and cash equivalents	8
Property, plant and equipment	7
Trade and other receivables	4,617
Trade and other payables	(656)
Other current liabilities	(4,453)
Total identifiable net liabilities acquired	(477)
Consideration for acquiring Goalwill Garment	(10)
Goodwill	(487)

(b) Acquisition of Shining Holding

On 2 June 2010, the Huang Brothers acquired 70.6% equity interests of Shining China at a consideration of HK$706,000 from Mr. Cheuk, Smart Grain, Mr. Yan Yan and Multigrowth. The remaining equity interests in Shining China were held by Mr. Cheuk and Smart Grain as to 10.4% and 19% respectively. The fair value of the identifiable assets and liabilities as at 2 June 2010 arising from the acquisition was as follows:

Recognised amounts of identifiable assets acquired and liabilities assumed

	Acquiree's carrying amount and fair value
	HK$'000
Cash and cash equivalents	2,845
Other payables	(2,091)
Total identifiable net assets acquired	754
Consideration for acquiring Shining China	(1,000)
Goodwill	(246)

32 Transaction with non-controlling interests

Acquisition of additional interests in a subsidiary

On 1 November 2011, the Huang Brothers acquired additional equity interests in Shining China at a consideration of HK$294,000 from Mr. Cheuk and Smart Grain as to 10.4% and 19% respectively. The carrying amount of the non-controlling interests in Shining China on the acquisition date was HK$206,000. The Group recognised a decrease in non-controlling interests of HK$206,000 and a decrease in equity attributable to equity holders of the Company of HK$88,000.

33 Contingencies

Other than those financial guarantee contracts as disclosed in Note 30, the Group did not have material significant contingent liabilities as at 31 December 2009, 2010 and 2011 and 30 June 2012.

34 Subsequent events

Save as disclosed elsewhere in this report, the following significant events took place subsequent to 30 June 2012:

Pursuant to the written resolution passed by the shareholders on 24 December 2012,

(i) the authorised share capital of the Company was increased from HK$100,000 to HK$120,000,000 by the creation of an additional 1,199,000,000 shares of HK$0.10 each; and

(ii) conditional on the share premium account of the Company being credited as a result of the global offering, the directors were authorised to capitalise HK$44,900,000 standing to the credit of the share premium account of the Company by applying such sum in paying up in full at par 449,000,000 shares for allotment and issue to the shareholders in proportion to their respective shareholdings.

III. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company or any of the companies now comprising the Group in respect of any period subsequent to 30 June 2012 up to the date of this report. On 10 September 2012, Jointex Garment, a subsidiary of the Group, declared a final dividend of HK$20,535,000 for the year ended 31 December 2011 to the then shareholders and the dividend has been paid by the end of September 2012. Saved as disclosed in this report, no dividend has been declared or made by the Company or any of the companies now comprising the Group in respect of any period subsequent to 30 June 2012.

Yours faithfully
PricewaterhouseCoopers
Certified Public Accountants
Hong Kong