OVERVIEW

The Group is one of the leading high-to-luxury end menswear retailers primarily serving Greater China. The Group manages six international menswear brands, namely, Altea, Cerruti 1881, D'urban, Gieves & Hawkes, Intermezzo and Kent & Curwen, and such operations are referred to as the Core Business in this document. Other than the self-owned Kent & Curwen brand, the Group's brands are operated under long term renewable licences in Greater China. The Group also has a number of joint ventures with Salvatore Ferragamo in South Korea and various countries in Southeast Asia.

The Group has developed one of the largest menswear retail networks in Greater China by successfully introducing, promoting and managing international menswear brands in the markets where the Group operates. As at 30 September 2009, the Group operated 353 retail stores in Greater China, of which 271 retail stores were in Mainland China, whilst the JVs operated 37 retail stores in South Korea, Malaysia, Singapore and Thailand.

The retail stores of the Group are strategically located in high-end shopping malls and department stores in prime venues to attract its target customer base and maintain the premium image of the Brands. The Group is viewed by property developers and department stores as their anchor tenant. All of the Group's retail stores are self-operated to maintain a consistent standard of high quality across the merchandising, marketing and customer service functions and are predominantly mono-brand stores, to support the growth and maintain the prestige of each brand.

The Group operates an asset-light business model, and as such it outsources to third-party manufacturers (including certain related parties) the production of (i) product parts (such as front and back panels, facing, collars, labels, lapels and sleeves of jackets and pants); and (ii) certain types of clothing products such as T-shirts and knitwear. The Group, however, continues to keep the critical assembly and finishing functions for products such as suits, blazers, jackets, blousons, overcoats and pants, a process in which such product parts are stitched together, molded, pressed with components added to form the Group's finished products. The Directors believe that the critical assembly and finishing function is important in maintaining high product quality. Moreover, the Group manages the supply chain for all its brands, enabling it to capture attractive margins, enhance scalability, ensure quality standards and foster interdependence between the Brand Owners and the Group.

THE BRANDS

The Group retails high-to-luxury end menswear and accessories under six brands, namely, Altea, Cerruti 1881, D'urban, Gieves & Hawkes, Intermezzo and Kent & Curwen. The Group also has JVs which retail apparel and accessories under the Salvatore Ferragamo brand in South Korea, Singapore, Malaysia and Thailand.

The following table sets out a summary of each of the Brands and the Salvatore Ferragamo brand:

Name of brand	Brand logo	Main markets of rightful use	No. of stores as at 30 September 2009
Owned Brand			
Kent & Curwen	K&C KENT&CURWEN	Global	95(1)
Licensed Brands			
Altea	Altea MILANO	Greater China	5
Cerruti 1881	CERRUTI 1881	Greater China	91
D'urban	D'URBAN	Greater China	66
Gieves & Hawkes	GIEVES & HAWKES	Greater China	82
Intermezzo	INTERMEZZO	Greater China	14
Total number of stores operated by the Group			**353**
The JVs brand			
Salvatore Ferragamo	Salvatore Ferragamo	South Korea and certain countries in Southeast Asia	37
Total number of stores operated by the Group and the JVs			**390**

Note:

(1) All Kent & Curwen stores are located in Greater China. The Group intends to open a store in London.

RETAIL NETWORK

The Group has an extensive high-to-luxury end menswear retail network in Mainland China, Hong Kong, Macau and Taiwan. The JVs also cover the menswear, ladieswear and leather goods markets in South Korea and certain Southeast Asian countries, such as Malaysia, Singapore and Thailand.

