

The Stock Exchange of Hong Kong Limited and the Securities and Futures Commission take no responsibility for the contents of this Web Proof Information Pack, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Web Proof Information Pack.

Web Proof Information Pack of



TRINITY LIMITED
(incorporated in Bermuda with limited liability)

WARNING

This Web Proof Information Pack is being published as required by The Stock Exchange of Hong Kong Limited the Securities and Futures Commission solely for the purpose of providing information to the public in Hong Kong.

This Web Proof Information Pack is in draft form. The information contained in it is incomplete and is subject to change which can be material. By viewing this document, you acknowledge, accept and agree with Trinity Limited (the “Company”), any of its sponsors, advisers or member of the underwriting syndicate that:

- (a) this Web Proof Information Pack is only for the purpose of facilitating equal dissemination of information to investors in Hong Kong and not for any other purposes. No investment decision should be based on the information contained in this Web Proof Information Pack;
- (b) the posting of this Web Proof Information Pack or supplemental, revised or replacement pages on the website of Hong Kong Exchanges and Clearing Limited does not give rise to any obligation of the Company, any of its sponsors, advisers or member of the underwriting syndicate to proceed with an offering in Hong Kong or any other jurisdiction. There is no assurance that the Company will proceed with the offering;
- (c) the contents of this Web Proof Information Pack or supplemental, revised or replacement pages may or may not be replicated in full or in part in the actual document of the Company;
- (d) this Web Proof Information Pack may be updated or revised by the Company from time to time but each of the Company and its affiliates, advisers, sponsors or members of the underwriting syndicate is under no obligation, legal or otherwise, to update any information contained in this Web Proof Information Pack;
- (e) this Web Proof Information Pack does not constitute a document, notice, circular, brochure or advertisement offering to sell any securities to the public in any jurisdiction, nor is it an invitation to the public to make offers to subscribe for or purchase any securities, nor is it calculated to invite offers by the public to subscribe for or purchase any securities;
- (f) this Web Proof Information Pack must not be regarded as an inducement to subscribe for or purchase any securities, and no such inducement is intended;
- (g) neither the Company nor any of its affiliates, underwriters or advisers is offering, or is soliciting offers to buy, any securities in any jurisdiction through the publication of this Web Proof Information Pack;
- (h) neither the Company nor any of its affiliates, advisers, sponsors or members of the underwriting syndicate makes any express or implied representation or warranty as to the accuracy or completeness of the information contained in this Web Proof Information Pack;
- (i) each of the Company and any of its affiliates, advisers, sponsors or members of the underwriting syndicate expressly disclaims any and all liability on the basis of any information contained in, or omitted from, or any inaccuracies or errors in, this Web Proof Information Pack;
- (j) the Company has not and will not register the securities referred to in this Web Proof Information Pack under the United States Securities Act of 1933, as amended, or any state securities laws of the United States; and
- (k) as there may be legal restrictions on the distribution of this Web Proof Information Pack or dissemination of any information contained in this Web Proof Information Pack, you agree to inform yourself about and observe any such restrictions applicable to you.

THE WEB PROOF INFORMATION PACK IS NOT FOR PUBLICATION OR DISTRIBUTION TO PERSONS IN THE UNITED STATES. ANY SECURITIES REFERRED TO HEREIN HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), AND MAY NOT BE OFFERED OR SOLD WITHOUT REGISTRATION THEREUNDER OR PURSUANT TO AN AVAILABLE EXEMPTION THEREFROM.

NEITHER THIS WEB PROOF INFORMATION PACK NOR THE INFORMATION CONTAINED HEREIN CONSTITUTES AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY ANY SECURITIES IN THE UNITED STATES. THIS WEB PROOF INFORMATION PACK IS NOT BEING MADE AND MAY NOT BE DISTRIBUTED OR SENT INTO CANADA OR JAPAN.

Any offer or invitation to make an offer for any securities will only be made to the public in Hong Kong after the Company has registered its prospectus in accordance with the Companies Ordinance (Cap 32). If an offer or an invitation is made to the public in Hong Kong in due course, prospective investors are reminded to make their investment decisions solely based on a prospectus of the Company registered with the Registrar of Companies in Hong Kong, copies of which will be distributed to the public during the offer period.

THIS WEB PROOF INFORMATION PACK IS IN DRAFT FORM. The information contained in it is incomplete and is subject to change. This Web Proof Information Pack must be read in conjunction with the section headed "Warning" on the cover of this Web Proof Information Pack.

CONTENTS

This Web Proof Information Pack contains the following information relating to the Company extracted from the Listing Committee Post Hearing proof of the draft document.

- **Warning**
- **Summary**
- **Definitions**
- **Risk Factors**
- **Directors and Parties Involved**
- **Corporate Information**
- **Industry Overview**
- **History, Reorganisation and Group Structure**
- **Business**
- **Connected Transactions**
- **Directors, Senior Management and Employees**
- **Substantial Shareholders and Selling Shareholder**
- **Relationship with Parent Group**
- **Share Capital**
- **Financial Information**
- **Future Plans**
- **Appendix I – Accountant's Report**
- **Appendix III – Profit Forecast**
- **Appendix IV – Property Valuation**
- **Appendix V – Summary of the Constitution of the Company and Bermuda Company Law**
- **Appendix VI – Statutory and General Information**

YOU SHOULD READ THE SECTION HEADED "WARNING" ON THE COVER OF THIS WEB PROOF INFORMATION PACK.

SUMMARY

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.

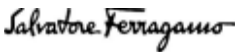
THE BRANDS

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.

THIS WEB PROOF INFORMATION PACK IS IN DRAFT FORM. The information contained in it is incomplete and is subject to change. This Web Proof Information Pack must be read in conjunction with the section headed "Warning" on the cover of this Web Proof Information Pack.

SUMMARY

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

<u>Name of brand</u>	<u>Brand logo</u>	<u>Main markets of rightful use</u>	<u>No. of stores as at 30 September 2009</u>
Owned Brand			
Kent & Curwen		Global	95 ⁽¹⁾
Licensed Brands			
Altea		Greater China	5
Cerruti 1881	CERRUTI 1881	Greater China	91
D'urban	D'URBAN	Greater China	66
Gieves & Hawkes		Greater China	82
Intermezzo	I N T E R M E Z Z O	Greater China	14
Total number of stores operated by the Group			353
The JVs brand			
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.

THIS WEB PROOF INFORMATION PACK IS IN DRAFT FORM. The information contained in it is incomplete and is subject to change. This Web Proof Information Pack must be read in conjunction with the section headed "Warning" on the cover of this Web Proof Information Pack.

SUMMARY

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:

Region	The Group					The JVs		Total
	Altea	Cerruti 1881	D'urban	Gieves & Hawkes	Intermezzo	Kent & Curwen	Salvatore Ferragamo	
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,

SUMMARY

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:

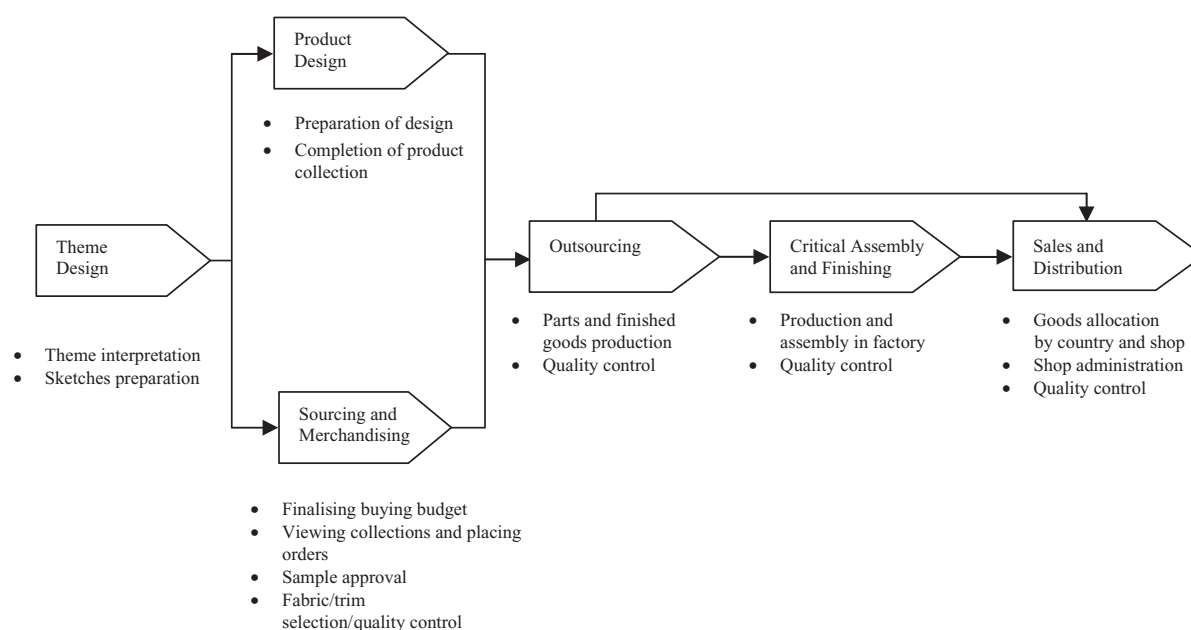
- **Increasing same-store sales growth** — the Group intends to increase same-store sales growth by expanding its product offerings, upgrading the image of the retail stores, improving inventory management and control measures and enhancing customer service. The Group has seen a healthy growth in same-store 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

SUMMARY

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

SUMMARY

- 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

THIS WEB PROOF INFORMATION PACK IS IN DRAFT FORM. The information contained in it is incomplete and is subject to change. This Web Proof Information Pack must be read in conjunction with the section headed "Warning" on the cover of this Web Proof Information Pack.

SUMMARY

- 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.

THIS WEB PROOF INFORMATION PACK IS IN DRAFT FORM. The information contained in it is incomplete and is subject to change. This Web Proof Information Pack must be read in conjunction with the section headed "Warning" on the cover of this Web Proof Information Pack.

SUMMARY

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	—
	<u>189.1</u>	<u>135.1</u>	<u>121.6</u>	<u>128.7</u>	<u>67.8</u>

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.

SUMMARY

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

SUMMARY

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%.

THIS WEB PROOF INFORMATION PACK IS IN DRAFT FORM. The information contained in it is incomplete and is subject to change. This Web Proof Information Pack must be read in conjunction with the section headed "Warning" on the cover of this Web Proof Information Pack.

SUMMARY

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	—
	<u>191.1</u>	<u>145.4</u>	<u>103.8</u>	<u>146.9</u>	<u>56.3</u>

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.

THIS WEB PROOF INFORMATION PACK IS IN DRAFT FORM. The information contained in it is incomplete and is subject to change. This Web Proof Information Pack must be read in conjunction with the section headed "Warning" on the cover of this Web Proof Information Pack.

SUMMARY

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.

THIS WEB PROOF INFORMATION PACK IS IN DRAFT FORM. The information contained in it is incomplete and is subject to change. This Web Proof Information Pack must be read in conjunction with the section headed "Warning" on the cover of this Web Proof Information Pack.

DEFINITIONS

In this document, unless the context otherwise requires, the following terms shall have the meanings set out below.

“Acquisitions”	the acquisitions of DDL Group and Green Group by Parent Group on 30 April 2006
“AG 5”	Accounting Guideline 5 — Merger Accounting for Common Control Combinations issued by Hong Kong Institute of Certified Public Accountants
“associates”	has the meaning ascribed thereto under the Listing Rules
“Assumed Loan”	a loan of US\$205 million initially borrowed by LiFung Trinity from The Bank of Tokyo-Mitsubishi UFJ, Ltd., which was subsequently novated to the Company to set-off a shareholder’s loan of the same principal amount owed by the Company to LiFung Trinity pursuant to the Reorganisation, details of which are set out in the section headed “Statutory and General Information — A. Further Information about the Company — 4. Reorganisation” in Appendix VI to this document
“A.T.”	A.T. Distributions Limited, a limited liability company incorporated in Hong Kong on 3 October 2003, being an indirect wholly owned subsidiary of the Company
“Average Retail Price” or “ARP”	the average retail price (inclusive of VAT, if any, but before any sale discounts) for each product style launched in a period of 12 months covering fall and winter 2008 and spring and summer 2009
“A\$”	Australian dollar(s), the lawful currency of Australia
“Baht”	Baht, the lawful currency of Thailand
“BLS Holdings”	BLS Holdings Limited, a limited liability company incorporated in the BVI on 17 June 2003
“BLS (Private Labels)”	BLS (Private Labels) Holdings Limited, a limited liability company incorporated in the BVI on 8 December 2006
“BLS Singapore”	L&F Branded Lifestyle (Singapore) Pte. Ltd., a limited liability company incorporated in Singapore on 12 July

DEFINITIONS

	1994, being an indirect wholly owned subsidiary of the Company
“Board”	the board of Directors
“Brands”	the brand owned by the Group and the brands that the Group is licensed to use under the relevant licence agreements and, unless the context otherwise requires, a “Brand” means any one of the Brands
“Brand Owners”	the owners of the brands which the Group is licensed to use under the relevant licence agreements (which are Independent Third Parties) and, unless the context otherwise requires, a “Brand Owner” means any one of the Brand Owners
“business day”	any day (other than Saturday and Sunday) on which banks in Hong Kong are generally open for normal banking business
“BVI”	the British Virgin Islands
“Bye-laws”	the bye-laws of the Company, conditionally adopted on [●] 2009, and as amended from time to time
“CAGR”	compound annual growth rate
“Call Option”	the call option granted to the Company by BLS Holdings, the exercise of which provides the Company a right to acquire the interest in BLS (Private Labels) from BLS Holdings, details of which are set out in the section headed “Connected Transactions — B. Non-exempt Continuing Connected Transactions — 3. Provision of management services to BLS (Private Labels) by the Group” in this document
“Champion”	Champion Distributions Limited, a limited liability company incorporated in Hong Kong on 6 August 1997, being an indirect wholly owned subsidiary of the Company
“Champion Fashion”	逸賢服飾銷售（上海）有限公司 (Champion Fashion Distributions (Shanghai) Limited), a limited liability company established in the PRC on 27 June 2005, being an indirect wholly owned subsidiary of the Company
“Citi”	Citigroup Global Markets Asia Limited
“COL”	COL (Macau) Limited (卓誼（澳門）有限公司), a limited liability company incorporated in Macau on 14 March 2007, being an indirect wholly owned subsidiary of the Company

THIS WEB PROOF INFORMATION PACK IS IN DRAFT FORM. The information contained in it is incomplete and is subject to change. This Web Proof Information Pack must be read in conjunction with the section headed "Warning" on the cover of this Web Proof Information Pack.

DEFINITIONS

“Companies Act”	the Companies Act 1981 of Bermuda, as demanded, supplemented or otherwise modified from time to time
“Companies Ordinance”	the Companies Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Company”	Trinity Limited, an exempted company incorporated in Bermuda with limited liability on 21 December 2006
“Concord”	Concord Distributions Limited (卓誼有限公司), a limited liability company incorporated in Hong Kong on 25 June 1997, being an indirect wholly owned subsidiary of the Company
“Concord Fashion”	永盈服飾銷售（上海）有限公司 (Concord Fashion Distributions (Shanghai) Limited), a limited liability company established in the PRC on 18 May 2005, being an indirect wholly owned subsidiary of the Company
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“controlling shareholder”	has the meaning ascribed thereto under the Listing Rules
“Core Business”	the business of the Group during the Track Record Period, other than the Non-core Business. The Non-core Business was transferred out of the Group to Parent Group on 25 August 2009
“DDL Group”	the group of companies comprising Trinity Retail (HK), Trinity Retail, DDL Advertising Company Limited (liquidated) and DDM
“DDM”	DDL (Macao) Limited, a limited liability company incorporated in Macau on 26 January 1994, being an indirect wholly owned subsidiary of the Company
“Director(s)”	director(s) of the Company
“Euromonitor”	Euromonitor International (Asia) Pte Ltd.
“Euro(s)”	Euro(s), the lawful currency of those member states of the European Union that have adopted such currency
“Ferrinch (L)”	Ferrinch (L) Limited, a limited liability company incorporated in the Federal Territory of Labuan, Malaysia on 5 August 1996, being an indirect wholly owned subsidiary of the Company
“Fung Trinity Holdings”	Fung Trinity Holdings Limited, a limited liability company incorporated in the BVI on 9 January 2006

THIS WEB PROOF INFORMATION PACK IS IN DRAFT FORM. The information contained in it is incomplete and is subject to change. This Web Proof Information Pack must be read in conjunction with the section headed "Warning" on the cover of this Web Proof Information Pack.

DEFINITIONS

“GBP”	Pound Sterling, the lawful currency of the United Kingdom
“GDP”	gross domestic product
“Golden Palace”	Golden Palace Global Inc., a limited liability company incorporated in the BVI on 4 July 2000, being an indirect wholly owned subsidiary of the Company
“Golden Palace (HK)”	Golden Palace Global (H.K.) Limited, a limited liability company incorporated in Hong Kong on 30 July 2003, being an indirect wholly owned subsidiary of the Company
“Golden Palace (SH)”	永圖貿易（上海）有限公司 (Golden Palace Global Trading (Shanghai) Co., Ltd.), a limited liability company established in the PRC on 29 December 2000, being an indirect wholly owned subsidiary of the Company
“Greater China”	Mainland China, Hong Kong, Macau and Taiwan
“Green Group”	the group of companies comprising Concord, Concord Fashion, A.T., Champion, Champion Fashion, Trubest, Golden Palace, Golden Palace (HK), Golden Palace (SH), Million Venture, Million Venture (HK), Million Venture (SH), Trinity China (BVI), Trinity China (HK), Trinity China Trading (SH), J.P. Pacific Limited, Sonny Company Limited, Global Future Enterprises Limited, Global Future Enterprises (H.K.) Limited and 加昌貿易（上海）有限公司 (Global Future Trading (Shanghai) Co., Ltd.)
“Group”	the Company and its subsidiaries or, where the context refers to any time prior to the Company becoming the holding company of its present subsidiaries, the present subsidiaries of the Company and the businesses operated by such subsidiaries at the relevant time or (as the case may be) their predecessors, and includes DDL Group and Green Group, unless the context otherwise requires, but does not include the JVs
“HIBOR”	Hong Kong Inter Bank Offered Rate
“HK\$”, “HK dollar(s)” or “Hong Kong dollar(s)”	Hong Kong dollar(s), the lawful currency of Hong Kong
“HKFRS”	Hong Kong Financial Reporting Standards
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC

DEFINITIONS

“House Brands”	the brands owned by Parent Group and operated in any part of Greater China, details of which are set out in the section headed “Relationship with Parent Group — Brands Retained by Parent Group” and, unless the context otherwise requires, a “House Brand” means any one of the House Brands
“IDD”	I.D.D. Australia Pty. Limited, a limited liability company incorporated in Australia on 24 February 1986, which was an indirect wholly owned subsidiary of the Company and was put in members’ voluntary liquidation and de-registered on 22 July 2008 and 25 June 2009, respectively
“IDS”	Integrated Distribution Services Group Limited, an exempted company incorporated in Bermuda with limited liability on 25 September 2003, whose shares are listed on the Main Board of the Stock Exchange and traded under stock code 2387
“Independent Third Party(ies)”	person(s) who, as far as the Directors are aware after having made all reasonable enquiries, is(are) not connected person(s) of the Company
“International Brands Holdings”	LiFung Trinity International Brands Holdings Limited, a limited liability company incorporated in the BVI on 8 December 2006, being a direct wholly owned subsidiary of the Company
“Issue Mandate”	the general mandate granted to the Directors for the issue of Shares, details of which are set out in the section headed “Statutory and General Information — A. Further Information about the Company — 3. Resolutions of the Shareholders passed on 16 October 2009” in Appendix VI to this document
“J.P. Morgan”	J.P. Morgan Securities (Asia Pacific) Limited
“JVs”	the joint venture companies, namely, Ferragamo (Malaysia) Sdn. Bhd., Ferragamo (Thailand) Limited, Ferragamo (Singapore) Pte. Ltd. and Ferragamo Korea Ltd., of which the Salvatore Ferragamo group and the Group each has a 50% interest
“KRW” or “Korean Won”	Korean Won, the lawful currency of South Korea
“Latest Practicable Date”	12 October 2009, being the latest practicable date for ascertaining certain information in this document prior to the publication of this document

DEFINITIONS

“Lever Style”	Lever Style Inc., a limited liability company incorporated in the BVI on 28 March 2007, together with its subsidiaries
“Lee Family”	one of the shareholders of DDL Group and the sole shareholder of Green Group prior to the Acquisitions in April 2006, which, so far as the Directors are aware after having made all reasonable enquiries, does not hold any equity interest in the Group as at the Latest Practicable Date
“LF (1937)”	Li & Fung (1937) Limited (利豐(1937)有限公司), a limited liability company incorporated in Hong Kong on 28 December 1937
“LF Retailing”	Li & Fung (Retailing) Limited (利豐(零售)有限公司), a limited liability company incorporated in Hong Kong on 6 March 1973
“Li & Fung Group”	King Lun Holdings Limited and its subsidiaries, including LF (1937), LF Retailing and its subsidiaries, including LiFung Trinity and the Group
“Li & Fung Trading”	Li & Fung Limited (利豐有限公司), an exempted company incorporated in Bermuda with limited liability on 25 October 1991, whose shares are listed on the Main Board of the Stock Exchange and traded under stock code 494
“LiFung International Brands”	LiFung Trinity International Brands Limited (利邦國際品牌有限公司), a limited liability company incorporated in Hong Kong on 18 May 2006, being an indirect wholly owned subsidiary of the Company
“LiFung (Shanghai)”	利邦(上海)服裝貿易有限公司 (LiFung Trinity China Distribution (Shanghai) Limited), a limited liability company established in the PRC on 27 October 2006, being an indirect wholly owned subsidiary of the Company
“LiFung Trinity”	LiFung Trinity Limited, a limited liability company incorporated in the BVI on 23 March 2006 and the immediate holding company of the Company
“LiFung Trinity Fashions”	LiFung Trinity Fashions Limited (利邦時裝有限公司), a limited liability company incorporated in Hong Kong on 21 December 2006, being an indirect wholly owned subsidiary of the Company

THIS WEB PROOF INFORMATION PACK IS IN DRAFT FORM. The information contained in it is incomplete and is subject to change. This Web Proof Information Pack must be read in conjunction with the section headed "Warning" on the cover of this Web Proof Information Pack.

DEFINITIONS

“LiFung Trinity JV”	LiFung Trinity JV Brands Limited, a limited liability company incorporated in the BVI on 12 May 2006, being a direct wholly owned subsidiary of the Company
“LiFung Trinity (Management)”	LiFung Trinity (Management) Limited (利邦（管理）有限公司), a limited liability company incorporated in Hong Kong on 6 April 2006, being an indirect wholly owned subsidiary of the Company
“LiFung Trinity Management (Singapore)”	LiFung Trinity Management (Singapore) Pte. Ltd., a limited liability company incorporated in Singapore on 21 March 2007, being an indirect wholly owned subsidiary of the Company
“LiFung Trinity Services”	LiFung Trinity Services Limited, a limited liability company incorporated in the BVI on 8 December 2006, being a direct wholly owned subsidiary of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time
“L&F Branded Lifestyle”	L&F Branded Lifestyle International Limited, a limited liability company incorporated in the BVI on 11 October 1999, being an indirect wholly owned subsidiary of the Company
“Macau”	the Macao Special Administrative Region of the PRC
“Million Venture”	Million Venture Inc., a limited liability company incorporated in the BVI on 28 August 2000, being an indirect wholly owned subsidiary of the Company
“Million Venture (HK)”	Million Venture (H.K.) Limited, a limited liability company incorporated in Hong Kong on 30 July 2003, being an indirect wholly owned subsidiary of the Company
“Million Venture (SH)”	逸倫貿易（上海）有限公司 (Million Venture Trading (Shanghai) Co., Ltd.), a limited liability company established in the PRC on 29 December 2000, being an indirect wholly owned subsidiary of the Company
“MOP”	Macau Pataca, the lawful currency of Macau
“Non-core Business”	the business operated by BLS (Private Labels) and its subsidiaries, including the business relating to the House Brands, during the Track Record Period, which was, together with such companies, transferred out of the Group to Parent Group on 25 August 2009

THIS WEB PROOF INFORMATION PACK IS IN DRAFT FORM. The information contained in it is incomplete and is subject to change. This Web Proof Information Pack must be read in conjunction with the section headed "Warning" on the cover of this Web Proof Information Pack.

DEFINITIONS

“NT”	New Taiwan Dollar, the lawful currency of Taiwan
“Parent Group”	Li & Fung Group excluding the Group
“PBOC Rate”	the exchange rate for foreign exchange transactions set daily by the People’s Bank of China based on the Mainland China inter-bank foreign exchange market rate of the previous day and with reference to current exchange rates on the world financial markets
“POS”	point of sale
“Post-[●] Share Option Scheme”	the share option scheme conditionally approved and adopted by the Company on [●], the principal terms of which are summarised in the section headed “Statutory and General Information — E. Post-[●] Share Option Scheme” in Appendix VI to this document
“PRC”	the People’s Republic of China
“PRC Government”	the central government of the PRC, including all government subdivisions (including provincial, municipal and other regional or local government entities) and instrumentalities thereof or, where the context requires, any of them
“Pre-[●] Share Option Scheme”	the share option scheme approved and adopted by the Company on [●], the principal terms of which are summarised in the section headed “Statutory and General Information — D. Pre-[●] Share Option Scheme” in Appendix VI to this document
“product part(s)”	part(s) of the Group’s products, such as front and back panels, facing, collars, labels, lapels and sleeves of jackets and pants, that may be used by the Group as input(s) for its finished products
“Regulation S”	Regulation S under the U.S. Securities Act
“Renown”	Renown Incorporated, a limited liability company incorporated in Japan
“Reorganisation”	the reorganisation arrangements implemented by the Group in preparation for the [●], which is more particularly described in the section headed “Statutory and General Information — A. Further Information about the Company — 4. Reorganisation” in Appendix VI to this document

DEFINITIONS

“Repurchase Mandate”	the general mandate granted to the Directors to repurchase Shares, details of which are set out in the section headed “Statutory and General Information — A. Further Information about the Company — 3. Resolutions of the Shareholders passed on 16 October 2009” in Appendix VI to this document
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“SARS”	Severe Acute Respiratory Syndrome
“Selling Shareholder”	LiFung Trinity
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“SGD”	Singapore dollar(s), the lawful currency of Singapore
“Share Option Schemes”	the Pre-[●] Share Option Scheme and the Post-[●] Share Option Scheme
“Shareholder(s)”	holder(s) of the Share(s)
“Share(s)”	ordinary shares in the share capital of the Company with a nominal value of HK\$0.10 each
“South Korea”	Republic of Korea
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	has the meaning ascribed thereto in section 2 of the Companies Ordinance
“substantial shareholder”	has the meaning ascribed thereto under the Listing Rules
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Track Record Period”	the period comprising the three financial years of the Group ended 31 December 2008 and the six months ended 30 June 2009
“Trinity (Business Wear)”	Trinity (Business Wear) Limited, a limited liability company incorporated in Hong Kong on 2 February 1973, being an indirect wholly owned subsidiary of the Company
“Trinity (Casual Wear)”	Trinity (Casual Wear) Limited, a limited liability company incorporated in Hong Kong on 24 May 1974,

DEFINITIONS

	being an indirect wholly owned subsidiary of the Company
“Trinity China (BVI)”	Trinity China Distributions (B.V.I.) Limited, a limited liability company incorporated in the BVI on 23 July 2003, being an indirect wholly owned subsidiary of the Company
“Trinity China Distributions (SH)”	利永（上海）時裝商貿有限公司 (Trinity China Distributions (Shanghai) Limited), a limited liability company established in the PRC on 27 October 2006, being an indirect wholly owned subsidiary of the Company
“Trinity China (HK)”	Trinity China Distributions (H.K.) Limited, a limited liability company incorporated in Hong Kong on 28 July 2003, being an indirect wholly owned subsidiary of the Company
“Trinity China Trading (SH)”	利宜貿易（上海）有限公司 (Trinity China Distributions Trading (Shanghai) Co., Ltd.), a limited liability company established in the PRC on 29 December 2000, being an indirect wholly owned subsidiary of the Company
“Trinity Retail”	Trinity Retail Limited (利邦零售有限公司), a limited liability company incorporated in Hong Kong on 24 July 1979, being an indirect wholly owned subsidiary of the Company
“Trinity Retail (HK)”	Trinity Retail (H.K.) Limited (利邦零售（香港）有限公司), a limited liability company incorporated in Hong Kong on 8 December 1978, being an indirect wholly owned subsidiary of the Company
“Trinity Textiles HK”	Trinity Textiles Limited (萬邦製衣廠有限公司), a limited liability company incorporated in Hong Kong on 27 May 1969
“Trubest”	Trubest Limited (卓業服飾有限公司), a limited liability company incorporated in Hong Kong on 25 June 1997, being an indirect wholly owned subsidiary of the Company
“United States” or “U.S.”	the United States of America
“U.S. Securities Act”	the United States Securities Act of 1933, as amended from time to time
“US\$” or “U.S. dollar(s)”	United States dollar(s), the lawful currency of the United States

THIS WEB PROOF INFORMATION PACK IS IN DRAFT FORM. The information contained in it is incomplete and is subject to change. This Web Proof Information Pack must be read in conjunction with the section headed "Warning" on the cover of this Web Proof Information Pack.

DEFINITIONS

“VAT”	value added tax
“WTO”	World Trade Organisation
“Yen”	Japanese Yen, the lawful currency of Japan
“%”	per cent.

The English names of the nationals, entities, departments, facilities, certificates, titles and the like of Mainland China referred in this document are translations from their Chinese names. If there is any inconsistency between the English name and the Chinese name, the Chinese name shall prevail.

Unless otherwise expressly stated or the context otherwise requires, all data in this document is as at the date of this document.

Unless otherwise specified, all references to any shareholdings in the Company assume that the [●] is not exercised.

RISK FACTORS

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 has the right to, amongst other things, manufacture and retail certain categories of products of the licensed brands in the markets where it operates. Most of the licences are for a term of six to ten years and are renewable subject to certain renewal conditions. For the year ended 31 December 2008 and the six months ended 30 June 2009, the Core Business's revenues from its licensed brands (other than the Kent & Curwen brand) represented approximately 62.7% and 63.7% of the total revenues of the Core Business, respectively.

The Group acquired the Kent & Curwen brand globally in 2008. Nevertheless, a substantial portion of the Group's revenue has been, and will still be, derived from its licensed brands. There is no assurance that the Group will be able to fulfil all of the renewal conditions in order to retain such licences. If the Group loses any of such licences, its business as well as its financial results may be adversely affected.

In addition, the JVs may also not be able to renew their licences with the relevant Brand Owners, nor is there any guarantee that such licences will not be terminated during their current term. If any of the licences are terminated or not renewed, the Group's business as well as its results of operations may be adversely affected.

The Group and the JVs may not be able to effectively promote or develop their brands

The Group and the JVs strive to position their self-owned and licensed brands as high-to-luxury end apparel brands. Brand image is an important factor which affects a consumer's purchasing decision with respect to the Group's products. To effectively promote these brands, the Group and the JVs would have to be able to build and maintain the brand image by focusing on a variety of promotional and marketing activities to promote brand awareness, as well as to increase their presence in the markets in which they operate by expanding their retail network. There is no assurance that the Group and the JVs will be able to effectively promote or develop these brands and if they fail to do so, the goodwill of such brands may be undermined, and accordingly the Group's business as well as its financial results may be adversely affected.

The Group and the JVs may not be able to renew the leases of their retail stores on favourable terms or at all

All of the retail stores of the Group and the JVs are currently located at prime locations under leases which are for relatively short terms of less than four years. As at the Latest Practicable Date, the percentage of leases expiring (i) by December 2009, (ii) by December 2010 and (iii) thereafter are approximately 9.9%, 57.2% and 21.0%, respectively. The Group does not have a right of renewal for a majority of such leases. There is no assurance that each of the leases will be renewed upon expiry or on favourable terms. If the Group and/or the JVs are unable to renew such leases or unable to renew them on reasonable terms, they would need to relocate the relevant retail stores, which could be difficult given that prime locations are generally limited. Renewal of leases at unfavourable terms will result in increased rental expenditure for the Group and/or the JVs. In addition, if the Group or the JVs are forced to relocate their retail stores, it will result in a disruption to their businesses. Other related costs such as renovation costs will also be incurred. In all such cases, the Group's sales as well as its financial results may be adversely affected.

RISK FACTORS

The Group may not be able to manage the rapid growth of its retail network effectively

The Group has a broad menswear retail network in the markets where it operates. The Group intends to continue expanding its retail network, particularly in Mainland China. The Group increased the number of its retail stores from 225 as at 31 December 2006 to 292 as at 31 December 2007, and to 345 as at 31 December 2008 and to 353 as at 30 September 2009. The Group may not be able to successfully manage the rapid growth of its retail network effectively despite adopting various measures or strategies. Therefore, there is no assurance that the intended growth of the Group's retail network can be achieved or will be profitable. If the expansion of the retail network is not successfully managed, the Group's operating costs may increase and the Group's sales and financial results may be adversely affected. In addition, in the event of an economic downturn, which may adversely affect the profitability of the stores, this could result in longer lead-time for new stores to reach their optimal operating levels.

The Group and the JVs may not respond in a timely manner to changes in fashion trends and consumer spending patterns

The apparel industry is highly susceptible to changes in fashion trends and fluctuations in consumer preferences and demands. In order to achieve continued and sustained success in the Group's business, the Group and the JVs must be able to predict, identify and respond promptly to such changes. If the Group or any of the JVs fail to anticipate and respond promptly to these changes, the Group's financial results may be adversely affected.

On the other hand, if the Group or any of the JVs fails to anticipate increased consumer demand for their products, each of them may experience inventory shortages and loss of sales opportunities, which may have an adverse impact on the financial results of the Group.

The Group may be forced to relocate some of its retail outlets in Mainland China

As at 30 September 2009, 24 of the Group's leases in respect of its properties in Mainland China had not been registered as required by applicable PRC regulations. 15 out of the 24 unregistered leases are used as retail stores, which represents approximately 4.2% of the Group's total number of leases in Greater China for retail use. The Directors do not believe that the failure of registration alone will affect the validity or performance of these leases. Although the Group is not in a position to effect the required registrations under the applicable PRC regulations, it has requested the landlords to complete such registrations. If the required registrations are not effected, the Group may be required to relocate these retail outlets. Refer to the section headed "Business — Property Interest" in this document for further details. In addition, if there is any dispute as to the legal title of any of such leased properties and/or if the Group's right to occupy the properties comes into question, the Group may have to seek alternative premises for such retail stores. In the event that the Group is forced to relocate its retail stores and is not able to identify alternative properties which are comparable in size and location, the Group's business and financial condition may be adversely affected.

The Group and the JVs may be affected by intellectual property rights infringement

Trade marks of the Brands have been registered or applications have been made for their registration in the markets in which the Group and the JVs operate. Apart from the trade marks of the Brands licensed to the Group and the JVs, the Brand Owners and/or their agents have also registered or applied for registration of additional trade marks of such Brands in the relevant jurisdictions. For

RISK FACTORS

details of the registered trade marks or trade marks for which applications for registration have been made which are material in relation to the Group's business, see the section headed "Statutory and General Information — B. Further Information About the Business — 2. Intellectual Property Rights" in Appendix VI to this document. The Group cannot guarantee that the trade mark applications will eventually mature to registrations. There is also no assurance that the trade mark registrations relating to the Brands will not be challenged, revoked or invalidated for any reason.

Although the registration of trade marks and other intellectual property rights relating to the Brands affords a legally recognised right to exclusive use by the proprietors or their licensees, the act of registration itself will not be able to prevent third parties from making imitation or counterfeit products of the Brands. Such imitations or counterfeits may result in an erosion of goodwill and loss of consumer confidence in the Brands, which would have an adverse effect on the sales of the Group's products.

Parallel imports may adversely affect the Group's sales

Although the Group and the JVs have the right to, amongst other things, manufacture and retail the products of the Brands in the relevant countries, they are not able to prevent parallel importers from selling products of the same Brands. As parallel imported products may be sold at a discount to the products sold at the retail stores of the Group and the JVs, the sales of the Group and the JVs may be adversely affected. Parallel importers therefore pose a competitive threat to the business of the Group and the JVs and any increase in their activities in the future may have an adverse impact on the sales of the products of the Group and the JVs.

The Group is heavily dependent on its key executives and personnel

The future success of the Group will depend to a large extent on the continued efforts of the Directors and senior management of the Group as a whole. There is no assurance that these key executives or personnel will not voluntarily terminate their employment with the Group. Although the Group does not rely on any one particular Director or senior management staff of the Group, the loss of any of the Group's key executives or personnel could be detrimental to the ongoing success of the Group's operations.

The Group's continued success will also depend on its ability to attract and retain qualified personnel in order to manage its existing operations as well as its future growth. The Group may not be able to successfully attract, assimilate or retain the personnel they need and this could negatively impact the Group's ability to expand their business effectively.

Inventory of the Group may become obsolete

The average inventory turnover days for the Core Business were approximately 107 days, 379 days, 417 days and 443 days for the three years ended 31 December 2006, 2007 and 2008 and the six months ended 30 June 2009, respectively. The increases in turnover days were due to a combination of the expansion in the retail network and the global financial turmoil during the period. In the event of another economic downturn, market demand for the products of the Group may fall below management expectations and could cause an accumulation of inventory, which may eventually lead to inventory write-offs that could adversely affect the Group's financial results.

The Group is responsive to seasonal and swift changes in consumer demand, and therefore has no rigid inventory control policy or pre-set inventory level. Products within the current season will

RISK FACTORS

generally continue to be sold in the retail stores of the Group. The Group classifies its products as past season products when their designs become outdated and no longer reflect the trend and style of the current season. Such past season products will then generally be moved to the Group's factory outlets and may become obsolete over time. Refer to the section headed "Business — Sales and Distribution — Retail — Factory Outlets" in this document for further details. The gross inventory balance of the Core Business as at 31 December 2006, 2007 and 2008, and 30 June 2009 was approximately HK\$210.8 million, HK\$443.0 million, HK\$584.0 million and HK\$524.8 million, respectively. The provision for inventory in respect of the Core Business as at 31 December 2006, 2007 and 2008, and 30 June 2009 was approximately HK\$17.6 million, HK\$24.6 million, HK\$46.4 million and HK\$42.3 million, respectively. The subsequent sales of the inventory of the Core Business as at 30 June 2009 during the period from 1 July 2009 to 30 September 2009 was approximately HK\$66.1 million.

A labour shortage or an increase in labour cost may expose the Group to an increase in its cost of production

If there is a shortage of labour or for any reason the labour cost in Mainland China, Hong Kong or any other country in which the Group's products are manufactured rises significantly, the cost of production of the Group's products is likely to increase. This may in turn affect the selling prices of the Group's products, which may then affect the demand of such products and thereby adversely affect the Group's sales and financial condition. Increase in costs of other components required for production of the Group's products may cause similar adverse effects, particularly if the Group is unable to identify and employ other appropriate means to reduce its costs of production. Furthermore, the Group may not be able to pass on the increased cost to consumers by increasing the selling prices of its products in light of competitive pressure in the markets where it operates. In such circumstances, the Group's profit margin may decrease and its financial results may be adversely affected.

The Group's suppliers may be affected by government regulations in the countries where they operate

As the Group sources a large volume of its products from third-party manufacturers and outsources the production of its product parts to external suppliers, the Group is able to benefit from economies of scale in terms of obtaining competitive prices which results in cheaper production costs. These suppliers may be subject to government regulations in the countries in which they operate. Any change to the relevant government regulations or policies, whether relating to labour safety, tax treatment, environmental protection or any other aspects, may directly affect the operating costs of these suppliers. This may in turn increase the costs of their products or other fees charged to the Group. In such circumstances, the costs of sales of the Group may increase, thereby adversely affecting the Group's profitability and financial results.

The Group may not be able to source quality raw materials in a timely and cost-effective manner

The Group depends on external suppliers for all of the raw materials and product parts for the production of its products. For instance, fabric, being the primary raw material, as well as other components, are imported from overseas countries. The Group must be able to source quality raw materials at acceptable prices and in a timely manner. If the Group is unable to do so, the production schedule of the Group's products may be adversely affected. If the Group is unable to source quality raw materials in a timely and cost-effective manner, the Group's sales, business and trading position, as well as its financial results and condition may be adversely affected.

RISK FACTORS

The Group may experience interruptions to its supply of raw materials, product parts, accessories and other materials required for production

The Group must obtain sufficient quantities of quality raw materials, including fabrics, linings, zippers and buttons, from its suppliers in order to maintain its normal operations. During the year ended 31 December 2008 and the six months ended 30 June 2009, the Group imported a majority of its raw materials from Europe.

If the Group is unable to obtain the raw materials from these suppliers for any reason, the Group may have to incur additional costs in order to source the raw materials from alternative suppliers in order to avoid any interruption to the production schedule. There is no assurance that the Group will be able to contract suitable alternative suppliers in a timely manner and this could result in a delay in the Group's production schedule, which may adversely affect the Group's profitability.

The Group is dependent on Lever Style for a significant portion of the Group's supplies

Currently, the Group completely outsources the production of product parts to Lever Style which are subsequently assembled at the Group's critical assembly and finishing facilities in Hong Kong. The Group also purchases finished apparel products, such as men's shirts, from Lever Style. Through these arrangements, the Group benefits from economies of scale in terms of cheaper production costs and quality control with respect to its products. The Group's purchases from Lever Style accounted for approximately 8.4% and 10.8% of the Group's total purchases for the year ended 31 December 2008 and the six months ended 30 June 2009, respectively.

Notwithstanding the fact that Lever Style is a company in which Fung Trinity Holdings holds 25% of its issued ordinary shares, there is no assurance that the Group's arrangements with Lever Style will continue in the future or that the Group will be able to continue obtaining product parts from Lever Style in a timely manner or at competitive prices in the future. In the event that the arrangements with Lever Style are terminated, the Group may not be able to find an alternative supplier promptly, which may result in delays in the production schedule and could adversely affect the Group's business, operations and its financial results.

The Group may be exposed to product liability claims

The laws of the countries in which the Group operates do not require the maintenance of product liability insurance for their business operations. The Group therefore does not have product liability insurance.

If the Group is found liable for any product liability claim, it may be required to pay substantial damages. Even if the Group is successful in defending such a claim, the Group may have incurred substantial financial and other resources in defending such a claim. In such circumstances, the Group's financial results will be adversely affected. Depending on the outcome of any such claims, the reputation of the Brands could also be adversely affected.

The Group and the JVs are exposed to exchange rate fluctuations

The main raw materials purchased by the Group and the JVs are high quality fabric and components which are mainly imported from Europe. In addition, the Group and the JVs also source finished products and accessories from third-party manufacturers or other licensees of the licensed Brands or the relevant Brand Owners that are located in other countries from time to time. The cost of

RISK FACTORS

sales of the Group could therefore be adversely affected by fluctuations in the relevant exchange rates. For the year ended 31 December 2008, the percentage of the Group's settlement in Euro, GBP, HK\$, RMB, Yen and US\$ were approximately 28.5%, 2.6%, 30.3%, 7.6%, 9.4% and 20.2%, respectively, for the Core Business. For the six months ended 30 June 2009, the percentage of the Group's settlement in Euro, GBP, HK\$, RMB, Yen and US\$ were approximately 21.6%, 1.5%, 33.7%, 13.0%, 12.6% and 16.8%, respectively, for the Core Business. If there is an appreciation in Euros, GBP or Yen against Hong Kong dollars, it will likely lead to an increase in the costs of primary raw materials used by the Group and consequently, the Group's cost of sales. This may in turn adversely affect the financial results of the Group and the JVs.

In addition, the majority of the Group's share of profit of jointly controlled entities were derived from its joint venture with Salvatore Ferragamo in South Korea, where the operating currency is primarily denominated in Korean Won. A depreciation in the Korean Won would therefore affect the results of the Group and the JVs as the Group's reporting currency is in Hong Kong dollars, resulting in translation losses. During the second half of 2008 and the first half of 2009, the Korean Won fluctuated from a low of HK\$1.00 to KRW196.08 to a high of HK\$1.00 to KRW129.87.

The Group may not successfully integrate newly acquired or licensed brands and/or businesses into its business model

The Group may acquire or obtain the licence to operate additional brands to expand its brand portfolio in the future. The ability of the Group to achieve such expansion depends on its ability to identify the appropriate additional brands and to initiate, negotiate and complete the acquisition of or obtain the licence for such brands.

The Group may experience difficulties in integrating the newly acquired or licensed brands or businesses into its existing business model and in retaining the key personnel to manage such acquired or licensed brands or businesses. In addition, the cost and duration of integration could also exceed the Group's original estimation. Any of these factors could adversely affect the Group's business, operations and its financial results.

The business operations of the Group and the JVs depend on the proper performance of the Group's and the JVs' information systems

The business operations of the Group and the JVs depend on the proper performance of the Group's and the JVs' information systems. The Group's management information systems are supported by a back-up server which can take over from the master server in the event of a system failure. There is however no assurance that such systems will always operate without any interruption or problem. Any malfunction of the systems for an extended period of time may adversely affect the smooth operation of the business of the Group or the JVs (as the case may be). This may in turn adversely affect the operations and financial results of the Group.

In addition, in order to further strengthen the Group's management information systems, the Group implemented a distribution and warehouse management system in July 2008 and a procurement information system in July 2009. The Group's business operations may experience interruptions arising out of the implementation of such systems, which may adversely affect the Group's business. There is also a risk that the new information systems will not be compatible with the Group's existing management information systems or that the Group will be unable to successfully integrate such systems, which may adversely affect the Group's business operations and financial results.

RISK FACTORS

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

The Group and the JVs currently have the right to, amongst other things, manufacture and/or market products of their self-owned or licensed brands in Mainland China, Hong Kong, Macau, Taiwan, South Korea and certain Southeast Asian countries. The manufacturing and/or sales of products of such brands in countries or regions other than the above are managed by the relevant brand owners or their other licensees. Therefore, the Group and the JVs are not able to control or influence the development or management of these brands anywhere other than in the markets where they operate.

In the event that the popularity of these brands should decline for any reason in markets outside the above countries or regions or there is a loss of goodwill relating to the reputation of such brands, the image of the brands in the markets where the Group and the JVs operate may also be adversely affected. This may in turn adversely affect the Group's operations as well as its financial results.

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

In countries where the Group and the JVs operate, the brand owners who licensed their brands to the Group or the JVs may have also licensed other third party licensees (the "Third Party Licensees") to manage (which includes manufacturing and retailing) certain additional product categories for their respective brands, such as the range of ladieswear and accessories (the "Third Party Products"). As the Group and the JVs are not able to control or influence the Third Party Licensees, there is no guarantee that the Third Party Products will be of a standard or quality that is representative of the brands' image.

In the event that the retail stores of the Third Party Licensees are managed poorly and/or the Third Party Products are of an inferior quality, the relevant brands may suffer from a loss of goodwill which in turn could adversely affect the sales of the Group and the JVs as their products are also sold under the same 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 joint venture contract relating to Ferragamo Korea Ltd. provides that if (a) LF (1937) ceases to be entitled to exercise or control the exercise of 30% or more of the voting powers at general meetings of the Company; or (b) the Company ceases to hold, through its wholly owned subsidiary, a 100% interest in Ferrinch (L), the joint venture partner from Salvatore Ferragamo (the "JV Partner") shall have the option to require the Group to sell a percentage of its shareholding in Ferragamo Korea Ltd. to the JV Partner, which will result in the JV Partner holding not more than a 70% shareholding in Ferragamo Korea Ltd.

The joint venture contract relating to Ferragamo (Malaysia) Sdn. Bhd., Ferragamo (Thailand) Limited and Ferragamo (Singapore) Pte. Ltd. also provides that if (a) LF (1937) ceases to be entitled to exercise or control the exercise of 30% or more of the voting powers at general meetings of the Company; or (b) the Company ceases to hold, through its wholly owned subsidiary, a 100% interest in L&F Branded Lifestyle, the JV Partner shall have an option to require the Group to sell a percentage of its shareholding in each of the above joint ventures to the JV Partner, which will result in the JV Partner holding not more than a 70% shareholding in each of such joint ventures.

RISK FACTORS

The Group's share of profits from the JVs for the three years ended 31 December 2008 and the six months ended 30 June 2009 were approximately HK\$32.6 million, HK\$40.7 million, HK\$42.3 million and HK\$12.9 million, respectively. In the event that any change of control as mentioned above occurs and the JV Partner exercises its right under the relevant option, the Group's interests in the JVs will be diluted and the Group's financial results may be adversely affected.

The historical dividends of the Group should not be treated as indicative of the future dividend policy of the Group

The Group declared dividends of approximately HK\$20.8 million, nil and HK\$57.8 million for the years ended 31 December 2006, 31 December 2007 and 31 December 2008, respectively, which were subsequently paid. All dividends declared and paid were funded by internally generated cash flow.

The amount of dividends which the Group may declare in the future will be subject to, amongst other things, the discretion of the Directors. It will also depend on the future operations, profitability, capital requirement and surplus as well as the general financial condition and any other factors which the Directors may consider to be relevant. Therefore, the historical dividend distributions of the Group are not indicative of the future dividend distribution policy of the Group.

The Group may not be able to secure future financing

From time to time, the Group may require additional funds depending on its business performance, market conditions and other factors which are beyond the control and anticipation of the Group's management. Extra funding may also be needed for store expansion or renovation, to acquire or license new businesses, or to strengthen the dedicated team for each brand owned or licensed to the Group as well as the centralised back-end office support. The tightening of credit which resulted from the recent economic downturn may increase the interest expenses on the Group's bank borrowings and create difficulties for the Group to renew its existing banking facilities and/or obtain additional sources of debt financing, which may affect the amount of banking facilities available to the Group. The lenders may withdraw facilities, request for early payment of outstanding loans or increases in the amount of pledges for secured borrowings. Further, if the Group requires additional debt financing, the lenders may require the Group to agree on restrictive covenants that could limit the Group's flexibility in conducting future business activities. If the Group is unable to secure external financing on acceptable terms to meet its operational and expansion needs, its business and trading position, as well as its financial results and conditions may be adversely affected.

As at 31 August 2009, the total borrowings of the Group was approximately HK\$1,108.4 million.

A change in the tax policies of the countries in which the Group or the JVs operate could reduce the Group's profitability

In the event of any unfavourable changes in the tax policies or regulations in jurisdictions where the Group and/or the JVs operate, the profitability and financial results of the Group may be adversely affected.

RISK FACTORS

The interests of the controlling shareholders of the Company may not always coincide with the interests of the Company and the other shareholders

Immediately following the completion of the [●], assuming the [●] is not exercised, King Lun Holdings Limited will indirectly hold approximately 43.08% of the issued share capital of the Company and will be the controlling shareholder of the Company. King Lun Holdings Limited is owned as to 50% by a trust established for the benefit of the family members of Dr. Victor Fung Kwok King and as to 50% by Dr. William Fung Kwok Lun. In light of the foregoing, King Lun Holdings Limited is in a position to control matters requiring approval by Shareholders and are therefore able to exercise significant influence over the operations and strategies of the Company. There is no assurance that their interests will always be aligned with the interests of the 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

A number of stores of the Core Business suffered a loss during the global financial turmoil, which caused the Group to slow the pace of its store opening plan in the first six months of 2009. Global economic downturn, such as that observed in the second half of 2008 and first half of 2009 as triggered by the global financial crisis, had adversely impacted the gross margins, operating margins and net margins of the Core Business for the year ended 31 December 2008 and for the six months ended 30 June 2009. Under a prolonged economic downturn, the Group may have to offer deeper discounts or discounts for longer periods than usual, which could adversely impact margins.

In addition, a prolonged economic downturn could impact the Group's revenue growth in a number of ways, including a slowdown in business activities, decline in consumer confidence and changes to consumer spending patterns. This is particularly so as fashion items are generally considered discretionary consumption items and the fashion apparel industry is very sensitive to changes in the economy.

The Group and the JVs may be subject to intense competition

The apparel and menswear industries are competitive. The Group and the JVs face competition from both international and domestic brands. Some of the competitors of the Group or the JVs may have greater financial, marketing, management and other resources than the Group or the JVs. The Group's financial results could be adversely affected by factors including entry by new competitors into the Group's current markets, expansion by existing competitors and better marketing/advertising leading to stronger brand equity for the competitors.

There is no assurance that the Group's strategies will remain competitive or that it will continue to be successful in the future. Increased competition could result in a loss of market share for the Group or the JVs. In particular, if the competitors of the Group or the JVs adopt aggressive pricing policies, the Group and the JVs may be forced to adjust the pricing of their products to level their competitiveness. This could adversely affect the Group's profitability and its financial results.

The Group's sales volume is sensitive to seasonality effects and weather patterns

The performance of the Group's retail stores is subject to seasonal fluctuations. Sales amounts therefore vary throughout the year and the Group's peak season is generally between the months of

RISK FACTORS

October and February, as reflected by the Group's operating results in 2007 and 2008. Extreme changes in weather patterns could also affect consumers' purchasing behaviour, which may lead to fluctuations in the Group's sales revenue.

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

Certain countries in Asia have experienced epidemics such as SARS, avian influenza and natural disasters such as fire, floods, blizzards and earthquakes, which have had an adverse impact on the economies of Mainland China and other parts of Asia. A global outbreak of a new strain of influenza virus, the H1N1, which was declared a pandemic in June 2009 by the World Health Organisation, is also affecting many countries worldwide.

So far as the Company is aware: (i) none of the Group's employees for the Core Business were injured as a result of the earthquake in Wenchuan County, Sichuan Province in 2008 (the "Earthquake") and there are no potential claims by such employees against the Group as a result of the Earthquake; and (ii) a total of 16 retail stores in Sichuan for the Core Business were temporarily closed at the request of the local government. There was no damage to these retail stores as a result of the Earthquake and in any event, these retail stores are insured against any such damage. There was no material adverse impact on the Group's financial position, and business operations and prospects as a result of the Earthquake.

Where there is an outbreak or a recurrence of epidemics or natural disaster in any country or a further spread or mutation of the H1N1 leading to a more severe H1N1 outbreak across the globe, acts of war, terrorist acts, political unrest and other events which are beyond the control of the Group and the JVs, this could result in disruption to the business of the Group and the JVs, which could in turn adversely affect the Group's operations and financial results.

RISKS RELATING TO THE PRC

A power shortage may disrupt the Group's business

Certain cities in Mainland China have experienced power shortages in the past or have been subject to restrictions in its consumption of electricity. An extended interruption in the power supply may affect the operations of the Group's retail stores and result in a decrease in sales revenue. A power shortage could also affect the production schedule of the Group's suppliers in Mainland China, which may cause a delay in the Group's production schedule leading to an incurrence of unnecessary costs.

The Group may be subject to translation loss in case of devaluation of the Renminbi

Given the Group's sizeable operations in Mainland China, the Group derives a significant portion of its revenue in Renminbi and holds a significant amount of Renminbi-denominated assets. Since the functional currency and reporting currency of the Group is Hong Kong dollars, a foreign exchange gain or loss will arise from the translation of the Group's Renminbi-denominated transactions and assets into Hong Kong dollars where there is any change in the exchange rate between these two currencies. If the Renminbi depreciates against the Hong Kong dollar, the Group will incur a foreign exchange loss in such translation, which will adversely affect the Group's financial results.

RISK FACTORS

In addition, any decrease in the value of the Renminbi against the Hong Kong dollar would also adversely affect the amount of dividends payable in Renminbi to the Company from its PRC subsidiaries, which will subsequently be translated into Hong Kong dollars. This will in turn adversely affect the Company's ability to pay dividends to Shareholders.

Changes in the PRC foreign exchange regulations may affect the Group

A substantial portion of the Group's total revenue is derived in Mainland China and is denominated in Renminbi. Under the existing foreign exchange regulations in the PRC, the Group may make payments of current account items, including profit distributions and expenditures from trade related transactions, in foreign currencies without prior approval from the PRC State Administration for Foreign Exchange upon compliance with certain procedural requirements. Despite the PRC Government's public statement that it intends to make the Renminbi freely convertible in the future, there is no assurance that such intention will materialise.

If the PRC Government imposes additional restrictions on the conversion of the Renminbi to foreign currencies, the Group may have difficulties remitting the profits generated from its operations in Mainland China to Hong Kong, which may in turn adversely affect the Group's ability to pay dividends to Shareholders in Hong Kong dollars or other foreign currencies.

Changes in the PRC political, economic and social conditions, laws, regulations and policies may adversely affect the Group's operations

The economy of Mainland China differs from the economies of most developed countries in many respects, including its structure, level of government involvement, level of development, growth rate, control of foreign exchange and allocation of resources.

The economy of Mainland China has been transitioning from a planned economy to a more market oriented economy. In the past two decades, the PRC Government has implemented economic reform measures emphasising utilisation of market forces in the development of the economy of Mainland China. In addition, the PRC Government continues to play a significant role in regulating industries by imposing industrial policies.

The Group is unable to predict whether changes in the PRC's political, economic and social conditions, laws, regulations and policies will have any adverse effect on its current or future business, financial results or financial condition.

THIS WEB PROOF INFORMATION PACK IS IN DRAFT FORM. The information contained in it is incomplete and is subject to change. This Web Proof Information Pack must be read in conjunction with the section headed "Warning" on the cover of this Web Proof Information Pack.