The following table sets out the breakdown of the retail stores of the Group and the JVs by geographical regions and brands as at 30 September 2009:

	The Group						The JVs	
Region	**Altea**	**Cerruti 1881**	**D'urban**	**Gieves & Hawkes**	**Intermezzo**	**Kent & Curwen**	**Salvatore Ferragamo**	**Total**
Eastern China[(1)]	–	26	15	21	5	24	–	91
Southern China[(2)]	–	11	10	10	4	14	–	49
Western China[(3)]	–	9	6	9	2	11	–	37
Northern China[(4)]	3	25	16	26	1	23	–	94
Mainland China sub-total	**3**	**71**	**47**	**66**	**12**	**72**	**–**	**271**
Hong Kong	2	6	5	5	2	11	–	31
Macau	–	2	2	1	–	2	–	7
Taiwan	–	12	12	10	–	10	–	44
Total for the Group	**5**	**91**	**66**	**82**	**14**	**95**	**–**	**353**
South Korea and Southeast Asia[(5)]	–	–	–	–	–	–	37	37
Total for the Group and the JVs	**5**	**91**	**66**	**82**	**14**	**95**	**37**	**390**

Notes:

(1) Eastern China region includes Changsha, Changzhou, Hangzhou, Huzhou, Nanchang, Nanjing, Ningbo, Shanghai, Shangyu, Suzhou, Wuhan, Wuxi, Yiwu and Zhengzhou.

(2) Southern China region includes Fuzhou, Guangzhou, Nanning, Shenzhen and Xiamen.

(3) Western China region includes Chengdu, Chongqing, Guiyang, Kunming, Lanzhou, Urumqi and Xi'an.

(4) Northern China region includes Beijing, Changchun, Dalian, Dandong, Handan, Harbin, Hohhot, Jinan, Qingdao, Shenyang, Shijiazhuang, Taiyuan, Tangshan, Tianjin and Yantai.

(5) Southeast Asia region includes Singapore, Malaysia and Thailand; and the retail stores in South Korea and Southeast Asia are currently operated by the JVs.

COMPETITIVE STRENGTHS

The Directors believe that the Group's success and the barriers to entry to other competitors to date are attributable to the following principal competitive strengths of the Group:

- **Leading player with a large portfolio of high-to-luxury end international brands** — the Group has a portfolio of six high-to-luxury end brands, whilst the JVs manage the Salvatore Ferragamo brand. Each of these brands enjoys a unique heritage and distinctive style. This allows the Group to target customers with different needs and tastes and to diversify risks associated with over-reliance on any one brand and allows the Group to open multiple stores under its different brands in a given location, thereby positioning the Group as one of the leading players in the markets where it operates;

- **Established retail network in prime locations** — the Group operated an extensive retail network of 353 self-operated and predominantly mono-branded retail stores in prime locations across Greater China, of which 271 were in Mainland China, as at 30 September 2009. Given its extensive network of leading brands, the Group is viewed by property developers and department stores as their anchor tenant has allowed for an ability to negotiate favourable lease terms in securing future prime retail space, which has been a key driver for success in the Group's continued effort in increasing sales volume through opening new stores;

- **Attractive margins through a vertically integrated business model** — the Group's vertically integrated business model encompassing its key supply chain functions, combined with its asset-light business model provides the Group with significant operational flexibility and attractive margins;

- **Established and proven platform for scalable growth** — the Group's scalable "plug-and-play" platform — a structure under which the teams that manage the dedicated business streams with brand focused management functions are internally supported by centralised infrastructure and support teams that provide operational and back-office functions — benefits the Group greatly in terms of economies of scale, stronger bargaining power and higher specialisation; and
- **Experienced management** — the Group's senior management team has extensive experience in managing business growth and in retail and supply chain management, providing a strong foundation for the Group's growth and profitability.

The Group believes that its competitive strengths act as a significant barrier to entry to other competitors.

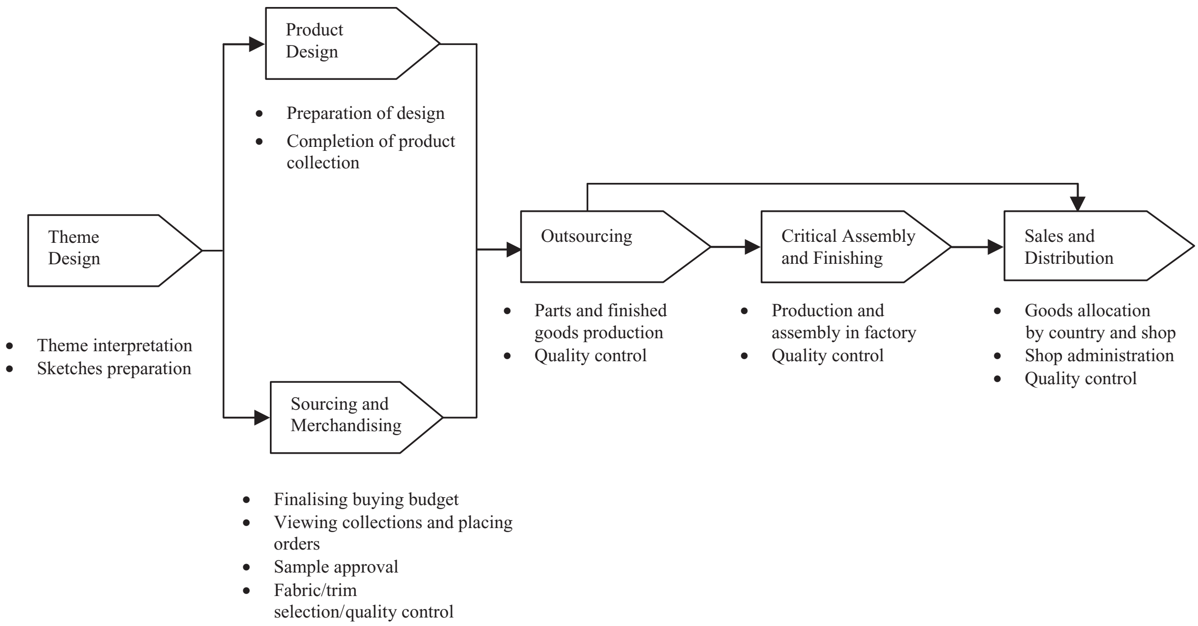
BUSINESS STRATEGIES

The Group has established the following clear growth strategies to gain a competitive advantage over its competitors and increase its market share:

- **Increasing same-store sales growth** — the Group intends to increase same-store sales growth by expanding its product offerings, upgrading the image of the retail stores, improving inventory management and control measures and enhancing customer service. The Group has seen a healthy growth in same-store sales in the three months ended 30 September 2009 compared with the same period in the previous year against the backdrop of the global financial turmoil;
- **Expanding the Group's retail network in Mainland China** — the Group intends to expand its retail network by consolidating market presence in first-tier cities in Mainland China while increasing presence in provincial capital cities as well as second and third-tier cities in Mainland China to take advantage of growing disposable income levels and increasing urbanisation;
- **Enhancing supply chain management** — the Group plans to further enhance its supply chain management through diversification of sourcing channels and extension of its product design and development processes to ensure efficient sourcing of raw materials and production of final products that are tailored to regional tastes and preferences;
- **Acquiring or licensing additional brands** — the Group, with its highly scalable, "plug-and-play" platform, is well-positioned to capitalise on potential brand acquisitions and licensing opportunities as well as to form strategic alliances and/or joint ventures with other retail brand companies; and
- **Enhancing brand equity** — the Group intends to continue enhancing its brand equity and increasing its brand awareness through a combination of promotional and marketing activities initiated by the Group and the owners of the licensed brands.