DIRECTORS AND PARTIES INVOLVED

DIRECTORS

<u>Name</u>	<u>Address</u>	<u>Nationality</u>
<i>Executive Directors</i>		
Mr. WONG Yat Ming (王日明)	Flat B, 5/F, Block 4 70 King's Park Hill Road King's Park Hill, Kowloon Hong Kong	Chinese
Mr. Bruno LI Kwok Ho (李國豪)	Flat 3H Pine Mansion Taikooshing Hong Kong	British
Ms. Sabrina FUNG Wing Yee (馮詠儀)	25A, The Harbourview 11 Magazine Gap Road Hong Kong	Chinese
<i>Non-executive Directors</i>		
Dr. Victor FUNG Kwok King, GBS, CBE (馮國經)	32A, The Harbourview 11 Magazine Gap Road Hong Kong	American
Dr. William FUNG Kwok Lun, SBS, OBE, JP (馮國綸)	30A&B, The Harbourview 11 Magazine Gap Road Hong Kong	Chinese
Mr. Jeremy Paul Egerton HOBBS	Flat A11 Repulse Bay Apartments 101 Repulse Bay Road Hong Kong	British
Mr. Jose Hosea CHENG Hor Yin (鄭可玄)	Flat B, 1/F 41B Shouson Hill Road Shouson Hill Hong Kong	Chinese
<i>Independent non-executive Directors</i>		
Mr. Patrick SUN (辛定華)	Apartment A1 3/F, 41A Stubbs Road Hong Kong	British
Mr. Jean-Marc LOUBIER	38 rue Croix des Petits Champs 75001 Paris France	French
Mr. Michael LEE Tze Hau (利子厚)	House A, Kellett View 65-69 Mount Kellett Road Hong Kong	British
Mr. Cassian CHEUNG Ka Sing (張嘉聲)	Flat 28B, Block 3 Garden Terrace 8A Old Peak Road Hong Kong	British

THIS WEB PROOF INFORMATION PACK IS IN DRAFT FORM. The information contained in it is incomplete and is subject to change. This Web Proof Information Pack must be read in conjunction with the section headed "Warning" on the cover of this Web Proof Information Pack.

DIRECTORS AND PARTIES INVOLVED

Auditor and reporting accountant	PricewaterhouseCoopers 22nd Floor, Prince's Building Central, Hong Kong
Property valuer	CB Richard Ellis Limited 34th Floor, Central Plaza 18 Harbour Road Wanchai, Hong Kong
Receiving bankers	Standard Chartered Bank (Hong Kong) Limited 15th Floor, Standard Chartered Tower 388 Kwun Tong Road Kowloon Hong Kong Hang Seng Bank Limited 1st Floor, 83 Des Voeux Road Central, Hong Kong Bank of China (Hong Kong) Limited Bank of China Tower 1 Garden Road Hong Kong Dah Sing Bank, Limited 36th Floor, Dah Sing Financial Centre 108 Gloucester Road Hong Kong

THIS WEB PROOF INFORMATION PACK IS IN DRAFT FORM. The information contained in it is incomplete and is subject to change. This Web Proof Information Pack must be read in conjunction with the section headed "Warning" on the cover of this Web Proof Information Pack.

CORPORATE INFORMATION

Registered office	Clarendon House 2 Church Street Hamilton HM 11 Bermuda
Principal place of business in Hong Kong	11th Floor, 10 Shing Yip Street Kwun Tong, Kowloon Hong Kong
Company's website	www.trinity-limited.com (<i>information contained on this website does not form part of this document</i>)
Authorised representatives	Mr. Bruno LI Kwok Ho Ms. Christiana YIU Yuen Wah
Members of the audit committee	Mr. Patrick SUN (<i>Chairman</i>) Mr. Jean-Marc LOUBIER Mr. Michael LEE Tze Hau Mr. Cassian CHEUNG Ka Sing
Members of the compensation committee	Dr. Victor FUNG Kwok King (<i>Chairman</i>) Mr. Jean-Marc LOUBIER Mr. Michael LEE Tze Hau
Members of the nomination committee	Mr. Michael LEE Tze Hau (<i>Chairman</i>) Mr. Patrick SUN Mr. Cassian CHEUNG Ka Sing
Company secretaries	Ms. Christiana YIU Yuen Wah Mr. Ira Stuart Outerbridge*

* Mr. Ira Stuart Outerbridge will resign as Bermuda resident secretary and be appointed as assistant secretary of the Company immediately after the [●].

THIS WEB PROOF INFORMATION PACK IS IN DRAFT FORM. The information contained in it is incomplete and is subject to change. This Web Proof Information Pack must be read in conjunction with the section headed "Warning" on the cover of this Web Proof Information Pack.

CORPORATE INFORMATION

Principal bankers

The Hongkong and Shanghai Banking Corporation Limited
1 Queen's Road Central
Hong Kong

The Bank of Tokyo-Mitsubishi UFJ, Limited
8th Floor, AIG Tower
1 Connaught Road Central
Hong Kong

Standard Chartered Bank (Hong Kong) Limited
13th Floor, Standard Chartered Bank Building
4-4A Des Voeux Road Central
Hong Kong

Bank of China (Hong Kong) Limited
9th Floor, Bank of China Tower
1 Garden Road
Hong Kong

Compliance adviser

Somerley Limited
10th Floor, The Hong Kong Club Building
3A Chater Road, Central
Hong Kong

INDUSTRY OVERVIEW

RAPID ECONOMIC GROWTH IN MAINLAND CHINA

The Growth of the Economy in Mainland China

The economy in Mainland China has expanded rapidly since the open door policies introduced by the PRC Government in the late 1970s. The Chinese economic reforms have also resulted in an increase in international trade. Economic growth was further spurred by the establishment of special economic zones along coastal Mainland China since the 1980s. In particular, from 2000 to 2008, Mainland China's nominal GDP grew at a CAGR of approximately 14.9%, making the Chinese economy one of the fastest growing economies in the world. The table below sets out the nominal GDP and GDP growth in Mainland China between 2000 and 2008:

	2000	2001	2002	2003	2004	2005	2006	2007	2008	CAGR
GDP (RMB billion)	9,921	10,966	12,033	13,582	15,988	18,322	21,192	25,731	30,067	
GDP growth (%)	10.6	10.5	9.7	12.9	17.7	14.6	15.7	21.4	16.9	14.9%

Source: China Statistical Yearbook, 2009; National Bureau of Statistics of China

Urbanisation

Urbanisation has accelerated as a result of the economic growth in Mainland China. Populations in urban cities have increased substantially due to the influx of people from rural and less developed areas. From 2000 to 2008, the urbanisation rate increased from approximately 36.2% to approximately 45.7%. With the increasing urbanisation rate, there are significant growth opportunities in the retail sector in Mainland China. The table below shows the growth of urbanisation rate and GDP per capita in Mainland China from 2000 to 2008:

	2000	2001	2002	2003	2004	2005	2006	2007	2008	CAGR
Urbanisation rate (%) . .	36.2	37.7	39.1	40.5	41.8	43.0	43.9	44.9	45.7	
Per capita GDP (RMB)	7,858	8,622	9,398	10,542	12,336	14,053	16,165	19,524	22,698	14.2%

Source: China Statistical Yearbook, 2009; National Bureau of Statistics of China

INDUSTRY OVERVIEW

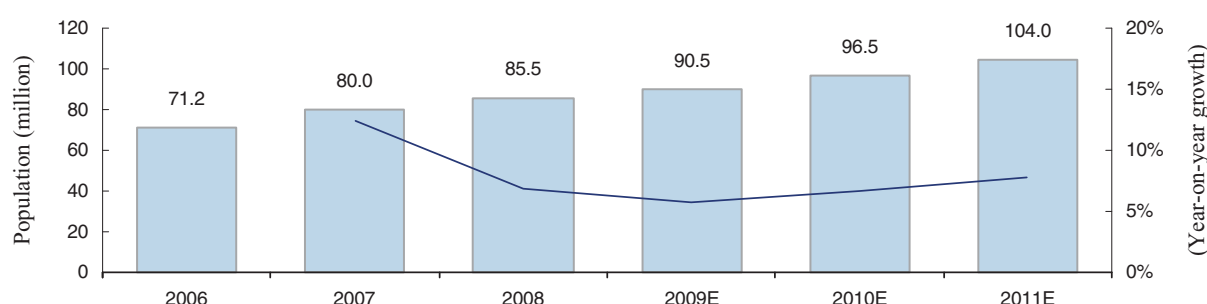
The Rise of an Affluent Urbanised Middle-Class Population

According to Euromonitor, in 2008, Mainland China had a middle-class⁽¹⁾ population of approximately 85.5 million, which has increased by approximately 14.3 million over the last two years, and is expected to increase to approximately 104.0 million by 2011, demonstrating a CAGR of approximately 7%.

Note:

(1) People with annual income of between RMB60,000 and RMB500,000 according to the National Bureau of Statistics of China

Urbanised Middle-Class Population in China (2006-2011)



Source: Euromonitor

In terms of age distribution, according to Euromonitor, the proportion of middle-class in the age group of between 30 to 39 is the highest amongst the different age groups and accounts for approximately 41.6% of the total in 2008. Those within the age group of 40 to 49 is the second highest and accounts for approximately 23.6% in 2008. Those in the age group of 20 to 29 years is the group with the fastest growth, with its percentage in the middle-class population growing from approximately 18.9% in 2006 to approximately 19.2% in 2008.

As the urban middle-class population continues to increase in conjunction with the economic reforms being implemented in Mainland China, changes are also taking place in terms of regional distribution. First-tier cities such as Beijing, Shanghai, Guangzhou and other coastal cities currently have the largest concentration of urban middle-class people, as the economy of these cities are more developed than the middle and western regions. According to Euromonitor, in 2007, the proportion of middle-class people in Beijing was approximately 16.6%, the highest in Mainland China. Guangzhou had the second highest proportion of middle-class population of approximately 15.1% and Shanghai had the third highest of middle-class population, being approximately 14.4%. Compared to Beijing, Guangzhou and Shanghai, the proportion of urban middle-class population in second-tier cities is generally lower. According to Mainland China's long-term economic development plan, the focus of development and reforms will gradually shift to the middle and western regions to accelerate their development. As a result, the proportion of urbanised middle-class in second-tier and third-tier cities is expected to grow quickly.

Key Drivers of Sustainable Growth in Mainland China's Retail Market

Together with the strong growth in annual disposable income, Euromonitor indicates that the share of basic living costs which includes food, accommodation and basic clothing has fallen from approximately 69.6% in 2006 to approximately 68.2% in 2008. Discretionary spending measures the

INDUSTRY OVERVIEW

consumption of other products or services, such as medical services, communication costs, education, entertainment, as well as recreational services and luxury goods. Share of discretionary spending has increased from approximately 17.2% in 2006 to approximately 17.7% in 2008 and this trend is expected to continue going forward. The increasing size of Mainland China's middle-class and growing affluence in Mainland China in general has significantly contributed to the increasing consumption of lifestyle products or services such as apparel and footwear, entertainment, leisure and technology.

This trend is expected to continue as annual disposable incomes rise, leading to a shift in the focus of spending from basic living costs to spending on discretionary items as well as savings and investments. This bodes well for the luxury sector as it heralds a stronger purchasing power and an increased consumption of luxury goods, including luxury apparel. The increase in disposable income may also indicate a change in individual consumption habits, for example, Chinese consumers may not only demand quantity but also quality. In terms of luxury apparel, consumers may increase demand for apparel that is of higher quality, is seen as more fashionable or is perceived to be of a more well-recognised brand.

Under Mainland China's Eleventh Five-Year Plan, one of the PRC Government's stated aims for the period from 2006 to 2010 is to bring more balance to the economy by reducing Mainland China's dependence on fixed asset investment and increasing the influence of domestic personal consumption on economic growth. In addition, in November 2008, the PRC Government announced a further economic stimulus plan to bolster economic growth. The plan to spend an estimated RMB4 trillion over the next two years is the largest economic stimulus effort ever taken by the PRC Government and is expected to boost the economy, incomes and overall consumption. With the increased focus on personal consumption as a key driver of GDP growth, consumption by the Chinese population, is expected to continue to grow at a rapid pace in the coming years.

MAINLAND CHINA'S APPAREL RETAIL INDUSTRY

Mainland China Apparel Market Overview

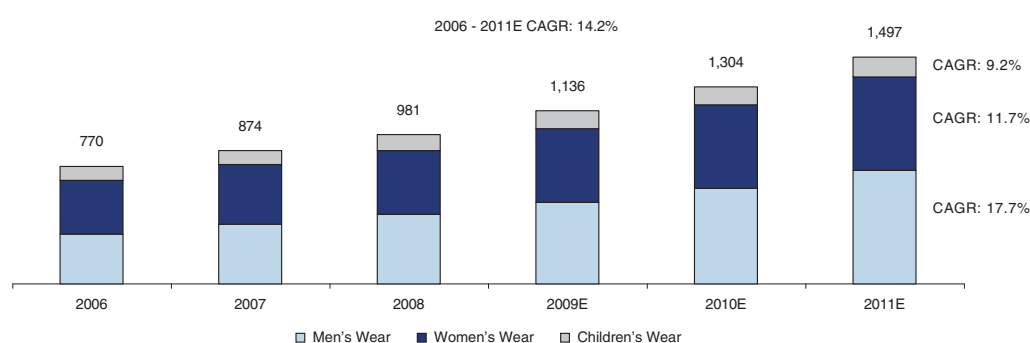
The strong growth in the Chinese economy brings with it a thriving apparel market. As a key component of retail consumption, the apparel market has demonstrated similar trends with the overall growth in the economy as well as increasing disposable incomes. According to Euromonitor, in 2007, the urban population expenditure on clothing and apparel increased by approximately 12.9% whereas, the rural population also increased their expenditure on clothing and apparel by approximately 11.2%. In 2008, the total apparel market size grew by approximately 12.3%, a historical peak, and it is expected to surpass RMB1,100 billion in 2009, representing an approximately 15.8% year-on-year growth on 2008 making Mainland China one of the largest apparel markets globally.

INDUSTRY OVERVIEW

According to the National Bureau of Statistics of China, Mainland China's economy will continue on its fast growing pace over the next five to ten years. Urban construction is expected to accelerate, leading to a boost to the development of shopping malls and department stores, a key driver that will help boost the apparel market in the future. As basic costs continue to decline as a percentage of total disposable income, consumers have been trading up and purchasing middle and higher-end apparel instead. Euromonitor projects in the chart below that apparel retail sales in Mainland China will reach almost RMB1,500 billion by 2011.

Retail Value Sales for Apparel Market in China (2006-2011)

(RMB billion)



Source: Euromonitor

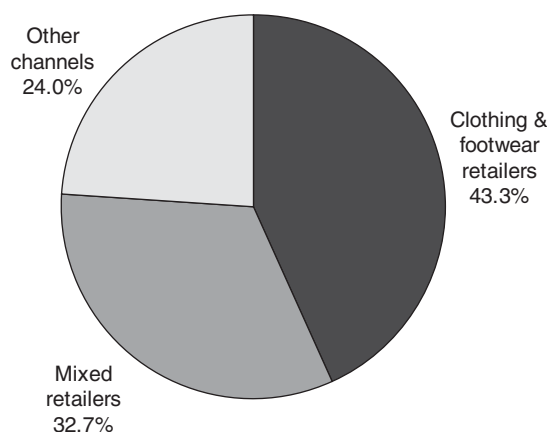
Menswear has been the fastest growing sector in the apparel market with its share of the overall apparel market increasing from approximately 42.7% in 2006 to approximately 46.1% in 2008. The growth of the consumer base for men's apparel and a rise in average spending on clothing are the two major drivers for the strong growth of the men's apparel market. According to the National Bureau of Statistics of China, Mainland China's male population grew to approximately 684 million in 2008, accounting for approximately 51.5% of the country's total population. In addition, the strong growth in menswear is also underpinned by the fact that men are paying more attention to appearance and style and as such are willing to spend more on apparel than previously seen.

Although low-to-middle end apparel accounts for the largest share of the overall apparel market, given the large rural population as well as the high proportion of low income workers, as disposable income increases and consumers improve their lifestyles by purchasing higher quality products, the consumption pattern for the apparel industry is also expected to change. Consumers are becoming increasingly conscious of quality, brand, fashion, design, style and functionality. Clothing consumption patterns have gradually shifted from consumption based on functionality and price to more of a brand based consumption pattern. As a result, the share of low-to-middle end clothing will continue to gradually decline, while the share of middle-to-high and high-to-luxury clothing will continue to rise.

INDUSTRY OVERVIEW

Key Apparel Retailing Distribution Channels

Retail value sales split by key retailing channels for men's apparel in Mainland China in 2008:



Source: Euromonitor

1. Clothing and footwear retailers

Clothing and footwear retailers, which are defined as outlets specialising in the sale of all types of clothing, including specialty stores and stores in shopping malls, comprised the largest share of the apparel market in Mainland China in 2008 with an approximately 43.3% share of distribution of men's apparel in Mainland China. Such retailers are expected to continue to be the dominant channel for apparel, especially for branded apparel products, due to the advantages of having a customised store image, complete control over operations and product ranges as well as the avoidance of other levies and fees imposed by department stores.

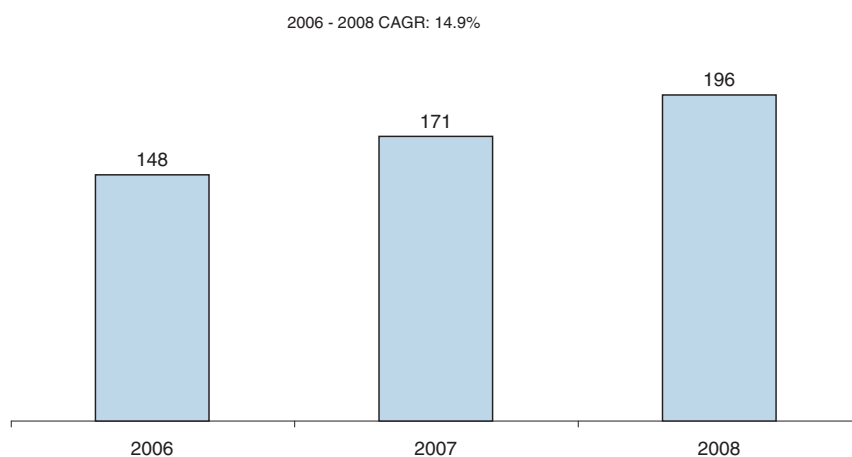
Stores may be franchised or self-owned, and both have been widely used throughout the apparel sector in Mainland China. Established brands prefer to operate self-owned stores due to the desire to keep complete control over brand image and operations, and in addition, flagship stores have been used to strengthen the brand image for such brands in core markets. However, newer, high growth brands such as sportswear brands and middle-end formal and casual wear brands have preferred to use a franchised model given the lower capital requirements and faster rollout potential.

Shopping malls are a relatively new, but up and coming channel for apparel. Such malls are typically large-scale developments which usually have a department store, specialty stores and entertainment facilities among other services. It is usually located in the central business area of large cities with an average operating area of between 100,000 square metres and 150,000 square metres. Compared to other single retail formats, it has significant advantages given its large shopping environment, high footfall and multiple brands and consumer activities. Given the fast urbanisation and development of lower-tier cities, shopping malls are likely to continue to grow at a fast pace going forward.

INDUSTRY OVERVIEW

Retail Value Sales of Menswear through Clothing and Footwear Retailers

(RMB billion)



2. *Mixed retailers*

In Mainland China, mixed retailers are comprised predominantly of department stores with some presence of warehouse clubs. Department stores are one of the most popular shopping channels for consumers in Mainland China as they consider product offerings in department stores to be more reliable, that is, selling genuine products of high quality.

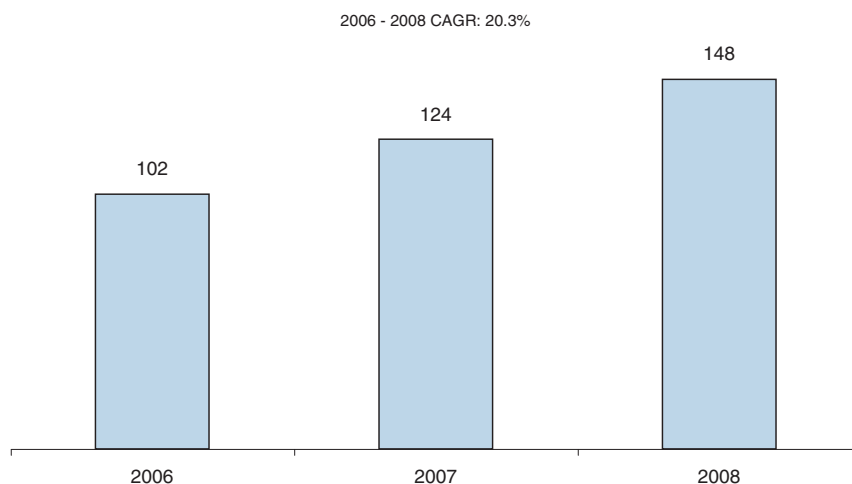
Department stores in Mainland China can be generally divided into high-, mid- and low-end department stores based on product offerings, store environment and management. Top apparel brands are distributed through high-end department stores.

Department stores have demonstrated the highest growth compared to other retail channels as consumers have continued to trade up in a high growth economic environment. As a result, consumers have shifted consumption towards department stores given the large offering of multiple high-end apparel brands, as well as an enhanced shopping environment compared to specialty standalone stores. As such, mixed retailers have increased their share of men's apparel sales from approximately 31.1% in 2006 to approximately 32.8% in 2008.

INDUSTRY OVERVIEW

Retail Value Sales of Menswear through Mixed Retailers

(RMB billion)



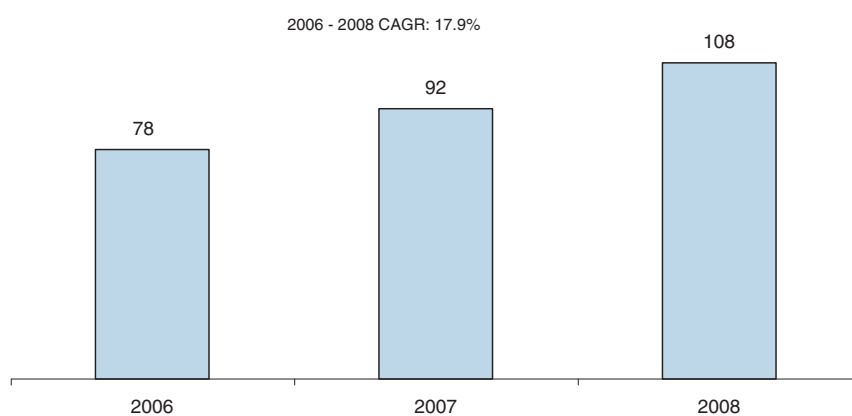
3. *Other channels*

Other distribution channels for apparel comprise discount outlets and hypermarkets, although hypermarkets currently comprise a relatively insignificant share of the market.

Discount outlets mainly sell discontinued or surplus stocks. Since outlets are mainly for closeouts and are usually designed to have lower operating costs with simple layouts and decoration, consumers can often buy products at significant discounts. Discount outlets are relatively new to Mainland China and currently most common in large cities such as Beijing, Shanghai and Shenzhen.

Retail Value Sales of Menswear through Other Channels

(RMB billion)



INDUSTRY OVERVIEW

MAINLAND CHINA'S HIGH-TO-LUXURY MENSWEAR MARKET

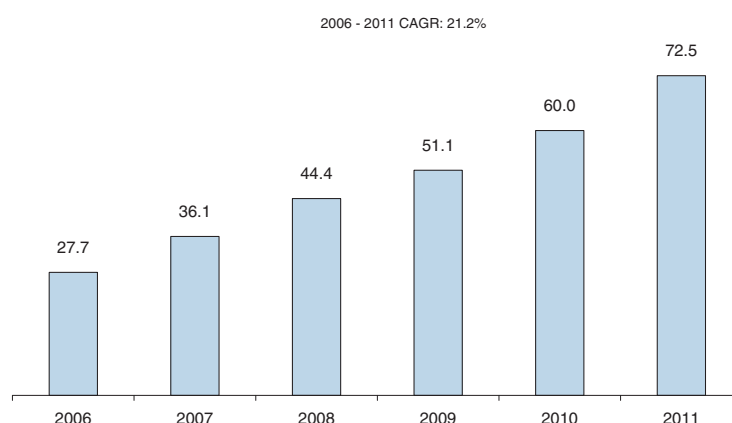
Overview of the Chinese Luxury Market

Underpinned by the growth of the urban middle-class population, rising income levels and continued trading up by consumers, the high-to-luxury apparel market in Mainland China demonstrated strong growth in 2008. Euromonitor estimates that the total retail sales for men's high-to-luxury apparel were approximately RMB44.4 billion in 2008, representing an increase of approximately 23.0% over that of 2007. The 2008 Olympic Games also presented a significant marketing opportunity that foreign high-to-luxury companies have taken advantage of by ensuring that their products are available and marketed in the media.

The growing size of the urban middle-class population and the increase in spending on luxury goods will drive consumption of high-to-luxury menswear. Thus, the overall market size of the men's high-to-luxury apparel market is expected to grow strongly at an annual growth rate of approximately 15% to 20%, according to Euromonitor. The chart below shows the historical and projected retail value sales for high-to-luxury men's apparel:

Retail Value Sales for High-to-luxury Men's Apparel (2006-2011)

(RMB billion)



Source: Euromonitor

Regional Distribution and Shift in High-to-luxury Apparel Retail Sales

First-tier cities like Beijing, Shanghai, Guangzhou and other coastal cities are where the majority of high-to-luxury consumption takes place. Luxury consumption in these cities is estimated to comprise almost 68% of the all luxury consumption in Mainland China. The high concentration is largely due to the large middle-class population, the availability of more international brands as well as a more developed retail environment and more sophisticated retailing and consumption behaviour, which is not only reflected in the larger number of department stores, specialty stores and shopping malls, but also in the higher consumer consciousness on brand name, product quality, style and fashion.

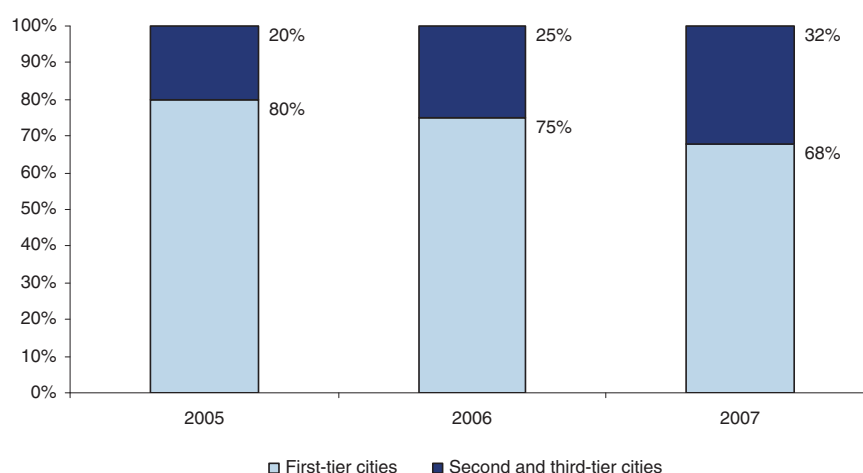
By the end of 2006, Euromonitor estimates that there have been around 66 high-to-luxury international clothing brands entering Mainland China, most of them being top international brands. These top international brands are very cautious of selection of entry point into Mainland China. Statistics collected by Euromonitor shows that such brands typically enter the four major cities in Mainland China, namely, Beijing, Shanghai, Guangzhou and Hangzhou. The number of top

INDUSTRY OVERVIEW

international brands present in Beijing and Shanghai are the highest. However, the retail share of first-tier cities by retail value of men's high-to-luxury apparel is declining, and this trend is expected to continue in the future. It is because the national economic development focus has gradually been shifting from the eastern coastal area to the middle and western area, and more international brands and top domestic men's apparel brands have started to expand into these areas. Additionally, the income growth and consumption upgrade in these areas are also accelerating, which greatly fuel the increase of men's high-to-luxury apparel expenditure by widening up the consumer base.

The following shows the gradual shift of high-to-luxury menswear apparel sales from first-tier cities to second and third-tier cities in the past three years:

Distribution of High-to-Luxury Apparel in China



Source: Euromonitor

Competitive Landscape

Generally, sub-segments of menswear markets with Average Retail Price ranges of between RMB2,000 and RMB4,999, as well as RMB5,000 and above are the mainstay of high-to-luxury menswear market, and are dominated by foreign top apparel brands from France, Germany, Italy, Japan, the United States and the United Kingdom. Euromonitor estimates that in the segment of Average Retail Price of RMB5,000 and above, top apparel brands from Italy accounted for the largest share of approximately 36% in 2007. International premium brands are optimistic about the luxury market as they have cultured a high and prestigious brand image in the minds of Chinese consumers with their strong brand operations and high quality of products. Euromonitor statistics show that most consumers in first-tier cities, such as Beijing and Shanghai, clearly prefer to purchase foreign brands for apparel products priced above RMB5,000. According to Euromonitor, the structure of this sub-segment is relatively stable with dominance by international brands such as Zegna and Louis Vuitton.

The segment with Average Retail Price range of between RMB2,000 and RMB4,999 is the largest of the high-to-luxury end menswear market. Compared to the segment with Average Retail Price range of RMB5,000 and above, competition of this sub-segment is more intense. Some of the international brands like Canali, Armani and domestic famous brands like Youngor, are the main

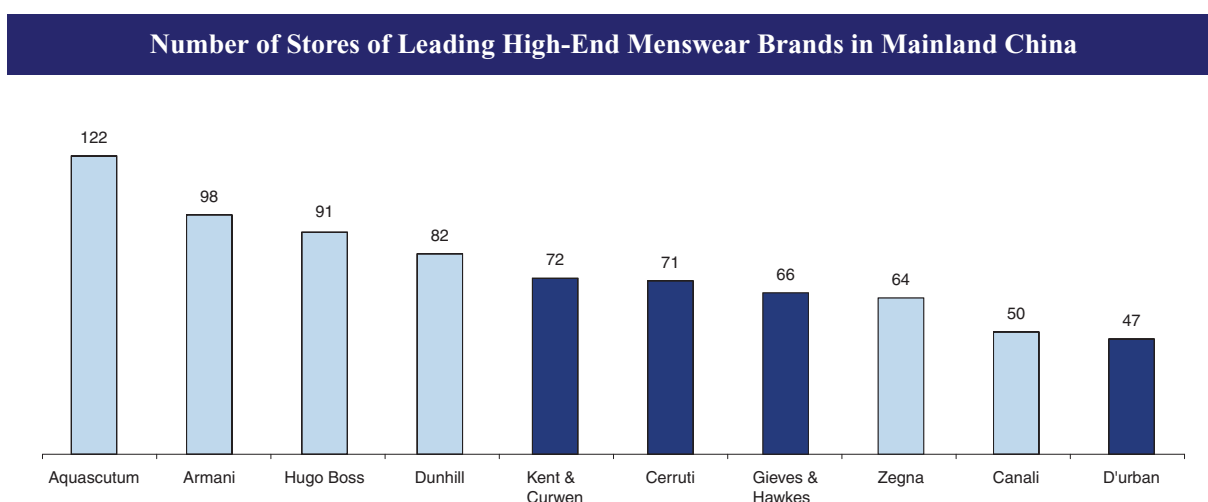
INDUSTRY OVERVIEW

players in this sub-segment, and international brands also dominate the market share of this segment due to stronger competitiveness from their brand operation experience and brand reputation.

Top International Brands Quicken the Pace of Expansion in Mainland China

Most of these top international apparel brands are stepping up their pace of expansion in Mainland China. Typically, high-to-luxury international brands tend to enter more affluent cities, such as Beijing and Shanghai, first in order to showcase their products as well as generate consumer interest. Intensive press launches and mass media marketing are used exclusively in brand launches in Mainland China in order to generate significant interest with consumers. Subsequent to initial launch, these brands quickly expand into other cities, such as Guangzhou, Hangzhou, Wenzhou, Ningbo and Chengdu, to take up retail space as well as make their products widely available to the consumers.

The chart below demonstrates a selection of major international menswear brands in Mainland China as at the latest available date:



Source: Euromonitor, Company

Note: Data for brands of competitors as of 31 August 2009. Data for brands owned by the Group as of 30 September 2009.

APPAREL RETAIL IN THE REST OF ASIA

Moderate Economic Growth in Taiwan and Hong Kong

While Mainland China's GDP has experienced double-digit CAGR from 2000 and 2008, the economies in Hong Kong and Taiwan have grown at relatively moderate rates. The chart below sets out the nominal GDP growth rates for Hong Kong and Taiwan between 2002 and 2008:

	2002	2003	2004	2005	2006	2007	2008
Hong Kong GDP (HK\$ billion)	1,277	1,234	1,291	1,383	1,475	1,615	1,678
GDP growth (%)		-3.3%	4.6%	7.0%	6.7%	9.5%	3.8%
	2002	2003	2004	2005	2006	2007	2008
Taiwan GDP (NT billion)	10,293	10,520	11,066	11,455	11,918	12,636	12,341
GDP growth (%)		2.2%	5.2%	3.5%	4.0%	6.0%	-2.3%

Source: Hong Kong SAR Census and Statistics Department; Directorate - General of Budgeting, Accounting and Statistics, Executive Yuan, R.O.C (Taiwan)

INDUSTRY OVERVIEW

Taiwan Apparel Market Overview

The Taiwan apparel industry is a relatively stable and mature market although has shown a slight decline in 2008 given the challenging economic backdrop. The market is expected to continue to decline in 2009 although rebound in 2010 and 2011 and Euromonitor predicts that the Taiwanese apparel industry will grow at a CAGR of approximately 2.8% from 2008 to 2011:



Source: Euromonitor

Intense Competition in Taiwan

As has been seen in previous economic downturns such as in the early 2000s, SARS in 2003 and the consumer credit crisis in 2005, the economic downturn over the last year has impacted competition in Taiwan. Pricing trends in apparel have generally reflected the economic situation in Taiwan and as such, competition would become more intense under challenging market conditions.

In addition, since Taiwan entered the WTO in 2002, import tariffs and trade barriers have diminished. As a result, Asian apparel has increasingly gained a larger share of sales in the local market. The draw of upscale international brands has also intensified the competitive landscape in Taiwan, as strong worldwide promotion and prestigious brand images have enabled these brands to play a more important role in the market.

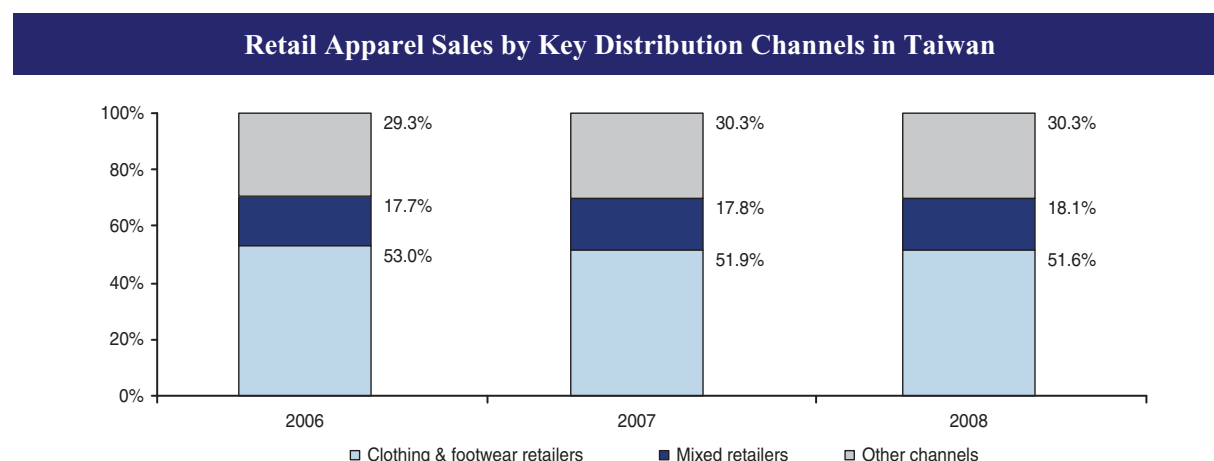
In view of the stable and mature nature of apparel sales and strong competition, Euromonitor observes that players in Taiwan have become more cautious in the positioning of their brands in order to defend their market shares. One key action taken by major players is to obtain local distribution agreements for international brands and leverage the prestige of these international brands to enhance the sales and fashion images of their original brands. Some players have also adopted a diversified branding strategy targeting different market segments. Euromonitor believes the apparel market in Taiwan will increasingly polarise, with the market moving towards the two different pricing extremes.

Distribution Channels in Taiwan

Distribution is a key factor to success. Unlike in Mainland China where brands are dependent on department stores and shopping malls for retail distribution, most brand players in Taiwan establish retail stores to spread retail distribution and increase market share by providing easy accessibility to

INDUSTRY OVERVIEW

customers. Euromonitor estimates more than 51% of apparel sales is conducted in clothing and footwear retailers in 2008, followed by about 18% in mixed retailers. While high street retailers and department stores are still the major distribution channels for apparel, other channels including internet shopping and TV shopping are slowly gaining importance. The chart below sets out the retail apparel sales by key distribution channels:

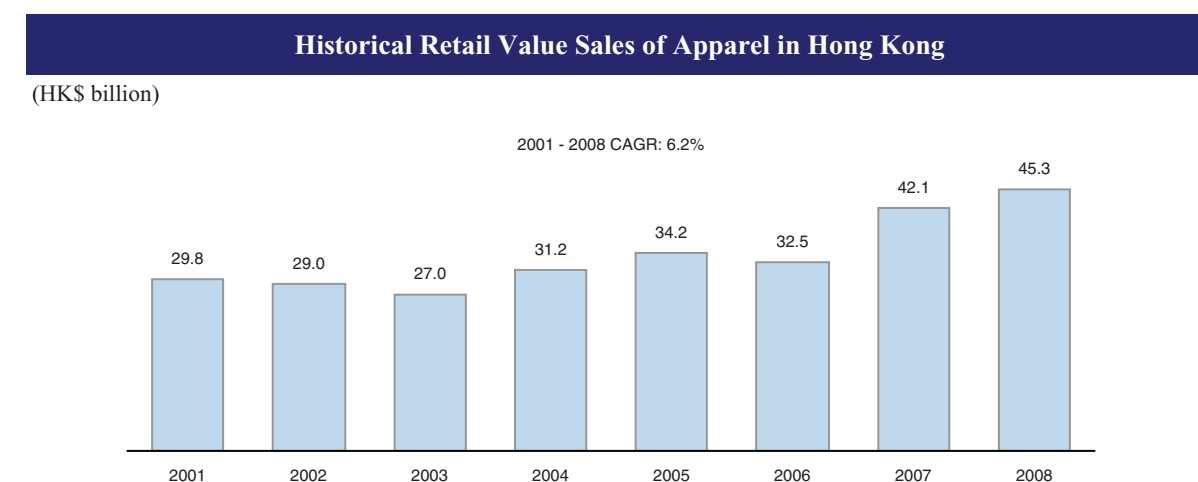


Source: Euromonitor

Hong Kong Apparel Market Overview

Similar to Taiwan, Hong Kong's apparel market is relatively mature, although it has shown relatively strong growth in recent years. The Hong Kong Census and Statistics Department estimates that the total size of the apparel and footwear market in Hong Kong in 2008 was approximately HK\$45.3 billion.

As a result of the SARS outbreak, the apparel market experienced a decline in 2002 and 2003, corresponding to a worsening of the economy. However the market recovered and rebounded in 2004 and 2005 and grew substantially in 2007 on the back of strong GDP growth. The chart below shows retail sales for apparel and footwear from 2001 to 2008:



Source: Hong Kong Census and Statistics Department

INDUSTRY OVERVIEW

REPORTS FROM EUROMONITOR COMMISSIONED BY THE GROUP

The Group commissioned reports from Euromonitor International (Asia) Pte Ltd., an Independent Third Party and an independent market research firm with more than 25 years' of industry experience in conducting trade research and detailed local market analysis. A total amount of US\$46,000 was paid to Euromonitor for the reports.

The reports from Euromonitor commissioned by the Group cover various topics including: (1) demographic and socio-economic indicators in Mainland China that are relevant to the apparel market; (2) the overall environment of the apparel industry in Mainland China, including industry structure, market size and future outlook; (3) the men's high-to-luxury end apparel segment, including market sizing, competitor analysis and market share estimation and (4) data on the apparel market in Taiwan. The methodology used by Euromonitor for its reports account for both primary and secondary research in the markets of Mainland China, supplemented with market/strategic overview analysis reconciling data and qualitative and anecdotal information gained from sources inside the industry. Primary research involves trade interviews with key industry players such as men's high-to-luxury end apparel retail store managers, sales and marketing team of men's high-to-luxury end apparel brands and trade associations. Secondary research involves an assessment of relevant background information publicly available through sources such as websites and trade reports of men's luxury apparel brands, retailers, national statistics, annual reports, business and mainstream press, fashion media and any other publicly available, relevant sources. Such information is cross-referenced with any available Euromonitor's internal data and expertise.

Forecasts for the men's high-to-luxury market were determined via an aggregation of opinions and facts gathered during Euromonitor's trade interviews with clothing manufacturers, clothing distributors, clothing retailers, trade associations, industry observers as well as national statistics organisations and boards. These sources were interviewed and asked about their opinion of the market trends going into the forecast period. Euromonitor confirms that it has carried out research as per Euromonitor's standard trade research methodology. Euromonitor is of the opinion that trade interviews with the industry is the closest measure and best estimate of how the men's high-to-luxury market is expected to perform in the forecast period based on historic as well as current trends.

The scope of work for the studies commissioned by the Group from Euromonitor covers Mainland China and Taiwan. Additional data and reports covering the Taiwan and Hong Kong markets have also been purchased from Euromonitor as required.

HISTORY, REORGANISATION AND GROUP STRUCTURE

HISTORY AND DEVELOPMENT

DDL Group and Green Group

The Lee Family, the original shareholder of Green Group, first founded Trinity Textiles HK (now a subsidiary of Lever Style) with Textile Alliance Limited, an Independent Third Party, as an export apparel manufacturer in 1969. Trinity Textiles HK mainly engaged in manufacturing for some apparel brands and was owned as to 50% by Textile Alliance Limited before it was acquired by Parent Group in April 2006. Subsequently, Trinity Textiles HK was acquired by Lever Style in June 2007. Details of Lever Style are set out in the section headed "Business — Outsourcing — The Group's suppliers" in this document.

In order to take advantage of the growing Asian apparel market, a member of the Lee Family, together with another third party, founded DDL Group in the 1970s to engage in the wholesale and retail of certain licensed brands. The Lee Family also founded Green Group in the 1980s to engage in the wholesale and retail of certain licensed brands. Various licence agreements with the respective brand owners were entered into to distribute the products of those brands.

In the 1980s, DDL Group and Green Group took strategic steps to expand into retail apparel business, focusing on the menswear market. Accordingly, DDL Group and Green Group, respectively, entered into various licence and distribution agreements to obtain the retail distribution rights in respect of certain licensed brands including some that are currently licensed to and owned by the Group.

These strategies coupled with rapid economic development in the markets where they operated resulted in the rapid expansion of the retail business of DDL Group and Green Group. As a result, the number of retail stores operated by DDL Group expanded to 39 as at 30 April 2006, whilst the number of retail stores operated by Green Group grew to 179 as at 30 April 2006, being the date of completion of the Acquisitions.

THE ACQUISITIONS

As at 1 January 2005 until immediately prior to the Acquisitions, DDL Group was 50% owned by a member of the Lee Family and 50% owned by another third party, whilst Green Group was wholly owned by the Lee Family. All of the above shareholders of DDL Group and Green Group were Independent Third Parties before the Acquisitions.

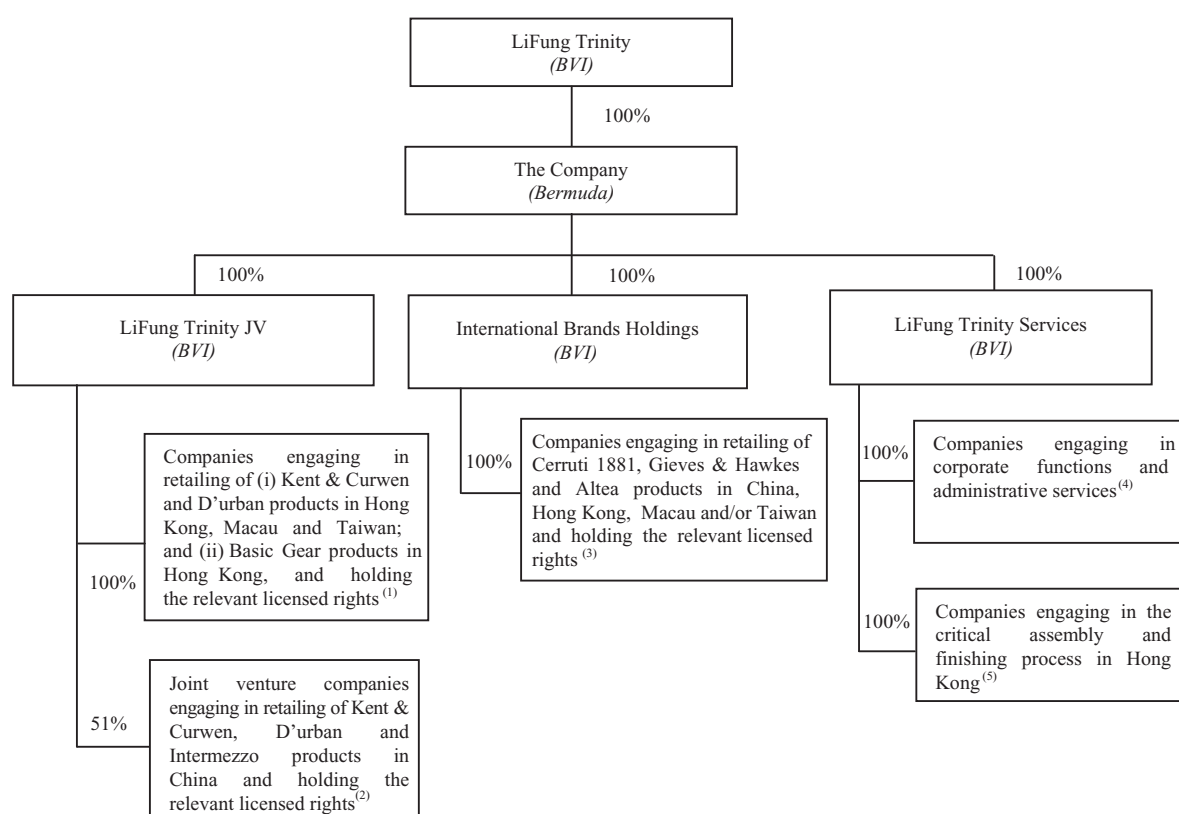
Prior to the Acquisitions, both DDL Group and Green Group were operated by the Lee Family together with other shareholders and a group of senior management, which were principally engaged in the operation of a fashion retailing business in respect of the Brands in Greater China through licence arrangements. Although their shareholding structures were different, DDL Group and Green Group shared and were supported by a central service unit providing services such as accounting and finance, information technology, human resources and logistics. They also had their own design, merchandising and logistics teams and manufacturing plants to source the products.

On 30 April 2006, Parent Group completed the acquisition of interests in DDL Group and Green Group, together with certain manufacturing operations, from their respective shareholders. The Company was incorporated in Bermuda on 21 December 2006 as the holding company of the Group. Subsequently, the Group acquired DDL Group and Green Group (other than certain dormant companies) on 31 December 2006 from Parent Group. Parent Group subsequently disposed of its interests in the manufacturing operations to Lever Style, a company in which Fung Trinity Holdings (a member of Parent Group) holds 25% of its issued ordinary shares.

HISTORY, REORGANISATION AND GROUP STRUCTURE

After the acquisition of DDL Group and Green Group (other than certain dormant companies), the Lee Family members who were responsible for the operation of DDL Group and Green Group retired from the management while the senior management team continued working for the Group. Additional senior management with retail and supply chain management experience were also brought into the Group.

The companies comprising DDL Group and Green Group (other than certain dormant companies) were then injected into the Group under different streams with LiFung Trinity JV and International Brands Holdings as their intermediate holding companies. The Group then assigned a dedicated design and retail team to each of the Brands with a centralised back-office infrastructure that provides managerial, information system, sourcing, merchandising, logistics and administrative support. The shareholding structure of the Group immediately after the acquisition of DDL Group and Green Group (other than certain dormant companies) from Parent Group as at 31 December 2006 is set out below:



Notes:

1. Comprising direct/indirect subsidiaries, namely, Trinity Retail (HK)*, DDM* and Trinity Retail*. The Basic Gear licence was discontinued by the Group in 2008.
2. Comprising direct/indirect subsidiaries, namely, Trinity China (BVI)#, Trinity China (HK)#, Trinity China Trading (SH)# and Trinity China Distributions (SH).
3. Comprising direct/indirect subsidiaries, namely, A.T.#, Champion#, Champion Fashion#, Concord#, Concord Fashion#, Golden Palace#, Golden Palace (HK)#, Golden Palace (SH)#, Million Venture#, Million Venture (HK)#, Million Venture (SH)#, LiFung International Brands, LiFung (Shanghai) and Trubest#.
4. Comprising direct subsidiary, namely, LiFung Trinity (Management).
5. Comprising direct subsidiaries, namely, Trinity (Casual Wear) and Trinity (Business Wear).

* A member of DDL Group.

A member of Green Group.

HISTORY, REORGANISATION AND GROUP STRUCTURE

Major corporate initiatives since the Acquisitions

Following the Acquisitions in April 2006, additional senior management with experience in retail and supply chain management have been brought in to transform the Group into a professional, growth-oriented industry leader. Some of the major corporate initiatives taken by the senior management since the Acquisitions are as follows:

- **Institutionalised core businesses with additional focus on brand development**

The Group has provided each Brand with dedicated marketing resources to develop their brand image. Brand equity has been enhanced through upgraded shop decorations, securing the location of retail stores in prime locations and establishing an expanded presence in more cities, especially with a focus in Mainland China.

- **Asset-light business model with realigned supply chain**

The Group has realigned its operations from one with a large manufacturing base prior to the Acquisitions to that of an asset-light business model by outsourcing its parts manufacturing to third-party manufacturers. In order to redefine and remap its logistics and supply chain functions, the Group has upgraded its logistics facilities and introduced a new POS and procurement system that provides greater inventory control, collection visibility and customer relationship management and further strengthened its servicing capabilities by introducing a corporate sourcing division.

- **Enhancement of corporate culture**

New budgeting systems and analysis tools have been introduced to the Group with a view to enhancing the results driven culture of the Group. Training and development programmes are regularly scheduled to familiarise management and new employees with these corporate initiatives.

The Group has also further restructured and redefined its operations to transform its businesses from one with a large manufacturing base, to that of an asset-light business model.

SALVATORE FERRAGAMO JOINT VENTURES

The retail relationship between the Salvatore Ferragamo group and Parent Group (and its predecessors) started in the mid-1980s when the first Salvatore Ferragamo store in Asia opened in Singapore in 1986. The brand has since expanded into Malaysia, South Korea and Thailand.

Pursuant to the relevant joint venture contracts entered into in 2002 and 2003, respectively, the Salvatore Ferragamo group and Parent Group sold Salvatore Ferragamo products through the JVs in South Korea and certain countries in Southeast Asia. The Salvatore Ferragamo group and Parent Group each held a 50% interest in each of the JVs. Parent Group's interests in the JVs were then acquired by the Group on 31 March 2007.

The joint venture contracts relating to Ferragamo Korea Ltd., and Ferragamo (Malaysia) Sdn. Bhd., Ferragamo (Thailand) Limited and Ferragamo (Singapore) Pte. Ltd. provide each of the Salvatore Ferragamo group and the Group with equal representation on the board of Ferragamo Korea Ltd. and the regional board in respect of Ferragamo (Malaysia) Sdn. Bhd., Ferragamo (Thailand) Limited and Ferragamo (Singapore) Pte. Ltd., respectively.

HISTORY, REORGANISATION AND GROUP STRUCTURE

As at 30 September 2009, the JVs operated 27 retail stores across seven cities in South Korea, three retail stores in Malaysia, four retail stores in Singapore and three retail stores in Thailand. These relevant agreements will continue to be in force until 31 December 2012 and are renewable for another five-year term unless either party gives a 12-month prior notice to terminate such agreements.

As the Group has a 50% shareholding in the JVs, the Group's results and assets of the JVs are accounted for in the Group's financial statements using the equity method of accounting. Profits from the JVs are shared between the Group and the Salvatore Ferragamo group in accordance with their respective equity interests in the JVs. Shares of profits from the JVs accounted for approximately 17.2%, 30.1%, 34.8% and 19.0% of the profit of the Core Business for the years ended 31 December 2006, 2007 and 2008 and the six months ended 30 June 2009, respectively.

OTHER ACQUISITIONS

Acquisition of remaining interests in a subsidiary

On 29 January 2008, the Company acquired the remaining 49% interest in Trinity China (BVI), an indirect non-wholly owned subsidiary of the Company in which the Company owned a 51% interest, from Renown, the owner of the 49% interest (which was a third party minority shareholder and a listed company in Japan), at a consideration of HK\$95,160,000, which was satisfied by the issuance of 26,805,633 Shares to Renown at an issue price of HK\$3.55 per Share. The consideration was based on a multiple of book value of the 49% interest in Trinity China (BVI) as at 31 December 2007, as agreed by both parties. As at 31 December 2007, the book value of Trinity China (BVI) was approximately HK\$144.3 million. The purpose of the acquisition was to enable the Company to have full control of the management of Trinity China (BVI)'s operations and to reap the full financial and economic benefits that the brands will bring in the future. Trinity China (BVI) engages in the retailing of Kent & Curwen, D'urban and Intermezzo products in Mainland China and holds the relevant licensed rights for D'urban and Intermezzo. As a result of such acquisition, Trinity China (BVI) became an indirect wholly owned subsidiary of the Company.

Acquisitions of Kent & Curwen trade marks and Kent & Curwen London store

To allow the Group to have full control over the Kent & Curwen brand and its operations, the Company entered into several agreements with Renown on 29 January 2008 and 17 June 2008 respectively, pursuant to which the Group acquired from Renown (i) the trade marks in respect of Kent & Curwen in Greater China at a consideration of HK\$93,366,000 and (ii) such trade marks in respect of all jurisdictions (other than Greater China) (the "Remaining Jurisdictions") in which the same were registered or applied for registration and Kent & Curwen Limited which operated the Kent & Curwen store in London at a consideration of US\$5 million (approximately HK\$39 million), respectively. Completion of the agreements took place on 29 February 2008 and 29 August 2008, respectively. The acquired Kent & Curwen trade marks have been classified as an intangible asset with an indefinite useful life in the Group's financial statements and impairment tests are carried out annually. On 6 July 2009, LiFung Trinity Management (Singapore) and LiFung Trinity JV entered into agreements with a wholly owned subsidiary of Parent Group for the disposal of the ownership of the Kent & Curwen trade marks in the Remaining Jurisdictions and Kent & Curwen Limited. The value of the disposal is approximate to the net book value of the relevant trade marks and Kent & Curwen Limited, which was approximately US\$5.0 million. The trade marks were derecognised in the Group's financial statements as the risks and rewards were transferred out at that time. On 30 September 2009, LiFung Trinity

HISTORY, REORGANISATION AND GROUP STRUCTURE

Management (Singapore) and LiFung Trinity JV entered into agreements with such wholly owned subsidiary of Parent Group for the restructuring of the ownership of the Kent & Curwen trade marks in the Remaining Jurisdictions and Kent & Curwen Limited, pursuant to which the ownership of the Kent & Curwen trade marks in the Remaining Jurisdictions and Kent & Curwen Limited vests in the Group. The consideration for the transactions regarding the said restructuring of the ownership of the Kent & Curwen trade marks in the Remaining Jurisdictions and Kent & Curwen Limited were identical and therefore, no net payment was received nor made by the Company for the transactions. Upon completion of the restructuring, the trade marks were recognised as intangible assets in the Group's financial statements and the said restructuring transactions for Kent & Curwen did not have any material impact on the financial results of the Group. The said restructuring of ownership of the Kent & Curwen trade marks in the Remaining Jurisdictions and Kent & Curwen Limited and the restructuring of ownership of BLS (Private Labels) (as set out below) were structured as one transaction, notwithstanding the agreements for the Kent & Curwen transaction were signed on 30 September 2009. More time was needed for the finalisation of the agreements for the Kent & Curwen transactions because they involved various overseas assets and rights. Settlement of the considerations for such restructuring transactions for Kent & Curwen and BLS (Private Labels) was linked and was completed on 30 September 2009. For the reasons set out in the paragraph headed "Ownership restructuring of BLS (Private Labels)" below, the said restructuring transactions had to be made concurrently and the Directors are of the view that such transactions are in the interests of the investors.

Whilst focusing on the development of Kent & Curwen business in Greater China, the Company intends to maintain Kent & Curwen's presence in the United Kingdom through a flagship store in London as it is a brand originated from the United Kingdom. The Company will keep abreast of the business prospects for Kent & Curwen products in other jurisdictions with a view to promoting Kent & Curwen products in such jurisdictions as and when appropriate.

Ownership restructuring of BLS (Private Labels)

On 1 June 2009 and 25 August 2009, the Group and BLS Holdings entered into agreements for the group restructuring of the ownership of BLS (Private Labels), which holds the House Brands and the Non-core Business, pursuant to which the ownership of BLS (Private Labels) reverted back to BLS Holdings on 25 August 2009. The considerations for the acquisition and the subsequent disposal of the interest in BLS (Private Labels) were identical and therefore, no net payment was made nor received by the Company for the transactions. Settlement of such considerations was by way of elimination of all non-interest bearing acquisition loans arising from the transactions and was completed on 30 September 2009. At the time of such acquisition, the Group intended to revive the House Brands and the related business. Having considered that the revival may take several years and the risk profile of the House Brands better fits private company/private equity fund, the Directors are of the view that disposal of the interest in BLS (Private Labels) is in the interests of the investors.

Acquisition of administrative support services agreements

Prior to 20 October 2009, Parent Group had the contractual rights and obligations to provide management/marketing consultancy and administrative services to certain JVs for an aggregate annual fee of US\$700,000 (approximately HK\$5,425,000) pursuant to certain administrative support services agreements (the "Services Agreements"). Since 20 October 2009, such rights and obligations have been taken up by the Group as it acquired the entire issued share capital of BLS Singapore from Parent Group at a consideration of SGD493,000, which was based on the potential tax benefit the Group may

HISTORY, REORGANISATION AND GROUP STRUCTURE

enjoy from such acquisition. BLS Singapore has no assets or liabilities save for being a party to the Services Agreements and those assets and liabilities relating to the Services Agreements.

BLS Singapore was originally engaged in the retailing of certain excluded brands in Singapore ("Excluded Retail Business"). On 1 September 2008, BLS Singapore transferred the Excluded Retail Business to a wholly owned subsidiary of Parent Group. Save for being a party to the Services Agreements, BLS Singapore will not have any other business at the date of acquisition by the Group. Assets and liabilities of BLS Singapore as at 31 December 2006 and 2007 and net losses for the three years ended 31 December 2008 comprised of the relevant assets and liabilities and losses related to the Excluded Retail Business (which were not able to be separately identified from those related to the Services Agreements) and the annual management fee income of US\$700,000 included in each of the years ended 31 December 2006, 2007 and 2008 (details of which is disclosed in Note 41 to the Accountant's Report set out in Appendix I to this document). The consideration for the acquisition of BLS Singapore of SGD493,000 is based on the potential tax benefit the Group may enjoy from this acquisition. BLS Singapore incurred tax losses in prior years but such losses were not recognised in its balance sheet because BLS Singapore considered that it is not probable that the tax losses will be utilised in the foreseeable future. The accounting treatment is in accordance with Hong Kong Accounting Standard 12, "Income Taxes". However, such tax losses is probable to be utilised by the Group in the foreseeable future since the Company transferred out its previous business and will only receive management fee income in the future.

CORPORATE REORGANISATION

The Company was incorporated on 21 December 2006 in Bermuda as an exempted company. As part of the Reorganisation, the Company became the holding company of the Group. The companies comprising the Group underwent the Reorganisation to rationalise the Group's structure in preparation for the listing of the Shares on the Stock Exchange. The Reorganisation involved (i) incorporation of new companies; (ii) injection of new members into the Group; and (iii) the settlement of inter-company loans. As a part of the Reorganisation, the Assumed Loan, which was initially owed by LiFung Trinity to The Bank of Tokyo-Mitsubishi UFJ, Ltd., was novated to the Company to set-off a shareholder's loan of the same principal amount owed by the Company to LiFung Trinity pursuant to the Reorganisation. The Company became the holding company of the Group after the Reorganisation. Refer to the section headed "Statutory and General Information — A. Further Information about the Company — 4. Reorganisation" in Appendix VI to this document for a detailed description of the Reorganisation.

INVESTORS

In connection with the enhancement of the corporate profile and the shareholder base of the Company, the Company entered into the investment arrangements with the following investors, details of which are set out below:

Janus Funds

On 14 November 2007, each of Janus Adviser Long/Short Fund, Janus Adviser International Growth Fund, Janus Aspen International Growth Portfolio and Janus Overseas Fund (collectively as "**Janus Funds**") entered into a subscription agreement with the Company and LiFung Trinity, pursuant to which the said investors agreed to subscribe for 649,530 Shares, 11,453,700 Shares, 15,198,335 Shares and 55,035,935 Shares respectively, representing approximately 0.05%, 0.95%, 1.26% and 4.57%, respectively, of the issued share capital in the Company immediately before the transfers of

THIS WEB PROOF INFORMATION PACK IS IN DRAFT FORM. The information contained in it is incomplete and is subject to change. This Web Proof Information Pack must be read in conjunction with the section headed "Warning" on the cover of this Web Proof Information Pack.

HISTORY, REORGANISATION AND GROUP STRUCTURE

Shares by Janus Adviser Long/Short Fund and Janus Adviser International Growth Fund in July 2009 described below and the [●]. Completion of the said subscriptions of Shares took place on 8 December 2007.

As at 31 March 2009, Janus Funds managed net assets of approximately US\$5 billion, which were mainly invested in stocks globally.

With effect from 6 July 2009, Janus Adviser Long/Short Fund has merged into Janus Long/Short Fund. The 649,530 Shares owned by Janus Adviser Long/Short Fund were transferred to Janus Long/Short Fund on 13 July 2009.

With effect from 6 July 2009, Janus Adviser International Growth Fund has merged into Janus Overseas Fund. The 11,453,700 Shares owned by Janus Adviser International Growth Fund were transferred to Janus Overseas Fund on 13 July 2009.

Janus Funds are U.S. funds with Janus Capital Management LLC serving as their investment adviser. Janus Capital Management LLC is a wholly owned investment adviser and hedge fund subsidiary of Janus Capital Group Inc. Janus Capital Management LLC and its funds invest globally in common stocks, government and corporate debt, and cash and equivalents.

SMALLCAP World Fund, Inc.

On 14 November 2007, SMALLCAP World Fund, Inc. entered into a subscription agreement with the Company and LiFung Trinity, pursuant to which the said investor agreed to subscribe for 82,337,500 Shares, representing approximately 6.83% of the issued share capital in the Company immediately before the [●]. Completion of the said subscription of Shares took place on 7 December 2007.

SMALLCAP World Fund, Inc. is an open-ended mutual fund in the United States with Capital Research and Management Company serving as its investment adviser. As of 31 March 2009, SMALLCAP World Fund, Inc. managed net assets of approximately US\$11 billion, which was invested globally in common stocks, government and corporate debt, and cash and equivalents.

J.P. Morgan Securities Ltd.

On 19 December 2007, J.P. Morgan Securities Ltd. entered into a subscription agreement with the Company and LiFung Trinity, pursuant to which the said investor agreed to subscribe for 21,760,625 Shares, representing approximately 1.81% of the issued share capital in the Company immediately before the [●]. Completion of the said subscription of Shares took place on 21 December 2007. J.P. Morgan Securities Ltd. is a wholly owned subsidiary of J.P. Morgan Chase & Co., a global financial services firm whose common stock is listed on the New York Stock Exchange.

EMP Daiwa Capital Asia Limited

On 19 December 2007, EMP Daiwa Capital Asia Limited entered into a subscription agreement with the Company and LiFung Trinity, pursuant to which the said investor agreed to subscribe for 10,351,000 Shares, representing approximately 0.86% of the issued share capital in the Company immediately before the [●]. Completion of the said subscription of Shares took place on 23 January 2008. EMP Daiwa Capital Asia Limited is engaging in private equity investment.

HISTORY, REORGANISATION AND GROUP STRUCTURE

Megacom Enterprises Limited

On 19 December 2007, Megacom Enterprises Limited entered into a subscription agreement with the Company and LiFung Trinity, pursuant to which the said investor agreed to subscribe for 10,351,000 Shares, representing approximately 0.86% of the issued share capital in the Company immediately before the [●]. Completion of the said subscription of Shares took place on 23 January 2008. Megacom Enterprises Limited is an investment holding company.

Citigroup Global Markets Financial Products LLC

On 21 December 2007, Citigroup Global Markets Financial Products LLC entered into a subscription agreement with the Company and LiFung Trinity, pursuant to which Citigroup Global Markets Financial Products LLC agreed to subscribe for 21,760,625 Shares, representing approximately 1.81% of the issued share capital in the Company immediately before the [●], completion of which took place on 27 December 2007. Citigroup Global Markets Financial Products LLC was incorporated in Delaware, the United States and is an investment holding company that conducts securities and derivatives trading activities and holds proprietary trading positions.

Management Investors

On 7 January 2008, two of the Directors, namely, Mr. Jeremy Paul Egerton Hobbins and Mr. Wong Yat Ming, and a former Director, Mr. Leong Kwok Yee (collectively the "Management Investors"), entered into respective subscription agreements with the Company and LiFung Trinity, pursuant to which each of the Management Investors agreed to subscribe for 4,234,500 Shares, 2,117,250 Shares and 2,117,250 Shares, respectively, representing approximately 0.35%, 0.18% and 0.18%, respectively, of the issued share capital in the Company immediately before the [●]. Completion of the subscription of Shares by Mr. Jeremy Paul Egerton Hobbins and Mr. Wong Yat Ming took place on 23 January 2008 and completion of the subscription of Shares by Mr. Leong Kwok Yee took place on 28 January 2008.

Reasons for selecting the above investors

In 2007, the Company decided to place certain Shares by way of auction. The investors (other than the Management Investors) were invited by the Company to subscribe for Shares as the Company considered that such investors, being global institutional and/or reputable investors, would enhance the Company's corporate profile as well as diversify the shareholder base of the Company.

As for the Management Investors, the Company placed Shares to them in order to further align their interests as the Directors with those of the Shareholders to ensure that they were incentivised and committed to maximising shareholder returns.

All the subscription agreements above have the same principal terms. No special rights not generally available to all other Shareholders will be provided to the above investors after the [●].

Transfer of Shares by LiFung Trinity to investors

On 31 December 2007, LiFung Trinity entered into a sale and purchase agreement with each of Mr. Jose Hosea Cheng Hor Yin, Mr. Wong Yat Ming, Fung Capital Limited, Eagle Master Limited, Mr. Garnett Lee Keith, Jr and Seasoned Pro Management Limited, pursuant to which they agreed to purchase 65,227,590 Shares, 45,659,313 Shares, 32,613,795 Shares, 13,045,518 Shares, 8,697,012 Shares and 8,697,012 Shares respectively, representing approximately 5.41%, 3.79%, 2.71%, 1.08%,

THIS WEB PROOF INFORMATION PACK IS IN DRAFT FORM. The information contained in it is incomplete and is subject to change. This Web Proof Information Pack must be read in conjunction with the section headed "Warning" on the cover of this Web Proof Information Pack.

HISTORY, REORGANISATION AND GROUP STRUCTURE

0.72% and 0.72%, respectively, of the issued share capital in the Company immediately before the [●], completion of which took place on 31 January 2008. All such sale and purchase agreements contained the same principal terms.

The Shares subscribed or purchased by each of the above investors were at a price of HK\$3.55 per Share, arrived at after arms length negotiations between each investor and the Company, which translated into a price to earnings multiple of approximately 31.7 times the 2007 net income of the Core Business. This is approximately a [●]% discount to the [●] (assuming the [●] is [●], being the mid point of the indicative [●] range set out in this document). Approximately HK\$659 million of the proceeds obtained from the above transactions were used for repayment of certain loan owed to The Bank of Tokyo-Mitsubishi UFJ, Ltd., and the remaining amount of the proceeds were used for store expansion and general working capital of the Group.

Issue of Shares to Renown for acquisition of remaining interests in a subsidiary

On 29 January 2008, Renown entered into a sale and purchase agreement with the Company for the acquisition of 49% interest in Trinity China (BVI) by the Group, pursuant to which 26,805,633 Shares were allotted and issued to Renown on the same day as the consideration therefor. Details of this agreement are set out in the paragraph headed "Other Acquisitions — Acquisition of remaining interests in a subsidiary" in this section.

THIS WEB PROOF INFORMATION PACK IS IN DRAFT FORM. The information contained in it is incomplete and is subject to change. This Web Proof Information Pack must be read in conjunction with the section headed "Warning" on the cover of this Web Proof Information Pack.

HISTORY, REORGANISATION AND GROUP STRUCTURE

The following table sets out the details of the number of Shares held by the abovementioned investors immediately after the subscription of Shares and acquisition and transfers of Shares as described above:

Investor	No. of Shares	Approximate shareholding % in the Company immediately before the [●]	Approximate shareholding % in the Company immediately following the completion of the [●] (assuming the [●] is not exercised)
SMALLCAP World Fund, Inc. ⁽¹⁾	82,337,500	6.83%	5.47%
Mr. Jose Hosea Cheng Hor Yin ⁽²⁾	65,227,590	5.41%	4.33%
Janus Overseas Fund ⁽³⁾	66,489,635	5.52%	4.41%
Mr. Wong Yat Ming ⁽⁴⁾	47,776,563	3.96%	3.17%
Fung Capital Limited ⁽⁵⁾	32,613,795	2.70%	2.16%
Renown ⁽⁶⁾	26,805,633	2.22%	1.78%
Citigroup Global Markets Financial Products LLC ⁽⁷⁾	21,760,625	1.81%	1.44%
J.P. Morgan Securities Ltd. ⁽⁸⁾	21,760,625	1.81%	1.44%
Janus Aspen International Growth Portfolio ⁽⁹⁾	15,198,335	1.26%	1.01%
Eagle Master Limited ⁽¹⁰⁾	13,045,518	1.08%	0.87%
EMP-Daiwa Capital Asia Limited ⁽¹¹⁾	10,351,000	0.86%	0.69%
Megacom Enterprises Limited ⁽¹²⁾	10,351,000	0.86%	0.69%
Seasoned Pro Management Limited ⁽¹³⁾	8,697,012	0.72%	0.58%
Mr. Garnett Lee Keith Jr ⁽¹⁴⁾	8,697,012	0.72%	0.58%
Mr. Jeremy Paul Egerton Hobbins ⁽¹⁵⁾	4,234,500	0.35%	0.28%
Mr. Leong Kwok Yee ⁽¹⁶⁾	2,117,250	0.18%	0.14%
Janus Long/Short Fund ⁽¹⁷⁾	649,530	0.05%	0.04%
Total	438,113,123	36.35%	29.08%

Notes:

- (1) SMALLCAP World Fund, Inc. holds its Shares through its nominee, Horsford Nominees Ltd. SMALLCAP World Fund Inc. is an Independent Third Party.
- (2) Mr. Jose Hosea Cheng Hor Yin, a non-executive Director, holds his Shares through SperoTrinity Limited, a company wholly owned by him. Both Mr. Cheng and SperoTrinity Limited are connected persons of the Company.
- (3) Janus Overseas Fund holds its Shares through its nominee, Flank & Co. Janus Overseas Fund is an Independent Third Party.
- (4) Mr. Wong Yat Ming is an executive Director and therefore a connected person of the Company.
- (5) Fung Capital Limited, an indirect wholly owned subsidiary of King Lun Holdings Limited, is a connected person of the Company.
- (6) Shares held by Renown were issued pursuant to the Group's acquisition of 49% interest in Trinity China (BVI) from Renown. Renown is an Independent Third Party.
- (7) Both Citigroup Global Markets Financial Products LLC and Citi (one of the [●]) are wholly owned subsidiaries of Citigroup Inc., a company listed on the New York Stock Exchange. Citigroup Global Markets Financial Products LLC is therefore an associate of Citi. Citigroup Global Markets Financial Products LLC and Citigroup Inc. are Independent Third Parties.
- (8) The ultimate shareholder of J.P. Morgan Securities Ltd. is J.P. Morgan Chase & Co., a company listed on the New York Stock Exchange. J.P. Morgan Securities Ltd. and J.P. Morgan (one of the [●]) are direct or indirect wholly-owned subsidiaries of J.P. Morgan Chase & Co. J.P. Morgan Chase & Co. is a global financial services firm, the common stock of which is listed on the New York Stock Exchange. Both J.P. Morgan Securities Ltd. and J.P. Morgan Chase & Co. are Independent Third Parties.

THIS WEB PROOF INFORMATION PACK IS IN DRAFT FORM. The information contained in it is incomplete and is subject to change. This Web Proof Information Pack must be read in conjunction with the section headed "Warning" on the cover of this Web Proof Information Pack.

HISTORY, REORGANISATION AND GROUP STRUCTURE

- (9) *Janus Aspen International Growth Portfolio holds its Shares through its nominee, Flight & Co. Janus Aspen International Growth Portfolio is an Independent Third Party.*
- (10) *Eagle Master Limited is an investment holding company jointly owned by Mr. Robert Ernest Adams and his spouse. Both Mr. Adams and his spouse are Independent Third Parties and therefore Eagle Master is also an Independent Third Party.*
- (11) *The Shares are held by Eagle Bright Group Limited, a wholly owned subsidiary of EMP-Daiwa Capital Asia Limited. EMP-Daiwa Capital Asia Limited is owned as to 50.1% by EMP Global, L.L.C. and 49.9% by Daiwa Securities Group, Inc., a company listed on the Tokyo Stock Exchange. EMP-Daiwa Capital Asia Limited is an Independent Third Party.*
- (12) *Megacom Enterprises Limited is wholly owned by Mr. Lee Ka Shing. Both of Megacom Enterprises Limited and Mr. Lee Ka Shing are Independent Third Parties.*
- (13) *Seasoned Pro Management Limited is an investment holding company wholly owned by Mr. Tan Yong Nang, who is an Independent Third Party.*
- (14) *Mr. Garnett Lee Keith Jr is an Independent Third Party.*
- (15) *Mr. Jeremy Paul Egerton Hobbins, a non-executive Director, holds his Shares through Martinville Holdings Limited, a company wholly owned by him. Both Mr. Hobbins and Martinville Holdings Limited are connected persons of the Company.*
- (16) *Mr. Leong Kwok Yee was a Director within a 12-month period preceding the [●] and therefore is a connected person of the Company.*
- (17) *Janus Long/Short Fund holds its Shares through its nominee, Circus & Co. Janus Long/Short Fund is an Independent Third Party.*

The Directors confirm that the above investors and their respective ultimate beneficial owner(s) (save for the Management Investors, Mr. Jose Hosea Cheng Hor Yin and Fung Capital Limited) (the "Other Shareholders") are Independent Third Parties. The acquisition of Shares by the Other Shareholders referred to above were not financed directly or indirectly by a connected person of the Company and the Other Shareholders are not accustomed to take instructions from a connected person in relation to the acquisition, disposal, voting or other disposition of Shares registered in his/its name or otherwise held by him/it. Therefore, the Other Shareholders would be counted as public Shareholders after [●].

Non-disposal Undertakings

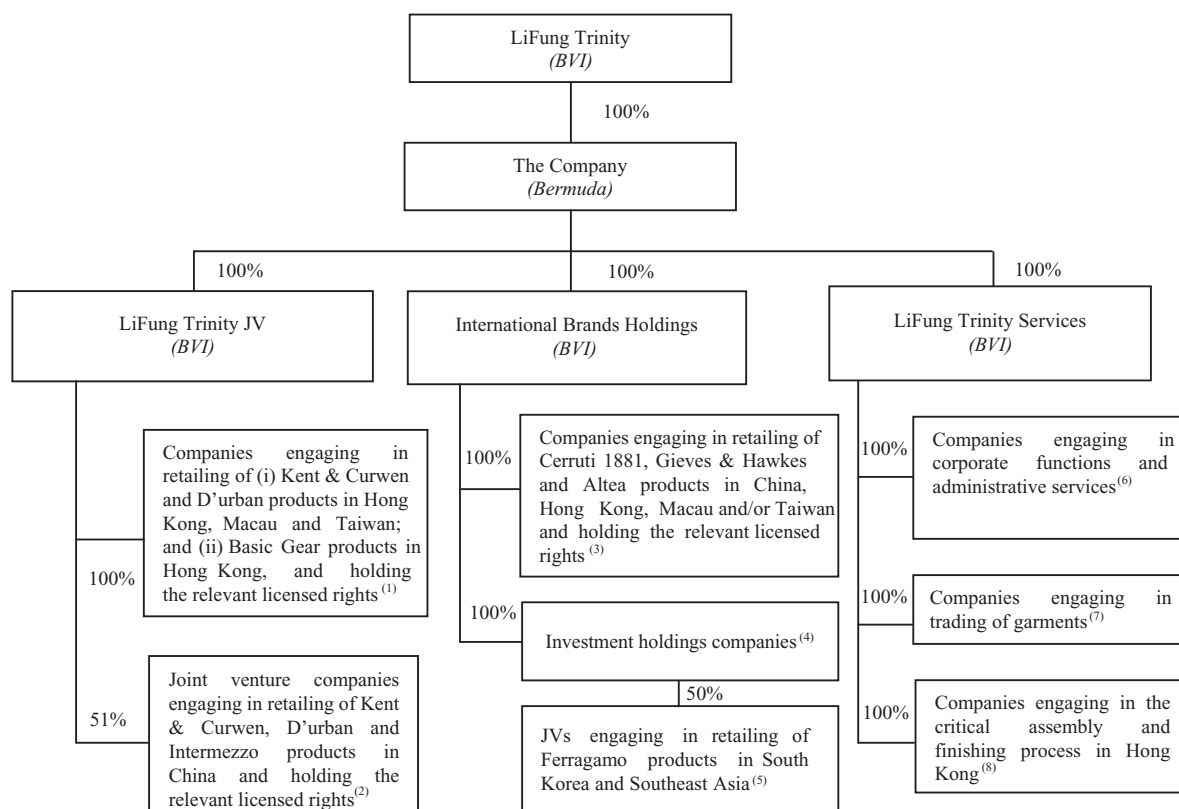
Each of the above investors has undertaken that, without the prior written consent of the Company, he/it will not during the period from the date of this document and ending on the date which is six months from the [●] dispose of any of the Shares held by him/it or his/its nominee (if applicable) as at the date of this document (the "Investor Shares") or enter into any swap, derivative or other arrangement that transfers to another, in whole or in part, any of the economic consequences of the acquisition or ownership of any such Investor Shares.

HISTORY, REORGANISATION AND GROUP STRUCTURE

GROUP STRUCTURE

The following charts set out the shareholding and group structure of the Company, its subsidiaries, joint ventures and the Shareholders:

- (1) immediately prior to the subscription and the purchase of Shares by the investors and the issue of Shares to Renown as described in the paragraph headed "Investors" in this section above:

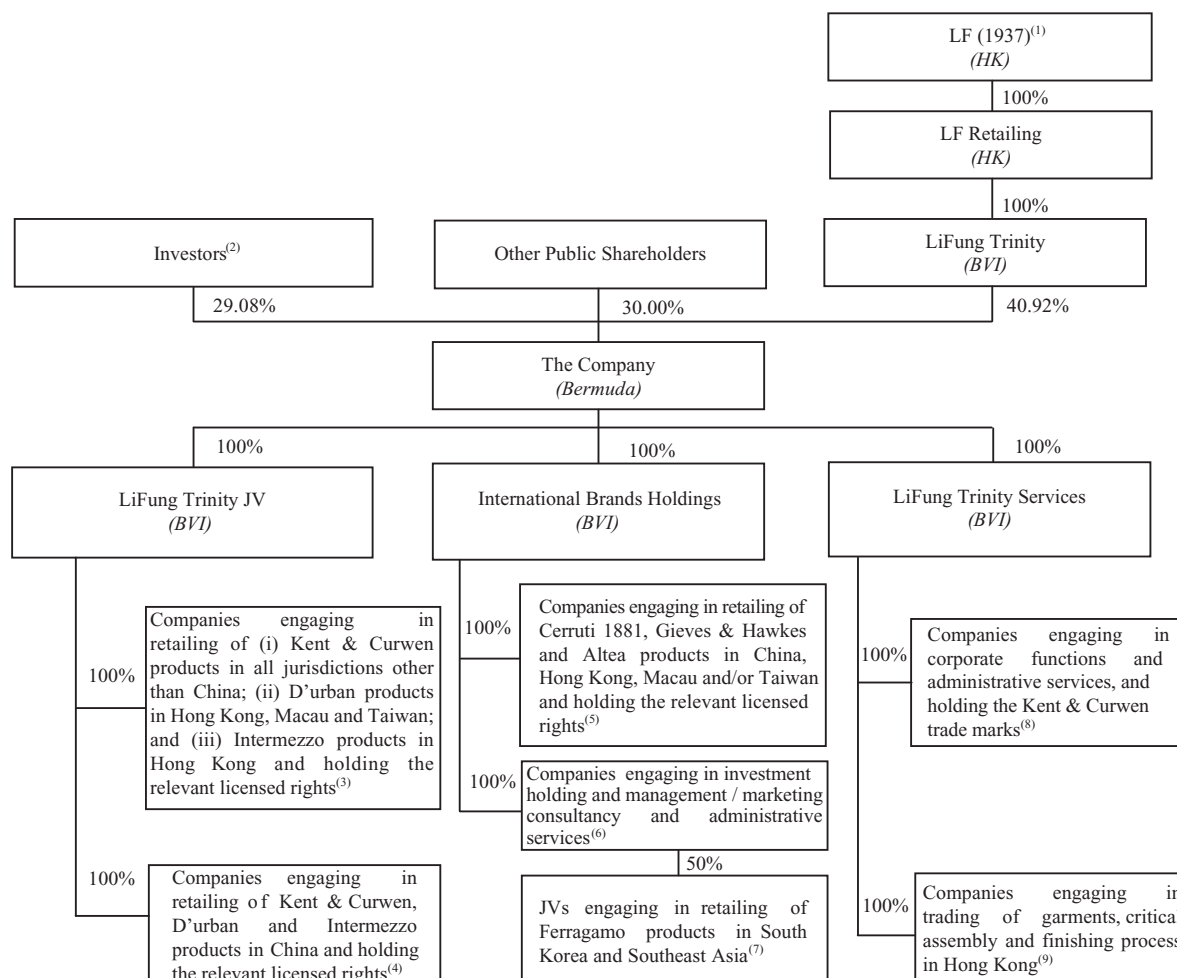


Notes:

1. Comprising direct/indirect subsidiaries, namely, Trinity Retail (HK), DDM and Trinity Retail. The Basic Gear licence was discontinued by the Group in 2008.
2. Comprising direct/indirect subsidiaries, namely, Trinity China (BVI), Trinity China (HK), Trinity China Trading (SH) and Trinity China Distributions (SH).
3. Comprising direct/indirect subsidiaries, namely, A.T., Champion, Champion Fashion, Concord, Concord Fashion, COL, Golden Palace, Golden Palace (HK), Golden Palace (SH), Million Venture, Million Venture (HK), Million Venture (SH), LiFung International Brands, LiFung (Shanghai) and Trubest.
4. Comprising direct/indirect subsidiaries, namely, L&F Branded Lifestyle and Ferrinch (L). L&F Branded Lifestyle owns the entire issued share capital in Ferrinch (L) and 50% interests in each of Ferragamo (Malaysia) Sdn. Bhd., Ferragamo (Thailand) Limited and Ferragamo (Singapore) Pte. Ltd. Ferrinch (L) owns a 50% interest in Ferragamo Korea Ltd.
5. Comprising Ferragamo (Malaysia) Sdn. Bhd., Ferragamo (Thailand) Limited, Ferragamo (Singapore) Pte. Ltd. and Ferragamo Korea Ltd.
6. Comprising direct subsidiaries, namely, LiFung Trinity (Management) and LiFung Trinity Management (Singapore).
7. Comprising direct subsidiaries, namely, LiFung Trinity Fashions and IDD. IDD was put in members' voluntary liquidation and was de-registered on 25 June 2009 and such liquidation has not resulted in any liability or obligation imposed against its directors.
8. Comprising direct subsidiaries, namely, Trinity (Casual Wear) and Trinity (Business Wear).

HISTORY, REORGANISATION AND GROUP STRUCTURE

- (2) immediately following the completion of the [●] (assuming no exercise of the [●] or the options granted under the Pre-[●] Share Option Scheme):



Notes:

- (1) LF (1937) is wholly owned by King Lun Holdings Limited (an investment holding company incorporated in the BVI). HSBC Trustee (C.I.) Limited, the trustee of a trust established for the benefit of the family members of Dr. Victor Fung Kwok King, owns 50% of the issued share capital of King Lun Holdings Limited. The remaining 50% of the issued share capital of King Lun Holdings Limited is held by Dr. William Fung Kwok Lun.
- (2) The list of investors is set out in the paragraph headed "Investors" in this section above.
- (3) Comprising direct/indirect subsidiaries, namely, Trinity Retail (HK), DDM, Trinity Retail and Kent & Curwen Limited.
- (4) Comprising direct/indirect subsidiaries, namely, Trinity China (BVI), Trinity China (HK), Trinity China Trading (SH) and Trinity China Distributions (SH).
- (5) Comprising direct/indirect subsidiaries, namely, A.T., Champion, Champion Fashion, Concord, Concord Fashion, COL, Golden Palace, Golden Palace (HK), Golden Palace (SH), Million Venture, Million Venture (HK), Million Venture (SH), LiFung International Brands, LiFung (Shanghai) and Trubest.
- (6) Comprising direct/indirect subsidiaries, namely, L&F Branded Lifestyle, Ferrinch (L) and BLS Singapore. L&F Branded Lifestyle owns the entire issued share capital in Ferrinch (L) and BLS Singapore, and 50% interests in each of Ferragamo (Malaysia) Sdn. Bhd., Ferragamo (Thailand) Limited and Ferragamo (Singapore) Pte. Ltd. Ferrinch (L) owns a 50% interest in Ferragamo Korea Ltd.
- (7) Comprising Ferragamo (Malaysia) Sdn. Bhd., Ferragamo (Thailand) Limited, Ferragamo (Singapore) Pte. Ltd. and Ferragamo Korea Ltd.
- (8) Comprising direct subsidiaries, namely, LiFung Trinity (Management) and LiFung Trinity Management (Singapore).
- (9) Comprising direct subsidiaries, namely, LiFung Trinity Fashions, Trinity (Casual Wear) and Trinity (Business Wear).

THIS WEB PROOF INFORMATION PACK IS IN DRAFT FORM. The information contained in it is incomplete and is subject to change. This Web Proof Information Pack must be read in conjunction with the section headed "Warning" on the cover of this Web Proof Information Pack.

HISTORY, REORGANISATION AND GROUP STRUCTURE

Following the Acquisitions in April 2006, a group of senior management with experience in retail and supply chain management have been brought into the Group. Most of the members of the senior management, including Ms. Agnes Shen (whose details are set out in the section headed "Directors, Senior Management and Employees" in this document), remained with the Group throughout the Track Record Period. Several Directors, namely, Mr. Wong Yat Ming, Dr. Victor Fung Kwok King, Dr. William Fung Kwok Lun and Mr. Jeremy Paul Egerton Hobbins, have been responsible for the management of the Group's business throughout the Track Record Period. It is expected that the Group's key management members will remain in positions with the Group after [●]. Refer to the section headed "Directors, Senior Management and Employees" in this document for further information about the Directors and senior management of the Group.

BUSINESS

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 it 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 high quality standard 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. 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 and 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.

COMPETITIVE STRENGTHS

The Directors believe that the Group's success 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 portfolio of high-to-luxury end brands managed by the Group and the JVs includes some of the most well-recognised international menswear brands. Each of the six brands managed by the Group, and the Salvatore Ferragamo brand managed by the JVs, enjoys a unique heritage and distinctive style. As a result, the Group and the JVs are uniquely positioned as leading players in the markets where they operate.

The Group's multi-brand strategy enables it to target customers with different needs and tastes. Each of the Brands maintains a dedicated design team to cater to the specific needs of its target

BUSINESS

customers and allows the Group, as a whole, to reach out to a wider customer base that includes customers of different tastes and ages. This enables the Group to diversify risks associated with over-reliance on any one brand.

Established retail network in prime locations

The Group operates an extensive retail network of shops located in high-end shopping malls and department stores in prime venues, such as Beijing Oriental Plaza, Hualin Shin Kong Department Store, China World Trade Centre and Seasons Place in Beijing, Plaza 66, Shanghai Grand Gateway, Shanghai Ongoing Department Store and No.1 Yaohan Department Store in Shanghai, the International Finance Centre in Hong Kong, and Taipei 101 Mall in Taiwan. As at 30 September 2009, the Group operated 271 retail stores across 41 cities in Mainland China, 38 retail stores in Hong Kong and Macau and 44 retail stores across five cities in Taiwan.

The Group's retail stores are all self-operated and predominantly mono-branded, and are generally located in prime locations with high consumer traffic that attract a steady flow of target customers. As high-end shopping malls and department stores typically seek to secure retail tenants associated with well-known international brands, the Group is able to leverage its multi-brand portfolio to obtain better floor space and preferential lease terms. Given its extensive network of leading brands, the Group is viewed by property developers and department stores as their anchor tenant. Having the ability to set up multiple retail stores in a given commercial venue further increases the Group's bargaining power when negotiating lease terms. The Group's ability to secure prime retail space strengthens the image of its Brands and strategically positions the Group to benefit from high consumer traffic which can lead to increased sales volume through opening new stores. Based on the current best estimate and projection of the Directors, the Group estimates that the payback period for newly opened stores is within one year.

Attractive margins through a vertically integrated business model

The Group has a vertically integrated business model which is responsible for managing the key supply chain functions from theme and product design, sourcing of raw materials and merchandising, outsourcing the production of certain types of clothing products and product parts, critical assembly and finishing of product parts, to marketing and promotion, and sales and distribution of its products. This provides the Group with significant operational flexibility, direct access to end customers and a greater ability to control access to raw materials/product parts as well as the cost, quality and delivery time of such raw materials/product parts.

Pursuant to its asset-light business model, the Group achieves its returns whilst employing a low level of asset base. For instance, the Group outsources the production of certain types of clothing products, such as T-shirts, knitwear and product parts and at the same time preserves its critical assembly and finishing functions for products such as suits, blazers, jackets, blousons, overcoats and pants, to third party manufacturers. The Group also leases all of its retail stores, offices and warehouses. As a result, the Group is able to focus on its core competencies and higher value-added processes in order to maximise operational efficiency and product quality, and improve margins by reducing cost base and capital at risk.

Established and proven platform for scalable growth

The Group's multi-brand operations are highly scalable with an established "plug-and-play" platform. This "plug-and-play" platform is a structure under which the teams in the Group that manage the dedicated business streams with brand focused management functions (for example, product design, marketing and promotion and sales) are internally supported by a centralised infrastructure and

BUSINESS

support teams that provide operational (for example, warehouse and logistics management, inventory management, sourcing, and critical assembly and finishing) and back-office support functions (for example, information technology, human resource, finance and accounting and administrative services). The Group now has a well-established platform for sustainable growth going forward.

Through this platform, the Group benefits from economies of scale, stronger bargaining power and higher specialisation achieved by pooling and sharing its back-office support. The Group also believes that the “plug-and-play” platform enables it to smoothly integrate additional brands into its portfolio, shorten the lead time for such brands to become established brands in their markets and ensures that the Group’s resources are utilised in the most efficient and optimal way. As the economy continues to improve, the Group is reaping the benefits of restructuring and investment.

Experienced management

The Group is led by a senior management team consisting of the Directors and the senior management of the Group who have extensive experience in managing business growth, international brands, and sales and distribution in Greater China. Most of the executive Directors have over seven years of experience in the retail and supply chain management business in Asia. The senior management team also includes the brand directors/brand managing directors of the Brands, with an average of about 20 years of experience in the retail industry.

Following the acquisitions of DDL Group and Green Group, the Group has streamlined its operations in order to improve its supply chain management and optimise its cost structure. The management team formulate and presides over initiatives to optimise critical business functions, including design, outsourcing, sourcing, merchandising, critical assembly and finishing, inventory management, marketing and retailing. These initiatives include establishing brand management in a dedicated organisation structure, enlarging the design team, outsourcing the production of product parts and certain types of clothing products, introducing a new merchandising system and enhancing inventory management and the POS system. As a result of these efforts, the Group believes that it has set the foundation for the Group to achieve further growth and profitability in the coming years.

BUSINESS STRATEGIES

The Directors believe that in order to achieve success in the long run, the Group must have the ability to nurture and build the Brands, and achieve quality growth. Accordingly, 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 using a number of measures, which include the following:

(i) expanding its product offerings

The Group believes that expanding the product offerings of the Brands will further diversify its revenue streams. Accordingly, the Group is currently looking into adding more products such as accessories and sportswear lines under the Brands.

BUSINESS

(ii) upgrading the image of retail stores

The Group has and will continue to periodically renovate the interior designs of its retail stores to ensure that the image of the Brands are up-to-date and in line with the trends of the fashion industry.

(iii) improving inventory management and control measures

The Group will continue to strengthen its customer relationship and inventory management to optimise product availability to cater to specific needs of customers.

Expanding the Group's retail network in Mainland China

The Group believes that the rapid economic development in Mainland China provides high growth potential to its core business in Mainland China. For the year ended 31 December 2008 and the six months ended 30 June 2009, approximately 54.7% and 59.5% of the Core Business's revenues, respectively, were derived from its operations in Mainland China.

The Group intends to expand its retail network by covering cities with large population, high disposable income levels and increased spending power. The Group intends to consolidate its market presence in first-tier cities, such as Beijing, Shanghai and Chengdu, where the Group already has a strong foothold at prime locations.

The Group also intends to increase its market presence in provincial capital cities as well as second-tier and third-tier cities, such as Dalian, Harbin, Hangzhou, Taiyuan and Wuhan, where the Group believes that there will be an increase in consumer spending as a result of urbanisation and a general rise in disposable income levels.

By entering into these markets, the Group expects that it will benefit from the growing disposable income level and increased urbanisation that have resulted in an increased number of upscale department stores and malls in these cities. The Group currently plans to open an additional approximately 20 and approximately 50 retail stores for the remainder of 2009 and the year ending 2010, respectively, most of which will be located in first-tier cities such as Beijing and Chengdu.

Enhancing supply chain management

The Group plans to further enhance its supply chain management by diversifying its product sourcing channels and extending its product design and development processes to additional menswear categories, such as casual wear and sportswear, as well as to other product segments, such as fashion accessories. The Group also intends to expand its network of raw material suppliers and outsourced manufacturers to ensure that products are manufactured with a consistent standard of quality and optimal cost efficiency.

With respect to product design, the Group's design teams have continued and will continue to expand by recruiting international designers, while at the same time focus on adapting the ideas and trends originated from the overseas design teams of the brand owners of the licensed brands to ensure that the final products for each Brand cater to the regional tastes and preferences of the consumers in their respective retail markets.

BUSINESS

Acquiring or licensing additional brands

As one of the leading high-to-luxury end menswear retailers in Greater China with strong local market knowledge and established relationships in Asia, the Group is regularly approached by brand owners who are interested in introducing their brands into Asia or further strengthening their brand equity in Asia. As a result, the Group is often in a position to capitalise on potential brand acquisitions and licensing opportunities, as evidenced by the acquisition of the Kent & Curwen brand in 2008. The Group will also from time to time consider forming strategic alliances and/or joint ventures with other retail brand companies which meet its long-term goals.

The Group is selective in introducing additional brands into its portfolio. When considering whether a prospective brand should be introduced into its portfolio, the Group would take into consideration the following factors: (i) whether the additional brand is a high-to-luxury end brand; (ii) whether the additional brand targets more mature, affluent and high income customers; (iii) whether the additional brand's stores are located at high-end exclusive locations; (iv) whether the additional brand allows the Group to have a high degree of supply chain management; and (v) whether the additional brand is an international brand which already has a presence and enjoys brand awareness in Greater China.

The Group is also exploring potential opportunities to expand the Brands into new markets in Asia and obtaining the relevant licences where necessary.

Enhancing brand equity

The Group will continue to enhance the brand equity of the Brands through active and targeted promotions on a brand by brand basis. Such marketing activities will involve a combination of leveraging the promotional activities of the brand owners of the licensed brands and those that the Group develops in-house with the objective of consolidating its existing customer base and attracting new customers.

The Group will continue to develop marketing initiatives in promoting and increasing brand awareness that include event sponsorships, loyalty programmes, media advertising, fashion shows and other promotional activities. The purpose of such activities is to associate the Brands with trendy fashion events and cultural occasions which reinforce the Brands' image as fashionable, international and upscale. The ability to maintain the image of high-to-luxury brands and foster customer loyalty is and will continue to be a key factor in enhancing brand equity.

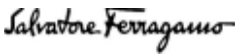
THIS WEB PROOF INFORMATION PACK IS IN DRAFT FORM. The information contained in it is incomplete and is subject to change. This Web Proof Information Pack must be read in conjunction with the section headed "Warning" on the cover of this Web Proof Information Pack.

BUSINESS

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:

<u>Name of brand</u>	<u>Brand logo</u>	<u>Main markets of rightful use</u>	<u>No. of stores as at 30 September 2009</u>
Owned Brand			
Kent & Curwen		Global	95 ⁽¹⁾
Licensed Brands			
Altea		Greater China	5
Cerruti 1881	CERRUTI 1881	Greater China	91
D'urban	D'URBAN	Greater China	66
Gieves & Hawkes	GIEVES & HAWKES NO. 1 SAVILE ROW LONDON	Greater China	82
Intermezzo	I N T E R M E Z Z O	Greater China	14
Total number of stores operated by the Group			353
The JVs brand			
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.

The Group's brands

Other than Altea and Intermezzo (with which the Group has had retail relationships since 2004 and the 1970s, respectively), the Group's retail relationships with the relevant previous brand owner (in respect of the Kent & Curwen brand) and the brand owners (in respect of the licensed brands) began in the 1980s. All of the Brands are targeted towards customers in the high-to-luxury end menswear market. The Altea, Cerruti 1881, Gieves & Hawkes and Kent & Curwen brands are of a European heritage, whilst D'urban and Intermezzo are originated in Japan.

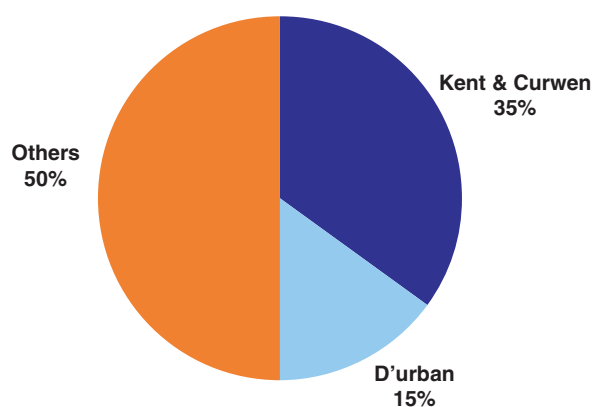
BUSINESS

The Kent & Curwen brand was previously licensed to the Group. The Group acquired from Renown the trade marks in respect of Kent & Curwen in 2008. The Group owns all rights, title, interests and benefits in respect of the Kent & Curwen trade marks. See the section headed "History, Reorganisation and Group Structure — Other Acquisitions — Acquisitions of Kent & Curwen Trade Marks and Kent & Curwen London Store" in this document for further details about this acquisition.

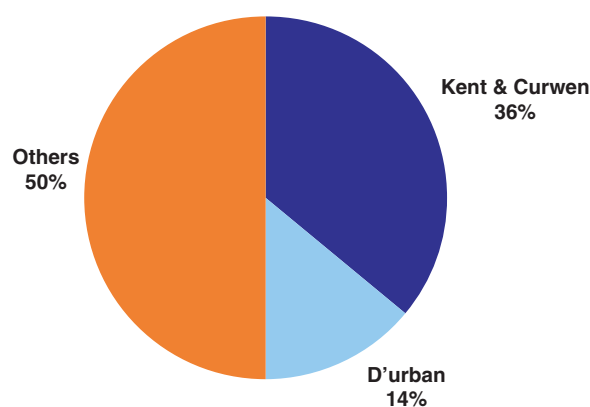
The rights of the Group to use the above Brands (other than the Kent & Curwen brand) in respect of the markets where it operates are granted under the respective licence agreements. The terms of the relevant licences range from six to ten years. The Group pays royalties to each of the Brand Owners in accordance with the relevant licence agreements. Royalty fees are calculated based on either a fixed percentage of sales or fixed amount per annum. The amounts of royalty expenses incurred by the Core Business as a percentage of the total sales of the Core Business for the year ended 31 December 2008 and the six months ended 30 June 2009 were approximately 1.6% and 1.1%, respectively. Refer to the sub-paragraph headed "The Group's Brands — Description of the Brands" in this section for details of these licences.

The following charts set out a breakdown of the Core Business's retail sales for the year ended 31 December 2008 and the six months ended 30 June 2009:

**Percentage of Retail Sales by Brands
(for the year ended 31 December 2008)**



**Percentage of Retail Sales by Brands
(for the six months ended 30 June 2009)**



Discontinuation of Basic Gear

Prior to the Acquisitions, Basic Gear had always been operated and marketed as a sub-brand of D'urban. Basic Gear's stores were often located in close proximity to D'urban's stores. As a result of these operational synergies, the Group continued to operate both brands following the Acquisitions.

The Group subsequently formed the view that the Basic Gear brand did not fall within the high-to-luxury end target market of the Group. The Group thereafter removed the Basic Gear brand from its portfolio by discontinuing the operations of such brand and closed down all remaining retail stores of the Basic Gear brand in September 2008.

The Company considers the contribution of Basic Gear's sales to the total sales volume of the Group to be insignificant. For the eight months ended 31 December 2006, and the two years ended 31 December 2007 and 2008, the revenue of Basic Gear as a percentage of the revenue of the Core

THIS WEB PROOF INFORMATION PACK IS IN DRAFT FORM. The information contained in it is incomplete and is subject to change. This Web Proof Information Pack must be read in conjunction with the section headed "Warning" on the cover of this Web Proof Information Pack.

BUSINESS

Business was approximately 4.9%, 2.8% and 0.7%, respectively, while its percentage contribution to the profit of the Core Business was approximately 5.0%, 3.2% and 0.4%, respectively.

The JVs brand

Pursuant to the relevant joint venture contracts entered into in 2002 and 2003, respectively, the Salvatore Ferragamo group and Parent Group sold Salvatore Ferragamo products through the JVs in South Korea and certain countries in Southeast Asia. The Salvatore Ferragamo group and Parent Group each held a 50% interest in each of the JVs. Parent Group's interests in the JVs were then acquired by the Group on 31 March 2007. The range of Salvatore Ferragamo products sold by the Group includes menswear, ladieswear and leather goods. See the section headed "History, Reorganisation and Group Structure — Salvatore Ferragamo Joint Ventures" in this document for further details about the Salvatore Ferragamo brand.

BUSINESS

Description of the Brands

The description of each of the brands operated by the Group is set out in the following pages:



Brand description

- History: In 1926, Eric Kent and Dorothy Curwen established the Kent & Curwen brand in London featuring the three lions emblem. Kent & Curwen began as a manufacturer of club, college and regimental ties, and expanded into fashion retailing to become one of the most recognised British fashion houses today. The brand has a long association with cricket, the national sport of England, and has sponsored many cricket teams in the past including the national England team
- Product range: Primarily business and casual menswear targeting affluent male customers
- 72 stores in Mainland China, 11 stores in Hong Kong, two stores in Macau and 10 stores in Taiwan
- The Group owns the brand globally
- Retail relationship between the previous brand owner and the Group in Asia since the mid-1980s

The Group's retail network in Greater China as at 30 September 2009
Ownership details
Relationship with the Group

The Group's retail network for Kent & Curwen in Greater China



BUSINESS



Brand description

- History: Established in Milan since 1892, Altea is a tie specialist that has expanded to menswear. Altea's products are distributed worldwide in North and South America, Europe, Asia, Australia and New Zealand with a total of approximately 3,500 points of sale
- Product range: Primarily menswear

The Group's retail network as at 30 September 2009

- Three stores in Mainland China and two stores in Hong Kong

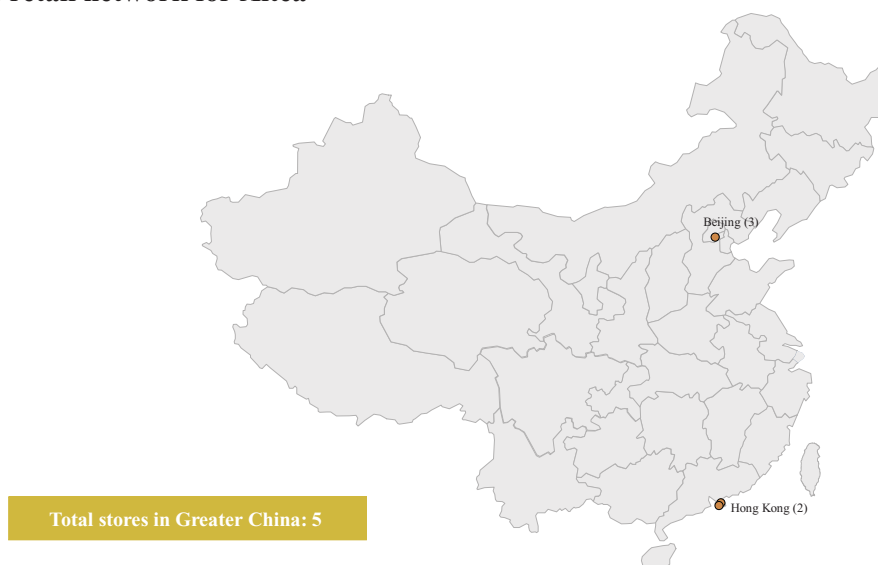
Licence details

- Licence rights: Exclusive right to manufacture, market, advertise, promote and distribute
- Regions covered under the licence: Mainland China, Hong Kong, Macau and Taiwan
- Terms of the licence: Six years, from 1 January 2005 to 31 December 2010, renewable for a further term of six years subject to conditions, including the following:
 - the brand owner and the Group must consult each other on whether to renew the agreement at least 12 months prior to the expiration;
 - all payment obligations under the agreement must have been met; and
 - the number of points of sale must not be less than the number stipulated in the agreement

Relationship with the Group

- Retail relationship with the Group in Asia since 2004
- The Group has no intention to renew the Altea licence in accordance with the existing terms, but will explore other possible business opportunities with Altea. The Group will evaluate from time to time its plans for such business opportunities.

The Group's retail network for Altea



BUSINESS

CERRUTI 1881



Summary description

Brand description

- History: Initially established as a fabric mill since 1881, Cerruti 1881 has established itself as an apparel and fashion brand since 1967 with a century old heritage. Cerruti 1881 is currently a premium Italian fashion house. Cerruti 1881 has boutique stores in major cities worldwide including Paris, Rome, Berlin, Dubai, Damascus, Andorra and Moscow
- Product range: Primarily menswear representing European luxury and elegance and targeting male customers seeking a contemporary modern look

The Group's retail network as at 30 September 2009

Licence details

- 71 stores in Mainland China, six stores in Hong Kong, two stores in Macau and 12 stores in Taiwan
- Licence rights: Exclusive right to wholesale, retail, import, distribute and market and right to manufacture most of the products
- Regions covered under the licence: Mainland China, Hong Kong, Macau and Taiwan
- Terms of principal licence: 10 years, from 1 January 2004 to 31 December 2013, renewal subject to conditions such as the requirement for the brand owner and the Group to meet at least 12 months before the expiration of the relevant licence agreement to negotiate for a new licence agreement

Relationship with the Group

- Retail relationship with the Group in Asia since the mid-1980s

The Group's retail network for Cerruti 1881



BUSINESS

D'URBAN



Brand description

The Group's retail network as at 30 September 2009

Licence details

- History: Established in Japan in 1970. As at 31 December 2008, D'urban had 189 stores in the major cities of Japan such as Hiroshima, Kyoto, Nagoya, Osaka, Sapporo, Sendai, Tokyo and Yokohama. D'urban is inspired by the long-held traditions of prestigious tailoring in Europe. The D'urban brand targets men who aspire for sophisticated simplicity, quiet elegance and modern minimalism
- Product range: Primarily menswear characterised by simplicity and elegance and targeting the metropolitan male
- 47 stores in Mainland China, five stores in Hong Kong, two stores in Macau and 12 stores in Taiwan
- Regions covered under licence: Mainland China, Hong Kong, Macau, Taiwan, Australia and New Zealand
- In respect of Greater China:
 - Licence rights: Exclusive right to manufacture, distribute, wholesale and retail
 - Terms of the licence: 10 years from 1 March 2007. Automatically renewed every 10 years. The next renewal date will be 1 March 2017.
- In respect of Australia and New Zealand:
 - Licence rights: Non-exclusive right to manufacture and exclusive right to market and sell
 - Terms of the licence: From 1 September 2008 to 31 December 2016, automatic renewal subject to conditions, including the requirement for the brand owner and the Group to consult each other on renewing the agreement at least 18 months prior to the expiration

Relationship with the Group

- Retail relationship with the Group in Asia since the mid-1980s

The Group's retail network for D'urban



BUSINESS

GIEVES & HAWKES

No.1 SAVILE ROW LONDON



Brand description

- History: A premium British fashion house established in London in 1771. The Gieves & Hawkes flagship store in the United Kingdom is located on No.1 Savile Row and is one of the oldest suit retailers in England today.
- Gieves & Hawkes is an internationally recognised brand with 19 stores and concessions in the UK as at 31 December 2008, and outlets in the Middle East, Russia and Ireland as well as those in Asia
- Gieves & Hawkes is granted the use of the three Royal Warrants of Appointment to HM The Queen, HRH The Duke of Edinburgh and HRH The Prince of Wales. The Royal Warrants are awarded only to brands that supply the British Royal Family, and Gieves & Hawkes had been granted the use of one or more Royal Warrants since the award first began in 1809.
- Product range: Primarily menswear, including bespoke and made-to-measure services

The Group's retail network as at 30 September 2009

Licence details

- 66 stores in Mainland China, five stores in Hong Kong, one store in Macau and 10 stores in Taiwan
- Licence rights: Exclusive right to manufacture, wholesale and/or retail
- Regions covered under licence: Mainland China, Hong Kong, Macau and Taiwan (excluding airport or port duty free areas within those regions), and Australia and New Zealand
- Terms of the licence: From 1 September 2006 to 31 August 2012, renewable subject to conditions, including the requirement that certain sales figures for a specified period must not be less than the amount stipulated in the agreement

Relationship with the Group

- Retail relationship with the Group in Asia since the mid-1980s

The Group's retail network for Gieves & Hawkes



BUSINESS

INTERMEZZO



Brand description

- History: Established in Japan in 1971. As at 31 December 2008, Intermezzo had 160 stores in the major cities in Japan. Intermezzo's collection consists of chic, versatile and comfortable casual wear for adults
- Product range: Primarily contemporary style menswear including chic and comfortable casual wear

The Group's retail network as at 30 September 2009

- 12 stores in Mainland China and two stores in Hong Kong

Licence details

- Licence rights: Exclusive right to manufacture, distribute, wholesale and retail
- Region covered under licence: Mainland China, Hong Kong, Macau and Taiwan
- Terms of the licence: 10 years from 1 March 2007. Automatically renewed every 10 years. The next renewal date will be 1 March 2017.

Relationship with the Group

- Retail relationship with the Group in Asia since the 1970s

The Group's retail network for Intermezzo



BUSINESS

Description of the JVs brand

The description of the JVs brand operated by the JVs is set out below:

Salvatore Ferragamo



Brand description

- History: A world-famous luxury Italian brand founded in 1927 by designer Salvatore Ferragamo. Well known for its leather goods, Salvatore Ferragamo has a global network of over 450 stores in over 55 countries as at 31 December 2008.

- Product range: Menswear, ladieswear and leather products

Retail network as at 30 September 2009

- 27 stores in South Korea, four stores in Singapore, three stores in Malaysia and three stores in Thailand

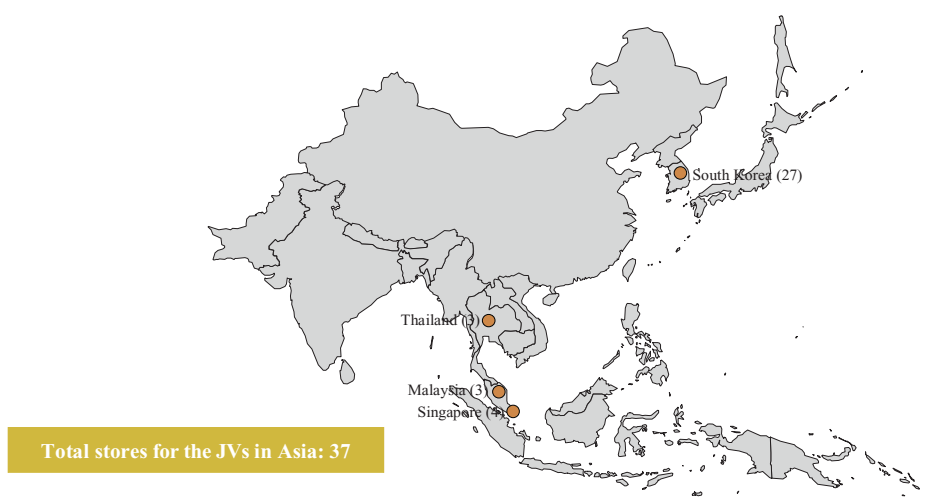
Joint venture contracts details

- Terms of the joint venture contracts: Will continue to be in force until 31 December 2012 and are renewable for another five-year term unless either party gives 12 months' prior notice to terminate
- Profits from the JVs are shared between the Group and the Salvatore Ferragamo brand owner in accordance with their respective equity interests in the JVs

Relationship with the Group

- The retail relationship between the Salvatore Ferragamo group and Parent Group (and its predecessors) started in the mid-1980s when the first Salvatore Ferragamo store in Asia opened in Singapore in 1986. The brand has since expanded into Malaysia, South Korea and Thailand.
- The Salvatore Ferragamo group and the Group each owns 50% of the JVs

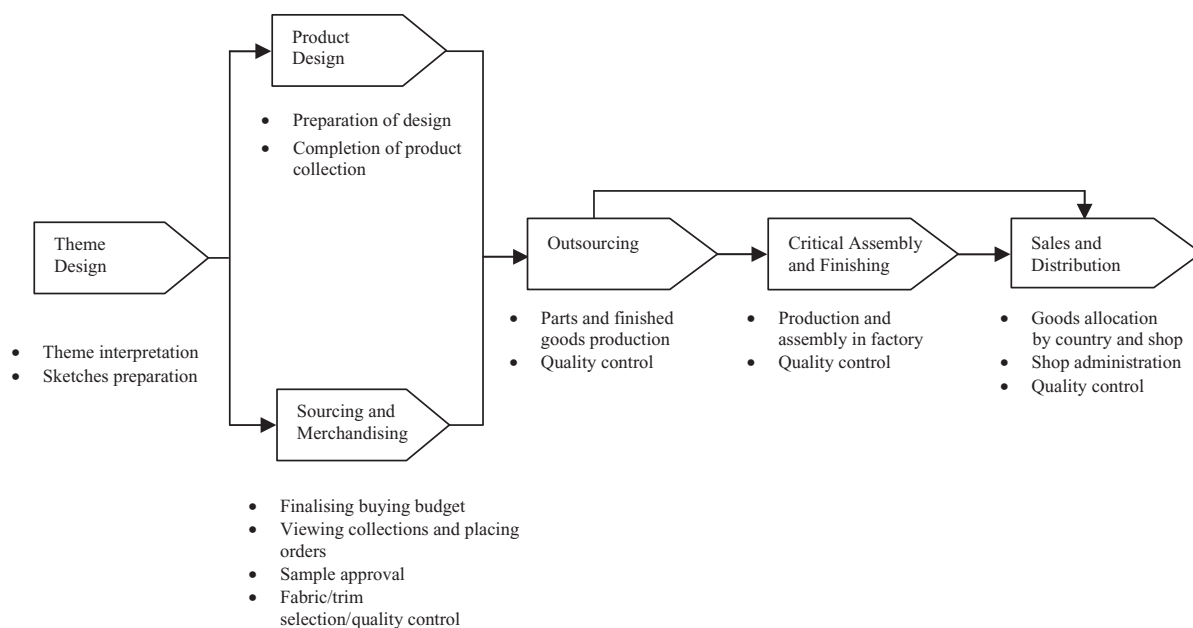
JVs' retail network in Asia for Salvatore Ferragamo



BUSINESS

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. A diagram of the Group's business model is set out below:



As shown above, the Group manages the various stages of the supply chain for the Brands from seasonal themes and product designs, sourcing and merchandising, critical assembly and finishing, marketing and promotion, to sales and distribution. The business model is used by the Group to manage and operate each of its Brands, regardless of whether it is a self-owned or licensed brand.