VERTICALLY INTEGRATED BUSINESS MODEL OF THE GROUP

In managing and operating the Brands, the Group principally utilises a vertically integrated business model encompassing the following stages: theme and product design, sourcing and merchandising, outsourcing, critical assembly and finishing, and sales and distribution. The acquisition of ownership of the Kent & Curwen brand has given the Group full freedom to implement the Group's business strategies and manage the Kent & Curwen brand, particularly in respect of the Greater China market. In respect of the licensed brands, namely, Altea, Cerruti 1881, D'urban, Gieves & Hawkes and Intermezzo, the Group is contractually required to obtain, from time to time, certain approvals for the various stages (such as themes and product design and production arrangements for products) from the relevant brand owners. Set out below is a diagram of the Group's business model:



RISK FACTORS

There are certain risks involved in the Group's operations. These risks can be categorised into (i) risks relating to the Group; (ii) risks relating to the industry and (iii) risks relating to the PRC. A detailed discussion of the risk factors is set forth in the section headed "Risk Factors" in this document. The following is a list of risk factors outlined in that section:

Risks relating to the Group

- The Group and the JVs may lose their licences to deal in their licensed brands or may not be able to renew them on commercially reasonable terms or at all
- The Group and the JVs may not be able to effectively promote or develop their brands
- The Group and the JVs may not be able to renew the leases of their retail stores on favourable terms or at all
- The Group may not be able to manage the rapid growth of its retail network effectively
- The Group and the JVs may not respond in a timely manner to changes in fashion trends and consumer spending patterns
- The Group may be forced to relocate some of its retail outlets in Mainland China
- The Group and the JVs may be affected by intellectual property rights infringement

- Parallel imports may adversely affect the Group's sales
- The Group is heavily dependent on its key executives and personnel
- Inventories of the Group may become obsolete
- A labour shortage or an increase in labour cost may expose the Group to an increase in its cost of production
- The Group's suppliers may be affected by government regulations in the countries where they operate
- The Group may not be able to source quality raw materials in a timely and cost-effective manner
- The Group may experience interruptions to its supply of raw materials, product parts, accessories and other materials required for production
- The Group is dependent on Lever Style for a significant portion of the Group's supplies
- The Group may be exposed to product liability claims
- The Group and the JVs are exposed to exchange rate fluctuations
- The Group may not successfully integrate newly acquired or licensed brands and/or businesses into its business model
- The business operations of the Group and the JVs depend on the proper performance of the Group's and the JVs' information systems
- A decline in the popularity of the brands owned by or licensed to the Group or the JVs outside their operating markets may adversely impact the Group's sales
- Poor management by the owners or licensees of the brands licensed to the Group or the JVs in the relevant countries may result in a loss of goodwill in the licensed brands
- The Group's interests in the JVs may be diluted in the event of a change of control in the Company, Ferrinch (L) and/or L&F Branded Lifestyle
- The historical dividends of the Group should not be treated as indicative of the future dividend policy of the Group
- The Group may not be able to secure future financing
- A change in the tax policies of the countries in which the Group or the JVs operate could reduce the Group's profitability
- The interests of the controlling shareholders of the Company may not always coincide with the interests of the Company and its other Shareholders

Risks relating to the industry

- There may be a prolonged economic downturn attributable to the global financial turmoil in the countries in which the Group and the JVs operate
- The Group and the JVs may be subject to intense competition
- The Group's sales volume is sensitive to seasonality effects and weather patterns

- The business of the Group and the JVs may be affected by outbreaks and recurrence of epidemics, natural disasters, acts of war, terrorist acts, political unrest and other events which are beyond the control of the Group and the JVs

Risks relating to the PRC

- A power shortage may disrupt the Group's business
- The Group may be subject to translation loss in case of devaluation of the Renminbi
- Changes in the PRC foreign exchange regulations may affect the Group
- Changes in the PRC political, economic and social conditions, laws, regulations and policies may adversely affect the Group's operations

ENVIRONMENTAL PROTECTION

As at the Latest Practicable Date, the Group is not aware of any violation by the Group of any applicable Hong Kong environmental laws or regulations.