The acquisition of ownership of the Kent & Curwen brand has given the Group full freedom to implement its 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 from the relevant brand owners for the various stages, such as theme and product design, production arrangements and promotion, and/or sales and distribution for products. The Group is of the view that the contractual requirements to obtain approvals do not in practice interfere with its ability and efficiency to manage the licensed brands. For details about the risks associated with the Group's business model, refer to the section headed "Risk Factors — Risks Relating to the Group" in this document.

The retail activities of the Salvatore Ferragamo products are managed by the JVs. The JVs adopt an "import and distribution" business model for the Salvatore Ferragamo brand. Under this business model, the JVs source Salvatore Ferragamo-branded finished products directly from the Salvatore Ferragamo group or their specified licensees for distribution in South Korea, Singapore, Malaysia and Thailand. For details about the risks associated with the JVs, refer to the section headed "Risk Factors — Risks Relating to the Group" in this document.

BUSINESS

THEME AND PRODUCT DESIGN

In general, there are two fashion seasons each year, that is, the fall/winter collection and the spring/summer collection. The Group commences preparation work for a new collection approximately 12 months before the start of that season.

Most of the Group's clothing products for sale in the markets where it operates are designed by the Group. The Group has a dedicated design team for each of the Brands, which regularly collaborates with international designers recruited by the Group or the respective Brand Owners of the licensed brands to design the themes for each new collection.

The Group's theme and product design process for most of its clothing products in each season normally begins from the receipt of the themes or sketches from the respective international designers or Brand Owners, which highlights the proposed themes and features for each Brand for the coming season. Based on the design teams' interpretations of the brand themes from these basic themes or sketches, the designs for each Brand are then developed and made into samples. The design teams then collaborate with the respective international designers and overseas design teams from the Brand Owners to finalise the samples and ensure that the final product designs reflect the trade mark qualities of the brands, while at the same time cater to Asian preferences, fitting and sizes for the Group's target customers.

The Group's accessories (such as ties, belts and shoes) are either designed and manufactured by vendors who are licensees of the Brands to manufacture such products, or designed by the Group which are outsourced to third-party manufacturers for production.

SOURCING AND MERCHANDISING

The sourcing and merchandising functions of the Group are performed by its merchandising teams which work closely with the design teams.

The choice of raw materials and product parts depends on the concepts, specifications and projected pricing of a product. When the buying budget has been finalised, the Group selects and sources quality fabrics and product parts from the appropriate raw material suppliers and outsourced manufacturers at competitive prices. The Group's sourcing and merchandising teams and product development teams often attend fabric shows and inspect collections from different suppliers and manufacturers to ensure that they are sourcing high quality raw materials and product parts.

Fabric is the main raw material used in the production of the Group's product parts. Most of the fabrics for the Group's products are sourced from Europe. Once purchased, the fabrics are delivered to outsourced manufacturers to process the production of the product parts and finished products. All completed product parts are then transported to the Group's critical assembly and finishing facilities in Hong Kong for the final assembly of the Group's finished products.

The Group's sourcing and merchandising team and the product development team are also responsible for sourcing some of the accessories and clothing products sold by the Group directly from other vendors who are licensees of the Brands to manufacture such products. Merchandising decisions are based on the budget determined for each of the Brands as well as the production capability of such vendors.

BUSINESS

OUTSOURCING

As part of the Group's restructuring efforts as set out in the section headed "History, Reorganisation and Group Structure" in this document, the Group retains the design function but outsources to third-party manufacturers the production of (i) product parts for most of its clothing products and (ii) certain types of clothing products such as T-shirts and knitwear.

For the production of product parts, the Group is usually responsible for purchasing and delivering raw materials, such as fabric, to the outsourced manufacturers. The raw material is then processed according to the Group's requirements and made into product parts. The product parts are subsequently delivered to the Group for critical assembly and finishing at its facilities in Hong Kong. All such product parts are currently produced by Lever Style which engages in the manufacture of shirts, parts and other finished clothing goods for international apparel brands (including those of the Group).

For the production of clothing products such as T-shirts and knitwear, the Group either (i) purchases and delivers raw materials, such as fabric, to the outsourced manufacturers for their manufacturing or (ii) outsources the whole process, that is, from the purchase of fabric to manufacturing of the clothing products, to the outsourced manufacturers. The turn-around time from order to delivery of the product parts is generally within two months and that of the clothing products generally ranges from four to six months, depending on the type of product parts and clothing products ordered.

The Group ensures the quality control of the product parts and finished clothing products manufactured by the outsourced manufacturers by sending staff to the outsourced manufacturers' production facilities to carry out quality control checks on a regular basis. The Group inspects the completed product parts and finished clothing products upon receipt of the same from the outsourced manufacturers.

The Group commissions the outsourced manufacturers and pays them according to the agreed payment terms upon receipt of the completed product parts or the finished clothing products. In order to maintain its flexibility, the Group does not sign any exclusive outsourcing agreements with the outsourced manufacturers.

Through these outsourcing arrangements, the Group is able to focus on processes such as critical assembly and finishing which it believes adds more value to its products.

The Group's suppliers

The Group's five largest suppliers (all of which are Independent Third Parties as at the Latest Practicable Date) accounted for approximately 74.9%, 47.7%, 31.1% and 37.1% of the Group's total purchases for the years ended 31 December 2006, 2007, 2008 and the six months ended 30 June 2009, respectively, while the Group's largest supplier accounted for approximately 43.6%, 27.3%, 8.4% and 10.8% of the Group's total purchases for those respective periods. The five largest suppliers of the Group comprise of outsourced manufacturers and suppliers of fabrics, garments and garment products.

The Group's five largest suppliers for the two years ended 31 December 2008 and the six months ended 30 June 2009 include Lever Style. Lever Style is an Independent Third Party in which Fung Trinity Holdings (a member of Parent Group) holds 25% of its issued ordinary shares, while the remaining 75% of its issued ordinary shares is held by Lever Style Holdings Limited. Fung Trinity Holdings also holds 100% of the issued limited-voting preference shares (the "Limited-voting Shares") of Lever Style.

BUSINESS

Holders of the Limited-voting Shares do not have any voting rights other than the right to vote for the winding up of the company or reduction of its share capital, or varying or abrogating any of the special rights attached to the Limited-voting Shares. They are not entitled to any dividends. On a return of capital on liquidation, holders of the Limited-voting Shares are only entitled to the subscription price of their fully paid Limited-voting Shares after payment of the company's liabilities and the costs and expenses of the liquidation. They are not entitled to any distributions of residual assets (if any) after payments to holders of ordinary shares the subscription price of their fully paid ordinary shares and any unpaid dividends declared. All the Limited-voting Shares shall be redeemed by Lever Style at the subscription price on the earlier of the date falling five years from the date of adoption of the memorandum and articles of the association of Lever Style or the occurrence of a liquidity event, which means (i) any public offering of securities in any jurisdiction of any entity (whether a body corporate, fund or other form of entity capable of supporting the issue of tradable securities) in which all or any majority of the securities or the business of the Lever Style comprise or represent any material part of the assets, or constitute or support any material part of the revenue or profits, of the issuing entity; or (ii) the refinancing of all or substantially all of the debt of Lever Style through the issuance of debt securities or other instruments or from bank borrowings.

In view of the limited rights attached to the Limited-voting Shares in respect of voting, profit distribution and distribution of residual assets, the Limited-voting Shares are, in essence, more in the nature of a debt than an equity interest. Furthermore, no management right in respect of Lever Style is conferred to the holders thereof.

Lever Style Holdings Limited and its ultimate beneficial owners are, so far as the Directors are aware after making all reasonable enquiries, not connected with the Lee Family. The Directors confirm that the Group's purchases from Lever Style were conducted at arm's length and on normal commercial terms no more favourable than those offered to other suppliers, and in aggregate accounted for approximately 26.8%, 8.4% and 10.8% of the Group's total purchases for the year ended 31 December 2007, 31 December 2008 and the six months ended 30 June 2009, respectively.

The Group's five largest suppliers also include Trinity Textiles Limited and I.D.D. Italia S. R. L. Trinity Textiles Limited was a subsidiary of the ultimate holding company of the Group prior to June 2007. I.D.D. Italia S. R. L. is a wholly owned subsidiary of Renown. Prior to 29 January 2008, Renown owned 49% interest in Trinity China (BVI), a company in which the Company owned a 51% interest. As at the Latest Practicable Date, Renown held 2.22% interest in the Company and did not have any interest in Trinity China (BVI). Trinity Textiles HK accounted for approximately 43.6% and approximately 10.8% of the Group's total purchases for the years ended 31 December 2006 and 2007, respectively, whilst I.D.D. Italia S. R. L. accounted for approximately 4.3% of the Group's total purchases for the year ended 31 December 2007.

CRITICAL ASSEMBLY AND FINISHING

The Group currently operates two critical assembly and finishing facilities in Hong Kong, occupying an aggregate gross floor area of approximately 58,000 square feet.

The typical process that takes place in these facilities is as follows:

- Once the Group receives the product parts, they are stitched together to form semi-finished products. These semi-finished products will then be inspected as part of the quality control process to ensure that they are ready for finishing.

BUSINESS

- During the finishing phase, the semi-finished products are molded, ironed and buttons and other components are added.
- A final quality control inspection will then be carried out on all finished products before they are packed and delivered to the Group's warehouses.

The Group considers that the critical assembly and finishing process as the stage that adds most value to its products, especially for men's suits. As such, the Group has decided to retain its critical assembly and finishing facilities in Hong Kong for products such as suits, blazers, jackets, blousons, overcoats and pants in order to ensure that the quality of the products are consistent. All the staff working at the critical assembly and finishing facilities are experienced and generally have an average of over ten years of relevant experience. Certain key employees such as Mr. Lam Ho Ming, the Production Director of Trinity (Business Wear) and Trinity (Casual Wear), has over 30 years of experience in suit making and manufacturing management and is responsible for overseeing the critical assembly and finishing for business suits and casual wear.

MARKETING AND PROMOTION

The Group has dedicated marketing teams that are responsible for the marketing and promotional activities for each of the Brands. Moreover, as each of the Brands is well known in its respective overseas markets, the Group has also been leveraging on the brand awareness in such markets to promote its product offerings in the markets where it operates. In addition, the Group obtains inputs from its design teams when initiating and executing marketing themes. In respect of the licensed brands, the Group usually utilises promotional materials supplied by the brand owners of the licensed brands for the Group's own marketing initiatives.

The key marketing and promotional activities that the Group carries out for the Brands consist of the following:

Event sponsorships

The Group regularly sponsors one-off events which appeal to the Group's target customers. For example, the Group sponsored the Hong Kong delegation to the 2008 Olympic Games in Beijing by providing them with branded uniforms from Kent & Curwen. The Group will jointly organise the Kent & Curwen Raceday with The Hong Kong Jockey Club in January 2010. The world-renowned tennis player, Mr. Rafael Nadal, is also a celebrity client of the Cerruti 1881 Brand. The Group believes that the Brands will benefit from being associated with certain well-received and highly publicised events.

Loyalty programmes

The Group has individual loyalty programmes for each of the Brands in Mainland China, Hong Kong and Taiwan as it believes that customer loyalty is an important aspect of the high-to-luxury end menswear fashion market. These loyalty programmes provide discounts to members and may require minimum annual spending to qualify for membership renewals. The Group also conducts targeted promotional events for its members, including VIP sales events and distribution of catalogues for new seasons.

Media advertising

The Group advertises in fashion magazines, newspapers, billboards and widely circulated magazines to raise brand awareness amongst its target customers.

BUSINESS

Fashion shows

The Group's experience has been that fashion shows for the Brands can raise awareness of the Brands through heightened media coverage. During the Track Record Period, a number of fashion shows for the Brands were carried out, including the "Kent & Curwen Fall/Winter 2007 Fashion Show" held in Beijing and the "D'urban Spring/Summer 2008 Fashion Show" held in Shanghai. These fashion shows were mono-branded events, displaying the latest designs and colour themes of the Brands. Local celebrities, designers, media and editors of fashion magazines were also invited to generate stronger media coverage.

Other promotional activities

The Group conducts other promotional activities from time to time. For instance, it invited designers from the Brand Owners to Hong Kong for promotional events. The Group also collaborates with department stores and shopping mall owners to participate in certain seasonal promotional campaigns.

SALES AND DISTRIBUTION

Retail

The Group has a broad high-to-luxury end menswear retail network in Mainland China, Hong Kong 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:

Region	The Group						The JVs	Total
	Altea	Cerruti 1881	D'urban	Gieves & Hawkes	Intermezzo	Kent & Curwen	Salvatore Ferragamo	
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.

BUSINESS

Location and format of retail stores

The Group's retail stores are located in department stores and shopping malls, and are usually located in close proximity to other competing luxury brands. The Group is viewed by property developers and department stores as their anchor tenant. All of the Group's retail stores for each Brand present a consistent and distinctive visual image, from the design and colour of the shop front to merchandise display and the staff uniforms.

Factory outlets

The Group's retail stores comprise 27 factory outlets in Hong Kong, Chengdu, Shanghai, Beijing, Suzhou, Chongqing, Changsha and Taiwan as at 30 September 2009. These factory outlets are predominantly mono-branded, typically located in the suburbs of the cities, and tend to be larger in size than the other retail stores of the Group.

Products for the current season will generally continue to be sold in the retail stores of the Group. The Group classifies its products as past season products when their designs become outdated and no longer reflect the trend and style of the current season. Past season products will generally be moved to the Group's factory outlets.

Management of retail stores

The Group directly manages its retail stores. Each Brand is supported by its own dedicated retail team, which usually consists of a brand managing director, regional brand managers and retail brand managers.

The Group's headquarters in Hong Kong is mainly responsible for, amongst other activities, making business decisions relating to its retail network management, which involves business strategy formulation, market segment identification and analysis, information technology, staff recruitment, training and promotion, internal control, brand budgeting and back office sharing arrangements and management.

Headed by the Group's brand directors/brand managing directors, the headquarters in Hong Kong sets the macro brand retail strategies. Each Brand is supported by its own regional brand managers, who are based in the respective regional head offices of the Group. These regional brand managers report directly to the corresponding Hong Kong-based brand managing director. The responsibilities of such regional brand managers include implementing the strategies formulated by the Group's headquarters, making executive decisions on inventory control, logistics management, recruitment and promotion. Retail brand managers report to the regional brand managers and each of them is responsible for managing a number of retail stores of the Group and directly participates in the operation and management of such retail stores.

For the years ended 31 December 2006, 2007 and 2008 and the six months ended 30 June 2009, the amounts of rental fees paid to department stores/shopping malls by the Core Business were approximately HK\$155.3 million, HK\$244.9 million, HK\$311.8 million and HK\$163.7 million, respectively.

The rent of the Group's retail stores for the Core Business is based on a variable rent with or without a minimum fixed portion, or a fixed rent. For stores with variable rent with a minimum fixed

BUSINESS

portion, if turnover falls below a predetermined threshold, the store will pay a minimum rent. If the turnover of the store stays above such threshold, rental payment of the store will be a percentage of the turnover. For stores with variable rent with no minimum fixed portion, there is no predetermined threshold and therefore the Group has no committed rental payment. The rental payment will be a percentage of the turnover. For stores with fixed rent, rental payment does not vary with turnover and is based on an agreed amount. Refer to "Financial Information — Selling and marketing expenses" for a summary of the proportion of the leases of the Group payable in fixed and variable rent, and the year of expiry of such leases as at 30 September 2009.

Brand-driven pricing policy

Each Brand has its own dedicated management team to review and set the pricing policy for each season. The retail prices of the Group's products are determined by the headquarters with reference to factors such as the brands' specifications, production costs, competitors' retail prices, the anticipated market trends and expected market demand.

Apart from the discounts on products sold in the Group's factory outlets, the Group also gives seasonal discounts during the summer/winter period in all of its retail stores. Regular discounts are also given to its VIP members under the Group's loyalty programmes. The Group also regularly reviews the prices set by its competitors, and give discounts to ensure its prices are competitive to those of its competitors.

Other businesses

The Group also engages in the following businesses, which accounted for approximately 2.7% and 0.9% of the total revenues of the Core Business for the year ended 31 December 2008 and the six months ended 30 June 2009, respectively:

- (i) *wholesale business*: the Group sells D'urban, Gieves & Hawkes and Kent & Curwen branded products in Australia and New Zealand through a distributor;
- (ii) *uniform business*: the Group sells uniforms to large corporate customers in Hong Kong and Macau. The production of these uniforms is completely outsourced. The Group discontinued the uniform business in April 2009; and
- (iii) *management services*: the Group provides management services to Parent Group for the House Brands.

The Group's customers

Due to the nature of the Group's businesses, which focus primarily on retail sales, the Group's customers are predominantly retail consumers.

INVENTORY CONTROL

As the Group's products are subject to both seasonality effects and changes in consumer preferences, the Group's sales level fluctuates constantly, which in turn affects its inventory levels. The Group believes that maintaining optimal levels of inventories is critical to its overall profitability. Accordingly, each Brand has its own dedicated management team to determine the optimal levels of inventories for each Brand in view of the expected future sales in the coming months and to adjust its

BUSINESS

inventory levels accordingly. The role of the team is also to identify and seek to rectify the inefficiencies within the inventory management under the relevant Brand in order to optimise inventory age and levels. The Group's inventory control policy is set out below:

- (i) the products sold by the Core Business are less sensitive to rapid changes in fashion trends as it operates in the high-to-luxury end menswear segment and some past season products continue to be sold in the retail stores other than factory outlets;
- (ii) the management of the Core Business (including the Chief Financial Officer and Managing Director of the Group) meets monthly to review the level of aged inventories and sets specific goals to reduce any excess aged products, which varies from time to time depending on seasonality effects, for instance, by setting up concession counters at department stores to hold bargain sales and organising private sale events for staff of the Group. The Group evaluates sales and demand levels from time to time to determine the ideal inventory level and form relevant strategies to achieve such target level. The Group also aims to make more precise estimates of the sales of each season and the level of raw materials and finished products required to ensure that only an optimum level of inventories is held in order to reduce inventory holding periods and tighten control over the procurement process; and
- (iii) the Core Business has set up factory outlets across Greater China to sell any excess past season products.

CASH CONTROL

Cash management

The Group handles a substantial number of cash and credit card transactions on a daily basis. It is therefore crucial that the Group maintains strict control over its cash management. Daily reports on the bank balance of the Group are prepared by its treasury staff and reviewed by the management. Monthly cashflow forecasts are also prepared to facilitate the management of the Group's cashflow.

Cash collection

Stores in department stores

Sales proceeds are first collected by the department stores and the monthly sales amount is typically paid to the Group within two months after deducting the monthly rental fees and any other relevant fees and expenses. The monthly rental fees are calculated at an agreed percentage of the monthly sales receipts made by the Group's stores. The amount of sales proceeds receivable from and the monthly rental fees payable to the department stores are checked by reconciling the monthly sales recorded by the Group's POS system with the sales recorded by the department stores.

During the Track Record Period, the Group had not experienced any material default in collecting the sales proceeds from the department stores.

BUSINESS

Stores in malls

With respect to the Group's other stores, primarily in shopping and factory outlet malls, sales are paid for at the time of purchase by cash, credit card or debit card. The Group has adopted strict internal control procedures for handling cash received at its stores, which include the following:

- all cash receipts are deposited daily with a designated bank;
- daily reconciliation of sales recorded by the POS system and actual cash proceeds;
- use of sequentially numbered sales receipts to check against sales amounts and cash proceeds;
- regular checks by the staff of cash proceeds against the records of deposit of cash, as well as random checks on the sales receipts to ensure that sales are properly recorded by the POS system;
- payment by debit or credit cards will only be accepted after online approval from banks/ card operators are obtained; and
- settlement by debit or credit cards are checked against bank statements to ensure proper receipts and discrepancies will be followed up with bank/card operators.

Cash payments

In order to maintain strict control over all cash payments, the Group only allows the regional management offices in Taiwan to make payments up to a specific limit. Payments in excess of the specific limit can only be arranged by the finance department of the Group's headquarters in Hong Kong.

INTERNAL CONTROL AND RISK MANAGEMENT

The Board recognises the importance of internal controls to safeguard shareholders' interests and manage business risks.

The Board has delegated the implementation of internal control systems as well as the operational and compliance controls and risk management procedures to the senior management of the Group. Qualified personnel of the Group maintain and monitor these systems of control on an ongoing basis. The Audit Committee, established on 1 January 2009, assumes the overall responsibility for reviewing the adequacy and integrity of the Group's internal controls and risk management systems.

The Group's corporate governance team within the Corporate Compliance Group, under the supervision of the Group Chief Compliance Officer who was appointed on 24 October 2007, performs regular audit reviews which cover all material controls including financial, operational and compliance controls, and risk management functions. The purpose of the reviews is to evaluate the adequacy, effectiveness of and compliance with these systems. The Group Chief Compliance Officer reports all major findings and recommendations to the Audit Committee and the corporate governance team monitors the implementation of the recommendations.

BUSINESS

QUALITY CONTROL

The Group believes that its commitment to quality control is one of the principal factors contributing to its success. Accordingly, the Group has established a strict quality control system and set of quality standards.

The Group carries out the following quality control checks:

- **Quality control at each production stage**

The Group takes measures such as (a) inspecting raw materials and components before they are accepted for use; (b) examining the product at each stage of production to ensure satisfactory product quality; (c) sending staff to the outsourced manufacturers' production facilities to conduct on-site quality control checks on a regular basis; and (d) checking the finished products for consistency and quality upon completion of the production process.

- **Quality control at the Group's retail stores**

The Group's store personnel at each retail outlet is responsible for checking each product upon delivery before such product is accepted and sold to customers.

The Group complies with the relevant consumer protection laws with respect to return policies on merchandise in the countries where the Group operates. The Group's sales team is also trained to deal with any complaints that may arise from customers, including the verification of any alleged defects in the merchandise.

MANAGEMENT INFORMATION SYSTEMS

The Group has a number of management information systems to support its business, which mainly consists of a real-time POS and an accounting system. The Group's retail stores are equipped with the POS terminal to record and collect sales details and inventory movement on a timely basis. The POS system is linked with the accounting system to provide processed information in the form of daily POS reports (which can be sorted by performance, brand, store and geographical region) and monthly sales reports (which can be sorted by categories) for each retail store and the management of the Group. The ability to sort information in such format as required by the retail stores and the management of the Group allows them to, amongst other things, better track and analyse product margins, consumer preferences and demand, as well as support inventory, sourcing and logistic arrangements. In addition, as an effort to further strengthen the Group's management information systems, the Group implemented a distribution and warehouse management system in July 2008 which incorporates order planning, inventory control and invoicing functionalities. In July 2009, the Group also launched a procurement information system, which enables the Group to effectively plan the procurement of raw materials and finished products and allows the Group to closely monitor its procurement process so as to better control the quantity, quality and timing of its purchases.

COMPETITION

The high-to-luxury end menswear industry in Asia is highly competitive with domestic and international players and there are generally no significant barriers to entry. Competition is typically based on product quality, pricing, store location, promotional activities and customer services. The Group's competitors may specialise in specific target markets and have a greater ability to establish

BUSINESS

closer customer relationships by responding more quickly to customers' needs and preferences within their niche markets.

In particular, the Group's business in Mainland China has faced increased competition as a result of PRC's accession to the WTO and the opening up of the retail industry in Mainland China to foreign enterprises. These foreign companies include internationally-renowned apparel brands, many of which have more capital resources and are more experienced in operating retail businesses. Such new entrants of foreign brands has increased competition as consumers are given more choices of apparel products. Any increase in competition may exert pricing pressure on the Group's products, and adversely affect the Group's profitability.

Nevertheless, by having a focused menswear brand portfolio, established retail network, integrated supply chain, "plug-and-play" platform and experienced management, the Group believes that it has a clear competitive advantage over its competitors. In particular, the Group is able to differentiate its products by leveraging its portfolio of high-to-luxury end international brands. The Group has great access to its customers through its extensive retail network in Greater China. It enjoys economies of scale and lower operational costs through its vertically integrated business model and "plug-and-play" platform. In addition, the Group is guided by an experienced management team. The Directors therefore believe that the Group's competitive strengths act as a significant barrier to entry to other competitors.

INSURANCE

The Group carries insurance covering risks including loss and theft of, and damage to, property (such as the Group's fixed assets and inventories in all the Group's retail stores, warehouses and factories). The Group believes that its insurance coverage is adequate for its operations and as at 30 September 2009, the Group had not made or been the subject of any material insurance claims.

ENVIRONMENTAL PROTECTION AND OTHER REGULATORY COMPLIANCE

The Group does not own or operate any manufacturing facilities in respect of the Group's product parts. The Group operates critical assembly and finishing facilities in Hong Kong, which uses a steam boiler. The Group has complied with all the legal requirements for the use of the steam boiler. The Group believes that the critical assembly and finishing facilities do not generate any hazards that have any significant adverse effect on the environment. The Group is of the opinion that its environmental protection measures are adequate to comply with all applicable Hong Kong laws and regulations. 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.

Under relevant PRC laws and regulations, enterprises with foreign investment engaging in retail business in the PRC shall comply with *Measures for the Administration on Foreign Investment in Commercial Fields* (Order of MOC [2004] No.8)(《外商投資商業領域管理辦法》商務部令[2004]第8號) and its four supplements. Under such law, the foreign invested commercial enterprises should meet the following conditions: (i) the minimum registered capital satisfies the provisions of Company Law of the PRC; (ii) the fixed ratio between the registered capital and total investment applicable to the foreign investment enterprises; and (iii) the term of the foreign invested commercial enterprise should not be longer than thirty years. In addition, for those foreign invested commercial enterprises that need to open stores, the following conditions should be satisfied: (i) the requirements of the urban development and urban commercial development where such stores are to be opened must be met;

BUSINESS

(ii) timely participation in and the passing of the joint annual inspection of the foreign investment enterprises; and (iii) the registered capital must be fully paid up. The establishment of the foreign invested commercial enterprises as well as the opening of stores by those foreign invested commercial enterprises should be approved by the Ministry of Commerce of the PRC or its designated local provincial commercial commissions. The Company confirms that the Group has obtained all approvals and permits in relation to, and complied with, such requirements of the PRC laws and regulations.

Save as disclosed above, the Group is not subject to any rule or regulation particular to the retailing business in the jurisdictions which it operates.

INTELLECTUAL PROPERTY RIGHTS

Details of the Group's intellectual property rights are more particularly set out under the section headed "Statutory and General Information — B. Further Information about the Business — 2. Intellectual Property Rights" in Appendix VI to this document.

PROPERTY INTEREST

As at 30 September 2009, the Group owns one property with a floor area of approximately 59.36 square metres for residential use in Hong Kong.

As at 30 September 2009, the Group leased one property with an aggregate floor area of approximately 18,453 square metres in Hong Kong, in which 5,387 square metres of the property is used for critical assembly and finishing facilities, 10,279 square metres of the property is used for an ancillary office and storage, and the remaining portion of 2,787 square metres of the property and car parking space is sub-leased out to Branded Lifestyle HK and a subsidiary of Lever Style.

As at 30 September 2009, the Group also leased or held under agreements 25 properties with an aggregate floor area of approximately 9,243.70 square metres for storage, residential and office uses in Mainland China, Hong Kong, Taiwan and Singapore.

As at 30 September 2009, the Group leased or held under agreements 350 properties with an aggregate floor area of approximately 33,667.60 square metres for retail use in Mainland China, Hong Kong, Taiwan and Macau.

Save for the leases disclosed in the section headed "Connected Transactions" in this document, the remaining leases were entered into with lessors who are Independent Third Parties.

As at 30 September 2009, the leases for 24 properties with a total floor area of approximately 3,743.55 square metres have not been registered with the relevant authorities in Mainland China. Of the 24 properties, 4 related to office premises, 15 related to store premises, and 5 related to storage. The Company is of the opinion that the unregistered leases are not crucial to the Group's operations as the stores under these unregistered leases contributed to less than 5% of the Core Business's revenue as well as store contribution profits for the year ended 31 December 2008. Under the relevant PRC laws and regulations, such registration and filings are the responsibility of the landlords. Although the Group has requested its landlords to carry out the registration and filing procedures, it is unable to ascertain if and when the landlords will complete such registrations and filings. The Group's PRC legal advisers have advised the Group that, under PRC law, failure of the landlords to register and file such leases will not subject the Group as tenants to any penalties or invalidate the lease agreements and as

BUSINESS

such, the relevant lease agreements to which such leased properties are subject are valid and enforceable by the Group and there is no legal impediment to the Group occupying the leased properties. However, under relevant PRC laws and regulations, leases that have not been registered do not bind third parties such as mortgagee of the leased property. In such situations, although the Group has the right to be compensated by the lessor due to the lessor's breach of the lease agreement between the lessor and the Group, the Group cannot claim any right to continue the lease if the subject property has been mortgaged and then disposed of by the mortgagee. There has been no illegal use of these leased properties by the Group and the leased properties are not subject to any judicial or administrative confiscation orders.

The Group is of the view that the risk of forced eviction from these leased properties due to the landlords' failure to register the leases is limited. If the Group is not able to use any of these properties due to the lack of the requisite registration documents, the Group may seek alternative properties. As at the Latest Practicable Date, the Group has not encountered any issues, evictions or fines. Even if the Group is unable to continue leasing these properties as a result of any disputes arising due to failure to register the leases, the Group's PRC legal advisers have advised the Group that it maintains its right of recourse on the rental deposits attributable to those leased properties.

CONNECTED TRANSACTIONS

A. EXEMPT CONTINUING CONNECTED TRANSACTIONS

The Group has entered into the following transactions, each of which will constitute a continuing connected transaction exempt from reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules for the Company upon [●]:

1. Sharing of corporate compliance services with LF (1937) Management Limited

LF (1937) Management Limited has assigned a team of dedicated full time personnel, under the supervision of the Group Chief Compliance Officer, to provide corporate compliance services, comprising internal audit, corporate secretarial and corporate governance services, to the Group. LF (1937) Management Limited is a wholly owned subsidiary of LF (1937). Therefore, LF (1937) Management Limited is an associate of LF (1937) (being a substantial shareholder of the Company) and is a connected person of the Company. The assigned team of personnel does not provide corporate compliance services to other companies within Parent Group and the payment for this team of personnel is charged to the Group based on an actual cost reimbursement basis. The fee payable by the Group for the services provided by the Group Chief Compliance Officer is based on usage of the services and at cost which is determined on a fair and equitable basis. The Directors expect that this arrangement will continue after [●].

The fees for such services for the two years ended 31 December 2008 were HK\$2,180,000 and HK\$3,420,000 respectively. As set out above, the fees for such services are on cost basis and are allocated on a fair and equitable basis and accordingly, this transaction is exempt from reporting, announcement and independent shareholders' approval requirements pursuant to Rule 14A.33(2) of the Listing Rules.

2. Provision of access to fashion design information website to BLS (Private Labels) HK Limited

The Company has subscribed for access to a fashion design information website (the "Information Website") and has been sharing such access rights with BLS (Private Labels) HK Limited ("BLS (Private Labels) HK") since 30 November 2007. The Information Website provider charges an annual fee of GBP11,000 for the access to the Information Website and such fee is shared among BLS (Private Labels) HK and other users of the Information Website who are members of the Group on a pro rata basis with reference to their number of users and the expected usage of the Information Website. The fees for such transaction was GBP2,487.85 (approximately HK\$30,650) for the period from 30 November 2007 to 30 November 2008 and is projected to be GBP2,982.68 (approximately HK\$36,747) for the period from 1 December 2008 to 30 November 2009. BLS (Private Labels) HK is indirectly wholly owned by BLS Holdings, a wholly owned subsidiary of LF Retailing. Therefore, BLS (Private Labels) HK is an associate of LF Retailing (being a substantial shareholder of the Company) and is a connected person of the Company. The Directors expect that the above arrangement will continue after [●] and it was agreed between the Company and BLS (Private Labels) HK that the fee will be charged according to the above basis.

As the annual fees payable by BLS (Private Labels) HK to the Group are expected to be less than HK\$1,000,000 and on normal commercial terms, this transaction is exempt from reporting, announcement and independent shareholders' approval requirements pursuant to Rule 14A.33(3) of the Listing Rules.

CONNECTED TRANSACTIONS

3. Provision of independent vendor compliance audit service to LiFung Trinity (Management) by Li & Fung (Trading) Limited

Li & Fung (Trading) Limited has been providing compliance audit services to its own customers to ensure their suppliers' compliance of the applicable rules and regulations and code of conduct. In order to strengthen the monitoring of the Group's suppliers' compliance with the applicable local rules and regulations of the countries in which the suppliers' factories operate and supplier code of conduct set by the Group, the Group decided to engage professional services provider for compliance audit services in respect of its suppliers. Having considered the experience and expertise of Li & Fung (Trading) Limited in providing such compliance audit services, the engagement with Li & Fung (Trading) Limited would be more efficient and more economically viable to the Group. After comparing similar services available in the market, LiFung Trinity (Management) decided to engage Li & Fung (Trading) Limited for the provision of such compliance audit service in respect of the suppliers of LiFung Trinity (Management) and its fellow subsidiaries from 2 July 2009. Li & Fung (Trading) Limited charges a fee of HK\$3,300 plus expense costs, which is similar to the rate offered to Independent Third Parties, for each audit conducted for the suppliers of LiFung Trinity (Management) and its fellow subsidiaries. The fee will be reviewed every 12 months from 2 July 2009 and any adjustment will be made by reference to inflation or deflation and other market indicators. The fee for such services for the period from 2 July 2009 to 30 September 2009 was nil. Li & Fung (Trading) Limited is a subsidiary of Li & Fung Trading and thus an associate of LF (1937), a substantial shareholder of the Company. Therefore, Li & Fung (Trading) Limited is a connected person of the Company. The Directors expect that the above arrangement will continue after [●].

With reference to the current fee and the number of audits for each supplier and projected adjustment, the annual fees payable by LiFung Trinity (Management) to Li & Fung (Trading) Limited are expected to be less than HK\$1,000,000 and on normal commercial terms, and accordingly, this transaction is exempt from reporting, announcement and independent shareholders' approval requirements pursuant to Rule 14A.33(3) of the Listing Rules.

4. Provision of administrative services to LF (1937) Management Limited by LiFung Trinity (Management)

LF (1937) Management Limited used to have its own team for administrative services for its operations. As a result of the internal restructuring of LF (1937) Management Limited in 2009, LF (1937) Management Limited engaged LiFung Trinity (Management) for the provision of administrative services (including accounting, information system and human resources services) for its operations in respect of the Excluded Brands (other than the House Brands and Hardy Amies) on a cost basis from 1 June 2009. LF (1937) Management Limited is a wholly owned subsidiary of LF (1937). Therefore, LF (1937) Management Limited is an associate of LF (1937) (being a substantial shareholder of the Company) and thus a connected person of the Company. The Directors expect that the said arrangement will continue after [●].

The fee for such services is based on usage of the services and at cost which is determined on a fair and equitable basis. The fee for the period from 1 June 2009 to 30 September 2009 was HK\$1,243,058. This transaction is exempt from reporting, announcement and independent shareholders' approval requirements pursuant to Rule 14A.33(2) of the Listing Rules.

CONNECTED TRANSACTIONS

5. Licensing arrangement for the use of office premises and related office facilities by the Group

Since 1 October 2009, certain licensing arrangement between the Group and Hardy Amies London Limited has been in place for the use of office premises in the United Kingdom and related office facilities by the Group. The licence fees charged by Hardy Amies London Limited are on a cost basis. Hardy Amies London Limited is a subsidiary of King Lun Holdings Limited (a controlling shareholder of the Company) and thus a connected person of the Company. The Directors expect that the above arrangement will continue after [●].

As the annual fees for such licensing arrangements are expected to be less than HK\$1,000,000 and on normal commercial terms, this transaction is exempt from reporting, announcement and independent shareholders' approval requirements pursuant to Rule 14A.33(3) of the Listing Rules.

6. Provision of insurance brokerage services in relation to the insurance policies of the Group by Sun Fung Insurance Agency Limited

Sun Fung Insurance Agency Limited ("Sun Fung") has been providing insurance brokerage services in relation to the insurance policies of the Group underwritten by various insurers (the "Insurers"). The Group pays the Insurers premium for the insurance policies through Sun Fung in line with the market practice. For the year ended 31 December 2008, the aggregate premium paid by the Group to the Insurers amounted to approximately HK\$2.9 million. The Group does not pay any agency fee to Sun Fung. The Company understands that the Insurers pay Sun Fung a commission at a rate agreed between them in accordance with the market practice.

Mr. Jeffrey Lee, a director and shareholder of Sun Fung, is the uncle of Ms. Sabrina Fung, and the brother-in-law of Dr. Victor Fung Kwok King and Dr. William Fung Kwok Lun, all being Directors and beneficial Shareholders, and therefore Sun Fung is a connected person of the Company. The Insurers, being independent third parties, are not associates of Sun Fung and thus are not connected persons of the Company.

As Sun Fung has been providing insurance brokerage services to other members of the Li & Fung Group for a number of years, Sun Fung has a deeper understanding of the business needs of Li & Fung Group than other insurance brokerage services providers. The arrangement is on normal commercial terms and on an arm's length basis, and is in the ordinary course of business of the Group. The Directors expect that such insurance brokerage services provided by Sun Fung will continue after the [●] and no agency fee shall be payable by the Group to Sun Fung for such services. As no agency fee is paid by the Group to Sun Fung (i.e., the transaction amount is zero), such transaction is exempted from the reporting, announcement and independent shareholders' approval requirements pursuant to Rule 14A.33(3) of the Listing Rules. The Company will comply with such reporting, announcement and independent shareholders' approval requirements in accordance with the Listing Rules, if any of the percentage ratios (other than the profit ratio, which does not apply) exceeds 0.1%.

CONNECTED TRANSACTIONS

B. NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

The Group has entered into the following transactions, each of which will constitute a non-exempt continuing connected transaction of the Company which is subject to the reporting and announcement requirements only under Chapter 14A of the Listing Rules upon [●]:

1. Leasing of office premises by LiFung (Shanghai) and Trinity China Distributions (SH) from Shanghai LiFung Property Management Co. Ltd.

On 28 September 2007, LiFung (Shanghai) and Trinity China Distributions (SH) (collectively, the "LF-Shanghai Companies"), both being subsidiaries of the Company, entered into separate tenancy agreements (collectively, the "Shanghai Tenancy Agreements") with Shanghai LiFung Property Management Co. Ltd. ("Shanghai LF Property Management"). Pursuant to the Shanghai Tenancy Agreements, the LF-Shanghai Companies agreed to lease from Shanghai LF Property Management the office premises situated at Rooms 601 and 602 of 6th Floor, LiFung Plaza Main Building, No. 2000 Yishan Road, Minhang District, Shanghai, PRC (上海市閔行區宜山路2000號) for a term of three years commencing from 8 October 2007 to 7 October 2010 at an aggregate monthly rental of RMB227,150 (approximately HK\$258,951) with a rent-free period of two months from 8 October 2007.

Shanghai LF Property Management is a subsidiary of LF (1937). Therefore, Shanghai LF Property Management is an associate of LF (1937) (being a substantial shareholder of the Company) and is a connected person of the Company.

For the two years ended 31 December 2008, the aggregate rentals and management fees paid by the LF-Shanghai Companies to Shanghai LF Property Management under the Shanghai Tenancy Agreements were RMB314,493 (approximately HK\$358,522) and RMB3,325,476 (approximately HK\$3,791,043) respectively. It is expected that the aggregate rentals and management fees payable by the LF-Shanghai Companies to Shanghai LF Property Management for each of the two years ending 31 December 2010 will not exceed RMB3,325,476 and RMB2,556,683 respectively (approximately HK\$3,791,043 and HK\$2,914,619 respectively).

CB Richard Ellis Limited, an independent property valuer, has confirmed that the rentals and management fees payable under the Shanghai Tenancy Agreements reflects the prevailing market rates.

2. Provision of warehousing and logistics related services to the Group by Parent Group

Since 1 April 2008, certain associates of LF (1937) have been providing warehousing and logistics related services (the "Services") to the Group. On 15 October 2009, the Company entered into a master agreement with LF (1937) (the "Master Agreement") governing the principal terms on which the Services will from time to time be provided by LF (1937) and its associates to the Group in Hong Kong and Mainland China (the "Transactions") during the term commencing from [●] and ending on 31 December 2011. LF (1937), a substantial shareholder of the Company, is a connected person of the Company.

The fees charged by LF (1937) and its associates are either at market rates or at rates similar to those offered to Independent Third Parties, and the terms of the Transactions are on an arm's length basis. Alternative services providers, who offer similar services with comparable prices, are available in the market. After comparing the scope and other terms of services provided by Parent Group and other services providers available in the market, the Directors are of the opinion that Parent Group has

CONNECTED TRANSACTIONS

a better understanding of the business needs of the Group than such alternative services providers. The Directors consider that the engagement of Parent Group for the provision of the Services is in the interests of the Group and the Shareholders as a whole and the Transactions allow the Group to leverage the logistics expertise of its associates.

For the period from 1 April 2008 to 30 June 2009, the fees paid by the Group were HK\$1,017,000 and RMB6,519,614 for the Services provided in Hong Kong and in Mainland China respectively. Pursuant to the Master Agreement, the Company and LF (1937) would enter into, and procure their respective subsidiaries and associates to enter into, the Transactions within the limit of a maximum annual cap of HK\$600,000, HK\$8,100,200 and HK\$8,559,000 for Services provided in Hong Kong and RMB8,800,000, RMB11,100,000 and RMB12,580,000 for Services provided in Mainland China, for each of the three years ending 31 December 2011 respectively. The annual caps are determined with reference to historical amount paid for the Services, projected increase in demand of Services and projected expansion of scope of Services. The annual cap for the year ending 31 December 2009 is much lower than those for the years ending 31 December 2010 and 2011 due to the projected expansion of scope of transportation services (such as increase in transportation services as a result of sales increase and stores expansion, as well as increase in transportation services within cities in Mainland China (including more outbound transport services from Shanghai to other cities in Mainland China by air freight services)) for the years 2010 and 2011.

The Directors expect that the above transaction will continue after [●]. The above annual caps are determined after taking into account the projected demand of warehousing and logistics related services in view of the expected growing business of the Group.

3. Provision of management services to BLS (Private Labels) by the Group

On 13 October 2009, the Company entered into an agreement with BLS Holdings in relation to the provision of management services to BLS (Private Labels) and its subsidiaries by the Group for the management of the House Brands for a term of 36 months from 1 September 2009, subject to early termination in the event of a discontinuance of business relating to the House Brands by BLS (Private Labels) (either by way of dissolution or disposal to third parties) or Parent Group ceasing to be the controlling shareholder of the Company. The scope of services includes front end management services (such as services relating to product development or design, product sourcing, retail management and marketing) and back office support services (such as services relating to accounting and treasury, corporate compliance, management information system, human resources and lease administration). The annual fee for such services is the higher of: (a) 7% of the annual turnover of BLS (Private Labels); and (b) HK\$21,000,000. The annual fee is determined after arm's length negotiation and on a cost-plus basis with reference to management experience and estimated time spent. Under the said agreement, a call option is granted to the Company, the exercise of which provides the Company a right to acquire the interest in BLS (Private Labels) from BLS Holdings. The call option is exercisable at any time within the above term. Upon the exercise of such call option by the Company, the parties will negotiate the price for acquiring the interest in BLS (Private Labels). The Company will comply with the applicable requirements of the Listing Rules in respect of the exercise of the call option. The Company considers that it is in its interest to provide the above management services for the management of the House Brand because it allows the Company to gain better understanding of the business and trading position of BLS (Private Labels) for it to evaluate whether it would be in the interest of the Company to exercise the call option. Furthermore, the provision of the above management services also generates regular income to the Company during the term of the above management services.

THIS WEB PROOF INFORMATION PACK IS IN DRAFT FORM. The information contained in it is incomplete and is subject to change. This Web Proof Information Pack must be read in conjunction with the section headed "Warning" on the cover of this Web Proof Information Pack.

CONNECTED TRANSACTIONS

BLS Holdings is a wholly owned subsidiary of LF Retailing, a substantial shareholder of the Company. Therefore, BLS Holdings is a connected person of the Company.

It is expected that the fees chargeable by the Group will not exceed HK\$25 million for each year of the term of the above agreement.

4. Licensing arrangements for the use of office premises and related office facilities by Parent Group

Since October 2009, certain licensing arrangements between the Group and Parent Group have been in place for the use of parts of 6/F and 8/F of the building situated at 10 Shing Yip Street, Kwun Tong, Kowloon, Hong Kong and related office facilities by Parent Group. On 9 October 2009, the Company entered into separate licensing agreements with each of IDS, Fortune Nation Enterprises Limited and BLS Holdings for such arrangement. The licence fees charged by the Group are on a cost basis with reference to the floor area used. Each of the above companies is a member of Parent Group and is an associate of King Lun Holdings Limited (a controlling shareholder of the Company) and thus a connected person of the Company.

It is expected that the aggregate licence fees for such licensing arrangements for each of the three years ending 31 December 2011 will not exceed HK\$850,000, HK\$2,830,000 and HK\$2,800,000 respectively.

5. Sourcing of products from Kanematsu Textile Corporation and/or its subsidiaries

The Group used to source products for certain brand directly from the relevant brand owner. Due to the change in sourcing arrangement with such brand owner, the Group started sourcing certain types of garments and fashion accessories (such as belts and leather goods), which are all finished goods, from Kanematsu Textile Corporation ("Kanematsu") and/or its subsidiaries (together the "Kanematsu Group") from October 2009 in order to meet the demand for products. On 15 October 2009, the Company and Kanematsu entered into an agreement in relation to the provision of product supply service in Mainland China or other Asian countries (such as Japan and Korea) for a term of not more than 36 months. The price of products purchased from the Kanematsu Group is at cost plus a commission of certain percentage of the value of the orders. The [●] confirm that such commission is at market rate. Kanematsu Group is a supplier specialised in sourcing apparels. After comparing the services and products provided by alternative suppliers available in the market, the Directors consider that Kanematsu Group has a better understanding of the business needs of the Group than other alternative suppliers available in the market and such sourcing arrangement is in the interests of the Group and the Shareholders as a whole.

Each of Kanematsu and its subsidiaries is an indirect subsidiary of King Lun Holdings Limited (a controlling shareholder of the Company) and thus a connected person of the Company.

The estimated amount of products contracted to be purchased from the Kanematsu Group for the year ending 31 December 2009 is approximately HK\$4,000,000. With reference to the estimated demand of products by customers and historical amount of products sourced from previous suppliers, it is expected that the amount of products to be purchased from the Kanematsu Group by the Group for each of the 12-month period ending on 30 September 2010, 2011 and 2012 respectively will not exceed HK\$28 million, HK\$31 million and HK\$34 million respectively.

CONNECTED TRANSACTIONS

Application for waiver for non-exempt continuing connected transactions

Notwithstanding that connected persons of the Group will provide the above services to the Group under the aforesaid continuing connected transactions, the Directors and the [●] are of the opinion that each of the above continuing connected transactions set out in this section does not constitute a material transaction of the Group and the operational independence of the Group will not be affected on the ground that the Group either has the ability to perform such services or can obtain similar services from alternative suppliers which are Independent Third Parties. Prior to any of the aforesaid continuing connected transactions being renewed, the Group will independently evaluate whether it will be more justifiable for it to perform the service under such continuing connected transaction, or engage an alternative supplier which is Independent Third Party to provide such service. Renewal of such continuing connected transaction will not be made unless such renewal is in the interest of the Company and complies with all applicable requirements of the Listing Rules. Hence, the Directors consider that the Group does not have any undue reliance on Parent Group, and is capable of carrying on its business independently of Parent Group.

The Directors (including the independent non-executive Directors), having (a) reviewed the relevant documentation, underlying agreements, and historical figures provided by the Company; and (b) considered the pricing principles and annual caps, reasons for the transactions and the confirmations from the property valuer, are of the view that:

- (i) the above continuing connected transactions have been and will be entered into in the ordinary and usual course of business of the Group either (aa) on normal commercial terms, being terms which a party could obtain if the transaction were on an arm's length basis or on terms no less favourable to the Group than terms available to or from independent third parties; or (bb) on terms that are fair and reasonable and in the interests of the Shareholders as a whole; and
- (ii) the annual caps set for the above continuing connected transactions are fair and reasonable and in the interest of the shareholders of the Company as a whole.

As the relevant percentage ratios of each of the transactions numbered B(1) to B(5) above are less than 2.5%, under Rule 14A.34 of the Listing Rules, such transactions will, following the [●], constitute non-exempt continuing connected transactions for the Company and will be subject to the reporting and announcement requirements provided for under the Listing Rules.

The Company has, pursuant to Rule 14A.42(3) of the Listing Rules, applied to the Stock Exchange for a waiver from strict compliance with the announcement requirements under the Listing Rules, for the transactions numbered B(1) to B(5) above upon the [●].

THIS WEB PROOF INFORMATION PACK IS IN DRAFT FORM. The information contained in it is incomplete and is subject to change. This Web Proof Information Pack must be read in conjunction with the section headed "Warning" on the cover of this Web Proof Information Pack.

CONNECTED TRANSACTIONS

The Stock Exchange has granted a waiver from strict compliance with the applicable requirements under the Listing Rules as mentioned above and the Company should comply with requirements under Rules 14A.35(1), 14A.35(2), 14A.36, 14A.37, 14A.38, 14A.39 and 14A.40 of the Listing Rules, subject to the respective annual caps for each of the continuing connected transactions set out above.

THIS WEB PROOF INFORMATION PACK IS IN DRAFT FORM. The information contained in it is incomplete and is subject to change. This Web Proof Information Pack must be read in conjunction with the section headed "Warning" on the cover of this Web Proof Information Pack.

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

DIRECTORS

The Board is responsible and has general powers for the management and conduct of the business of the Group. The table below shows certain information in respect of members of the Board:

Name	Age	Position
Mr. WONG Yat Ming	59	Group Managing Director and executive Director
Mr. Bruno LI Kwok Ho	59	Chief Financial Officer and executive Director
Ms. Sabrina FUNG Wing Yee	38	Executive Director
Dr. Victor FUNG Kwok King, GBS, CBE	64	Chairman and non-executive Director
Dr. William FUNG Kwok Lun, SBS, OBE, JP	60	Deputy Chairman and non-executive Director
Mr. Jeremy Paul Egerton HOBBS	62	Deputy Chairman and non-executive Director
Mr. Jose Hosea CHENG Hor Yin	42	Non-executive Director
Mr. Patrick SUN	50	Independent non-executive Director
Mr. Jean-Marc LOUBIER	54	Independent non-executive Director
Mr. Michael LEE Tze Hau	48	Independent non-executive Director
Mr. Cassian CHEUNG Ka Sing	54	Independent non-executive Director

Board of Directors

The Board currently consists of 11 Directors, comprising three executive Directors, four non-executive Directors and four independent non-executive Directors. Each Director serves a term of three years, with one-third of the Board retiring at each annual general meeting, provided that every Director shall be subject to retirement at an annual general meeting at least once every three years.

Executive Directors

Mr. WONG Yat Ming, aged 59, the Group Managing Director of the Group (since June 2009) and an executive Director. He was appointed to the Board on 29 December 2006 and is responsible for the overall business strategies and business operation of the Group. Prior to joining the Group, he was the Chief Executive, Consumer and Healthcare of Greater China of Inchcape Marketing Service and a director of Inchcape Pacific Limited. He joined Li & Fung Group in 1999 as Regional Director of Li & Fung (Distribution) Limited. Mr. Wong has over 30 years of experience in the distribution of consumer products and in particular, he has extensive experience in the distribution of fast moving consumer products in the Asia Pacific region. Mr. Wong holds a B.A. (Hons) degree in Economics and Philosophy from the University of Hong Kong.

Mr. Wong has ample experience in the marketing of consumer brands. He successfully marketed many well-known consumer brands such as Brand's Essence of Chicken, Ferrero chocolate, Mattel Toys, Scholl and Listerine in the Asia Pacific region.

Mr. Bruno LI Kwok Ho, aged 59, the Chief Financial Officer of the Group and an executive Director. He was appointed to the Board on 1 July 2009 and is responsible for the finance and accounting, human resources and information technology function of the Company. Prior to joining the Group, he was the Chief Financial Officer of LF (1937), a substantial shareholder of the Company, from January 2008 to June 2009. Mr. Li joined the Li & Fung Group in January 1991 as the Chief Financial Officer. From February 1993 to December 2007, he was appointed as the Retail Services Director of LF Retailing and took charge of all centralised supporting services which comprised the areas of finance and accounting, human resources and administration, information technology and real estate. Mr. Li was the Executive Director of Convenience Retail Asia Limited, a listed company in

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

Hong Kong, from January 2001 to August 2009. Prior to joining the Li & Fung Group, he gained extensive senior financial management experience with several multi-national trading and retailing groups such as Dairy Farm and Rhone Poulenc. Mr. Li holds a Bachelor of Science degree from the Chinese University of Hong Kong and obtained a postgraduate diploma in Accountancy from the University of Strathclyde, Scotland. He is a member of the Institute of Chartered Accountants of Scotland in 1982. Mr. Li has a total of 30 years of professional experience in finance and accounting.

Mr. Li has experience in the retail industry, including his directorship with Convenience Retail Asia Limited, which principally engages in the operation of a chain of convenience stores and bakery shops in Hong Kong and Mainland China under the trade name of "Circle K" and "Saint Honore" respectively, and LF Retailing, the retailing arm of Li & Fung Group.

Ms. Sabrina FUNG Wing Yee, aged 38, daughter of Dr. Victor Fung Kwok King and niece of Dr. William Fung Kwok Lun, and an executive Director. She was appointed to the Board on 14 September 2007 and is responsible for corporate and marketing projects of the Group. Ms. Fung graduated from Harvard University, United States, with a Bachelor of Arts degree in Economics in 1993. Ms. Fung started her career at the Li & Fung Group in 2000 as Investment Manager running private investments for Parent Group. Prior to joining the Li & Fung Group, she worked for Brown Brothers Harriman & Co. in New York and later held the position of Assistant Manager at its Hong Kong office until 1999. She is a member of the Special Task Group of the Moral Education Concern Group, the American Chamber of Commerce's Women of Influence Committee as well as an Adviser to the Monaco-Asia Society. In the U.S., she serves on the Board of Trustees at St. Paul's School in New Hampshire and is a member of the Academic Resources Task Force at Harvard University.

Ms. Fung is experienced in the retail industry. Prior to joining the Group, she was the Senior Vice President of Product Development Apparel at Li & Fung (Trading) Limited (a subsidiary of Li & Fung Trading) from July 2005 to December 2007. She also held positions in marketing and public relations for Salvatore Ferragamo Asia, merchandising and sourcing for Li & Fung (Trading) Limited and wholesale branding for Li & Fung USA.

Non-executive Directors

Dr. Victor FUNG Kwok King, GBS, CBE, aged 64, brother of Dr. William Fung Kwok Lun and father of Ms. Sabrina Fung Wing Yee, the Chairman of the Company and a non-executive Director. He was appointed to the Board on 29 December 2006 and is responsible for general and strategic management of the Group's business. Dr. Fung was an independent non-executive director of Orient Overseas (International) Limited between July 1996 and April 2009, Sun Hung Kai Properties Limited between May 1999 and December 2007, and PCCW Limited between October 2000 and May 2007. He was also a non-executive director of Hup Soon Global Corporation Limited between April 2007 and April 2009. From 1991 to 2000, Dr. Fung was Chairman of the Hong Kong Trade Development Council; from 1996 to 2003, he was the Hong Kong representative on the APEC Business Advisory Council; from 1997 to 2006, he was a member of Judicial Officers Recommendation Committee of the Hong Kong Government and from 1999 to 2008, he was Chairman of the Hong Kong Airport Authority. Dr. Fung holds Bachelor's and Master's Degrees in Electrical Engineering from the Massachusetts Institute of Technology, United States, and a Doctorate in Business Economics from Harvard University, United States. Dr. Fung is an independent non-executive director of BOC Hong Kong (Holdings) Limited from June 2002, CapitaLand Limited in Singapore from May 2005 and Baosteel Group Corporation in Mainland

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

China from October 2005. In public service, Dr. Fung is Chairman of the International Chamber of Commerce, a member of Chinese People's Political Consultative Conference and vice chairman of China Centre for International Economic Exchanges. He is also a member of the Commission on Strategic Development of the Hong Kong Government. Dr. Fung is Chairman of The Council of the University of Hong Kong, the Greater Pearl River Delta Business Council and the Hong Kong - Japan Business Co-operation Committee. In 2003, the Hong Kong Government awarded Dr. Fung the Gold Bauhinia Star for distinguished service to the community.

Dr. Fung has extensive experience in the retail industry. He is the Group Chairman of the Li & Fung Group, including publicly listed Li & Fung Trading, Convenience Retail Asia Limited, which principally engages in the operation of a chain of convenience stores and bakery shops in Hong Kong and Mainland China under the trade name of "Circle K" and "Saint Honore" respectively, and IDS. He has been a director in a group of companies of the Li & Fung Group, which operate the toy retailing stores "Toys "R" Us" since 1986.

Dr. William FUNG Kwok Lun, SBS, OBE, JP, aged 60, brother of Dr. Victor Fung Kwok King and uncle of Ms. Sabrina Fung Wing Yee, a Deputy Chairman of the Company and a non-executive Director. He was appointed to the Board on 29 December 2006 and is responsible for general and strategic management of the Group's business. Dr. Fung has held key positions in major trade associations. He was a past Chairman of the Hong Kong General Chamber of Commerce, the Hong Kong Exporters' Association and the Pacific Economic Cooperation Committee. He graduated from Princeton University, United States, with a Bachelor of Science degree in Engineering and holds a Master of Business Administration degree from the Harvard Graduate School of Business, United States. He was conferred the degrees of Doctor of Business Administration, honoris causa, by the Hong Kong University of Science & Technology and by Hong Kong Polytechnic University. Dr. Fung was appointed as an independent non-executive director of HSBC Holdings plc from May 1998 to May 2007 and became a non-executive director of HSBC Holdings plc since May 2007. Dr. Fung has been an independent non-executive director of VTech Holdings Limited from November 2001 and Shui On Land Limited from May 2006. He was also an independent non-executive director of CLP Holdings Limited from October 1997 to March 2008. Dr. Fung has been the Group Managing Director of the group of companies under Li & Fung Trading since 1986 and has also been a non-executive director of other listed Li & Fung group companies, including Convenience Retail Asia Limited from January 2001 and IDS from August 2004. In 2008, the Hong Kong Government awarded Dr. Fung the Silver Bauhinia Star for distinguished service to the community.

Dr. Fung's experience covers the retail business, which includes his directorship in a group of companies of the Li & Fung Group which operate the toy retailing stores "Toys "R" Us" since 1986.

Mr. Jeremy Paul Egerton HOBBS, aged 62, a Deputy Chairman of the Company and a non-executive Director. Mr. Hobbins is responsible for general and strategic management of the Group's business and is also directly responsible for overseeing the business of the Salvatore Ferragamo JVs. On 29 December 2006, he was appointed to the Board and was appointed as the Group Managing Director of the Company in March 2007. In June 2009, Mr. Hobbins was appointed as a Deputy Chairman of the Company and was re-designated as a non-executive Director. Since June 2009, he has been appointed as a director of LF (1937) (a substantial shareholder of the Company). Prior to joining the Group, he was the Group Managing Director of LF Retailing and the Deputy Chairman of Li & Fung (Distribution) Limited. From 1997 to 1998, Mr. Hobbins was the Chief Executive of Inchcape Marketing Services-Asia Pacific and the Chief Executive Officer of

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

Inchcape Marketing Services Limited, which was listed in Singapore, and was engaged in different lines of businesses including distribution of automotive vehicles, marketing of branded products, and retail operations. In addition, he served as a member of the Group Management Board of Inchcape plc and a director of Inchcape NRG. Mr. Hobbins was the Chief Executive Officer of Inchcape Buying Services from 1993 to 1996. Before joining the Inchcape group in 1993, he was the President and Chief Executive Officer of the Campbell Soup Company, UK and Ireland, and previously was President of the Dairy Division of Ault Foods, Canada. He has also held senior positions at Procter & Gamble, Hutchison Whampoa and Cadbury Schweppes where he started his career in consumer brand management. Mr. Hobbins is a non-executive director of Convenience Retail Asia Limited (since October 2004) and IDS (since October 2003), both of which are listed companies in Hong Kong.

Mr. Hobbins has extensive experience in the retail industry. He has participated in management of international apparel brands for over 10 years and has been closely involved in the management of the Salvatore Ferragamo brand since 1995. In addition, he has managed a range of other established international fashion brands such as Mango, Calvin Klein Jeans, GANT and Country Road and his role as CEO of Inchcape Marketing Services Limited also involved the marketing of consumer branded products and other retail operations.

Mr. Jose Hosea CHENG Hor Yin, aged 42, a non-executive Director. He was appointed to the Board on 29 December 2006 and is responsible for general and strategic management of the Group's business. Prior to joining the Li & Fung Group in 2004, he held senior management positions in several multi-national investment firms. He started his career at Prudential Insurance Company of America in 1993 and later held the post of an Assistant Director at Prudential Asset Management Asia Hong Kong Limited till 1998. He was a Director at E.M. Warburg, Pincus & Co., Asia, Limited between 1998 and 2001. He was the Vice President at Investor Asia Limited between 2002 and 2003. He was instrumental in making investments in various companies engaged in consumer related businesses including Memorex International Inc., Summerine Media Inc., Cosmetic Group Holdings Limited, Eagle Brand Holdings Limited, Gilman Industrial Limited, and Kanematsu Textile Corporation. He holds a Bachelor of Arts degree in Philosophy from Queen's University in Canada. Mr. Cheng is currently Managing Director of Fung Capital Asia Investments Limited where he is responsible for managing private equity investments in Asia. He has extensive experience in private equity and investment management in the Asia Pacific Region.

Since 2007, Mr. Cheng has been a non-executive director of Lever Style, a garment manufacturer, and a director of LF Japan Development Limited which engages in the business of textile and apparel sourcing, distribution and brand management in Japan. Mr. Cheng confirms that the business of LF Japan Development Limited will not compete with the Group's business.

Independent Non-executive Directors

Mr. Patrick SUN, aged 50, an independent non-executive Director. He was appointed to the Board on 1 October 2008. He is currently an independent non-executive director and non-executive chairman of Solomon Systech (International) Limited from February 2004, an independent non-executive director of China Railway Group Limited from August 2007 (both are companies listed on the Stock Exchange) and a Vice-Chairman of The Chamber of Hong Kong Listed Companies. Mr. Sun was an executive director of Value Convergence Holdings Limited (which is a company listed on the Stock Exchange) from August 2006 to 2 October 2009. Mr. Sun was an executive director of SW Kingsway Capital Holdings Limited

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

between September 2004 and May 2006, the Senior Country Officer and Head of Investment Banking for Hong Kong of J.P. Morgan from 2000 to 2002, group executive director and Head of Investment Banking for Greater China of Jardine Fleming Holdings Limited between 1996 and 2000, and independent non-executive director of The Link Management Limited between September 2004 and July 2007. He was a member of the Takeovers & Mergers Panel and the Takeovers Appeal Committee, Deputy Convenor of the Listing Committee of the Stock Exchange and a council member of the Stock Exchange. He also served as Honorary Chief Executive Officer of The Chamber of Hong Kong Listed Companies. During December 1986 to 1994, Mr. Patrick Sun worked in two companies in which Dr. Victor Fung Kwok King was involved.

Mr. Sun graduated from the Wharton School of the University of Pennsylvania, United States, with a Bachelor of Science degree in economics in 1981. Mr. Sun also completed the Stanford Executive Program of Stanford Business School, United States, in 2000. Mr. Sun has been an associate member (since April 1987) and a fellow (since April 1992) of the Association of Chartered Certified Accountants (formerly the Chartered Association of Certified Accountants), United Kingdom, and he has also been an associate member of the Hong Kong Institute of Certified Public Accountants (formerly the Hong Kong Society of Accountants) since 1987.

Mr. Jean-Marc LOUBIER, aged 54, an independent non-executive Director. He was appointed to the Board on 1 June 2009. Prior to joining the Group, Mr. Loubier was the Chief Executive Officer of ESCADA AG, a company listed on the Frankfurt Stock Exchange, from 1 June 2007 to 30 June 2008 and was a member of its supervisory board and chairman of its strategy committee since November 2006. He had held managing positions for 16 years in the LVMH Group. Mr. Loubier joined Louis Vuitton Malletier in 1990 as Director of Communications, and was later the Executive Vice President until 2000. He was the President and Chief Executive Officer of Celine from 2000 to 2006. Mr. Loubier was a board member of Comite Colbert, French Association of Luxury Companies from 2000 to 2006. Mr. Loubier has an extensive and profound international experience in the luxury, fashion and retail industries.

Mr. Loubier graduated from Institut d' Etudes Politiques de Paris, France, and obtained a Master of Business Administration degree from HEC (Hautes Etudes Commerciales), France, in 1983.

Mr. Michael LEE Tze Hau, aged 48, an independent non-executive Director. He was appointed to the Board on 1 October 2008. Mr. Lee is currently the managing director of MAP Capital Limited, an investment management company. Prior to co-founding MAP Capital Limited, he was a non-executive director (from March 1990 to May 2002), an executive director (from June 2002 to May 2003) and a managing director (from June 2003 to May 2007) of Hysan Development Company Limited, a company listed on the Main Board of the Stock Exchange, which engages in the investment, development, and management of properties, including retail space and premium shopping malls such as the Lee Gardens in Causeway Bay, Hong Kong. Mr. Lee started his career in the investment industry in 1987 and has since held senior management positions in multi-national investment companies including Indosuez Asia Investment Services Limited and Lloyd George Management. He also co-founded Asia Strategic Investment Management Limited in 1995.

Educated in the United States, Mr. Lee holds a Bachelor of Arts Degree from Bowdoin College and a Master of Business Administration degree from Boston University, United States. Mr. Lee was a member of the Main Board and Growth Enterprise Market Listing Committee of The Stock Exchange of Hong Kong Limited from November 2004 to May 2007 and the Securities and Futures Commission (HKEC Listing) Committee from April 2006 to April 2009. He is an independent non-executive

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

director of Tai Ping Carpets International Limited from August 1998, Chen Hsong Holdings Limited from May 2008 and Hong Kong Exchanges and Clearing Limited from April 2009 (all of these companies are listed on the Main Board of the Stock Exchange) and a Steward of Hong Kong Jockey Club.

Mr. Cassian CHEUNG Ka Sing, aged 54, an independent non-executive Director. He was appointed to the Board on 1 October 2008. Mr. Cheung was the President of Wal-Mart China Co., Ltd. from 2002 to 2005, where he led the expansion of Wal-Mart retail stores in Mainland China and managed a team of over 20,000 associates. Prior to joining Wal-Mart, he was the Vice President Asia (from 1994 to 1997) and the President (from 1998 to 2001) of Quaker Oats Asia, Inc., which managed amongst other brands, the Gatorade Sports Drinks and Quaker Cereals brands. Mr. Cheung also worked in The Nestlé Company from 1978 until 1994, and was the Chief Operating Officer-PRC for Nestlé (China) Ltd. from 1992 to 1994. Currently Mr. Cheung is a partner at Cairnhill Consultants, a company providing consultancy services to companies in the consumer and services industry in Asia. He is also a non-executive director of Next Media Ltd., a company listed on the Main Board of the Stock Exchange. Mr. Cheung received a Master of Business Administration degree from the Kellogg School of Management, Northwestern University, United States. He is the President of the Hong Kong Kellogg Alumni Club, and a member of the Kellogg Alumni Council of Asia. Mr. Cheung is an advisory board member of the Business School of the Hong Kong University of Science and Technology ("HKUST"). Since 2005, Mr. Cheung has also been an adjunct professor at the Business and Management School of the HKUST, where he teaches management courses in both the Master of Business Administration program and the undergraduate Global Business program.

As at the Latest Practicable Date, save as disclosed in the section headed "Statutory and General Information — C. Further Information about Directors, Management and Staff" in Appendix VI to this document, the Directors do not have any interest or short positions in the Shares or underlying Shares in the Company within the meaning of Part XV of the SFO.

Refer to the section headed "Statutory and General Information — C. Further Information about Directors, Management and Staff" in Appendix VI to this document for the amount of the Directors' emoluments and the basis of determining such emoluments.

Save as disclosed above, each of the Directors confirms with respect to him/her that (i) he/she does not have any relationship with any other Directors, senior management or substantial or controlling shareholders of the Company; (ii) there is no other information that should be disclosed for him/her pursuant to the requirements under Rule 13.51(2) of the Listing Rules; and (iii) there are no other matters that need to be brought to the attention of the Shareholders.

GROUP CHIEF COMPLIANCE OFFICER

Mr. James SIU Kai Lau, aged 65, was appointed as the Group Chief Compliance Officer of the Company in 2007. He first joined Li & Fung Trading in 1993 as Chief Financial Officer and had been holding such office until 1996 and has been its Chief Compliance Officer since then. He is an Executive Director of LF (1937), the controlling shareholder of the listed companies within the Li & Fung Group including publicly listed Li & Fung Trading, IDS and Convenience Retail Asia Limited of which he is also their respective Group Chief Compliance Officer. Prior to joining Li & Fung Trading, Mr. Siu was the partner in charge of the Hong Kong audit practice of Coopers & Lybrand (currently PricewaterhouseCoopers) specialising in advising corporate clients on mergers, acquisitions, finance

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

and on public listings. His community work includes serving as member of the Supervisory Board of the Hong Kong Housing Society and former Chairman of its Audit Committee (2001 to 2006) and a member of the Professional Accountants in Business Committee of the Hong Kong Institute of Certified Public Accountants (2002-2006). Mr. Siu is a member of the Securities and Futures Commission Dual Filing Advisory Group and is a former Deputy Chairman of the Corporate Governance Committee of the Hong Kong Institute of Certified Public Accountants (2007). He is a Fellow of both the Institute of Chartered Accountants in Australia and the Hong Kong Institute of Certified Public Accountants. Mr. Siu is also a fellow member of the Hong Kong Institute of Directors. Mr. Siu holds a Bachelor of Economics degree from University of Tasmania, Australia.

SENIOR MANAGEMENT

Ms. Peggy CHIU Lai Yung, aged 53, the Operations and Development Director of the Group since May 2006. She has extensive experience in financial management and control which started with an international CPA firm, Arthur Andersen and Company, New York, and as an Internal Auditor for Warner Communications Inc., New York (now Time Warner) covering the Asia Pacific and Europe regions. Ms. Chiu was the Financial Controller for Alfred Dunhill (Hong Kong) Limited prior to joining the Consumer Stream of Inchcape Pacific Limited as Finance and Administration Manager, covering retail and consumer products such as the Timberland, K-Swiss, Cross Pens and Gilman businesses in 1991. Upon joining the Li & Fung Group in 1999, she was appointed as the Operations Director and then Finance Director for the Consumer and Healthcare businesses spanning nine countries with Li & Fung (Distribution) Limited. She is a member of the AICPA, and holds a Master of Business Administration degree and a Bachelor of Business Administration degree (Magna Cum Laude) from Southern Illinois University of Carbondale and Pace University of New York, United States, respectively.

Mr. Pierre HO Hon Ki, aged 42, the Brand Director of Gieves & Hawkes since 1 April 2009. Previously he was the Sourcing Director of the Group. Before joining the Group, he was the General Sales Manager of Export Sales at Trinity Textiles HK, which was involved in the businesses in respect of certain Brands prior to the Reorganisation. Mr. Ho has over 14 years of working experience in garment manufacturing and merchandising for high quality garments being exported to USA, Europe, Australia and Japan. Mr. Ho has worked in various companies including Capital Clothing Limited, Esquel Enterprises Limited and TAL Apparel Limited specialising in the areas of sales, customer relationship management and production planning, etc. He holds a Bachelor of Arts degree from the University of Hong Kong.

Mr. LAM Ho Ming, aged 60, the Production Director of Trinity (Business Wear) since January 2007 and Production Director of Trinity (Casual Wear) since March 2009. He joined Trinity Textiles HK in 1975, the company which provided production services to DDL Group and Green Group, and was involved in the businesses in respect of certain Brands prior to the Reorganisation. Mr. Lam holds the Certificate in the Trade Section of Tang King Po School in Hong Kong and the Certificate in Tailoring from The Hong Kong & Kowloon European Dress Merchants Association. Mr. Lam has more than 30 years of practical experience in suit making and manufacturing management in both Hong Kong and Mainland China factories.

Mr. Godwin LAM Kin Ping, aged 60, the Managing Director – China of the Group since May 2006 and is in charge of the overall operation supports to six international brands in Mainland China. Mr. Lam joined Li & Fung Group in January 2000 and was appointed as Managing Director for Land

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

Ocean IDS Logistics Co., Ltd., a logistics joint venture company in Shanghai under Li & Fung (Distribution) Limited. From 1984 to 1999, Mr. Lam held various senior management positions in certain Asian countries with Genstar Container Corp., the world's largest marine container leasing company which was a GE Capital Company. In 1997 Mr. Lam was appointed as Vice President - Asia Pacific of Genstar/GE SeaCo. Between 1978 and 1984, Mr. Lam worked with OOCL in Osaka, Japan and was responsible for the overall sales and marketing activities covering west Japan. Mr. Lam graduated from Keio University of Tokyo, Japan, with a Bachelor of Arts degree in Business & Commerce.

Mr. LEE Wai Chung, aged 54, was appointed as Group Finance Director of the Group on 26 February 2007. He is a fellow of the Association of Chartered Certified Accountants and an associate of the Hong Kong Institute of Certified Public Accountants. Mr. Lee started his career in the audit profession with KPMG (formerly Peat, Marwick, Mitchell & Co.) in Hong Kong. He joined Inchcape plc later and held various senior positions in retail and logistics businesses including Regional Finance Director for Shipping Stream in Japan, Regional Financial Controller for Motor Stream in Hong Kong and Finance Director of the Mazda Franchise in France.

Ms. Michelle NG Keng Chu, aged 50, joined LiFung Trinity Management (Singapore) on 1 April 2007 as Regional Managing Director primarily responsible for managing Salvatore Ferragamo. Ms. Ng founded BLS Singapore in July 1994, which was then acquired by the Li & Fung Group in 1999. BLS Singapore was involved in the business in respect of Salvatore Ferragamo prior to the acquisition of Parent Group's interests in the JVs by the Group on 31 March 2007. Ms. Ng has extensive experience in the retail business of luxury and fashion labels for over 23 years. Her previous portfolio of world renowned brands includes Mango, Calvin Klein Jeans, Country Road and GANT in various markets in South East Asia and South Korea. Ms. Ng joined Inchcape Berhad in 1986 handling personal care products, sport footwear and luxury goods, including Sheaffer pens, Vacheron Constantin, Nina Ricci and Givenchy watches as well as premium fashion labels including Ermenegildo Zegna and Karl Lagerfeld. Over the years at Inchcape Berhad, she played a key role in the expansion of the Salvatore Ferragamo franchise from Singapore to Indonesia, Malaysia and Thailand. In 1995, she struck a joint venture deal with Salvatore Ferragamo in Italy to expand the brand to South Korea covering both the domestic and duty free businesses. This joint venture was subsequently extended to South East Asia. Prior to joining Inchcape Berhad, she worked in Export Credit Insurance Corporation of Singapore in finance, Mulpha Sdn Bhd (Malaysia) in sales and IBM, (United Kingdom) in marketing. Ms. Ng holds a Bachelor of Arts (Honours) degree from Brighton University (formerly known as Brighton Polytechnic), United Kingdom.

Ms. Agnes SHEN, aged 54, the Brand Managing Director of Cerruti 1881 and Altea. She was appointed as a director of Champion and Concord in 2003. Champion is involved in the business in respect of Gieves & Hawkes and Concord is involved in the business in respect of Cerruti 1881. Ms. Shen joined Trinity Retail (HK) (a member of DDL Group) in 1978 and has extensive experience in product development and retail business of premium men's apparel. Between 1987 and 1996, she was a Director of Merchandising responsible for product development, merchandising and retail operations of Trinity Retail (HK). She holds a Bachelor of Science degree in Business Administration (Economics) from the University of San Francisco, United States.

Mr. YU Kam Tim, aged 43, has served as the Finance Director of DDL Group, which operates a retail business under various licensed fashion brands, since October 1996. Prior to joining the Group, Mr. Yu had worked in the audit division of an international accounting firm for more than six years.

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

Mr. Yu is a fellow member of the Association of Chartered Certified Accountants and a fellow member of the Hong Kong Institute of Certified Public Accountants. He graduated from the Hong Kong Polytechnic University with a professional diploma in Management Accountancy and a Master's degree in Fashion Business.

Mr. Raymond Mark CLACHER, aged 45, Brand Managing Director of Gieves & Hawkes. He joined the Group on 1 October 2009. Mr. Clacher joined Gieves UK Limited in September 2002, and was further appointed as the Retail Director in 2005 and took responsibility for the Gieves brand globally in 2006 when appointed as the Commercial Director. He has over 25 years retail operations experience in the United Kingdom. He was previously the Retail Operations Director for United Colors of Benetton from November 2000 to July 2002 and held senior management positions with Matalan, BHS, House of Fraser and Littlewoods Stores. Mr. Clacher holds a national business diploma from Business Education Council in United Kingdom.

COMPANY SECRETARY

Ms. Christiana YIU Yuen Wah, aged 51, the Company Secretary of the Company and was appointed in November 2008. Ms. Yiu joined the Parent Group in November 2006. She has over 20 years' experience in corporate secretarial practice. Ms. Yiu is a Fellow of The Hong Kong Institute of Company Secretaries, The Institute of Chartered Secretaries and Administrators and a member of CPA, Australia. Ms. Yiu holds a Bachelor of Business degree from Monash University, Australia.

COMPENSATION OF DIRECTORS

The aggregate amount of salaries, allowances and other benefits paid by the Group to the executive Directors during the years ended 31 December 2006, 2007 and 2008 and the six months ended 30 June 2009 was approximately HK\$3.7 million, HK\$14.1 million, HK\$22.6 million and HK\$5.7 million, respectively. The Group paid HK\$7,000, HK\$26,000, HK\$48,000 and HK\$18,000 as contribution for retirement benefit schemes in respect of the executive Directors for each of the years ended 31 December 2006, 2007 and 2008 and the six months ended 30 June 2009 respectively. Save as disclosed above, no other payments have been made or are payable in respect of each of the years ended 31 December 2006, 2007 and 2008 and the six months ended 30 June 2009 by the Group to the Directors.

Under the current arrangements and conditional upon [●], it is estimated that the aggregate annual remuneration (excluding any discretionary bonus which may be paid) payable by the Group to the Directors for the year ending 31 December 2009 is expected to be approximately HK\$10.4 million.

BOARD COMMITTEES

Audit Committee

The Company has established an audit committee on 1 January 2009 in compliance with Rules 3.21 and 3.22 of the Listing Rules. The primary duties of the audit committee are to oversee the financial reporting process and internal control procedures of the Group, to review the financial information of the Group, to consider issues relating to the external auditors and to provide advice and comments to the Board. The audit committee consists of four members who are all independent non-executive Directors and Mr. Patrick SUN is the chairman of the audit committee.

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

Compensation Committee

The Company has also established a board compensation committee which comprises Dr. Victor FUNG Kwok King, Mr. Jean-Marc LOUBIER and Mr. Michael LEE Tze Hau. The compensation committee considers and recommends to the Board the remuneration and other benefits paid by the Company to the Directors. The remuneration of all Directors is subject to regular monitoring by the compensation committee to ensure that the levels of their remuneration and compensation are appropriate. Dr. Victor FUNG Kwok King is the chairman of the compensation committee.

Nomination Committee

The Company has also established a board nomination committee which comprises Mr. Michael LEE Tze Hau, Mr. Patrick SUN and Mr. Cassian CHEUNG Ka Sing. The nomination committee is mainly responsible for making recommendation to the Board on the appointment of Directors and the management of Board succession. Mr. Michael LEE Tze Hau is the chairman of the nomination committee.

Independence Committee

In connection with the right of first refusal and the Call Option granted by Parent Group to the Company to acquire the interests of Parent Group in respect of its retained brands (which are not in the process of discontinuing their businesses), the Company will also establish an independence committee which comprises all the independent non-executive Directors. The independence committee will decide on matters relating to any potential acquisition by the Group of the Excluded Brands (as defined in the section headed "Relationship with Parent Group — Brands Retained by Parent Group" in this document) pursuant to the said first right of refusal and the Call Option, details of which are set out in the section headed "Relationship with Parent Group — Non-Competition" in this document.

COMPLIANCE ADVISER

The Company has appointed Somerley Limited, as its compliance adviser pursuant to Rule 3A.19 of the Listing Rules to provide advisory services to the Company pursuant to the requirements thereunder. Somerley Limited will, inter alia, provide advice to the Company with due care and skill on a timely basis when consulted by the Company in the following circumstances:

- (i) before the publication by the Company of any regulatory announcement (whether required by the Listing Rules or requested by the Stock Exchange or otherwise), circular or financial report;
- (ii) where a transaction, which might be a notifiable or connected transaction under Chapter 14 or 14A of the Listing Rules, is contemplated by the Company including share issues and share repurchases;
- (iii) where the Company proposes to [●] in a manner different from that detailed in this document or where the business activities, developments or results of the Company deviate from any forecast, estimate, or other information in this document; and
- (iv) where the Stock Exchange makes an inquiry of the Company under Rule 13.10 of the Listing Rules.

THIS WEB PROOF INFORMATION PACK IS IN DRAFT FORM. The information contained in it is incomplete and is subject to change. This Web Proof Information Pack must be read in conjunction with the section headed "Warning" on the cover of this Web Proof Information Pack.

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

The term of the appointment shall commence on the [●] and end on the date on which the Company complies with Rule 13.46 of the Listing Rules in respect of its financial results for the first full financial year commencing after the [●].

EMPLOYEES

As at 30 September 2009, the Group had a total of 2,721 full-time employees in Greater China. The following table shows a breakdown of the Core Business's employees by region and function as at 30 September 2009⁽²⁾:

<u>Region</u>	<u>Retailing</u>	<u>Final Assembly</u>	<u>Operations & Sourcing</u>	<u>Corporate⁽¹⁾</u>	<u>Total</u>
Mainland China	1,608	—	73	74	1,755
Hong Kong and Macau	320	289	65	110	784
Taiwan	149	—	20	13	182
Total	<u>2,077</u>	<u>289</u>	<u>158</u>	<u>197</u>	<u>2,721</u>

Notes:

1. Corporate includes executive office, human resources, office administration, maintenance & security, corporate finance, information technology, and finance.
2. This does not include one employee employed for the Kent & Curwen London business, and 11 employees in Singapore.

Welfare contributions

The Group complies with all statutory social insurance and housing accumulation fund obligations applicable to the Group under PRC laws. In accordance with applicable PRC laws and regulations on social insurance, the Group contributes to various social insurance plans such as pension contribution plans, medical insurance plans, work-related injury insurance plans and unemployment insurance plans as well as housing accumulation funds for the Group's employees in Mainland China. With respect to the Group's non-Mainland China employees, the Group also complies with all statutory insurance obligations applicable to the Group under the laws of the respective jurisdictions.

Remuneration

The Core Business incurred staff costs of approximately HK\$108.8 million, HK\$278.1 million, HK\$369.4 million and HK\$176.7 million for the years ended 31 December 2006, 2007 and 2008 and the six months ended 30 June 2009, respectively, representing approximately 14.4%, 23.6%, 24.2% and 23.0% of the Core Business's turnover respectively for those periods.

The Group reviews the performance of its employees annually, the results of which are used in his or her annual salary review and promotion appraisal. The Group rewards its employees with annual bonuses based on various performance criteria. In order to remain competitive in the labour market, the Group also conducts research on the remuneration packages that are offered by other companies in the same industry.

As an additional incentive, the Group sets periodic sales target for all of the Group's self-operated retail stores in each sales region. Sales personnel of retail stores which attain or exceed the sales target level will be given a certain percentage of the total sales amount as extra commission. The Group believes that rewarding its store personnel directly for their efforts serves as an incentive for them to improve their performance, thereby increasing the Group's level of sales.

THIS WEB PROOF INFORMATION PACK IS IN DRAFT FORM. The information contained in it is incomplete and is subject to change. This Web Proof Information Pack must be read in conjunction with the section headed "Warning" on the cover of this Web Proof Information Pack.

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

The Group's senior management and employees are also entitled to participate in the Share Option Schemes, details of which are more fully set out in the sections headed "Statutory and General Information — D. Pre-[●] Share Option Scheme" and "Statutory and General Information — E. Post-[●] Share Option Scheme" in Appendix VI to this document. The Group believes that by offering its key employees a shareholding stake in the Group, the Group is aligning their interests with that of the Group's, thereby providing the Group's key employees with additional incentives to improve the performance of the Group.

The Group considers its relationship with its employees to be good. The Group has not experienced any strikes, work stoppages or significant labour disputes in the past and has not experienced any significant difficulties in recruiting or retaining qualified staff.

THIS WEB PROOF INFORMATION PACK IS IN DRAFT FORM. The information contained in it is incomplete and is subject to change. This Web Proof Information Pack must be read in conjunction with the section headed "Warning" on the cover of this Web Proof Information Pack.

SUBSTANTIAL SHAREHOLDERS AND SELLING SHAREHOLDER

SUBSTANTIAL SHAREHOLDERS

So far as the Directors are aware, the following persons (other than Directors) will, immediately following the completion of the [●] and taking no account of any Shares which may be taken up under the [●] or which may be allotted and issued pursuant to the exercise of the [●] and the Share Option Schemes, have interests or short positions in any Shares or underlying Shares which is required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Long positions in Shares

Name of Shareholder	Nature of interest	Number of Shares	Approximate percentage of shareholding in the Company immediately upon completion of the [●] (assuming the [●] is not exercised)
LiFung Trinity ¹	Beneficial owner	616,413,760	40.92%
LF Retailing ¹	Controlled corporation	616,413,760	40.92%
LF (1937) ¹	Controlled corporation	616,413,760	40.92%
King Lun Holdings Limited ¹ & ²	Controlled corporation	649,027,555	43.08%
HSBC Trustee (C.I.) Limited ² & ³	Trust interests	649,027,555	43.08%
SMALLCAP World Fund, Inc. ⁴	Beneficial owner	82,337,500	5.47%

Notes:

- LiFung Trinity is an indirect wholly owned subsidiary of King Lun Holdings Limited (an investment holding company incorporated in the BVI), with LF Retailing and LF (1937) as the intermediate holding companies along the chain of ownership. Therefore, LF Retailing, LF (1937) and King Lun Holdings Limited are all deemed to be interested in the Shares held by LiFung Trinity under the SFO.
- Fung Capital Limited is an indirect wholly owned subsidiary of King Lun Holdings Limited. Therefore, King Lun Holdings Limited is deemed to be interested in 32,613,795 Shares held by Fung Capital Limited under the SFO.
- HSBC Trustee (C.I.) Limited, the trustee of a trust established for the benefit of the family members of Dr. Victor Fung Kwok King, owns 50% of the issued share capital of King Lun Holdings Limited. The remaining 50% of the issued share capital of King Lun Holdings Limited is held by Dr. William Fung Kwok Lun.
- SMALLCAP World Fund, Inc. is an open end mutual fund incorporated in Maryland, the United States which holds 82,337,500 Shares through its nominee, Horsford Nominees Ltd.

Save as disclosed herein, the Directors are not aware of any person (other than Directors) who will, immediately following the completion of the [●] and taking no account of any Shares which may be taken up under the [●] or which may be allotted and issued pursuant to the exercise of the [●] and the Share Option Schemes, have interests or short positions in any Shares or underlying Shares which is required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO. The Directors are not aware of any arrangement which may at a subsequent date result in a change of control of the Company.

SUBSTANTIAL SHAREHOLDERS AND SELLING SHAREHOLDER

NON-DISPOSAL UNDERTAKING

In accordance with Rule 10.07(1) of the Listing Rules, King Lun Holdings Limited ("King Lun") has undertaken to the Stock Exchange, the [●], the [●] and the Company that except pursuant to the [●], the [●] or the [●]:

- (i) it will not, and will procure its associates or the companies controlled by it not to, without the prior written consent of the Stock Exchange or unless in compliance with the Listing Rules, in the period commencing on the date by reference to which disclosure of its shareholding is made in this document and ending on the date which is six months from the [●] (the "First Six-Month Period"):
 - (a) dispose of, or enter into any agreement to dispose of, or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares in respect of which it is shown by this document to be the beneficial owner (the "Lock-up Shares"); or
 - (b) dispose of, or enter into any agreement to dispose of, or otherwise create any options, rights, interests or encumbrances in respect of, any shares or interests in any company controlled by it and its associates which is the beneficial owner, directly or indirectly, of any of the Lock-up Shares or any interests therein; and
- (ii) it will not, and will procure its associates or the companies controlled by it not to, without the prior written consent of the Stock Exchange or unless in compliance with the Listing Rules, in the period of six months commencing on the date on which the First Six-Month Period expires (the "Second Six-Month Period"), dispose of, or enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of (a) any of the Lock-up Shares or (b) any shares in any company controlled by it which is the beneficial owner, directly or indirectly, of the Lock-up Shares or any interests therein as aforesaid, if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, it together with its associates, either individually or taken with others, would directly or indirectly cease to be a controlling shareholder of the Company or cease to hold, directly or indirectly, a controlling interest (over 30% or such lower percentage as may from time to time be specified in the Takeovers Code as being the level for triggering a mandatory general offer) in any of the companies controlled by it which owns any Lock-up Shares or interests therein.

King Lun has further undertaken to the Stock Exchange, the [●], the [●] and the Company that at any time during the First Six-Month Period and Second Six-Month Period, it will, and it will procure that its associates will:

- (i) when it or any of its associates pledges or charges (a) any Lock-up Shares or (b) any shares in any company controlled by it which is the beneficial owner, directly or indirectly, of the Lock-up Shares or any interests therein (collectively the "Charged Shares") in favour of an authorised institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) for a bona fide commercial loan, immediately inform the Company in writing of such pledge or charge together with the number of Charged Shares so pledged or charged; and
- (ii) when it or any of its associates receives indications, either verbal or written, from the pledgee or chargee that any of the Charged Shares will be disposed of, immediately inform the Company in writing of such indications.

THIS WEB PROOF INFORMATION PACK IS IN DRAFT FORM. The information contained in it is incomplete and is subject to change. This Web Proof Information Pack must be read in conjunction with the section headed "Warning" on the cover of this Web Proof Information Pack.

SUBSTANTIAL SHAREHOLDERS AND SELLING SHAREHOLDER

The Company will, upon receipt of notice of any matter in (i) or (ii) above from King Lun or its respective associates, notify the Stock Exchange and disclose such matter by way of announcement in accordance with the Listing Rules.

RELATIONSHIP WITH PARENT GROUP

RELATIONSHIP WITH OTHER LI & FUNG COMPANIES

LF (1937)

Immediately prior to the completion of the [●], the Company will be a 63.65% owned subsidiary of LiFung Trinity. LiFung Trinity is a wholly owned subsidiary of LF (1937). The shareholding interest of LF (1937) in the Company is set out in the section headed "Substantial Shareholders and Selling Shareholder" in this document.

LF (1937) is an intermediate holding company whose ultimate beneficial owners are Dr. William Fung Kwok Lun and a family trust established for the benefit of the family members of Dr. Victor Fung Kwok King. LF (1937) is the major shareholder of a group of companies which focus on three main businesses — sourcing and export trading (through Li & Fung Trading and its subsidiaries), distribution and logistics (through IDS and its subsidiaries), and retailing (through LF Retailing and its subsidiaries). Each of the businesses focuses on a different segment of the supply chain. These businesses are also complementary to each other in areas where the expertise in each business can be cross-leveraged to create maximum value. The information about some of these companies is set out in the following paragraphs of this section.

Li & Fung Trading

Li & Fung Trading is a company whose shares are listed on the Main Board of the Stock Exchange. As at the Latest Practicable Date, LF (1937) and its holding company, King Lun Holdings Limited (which is owned as to 50% by a trust established for the benefit of the family members of Dr. Victor Fung Kwok King and as to 50% by Dr. William Fung Kwok Lun), together with the shareholders of King Lun Holdings Limited, had an interest of approximately 33.6% in Li & Fung Trading. Li & Fung Trading and its subsidiaries are involved in managing the supply chain for the sourcing of high volume consumer goods which are targeted at the mass market including garments, fashion accessories, gifts, handcrafts, home products, promotional merchandise, toys, sporting goods, footwear and travel goods.

Li & Fung Trading focuses primarily on sourcing manufacturers globally and monitoring the production process of such products on behalf of its clients which comprise mainly of retailers and brand owners in the U.S., Europe and Australia, while the Company's focus is on the retail of high-to-luxury end apparel in Greater China. As the nature of their businesses as well as the geographical location of their target markets are different, the Directors are of the opinion that there is no competition between Li & Fung Trading and the Group.

IDS

IDS is a company whose shares are listed on the Main Board of the Stock Exchange. As at the Latest Practicable Date, LF (1937) had an attributable interest of approximately 43.4% in IDS. IDS and its subsidiaries focus primarily on Asian distribution and wholesaling and global logistics. IDS offers a comprehensive menu of integrated distribution services to brand owners and retailers covering product segments such as fast moving consumer goods, healthcare, footwear and apparel, and wine & spirits. IDS currently has operations in Asia, the United Kingdom and the U.S. On 21 September 2009, IDS entered into agreements with Parent Group for the acquisition of the Roots business in Hong Kong, Mainland China and Taiwan. The Roots branded products are mainly casual menswear, ladieswear and accessories, which are sold to Hong Kong, Mainland China and Taiwan. As the above core businesses are entirely different from that of the Group, the Directors are of the opinion that there is no competition between IDS and the Group.

RELATIONSHIP WITH PARENT GROUP

LF Retailing and other

LF Retailing, a wholly owned subsidiary of LF (1937), is the retailing arm of Parent Group and is a substantial shareholder of the Company. LF Retailing's shareholding interest in the Company is set out in the section headed "Substantial Shareholders and Selling Shareholder" in this document.

The fashion retailing unit of LF Retailing comprises (i) the Group and (ii) BLS Holdings and its subsidiaries (collectively the "BLS Group"). Parent Group, through Fung Capital Limited, operates the Hardy Amies business. The Group on the one part, and BLS Group and Fung Capital Limited (collectively the "Excluded Group") on the other part are targeted at different customer segments, details of which are set out in the paragraph headed "Delineation of Businesses" in this section below. While the Group focuses on the retail of high-to-luxury end apparel and accessories in Greater China, the Excluded Group is principally engaged in: (a) the retail sales of medium-end mass-market ladieswear, menswear and accessories across the Asia Pacific region (through BLS Group); and (b) sales of high-to-luxury-end tailoring mens formalwear and other products and accessories outside Greater China (through Fung Capital Limited), details of which are set out in the paragraph headed "Brands Retained By Parent Group" in this section below (the "Excluded Business").

As at the Latest Practicable Date, LF Retailing also had an interest of approximately [51.2]% in Convenience Retail Asia Limited, whose shares are listed on the Growth Enterprise Market of the Stock Exchange. Convenience Retail Asia Limited is principally engaged in the operation of a convenience store chain and a chain of bakery shops in Hong Kong and Mainland China under the trade name of "Circle K" and "Saint Honore" respectively.

LF Retailing also operates Toys "R" Us stores in Hong Kong and other countries.

As illustrated above, the businesses carried on by Parent Group (save for the Excluded Business) are of a different nature to the business carried on by the Group. In view of the reasons set out in the paragraph headed "Delineation of Businesses" in this section below, the Directors do not consider that there is any material competition or potential material competition between the Group and any other companies controlled by LF (1937).

THIS WEB PROOF INFORMATION PACK IS IN DRAFT FORM. The information contained in it is incomplete and is subject to change. This Web Proof Information Pack must be read in conjunction with the section headed "Warning" on the cover of this Web Proof Information Pack.

RELATIONSHIP WITH PARENT GROUP

BRANDS RETAINED BY PARENT GROUP

As at the Latest Practicable Date, Parent Group had interests in certain companies which engage in the fashion retail business. Parent Group either owns or is licensed to deal in the following brands which distribute similar products as the Group (the "Excluded Brands"):

Brand	Target segment and type of products sold under the brand	Markets where the products are sold
(i) Owned brand operated in Greater China		
a) Leo ⁽¹⁾	Business/Casual — menswear and accessories	Mainland China, Hong Kong and Macau
(ii) Owned/licensed brands operated outside Greater China		
a) Hardy Amies ⁽²⁾	Tailoring mens formalwear and other products and accessories	United Kingdom, Japan, South Korea, Singapore, Malaysia, Indonesia and Australia
(iii) Owned/licensed brands in the process of discontinuation⁽³⁾		
a) Gibo ⁽¹⁾	Business/Casual — menswear and accessories	Mainland China
b) Uffizi ⁽¹⁾	Business/Casual — menswear and accessories	Mainland China and Hong Kong
c) An internationally known UK brand	Business/Casual — menswear, ladieswear and accessories	Hong Kong and Taiwan
d) An internationally Known US brand	Casual — menswear, ladieswear and accessories	Singapore and Thailand

Notes:

(1) These are the existing House Brands. Under the management services agreement dated 13 October 2009 between the Company and BLS Holdings, the Group provides management services for these brands. Refer to section headed "Connected Transactions — B. Non-exempt Continuing Connected Transactions — 3. Provision of management services to BLS (Private Labels) by the Group" of this document for further details.

(2) Parent Group is engaged in the direct sale of the Hardy Amies products and accessories only in the United Kingdom through its retail store in London. Parent Group also appoints licensees for Hardy Amies products and accessories for other countries outside Greater China. Other Hardy Amies branded products sold by the licensees include formal womenswear, casual menswear and others.

(3) Parent Group is in the process of discontinuing its business in respect of these brands. The executive Directors understand that Parent Group intends to discontinue its business in respect of all these brands as soon as practicable and by no later than the end of year 2011 with reference to the expiration of the relevant licences and/or leases.

As at 30 September 2009, there were in aggregate 142 retail stores (excluding bargain shops) owned by Parent Group for the Excluded Brands in Mainland China, Hong Kong, Macau, Singapore, Taiwan, Thailand and the United Kingdom. Out of the 142 retail stores, 100 of them are located in the Greater China region. For the three years ended 31 December 2008, the aggregate turnover of the discontinuing Excluded Brands was approximately HK\$93.9 million, HK\$134.4 million and HK\$[197.8] million, respectively, whilst that of the continuing Excluded Brands was approximately HK\$105.8 million, HK\$179.0 million and HK\$231.2 million, respectively. The business of the Excluded Brands recorded an aggregate net loss for each of the three years ended 31 December 2008. The global financial turmoil and one-off provisions arising from the discontinuance of the businesses

RELATIONSHIP WITH PARENT GROUP

of certain Excluded Brands (as Parent Group decided to discontinue its business in respect of certain Excluded Brands in 2008) had adverse effect on the net losses of the Excluded Brands for the year ended 31 December 2008.

Four of the Excluded Brands, namely, Gibo, Leo, Uffizi and Hardy Amies, are owned by Parent Group and the remaining Excluded Brands are licensed to Parent Group. The products of the Excluded Brands (save for Hardy Amies, which is operated outside Greater China) are medium-end mass-market apparel and accessories targeted at younger and lower income customers.

BLS Group is managed by a management team which is independent of the Group. BLS Group essentially adopts an "import and distribution" business model for the Excluded Brands (save for the House Brands). Under this business model, BLS Group sources the finished products directly from the relevant brand owners or their specified licensees for distribution in Greater China, Southeast Asia and South Korea. BLS Group controls the supply chain management of the products for the House Brands with the management services provided by the Group under a management services agreement. Refer to section headed "Connected Transactions — B. Non-exempt Continuing Connected Transactions — 3. Provision of management services to BLS (Private Labels) by the Group" in this document for details.

Parent Group does not have any intention to inject part or all of the Excluded Business into the Group. A right of first refusal and the Call Option to acquire the interests of Parent Group in respect of the Excluded Brands (which are not in the process of discontinuance their businesses) have been granted by Parent Group to the Group.

DELINEATION OF BUSINESSES

The table below sets out the principal basis for the delineation of the Group's and Parent Group's businesses (save for Hardy Amies, which is operated outside Greater China):

	The Brands	The House Brands	The Excluded Brands (other than the House Brands)
High-to-luxury end brand	✓	X	X
Target more mature, affluent and high income customers	✓	X	X
High-end exclusive locations	✓	X	X
Allow high degree of supply chain management	✓	✓	X
International brand with presence and brand awareness in Greater China	✓	X	✓

Details of the delineation of the Group's and Parent Group's businesses are set out below:

1. Different target customer segments

The brands managed by the Group and the JVs and the Excluded Brands target different customer segments. The Group's strategy focuses on the business of high-to-luxury end apparel and accessories while the products of the Excluded Brands (save for Hardy Amies, which is operated outside Greater China) are medium-end mass-market ladieswear, menswear and accessories. Therefore, the inclusion of the Excluded Brands would be inconsistent with the Group's present strategy and its business focus of the Group.

RELATIONSHIP WITH PARENT GROUP

The difference in customer segments are demonstrated principally by the following:

(a) Different price range

The ARP in Greater China for the Brands (save for Altea, which focuses on ties) is higher than that in Greater China for the Excluded Brands. The ARP in Greater China for the Brands (excluding the ARP for ties and accessories) was above HK\$5,000, while that for the Excluded Brands was less than HK\$2,000.

The aforesaid ARP is not applicable to Altea as it is a Milan originated high-end brand, where ties accounted for over 50% of the items sold by it for the year ended 31 December 2008. Altea is included in the Group's brand portfolio as it is also targeted towards a higher end customer segment than the Excluded Brands (save for Hardy Amies, which is operated outside Greater China). Altea's ties had a higher ARP than the ties of the Excluded Brands. The term of the licence for Altea will expire on 31 December 2010. The Group has no intention to renew the Altea licence in terms same as the existing terms, but will explore other possible business opportunities with Altea.

(b) Target customers

The designs for the brands operated by the Group and the JVs are targeted at more mature, affluent, high income customers and portray an exclusive image, whilst the designs for the Excluded Brands (save for Hardy Amies, which is operated outside Greater China) are generally targeted at younger and lower income customers and portray a more trendy and chic image.

(c) Different store locations

The stores for the Brands are located in department stores and shopping malls which are generally considered as high-end, exclusive locations. By contrast, the Excluded Brands (save for Hardy Amies, which is operated outside Greater China) generally target the mass market and the location of their stores reflect this characterisation. In cases where the retail stores of the Brands and the Excluded Brands co-exist in the same department store or shopping mall, the Brands are generally clustered in a different area.

As illustrated above, the Brands and the Excluded Brands are targeting different customer segments in Greater China, where the Group operates the Brands. Therefore, the Company considers that there is no material overlapping of clientele between the Brands and the Excluded Brands.

2. Different business models

The Group operates under a different business model as compared to Parent Group (save for the House Brands), which can be illustrated as follows:

(a) Supply chain

The Group's brand selection strategy is to manage brands which allow the Group a high degree of supply chain management in order to capitalise on its vertically integrated business model.

The Group manages the various stages of the supply chain for the Brands from seasonal themes and product designs, sourcing and merchandising, critical assembly and finishing, marketing and promotions, to sales and distribution.

By contrast, as disclosed in the paragraph headed "Brands Retained by Parent Group" in this section above, Parent Group essentially adopts an "import and distribution" business model for the

RELATIONSHIP WITH PARENT GROUP

Excluded Brands (save for the House Brands and Hardy Amies) in which Parent Group has a lesser degree of control on the supply chain management of their products. Other than the fact that all the House Brands were developed internally and are owned by Parent Group while the Brands (save for Kent & Curwen) are owned by the brand owners and licensed to the Group, the business model adopted by Parent Group for the House Brands is similar to that adopted by the Group for the Brands.

Parent Group is engaged in the direct sale of the Hardy Amies products and accessories only in the United Kingdom through its retail store in London. Parent Group also appoints licensees for Hardy Amies products and accessories for other countries outside Greater China.

Although the House Brands adopt a business model similar to that of the Brands, they are not intended to be injected into the Group as they target a different customer segment with a younger age group which is generally less affluent. The Company is of the view that there will not be any material competition between the House Brands and Hardy Amies on the one part and the Brands on the other part.

(b) Brand awareness and presence in Greater China

The Group believes that a significant amount of time and resources is required to successfully introduce and market a new brand. There is also an element of risk and uncertainty as the fashion industry is fickle and a new brand may not be well accepted by the market for various reasons. The Group's strategy is therefore to focus primarily on high-to-luxury end international brands which already have a presence and brand awareness in Greater China.

By contrast, the Parent Group's strategy is different from that of the Group as it focuses primarily on medium-end mass-market brands. The Excluded Brands are either brands which originated from Greater China or are international brands that are new to the Greater China market and therefore have limited presence and brand awareness in Greater China as compared to the Brands.

REASONS FOR NOT INJECTING THE EXCLUDED BRANDS INTO THE GROUP

The Excluded Brands are not intended to be injected into the Group mainly due to (i) the different target customer segments of the Excluded Brands in Greater China (where the Group operates the Brands) which focus on the younger, less affluent age group; and (ii) (save for the House Brands) the different business model adopted by Parent Group for the Excluded Brands.

As discussed in the paragraph headed "Delineation of Businesses — 2. Different Business Models" in this section above, although the House Brands adopt a similar business model to that of the Brands, they are not intended to be injected into the Group as they target a different customer segment.

In addition to the above delineation factors, Hardy Amies is not intended to be injected into the Group in light of its geographical separation from the Brands. Hardy Amies is owned by Parent Group and operated outside Greater China, which is different from where the Group operates the Brands.

Parent Group has no intention to engage in the retail business of high-to-luxury end apparels and accessories in Greater China other than engaging in such business through the Group. As disclosed under the paragraph headed "Corporate Governance — 1. Rights to acquire the Excluded Brands" of this section below, the Company may exercise the Call Option to acquire the interest in BLS (Private Labels), which holds the House Brands, from BLS Holdings. In the event that such Call Option is not exercised, Parent Group will, after taking into account the then circumstances (such as time and cost), assess the profitability of managing the business of BLS (Private Labels). If Parent Group decides to

RELATIONSHIP WITH PARENT GROUP

discontinue the business of BLS (Private Labels), it may dispose its interest in BLS (Private Labels) or wind up BLS (Private Labels).

INDEPENDENCE FROM PARENT GROUP

The Directors believe that the Group is capable of carrying on its business independently of the Parent Group and the Excluded Business for the following reasons:

1. Operational independence

The Group has independent access to sources of supplies/raw materials and is also independent from Parent Group in respect of its production/operation capabilities.

(a) Production and supplies independence

During the Track Record Period, Lever Style was one of the Group's five largest suppliers for the two years ended 31 December 2008 and the six months ended 30 June 2009. Lever Style is an Independent Third Party in which Fung Trinity Holdings (a member of Parent Group) holds 25% of its issued ordinary shares, while the remaining 75% of its issued ordinary shares is held by Lever Style Holdings Limited. Lever Style Holdings Limited and its ultimate beneficial owners are, so far as the Directors are aware after making all reasonable enquiries, not connected with the Lee Family. Currently, the Group completely outsources the production of product parts to Lever Style which are subsequently assembled at the Group's critical assembly and finishing facilities in Hong Kong. The Group also purchases finished apparel products, such as men's shirts, from Lever Style. The Group's purchases from Lever Style were conducted at arm's length basis and on normal commercial terms. In the event that the Group's business relationship with Lever Style is terminated in the future, the Company is of the view that it will be able to find alternative suppliers in a reasonable period of time.

(b) Operation independence

Apart from the management services provided by the Group to Parent Group for the House Brands, the Group and Parent Group have completely separate design and merchandising teams, with no overlap between designers or merchandisers for the brands operated by the Group or the JVs and the Excluded Brands (details of which are set out in the paragraph headed "Non-Competition" in this section below).

The Group and Parent Group also have completely different teams which are responsible for the following matters in respect of the brands operated by the Group and the JVs, and the Excluded Brands:

- (i) decision making regarding the sourcing of raw materials and supplies for the manufacture, production, packaging and other operational needs;
- (ii) decision making regarding sourcing and lease negotiation for retail stores and other sales areas; and
- (iii) decision making regarding sales and marketing.

The Group has been sharing certain corporate compliance services, comprising internal audit, corporate secretarial and corporate governance services, with LF (1937) Management Limited as disclosed in the section headed "Connected Transactions — A. Exempt Continuing Connected Transactions" in this document. As Parent Group has a group of personnel who are experienced in the provision of corporate compliance services, a team of dedicated full time personnel has been assigned by LF (1937) Management Limited to provide such services to the Group. Under this arrangement, the Group is able to benefit from the expertise and best corporate governance practices of Parent Group.

RELATIONSHIP WITH PARENT GROUP

The assigned team reports directly to the Group Chief Compliance Officer and not to the management of Parent Group. The personnel of the assigned team and the Group Chief Compliance Officer are not under the direct employment of the Group. The Group believes that this arrangement is beneficial to the Shareholders as the team is therefore able to perform its duties, including the provision of internal audit services, with greater autonomy and effectiveness, and free from any risk of undue influence from the management of the Group. In addition, all major findings identified by the assigned team will be reported to the audit committee (which comprises the four independent non-executive Directors) and the internal audit plan and budget of the Company need to be approved by the audit committee.

The assigned team does not provide corporate compliance services to other companies within Parent Group. Only those personnel within the assigned team are given access to information about the Group. Furthermore, the information provided is confined only to what is necessary for the provision of corporate compliance service, and is provided to personnel in the assigned team only. Divulging of information by the assigned team is only on a need-to-know basis.

The Company is committed to ensuring compliance with the requirements set out in the Listing Rules on dealings of shares and disclosure of confidential information by its Directors, the staff and personnel of the assigned team. The Company will provide the personnel of the assigned team with proper briefings on their obligations and liabilities relating to the Listing Rules and the prohibition against insider dealings or tipping of insider information under the SFO and the Listing Rules. The Company also has a code of conduct relating to the disclosure of confidential information which these personnel will have to abide by. In addition, as the assigned team does not report to management of the Group, the Company is satisfied that there are sufficient controls in place to ensure that no particular Shareholder will have access to privileged information over and above that of other Shareholders through the sharing of corporate compliance services. The Company does not believe that this arrangement will affect the operational independence of the Group.

If the audit committee considers that the current arrangement of sharing of corporate compliance services with Parent Group is no longer appropriate, or if it has any concern over the current arrangement of the internal audit function, the Company will take all necessary actions recommended by the audit committee to address such issues, which may include transferring the employment of the personnel of the assigned team to the Company.

Notwithstanding that connected persons of the Group will provide the services to the Group under the continuing connected transactions set out in the section headed "Connected Transactions" in this document, the operational independence of the Group will not be affected on the ground that the Group either has the ability to perform such services or can obtain similar services from alternative suppliers which are Independent Third Parties. Prior to any of such continuing connected transactions being renewed, the Group will independently evaluate whether it will be more justifiable for it to perform the service under such continuing connected transaction, or engage an alternative supplier which is Independent Third Party to provide such service. Renewal of such continuing connected transaction will not be made unless such renewal is in the interest of the Company and complies with all applicable requirements of the Listing Rules. Hence, the Directors consider that the Group does not have any undue reliance on Parent Group, and is capable of carrying on its business independently of Parent Group. The Directors and the [●] are of the opinion that each of such continuing connected transactions does not constitute a material transaction of the Group.

RELATIONSHIP WITH PARENT GROUP

2. Independent access to customers

As the target customers of the brands operated by the Group and the JVs are different from those of the Excluded Brands, their respective marketing teams carry on advertising, promotional and marketing activities independently of each other to target their respective group of customers. The Company is therefore satisfied that the Group has independent access to customers from Parent Group.

3. Management independence

The Board currently comprises three executive Directors, four non-executive Directors and four independent non-executive Directors. A majority of the Directors and senior management of the Group, whose details are set out in the section headed "Directors, Senior Management and Employees" in this document, do not hold positions or perform any function within Parent Group. Details of those Directors holding positions within Parent Group are set out below:

<u>Directors</u>	<u>Position with the Company & major duties & responsibilities</u>	<u>Major positions with Parent Group & major duties & responsibilities</u>
Ms. Sabrina FUNG Wing Yee	Executive Director, responsible for corporate and marketing projects of the Group	Management of private investments for Parent Group
Dr. Victor FUNG Kwok King, GBS, CBE	Non-executive Director (Chairman)	Group Chairman of the Li & Fung Group, including publicly listed Li & Fung Trading ⁽¹⁾ , Convenience Retail Asia Limited and IDS ⁽¹⁾ , responsible for ensuring the proper functioning of the respective boards of directors, formulation of strategic objectives and policies, and ensuring good corporate governance practices and procedures are in place Director of certain companies in Li & Fung Group which operate the toy retailing stores "Toys "R" Us"
Dr. William FUNG Kwok Lun, SBS, OBE, JP	Non-executive Director (Deputy Chairman)	Group Managing Director of Li & Fung Trading ⁽¹⁾ , responsible for general business management, including implementation of major strategies and initiatives adopted by the board Non-executive director of other Li & Fung Group companies, including Convenience Retail Asia Limited and IDS ⁽¹⁾ , responsible for advising the management on strategy development and monitoring performance of the management through his diverse industry expertise Director of certain companies in Li & Fung Group which operate the toy retailing stores "Toys "R" Us"

THIS WEB PROOF INFORMATION PACK IS IN DRAFT FORM. The information contained in it is incomplete and is subject to change. This Web Proof Information Pack must be read in conjunction with the section headed "Warning" on the cover of this Web Proof Information Pack.