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

The following tables set forth the summary of consolidated income statements of the Core Business and the Group for the three years ended 31 December 2008 and the six months ended 30 June 2008 and 2009 as extracted from the Accountant's Report set out in Appendix I to this document. Such financial information has been prepared in accordance with HKFRS.

Summary of Consolidated Income Statements of the Core Business

	Year ended 31 December			Six months ended 30 June	
	2006[1]	2007	2008	2008 (unaudited)	2009
	(HK$ million)			(HK$ million)	
Revenue	**755.2**	**1,177.7**	**1,528.4**	**759.4**	**768.4**
Cost of sales	(222.1)	(294.2)	(418.6)	(178.2)	(210.3)
Gross profit	**533.1**	**883.5**	**1,109.8**	**581.2**	**558.1**
Other income	10.1	17.9	32.7	13.5	11.9
Selling and marketing expenses	(252.9)	(468.5)	(644.1)	(308.0)	(329.3)
Administrative expenses	(97.2)	(227.9)	(323.1)	(145.1)	(140.8)
Other gains — net	3.4	16.1	19.0	28.5	0.1
Operating profit	**196.5**	**221.1**	**194.3**	**170.1**	**100.0**
Finance income	1.9	5.8	3.4	2.7	0.2
Finance costs	–	(79.5)	(50.9)	(28.5)	(19.8)
Finance income/(cost) — net	1.9	(73.7)	(47.5)	(25.8)	(19.6)
Share of profit of jointly controlled entities	32.6	40.7	42.3	26.3	12.9
Profit before income tax	**231.0**	**188.1**	**189.1**	**170.6**	**93.3**
Income tax expenses	(41.9)	(53.0)	(67.5)	(41.9)	(25.5)
Profit for the year/period	**189.1**	**135.1**	**121.6**	**128.7**	**67.8**
Attributable to:					
Equity holders of the Company	171.9	120.5	115.8	122.9	67.8
Minority interests	17.2	14.6	5.8	5.8	–
	189.1	135.1	121.6	128.7	67.8

Note:

(1) Excluding financial results of DDL Group and Green Group for the four months ended 30 April 2006. Financial results of DDL Group and Green Group after 30 April 2006 have been consolidated into the results of the Core Business as they have become subsidiaries of Parent Group after the completion of the Acquisitions on 30 April 2006.

Analysis of Income Statement Items

Since completion of the Acquisitions in April 2006, the revenue of the Core Business has grown substantially due to success of the management of the Group in expanding the retail network of the Core Business and, at the same time, improving the same-store sales of the Core Business. For instance, the revenue of the Core Business for the year ended 31 December 2008 of approximately HK$1,528.4 million represented an approximate 29.8% year-on-year growth in comparison with that of the year ended 31 December 2007. The growth of the Core Business was impacted by the global financial turmoil in the second half of 2008 and the first half of 2009, which adversely affected the expansion plans for the retail network of the Core Business as well as the same-store sales of the Core Business. A number of stores of the Core Business suffered a loss as a result of the global financial turmoil, which caused the Group to slow the pace of its store opening plan in the first six months of 2009. For the year ended 31 December 2008 and the six months ended 30 June 2009, five and three loss making stores were closed respectively. Meanwhile, the Group had a net increase of 59 stores since 31 December 2007 till 30 June 2009. As a result, the revenue of the Core Business was relatively stable for the six months ended 30 June 2009 in comparison with that of the six months ended 30 June 2008.