RELATIONSHIP WITH PARENT GROUP

<u>Directors</u>	<u>Position with the Company & major duties & responsibilities</u>	<u>Major positions with Parent Group & major duties & responsibilities</u>
Mr. Jeremy Paul Egerton HOBBS	Non-executive Director (Deputy Chairman)	Non-executive director of Convenience Retail Asia Limited and IDS ⁽¹⁾ , responsible for reviewing strategic development and monitoring management performance through his diverse industry expertise Director of LF (1937), a substantial shareholder of the Company, mainly responsible for formulating the mission and strategic direction in respect of business sustainability for the Li & Fung Group
Mr. Jose Hosea CHENG Hor Yin	Non-executive Director	Management of private equity investments in Asia for Parent Group

Note:

(1) *Instead of being subsidiaries of King Lun Holdings Limited, Li & Fung Trading and IDS are associates of King Lun Holdings Limited*

Notwithstanding one executive Director and all four non-executive Directors hold positions in Parent Group, the Company is satisfied that the Group is managed independently, under the management of the Directors and the senior management as a general body, from Parent Group.

The businesses of Parent Group, excluding the Excluded Group, are different from that of the Group. Although the abovementioned executive Director holds position in Parent Group (excluding the Excluded Group), her said position does not require her to be involved in the day-to-day management thereof. In particular, her position in Parent Group does not require her to be involved in the Excluded Business. Such executive Director has confirmed that she has dedicated and will continue to dedicate the majority of her time to the management of the Group.

None of the executive Directors hold any position in the Excluded Group which engages in the Excluded Business. The executive Directors, supported by the experienced full time senior management team, oversee the day-to-day management of the Group and are responsible for the operation of the Group's business. None of the senior management, who is responsible for the operation of the Group's business, holds any position with Parent Group.

Given the clear delineation of businesses between the Group and Parent Group and the different business strategies and business models pursued by the Group and Parent Group, the current management structure ensures independence of the daily management and operations of the Group from that of Parent Group.

The four non-executive Directors, given their roles as non-executive directors, are principally responsible for formulating corporate and business strategies and are not involved in the day-to-day management and operations of the Group. Each of the non-executive Directors has confirmed that he will spend such time as is necessary in support of the business of the Company.

In light of the above, the Company is satisfied that the Group's management has devoted and will continue to devote sufficient time and attention to the affairs of the Company.

RELATIONSHIP WITH PARENT GROUP

All of the Directors who hold positions in Parent Group have confirmed that they are fully aware of their fiduciary duties as directors which require, among other things, that he/she acts in the interests of the Company and not allow the Company to be adversely affected by any conflict between his/her duties as a director and his/her personal interests.

The Group has also adopted additional measures to ensure its independence from Parent Group, details of which are set out in the paragraph headed "Corporate Governance" in this section below.

4. Financial independence

Save for the bank borrowings of the Group as discussed in the section headed "Financial Information — Indebtedness — Borrowings and Banking Facilities" in this document, which are guaranteed by Parent Group, the Group is financially independent from Parent Group. In respect of such bank borrowings, the Group has obtained written consent from the relevant bank to release such guarantee given by Parent Group on or before the [●]. In addition, all outstanding amounts due to Parent Group and related parties will also be settled on or before the [●].

Based on the reasons mentioned above, the Directors are of the opinion that the business of the Group is independent from Parent Group, and the retention of the Excluded Brands by Parent Group will not affect the independence of the Group from Parent Group.

NON-COMPETITION

The strategy of the Group is to maintain a clear delineation amongst the businesses of the companies within Parent Group and those of the Group. The Group and each of the companies within Parent Group pursue different business strategies, and in light of the reasons set out in this section above, the Company is satisfied that there is no material competition between the Group and Parent Group.

The Directors are also of the view that although the Excluded Business may pose a certain level of potential competition, they will not amount to material direct or indirect competition with the brands of the Group and the JVs. Notwithstanding the aforesaid, the Group has implemented additional and robust measures for managing any possible conflict of interests relating to the Excluded Brands, details of which are set out in the following paragraph headed "Corporate Governance" in this section below.

The management of the Company will, for so long as Parent Group holds not less than a 30% interest in the Company, from time to time monitor and review the marketing position of the Brands and will make appropriate adjustments to its business strategy in response to changes in the market. In particular, they will review whether there is any material competition between the business of the Group and that of Parent Group. In the event that the management becomes aware of any potential material competition, they will raise this in the first instance to the full board of Directors for their consideration and decision on the appropriate course of action to take.

Based on the delineating factors set out in the paragraph headed "Delineation of Businesses" in this section above, the evaluation of the existence of competition between the Group and Parent Group will be based on the following criteria:

- whether the brand is a high-to-luxury end brand;

RELATIONSHIP WITH PARENT GROUP

- whether the brand targets the more mature, affluent and high income customers;
- whether the brand's stores are located at high-end exclusive locations;
- whether the brand allows the Group to have a high degree of supply chain management; and
- whether the brand is an international brand which already has a presence and brand awareness in Greater China.

CORPORATE GOVERNANCE

The Group is committed to the view that the Board should include a balanced composition of executive and non-executive Directors (including independent non-executive Directors) so that there is a strong independent element on the Board which can effectively exercise independent judgment. The independent non-executive Directors, details of whom are set out in the section headed "Directors, Senior Management and Employees" in this document, together possess the requisite business knowledge and experience in different areas or professions for their views to carry weight. A majority of the independent non-executive Directors have experience as directors of listed companies and will be able to provide impartial and professional advice to protect the interests of the minority shareholders of the Company. The Directors believe that the composition of the Board with directors of diverse backgrounds and experience allows the Board to evaluate its decisions from different perspectives. The Company may, where necessary, seek advice from external industry experts and/or consultants in order to provide the independent non-executive Directors with all the necessary support to enable them to exercise their independent judgment and discharge their duties and obligations to the Shareholders.

The Company has adopted the following corporate governance measures to further strengthen the protection of the Shareholders' interests:

1. Rights to acquire the Excluded Brands

Parent Group has granted to the Company a right of first refusal (the "Right of First Refusal") to acquire the interests of Parent Group in respect of the Excluded Brands (which are not in the process of discontinuance of their businesses) when Parent Group intends to dispose of the same.

If Parent Group intends to dispose of its interests in respect of the Excluded Brands, it shall first offer such opportunity to the Company by notice in writing setting out full terms of the proposed sale (the "Notice") and shall provide to the Company all information which may reasonably be required by the Company for determining whether to exercise such Right of First Refusal. The Company will review such opportunity and written notice shall be given by the Company to Parent Group if the Company decides to exercise the Right of First Refusal. If the Company has not given written notice to Parent Group of its desire to acquire such interests within two months of receipt of the Notice, Parent Group shall be permitted to sell such interests to other parties on terms no more favourable than those made available to the Company.

The Right of First Refusal shall take effect from the [●] and will remain valid until (i) Parent Group ceases to hold more than 30% shareholding interests in the Company; or (ii) the Shares subsequently cease to be listed on the Stock Exchange (except for temporary suspension of the Shares due to any reason), whichever occurs earlier.

RELATIONSHIP WITH PARENT GROUP

In addition, under the management services agreement between the Company and BLS Holdings (details of which are set out in the section headed "Connected Transactions — B. Non-exempt Continuing Connected Transactions — 3. Provision of management services to BLS (Private Labels) by the Group" of this document), the Call Option is granted to the Company, the exercise of which provides the Company a right to acquire the interest in BLS (Private Labels), which holds the House Brands, from BLS Holdings. The Call Option is exercisable at any time within the term of 36 months of the management services agreement. Upon the exercise of the Call Option by the Company, the parties will negotiate the price for acquiring the interest in BLS (Private Labels).

2. Independence committee

In connection with the Right of First Refusal and the Call Option, the Company will establish a committee comprised only of independent non-executive Directors to decide on matters relating to any potential acquisition thereunder, including whether the exercise terms of the Right of First Refusal are fair and reasonable, and whether the brands to be acquired thereunder are capable of achieving a high level of profitability and is in line with the Company's development strategy. All necessary financial information and documents will be provided to the independence committee in order to assess the merits of exercising the Right of First Refusal and the Call Option. Such independence committee may appoint an independent financial adviser or other professional advisers to advise them.

3. Provision of information by Parent Group

Parent Group shall provide all information as reasonably required by the independence committee to assist them in their assessment of the Right of First Refusal and the Call Option.

4. Abstention from voting and absent from meeting where a conflict of interest arises

In accordance with the Listing Rules (including the Code on Corporate Governance Practices set out in Appendix 14 to the Listing Rules), the Directors will not vote on any resolution and will not be counted in the quorum at any meeting of the Board for approving any contract, arrangement or proposal in which such Director or any of his/her associates has a material interest.

In the event that the independent non-executive Directors decide that a Director should not be present at a meeting where matters arising from material competition or material potential competition between the businesses of the Group and any other businesses of which such Director or any of his/her associates is materially interested in are the subject of discussion, such Director would be requested to absent himself/herself from such meeting. This corporate measure has been incorporated in the Bye-laws.

5. Reporting of material conflict of interests to independent non-executive Directors

The Board will ensure that any material conflict or material potential conflict of interests will be reported to the independent non-executive Directors as soon as practicable when such conflict or potential conflict is discovered.

Following the reporting of any material conflict or material potential conflict of interests, the Board will hold a management meeting to review and evaluate the implications and risk exposure of such event and will monitor any material irregular business activities and alert the Board, including the independent non-executive Directors, to take any precautionary actions, where necessary.

RELATIONSHIP WITH PARENT GROUP

6. Composition of the Board

The Directors will ensure that there are a sufficient number of independent non-executive Directors who have extensive experience and knowledge in corporate management and governance on the Board.

7. Compliance with Listing Rules

The exercise of any options or rights of first refusal granted in favour of the Company will constitute connected transactions for the Company under the Listing Rules. In the event that the Company exercises any of such options or rights of first refusal, the Company will comply with all applicable reporting, announcement and/or independent shareholders' approval requirements as required under the Listing Rules.

8. Confirmation by the Company

The Board will review whether the above corporate governance measures have been complied with and disclose the compliance and/or non-compliance of the same in the Company's annual reports after [●], provided that Parent Group continues to hold more than 30% shareholding interests in the Company.

9. Appointment of compliance adviser

The Company has appointed Somerley Limited as the compliance adviser who shall provide the Company with professional advice and guidance in respect of compliance with principally the Listing Rules.

THIS WEB PROOF INFORMATION PACK IS IN DRAFT FORM. The information contained in it is incomplete and is subject to change. This Web Proof Information Pack must be read in conjunction with the section headed "Warning" on the cover of this Web Proof Information Pack.

SHARE CAPITAL

The authorised and issued share capital of the Company are as follows:

<u>Number of Shares comprised in the authorised share capital:</u>	<u>(HK\$)</u>
4,000,000,000 Shares	400,000,000

Assuming the [●] is not exercised, the share capital of the Company immediately following the completion of the [●] will be as follows:

<u>Issued and to be issued, fully paid or credited as fully paid upon completion of the [●]</u>	<u>(HK\$)</u>
1,205,172,883 Shares in issue as at the date of this document	120,517,288.3
[●] Shares to be issued in the [●] ⁽¹⁾	30,129,200.0
[●] Shares in total	<u>150,646,488.3</u>

Note:

(1) The share capital of the Company will be enlarged by up to an additional [●] Shares in the event that the [●] is exercised in full.

ASSUMPTIONS

The above tables assume that the [●] becomes unconditional and does not take into account any exercise of any options granted or to be granted under the Share Option Schemes as described below. They take no account of Shares which may be allotted and issued or repurchased by the Company pursuant to the Issue Mandate and Repurchase Mandate as described below.

RANKING

The [●], including the Shares to be issued pursuant to the exercise of the [●], will rank pari passu in all respects with all other Shares in issue as mentioned in this document, and in particular, will rank in full for all dividends and other distributions declared, paid or made on the Shares after the date of this document.

SHARE OPTION SCHEMES

The Company has conditionally adopted the Share Option Schemes, the principal terms of which are set out in the sections headed "Statutory and General Information — D. Pre-[●] Share Option Scheme" and "Statutory and General Information — E. Post-[●] Share Option Scheme" in Appendix VI to this document.

GENERAL MANDATE TO ISSUE SHARES

Conditional on the conditions stated in this document, the Directors have been granted a general unconditional mandate to allot, issue and deal with Shares with an aggregate nominal value not exceeding the sum of:

- (i) 20% of the aggregate nominal value of the share capital of the Company in issue immediately following the completion of the [●] (excluding any Shares which may be allotted and issued pursuant to the exercise of the [●] or exercise of any options that were granted under the Pre-[●] Share Option Scheme or may be granted under the Post-[●] Share Option Scheme); and

SHARE CAPITAL

- (ii) the aggregate nominal value of the share capital of the Company repurchased by the Company (if any) pursuant to the Repurchase Mandate.

The Directors may, in addition to the Shares which they are authorised to issue under the mandate, allot, issue and deal in the Shares pursuant to (a) a rights issue; (b) the exercise of rights of subscription, exchange or conversion under the terms of any warrants or convertible securities issued by the Company or any securities which are exchangeable into Shares; (c) the exercise of the subscription rights under options granted under the Pre-[●] Share Option Scheme or the Post [●] Share Option Scheme or any other similar arrangement of the Company from time to time adopted for the grant or issue to officers and/or employees and/or consultants and/or advisors of the Company and/or any of its subsidiaries of Shares or rights to acquire Shares; or (d) any scrip dividend or similar arrangement providing for allotment of Shares in lieu of the whole or part of a dividend on Shares in accordance with the Bye-laws of the Company.

The Issue Mandate will expire:

- at the conclusion of the Company's next annual general meeting;
- upon the expiry of the period within which the Company is required by applicable laws or the Bye-laws to hold its next annual general meeting; or
- when varied or revoked by an ordinary resolution of the Shareholders in general meeting, whichever occurs first.

For further details of the Issue Mandate, see the section headed "Statutory and General Information — A. Further Information about the Company — 3. Resolutions of the Shareholders passed on 16 October 2009" in Appendix VI to this document.

GENERAL MANDATE TO REPURCHASE SHARES

Conditional on conditions stated in the section headed "[●]" in this document, the Directors have been granted a general unconditional mandate to exercise all the powers of the Company to repurchase Shares with an aggregate nominal value of not more than 10% of the total nominal value of the share capital of the Company in issue immediately following completion of the [●] (excluding any Shares which may be allotted and issued pursuant to the exercise of the [●] or exercise of any options that were granted under the Pre-[●] Share Option Scheme or may be granted under the Post-[●] Share Option Scheme).

The Repurchase Mandate relates only to repurchases made on the Stock Exchange and/or on any other stock exchange on which the Shares are listed (and which is recognised by the SFC and the Stock Exchange for this purpose), and which are made in accordance with all applicable laws and requirements of the Listing Rules. A summary of the relevant Listing Rules is set out in the section headed "Statutory and General Information — A. Further Information about the Company — 7. Repurchase by the Company of its Own Securities" in Appendix VI to this document.

The Repurchase Mandate will expire:

- at the conclusion of the Company's next annual general meeting;

THIS WEB PROOF INFORMATION PACK IS IN DRAFT FORM. The information contained in it is incomplete and is subject to change. This Web Proof Information Pack must be read in conjunction with the section headed "Warning" on the cover of this Web Proof Information Pack.

SHARE CAPITAL

- upon the expiry of the period within which the Company is required by applicable laws or the Bye-laws to hold its next annual general meeting; or
- when varied or revoked by an ordinary resolution of the Shareholders in general meeting, whichever occurs first.

For further information about the Repurchase Mandate, refer to the section headed “Statutory and General Information — A. Further Information about the Company — 3. Resolutions of the Shareholders passed on 16 October 2009” in Appendix VI to this document.

FINANCIAL INFORMATION

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, which 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 itself into 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; and the JVs operated 37 retail stores in South Korea, Malaysia, Singapore and Thailand.

The retail stores of the Group are strategically located at 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 predominantly mono-branded, to support the growth and maintain the prestige of each brand.

The Group operates on an asset-light business model, where 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, whilst preserving the critical assembly and finishing functions for products such as suits, blazers, jackets, blousons, overcoats and pants, a process at 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 to maintain product quality. Moreover, the Group also manages the supply chain for all its brands, enabling it to capture attractive margins, enhance scalability, ensure quality standards and foster interdependence among Brand Owners and the Group.

NON-COMPARABILITY OF THE RESULTS

As described in the section headed "History, Reorganisation and Group Structure" in this document, Parent Group did not own any interest in DDL Group and Green Group until 30 April 2006. As a result, the financial results of DDL Group and Green Group for the four months ended 30 April 2006 are not consolidated in accordance with HKFRS into the results of the Group prior to 1 May 2006. On 30 April 2006, the entire interests in DDL Group and Green Group were acquired by Parent Group pursuant to the Acquisitions. For the preparation of the financial information of the Group as contained in Appendix I to this document, the Acquisitions were accounted for using the purchase accounting method in accordance with HKFRS and the results of DDL Group and Green Group were consolidated into the Group starting from 1 May 2006 using merger accounting in accordance with AG 5.

The consolidated financial statements of the Group for the three years ended 31 December 2008, and the six months ended 30 June 2008 and 2009 reflect the contributions of the Core Business and the Non-core Business. As set out in the section headed "Connected Transactions", on 1 June 2009

FINANCIAL INFORMATION

and 25 August 2009, the Group and BLS Holdings entered into agreements for the group restructuring of the ownership of BLS (Private Labels), which holds the Non-core Business. Pursuant to the said agreements, the ownership of BLS (Private Labels) reverted back to BLS Holdings on 25 August 2009. Settlement of the considerations for the subsequent disposal of the interest in BLS (Private Labels) is by way of elimination of all non-interest bearing acquisition loans arising from the said transactions which was completed on 30 September 2009. Hence, following such date, the financial results of the Non-core Business has ceased to form part of that of the Group, which renders the financial results of the Group thereafter no longer comparable to the financial results of the prior periods and the prior periods' results not indicative of the Group's future performance.

In view of the foregoing, investors are advised to exercise caution in reviewing the discussion and analysis set out in this section as the results of the Group for each of the years ended 31 December 2006, 2007 and 2008, and the six months ended 30 June 2008 and 2009 may not be directly comparable or indicative of the Group's future performance.

To assist investors in evaluating the Group's financial performance, the following sets of financial data are included in this section:

- (1) the results of the Group for the three years ended 31 December 2008 and the six months ended 30 June 2008 and 2009 as contained in the Accountant's Report set out in Appendix I to this document; and
- (2) the results of the Core Business for the three years ended 31 December 2008, and the six months ended 30 June 2008 and 2009.

BASIS OF PRESENTATION

The Company was incorporated on 21 December 2006 in Bermuda as an exempted company with limited liability under the Companies Act. As part of a group reorganisation on 31 December 2006, the Company became the holding company of the Group. On 31 March 2007, the Group acquired a 50% interest in each of the JVs from Parent Group. The results of the Group has been prepared using the principle of merger accounting in accordance with AG 5, which includes the financial results of the companies comprising the Group (including companies engaged in the Core Business and the Non-core Business) as if the current group structure had been in existence since 1 January 2006 or since the dates when the relevant subsidiaries of the Group first became under the common control of Parent Group. As the results of the Non-Core Business formed part of the Group subsequently after the group reorganisation, it has been included in the Group's results during the Track Record Period so as to reflect the substance of the transactions and present the full picture of the results and financial position of the Group.

FACTORS THAT AFFECT THE GROUP'S RESULTS OF OPERATIONS AND FINANCIAL CONDITION

The Group's results of operations and financial condition have been and will continue to be affected by a number of factors, including those set out in the following:

Levels of per capita disposable income and consumer spending

To date, a significant part of the Group's business is in Mainland China. The level of disposable income as well as consumer spending in Mainland China have risen significantly in recent

FINANCIAL INFORMATION

years as a result of the economic growth in the region. The growth in the Mainland China economy has in turn led to a significant rise in living standards and GDP per capita in the nation. In particular, the GDP per capita in Mainland China increased from approximately RMB7,858 in 2000 to approximately RMB22,698 in 2008, representing a CAGR of approximately 14.2%. Such increase resulted in a corresponding increase in consumer spending.

The economic growth mentioned above resulted in an increase in the spending power of the Chinese population. Such increase typically resulted in an increase in the demand for branded apparel products, which led to higher levels of sales for the Core Business.

Pricing of the Group's products

Successful brand management of the Brands over the years has enabled the Group to enjoy premium pricing in the market in which it operates. To maintain success in its operations, the Group must preserve its ability to price its products at a premium.

The prices of the products of the Group are determined primarily by referencing the cost of raw materials and fabric parts, as well as the general prices of products from other reputable brands. For most of the Brands, the Group strategically positions its products as high-to-luxury end products which target senior executives, professionals and individuals who have a common trait of strong spending power and are willing to pay a premium for branded products. The Core Business's focus on these consumers has enabled and will continue to enable the Core Business to capture a niche market and maintain its premium pricing policy.

Seasonality Effects

The Group's operating results are subject to seasonal fluctuations as sales amounts vary from season to season. Generally, higher sales are generally recorded between the months of October and February. For retail stores in the northern part of Mainland China, there is an increased level of sales during the winter season. Revenue for this period is also higher as the Core Business's winter products typically have a higher unit price as compared to those of other seasons. Changes in the weather patterns may also affect consumer purchase behaviour. The Core Business's revenue and inventory levels are therefore affected by any corresponding changes in consumer behaviour due to seasonality effects.

Retail network

As part of its expansion strategy, the Group plans to continue increasing its number of retail stores in the major cities in Mainland China where it has operations, as well as to increase its presence in second and third-tier cities in Mainland China. The Group expects that the level of its revenue will increase with an increase in the number of its retail stores. In order to preserve the luxurious brand image of the Group's products, the Group is selective in its choice of location for the new retail stores as strategic positioning of the retail stores will lead to increased sales volumes for the Group.

The table below shows the number of stores in the retail network of the Core Business in Mainland China (being the largest retail market of the Group) for the periods indicated:

	As at 31 December			As at 30 June	
	2006	2007	2008	2008	2009
Number of retail stores in Mainland China	153	219	265	236	272

THIS WEB PROOF INFORMATION PACK IS IN DRAFT FORM. The information contained in it is incomplete and is subject to change. This Web Proof Information Pack must be read in conjunction with the section headed "Warning" on the cover of this Web Proof Information Pack.

FINANCIAL INFORMATION

The table below shows the monthly average revenue per retail store of the Core Business for the periods indicated:

	Year ended 31 December			Six months ended 30 June	
	2006 ⁽¹⁾	2007	2008	2008	2009
Monthly average revenue per retail store in Mainland China (RMB'000) ⁽²⁾	221.5	250.7	261.3	292.0	246.7

Notes:

(1) Excluding revenues of DDL Group and Green Group for the four months ended 30 April 2006.

(2) Monthly average revenue per retail store is derived by dividing revenue of the relevant period by average number of retail stores during the period.

For further details, see the section headed "Business — Sales and Distribution" in this document.

For the year ended 31 December 2008 and the six months ended 30 June 2009, the Core Business suffered a drop in revenue growth due to a slowing down in same-store sales growth compared with the same period in the previous year and a reduction in the number of retail stores being opened. This was caused by the global financial turmoil, which resulted in a general deterioration in economic confidence and led to a reduction in consumers' appetite for high-to-luxury end products. The Group has seen a healthy growth in same-store sales in the first quarter after the Track Record Period against the backdrop of the global financial turmoil.

Cost of raw materials

The largest component of the Core Business's cost of sales is its cost of raw materials, which accounted for approximately 72.2% and 63.8% of the Core Business's production costs for the year ended 31 December 2008 and the six months ended 30 June 2009, respectively. The main raw materials consumed by the Core Business are fabric and trims, a majority of which is imported from Europe.

Fabric prices can fluctuate over a short period of time especially when there is a fluctuation in the exchange rate of Hong Kong dollars to Euros. Fabric prices tend to increase as a result of appreciation of Euro against the HK dollar. Going forward, any upward trends in fabric prices or trims will adversely affect the Group's operating results.

Rental expenses

The Group has an extensive retail network in the countries where it operates. As at 31 December 2008 and 30 June 2009, the Group operated 345 and 354 retail stores for the Core Business in Greater China, respectively. A majority of the Group's retail stores are situated in high-end shopping malls and department stores, the rent of which are payable in the form of variable rent with a minimum fixed amount. A significant portion of the Core Business's selling and marketing expenses therefore consists of store rental expenses, which amounted to approximately HK\$328.0 million for the year ended 31 December 2008 (representing approximately 22.1% of the retail revenues of the Core Business for the year ended 31 December 2008) and approximately HK\$178.8 million for the six months ended 30 June 2009 (representing approximately 23.5% of the retail revenue of the Core Business for the six months ended 30 June 2009).

FINANCIAL INFORMATION

CRITICAL ACCOUNTING POLICIES

The preparation of financial statements in conformity with HKFRS requires the management of the Company to adopt accounting policies and make estimates and assumptions that affect amounts reported in its financial statements. In applying those accounting policies, the Company makes subjective and complex judgments that frequently require estimates about matters that are of an inherently uncertain nature. Many of those policies, estimates and judgments are common to retail industries, while others are specific to the Group's business and operations. The following sections discuss certain key accounting policies, judgments and estimations which have been applied in preparing the Group's financial statements.

Impairment of non-financial assets

The Group tests goodwill for impairment annually. The Group also reviews other non-financial assets for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable. The Group determines the recoverable amounts based on value-in-use calculations or fair value less cost to sell. These calculations require the use of judgments and estimates.

The Group needs to exercise judgment in assessing: (i) whether an event has occurred that may indicate that the related asset value may not be recoverable; (ii) whether the carrying value of an asset can be supported by the recoverable amount, being the higher of fair value less cost to sell and net present value of future cash flows; and (iii) the appropriate key assumptions to be applied in preparing cash flow projections including whether such cash flow projections are discounted using an appropriate rate.

Any change in the assumptions could materially affect the net present value used in the impairment test and consequently, adversely affect the Group's financial condition and results of operations. If there is a significant adverse change in the Group's projected performance and resulting cash flow projections, the Group may have to recognise impairment losses in the income statement.

In April 2006, the Group acquired DDL Group and Green Group and recorded goodwill of approximately HK\$523.9 million and HK\$747.9 million respectively. The goodwill is attributable to significant synergies expected to arise from the acquired businesses and the value of its experienced management and skilled workforce.

Management performed a purchase price allocation on the initial acquisitions in April 2006 and applied HKFRS No. 3 "Business Combinations" to account for these acquisitions.

Useful lives of licences and trade marks

The Group has both "finite life" and "indefinite life" licences: (1) "finite life" licences in respect of the Core Business relate to Cerruti 1881 and Gieves & Hawkes and are carried at cost less accumulated amortisation and amortisation is allocated over the estimated useful life on a straight line method; and (2) "indefinite life" licences and trademarks in respect of the Core Business relate to D'urban and Kent & Curwen, and are carried at historical cost less accumulated impairment, and are tested for impairment annually as well as when there is an indication of impairment.

The useful life assessment of the "finite life" licences is based on the terms of the licensing agreements, length of time of relationship with licensors, expected economic benefits to be derived from the licences and any history of renewals. The Group will increase or decrease the amortisation charge depending on whether the useful lives are shorter or longer than previously estimated.

FINANCIAL INFORMATION

Net realisable value of inventories

The inventories of the Group are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price of the product in the ordinary course of business, less the estimated selling expenses. The Group refers to the current market condition and previously recorded sales in order to arrive at an estimate. The estimated selling price could change significantly as a result of changes in customer tastes or economic conditions.

The Group's inventories are comprised of raw materials, work in progress and finished goods. The Group makes specific provisions based on a detailed review with reference to the conditions of the inventories at the balance sheet date, the estimated subsequent sales based on historical experiences and the ageing of inventories by categories. If the net realisable value of an item is lower than its cost, the difference is charged to the income statement and the carrying value of that item is written down to its net realisable value.

RESULTS OF OPERATIONS

The tables and discussions below present the results of operations 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. This information should be read together with the financial information of the Core Business and the Group and the related notes in the Accountant's Report included in Appendix I to this document.

As mentioned in the section headed "History, Reorganisation and Group Structure" in this document, prior to the completion of the Acquisitions on 30 April 2006, the Group, DDL Group and Green Group were not under the common control of Parent Group. Hence the results of DDL Group and Green Group on or before 30 April 2006 are not permitted to be consolidated under HKFRS into the results of the Group. As set out in the paragraph headed "Non-comparability of the Results" in this section above, following 25 August 2009, the financial results of the Non-core Business has ceased to form part of the Group, which renders the financial results of the Group thereafter no longer comparable to the financial results of the prior periods. The results of the Group during the Track Record Period should therefore not be relied upon as being indicative of its future performance.

THIS WEB PROOF INFORMATION PACK IS IN DRAFT FORM. The information contained in it is incomplete and is subject to change. This Web Proof Information Pack must be read in conjunction with the section headed "Warning" on the cover of this Web Proof Information Pack.

FINANCIAL INFORMATION

The following table presents selected financial data relating to the results of the Core Business during the Track Record Period as extracted from the Accountant's Report set out in Appendix I to this document:

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	—
	<u>189.1</u>	<u>135.1</u>	<u>121.6</u>	<u>128.7</u>	<u>67.8</u>

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.

THIS WEB PROOF INFORMATION PACK IS IN DRAFT FORM. The information contained in it is incomplete and is subject to change. This Web Proof Information Pack must be read in conjunction with the section headed "Warning" on the cover of this Web Proof Information Pack.

FINANCIAL INFORMATION

Consolidated Balance Sheets of the Core Business

	As at 31 December			As at 30 June
	2006 ⁽¹⁾	2007	2008	2009
	(HK\$ million)			(HK\$ million)
ASSETS				
Non-current assets				
Property, plant and equipment	37.0	112.3	117.8	101.7
Intangible assets	1,461.4	1,515.2	1,635.8	1,631.6
Investments in jointly controlled entities	111.6	154.2	145.6	158.2
Deposit and prepayments	44.0	43.8	41.8	37.4
Deferred income tax assets	3.1	32.1	61.2	56.1
Investments in subsidiary	—	—	—	40.0
	<u>1,657.1</u>	<u>1,857.6</u>	<u>2,002.2</u>	<u>2,025.0</u>
Current assets				
Inventories	193.2	418.4	537.6	482.5
Trade receivables	116.6	151.0	174.4	103.5
Deposit and prepayments	51.3	44.2	81.5	92.7
Amounts due from related parties	7.0	8.5	14.6	93.6
Amount due from immediate holding company	76.2	—	—	—
Cash and cash equivalents	127.4	797.5	122.2	280.2
	<u>571.7</u>	<u>1,419.6</u>	<u>930.3</u>	<u>1,052.5</u>
Total assets	<u>2,228.8</u>	<u>3,277.2</u>	<u>2,932.5</u>	<u>3,077.5</u>
EQUITY				
Owners' equity attributable to equity holders of the Company . . .	159.2	1,113.1	1,358.0	1,366.5
Minority interests	58.1	70.7	—	—
Total equity	<u>217.3</u>	<u>1,183.8</u>	<u>1,358.0</u>	<u>1,366.5</u>
LIABILITIES				
Non-current liabilities				
Amount due to immediate holding company	1,714.2	—	—	—
Provision for long service payments	2.1	4.2	7.0	6.5
Retirement benefit obligations	7.6	7.7	7.7	12.1
Other payables and accrued expenses	—	55.7	48.0	45.2
Deferred income tax liabilities	29.6	29.6	48.8	52.2
Borrowings	—	930.0	939.1	1,062.1
	<u>1,753.5</u>	<u>1,027.2</u>	<u>1,050.6</u>	<u>1,178.1</u>
Current liabilities				
Trade payables	12.2	58.6	50.9	37.7
Other payables and accrued expenses	222.9	169.8	181.7	163.2
Amounts due to related companies	1.5	74.2	5.4	135.2
Current income tax liabilities	21.5	28.9	18.6	9.8
Borrowings	—	734.7	267.3	187.0
	<u>258.0</u>	<u>1,066.2</u>	<u>523.9</u>	<u>532.9</u>
Total liabilities	<u>2,011.5</u>	<u>2,093.4</u>	<u>1,574.5</u>	<u>1,711.0</u>
Total equity and liabilities	<u>2,228.8</u>	<u>3,277.2</u>	<u>2,932.5</u>	<u>3,077.5</u>
Net current assets	<u>313.7</u>	<u>353.4</u>	<u>406.4</u>	<u>519.6</u>
Total assets less current liabilities	<u>1,970.8</u>	<u>2,211.0</u>	<u>2,408.6</u>	<u>2,544.6</u>

Note:

(1) 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.

THIS WEB PROOF INFORMATION PACK IS IN DRAFT FORM. The information contained in it is incomplete and is subject to change. This Web Proof Information Pack must be read in conjunction with the section headed "Warning" on the cover of this Web Proof Information Pack.

FINANCIAL INFORMATION

The following table presents selected financial data relating to the consolidated results of the Group during the Track Record Period as extracted from the Accountant's Report set out in Appendix I to this document:

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	15.4	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	236.6	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	145.3	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	—
	<u>191.1</u>	<u>145.3</u>	<u>103.8</u>	<u>146.9</u>	<u>56.3</u>

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.

THIS WEB PROOF INFORMATION PACK IS IN DRAFT FORM. The information contained in it is incomplete and is subject to change. This Web Proof Information Pack must be read in conjunction with the section headed "Warning" on the cover of this Web Proof Information Pack.

FINANCIAL INFORMATION

Consolidated Balance Sheet of the Group

	As at 31 December			As at 30 June
	2006 ⁽¹⁾	2007	2008	2009
	(HK\$ million)			(HK\$ million)
ASSETS				
Non-current assets				
Property, plant and equipment	44.6	127.1	144.5	122.9
Intangible assets	1,463.0	1,516.7	1,637.2	1,633.1
Investments in jointly controlled entities	111.5	154.2	145.6	158.2
Deposit and prepayments	47.0	46.4	43.9	38.4
Deferred income tax assets	5.7	36.6	68.9	63.8
	<u>1,671.8</u>	<u>1,881.0</u>	<u>2,040.1</u>	<u>2,016.4</u>
Current assets				
Inventories	259.0	515.0	633.5	546.7
Trade receivables	155.3	200.0	223.2	127.7
Deposit and prepayments	58.6	62.4	91.4	106.3
Amounts due from related parties	1.9	3.7	15.4	1.6
Amount due from immediate holding company	76.2	—	—	—
Cash and cash equivalents	143.5	820.4	145.2	363.4
	<u>694.5</u>	<u>1,601.5</u>	<u>1,108.7</u>	<u>1,145.7</u>
Total assets	<u>2,366.3</u>	<u>3,482.5</u>	<u>3,148.8</u>	<u>3,162.1</u>
EQUITY				
Owners' equity attributable to equity holders of the Company	212.2	1,114.7	1,343.8	1,362.9
Minority interests	58.1	70.7	—	—
Total equity	<u>270.3</u>	<u>1,185.4</u>	<u>1,343.8</u>	<u>1,362.9</u>
LIABILITIES				
Non-current liabilities				
Amount due to immediate holding company	1,714.3	—	—	—
Provision for long service payments	2.1	4.2	7.0	6.5
Retirement benefit obligations	7.6	7.7	7.7	12.1
Other payables and accrued expenses	—	55.7	48.0	45.2
Deferred income tax liabilities	29.6	29.6	48.9	52.2
Borrowings	—	930.0	939.1	1,062.1
	<u>1,753.6</u>	<u>1,027.2</u>	<u>1,050.7</u>	<u>1,178.1</u>
Current liabilities				
Trade payables	16.6	73.4	68.1	45.4
Other payables and accrued expenses	239.3	192.3	209.6	180.8
Amounts due to related companies	64.2	182.6	105.2	137.5
Current income tax liabilities	22.3	33.4	20.2	10.3
Borrowings	—	788.2	351.2	247.1
	<u>342.4</u>	<u>1,269.9</u>	<u>754.3</u>	<u>621.1</u>
Total liabilities	<u>2,096.0</u>	<u>2,297.1</u>	<u>1,805.0</u>	<u>1,799.2</u>
Total equity and liabilities	<u>2,366.3</u>	<u>3,482.5</u>	<u>3,148.8</u>	<u>3,162.1</u>
Net current assets	<u>352.1</u>	<u>331.6</u>	<u>354.4</u>	<u>524.6</u>
Total assets less current liabilities	<u>2,023.9</u>	<u>2,212.6</u>	<u>2,394.5</u>	<u>2,541.0</u>

Note:

(1) 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.

FINANCIAL INFORMATION

Principal income statement items

Revenue

The Core Business principally consists of the sale of high-to-luxury end menswear products in Mainland China, Hong Kong, Taiwan and Macau. Set out below is a breakdown of the revenues of the Core Business during the Track Record Period:

	Year ended 31 December			Six months ended 30 June	
	2006 ⁽¹⁾	2007	2008	2008	2009
	(HK\$ million)			(HK\$ million)	
Retail	648.4	1,109.1	1,486.6	739.4	761.4
% of total revenue	85.9%	94.2%	97.3%	97.4%	99.1%
Others	106.8	68.6	41.8	20.0	7.0
% of total revenue	14.1%	5.8%	2.7%	2.6%	0.9%
Total	755.2	1,177.7	1,528.4	759.4	768.4

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.

The Core Business's revenue is principally generated from retail sales, which represented approximately 85.9%, 94.2%, 97.3% of its revenue for each of the three years ended 31 December 2008, respectively, and approximately 97.4% and 99.1% of its revenue for the six months ended 30 June 2008 and 2009, respectively.

Set out below is a presentation of the revenue of the Core Business by geographical segments during the Track Record Period:

	Year ended 31 December			Six months ended 30 June	
	2006 ⁽¹⁾	2007	2008	2008	2009
	(HK\$ million)			(HK\$ million)	
Mainland China	285.3	518.5	836.0	413.1	457.0
% of total revenue	37.8%	44.0%	54.7%	54.4%	59.5%
Hong Kong	322.4	478.6	522.9	258.4	241.6
% of total revenue	42.7%	40.6%	34.2%	34.0%	31.4%
Taiwan	118.3	164.6	166.9	87.9	69.8
% of total revenue	15.7%	14.0%	10.9%	11.6%	9.1%
Others	29.2	16.0	2.6	—	—
% of total revenue	3.8%	1.4%	0.2%	0.0%	0.0%
Total	755.2	1,177.7	1,528.4	759.4	768.4

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.

Mainland China and Hong Kong are the most important markets of the Core Business, which together accounted for approximately 80.5%, 84.6% and 88.9% of the Core Business's revenue for each of the three years ended 31 December 2008, respectively, and approximately 88.4% and 90.9% of its revenues for the six months ended 30 June 2008 and 2009, respectively. The Group also expanded its retail network in Mainland China for the Core Business, which led to an increase in the revenue contribution from Mainland China from approximately 44.0% of the Core Business's revenue in 2007 to approximately 54.7% of the Core Business's revenue in 2008, and from approximately 54.4% of the

FINANCIAL INFORMATION

Core Business's revenue for the six months ended 30 June 2008 to approximately 59.5% of the Core Business's revenue for the corresponding period in 2009.

Since the completion of the Acquisitions in April 2006, the revenue of the Core Business has been growing substantially due to the 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 representing an approximately 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, adversely affecting the expansion plans for the retail network 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 Group made provisions for the loss-making stores of the Core Business in the amount of nil, approximately HK\$1.1 million, approximately HK\$16.6 million and approximately HK\$3.6 million, for each of the three years ended 31 December 2008 and the six months ended 30 June 2009 respectively.

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 13.6% and 14.7%, respectively. The operating margin of the Core Business for the three months ended 30 September 2009 was approximately 13.6%.

Cost of sales

The cost of sales of the Core Business mainly consists of raw materials, direct labour costs, processing fees, production overheads and costs of finished products. The following table sets out the breakdown of the cost of sales of the Core Business during the Track Record Period:

	Year ended 31 December			Six months ended 30 June	
	2006 ⁽¹⁾	2007	2008	2008	2009
	(HK\$ million)			(HK\$ million)	
Retail	130.6	250.3	379.9	165.8	201.7
% of total cost of sales	58.8%	85.1%	90.8%	93.0%	95.9%
Others	91.5	43.9	38.7	12.4	8.6
% of total cost of sales	41.2%	14.9%	9.2%	7.0%	4.1%
Total	222.1	294.2	418.6	178.2	210.3

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 Core Business as they have become subsidiaries of Parent Group after the completion of the Acquisitions on 30 April 2006.

THIS WEB PROOF INFORMATION PACK IS IN DRAFT FORM. The information contained in it is incomplete and is subject to change. This Web Proof Information Pack must be read in conjunction with the section headed "Warning" on the cover of this Web Proof Information Pack.

FINANCIAL INFORMATION

Gross profit

The following tables set out the gross profit and gross profit margins of the Core Business during the Track Record Period by nature of businesses and by geographic segments:

	Year ended 31 December			Six months ended 30 June	
	2006 ⁽¹⁾	2007	2008	2008	2009
	(HK\$ million)			(HK\$ million)	
Retail	517.8	858.8	1,106.7	573.6	559.7
Gross profit margin — retail	79.9%	77.4%	74.4%	77.6%	73.5%
Others	15.3	24.7	3.1	7.6	(1.6)
Gross profit margin — others	14.3%	36%	7.4%	38%	(22.9)%
Total	533.1	883.5	1,109.8	581.2	558.1
Gross profit margin	70.6%	75.0%	72.6%	76.5%	72.6%

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.

	Year ended 31 December			Six months ended 30 June	
	2006 ⁽¹⁾	2007	2008	2008	2009
	(HK\$ million)			(HK\$ million)	
Mainland China retail	218.0	409.5	617.1	321.8	341.0
Gross profit margin — Mainland China	76.4%	79.0%	73.8%	77.9%	74.6%
Hong Kong retail	200.6	333.0	373.4	189.4	171.9
Gross profit margin — Hong Kong	81.9%	78.2%	77.6%	79.4%	73.3%

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 Core Business as they have become subsidiaries of Parent Group after the completion of the Acquisitions on 30 April 2006.

Gross profit margin of the Core Business's retail sales during the Track Record Period was higher than that of the Core Business's other sales. The Core Business maintained a relatively stable gross profit margin for its retail sales throughout 2006, 2007 and the first half of 2008. Due to the impact of the global financial turmoil, the gross profit margin of the Core Business's retail sales dropped in the second half of 2008 (which is reflected by the fact that the gross profit margin of the Core Business's retail sales for the full year of 2008 was lower than that of the first half of 2008) and first half of 2009. The decline in the gross profit margin of the Core Business was mainly because of discounts offered in response to the global financial turmoil, which were unprecedented in terms of the accelerated and prolonged discount periods, which began earlier than the same periods in previous years for the second half of 2008 and the first half of 2009 by one to two months, and the deeper rates of discounts, in order to maintain the competitiveness of the Core Business in the market. The average rates of discounts offered in the second half of 2008 and first half of 2009 were approximately 8% and 10% higher than the same periods in previous years, respectively.

Other income

Other income of the Core Business mainly consists of consultancy fee, administrative fee income, subsidy income, and miscellaneous income.

FINANCIAL INFORMATION

Selling and marketing expenses

Selling and marketing expenses of the Core Business consist of store operating expenses and other selling and marketing expenses. Store operating expenses comprise store staff expenses, store rental expenses and other store expenses.

Set out below is a breakdown of selling and marketing expenses of the Core Business during the Track Record Period:

	Year ended 31 December			Six months ended 30 June	
	2006 ⁽¹⁾	2007	2008	2008	2009
	(HK\$ million)			(HK\$ million)	
Store rental expense	145.8	249.9	328.0	158.5	178.8
as a % of retail revenue	22.5%	22.5%	22.1%	21.5%	23.5%
Store staff expense	45.2	82.2	123.8	58.0	68.2
as a % of retail revenue	7.0%	7.4%	8.3%	7.8%	9.0%
Other store expenses	40.5	81.6	116.2	52.7	50.7
as a % of retail revenue	6.2%	7.4%	7.8%	7.1%	6.6%
Store operating expenses	231.5	413.7	568.0	269.2	297.7
as a % of retail revenue	35.7%	37.3%	38.2%	36.4%	39.1%
Other selling and marketing expenses	21.4	54.8	76.1	38.8	31.6
as a % of retail revenue	3.3%	4.9%	5.1%	5.2%	4.2%
Total selling and marketing expenses	252.9	468.5	644.1	308.0	329.3

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 Core Business as they have become subsidiaries of Parent Group after the completion of the Acquisitions on 30 April 2006.

The store rental expenses of the Core Business amounted to approximately HK\$145.8 million, HK\$249.9 million and HK\$328.0 million for each of the three years ended 31 December 2008, and approximately HK\$158.5 million and HK\$178.8 million for the six months ended 30 June 2008 and 2009, respectively, which represented approximately 22.5%, 22.5% and 22.1% of the total retail revenues for each of the three years ended 31 December 2008, and approximately 21.5% and 23.5% of total retail revenues for the six months ended 30 June 2008 and 2009, respectively. The rent of a majority of the Group's retail stores for the Core Business are payable in the form of variable rent which typically is either based solely on a percentage of turnover of the relevant store or in addition to a minimum fixed amount. For stores with variable rent with a minimum fixed portion, if turnover falls below a predetermined threshold, the store will pay a minimum rent. If the turnover of the store stays above such threshold, rental payment of the store will be a percentage of the turnover. For stores with variable rent with no minimum fixed portion, there is no predetermined threshold and therefore the Group has no committed rental payment. The rental payment will be a percentage of the turnover. For stores with fixed rent, rental payment does not vary with turnover and is based on an agreed amount. Most of the stores located in Mainland China typically pay a variable rent, whilst stores in Hong Kong pay either variable rent or fixed rent.

The table below sets out a summary of the proportion of the leases of the Group with rental payable in fixed and variable rent, and the year of expiry of such leases as at 30 September 2009. The information presented below is not comparable to the classification of rental expenses presented in the Accountant's Report, in which fixed rental expenses portion were included under 'rental expense — minimum lease payment' and variable rental expenses portion were included under 'rental expenses —

FINANCIAL INFORMATION

contingent rents'. It is because there are two types of variable rent terms: (1) the rental payment of stores under variable rent terms with a minimum fixed portion of rent were included under "rental expenses — minimum lease payment" in the Accountant's Report if their turnover falls below a predetermined threshold, whereas, if their turnover is above the predetermined threshold, the minimum fixed portion of rent were included under "rental expenses — minimum lease payment" in the Accountants' Report while the portion above the minimum fixed portion of rent were included under "rental expenses — contingent rents". (2) The rental payment of stores under variable rent terms with no minimum fixed portion of rent are included under "Variable Rent with no minimum portion" while those with a minimum fixed portion are included under "Variable Rent with minimum portion" in the table below. The rental payment of stores under fixed rent terms were included under "rental expenses — minimum lease payment" in the Accountant's Report and under "Fixed Rent" in the table below.

<u>Rental/Expiry</u>	<u>no of stores</u>					<u>Total</u>
	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	
Fixed Rent	0	8	4	0	2	14
Variable Rent with minimum portion	13	47	22	9	0	91
Variable Rent with no minimum portion	22	147	48	31	0	248
	<u>35</u>	<u>202</u>	<u>74</u>	<u>40</u>	<u>2</u>	<u>353</u>

<u>Rental/Expiry</u>	<u>% of stores</u>					<u>Total</u>
	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	
Fixed Rent	0.0%	2.3%	1.1%	0.0%	0.6%	4.0%
Variable Rent with minimum portion	3.7%	13.3%	6.2%	2.5%	0.0%	25.8%
Variable Rent with no minimum portion	6.2%	41.6%	13.6%	8.8%	0.0%	70.3%
	<u>9.9%</u>	<u>57.2%</u>	<u>21.0%</u>	<u>11.3%</u>	<u>0.6%</u>	<u>100.0%</u>

Although the amount of store rental expenses paid by the Group for the Core Business fluctuated during the Track Record Period, store rental expenses for the Core Business as a percentage of retail revenue in fact remained relatively stable over the same period. The store staff expenses of the Core Business amounted to approximately HK\$45.2 million, HK\$82.2 million and HK\$123.8 million for each of the three years ended 31 December 2008, and approximately HK\$58.0 million and HK\$68.2 million for the six months ended 30 June 2008 and 2009, respectively, which represented approximately 7.0%, 7.4% and 8.3% of the total retail revenues for each of the three years ended 31 December 2008, and approximately 7.8% and 9.0% of the total retail revenues for the six months ended 30 June 2008 and 2009, respectively. For each of the three years ended 31 December 2008, and the six months ended 30 June 2008 and 2009, selling and marketing expenses of the Core Business represented approximately 39.0%, 42.2%, 44.3%, 41.7% and 43.3% of the total retail revenues, respectively.

FINANCIAL INFORMATION

Store contribution profit

The following table sets out the store contribution profit and store contribution margin of the Core Business during the Track Record Period:

	Year ended 31 December			Six months ended 30 June	
	2006 ⁽¹⁾	2007	2008	2008	2009
	(HK\$ million)			(HK\$ million)	
Mainland China ⁽²⁾	124.8	204.6	276.8	166.1	158.3
Store contribution margin — Mainland China ⁽³⁾	43.8%	39.5%	33.1%	40.2%	34.6%
Hong Kong ⁽²⁾	115.0	194.2	204.7	111.1	82.9
Store contribution margin — Hong Kong ⁽³⁾	47.0%	46.1%	42.5%	47.9%	35.3%

Notes:

- (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.
- (2) Store contribution profit represents retail revenue minus retail cost of sales and store operating expenses.
- (3) Store contribution margin represents store contribution profit as a percentage of retail revenue.

As shown in the table above, the store contribution margins of the Core Business for Mainland China and Hong Kong were relatively stable during 2006, 2007 and the first half of 2008. Due to the impact of the global financial turmoil, the store contribution margins for Mainland China and Hong Kong dropped significantly in the second half of 2008 (which is reflected by the fact that the store contribution margins of the Core Business for the full year of 2008 were significantly lower than those of the first half of 2008) and first half of 2009. The decline in the gross profit margin of the Core Business was mainly because of discounts offered in response to the global financial turmoil, which were unprecedented in terms of the accelerated and prolonged discount periods, which began earlier than the same periods in previous years for the second half of 2008 and the first half of 2009 by one to two months, and the deeper rates of discounts, in order to maintain the competitiveness of the Core Business in the market. The average rates of discounts offered in the second half of 2008 and first half of 2009 were approximately 8% and 10% higher than the same periods in the prior years, respectively.

Administrative expenses

Administrative expenses of the Core Business mainly consist of staff expenses (other than store staff expenses), rental expenses (other than store rental expenses), and miscellaneous expenses.

Other gains

Other gains of the Core Business consist of foreign exchange gains.

Finance income/(costs) - net

Finance income of the Core Business mainly consists of interest income on cash deposits. Finance costs of the Core Business mainly consist of interest expenses on bank loans and borrowings.

Share of profit of jointly controlled entities

The Core Business has a 50% equity interest in a number of joint ventures with Salvatore Ferragamo in South Korea, Malaysia, Singapore and Thailand. The Core Business's income from its

THIS WEB PROOF INFORMATION PACK IS IN DRAFT FORM. The information contained in it is incomplete and is subject to change. This Web Proof Information Pack must be read in conjunction with the section headed "Warning" on the cover of this Web Proof Information Pack.

FINANCIAL INFORMATION

investment in the JVs is based on the Core Business's share of profit of the JVs and is accounted for using the equity method of accounting.

Income tax expense

The Core Business has not been subject to any transfer-pricing assessment by relevant local tax authorities. All tax returns relating to the Group have been filed within the prescribed deadlines. Insofar as the Directors are aware, the Group was not involved in any tax disputes with, and did not receive any complaints from, any tax authorities as at the Latest Practicable Date.

Bermuda and the BVI

The Core Business is not subject to any income tax in the Bermuda or the BVI.

Hong Kong

The Company's Hong Kong subsidiaries in respect of the Core Business are subject to Hong Kong profits tax at the rate of 17.5% on the estimated assessable profit for the two years ended 31 December 2007 and at the rate of 16.5% on the estimated assessable profit for the year ended 31 December 2008 and the six months ended 30 June 2009.

Mainland China

The subsidiaries of the Company in Mainland China in respect of the Core Business are subject to income tax at applicable rates ranging from 15% to 33%.

On 16 March 2007, the National People's Congress of the PRC approved the new Corporate Income Tax Law ("CIT Law"), which reduces the corporate income tax rate for domestic enterprises from 33% to 25% and increases for foreign invested enterprises from 15% to 25% with effect from 1 January 2008.

With effect from 1 January 2008, pursuant to the CIT Law, dividends payable to foreign investors that are non-resident enterprises are subject to a 10% withholding tax, which may be reduced if the foreign jurisdiction of incorporation has a tax treaty with the PRC that provides for a different withholding arrangement. Under the Agreement between the PRC and Hong Kong, Hong Kong tax residents which hold 25% or more of an enterprise in Mainland China are entitled to a reduced dividend withholding tax rate of 5%. Accordingly, withholding tax is payable at 5% on profits of Mainland China subsidiaries earned subsequent to 1 January 2008. Dividends declared and remitted out of Mainland China from retained earnings as at 31 December 2007 were exempted from withholding tax. For jointly controlled entities, withholding tax is payable at the applicable withholding tax rate on dividends in the respective countries.

There are many transactions and calculations for which ultimate tax determination is uncertain as discussed below during the ordinary course of business in determining income tax provisions. Determining income tax provisions therefore involves judgment on the future tax treatment of certain transactions and interpretation of tax rules. Management has evaluated tax implications of transactions and tax provisions are set up accordingly. The tax treatment of such transactions is reconsidered periodically to take into account all changes in tax legislation.

THIS WEB PROOF INFORMATION PACK IS IN DRAFT FORM. The information contained in it is incomplete and is subject to change. This Web Proof Information Pack must be read in conjunction with the section headed "Warning" on the cover of this Web Proof Information Pack.

FINANCIAL INFORMATION

In addition, management has taken into account the future cash flow requirements of the Group's companies in determining withholding tax provisions. The Group provides for withholding tax on undistributed earnings of its subsidiaries and jointly controlled entities when it is probable that dividends will be declared and the related withholding tax is payable in the foreseeable future. Revision of any of the preferential tax treatments that our Mainland China subsidiaries currently enjoy would also have an effect on the Group's results.

Other jurisdictions

The Group has properly accounted for all taxes in respect of other jurisdictions that it may have tax exposure such as wholesale of products to its distributor in Australia and New Zealand.

FINANCIAL INFORMATION

REVIEW OF OPERATING RESULTS

The following discussion is based on the results of the Core Business only. Due to the factors affecting the Group's results of operations described above, the Group's results of operations may not be indicative of its future performance. In particular, the Group's future results will not include that of the Non-core Business, which ceased to form part of the Group on 25 August 2009. Accordingly, the following discussion does not include the results of the Non-core Business.

The following is a year to year comparison of the financial results of the Core Business for the three years ended 31 December 2008 and the six months ended 30 June 2008 and 2009:

The following table presents selected financial data relating to the results of the Core Business 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:

	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	—
	<u>189.1</u>	<u>135.1</u>	<u>121.6</u>	<u>128.7</u>	<u>67.8</u>

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.

Six months ended 30 June 2009 compared to six months ended 30 June 2008

Revenue

For the six months ended 30 June 2009, the revenue of the Core Business was approximately HK\$768.4 million. For the six months ended 30 June 2008, the revenue of the Core Business was approximately HK\$759.4 million. Such increase in revenue was mainly attributable to the increase in

FINANCIAL INFORMATION

the number of retail stores in Greater China from 305 as at 30 June 2008 to 354 as at 30 June 2009 and was partly offset by unprecedented discounts offered in the first half of 2009 in response to the global financial turmoil in order to match the discounts offered by competitors of the Group. The increase was also offset by a decrease in revenue from the wholesale business.

Cost of sales

For the six months ended 30 June 2009, cost of sales of the Core Business amounted to approximately HK\$210.3 million (representing approximately 27.4% of the revenue of the Core Business for the six months ended 30 June 2009). For the six months ended 30 June 2008, cost of sales of the Core Business amounted to approximately HK\$178.2 million (representing approximately 23.5% of the revenue of the Core Business for the six months ended 30 June 2008). Such increase in cost of sales of the Core Business was mainly attributable to an increase in the cost of inventories recognised as a result of an increase in revenue and a further provision made for inventories of previous seasons in response to the downturn in the retail sector caused by the global financial turmoil, and was partly offset by a reduction in the wholesale business.

Gross profit

For the six months ended 30 June 2009, the gross profit of the Core Business was approximately HK\$558.1 million (representing a gross profit margin of approximately 72.6%). For the six months ended 30 June 2008, the gross profit of the Core Business was approximately HK\$581.2 million (representing a gross profit margin of approximately 76.5%). The decline in the gross profit margin of the Core Business was mainly because of (i) discounts offered in the first half of 2009 in response to the global financial turmoil, which were unprecedented in terms of the accelerated and prolonged discount period, which began earlier than the same period in previous years for the first half of 2009 by one to two months, and the deeper rates of discount, in order to match the discounts offered by competitors of the Group and (ii) an increase in the cost of sales as discussed above. The average rate of discount offered in the first half of 2009 was approximately 10% higher than the first half of 2008.

Other income

For the six months ended 30 June 2009, other income of the Core Business was approximately HK\$11.9 million. For the six months ended 30 June 2008, other income of the Core Business amounted to approximately HK\$13.5 million. The decrease in other income of the Core Business was mainly attributable to a decrease in subsidy income of approximately HK\$3.4 million.

Selling and marketing expenses

For the six months ended 30 June 2009, selling and marketing expenses of the Core Business was approximately HK\$329.3 million (representing approximately 42.9% of its revenue for the six months ended 30 June 2009). For the six months ended 30 June 2008, the selling and marketing expenses of the Core Business was approximately HK\$308.0 million (representing approximately 40.6% of its revenue for the six months ended 30 June 2008). The overall increase in selling and marketing expenses of the Core Business was mainly attributable to the increase in store staff expenses due to an increase in the number of staff at store level from approximately 1,590 as at 30 June 2008 to approximately 1,760 as at 30 June 2009 and store rental expenses. The increase in store rental expense is due to the increase in number of retail stores.

FINANCIAL INFORMATION

Administrative expenses

For the six months ended 30 June 2009, the administrative expenses of the Core Business amounted to approximately HK\$140.8 million. For the six months ended 30 June 2008, the administrative expenses of the Core Business was approximately HK\$145.1 million. The overall administrative expense was stable during the period.

Other gains

For the six months ended 30 June 2009, other gains of the Core Business was approximately HK\$0.1 million. For the six months ended 30 June 2008, other gains of the Core Business amounted to approximately HK\$28.5 million. The modest gain in the six months ended 30 June 2009 was mainly attributable to the stabilisation of the Renminbi against the Hong Kong dollar whereas in the six months ended 30 June 2008 there had been foreign exchange gains resulting from the appreciation of Renminbi against the Hong Kong dollar.

Operating margin

For the six months ended 30 June 2009, the operating margin of the Core Business was approximately 13.0%. For the six months ended 30 June 2008, the operating margin of the Core Business was approximately 22.4%. Such decrease was mainly attributable to the impact of the global financial turmoil.

Finance income

For the six months ended 30 June 2009, the finance income of the Core Business was approximately HK\$0.2 million. For the six months ended 30 June 2008, the finance income of the Core Business was approximately HK\$2.7 million. This decrease was principally due to lower interest rate during the period.

Finance costs

For the six months ended 30 June 2009, the finance costs of the Core Business was approximately HK\$19.8 million. For the six months ended 30 June 2008, the finance costs of the Core Business was approximately HK\$28.5 million. This decrease was mainly attributable to lower borrowing rate during the period and the reduction in the amount of the outstanding principal of the Assumed Loan as a repayment was made in January 2008.

Share of profit of jointly controlled entities

For the six months ended 30 June 2009, the share of profit from jointly controlled entities of the Core Business was approximately HK\$12.9 million. For the six months ended 30 June 2008, the share of profit from jointly controlled entities of the Core Business was approximately HK\$26.3 million. This substantial decrease of approximately 51.0% was mainly attributable to the decrease in profits of jointly controlled entities and the global financial turmoil, which adversely affected the business environment of jointly controlled entities and led to a depreciation of the Korean Won.

FINANCIAL INFORMATION

Income tax expense

For the six months ended 30 June 2009, the Core Business recorded an income tax expense of approximately HK\$25.5 million (reflecting an effective tax rate of approximately 27.3%). For the six months ended 30 June 2008, the Core Business recorded an income tax expense of approximately HK\$41.9 million (reflecting an effective tax rate of approximately 24.6%). This increase in effective tax rate was primarily attributable to the reduction in the profits of jointly controlled entities, which make up the non-taxable income in the financial statements and the non-recognition of tax losses of a subsidiary in Singapore.

Profit attributable to the equity holders of the Company

For the six months ended 30 June 2009, profit attributable to the equity holders of the Company was approximately HK\$67.8 million. For the six months ended 30 June 2008, profit attributable to the equity holders of the Company was approximately HK\$122.9 million. For the six months ended 30 June 2009, the net profit margin of the Core Business was approximately 8.8%. For the six months ended 30 June 2008, the net profit margin of the Core Business was approximately 16.9%. Such decrease was mainly attributable to the impact of the global financial turmoil.

Year ended 31 December 2008 compared to year ended 31 December 2007

Revenue

For the year ended 31 December 2008, the revenue of the Core Business was approximately HK\$1,528.4 million. For the year ended 31 December 2007, the revenue of the Core Business was approximately HK\$1,177.7 million. Such increase in revenue was mainly attributable to the increase in same-store sales growth for the year ended 31 December 2008 as compared to the same period in the previous year and the increase in the number of retail stores in Greater China from 292 as at 31 December 2007 to 345 as at 31 December 2008.

Cost of sales

For the year ended 31 December 2008, cost of sales of the Core Business amounted to approximately HK\$418.6 million (representing approximately 27.4% of the revenue of the Core Business for 2008). For the year ended 31 December 2007, cost of sales of the Core Business amounted to approximately HK\$294.2 million (representing approximately 25.0% of the revenue of the Core Business for 2007). The increase in the cost of sales was mainly attributable to an increase in revenue and a further provision made for inventory of previous seasons in response to the downturn in the retail sector caused by the global financial turmoil.

Gross profit

For the year ended 31 December 2008, the gross profit of the Core Business was approximately HK\$1,109.8 million (representing a gross profit margin of approximately 72.6%). For the year ended 31 December 2007, the gross profit of the Core Business was approximately HK\$883.5 million (representing a gross profit margin of approximately 75.0%). The gross profit margin of the Core Business declined mainly because of (i) discounts offered in the second half of 2008 across the retail sector in response to the global financial turmoil, which were unprecedented in terms of the accelerated and prolonged discount period, which began earlier than the same period in previous years for the second half of 2008 by one to two months, and the deeper rates of discount, in order to match the

FINANCIAL INFORMATION

discounts offered by competitors of the Group and (ii) an increase in the cost of sales as discussed above. The average rate of discount offered in the second half of 2008 was approximately 8% higher than the second half of 2007.

Other income

For the year ended 31 December 2008, other income of the Core Business was approximately HK\$32.7 million. For the year ended 31 December 2007, other income of the Core Business amounted to approximately HK\$17.9 million. The increase in other income for 2008 was mainly attributable to an increase in subsidy income of approximately HK\$15.4 million.

Selling and marketing expenses

For the year ended 31 December 2008, selling and marketing expenses of the Core Business was approximately HK\$644.1 million (representing approximately 42.1% of its revenue for 2008). For the year ended 31 December 2007, the selling and marketing expenses of the Core Business was approximately HK\$468.5 million (representing approximately 39.8% of its revenue for 2007). The overall increase in selling and marketing expenses in 2008 was mainly attributable to (i) the increase in store-related expenses as a result of an increase in the number of retail stores and hence an increase in the number of staff at store level from approximately 1,360 as at 31 December 2007 to approximately 1,740 as at 31 December 2008; and (ii) an increase in marketing and promotional expenses mainly attributable to more spendings on media advertising and visual merchandising, which was in line with the growth in the revenue of the Core Business.

Administrative expenses

For the year ended 31 December 2008, the administrative expenses of the Core Business amounted to approximately HK\$323.1 million. For the year ended 31 December 2007, the administrative expenses of the Core Business was approximately HK\$227.9 million. The overall increase in administrative expenses in 2008 was mainly attributable to the enhancement and expansion of the brand management and the back-end support in order to support the growth and development of the Core Business such as the opening and expansion of regional offices in Shanghai, Beijing, Chengdu and Guangzhou and the engagements of more consultants and the dedicated corporate compliance team. These have resulted in (i) an increase in staff expenses as headcounts and average salaries increased and also the full year impact of the increase in headcounts in 2007; (ii) an increase in rentals and depreciation as bigger and more offices were occupied and new furniture, fittings and equipments were bought; and (iii) an increase in professional fees due to the costs of the corporate compliance team and increase in the number of consultants. In addition, the provision for doubtful debt of approximately HK\$3.8 million mainly relating to the uniform business and a provision of HK\$11.4 million made in respect of probable additional costs payable by the Group such as VAT and custom duty, also caused an increase in administrative expenses.

Other gains

For the year ended 31 December 2008, other gains of the Core Business was approximately HK\$19.0 million. For the year ended 31 December 2007, other gains of the Core Business amounted to approximately HK\$16.1 million. The increase in other gains for 2008 was mainly attributable to the net increase in foreign exchange gains resulting from the appreciation of Renminbi against the Hong Kong dollar.

FINANCIAL INFORMATION

Operating margin

For the year ended 31 December 2008, the operating margin of the Core Business was approximately 12.7%. For the year ended 31 December 2007, the operating margin of the Core Business was approximately 18.8%. Such decrease was mainly attributable to the full year effect of investment in infrastructure coupled with the impact of the global financial turmoil.

Finance income

For the year ended 31 December 2008, the finance income of the Core Business was approximately HK\$3.4 million. For the year ended 31 December 2007, the finance income of the Core Business was approximately HK\$5.8 million. This decrease was principally due to the decrease in bank balance and a decrease in interest rate.

Finance costs

For the year ended 31 December 2008, the finance costs of the Core Business was approximately HK\$50.9 million. For the year ended 31 December 2007, the finance costs of the Core Business was approximately HK\$79.5 million. The decrease in the finance costs of the Core Business was mainly attributable to the reduction of the amount of the outstanding principal of the Assumed Loan as a repayment was made in January 2008 and a decrease in borrowing rate.

Share of profit of jointly controlled entities

For the year ended 31 December 2008, the share of profit from jointly controlled entities of the Core Business was approximately HK\$42.3 million. For the year ended 31 December 2007, the share of profit from jointly controlled entities of the Core Business was approximately HK\$40.7 million. This increase of approximately 3.9% was mainly attributable to business growth in South Korea and other countries in the South East Asia regions and partially offset by the depreciation in the Korean Won.

Income tax expense

For the year ended 31 December 2008, the Core Business recorded an income tax expense of approximately HK\$67.5 million (reflecting an effective tax rate of approximately 35.7%). For the year ended 31 December 2007, the Core Business recorded an income tax expense of approximately HK\$52.9 million (reflecting an effective tax rate of approximately 28.1%). The increase in effective tax rate in 2008 was primarily attributable to a withholding tax provision of HK\$22.0 million made for distributable profits of Mainland China subsidiaries and jointly controlled entities which was calculated based on a tax rate of 5% on profits earned subsequent to 1 January 2008 for Mainland China subsidiaries, and the applicable withholding tax rate on dividends in the respective countries for jointly controlled entities. The Group provides for withholding tax on undistributed earnings of its subsidiaries and jointly controlled entities when it is probable that dividends will be declared and the related withholding tax is payable in the foreseeable future.

Profit attributable to the equity holders of the Company

For the year ended 31 December 2008, profit attributable to the equity holders of the Company was approximately HK\$115.8 million. For the year ended 31 December 2007, profit attributable to the

FINANCIAL INFORMATION

equity holders of the Company was approximately HK\$120.5 million. For the year ended 31 December 2008, the net profit margin of the Core Business was approximately 8.0%. For the year ended 31 December 2007, the net profit margin of the Core Business was approximately 11.5%. Such decrease was mainly attributable to the impact of the global financial turmoil.

Year ended 31 December 2007 compared to year ended 31 December 2006

As the Acquisitions were completed on 30 April 2006, the operating results for the periods discussed below are not directly comparable. See the paragraph headed "Non-comparability of the Results" in this section above.

Revenue

For the year ended 31 December 2007, the revenue of the Core Business was approximately HK\$1,177.7 million. For the year ended 31 December 2006, the revenue of the Core Business was approximately HK\$755.2 million. Such increase in revenue was mainly attributable to (i) the inclusion of DDL Group and Green Group's full year results for 2007 as opposed to eight months' results for 2006; (ii) the increase in the number of retail stores in 2007 from 225 at the start of 2007 to 292 at the end of 2007 and (iii) an increase in the promotional and marketing activities of the Core Business in 2007, and was partly offset by a decrease in revenue from the wholesale business. The increase in revenue attributable to the opening of new retail stores was not in proportion to the increase in the number of retail stores, as the majority of the new retail stores were opened in the second half of 2007. The costs for setting up new retail stores did not affect the profit margin as such costs were regarded as capital expenditure and were therefore capitalised.

Cost of sales

For the year ended 31 December 2007, cost of sales of the Core Business amounted to approximately HK\$294.2 million (representing approximately 25.0% of the revenue of the Core Business for 2007). For the year ended 31 December 2006, cost of sales of the Core Business amounted to approximately HK\$222.1 million (representing approximately 29.4% of the revenue of the Core Business for 2006). This increase was in line with the growth in the revenue of the Core Business.

Gross profit

For the year ended 31 December 2007, the gross profit of the Core Business was approximately HK\$883.5 million (representing a gross profit margin of approximately 75.0%). For the year ended 31 December 2006, the gross profit of the Core Business was approximately HK\$533.1 million (representing a gross profit margin of approximately 70.6%). The Core Business has successfully increased its gross profit margin to 75.0% mainly because of a significant reduction in lower margin sales from wholesale business and an increase in the higher margin retail sales in 2007.

Other income

For the year ended 31 December 2007, other income of the Core Business was approximately HK\$17.9 million. For the year ended 31 December 2006, other income of the Core Business amounted to approximately HK\$10.1 million. The increase in other income for 2007 was mainly attributable to

FINANCIAL INFORMATION

the provision of administrative services to members of Parent Group, and claims on purchases of raw materials.

Selling and marketing expenses

For the year ended 31 December 2007, selling and marketing expenses of the Core Business was approximately HK\$468.5 million (representing approximately 39.8% of its revenue for 2007). For the year ended 31 December 2006, the selling and marketing expenses was approximately HK\$252.9 million (representing approximately 33.5% of its revenue for 2006). The overall increase in selling and marketing expenses in 2007 was mainly attributable to (i) the inclusion of the full year results of DDL Group and Green Group for 2007 as opposed to eight months' results for 2006; (ii) the increase in store staff expenses, logistic costs and store rental expenses resulting from a combination of the increase in number of retail stores and an increase in the market rates of rental; and (iii) an increase in promotional and marketing expenses; and (iv) significant investments in infrastructure undertaken in 2007 to build a platform for growth going forward, such as the setting up of a real-time POS system and an expansion of dedicated brand management teams. The costs for setting up new retail stores did not affect the profit margin as such costs were regarded as capital expenditure and were therefore capitalised.

Administrative expenses

For the year ended 31 December 2007, the administrative expenses of the Core Business amounted to approximately HK\$227.9 million. For the year ended 31 December 2006, the administrative expenses of the Core Business was approximately HK\$97.2 million. The overall increase in administrative expense in 2007 was mainly due to (i) the inclusion of the full year results of DDL Group and Green Group for 2007 as opposed to eight months' results for 2006; and (ii) the increase in staff expenses, rental expenses and other expenses as a result of the expansion of the teams which managed the dedicated business streams to support the establishment, growth and management of the Brands. In particular, the increase in staff expenses in 2007 was a result of the decision of the Group to revamp its centralised operational and back-office infrastructure for the Core Business which involved increasing the number of support staff. Such increase in administrative expenses contributed to the establishment of a sustainable "plug-and-play" platform to provide future business scalability.

Other gains

For the year ended 31 December 2007, other gains of the Core Business was approximately HK\$16.1 million. For the year ended 31 December 2006, other gains of the Core Business amounted to approximately HK\$3.4 million. The increase in other gains for 2007 was mainly attributable to the net increase in foreign exchange gains resulting from the appreciation of Renminbi against the Hong Kong dollar.

Operating margin

For the year ended 31 December 2007, the operating margin of the Core Business was approximately 18.8%. For the year ended 31 December 2006, the operating margin of the Core Business was approximately 26.0%. Such decrease was mainly attributable to the increase in selling and marketing expenses, and the administrative expenses as mentioned above.

Finance income

For the year ended 31 December 2007, the finance income of the Core Business was approximately HK\$5.8 million. For the year ended 31 December 2006, the finance income of the Core

FINANCIAL INFORMATION

Business was approximately HK\$1.9 million. This increase was principally due to higher bank balances which was primarily due to the fund raising exercise undertaken by the Company towards the end of 2007.

Finance costs

For the year ended 31 December 2007, the finance costs of the Core Business was approximately HK\$79.5 million, which was mainly attributable to an increase in bank borrowings arising from the assumption of the Assumed Loan by the Group from Parent Group in January 2007. The Core Business did not incur any finance cost in 2006.

Share of profit of jointly controlled entities

For the year ended 31 December 2007, the share of profit from jointly controlled entities of the Core Business was approximately HK\$40.7 million. For the year ended 31 December 2006, the share of profit from jointly controlled entities of the Core Business was approximately HK\$32.6 million. This substantial increase of approximately 24.8% was mainly attributable to the increase in the number of their retail stores.

Income tax expense

For the year ended 31 December 2007, the Core Business recorded an income tax expense of approximately HK\$52.9 million (reflecting an effective tax rate of approximately 28.1%). For the year ended 31 December 2006, the Core Business recorded an income tax expense of approximately HK\$41.9 million (reflecting an effective tax rate of approximately 18.1%). The increase in effective tax rate in 2007 was primarily attributable to the non-deductible interest expense of approximately HK\$79.5 million relating to the initial acquisitions of DDL Group and Green Group which was capital in nature.

Profit attributable to the equity holders of the Company

For the year ended 31 December 2007, profit attributable to the equity holders of the Company was approximately HK\$120.5 million. For the year ended 31 December 2006, profit attributable to the equity holders of the Company was approximately HK\$171.9 million. For the year ended 31 December 2007, the net profit margin of the Core Business was approximately 11.5%. For the year ended 31 December 2006, the net profit margin of the Core Business was approximately 25.0%. Such decrease was mainly attributable to the increase in finance costs, selling and marketing expenses, and the administrative expenses as mentioned above.

FINANCIAL INFORMATION

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL RESOURCES

Cash flows of the Core Business

To date, the Core Business has funded its operations through proceeds from sales of its products, capital contribution from shareholders, and borrowings. The following table is a summary of the selected cash flow data of the Core Business for the three years ended 31 December 2008 and the six months ended 30 June 2008 and 2009:

	Year ended 31 December			Six months ended 30 June	
	2006	2007	2008	2008	2009
	(HK\$ million)			(HK\$ million)	
Net cash inflow/(outflow) from operating activities	49.0	62.5	(13.7)	(19.5)	170.4
Net cash inflow/(outflow) from investing activities	152.3	(98.4)	(212.3)	(122.7)	2.7
Net cash (outflow)/inflow from financing activities	(73.9)	706.0	(449.3)	(457.2)	(15.1)
Net increase/(decrease) in cash and cash equivalents	127.4	670.1	(675.3)	(599.4)	158.0
Cash and cash equivalents at the end of the year/period	127.4	797.5	122.2	198.1	280.2

Operating activities

The operating cash inflows of the Core Business were principally generated from the retail sale of its products.

For the six months ended 30 June 2009, the profit before income tax of the Core Business was approximately HK\$93.3 million while the Core Business recorded a net cash inflow from operating activities of approximately HK\$170.4 million. The difference of HK\$77.1 million was mainly due to the decrease in working capital of approximately HK\$71.7 million and an adjustment for share of profit of jointly controlled entities of approximately HK\$12.9 million, partly offset by an adjustment for interest expenses of approximately HK\$19.8 million and an adjustment for depreciation of approximately HK\$28.3 million. The decrease in working capital was principally a result of the decrease in inventories of approximately HK\$55.1 million, decrease in trade and other receivables of approximately HK\$64.0 million, decrease in trade and other payables of approximately HK\$57.3 million and increase in net amount due from related companies of approximately HK\$1.1 million. The decrease in inventories for the six months ended 30 June 2009 was primarily attributable to clearance of inventories and decrease in purchases. The decrease in trade and other receivables was due to improved cash collections from department stores and lower sales in June 2009 as compared to December 2008 due to seasonality effects. The decrease in trade and other payables was mainly the result of a decrease in trade payables of approximately HK\$13.2 million and decrease of accrued expenses of approximately HK\$33.1 million.

For the year ended 31 December 2008, the profit before income tax of the Core Business was approximately HK\$189.1 million while the Core Business recorded a net cash outflow from operating activities of approximately HK\$13.7 million. The difference of HK\$202.8 million was mainly due to the increase in working capital of approximately HK\$222.1 million and an adjustment for share of profit of jointly controlled entities of approximately HK\$42.3 million, partly offset by an adjustment for interest expenses of approximately HK\$50.9 million and an adjustment for depreciation of approximately HK\$58.9 million. The increase in working capital was principally a result of the increase in inventories of approximately HK\$117.1 million, increase in trade and other receivables of approximately HK\$46.8 million, increase in trade and other payables of approximately HK\$16.7 million and increase in net amount due from related companies of approximately HK\$74.9 million.

FINANCIAL INFORMATION

The increase in inventories in 2008 was primarily attributable to the increase in the number of retail stores of the Core Business from 292 as at 31 December 2007 to 345 as at 31 December 2008 and the maintenance of a higher inventory level to avoid stock shortage. The increase in trade and other receivables was also due to an increase in the number of retail stores of the Core Business. The increase in trade and other payables was mainly the result of a decrease of accrued expenses of approximately HK\$24.4 million.

For the year ended 31 December 2007, the profit before income tax of the Core Business was approximately HK\$188.1 million while the Core Business recorded a net cash inflow from operating activities of approximately HK\$62.5 million. The difference of HK\$125.6 million was mainly due to the increase in working capital of approximately HK\$128.6 million and an adjustment for share of profit of jointly controlled entities of approximately HK\$40.7 million, partly offset by an adjustment for interest expenses of approximately HK\$79.5 million and an adjustment for depreciation of approximately HK\$30.6 million. The increase in working capital was principally a result of the increase in inventories of approximately HK\$225.2 million, increase in trade and other receivables of approximately HK\$27.0 million, increase in trade and other payables of approximately HK\$117.2 million and decrease in net amount due from related companies of approximately HK\$6.4 million. The increase in inventories in 2007 was primarily attributable to the increase in the number of retail stores of the Core Business from 225 as at 31 December 2006 to 292 as at 31 December 2007 and the maintenance of a higher inventory level to avoid stock shortage. The increase in trade and other receivables was also due to an increase in the number of retail stores of the Core Business. The increase in trade and other payables was mainly the result of (i) an increase in trade payables of approximately HK\$46.5 million and accrued expenses of approximately HK\$83.2 million which were in line with the expansion of the Core Business; and (ii) a decrease in dividend payable to previous shareholders of approximately HK\$164.8 million.

For the year ended 31 December 2006, the profit before income tax of the Core Business was approximately HK\$231.0 million. For the year ended 31 December 2006, the Core Business recorded a net cash inflow from operating activities of approximately HK\$49.0 million, which was mainly due to the increase in working capital of approximately HK\$123.6 million and an adjustment for share of profit of jointly controlled entities of approximately HK\$32.6 million, partly offset by an adjustment for depreciation of approximately HK\$12.9 million. The increase in working capital was primarily attributable to the increase in inventories of approximately HK\$26.5 million, increase in trade and other receivables of approximately HK\$36.0 million and increase in amount due from related companies of approximately HK\$62.5 million. The increase in inventories in 2006 was primarily attributable to the increase in the number of retail stores of the Core Business from 217 as at 1 May 2006 to 225 as at 31 December 2006.

Investing activities

The investing activities of the Core Business mainly consist of investments in property, plant and equipment, acquisitions of subsidiaries and disposal of investments. During the Track Record Period, the Core Business invested a substantial amount of money in order to expand its retail network. During the period from 1 May 2006 to 30 June 2009, the number of retail stores of the Core Business in Greater China increased from 217 to 354.

For the six months ended 30 June 2009, the net cash generated from investing activities by the Core Business was approximately HK\$2.7 million, which was mainly attributable to dividend received

FINANCIAL INFORMATION

from jointly controlled entities of HK\$11.9 million, offset by the renovation of new and existing retail stores of approximately HK\$9.2 million.

For the year ended 31 December 2008, the net cash used in investing activities by the Core Business was approximately HK\$212.3 million, which was mainly attributable to (i) the renovation of new and existing retail stores and the acquisition of computer systems to support the expanded business amounting to approximately HK\$84.1 million and (ii) the acquisition of intangible assets attributable to the Kent & Curwen acquisition amounting to approximately HK\$129.5 million in aggregate.

For the year ended 31 December 2007, the net cash used in investing activities by the Core Business was approximately HK\$98.4 million, which was mainly attributable to the renovation of new retail stores and the acquisition of computer systems to support the expanded business amounting to approximately HK\$104.2 million in aggregate.

For the year ended 31 December 2006, the net cash inflow from investing activities by the Core Business was approximately HK\$152.3 million, which was mainly attributable to the inclusion of the cash balances of approximately HK\$153.1 million in aggregate of DDL Group and Green Group into the Core Business upon completion of the Acquisitions.

Financing activities

The financing activities of the Core Business mainly consists of receipts and repayments of loans, payment of dividends and capital contribution from shareholders.

For the six months ended 30 June 2009, the net cash used in financing activities by the Core Business was approximately HK\$15.1 million, which was mainly attributable to the payment of final dividends to shareholders amounting to HK\$57.8 million which was partly offset by a net increase of bank borrowing of HK\$42.7 million.

For the year ended 31 December 2008, the net cash used in financing activities by the Core Business was approximately HK\$449.3 million, which was mainly attributable to the repayment of borrowings of approximately HK\$855.7 million, partly offset by proceeds from new borrowings and issue of shares to investors amounting to approximately HK\$489.8 million.

For the year ended 31 December 2007, the net cash inflow from financing activities by the Core Business was approximately HK\$706.0 million, which was mainly attributable to proceeds from the issue of shares to the investors. This also increased the segment assets attributable to the Hong Kong operations as at 31 December 2007. The proceeds from the issue of shares were primarily used to repay part of the bank borrowings in January 2008.

For the year ended 31 December 2006, the net cash outflow from financing activities by the Core Business was approximately HK\$73.9 million, which was mainly attributable to the payment of dividends of approximately HK\$74.0 million.

FINANCIAL INFORMATION

ANALYSIS OF INVENTORIES, TRADE RECEIVABLES AND TRADE PAYABLES OF THE CORE BUSINESS

Inventories and average inventory turnover days

	As at/for the year ended 31 December			As at/for the six months ended 30 June
	2006 ⁽²⁾	2007	2008	2009
Inventories balance (HK\$ million)	193.2	418.4	537.6	482.5
Average inventory turnover days ⁽¹⁾	107	379	417	443

Notes:

(1) *Average inventory turnover days is calculated by dividing average inventories by cost of sales and then multiplying the result by the number of days in the relevant period. The number of days in a relevant period is 365 for any 12-month period (save for the 12-month period ended 31 December 2008, for which the number of days is 366), 245 for the eight-month period ended 31 December 2006 and 181 for the six-month period ended 30 June 2009.*

(2) *The figures relate to the period of eight months commenced from 1 May 2006 after Parent Group acquired DDL Group and Green Group pursuant to the Acquisitions.*

The inventories of the Core Business as at 31 December 2008 and 30 June 2009 were approximately HK\$537.6 million and HK\$482.5 million, respectively. Such decrease in inventories of the Core Business of approximately 10.2% as compared to inventories as at 31 December 2008 was primarily due to clearance of inventories and decrease in purchases of raw materials and finished goods. Of the HK\$482.5 million of inventories as at 30 June 2009, HK\$66.1 million were subsequently used or sold during the three months ended 30 September 2009.

The inventories of the Core Business as at 31 December 2006, 2007 and 2008 were approximately HK\$193.2 million, HK\$418.4 million and HK\$537.6 million, respectively. The increase in inventories of the Core Business in 2007 of approximately 116.6% as compared to 2006 was primarily due to an increase in the number of retail stores towards the year end and the strategy of the Core Business to maintain higher levels of inventories in order to avoid stock shortage and lost opportunities. 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 inventory turnover days of the Core Business increased from 379 days for the year ended 31 December 2007 to 417 days for the year ended 31 December 2008, which was primarily attributable to the maintenance of a higher inventory level to avoid stock shortage and a large portion of the new retail stores being opened in the last quarter of 2007 and for the year 2008. The increase in the average inventory turnover days to 443 days for the six months ended 30 June 2009 was also primarily due to the expansion in the retail network as well as the total sales of the Group as a whole falling well below expectations throughout the second half of 2008 and the first half of 2009 due to the global financial turmoil. The Group is taking practical steps to keep its inventory levels in check. The inventory policy of the Group is set out in more detail below.

As at 30 June 2009, there were raw materials carried at net realisable value. Management of the Core Business performed a specific review of all raw materials as at 30 June 2009 and were satisfied that raw materials were carried at the lower of cost and net realisable value. Management considers the provision for impairment losses on raw materials for the Core Business amounting to approximately HK\$4.4 million as at 30 June 2009 to be adequate.

FINANCIAL INFORMATION

A substantial part of the inventories of the Core Business comprises finished goods. Management performed a specific review of all finished goods for the Core Business as at 30 June 2009 and were satisfied that finished goods were carried at the lower of cost and net realisable value. Management considers the provision for impairment losses on finished goods for the Core Business amounting to approximately HK\$37.9 million as at 30 June 2009 to be adequate in view of the Group's inventory control policy as set out below:

- (i) the products sold by the Core Business are less sensitive to rapid changes in fashion trends as it operates in the high-to-luxury end menswear segment and some past season products continue to be sold in the retail stores other than factory outlets;
- (ii) Management of the Core Business (including the Chief Financial Officer and Managing Director of the Group) meets monthly to review the level of aged inventories and sets specific goals to reduce any excess aged products, which varies from time to time depending on seasonality effects, for instance, by setting up concession counters at department stores to hold bargain sales and organising private sale events for staff of the Group. The Group evaluates sales and demand levels from time to time to determine the ideal inventory level and form relevant strategies to achieve such target level. The Group also aims to make more precise estimates of the sales of each season and the level of raw materials and finished products required to ensure that only an optimum level of inventories is held in order to reduce inventory holding periods and tighten control over the procurement process; and
- (iii) the Core Business has set up factory outlets across Greater China to sell any excess past season products.

The Group is responsive to seasonal and swift changes in consumer demand and therefore has no rigid inventory control policy or pre-set inventory level. In order to reduce excess aged inventories, the Group regularly reviews the ageing condition of its inventories, and considers whether a provision is necessary semi-annually. Aged inventories will be fully provided for by the 10th season (that is, in approximately five years). In order to control its inventory levels, the Group has adopted a more structured approach namely through the launch of a procurement information system in July 2009. The procurement information system allows the Group to better monitor its procurement process so that the timing of purchases and production of finished goods are optimised to reduce inventory holding days. It also enables the Group to more accurately determine the quantity of inventories to be purchased and the volume of finished goods to be produced based on the current level of inventories and the sales forecast. The system also gathers information such as historical sales data from the POS system to facilitate brand management and to better forecast the sales mix for each season, which helps to prevent the purchase of inventories for, and production of, unpopular product categories. With this system in place, the Group is able to better manage the volume and the number of holding days for its inventories, and hold only an optimal level of inventories for each season. Further, the Group also intends to increase the number of factory outlets and the size of its retail network to facilitate the clearance of aged inventories.

THIS WEB PROOF INFORMATION PACK IS IN DRAFT FORM. The information contained in it is incomplete and is subject to change. This Web Proof Information Pack must be read in conjunction with the section headed "Warning" on the cover of this Web Proof Information Pack.

FINANCIAL INFORMATION

Trade receivables and average trade receivables turnover days

	As at/for the year ended 31 December			As at/for the six months ended 30 June
	2006 ⁽²⁾	2007	2008	2009
Trade receivables balance (HK\$ million)	116.6	150.9	174.4	103.5
Average trade receivables turnover days ⁽¹⁾	19	41	39	33

Notes:

- (1) Average trade receivables turnover days is calculated by dividing average trade receivables by revenue and then multiplying the result by the number of days in the relevant period. The number of days in a relevant period is 365 for any 12-month period (save for the 12-month period ended 31 December 2008, for which the number of days is 366), 245 for the eight-month period ended 31 December 2006 and 181 for the six-month period ended 30 June 2009.
- (2) The figures relate to the period of eight months commenced from 1 May 2006 after Parent Group acquired DDL Group and Green Group pursuant to the Acquisitions.

The trade receivables of the Core Business as at 31 December 2008 and 30 June 2009 were approximately HK\$174.4 million and HK\$103.5 million, respectively. Such decrease was mainly due to the higher sales recorded in December 2008 as compared to June 2009 arising from seasonality effects. Of the HK\$103.5 million of trade receivables as at 30 June 2009, HK\$98.8 million were subsequently settled during the two months ended 31 August 2009.

The trade receivables of the Core Business as at 31 December 2006, 2007 and 2008 were approximately HK\$116.6 million, HK\$150.9 million and HK\$174.4 million, respectively. The increase in trade receivables in 2008 of approximately 15.6% as compared to 2007 was primarily due to an increase in sales as a result of improvement in same-store sales growth as compared to the same period in the previous year and the opening of new retail stores in department stores in 2008.

The provision for impairment of trade receivables of the Core Business as at 31 December 2006, 2007 and 2008, and 30 June 2009 were approximately HK\$1.4 million, HK\$0.5 million, HK\$4.2 million and HK\$1.8 million, respectively. Management of the Core Business performs regular reviews of trade receivables and provides against specific doubtful accounts. In determining provision for trade receivables, management takes into account the credit history and payment pattern of their customers as well as their on-going relationship with the Group. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The decrease in the provision for impairment of trade receivables as at 30 June 2009 as compared to 31 December 2008 was a result of doubtful accounts relating to the uniform business in the prior year that were subsequently collected in 2009. The increase in the provision for impairment of trade receivables as at 31 December 2008 as compared to 31 December 2007 was a result of the provision made for doubtful accounts also relating to the uniform business. The decrease in the provision for impairment of trade receivables as at 31 December 2007 as compared to 31 December 2006 was a result of one specific account in the prior year that was subsequently collected in 2007 and some in 2008. The related provision for impairment of trade receivables was therefore reversed in 2007 and 2008, respectively.

The accounts receivables derived from revenue of retail customers, namely department stores, in respect of the Core Business for the six months ended 30 June 2009 and each of the three years ended 31 December 2008 amounted to approximately HK\$99.7 million, HK\$111.4 million, HK\$136.9 million and HK\$167.3 million, respectively. The accounts receivable derived from revenue of

FINANCIAL INFORMATION

corporate customers, namely customers for the uniform and wholesale business, in respect of the Core Business for the six months ended 30 June 2009 and each of the three years ended 31 December 2008 amounted to approximately HK\$3.8 million, HK\$5.2 million, HK\$14.0 million and HK\$7.1 million respectively. The Group's concessionaire sales through department stores are generally collectible within 30 days from the invoice date while the sales to corporate customers are generally on credit terms ranging from 30 to 90 days.

The average trade receivables turnover days decreased from 39 days for the year ended 31 December 2008 to 33 days for the six months ended 30 June 2009. Such decrease was mainly due to higher sales recorded in December 2008 as compared to June 2009.

The average trade receivables turnover days decreased from 41 days for the year ended 31 December 2007 to 39 days for the year ended 31 December 2008. Such decrease was mainly due to an improvement in cash collection from department stores.

Trade payables and trade payables turnover days

	As at/for the year ended 31 December			As at/for the six months ended 30 June
	2006 ⁽²⁾	2007	2008	2009
Trade payables balance (HK\$ million)	12.1	58.6	50.9	37.7
Average trade payables turnover days ⁽¹⁾	7	44	48	38

Notes:

(1) *Average trade payables turnover days is calculated by dividing average trade payables by cost of sales and then multiplying the result by the number of days in the relevant period. The number of days in a relevant period is 365 for any 12-month period (save for the 12-month period ended 31 December 2008, for which the number of days is 366), 245 for the eight-month period ended 31 December 2006 and 181 for the six-month period ended 30 June 2009.*

(2) *The figures relate to the period of eight months commenced from 1 May 2006 after Parent Group acquired DDL Group and Green Group pursuant to the Acquisitions.*

The trade payables of the Core Business as at 31 December 2006, 2007 and 2008 and as at 30 June 2009 were approximately HK\$12.1 million, HK\$58.6 million, HK\$50.9 million and HK\$37.7 million, respectively. The trade payables of the Core Business followed an upward trend during the years ended 31 December 2006 and 2007, which was mainly due to an extension of the credit period for purchases and an increase in purchases of raw materials driven by the increase in the number of retail stores. The trade payables of the Core Business dropped slightly as a result of earlier delivery schedules for spring/summer inventory in 2008 to avoid inventory shortage in the peak season which resulted in settlements being made to suppliers before 31 December 2008. The lower trade payables of the Core Business as at 30 June 2009 as compared to that of 31 December 2008 was mainly due to a decrease in purchases of raw materials and finished goods during the six months ended 30 June 2009. Of the HK\$37.7 million of trade payables as at 30 June 2009, HK\$28.9 million were subsequently settled during the two months ended 31 August 2009.

The average trade payables turnover days of the Core Business were approximately 44 days and 48 days for each of the two years ended 31 December 2008, respectively. The average trade payables turnover days decreased to 38 days for the six months ended 30 June 2009. The decrease in average trade payables turnover days of the Core Business was mainly due to a decrease in purchases of raw materials and finished goods during the six months ended 30 June 2009.

FINANCIAL INFORMATION

The total other payables and accrued expenses of the Core Business as at 31 December 2006, 2007 and 2008, and 30 June 2009 were approximately HK\$222.8 million, HK\$225.4 million, approximately HK\$229.7 million and HK\$208.5 million, respectively. Refer to Appendix I of this document for a breakdown of the balance.

The increase in royalties payable from HK\$11.7 million as at 31 December 2006 to HK\$73.1 million as at 31 December 2007 is due to the renewal of the licence agreement with Gieves & Hawkes in 2007, giving rise to the recognition of an intangible asset and royalties payable based on the minimum payments. There is an increase in the non-current portion of the royalties payable as the licence agreement is for a period of seven years. The decrease in royalties payable from HK\$73.1 million as at 31 December 2007 to HK\$62.1 million as at 31 December 2008 and the further decrease to HK\$57.5 million as at 30 June 2009 is due to payment of royalty to the licence owner.

The increase in accrued expenses from HK\$39.7 million as at 31 December 2006 to HK\$137.7 million as at 31 December 2007 is due to (i) an increase in accrued interest as a result of the assumption of the Assumed Loan by the Group from Parent Group, (ii) an increase in employee benefit liabilities, and (iii) an increase in store opening costs as a result of the expansion in the business. The decrease in accrued expenses from HK\$139.7 million as at 31 December 2008 to HK\$121.8 million as at 30 June 2009 is mainly due to the decrease in accrued bonus as bonus is paid annually in the second quarter of each year.

DEFERRED TAXATION

The Core Business's deferred tax assets as at 31 December 2006, 2007 and 2008, and 30 June 2009 were approximately HK\$3.1 million, HK\$32.1 million, HK\$61.2 million and HK\$56.1 million, respectively. The fluctuations in deferred tax assets during the said periods were mainly due to the increase in unrealised profit on inter-company sales that remained in the Core Business's inventory at year end.

CAPITAL EXPENDITURES

The capital expenditure of the Core Business for the six months ended 30 June 2009 was approximately HK\$20.4 million, of which HK\$11.0 million was subsidised by landlords and was mainly used for the opening of new retail stores. The capital expenditure of the Core Business for the years ended 31 December 2007 and 2008 were approximately HK\$104.2 million and HK\$84.1 million respectively, which were mainly used for the renovation of retail stores and purchase of information technology systems.

The Core Business's planned capital expenditure for the year ending 31 December 2009 is approximately HK\$30.0 million, which is planned to be used primarily for the opening of new retail stores. The Company plans to finance its capital expenditures with a combination of internally generated cash flow, proceeds from the [●], and bank borrowings.

THIS WEB PROOF INFORMATION PACK IS IN DRAFT FORM. The information contained in it is incomplete and is subject to change. This Web Proof Information Pack must be read in conjunction with the section headed "Warning" on the cover of this Web Proof Information Pack.

FINANCIAL INFORMATION

COMMITMENTS

Capital commitments

The following table sets out the Core Business's outstanding capital commitments as at the dates indicated:

	As at 31 December			As at 30 June
	2006	2007	2008	2009
	(HK\$ million)			(HK\$ million)
Contracted but not provided for:				
— Property, plant and equipment	4.1	3.0	0.1	0.1
— Computer software	0	2.9	0.6	0.6
— Acquisition of a subsidiary	0	0	0	0
	<u>4.1</u>	<u>5.9</u>	<u>0.7</u>	<u>0.7</u>

On 30 January 2008, the Group entered into a conditional agreement with Branded Lifestyle International Ltd. to acquire 100% equity interest of L&F Branded Lifestyle (Singapore) Pte Ltd. at a consideration of SGD493,000 (approximately HK\$2,640,000). Completion of the transaction took place on [●] 2009.

Operating lease commitments

As at the dates presented, the Core Business's future aggregate minimum lease payments under non-cancellable operating leases were as follows:

	As at 31 December			As at 30 June
	2006	2007	2008	2009
	(HK\$ million)			(HK\$ million)
Not later than one year	94.9	126.9	156.2	149.0
Later than one year but not later than five years	61.3	128.4	128.9	114.3
	<u>156.2</u>	<u>255.3</u>	<u>285.1</u>	<u>263.3</u>

WORKING CAPITAL

The Directors are of the opinion that, taking into account the net proceeds from the [●] and the operating cash flow and available banking facilities of the Group, the Group has sufficient working capital for its present requirements, that is for at least the next 12 months from the date of this document.

FINANCIAL INFORMATION

INDEBTEDNESS

Borrowings and banking facilities

The Core Business's borrowings as at 31 December 2006, 2007, and 2008, 30 June 2009 and [31 August 2009], being the latest practicable date for determining the Core Business's indebtedness, are set out below:

	As at 31 December			As at 30 June 2009	As at 31 August 2009 (unaudited)
	2006	2007	2008		
	(HK\$ million)			(HK\$ million)	
Non-current					
Bank borrowings, secured	—	930.0	939.1	1,062.1	1,062.1
	—	930.0	939.1	1,062.1	1,062.1
Current					
Bank borrowings, secured	—	734.7	267.3	186.9	46.3
	—	734.7	267.3	186.9	46.3
Total borrowings	—	1,664.7	1,206.4	1,249.0	1,108.4

Since 25 August 2009, the Non-core Business has ceased to form part of the Group and the Group comprises the Core Business only.

As at 31 August 2009, the Group's secured bank loans amounted to approximately HK\$1,108.4 million, of which, HK\$930 million bank loan was secured by a corporate guarantee from the Parent Group which will be released within seven days from the [●] (upon completion of the relevant legal documentation for the actual release of the corporate guarantee) and HK\$178.4 million bank loans were secured by cross guarantees amongst group companies.

The Core Business's bank borrowings are denominated mainly in U.S. dollars (but are to be repaid in Hong Kong dollars at an agreed rate) and Renminbi. The interests on such bank borrowings are HIBOR plus 0.48% and PBOC Rate less 10% per annum, respectively. As at 31 August 2009, approximately HK\$46.3 million of such bank borrowings were repayable within one year and approximately HK\$1,062.1 million of such bank borrowings were not repayable within one year. As at 30 June 2009, approximately HK\$186.9 million of such bank borrowings were repayable within one year and approximately HK\$1,062.1 million of such bank borrowings were not repayable within one year. As at 31 December 2008, approximately HK\$267.3 million of such bank borrowings were repayable within one year and approximately HK\$939.1 million of such bank borrowings were not repayable within one year.

The interest-bearing bank borrowings of the Core Business as at 31 December 2006, 2007 and 2008, 30 June 2009, and 31 August 2009 were nil, approximately HK\$1,664.7 million, HK\$1,206.4 million, HK\$1,249.0 million and HK\$1,108.4 million, respectively. The increase in such bank borrowings as at 30 June 2009 as compared to that as at 31 December 2008 was mainly for the funding of working capital. The decrease in such bank borrowings as at 31 December 2008 as compared to that as at 31 December 2007 was mainly a result of partial repayment of such bank borrowings by the Group. The increase in such bank borrowings as at 31 December 2007 as compared to that as at 31 December 2006 was mainly a result of the assumption of the Assumed Loan by the Group from Parent Group in 2007.

FINANCIAL INFORMATION

The bank borrowings are guaranteed by Parent Group. The Group has obtained written consent from the relevant bank to release such guarantee on or before the [●]. The Company intends to repay the existing borrowings by utilising its internal funds and by using part of the proceeds from the [●]. The Company has also arranged for another bank loan to repay the outstanding balance of the Assumed Loan. The Company is of the view that there are no material covenants relating to outstanding borrowings which may materially affect the Company's ability to undertake additional debt or equity financing should it desire to do so.

Management of the Group from time to time reviews the working capital requirements of the Group. If the Group requires additional working capital, Management of the Group will consider all available capital alternatives by taking into account all the circumstances of the Group, including raising new loans. Management of the Group will regularly review the gearing level of the Company to ensure that it is appropriate.

Contingent liabilities

On 10 August 2009, the Company extended a corporate guarantee in favour of a bank in Thailand to support the banking facilities of Ferragamo (Thailand) Limited in proportion to the Group's interest in Ferragamo (Thailand) Limited. The maximum liability of the Company is the lower of (a) 50% of the borrowed sum; or (b) 50% of the sum of Baht 110 million and USD1.4 million (i.e. Baht 55 million and USD0.7 million, respectively) (approximately HK\$18 million in aggregate). As at 31 August 2009, the amount borrowed by Ferragamo (Thailand) Limited amounted to approximately Baht 82.1 million and USD0.6 million (approximately HK\$23.3 million in aggregate).

RELATED PARTY TRANSACTIONS

The Directors are of the view that each of the related party transactions set out in note 16 to the Accountant's Report in Appendix I to this document was conducted in the ordinary and usual course of business, on normal commercial terms and at arm's length between the relevant parties.

The balance payable to LiFung Trinity as at 31 December 2006 arose from the Reorganisation. The balance payable to LiFung Trinity as at 31 December 2006 was repaid via the assumption of the Assumed Loan by the Group from Parent Group in January 2007, therefore, there is no balance payable to LiFung Trinity as at 31 December 2007. Refer to the section headed "History, Reorganisation and Group Structure — Corporate Reorganisation" for further information about the Reorganisation.

FINANCIAL INSTRUMENTS

The Group uses forward contracts to hedge in part against the foreign exchange risks arising from future commercial transactions and recognised liabilities. These forward contracts typically have an effective term of six months, the duration which is determined by our management based on the Group's seasonal production cycle and payment terms with its suppliers on a case-by-case basis. The Group makes use of these contracts primarily to hedge against fluctuations in the exchange rate between Euros and Hong Kong dollars due to the credit terms provided by its suppliers. As the Group's raw material and certain finished goods purchases from overseas, mainly European countries, are made centrally through a subsidiary in Hong Kong of which Hong Kong dollars is the functional currency, and such purchases are mainly transacted in Euros, any depreciation of Hong Kong dollars against Euros will therefore have the effect of increasing the Group's cost of sales and/or net foreign exchange

THIS WEB PROOF INFORMATION PACK IS IN DRAFT FORM. The information contained in it is incomplete and is subject to change. This Web Proof Information Pack must be read in conjunction with the section headed "Warning" on the cover of this Web Proof Information Pack.

FINANCIAL INFORMATION

gains/losses. However, the Group does not enter into forward contracts to hedge against fluctuations in the exchange rate between Renminbi and Hong Kong dollars.

OFF BALANCE SHEET TRANSACTIONS

The Group has not entered into any material off-balance sheet transactions or arrangements.

NET CURRENT ASSETS

As at 30 June 2009 and 31 August 2009, the net current assets of the Group were as follows:

	As at 30 June 2009 (HK\$ in million)	As at 31 August 2009 (unaudited) (HK\$ in million)
Current Assets		
Cash and cash equivalents	363.4	156.2
Deposit and prepayments	106.3	75.9
Amount due from related parties	1.6	2.7
Trade receivables	127.7	133.4
Inventories	546.7	489.8
Total current assets	<u>1,145.7</u>	<u>858.0</u>
Current liabilities		
Trade payables	45.4	62.9
Other payables and accrued expenses	180.8	122.9
Borrowings	247.1	46.3
Amounts due to related parties	137.5	5.3
Current income tax liabilities	10.3	5.0
Total current liabilities	<u>621.1</u>	<u>242.4</u>
Net current assets	<u><u>524.6</u></u>	<u><u>615.6</u></u>

SOURCES AND USES OF CASH

As described in the paragraph headed "Liquidity, Financial Resources and Capital Resources" in this section above, the Group has funded its operations for the Core Business through sales of its products, capital contribution from shareholders and borrowings. The Group has applied the cash relating to the Core Business mainly to finance its operation, capital expenditure and to repay its borrowings. As at 31 August 2009, save as otherwise disclosed in this document, the Company is not aware of any material changes in the underlying drivers in respect of the sources and uses of its cash.

RESERVES

Refer to note 19 of the Accountant's Report in Appendix I to this document for the movements in the merger reserve.

FINANCIAL INFORMATION

Changes in the merger reserve during the Track Record Period arose because of the following reasons:

(a) The year ended 31 December 2006:	As the acquisition of DDL Group and Green Group by the Group from Parent Group on 31 December 2006 was accounted for using merger accounting, a merger reserve was created representing the difference between the consideration of approximately HK\$1.7 billion paid by the Group to Parent Group on 31 December 2006 and the amount paid by LiFung Trinity of approximately HK\$1.6 billion for the acquisitions of DDL Group and Green Group on 30 April 2006. In addition, as a result of the acquisition of the Non-core Business under common control, an approximately HK\$50.3 million merger reserve was created, which represents the difference between consideration paid and net assets acquired.
(b) The year ended 31 December 2007:	As the consideration of approximately HK\$150.0 million paid by the Group to Parent Group on 31 March 2007 for the aforesaid acquisition of the interests in the JVs, through the acquisition of L&F Branded Lifestyle, was accounted for using merger accounting, such amount is regarded as deemed distributions to the equity holders and debited directly to the merger reserve. In addition, pursuant to an internal restructuring of the Non-core Business, an amount of approximately HK\$63.4 million was paid to an intermediate holding company. Such amount is regarded as deemed distribution to the equity holders and debited directly to the merger reserve.
(c) The year ended 31 December 2008:	There was no movement in the merger reserve for the year ended 31 December 2008.

MARKET RISKS

The Group is exposed to interest rate, credit and foreign currency risks in the normal course of its business.

Interest rate risk

The Group's exposure to risk relating to changes in interest rates is mainly due to the interest-bearing loans and borrowings as part of the financial resources for the Group's business operations. Higher interest rates will increase the borrowing costs of the Group and may adversely affect the profitability of the Group's operations.

Credit risk

Credit risk is based on the possible inability of the Group's counterparties to meet their financial obligations to the Group. Cash and cash equivalents, pledged deposits, trade and other

FINANCIAL INFORMATION

receivables are financial assets which are potentially subject to credit risks. The Group has formulated a credit policy and monitors its exposure to credit risk on an ongoing basis. The Group has no significant concentration of credit risk. The carrying amounts of those financial assets represents the Group's maximum exposure to credit risk. The maximum exposure to credit risk in respect of cash and cash equivalents refers to the cash balances held at financial institutions, and excludes cash on hand held at the retail stores of the Group.

Foreign currency risk

The Group conducts its business primarily in Hong Kong and Mainland China with most of its transactions denominated and settled in Hong Kong dollars and Renminbi. The Group's raw materials purchases are mainly transacted in Euros. A depreciation of the Hong Kong dollar against these foreign currencies will therefore have the effect of increasing the Group's cost of sales. The Group holds a significant amount of Renminbi denominated assets. Since the functional currency and reporting currency of the Group is Hong Kong dollars, if the Renminbi depreciates against the Hong Kong dollar, the Group will incur a foreign exchange loss in such translation which will adversely affect the Group's financial results. See the section headed "Risk Factors — the Group and the JVs are Exposed to Exchange Rate Fluctuations" in this document.

The Group has set up a policy to require members of the Group to manage their foreign exchange risk against the Hong Kong dollar. To manage the risk arising from future commercial transactions and recognised assets and liabilities, the Group enters into forward contracts. These forward contracts typically have an effective term of six months, the duration of which is determined by our management based on the Group's seasonal production cycle and payment terms with its suppliers on a case-by-case basis. The Group makes use of these contracts primarily to hedge against fluctuations in the exchange rate between Euros and Hong Kong dollars due to the credit terms provided by its suppliers. As the Group's raw material and certain finished goods purchases from overseas, mainly European countries, are made centrally through a subsidiary in Hong Kong of which Hong Kong dollars is the functional currency, and such purchases are mainly transacted in Euros, any depreciation of Hong Kong dollars against Euros will therefore have the effect of increasing the Group's cost of sales and/or net foreign exchange gains/losses. However, the Group does not enter into forward contracts to hedge against fluctuations in the exchange rate between Renminbi and Hong Kong dollars.

DISCLOSURE REQUIRED UNDER THE LISTING RULES

The Directors confirm that they are not aware of any circumstances that would give rise to a disclosure requirement under Rules 13.11 to 13.19 of the Listing Rules.

UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

The following unaudited pro forma statement of adjusted net tangible assets of the Group prepared in accordance with Rule 4.29 of the Listing Rules is for illustrative purposes only, and is set out below to illustrate the effect of the [●] on the net tangible assets of the Group attributable to the equity holders of the Company as at 30 June 2009 as if the [●] had taken place on 30 June 2009 assuming the [●] is not exercised.

This unaudited pro forma statement of adjusted net tangible assets has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of the Group as at 30 June 2009 or at any future date following the

THIS WEB PROOF INFORMATION PACK IS IN DRAFT FORM. The information contained in it is incomplete and is subject to change. This Web Proof Information Pack must be read in conjunction with the section headed "Warning" on the cover of this Web Proof Information Pack.

FINANCIAL INFORMATION

[●]. It is prepared based on the consolidated net assets of the Group as at 30 June 2009 as set out in the Accountant's Report of the Group, the text of which is set out in Appendix I to this document, and adjusted as described below. The unaudited pro forma statement of adjusted net tangible assets does not form part of the Accountant's Report.

	Audited consolidated net tangible assets of the Group attributable to the equity holders of the Company as at 30 June 2009 ⁽¹⁾	Estimated net proceeds from the [●] ⁽²⁾	Unaudited pro forma adjusted net tangible assets attributable to the equity holders of the Company	Unaudited pro forma adjusted net tangible assets per Share ⁽³⁾
	HK\$'000	HK\$'000	HK\$'000	HK\$
Based on an [●] of HK\$[●] per Share	(270,144)	[●]	[●]	[●]
Based on an [●] of HK\$[●] per Share	(270,144)	[●]	[●]	[●]

Notes:

- (1) The audited consolidated net tangible assets attributable to the equity holders of the Company as at 30 June 2009 is extracted from the Accountant's Report set out in Appendix I to this document, which is based on the audited consolidated net assets of the Group attributable to the equity holders of the Company as at 30 June 2009 of approximately HK\$1,363 million with an adjustment for the intangible assets as at 30 June 2009 of approximately HK\$1,633 million.
- (2) The estimated net proceeds from the [●] are based on the indicative [●] of HK\$[●] and HK\$[●] per Share after deduction of the [●] fees and other related expenses payable by the Company and take no account of any shares which may fall to be issued upon the exercise of the [●].
- (3) The unaudited pro forma net tangible assets per Share is arrived at after the adjustments referred to in the preceding paragraphs and on the basis that 1,506,464,883 Shares were in issue assuming that the [●] has been completed on 30 June 2009 but takes no account of any Shares which may fall to be issued upon the exercise of the [●] or any Share which may be allotted and issued or repurchased by the Company pursuant to the Issue Mandate or the Repurchase Mandate as described in the section headed "Share Capital" in this document.
- (4) As at 30 September 2009, the Group's land use rights and buildings interests were revalued by CB Richard Ellis Limited, an independent property valuer, and the relevant property valuation report is set out in Appendix IV to this document. The revaluation surplus, representing the excess of market value of the land use rights and buildings over their book value, is approximately HK\$1,561,000. Such revaluation surplus has not been included in the Group's consolidated financial information as at 30 June 2009. The above adjustment does not take into account the above revaluation surplus. Had the land use rights and buildings been stated at such valuation, an additional depreciation of HK\$243,000 per annum would be charged against the consolidated income statement.
- (5) No adjustment has been made to reflect any trading result or other transactions of the Group entered into subsequent to 30 June 2009.

THIS WEB PROOF INFORMATION PACK IS IN DRAFT FORM. The information contained in it is incomplete and is subject to change. This Web Proof Information Pack must be read in conjunction with the section headed "Warning" on the cover of this Web Proof Information Pack.

FINANCIAL INFORMATION

PROPERTY VALUATION

Particulars of the Group's property interests are set out in Appendix IV to this document. CB Richard Ellis Limited has valued the properties held by the Group as at 30 September 2009. A summary of valuations and valuation certificates issued by CB Richard Ellis Limited are included in Appendix IV to this document.

The table below sets out the reconciliation of aggregate amounts of the property interests of the Group as at 30 June 2009 to their value as at 30 September 2009 as per the valuation report set out in Appendix IV to this document:

	<u>HK\$'000</u>
Net book value of property interests of the Group as at 30 June 2009	2,004
Movements for the three months ended 30 September 2009	
Disposal	(879)
Depreciation	<u>(86)</u>
Net book value as at 30 September 2009	1,039
Valuation surplus as at 30 September 2009	<u>1,561</u>
Valuation as at 30 September 2009 as per the valuation report set out in Appendix IV to this document	<u><u>2,600</u></u>

FINANCIAL INFORMATION

PROFIT FORECAST

The Directors forecast that, on the bases and assumptions set out in Appendix III to this document and in the absence of unforeseeable circumstances, the consolidated profit attributable to the equity holders of the Company for the year ending 31 December 2009 will not be less than HK\$[●] million. The Group's business and operations are subject to strong seasonality effects and changes in markets where the Group sells its products. Refer to the section headed "Risk Factors" and "Financial Information — Factors that Affect the Group's Results of Operations and Financial Condition" in this document for details. The Group's full year financial results for the financial year ending 31 December 2009 will be different from this forecast in the event that the actual circumstances during the forecast period are different from the bases and assumptions set out in Appendix III to this document.