The gross profit margin of the Core Business increased from approximately 70.6% for the year ended 31 December 2006 to approximately 75.0% for the year ended 31 December 2007. However, the net profit margin declined from approximately 25.0% to 11.5% for the same respective period due to significant investments made by the Company. For the year ended 31 December 2008 and the six months ended 30 June 2009, the margins of the Core Business were adversely impacted by the global financial turmoil. Gross profit margin of the Core Business was approximately 72.6% for both the year ended 31 December 2008 and the six months ended 30 June 2009. The operating margins of the Core Business for the years ended 31 December 2006, 2007 and 2008 and the six months ended 30 June 2009 were approximately 26.0%, 18.8%, 12.7% and 13.0%, respectively. Net profit margins of the Core Business was approximately 8.0% for the year ended 31 December 2008 and increased to approximately 8.8% for the six months ended 30 June 2009. The decline in margins from those achieved for the year ended 31 December 2007 was mainly attributable to deeper discounts for a longer duration being offered during the period, as well as the increase in provisions made for inventories of previous seasons as a result of the global financial turmoil.

In order to build a platform for the Company's scalable "plug-and-play" strategy (which provides internal support to the teams that manage the dedicated business streams with brand focused management functions through a centralised infrastructure and support teams that provide operational and back-office functions) so as to achieve sustainable growth going forward, the Company has made significant investments in infrastructure which resulted in an increase in administrative costs of the Core Business. Selling and marketing expenses of the Core Business increased from approximately HK$308.0 million for the six months ended 30 June 2008 to approximately HK$329.3 million for the six months ended 30 June 2009, and from approximately HK$468.5 million for the year ended 31 December 2007 to approximately HK$644.1 million for the year ended 31 December 2008, driven mainly by an overall increase in store related expenses (which mainly comprise of store rental expenses, depreciation of decoration costs and staff costs) as a result of expansion of retail network and an increased number of stores. The store rental expenses of the Core Business as a percentage of retail revenue of the Core Business was relatively stable during the Track Record Period within a range of 22.1% to 23.5%. The share of profit from jointly controlled entities of the Core Business decreased from approximately HK$26.3 million for the six months ended 30 June 2008 to approximately HK$12.9 million for the six months ended 30 June 2009 as a result of the depreciation of the Korean Won triggered by the global financial turmoil which adversely affected the business environment of the jointly controlled entities.

The Group made provisions for the loss-making stores of the Core Business in the amount of nil, approximately HK$1.1 million, HK$16.6 million and HK$3.6 million, respectively, for the three years ended 31 December 2006, 2007 and 2008 and the six months ended 30 June 2009.

Analysis of balance sheet items

As the Group continued to expand its retail network, with the majority of new retail stores being opened in the last quarter of 2007 and in 2008, the Group maintained a higher inventory level to avoid any stock shortages in anticipation of an increase in consumer demand, which resulted in an increase in the average inventory turnover days of the Core Business from 379 days for the year ended 31 December 2007 to 417 days for the year ended 31 December 2008. This further increased to 443 days for the six months ended 30 June 2009. The provisions made for the impairment of inventory of the Core Business was approximately HK$9.4 million, HK$26.2 million and HK$3.7 million for the years ended 31 December 2007 and 2008, and the six months ended 30 June 2009 respectively. The average level of inventories in the first half of the year is not directly comparable with the second half of the year due to seasonality effects as sales levels are generally higher during the Christmas season.

The average trade receivables turnover days on the other hand continued to decrease from 41 days for the year ended 31 December 2007 to 39 days for the year ended 31 December 2008 as cash collection from department stores improved, and to 33 days for the six months ended 30 June 2009, as higher sales were recorded in December 2008 as compared to June 2009. The average level of trade receivables in the first half of the year is not directly comparable with the second half of the year due to seasonality effects as sales levels are generally higher during the Christmas season. The trade receivables of the Core Business was HK$116.6 million, HK$150.9 million, HK$174.4 million and HK$103.5 million as at 31 December 2006, 2007 and 2008, and the six months ended 30 June 2009 respectively. The provision made for the impairment of trade receivables of the Core Business also increased from HK$0.5 million as at 31 December 2007 to HK$4.2 million as at 31 December 2008, but such an increase was mainly due to the provision made for doubtful accounts relating to the uniform business which has been discontinued in April 2009. The decrease in the provision made for the impairment of trade receivables to HK$1.8 million as at 30 June 2009 as compared to 31 December 2008 was a result of doubtful accounts also relating to the uniform business in the prior year that were subsequently collected in 2009.

During 2008, the Core Business paid back net bank borrowings of approximately HK$458.4 million by funding contributed by pre-[●] investors. During the first six months of 2009, the Group drew down additional net bank borrowings of approximately HK$42.7 million, the majority of which was used for working capital purposes. The total borrowings of the Core Business were approximately HK$1,664.7 million, HK$1,206.3 million, and HK$1,249.0 million as at 31 December 2007 and 2008, and 30 June 2009 respectively.

Subsequent events

For the period since 30 June 2009 up to and including the Latest Practicable Date, the economies globally and in Greater China had seen signs of recovery. Improved market sentiment and optimism on the state of the economy has reinforced consumer confidence, and led to increased spending on discretionary items, such as clothing. The same-store sales growth of the Core Business for the three months ended 30 September 2009 compared with the same period in previous year for the Group (including Greater China) and for Mainland China were approximately 13.9% and approximately 14.7%, respectively. The operating margin of the Core Business for the three months ended 30 September 2009 was approximately 13.6%.

Summary of Consolidated Income Statements of the Group

	Year ended 31 December			Six months ended 30 June	
	2006[1]	2007	2008	2008 (unaudited)	2009
	(HK$ million)			(HK$ million)	
Revenue	**918.6**	**1,460.8**	**1,866.1**	**917.6**	**927.5**
Cost of sales	(266.2)	(387.1)	(531.9)	(219.5)	(264.0)
Gross profit	**652.4**	**1,073.7**	**1,334.2**	**698.1**	**663.5**
Other income	10.3	15.5	33.7	13.1	11.9
Selling and marketing expenses	(346.1)	(619.0)	(844.5)	(394.5)	(433.4)
Administrative expenses	(122.9)	(251.0)	(368.3)	(157.0)	(153.1)
Other gains — net	5.1	17.5	22.8	32.2	–
Operating profit	**198.8**	**236.7**	**177.9**	**191.9**	**88.9**
Finance income	1.9	6.0	3.5	2.8	0.3
Finance costs	–	(81.5)	(54.7)	(30.2)	(21.6)
Finance income/(cost) — net	1.9	(75.5)	(51.2)	(27.4)	(21.3)
Share of profit of jointly controlled entities	32.6	40.7	42.3	26.3	12.9
Profit before income tax	**233.3**	**201.8**	**169.0**	**190.8**	**80.5**
Income tax expenses	(42.2)	(56.5)	(65.2)	(43.9)	(24.2)
Profit for the year/period	**191.1**	**145.4**	**103.8**	**146.9**	**56.3**
Attributable to:					
Equity holders of the Company	173.9	130.7	98.0	141.2	56.3
Minority interests	17.2	14.6	5.8	5.7	–
	191.1	145.4	103.8	146.9	56.3

Note:

(1) Excluding financial results of DDL Group and Green Group for the four months ended 30 April 2006. Financial results of DDL Group and Green Group after 30 April 2006 have been consolidated into the results of the Group as they have become subsidiaries of Parent Group after the completion of the Acquisitions on 30 April 2006.

DIVIDEND POLICY

The declaration of dividends is subject to the discretion of the Directors and, if necessary, the approval of the Shareholders. The amount of dividends actually declared and paid will also depend upon the Group's earnings and cash flow, financial condition, capital requirements, investment requirements and any other conditions that the Directors may deem relevant.

Subject to the above factors, the Directors currently plan to pay annual dividends of approximately 30% to 60% of the Group's consolidated profit attributable to Shareholders beginning from the financial year ending 31 December 2009. Cash dividends on the Shares, if any, will be paid in Hong Kong dollars. Other distributions, if any, will be paid to the Shareholders by any means which the Directors consider legal, fair and practicable.

PROFIT FORECAST

Group	Non-core Business	Core Business
Unaudited forecast consolidated profit attributable to equity holders of the Company for the year ending 31 December 2009[(1)(2)]	**Loss of companies engaged in Non-core Business[(2)]**	**Unaudited pro forma forecast consolidated profit attributable to equity holders the Company for the year ending 31 December 2009 excluding loss of companies engaged in the Non-Core Business**
Not less than HK$[●] million	HK$[●] million	Not less than HK$[●] million
Unaudited forecast earnings per Share based on forecast profit attributable to equity holders of the Company for the year ending 31 December 2009[(3)]		**Unaudited pro forma forecast earnings per Share based on unaudited forecast consolidated profit attributable to equity holders the Company for the year ending 31 December 2009 excluding loss of companies engaged in the Non-Core Business[(4)]**
Not less than HK$[●]		Not less than HK$[●]

Notes:

(1) *The unaudited forecast consolidated profit attributable to equity holders of the Company for the year ending 31 December 2009 is extracted from the section headed "Financial Information — Profit Forecast" in this document. The bases on which the above profit forecast has been prepared are set out in Appendix III to this document. The Directors have prepared the forecast consolidated profit attributable to the equity holders of the Company for the year ending 31 December 2009 based on the audited consolidated results of the Group for the six months ended 30 June 2009, the unaudited consolidated management accounts of the Group for the two months ended 31 August 2009 and a forecast of the consolidated results of the Group for the remaining four months ending 31 December 2009. The forecast has been prepared on the basis of accounting policies consistent in all material respects with those presently adopted by the Group as set out in note 2 of the Accountant's Report, the text of which is set out in Appendix I to this document.*

(2) *The unaudited forecast consolidated profit attributable to the equity holders of the Company for the year ending 31 December 2009 includes the loss arising from companies of the Group engaged in the Non-core Business amounting to HK$19.3 million up to 25 August 2009 when these companies were transferred to Parent Group.*

(3) *The calculation of unaudited pro forma forecast earnings per Share is based on the unaudited forecast consolidated profit attributable to the equity holders of the Company for the year ending 31 December 2009 and on the basis that [●] Shares were in issue during the entire period and assuming that the [●] had been completed on 1 January 2009. The calculation has not taken into account any Shares which may be issued upon the exercise of the [●] or any options granted under the Pre-[●] Share Option Scheme.*

(4) *The calculation of unaudited pro forma forecast earnings per Share is based on the unaudited forecast consolidated profit attributable to the equity holders of the Company for the year ending 31 December 2009 excluding the loss of companies engaged in the Non-core Business and on the basis that 1,506,464,883 Shares were in issue during the entire period and assuming that the [●] had been completed on 1 January 2009. The calculation has not taken into account any Shares which may be issued upon the exercise of the [●] or any options granted under the Pre-[●] Share Option Scheme.*

PRE-[●] SHARE OPTION SCHEME

The Company has adopted the Pre-[●] Share Option Scheme, pursuant to which options entitling the holders thereof to subscribe for an aggregate of 45,194,000 Shares have been granted, representing approximately 3% of the total issued share capital of the Company immediately following the completion of the [●]. Assuming that all the options granted under the Pre-[●] Share Scheme had been exercised in full during the year ending 31 December 2009 and that [●] Shares, comprising [●] Shares in issue immediately following the completion of the [●] and [●] Shares to be issued upon the exercise of all the options granted under the Pre-[●] Share Option Scheme, were deemed to have been in issue throughout the year ending 31 December 2009, but not taking into account any Shares which may be issued upon the exercise of the [●] or any options which may be granted under the Post-[●] Share Option Scheme.

Details of the Pre-[●] Share Option Scheme are set out in the section headed "Statutory and General Information — D. Pre-[●] Share Option Scheme" in Appendix VI to this document.