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 forecast consolidated arising from companies of the Group engaged in the Non-core Business amounting to HK\$[●] 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 [●] 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.

DIVIDEND AND DIVIDEND POLICY

The Group declared dividends of approximately HK\$20.8 million, nil, HK\$57.8 million and nil for the years ended 31 December 2006, 31 December 2007 and 31 December 2008 and the six months ended 30 June 2009, respectively which were subsequently paid. All dividends declared and paid were funded by internally generated cash flow.

THIS WEB PROOF INFORMATION PACK IS IN DRAFT FORM. The information contained in it is incomplete and is subject to change. This Web Proof Information Pack must be read in conjunction with the section headed "Warning" on the cover of this Web Proof Information Pack.

FINANCIAL INFORMATION

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.

DISTRIBUTABLE RESERVES

The Company had no reserves available for distribution to the Shareholders as at 30 June 2009.

NO MATERIAL ADVERSE CHANGE

The Directors confirm that there has been no material adverse change in the Group's financial or trading position or prospects of the Group since 30 June 2009.

THIS WEB PROOF INFORMATION PACK IS IN DRAFT FORM. The information contained in it is incomplete and is subject to change. This Web Proof Information Pack must be read in conjunction with the section headed "Warning" on the cover of this Web Proof Information Pack.

FUTURE PLANS

FUTURE PLANS

See the section headed “Business — Business Strategies” in this document for a detailed description of the Group’s future plans.

THIS WEB PROOF INFORMATION PACK IS IN DRAFT FORM. The information contained in it is incomplete and is subject to change. This Web Proof Information Pack must be read in conjunction with the section headed "Warning" on the cover of this Web Proof Information Pack.

APPENDIX I**ACCOUNTANT'S REPORT**

The following is the text of a report, prepared for the purpose of incorporation in [●], received from the Company's reporting accountant, PricewaterhouseCoopers, Certified Public Accountants, Hong Kong.



羅兵咸永道會計師事務所

PricewaterhouseCoopers
22/F Prince's Building
Central, Hong Kong

[Date]

The Directors
Trinity Limited

[●]

Dear Sirs,

We set out below our report on the financial information (the "Financial Information") of Trinity Limited (the "Company") and its subsidiaries (together, the "Group") as set out in Sections I to III below, for inclusion in [●]. The Financial Information comprises the balance sheets of the Company and the Group at 31 December 2006, 2007 and 2008 and 30 June 2009, and the consolidated income statements, the consolidated statement of comprehensive income, the consolidated statements of changes in equity and the consolidated cash flow statements for each of the years ended 31 December 2006, 2007 and 2008 and the six months ended 30 June 2008 and 2009 (the "Relevant Periods"), and a summary of significant accounting policies and other explanatory notes.

The Company was incorporated in Bermuda on 21 December 2006 as an exempted company with limited liability under the Companies Act 1981 of Bermuda. Pursuant to a group reorganisation as described in Note 1 of Section II headed "General Information of the Group and Reorganisation" below, the Company became the holding company of the subsidiaries comprising the Group.

As at the date of this report, the Company has direct and indirect interests in the subsidiaries and jointly controlled entities as set out in Notes 8, 9, 37 and 38 of Section II below. All of these companies are private companies.

All companies comprising the Group during the Relevant Periods have adopted 31 December as their financial year end date.

For the purpose of this report, the Directors of the Company have prepared 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 for each of the years ended 31 December 2006, 2007 and 2008 and

THIS WEB PROOF INFORMATION PACK IS IN DRAFT FORM. The information contained in it is incomplete and is subject to change. This Web Proof Information Pack must be read in conjunction with the section headed "Warning" on the cover of this Web Proof Information Pack.

APPENDIX I

ACCOUNTANT'S REPORT

the six months ended 30 June 2009 in accordance with Hong Kong Standards on Auditing issued by the HKICPA.

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

Directors' responsibility

The Directors of the Company are responsible for the preparation and the true and fair presentation of the Underlying Financial Statements in accordance with HKFRSs issued by the HKICPA.

For the financial information for each of the years ended 31 December 2006, 2007 and 2008 and the six months ended 30 June 2009, the Directors of the Company are responsible for the preparation and the true and fair presentation of the financial information in accordance with HKFRSs. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of the financial information that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

For the financial information for the six months ended 30 June 2008, the Directors of the Company are responsible for the preparation and the presentation of the financial information in accordance with the accounting policies set out in Note 2 of Section II below which are in conformity with HKFRSs.

Reporting accountant's responsibility

For the financial information for the years ended 31 December 2006, 2007 and 2008 and the six months ended 30 June 2009, our responsibility is to express an opinion on the financial information based on our examination and to report our opinion to you. We examined the Underlying Financial Statements used in preparing the financial information, and carried out such additional procedures as we considered necessary in accordance with the Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

For the financial information for the six months ended 30 June 2008, our responsibility is to express a conclusion on the financial information based on our review and to report our conclusion to you. 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". A review of the 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 Hong Kong Standards on Auditing 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.

THIS WEB PROOF INFORMATION PACK IS IN DRAFT FORM. The information contained in it is incomplete and is subject to change. This Web Proof Information Pack must be read in conjunction with the section headed "Warning" on the cover of this Web Proof Information Pack.

APPENDIX I

ACCOUNTANT'S REPORT

Opinion and review conclusion

In our opinion, the financial information for each of the years ended 31 December 2006, 2007 and 2008 and the six months ended 30 June 2009, for the purpose of this report, gives a true and fair view of the state of affairs of the Company and the Group as at 31 December 2006, 2007 and 2008 and 30 June 2009 and of the Group's results and cash flows for the respective years and period then ended.

Based on our review, which does not constitute an audit, nothing has come to our attention that causes us to believe that the financial information for the six months ended 30 June 2008, for the purpose of this report, is not prepared, in all material respects, in accordance with the accounting policies set out in Note 2 of Section II below which are in conformity with HKFRSs.

THIS WEB PROOF INFORMATION PACK IS IN DRAFT FORM. The information contained in it is incomplete and is subject to change. This Web Proof Information Pack must be read in conjunction with the section headed "Warning" on the cover of this Web Proof Information Pack.

APPENDIX I

ACCOUNTANT'S REPORT

I. FINANCIAL INFORMATION

1. CONSOLIDATED BALANCE SHEETS

		As at 31 December			As at 30 June
	Note	2006	2007	2008	2009
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
ASSETS					
Non-current assets					
Property, plant and equipment	6	44,565	127,041	144,478	122,882
Intangible assets	7	1,462,956	1,516,705	1,637,238	1,633,074
Investments in jointly controlled entities	9	111,566	154,204	145,583	158,239
Deposit and prepayments	10	47,023	46,414	43,863	38,391
Deferred income tax assets	11	5,675	36,601	68,953	63,877
		<u>1,671,785</u>	<u>1,880,965</u>	<u>2,040,115</u>	<u>2,016,463</u>
Current assets					
Inventories	12	259,112	514,988	633,483	546,655
Trade receivables	13	155,255	199,992	223,252	127,698
Deposit and prepayments	10	58,552	62,462	91,435	106,322
Amounts due from related parties	16(c)	1,872	3,736	15,360	1,580
Amount due from immediate holding company	16(c)	76,198	—	—	—
Cash and cash equivalents	17	143,499	820,423	145,177	363,424
		<u>694,488</u>	<u>1,601,601</u>	<u>1,108,707</u>	<u>1,145,679</u>
Total assets		<u>2,366,273</u>	<u>3,482,566</u>	<u>3,148,822</u>	<u>3,162,142</u>
EQUITY					
Capital and reserves attributable to the Company's equity holders					
Share capital	18	100	114,920	120,517	120,517
Share premium	18	—	859,277	1,041,310	1,041,310
Retained earnings	19	209,739	340,458	435,137	433,600
Other reserves	19	2,327	(199,926)	(253,108)	(232,497)
		<u>212,166</u>	<u>1,114,729</u>	<u>1,343,856</u>	<u>1,362,930</u>
Minority interests		<u>58,136</u>	<u>70,702</u>	<u>—</u>	<u>—</u>
Total equity		<u>270,302</u>	<u>1,185,431</u>	<u>1,343,856</u>	<u>1,362,930</u>
LIABILITIES					
Non-current liabilities					
Amount due to immediate holding company	16(c)	1,714,218	—	—	—
Provision for long service payments	20	2,109	4,218	6,986	6,485
Retirement benefit obligations	21	7,612	7,700	7,700	12,157
Other payables and accrued expenses	22	—	55,692	48,028	45,211
Deferred income tax liabilities	11	29,608	29,608	48,873	52,202
Borrowings	24	—	930,000	939,071	1,062,075
		<u>1,753,547</u>	<u>1,027,218</u>	<u>1,050,658</u>	<u>1,178,130</u>
Current liabilities					
Trade payables	23	16,579	73,330	68,067	45,410
Other payables and accrued expenses	22	239,363	192,283	209,640	180,841
Amounts due to related parties	16(c)	64,227	182,628	105,177	137,490
Current income tax liabilities		22,255	33,432	20,238	10,277
Borrowings	24	—	788,244	351,186	247,064
		<u>342,424</u>	<u>1,269,917</u>	<u>754,308</u>	<u>621,082</u>
Total liabilities		<u>2,095,971</u>	<u>2,297,135</u>	<u>1,804,966</u>	<u>1,799,212</u>
Total equity and liabilities		<u>2,366,273</u>	<u>3,482,566</u>	<u>3,148,822</u>	<u>3,162,142</u>
Net current assets		<u>352,064</u>	<u>331,684</u>	<u>354,399</u>	<u>524,597</u>
Total assets less current liabilities		<u>2,023,849</u>	<u>2,212,649</u>	<u>2,394,514</u>	<u>2,541,060</u>

THIS WEB PROOF INFORMATION PACK IS IN DRAFT FORM. The information contained in it is incomplete and is subject to change. This Web Proof Information Pack must be read in conjunction with the section headed "Warning" on the cover of this Web Proof Information Pack.

APPENDIX I

ACCOUNTANT'S REPORT

2. BALANCE SHEET OF THE COMPANY

	Note	As at 31 December			As at 30 June
		2006	2007	2008	2009
		HKS'000	HKS'000	HKS'000	HKS'000
ASSETS					
Non-current assets					
Investments in subsidiaries	8(a)	47,954	1,862,317	1,957,477	1,997,477
Current assets					
Prepayments		—	—	33,094	43,097
Amounts due from subsidiaries	8(b)	—	655,336	200,000	292,099
Cash and cash equivalents		—	—	9	14
		—	655,336	233,103	335,210
Total assets		<u>47,954</u>	<u>2,517,653</u>	<u>2,190,580</u>	<u>2,332,687</u>
EQUITY					
Capital and reserves attributable to the Company's equity holders					
Share capital	18	100	114,920	120,517	120,517
Share premium	18	—	859,277	1,041,310	1,041,310
(Accumulated losses) / retained earnings	19	(200)	(78,847)	74,787	(1,206)
Total (deficiency of funds)/equity		<u>(100)</u>	<u>895,350</u>	<u>1,236,614</u>	<u>1,160,621</u>
LIABILITIES					
Non-current liabilities					
Borrowings	24	—	930,000	930,000	930,000
Current liabilities					
Other payables and accrued expenses	22	200	33,303	15,152	31,206
Amount due to a fellow subsidiary	16(c)	—	—	—	40,000
Amount due to immediate holding company	16(c)	47,854	—	—	—
Amount due to intermediate holding company	16(c)	—	—	—	92,099
Amount due to a subsidiary	8(b)	—	—	8,814	78,761
Borrowings	24	—	659,000	—	—
		48,054	692,303	23,966	242,066
Total liabilities		<u>48,054</u>	<u>1,622,303</u>	<u>953,966</u>	<u>1,172,066</u>
Total equity and liabilities		<u>47,954</u>	<u>2,517,653</u>	<u>2,190,580</u>	<u>2,332,687</u>
Net current (liabilities)/assets		<u>(48,054)</u>	<u>(36,967)</u>	<u>209,137</u>	<u>93,144</u>
Total assets less current liabilities		<u>(100)</u>	<u>1,825,350</u>	<u>2,166,614</u>	<u>2,090,621</u>

THIS WEB PROOF INFORMATION PACK IS IN DRAFT FORM. The information contained in it is incomplete and is subject to change. This Web Proof Information Pack must be read in conjunction with the section headed "Warning" on the cover of this Web Proof Information Pack.

APPENDIX I

ACCOUNTANT'S REPORT

3. CONSOLIDATED INCOME STATEMENTS

	Note	Year ended 31 December			Six months ended 30 June	
		2006 HK\$'000	2007 HK\$'000	2008 HK\$'000	2008 HK\$'000 (unaudited)	2009 HK\$'000
Revenue	25	918,562	1,460,794	1,866,080	917,643	927,526
Cost of sales	26	(266,156)	(387,061)	(531,877)	(219,537)	(264,060)
Gross profit		652,406	1,073,733	1,334,203	698,106	663,466
Other income	27	10,343	15,457	33,730	13,095	11,919
Selling and marketing expenses	26	(346,077)	(619,035)	(844,520)	(394,517)	(433,414)
Administrative expenses	26	(122,936)	(251,034)	(368,338)	(157,014)	(153,145)
Other gains — net	28	5,060	17,537	22,803	32,241	26
Operating profit		198,796	236,658	177,878	191,911	88,852
Finance income		1,944	5,977	3,514	2,796	324
Finance costs		—	(81,508)	(54,731)	(30,196)	(21,617)
Finance income/(costs) — net	30	1,944	(75,531)	(51,217)	(27,400)	(21,293)
Share of profit of jointly controlled entities ...	9	32,593	40,682	42,318	26,300	12,925
Profit before income tax		233,333	201,809	168,979	190,811	80,484
Income tax expenses	31	(42,248)	(56,457)	(65,178)	(43,885)	(24,173)
Profit for the year/period		191,085	145,352	103,801	146,926	56,311
Attributable to:						
Equity holders of the Company		173,931	130,719	98,035	141,160	56,311
Minority interests		17,154	14,633	5,766	5,766	—
		191,085	145,352	103,801	146,926	56,311
Earnings per share for profit attributable to the equity holders of the Company during the year/period (expressed in HK dollar per share)						
— basic and diluted	32	173.93	0.52	0.08	0.12	0.05
Dividends	39	20,786	—	57,848	—	—

THIS WEB PROOF INFORMATION PACK IS IN DRAFT FORM. The information contained in it is incomplete and is subject to change. This Web Proof Information Pack must be read in conjunction with the section headed "Warning" on the cover of this Web Proof Information Pack.

APPENDIX I

ACCOUNTANT'S REPORT

4. CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Note	Year ended 31 December			Six months ended 30 June	
		2006 HK\$'000	2007 HK\$'000	2008 HK\$'000	2008 HK\$'000 (unaudited)	2009 HK\$'000
Profit for the year/period		191,085	145,352	103,801	146,926	56,311
Other comprehensive income						
Currency translation differences		10,221	15,308	(24,852)	15,714	5,847
Share of cash flow hedging reserve of jointly controlled entities: Fair value gains/(losses)		—	—	6,433	—	(6,922)
Total comprehensive income for the year/period		<u>201,306</u>	<u>160,660</u>	<u>85,382</u>	<u>162,640</u>	<u>55,236</u>
Total comprehensive income attributable to:						
— equity holders of the Company		183,794	144,173	79,120	156,378	55,236
— minority interest		17,512	16,487	6,262	6,262	—
		<u>201,306</u>	<u>160,660</u>	<u>85,382</u>	<u>162,640</u>	<u>55,236</u>

THIS WEB PROOF INFORMATION PACK IS IN DRAFT FORM. The information contained in it is incomplete and is subject to change. This Web Proof Information Pack must be read in conjunction with the section headed "Warning" on the cover of this Web Proof Information Pack.

APPENDIX I

ACCOUNTANT'S REPORT

5. CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Note	Attributable to equity holders of the Company				Minority interests	Total equity
		Share capital	Share premium	Retained earnings	Other reserves		
		HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000
Balance at 1 January 2006		100	—	56,594	35,837	92,531	92,531
Exchange differences		—	—	—	9,863	358	10,221
Profit for the year		—	—	173,931	—	17,154	191,085
Acquisition of subsidiaries	35	—	—	—	—	40,624	40,624
Reserve arising from reorganisation	19(b)	—	—	—	(93,690)	—	(93,690)
Merger reserve arising from common control business combination	19(c)	—	—	—	50,317	—	50,317
Dividends paid	39	—	—	(20,786)	—	—	(20,786)
		—	—	153,145	(33,510)	58,136	177,771
Balance at 31 December 2006		100	—	209,739	2,327	58,136	270,302
Exchange differences		—	—	—	13,454	1,854	15,308
Profit for the year		—	—	130,719	—	14,633	145,352
Reserve arising from reorganisation	19(e)	—	—	—	(152,283)	—	(152,283)
Deemed distribution to intermediate holding company	19(f)	—	—	—	(63,424)	—	(63,424)
Dividends paid to minority shareholders		—	—	—	—	(3,921)	(3,921)
		—	—	130,719	(202,253)	12,566	(58,968)
Issue of ordinary shares	18	114,820	859,277	—	—	—	974,097
Balance at 31 December 2007		114,920	859,277	340,458	(199,926)	70,702	1,185,431
Exchange differences		—	—	—	(25,348)	496	(24,852)
Profit for the year		—	—	98,035	—	5,766	103,801
Share of cash flow hedging reserve of jointly controlled entities: Fair value gains for the year		—	—	—	6,433	—	6,433
Transfer to reserve		—	—	(3,356)	3,356	—	—
Dividends paid to minority shareholders		—	—	—	—	(18,620)	(18,620)
Acquisition of minority interests	19(g), 35(c)	—	—	—	(37,623)	(58,344)	(95,967)
		—	—	94,679	(53,182)	(70,702)	(29,205)
Issue of ordinary shares	18	5,597	182,033	—	—	—	187,630
Balance at 31 December 2008		120,517	1,041,310	435,137	(253,108)	—	1,343,856
Exchange differences		—	—	—	5,847	—	5,847
Profit for the period		—	—	56,311	—	—	56,311
Share of cash flow hedging reserve of jointly controlled entities: Fair value losses for the period		—	—	—	(6,922)	—	(6,922)
Dividends paid	39	—	—	(57,848)	—	—	(57,848)
Deemed contribution from intermediate holding company	19(h)	—	—	—	21,686	—	21,686
		—	—	(1,537)	20,611	—	19,074
Balance at 30 June 2009		120,517	1,041,310	433,600	(232,497)	—	1,362,930
Six month ended 30 June 2008 (unaudited)							
Balance at 31 December 2007		114,920	859,277	340,458	(199,926)	70,702	1,185,431
Exchange differences		—	—	—	15,218	496	15,714
Profit for the period		—	—	141,160	—	5,766	146,926
Dividends paid to minority shareholders		—	—	—	—	(18,620)	(18,620)
Acquisition of minority interests		—	—	—	(37,623)	(58,344)	(95,967)
		—	—	141,160	(22,405)	(70,702)	48,053
Issue of ordinary shares	18	5,597	165,275	—	—	—	170,872
Balance at 30 June 2008		120,517	1,024,552	481,618	(222,331)	—	1,404,356

THIS WEB PROOF INFORMATION PACK IS IN DRAFT FORM. The information contained in it is incomplete and is subject to change. This Web Proof Information Pack must be read in conjunction with the section headed "Warning" on the cover of this Web Proof Information Pack.

APPENDIX I

ACCOUNTANT'S REPORT

6. CONSOLIDATED CASH FLOW STATEMENTS

	Note	Year ended 31 December			Six months ended 30 June	
		2006	2007	2008	2008	2009
		HK\$'000	HK\$'000	HK\$'000	HK\$'000 (unaudited)	HK\$'000
Cash flows from operating activities						
Cash generated from operations	33(a)	104,016	109,924	91,747	47,050	287,930
Interest paid		—	(2,220)	(5,651)	(6,851)	(5,200)
Income tax paid		(46,847)	(76,122)	(91,459)	(40,532)	(24,936)
Net cash generated from/(used in) operating activities		57,169	31,582	(5,363)	(333)	257,794
Cash flows from investing activities						
Purchase of property, plant and equipment	6	(30,245)	(118,759)	(119,046)	(49,722)	(12,840)
Acquisition of intangible assets	7	—	—	(129,506)	(93,366)	—
Acquisition of subsidiaries	35	170,454	—	(2,165)	—	—
Proceeds from disposal of available-for-sale financial assets		18,074	—	—	—	—
Interest received	30	1,944	5,977	3,514	2,796	324
Dividend received from jointly controlled entities		—	—	—	—	11,942
Net cash generated from/(used in) investing activities		160,227	(112,782)	(247,203)	(140,292)	(574)
Cash flows from financing activities						
Interest paid		—	(45,504)	(68,544)	—	—
Proceeds from issuance of ordinary shares	18	100	739,097	92,471	92,471	—
Proceeds from borrowings		—	463,805	427,748	162,247	437,000
Repayment of borrowings		—	(230,581)	(855,735)	(709,715)	(418,125)
Dividends paid		(73,997)	(168,693)	(18,620)	—	(57,848)
Net cash (used in)/generated from financing activities		(73,897)	758,124	(422,680)	(454,997)	(38,973)
Net increase/(decrease) in cash, cash equivalents and bank overdrafts		143,499	676,924	(675,246)	(595,622)	218,247
Cash, cash equivalents and bank overdrafts at beginning of the year/period		—	143,499	820,423	820,423	145,177
Cash, cash equivalents and bank overdrafts at end of the year/period	17	143,499	820,423	145,177	224,801	363,424

APPENDIX I**ACCOUNTANT'S REPORT**

II. NOTES TO THE FINANCIAL INFORMATION**1 General information of the Group and Reorganisation**

Trinity Limited (the "Company") was incorporated on 21 December 2006 in Bermuda as an exempted company with limited liability under Companies Act 1981 of Bermuda. The Company is an investment holding company and its subsidiaries and jointly controlled entities are principally engaged in the retailing of high to luxury end menswear in the Greater China Region and a retailer of luxury fashion and accessories in Korea and Southeast Asia (the "[●] Business" or "Core Business"). The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and its principal place of business is at 10 Shing Yip Street, Kwun Tong, Kowloon, Hong Kong.

The Financial Information is presented in Hong Kong dollars, unless otherwise stated. The immediate holding company of the Company is LiFung Trinity Limited, a company incorporated in the British Virgin Islands. The directors regard King Lun Holdings Limited ("King Lun"), a company incorporated in the British Virgin Islands, as being the ultimate holding company. King Lun is 50% owned by HSBC Trustee (C.I.) Limited, the trustee of a trust established for the benefit of the family members of Dr. Victor Fung Kwok King, and 50% owned by Dr. William Fung Kwok Lun.

Prior to the incorporation of the Company, LiFung Trinity Limited ("Parent Company"), a company ultimately wholly owned by King Lun, and its subsidiaries were engaged in the [●] Business, and retailing of medium end menswear and manufacturing of menswear ("Other Businesses").

The Company underwent a group reorganisation (the "Reorganisation"), pursuant to which the group companies engaged in the [●] Business owned by King Lun were transferred to the Company. The Reorganisation involved the following:

- (i) On 21 December 2006, the Company was established as a wholly owned subsidiary of Parent Company.
- (ii) On 31 December 2006, the retailing businesses of high to luxury end menswear in the Greater China Region owned by Parent Company were transferred to the Company at a cash consideration of HK\$1,681,600,500.
- (iii) On 31 March 2007, the Company acquired the entire equity interest in L&F Branded Lifestyle International Limited which held 50% interest of the Ferragamo Southeast Asia and Korea businesses from Li & Fung (Retailing) Limited, a company ultimately wholly owned by King Lun for a cash consideration of HK\$150,000,000.

Upon completion of the Reorganisation, the Company became the holding company of the Group. The Other Businesses are not related to the company and are managed separately from the [●] Business.

The results of the Other Businesses were excluded throughout the Relevant Periods except for the businesses ("Non-Core Business") owned by BLS (Private Labels) Holdings Limited ("BLS Private Label") which were acquired under common control from BLS Holdings, a fellow subsidiary of the Company, pursuant to a sale and purchase agreement dated 1 June 2009. The

APPENDIX I**ACCOUNTANT'S REPORT**

Non-Core Business represents mainly the retailing of menswear of owned brands, such as Leo, Gibo and Uffizi. Subsequently on 25 August 2009, the entire equity interests in BLS Private Label were reverted back from the Company to BLS Holdings. Accordingly, the Group is engaged in the Core Business only since 25 August 2009. However, as the results of the Non-Core Business formed part of the Group subsequently after the Reorganisation, it has been included in the Financial Information during the Relevant Periods. The consolidated income statements and the consolidated balance sheets of the Group divided by Core Business and Non-Core Business for the Relevant Periods are set out in Note 25.

The Reorganisation and the acquisition of the Non-Core Business have been prepared using the principles of merger accounting, as prescribed in AG 5.

The Financial Information includes the financial position, results and cash flows of the companies comprising the Group (including companies engaged in Core Business and Non-Core Business) as if the current group structure had been in existence throughout the Relevant Periods, or since the date when the companies first came under the common control of King Lun.

Accounting adjustments under common control combination are set out in Note 19.

2 Summary of principal accounting policies

The principal accounting policies applied in the preparation of the Financial Information are set out below. These policies have been consistently applied to all the years/periods presented, unless otherwise stated.

2.1 Basis of presentation

The Financial Information has been prepared in accordance with HKFRSs issued by HKICPA. The Financial Information has been prepared under the historical cost convention.

The preparation of the Financial Information in conformity with HKFRSs 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.

- (a) As at 30 June 2009, the following standards, amendments and interpretations to existing standards are not yet effective and have not been early adopted by the Group:

Amendment to HKAS 39, 'Financial instruments: Recognition and measurement' on eligible hedged items, effective for annual periods beginning on or after 1 July 2009. The Group will apply amendments to HKAS 39 from 1 January 2010.

HKFRS 3 (revised), 'Business combinations' and consequential amendments to HKAS 27, 'Consolidated and separate financial statements', HKAS 28, 'Investments in associates' and HKAS 31, 'Interests in joint ventures', effective prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. Management is assessing the impact of the new requirements regarding acquisition accounting, consolidation and joint ventures on the Group. The Group does not have any associate.

APPENDIX I

ACCOUNTANT'S REPORT

The revised standard continues to apply the acquisition method to business combinations other than common control combination, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the consolidated income statement. There is a choice on an acquisition-by-acquisition basis to measure the minority interest in the acquiree either at fair value or at the minority interest's proportionate share of the acquiree's net assets. All acquisition-related costs should be expensed. The Group will apply HKFRS 3 (revised) to all business combinations from 1 January 2010.

HK(IFRIC) 17, 'Distributions of non-cash assets to owners', effective for annual periods beginning on or after 1 July 2009. This is not currently applicable to the Group, as it has not made any non-cash distributions.

HK(IFRIC) 18, 'Transfers of assets from customers', effective for transfer of assets received on or after 1 July 2009. This is not relevant to the Group, as it has not received any assets from customers.

HKICPA's improvements to HKFRS published in May 2009:

Amendment to HKFRS 2 'Share-based payments', effective for periods beginning on or after 1 July 2009. This clarification confirms that HKFRS 3 (revised) does not change the scope of HKFRS 2. This is not currently relevant for the Group as it has not issued equity instruments for business combination under common control or for the formation of a joint venture.

Amendment to HKFRS 5 'Non-current assets held for sale and discontinued operations', effective for periods beginning on or after 1 January 2010. Disclosures in standards other than HKFRS 5 do not apply to non-current assets (or disposal groups) classified as held for sale or discontinued operations unless those HKFRSs specifically require disclosures for them. Additional disclosures about these assets or discontinued operations may be necessary to comply with the general requirements of HKAS 1 'Presentation of financial statements'. The Group will apply HKFRS 5 (amendment) from 1 January 2010.

Amendment to HKFRS 8 'Operating segments', effective for periods beginning on or after 1 January 2010. Disclosure of information about total assets and liabilities for each reportable segment is required only if such amounts are regularly provided to the chief operating decision maker. The Group will apply HKFRS 8 (amendment) from 1 January 2010.

Amendment to HKAS 1 'Presentation of financial statements', effective for periods beginning on or after 1 January 2010. Current / non-current classification of the liability component of convertible instruments is not affected by the holder's option which will result in the settlement by the issuance of equity instruments. The Group will apply HKAS 1 (amendment) from 1 January 2010.

Amendment to HKAS 7 'Statement of cash flows', effective for periods beginning on or after 1 January 2010. Only expenditures that result in a recognised asset are eligible for classification as investing activities. The Group will apply HKAS 7 (amendment) from 1 January 2010.

Amendment to HKAS 17 'Leases', effective for periods beginning on or after 1 January 2010. The amendment removes the specific guidance on the classification of long-term leases of land as operating leases. When classifying land leases, the general principles

APPENDIX I

ACCOUNTANT'S REPORT

applicable to the classification of leases should be applied. The classification of land leases has to be reassessed on adoption of the amendment on the basis of information existing at inception of the leases. The Group will apply HKAS 17 (amendment) from 1 January 2010.

Amendment to HKAS 36 'Impairment of assets', effective for periods beginning on or after 1 January 2010. This clarifies that the largest unit permitted for the goodwill impairment test is the lowest level of operating segment before any aggregation as defined in HKFRS 8. The Group will apply amendments to HKAS 36 from 1 January 2010.

Amendment to HKAS 38 'Intangible assets', effective for periods beginning on or after 1 July 2009. This clarifies the description of the valuation techniques commonly used to measure intangible assets acquired in a business combination when they are not traded in an active market. In addition, an intangible asset acquired in a business combination might be separable but only together with a related contract, identifiable asset or liability. In such cases, the intangible asset is recognised separately from goodwill but together with the related item. The Group will apply HKAS 38 (amendment) from 1 January 2010.

Amendment to HKAS 39 'Financial instruments: recognition and measurement', effective for periods beginning on or after 1 January 2010. Loan prepayment penalties are treated as closely related embedded derivatives, only if the penalties are payments that compensate the lender for loss of interest by reducing the economic loss from reinvestment risk. In addition, the scope exemption to business combination contracts only applies to forward contracts that are firmly committed to be completed between the acquirer and a selling shareholder to buy or sell an acquiree in a business combination at a future acquisition date. Therefore option contracts are not in this scope exemption. This amendment also clarifies that in a cash flow hedge of a forecast transaction that a reclassification of the gains or losses on the hedged item from equity to profit or loss is made during the period the hedged forecast cash flows affect profit or loss. The Group will apply HKAS 39 (amendment) from 1 January 2010.

Amendment to HK (IFRIC) 9 'Reassessment of embedded derivatives', effective for periods beginning on or after 1 July 2009. This amendment aligns the scope of HK (IFRIC) 9 to the scope of HKFRS 3 (revised): the interpretation does not apply to embedded derivatives in contracts acquired in a business combination, a common control combination or the formation of a joint venture. The Group will apply HK (IFRIC) 9 (amendment) from 1 January 2010.

Amendment to HK (IFRIC) 16 'Hedges of a net investment in a foreign operation', effective for periods beginning on or after 1 July 2009. This amendment removes the restriction on the entity that can hold hedging instruments in a net investment hedge. The hedging instruments can be held by the foreign operation that itself is being hedged. This is not currently relevant to the Group as it does not have such hedge.

2.2 Merger accounting for common control combination

The Financial Information incorporates the financial statements 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 parties' perspective. No amount is recognised in consideration for goodwill

APPENDIX I**ACCOUNTANT'S REPORT**

or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest.

The consolidated income statement includes the results of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where there is a shorter period, regardless of the date of the common control combination.

A uniform set of accounting policies is adopted by those entities, all intra-group transactions, balances and unrealised gains on transactions between combining entities or businesses are eliminated on consolidation.

2.3 Consolidation

The Financial Information includes the financial statements of the Company and all of its subsidiaries.

(i) Subsidiaries

Subsidiaries are 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.

Except for the Reorganisation which has been accounted for as a combination of entities or businesses under common control using merger accounting as explained in Note 1 of this section, the purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. Under the purchase method, the cost of an acquisition is measured at the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interests. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the consolidated income statement.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

In the Company's balance sheet the investments in subsidiaries are stated at cost less provision for impairment losses (Note 2.8). The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

APPENDIX I**ACCOUNTANT'S REPORT**

(ii) Jointly controlled entities

Jointly controlled entities are accounted for using the equity method of accounting and are initially recognised at cost. The Group's investment in jointly controlled entities includes goodwill (net of any accumulated impairment loss) identified on acquisition.

The Group's share of its jointly controlled entities' post-acquisition profits or losses is recognised in the consolidated income statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment.

Unrealised gains on transactions between the Group and its jointly controlled entities are eliminated to the extent of the Group's interest in the jointly controlled entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of jointly controlled entities have been changed where necessary to ensure consistency with the policies adopted by the Group.

Dilution gains and losses in jointly controlled entities are recognised in the consolidated income statement.

(iii) Transactions with minority interests

The Group applies a policy of treating transactions in connection with equity interests in subsidiaries with minority interests as transactions with equity participants of the Company. Gains and losses for the Group resulting from disposals of equity interests in subsidiaries to minority interests are recorded in the Company's equity. Difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary resulting from purchases from minority interests are recorded in the Company's equity.

2.4 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Group's senior executive management. The Group's senior executive management are responsible for allocating resources and assessing performance of the operating segments. Operating segments are not aggregated for financial reporting purposes unless the segment has similar economic characteristic and are similar in respect of the nature of products, the nature of production processes, the type or class of customers.

2.5 Foreign currency translation***(i) Functional and presentation currency***

Items included in the financial statements 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 Hong Kong 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. Foreign exchange gains and losses resulting from the

APPENDIX I

ACCOUNTANT'S REPORT

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 income statement except when deferred in equity as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the consolidated income statement within finance income/(cost), net. All other foreign exchange gains and losses are presented in the income statement within 'other gains-net'.

Changes in the fair value of monetary securities denominated in foreign currency classified as available for sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in the amortised cost are recognised in profit or loss, and other changes in the carrying amount are recognised in equity.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as available-for-sale are included in the available-for-sale reserve in equity.

(iii) Group companies

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

- (1) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- (2) income and expenses for each consolidated 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 dates of the transactions); and
- (3) all resulting exchange differences are recognised in the consolidated statements of 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.

2.6 Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses. 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 in the consolidated income statement during the financial period in which they are incurred.

APPENDIX I

ACCOUNTANT'S REPORT

Depreciation is calculated using the straight-line method to allocate their costs less accumulated impairment losses to their residual values over their estimated useful lives, as follows:

— Buildings	10 years
— Furniture and fixtures	3 – 5 years
— Computers, equipment and air-conditioners	3 years
— Plant and machinery	6 – 7 years
— Motor vehicles	4 years

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 2.8).

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are recognised in the consolidated income statement.

2.7 Intangible assets

(i) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets and contingent liabilities of the acquired subsidiary at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is tested for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose identified according to operating segment.

(ii) Trademarks and licences

Acquired trademarks and licences that have an indefinite useful life are carried at historical cost less accumulated impairment, if any, and are tested for impairment annually and when there is an indication of impairment.

Acquired licences that have a finite useful life are carried at cost less accumulated amortisation and accumulated impairment, if any, and are tested for impairment annually and when there is an indication of impairment. Amortisation is calculated using the straight-line method to allocate the cost of licences over their estimated useful lives (10 to 11 years).

2.8 Impairment of investments in subsidiaries, jointly controlled entities and non-financial assets

Assets that have an indefinite useful life or have not yet been available 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

APPENDIX I**ACCOUNTANT'S REPORT**

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.

2.9 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 design costs, raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.10 Financial assets

The Group classifies its financial assets as loans and receivable. The classification depends on the purposes for which the financial assets were acquired. Management determine the classification of its financial assets at initial recognition.

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 maturities longer than 12 months after the balance sheet date. These are classified as non-current assets. Loans and receivables are classified as 'trade receivables', 'Deposit and prepayments', 'Amounts due from related parties', 'Amount due from immediate holding company' and 'cash and cash equivalents' in the balance sheet. The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial asset is impaired.

2.11 Trade and other receivables

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. A provision for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the assets is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement within administrative expenses. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against administrative expenses in the income statement.

APPENDIX I

ACCOUNTANT'S REPORT

2.12 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet, if any.

2.13 Share capital

Ordinary shares are classified as equity.

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

2.14 Trade payables

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

2.15 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement 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.

2.16 Borrowing costs

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use. All other borrowing costs are expensed as incurred.

2.17 Current and deferred income tax

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

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 Company's subsidiaries and jointly controlled entities 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.

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 financial statements. However, 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

APPENDIX I

ACCOUNTANT'S REPORT

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 to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and jointly controlled entities, except 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.

2.18 Employee benefits

(i) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(ii) Pension obligations

Group companies operate various pension schemes. The schemes are generally funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations. The Group has both defined benefit and defined contribution plans. A defined contribution plan is a pension plan under which the Group pays contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan. Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of services and compensation.

The liability recognised in the consolidated balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses and past service costs. The defined benefit obligation is calculated by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions in excess of the greater of 10% of the value of the plan assets or 10% of the defined benefit obligation are recognised in consolidated income statement over the average remaining service lives of employees.

APPENDIX I

ACCOUNTANT'S REPORT

Past-service costs are recognised immediately as income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available. In respect of the employees of the Group in Hong Kong, the Group's net obligation in respect of long service payments on cessation of employment in certain circumstances under the Hong Kong Employment Ordinance is the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit as calculated using the projected unit credit method is discounted to determine the present value and reduced by entitlements accrued under the Group's retirement plans that are attributable to contributions made by the Group.

(iii) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after balance sheet date are discounted to present value.

(iv) Profit-sharing and bonus plans

The Group recognises a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

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.

2.19 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value added tax, returns, rebates and discounts and after eliminating sales within the Group.

APPENDIX I

ACCOUNTANT'S REPORT

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(i) Sales of goods-retail

The Group operates a chain of retail outlets selling menswear and accessories. Sales of goods are recognised when a Group entity sells a product to the customer. Retail sales are usually in cash or by credit card. Accumulated experience is used to estimate and provide for sales returns at the time of sale.

(ii) Sales of goods-wholesale

Sales of goods-wholesale are recognised when a Group entity has delivered products to the customers, the customers have full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customers' acceptance of the products. Delivery does not occur until the products have been shipped to the specified location, the risks of obsolescence and loss have been transferred to the customers, and either the customers have accepted the products in accordance with sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

(iii) Interest income

Interest income is recognised on a time-proportion basis using the effective interest method.

(iv) Administration and consultancy fee income

Administration and consultancy fee income is recognised when services are rendered.

2.20 Leases

(a) As the lessee of operating leases

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

(b) As the lessor of operating leases

A lease is an agreement whereby the lessor conveys to the lessee in return for a payment, or series of payments, the right to use an asset for an agreed period of time.

When assets are leased out under an operating lease, the asset is included in the consolidated balance sheet based on the nature of the asset.

Lease income from operating lease is recognised over the term of the lease on a straight-line basis.

APPENDIX I

ACCOUNTANT'S REPORT

2.21 Dividend distribution

Dividend distribution to the Company's equity holders is recognised as a liability in the Financial Information in the period in which the dividends are approved by the Company's equity holders or the Board of directors, where appropriate.

2.22 Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the Financial Information. When a change in the probability of an outflow occurs so that outflow is probable, it will then be recognised as a provision.

2.23 Royalty expense

Royalty expense is recognised on an accrual basis when they are due on the sale of goods in the normal course of business.

Prepaid royalty is carried at cost in the balance sheet and is expensed to the consolidated income statement using the straight line method to allocate the cost of the royalty expense over the expected useful life of 10 years. Management performs an impairment review whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

2.24 Subsidy income

Subsidy income is financial assistance by local municipal government in Mainland China in the form of transfer of resources to an enterprise to encourage business development in the local municipal and is recognised at their fair value where there is a reasonable assurance that the grants will be received and the Group will comply with all attached conditions.

2.25 Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The effective portion of changes in the fair value of qualified hedging instruments are recognised in equity and changes in the fair value of other derivative instruments are recognised immediately in the consolidated income statements.

3 Financial risk management**3.1 Financial risk factors**

The Group's activities expose it to a variety of financial risks: market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The Group's risk management programme

APPENDIX I

ACCOUNTANT'S REPORT

focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group has used derivative financial instruments to hedge certain risk exposures.

Risk management is carried out by a section under the Finance Department based on policies approved by the Board of Directors. The treasury section identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units.

(a) Market risk

(i) Foreign exchange risk

The Group is exposed to foreign currency risk arising from various currencies, primarily with respect to "RMB", Euro and New Taiwan Dollars. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

Management has set up a policy to require Group companies to manage their foreign exchange risk against their functional currency. To manage the foreign exchange risk arising from future commercial transactions and recognised assets and liabilities, entities in the Group use forward contracts. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency.

At 31 December 2006, 2007 and 2008 and 30 June 2009, if HK dollar had weakened or strengthened by 10% against the RMB with all other variables held constant, post-tax profit for the year/period would have been HK\$5,617,000, HK\$22,024,000, HK\$35,105,000 and HK\$21,572,000 respectively higher or lower, mainly as a result of foreign exchange gains or losses on translation of HKD-denominated trade payables recorded in the books of the Group's entities in Mainland China.

(ii) Interest rate risk

The Group's interest rate risk arises from short and long term borrowings. All of the Group's external borrowings are at variable exchange rates. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. During the Relevant Periods, the Group's borrowings at variable rates were denominated in USD, HKD and RMB.

The Group analyses its interest rate exposure on a dynamic basis. If interest rate had increased/decreased by a 10 basis-point and all other variables were held constant, the Group's net profit would have decreased/increased by nil, HK\$1,583,000 and HK\$1,536,000 and HK\$642,000 for the years ended 31 December 2006, 2007 and 2008 and six months ended 30 June 2009 respectively.

During the Relevant Periods, the Group has not used any financial instruments to hedge its exposure to interest rate risk as the Directors consider there was no significant interest rate risk.

(b) Credit risk

The Group has no significant concentration of credit risk. The carrying amounts of cash and cash equivalents, amounts due from related parties, trade receivables and other receivables represent the Group's maximum exposure to credit risk in relation to financial assets. As at 31 December 2006, 2007 and 2008 and 30 June 2008 and 2009, cash and cash equivalents are deposited in financial institutions without significant credit risk.

APPENDIX I

ACCOUNTANT'S REPORT

The Group manages its deposits with banks and financial institutions by monitoring credit ratings and limiting the aggregate risk to any individual counterparty. The table below shows the bank deposit balances of major banks as at 31 December 2006, 2007, 2008 and 30 June 2009. Management does not expect any losses from non-performance by these banks. The Group has no policy to limit the amount of credit exposure to any financial institution.

Counterparty	Rating (i)	As at 31 December			As at 30 June
		2006	2007	2008	2009
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
The Hongkong and Shanghai Banking Corporation Limited	AA	122,717	796,322	108,909	155,847
Standard Chartered Bank	A+	3,172	3,179	4,438	83,444
Hang Seng Bank	AA	—	—	—	30,000
Taiwan Business Bank	twA	3,701	4,151	7,300	14,590
Bank of China (Hong Kong) Limited	A-	—	42	56	73,046
Bank of China Limited	A-	4	35	1	515
China Construction Bank	A-	9	151	210	332
ICBC (Asia)	A-	11,357	4,955	9,170	2,815
China Merchants Bank	BBB-	350	9,971	6,738	595
The Bank of East Asia	A-	—	—	5,955	3
Others	N/A	2,084	492	964	1,004
Total		<u>143,394</u>	<u>819,298</u>	<u>143,741</u>	<u>362,191</u>

Note:

(i) The source of current credit rating is from Standard and Poor's.

Rental deposits are placed with reputable landlords with no history of default.

Management does not expect any losses from the non-performance by these counterparties.

The majority of sales made by the Group are in the form of cash and credit cards. For those long term relationship customers, the Group offers credit terms up to 90 days. There is no recent history of material default in relation to those customers.

Also refer to note 16(d) for the credit risk of the Company.

(c) Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash and the availability of funding from an adequate amount of committed credit facilities. Group treasury maintains flexibility in funding by monitoring availability under committed credit lines.

Management maintains rolling forecasts of the Group's liquidity reserves which comprise undrawn borrowing facilities and cash and cash equivalents on the basis of expected cash flows.

APPENDIX I

ACCOUNTANT'S REPORT

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

As at 31 December 2006	Repayment period			
	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Trade payables	16,579	—	—	—
Other payables and accrued expenses	239,363	—	—	—
Amounts due to immediate holding company	—	1,714,218	—	—
Amounts due to related parties	64,227	—	—	—
	<u>320,169</u>	<u>1,714,218</u>	<u>—</u>	<u>—</u>
As at 31 December 2007	Repayment period			
	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Trade payables	73,330	—	—	—
Other payables and accrued expenses	192,283	7,167	24,833	72,917
Amounts due to related parties	182,628	—	—	—
Borrowings	839,069	47,058	992,744	—
	<u>1,287,310</u>	<u>54,225</u>	<u>1,017,577</u>	<u>72,917</u>
As at 31 December 2008	Repayment period			
	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Trade payables	68,067	—	—	—
Other payables and accrued expenses	209,640	7,667	27,500	62,583
Amounts due to related parties	105,177	—	—	—
Borrowings	386,775	42,392	940,763	—
	<u>769,659</u>	<u>50,059</u>	<u>968,263</u>	<u>62,583</u>
As at 30 June 2009	Repayment period			
	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Trade payables	45,410	—	—	—
Other payables and accrued expenses	180,841	7,917	29,000	57,083
Amounts due to related companies	137,490	—	—	—
Borrowings	300,815	957,948	124,924	—
	<u>664,556</u>	<u>965,865</u>	<u>153,924</u>	<u>57,083</u>

3.2 Fair value estimation

The carrying amounts of the Group's financial assets including cash and cash equivalents, trade and other receivables and amounts due from related parties; and financial liabilities including trade and other payables, current borrowings and amounts due to related parties, approximated their fair values due to their short maturities.

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

APPENDIX I**ACCOUNTANT'S REPORT**

4 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern whilst seeking to maximise benefits to shareholders and other stakeholders. The Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholder returns, taking into consideration the future capital requirements of the Group and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends to be paid to shareholders, repurchase Company shares, return capital to shareholders, issue new shares or sell assets to reduce debt.

Total capital is calculated as 'equity' as shown in the consolidated balance sheet.

5 Critical accounting estimates and judgments

Estimates and judgment are continually evaluated and are 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 have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Estimated impairment of goodwill and other intangible assets

The Group tests annually whether goodwill and other intangible assets have suffered any impairment, in accordance with the accounting policy stated in Note 2.8. The recoverable amounts of cash-generating units have been determined based on fair value less costs to sell calculations. These calculations require the use of estimates (Note 7).

(b) Income taxes

The Group is subject to income taxes in numerous jurisdictions. Significant judgments are required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the periods in which such determination are made.

(c) Useful life of intangibles

A portion of the Group's licences are classified as an indefinite useful life intangible asset in accordance with HKAS 38 "Intangible Assets". This conclusion is supported by the fact that these licences are capable of being renewed indefinitely at insignificant cost, perpetual in duration, relate to well known and long established menswear brands, and based on past and future financial performance of the Group, they are expected to generate positive cash flows indefinitely. It could change significantly as a result of changes in the luxury menswear industry or competitor actions in response to severe industry cycles. Under HKAS 38, the Group re-evaluates the useful life of licences each year to determine whether events and circumstances continue to support the view of indefinite useful life for these assets.

APPENDIX I

ACCOUNTANT'S REPORT

(d) Net realisable value of inventories

Net realisable value of inventories is the estimated selling price 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 the product. It could change significantly as a result of changes in consumer taste and competitor actions in response to severe industry cycle. Management reassesses these estimates at each balance sheet date.

(e) Estimated impairment of property, plant and equipment

The Group assesses annually whether property, plant and equipment have any indication of impairment. The recoverable amounts have been determined based on value-in-use calculations. These calculations require the use of judgments and estimates.

(f) Trade and other receivables

The Group's management determines the provision for impairment of trade and other receivables based on an assessment of the recoverability of the receivables. This assessment is based on the credit history of its customers and other receivables and the current market conditions and requires the use of judgments and estimates. Management reassesses the provision at each balance sheet date.

THIS WEB PROOF INFORMATION PACK IS IN DRAFT FORM. The information contained in it is incomplete and is subject to change. This Web Proof Information Pack must be read in conjunction with the section headed "Warning" on the cover of this Web Proof Information Pack.

APPENDIX I

ACCOUNTANT'S REPORT

6 Property, plant and equipment - Group

	Buildings	Furniture and fixtures	Computers, equipment and air-conditioners	Plant and machinery	Motor vehicles	Total
	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000
Year ended 31 December 2006						
Opening net book amount	—	—	—	—	—	—
Exchange differences	—	399	54	—	—	453
Acquisition of subsidiaries (Note 35)	3,313	28,230	2,091	587	156	34,377
Additions	—	26,251	3,908	86	—	30,245
Disposals	—	(501)	—	—	—	(501)
Depreciation (Note 26)	(276)	(18,694)	(807)	(188)	(44)	(20,009)
Closing net book amount	<u>3,037</u>	<u>35,685</u>	<u>5,246</u>	<u>485</u>	<u>112</u>	<u>44,565</u>
At 31 December 2006						
Cost	3,870	69,919	7,666	697	156	82,308
Accumulated depreciation and impairment	(833)	(34,234)	(2,420)	(212)	(44)	(37,743)
Net book amount	<u>3,037</u>	<u>35,685</u>	<u>5,246</u>	<u>485</u>	<u>112</u>	<u>44,565</u>
Year ended 31 December 2007						
Opening net book amount	3,037	35,685	5,246	485	112	44,565
Exchange differences	—	3,157	353	—	69	3,579
Additions	—	99,851	15,747	540	2,621	118,759
Disposals	—	(164)	(1,056)	—	—	(1,220)
Other	—	46	—	—	—	46
Impairment charge (Note 26)	—	(706)	—	—	—	(706)
Depreciation (Note 26)	(413)	(33,094)	(3,866)	(211)	(398)	(37,982)
Closing net book amount	<u>2,624</u>	<u>104,775</u>	<u>16,424</u>	<u>814</u>	<u>2,404</u>	<u>127,041</u>
At 31 December 2007						
Cost	3,870	149,869	20,832	1,213	2,878	178,662
Accumulated depreciation and impairment	(1,246)	(45,094)	(4,408)	(399)	(474)	(51,621)
Net book amount	<u>2,624</u>	<u>104,775</u>	<u>16,424</u>	<u>814</u>	<u>2,404</u>	<u>127,041</u>
Year ended 31 December 2008						
Opening net book amount	2,624	104,775	16,424	814	2,404	127,041
Exchange differences	—	4,175	306	—	90	4,571
Additions	—	106,769	11,980	297	—	119,046
Disposals	—	(8,865)	(1,051)	—	—	(9,916)
Impairment charge (Note 26)	—	(28,456)	—	—	—	(28,456)
Depreciation (Note 26)	(413)	(59,781)	(6,829)	(224)	(561)	(67,808)
Closing net book amount	<u>2,211</u>	<u>118,617</u>	<u>20,830</u>	<u>887</u>	<u>1,933</u>	<u>144,478</u>
At 31 December 2008						
Cost	3,870	237,691	31,904	1,510	2,960	277,935
Accumulated depreciation and impairment	(1,659)	(119,074)	(11,074)	(623)	(1,027)	(133,457)
Net book amount	<u>2,211</u>	<u>118,617</u>	<u>20,830</u>	<u>887</u>	<u>1,933</u>	<u>144,478</u>
Six months ended 30 June 2009						
Opening net book amount	2,211	118,617	20,830	887	1,933	144,478
Exchange differences	—	(27)	(39)	—	33	(33)
Additions	—	22,194	1,562	42	20	23,818
Disposals	—	(4,822)	(12)	—	(536)	(5,370)
Impairment charge (Note 26)	—	(3,644)	—	—	—	(3,644)
Depreciation (Note 26)	(207)	(30,980)	(4,816)	(106)	(258)	(36,367)
Closing net book amount	<u>2,004</u>	<u>101,338</u>	<u>17,525</u>	<u>823</u>	<u>1,192</u>	<u>122,882</u>
At 30 June 2009						
Cost	3,870	246,865	32,270	1,451	2,347	286,803
Accumulated depreciation and impairment	(1,866)	(145,527)	(14,745)	(628)	(1,155)	(163,921)
Net book amount	<u>2,004</u>	<u>101,338</u>	<u>17,525</u>	<u>823</u>	<u>1,192</u>	<u>122,882</u>

The table below shows the amount of depreciation expenses included in cost of sales, selling and marketing expenses and administrative expenses for the year ended 31 December 2006, 2007 and 2008 and the six months ended 30 June 2008 and 2009.

	Year ended 31 December			Six months ended 30 June	
	2006	2007	2008	2008	2009
	HKS'000	HKS'000	HKS'000	HKS'000 (unaudited)	HKS'000
Cost of sales	306	454	462	256	181
Selling & marketing expenses	12,185	29,228	51,621	17,560	29,014
Administrative expenses	7,518	8,300	15,725	8,136	7,172
Total	<u>20,009</u>	<u>37,982</u>	<u>67,808</u>	<u>25,952</u>	<u>36,367</u>

APPENDIX I

ACCOUNTANT'S REPORT

7 Intangible assets - Group

	Licences (with finite useful lives)	Trademark and Licences (with indefinite useful lives)	Goodwill	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Year ended 31 December 2006				
Opening net book amount	—	—	—	—
Acquisition of subsidiaries (Note 35)	27,300	169,500	1,271,751	1,468,551
Amortisation charge (Note 26)	(5,595)	—	—	(5,595)
Closing net book amount	<u>21,705</u>	<u>169,500</u>	<u>1,271,751</u>	<u>1,462,956</u>
At 31 December 2006				
Cost	27,300	169,500	1,271,751	1,468,551
Accumulated amortisation	(5,595)	—	—	(5,595)
Net book amount	<u>21,705</u>	<u>169,500</u>	<u>1,271,751</u>	<u>1,462,956</u>
Year ended 31 December 2007				
Opening net book amount	21,705	169,500	1,271,751	1,462,956
Additions	60,192	—	—	60,192
Amortisation charge (Note 26)	(6,443)	—	—	(6,443)
Closing net book amount	<u>75,454</u>	<u>169,500</u>	<u>1,271,751</u>	<u>1,516,705</u>
At 31 December 2007				
Cost	87,492	169,500	1,271,751	1,528,743
Accumulated amortisation	(12,038)	—	—	(12,038)
Net book amount	<u>75,454</u>	<u>169,500</u>	<u>1,271,751</u>	<u>1,516,705</u>
Year ended 31 December 2008				
Opening net book amount	75,454	169,500	1,271,751	1,516,705
Additions	—	129,506	—	129,506
Amortisation charge (Note 26)	(8,973)	—	—	(8,973)
Closing net book amount	<u>66,481</u>	<u>299,006</u>	<u>1,271,751</u>	<u>1,637,238</u>
At 31 December 2008				
Cost	87,492	299,006	1,271,751	1,658,249
Accumulated amortisation	(21,011)	—	—	(21,011)
Net book amount	<u>66,481</u>	<u>299,006</u>	<u>1,271,751</u>	<u>1,637,238</u>
Six months ended 30 June 2009				
Opening net book amount	66,481	299,006	1,271,751	1,637,238
Amortisation charge (Note 26)	(4,164)	—	—	(4,164)
Closing net book amount	<u>62,317</u>	<u>299,006</u>	<u>1,271,751</u>	<u>1,633,074</u>
At 30 June 2009				
Cost	87,492	299,006	1,271,751	1,658,249
Accumulated amortisation	(25,175)	—	—	(25,175)
Net book amount	<u>62,317</u>	<u>299,006</u>	<u>1,271,751</u>	<u>1,633,074</u>

Amortisation charge of HK\$5,595,000, HK\$6,443,000, HK\$8,973,000, HK\$4,647,000 (unaudited) and HK\$4,164,000 for the years ended 31 December 2006, 2007 and 2008 and the six months ended 30 June 2008 and 2009, respectively are included in administrative expenses.

APPENDIX I

ACCOUNTANT'S REPORT

Impairment tests for goodwill and other intangible assets

Goodwill and other intangible assets are allocated to the Group's cash-generating units ("CGUs") identified according to the place of operations.

All of the Group's goodwill and other intangible assets are allocated to the retail business and the place of operations. An analysis of goodwill allocated to the place of operations as at 31 December 2006, 2007, 2008 and 30 June 2009 is presented below.

	HK\$'000
Goodwill	
Mainland China	724,898
Hong Kong	470,548
Taiwan	76,305
Total	<u>1,271,751</u>

Impairment test for goodwill

In accordance with HKAS 36 "Impairment of Assets", the Group completed impairment test for goodwill allocated to the Group's various CGUs identified according to the place of operations by comparing their recoverable amount to their carrying amount as at the balance sheet date. The recoverable amount of a CGU is determined based on fair value less costs to sell calculation. These calculations use cash flow projection based on one-year financial budget approved by management and extrapolated perpetually, with an estimated general annual growth rate stated below of not more than 5%. The growth rate used is largely consistent and does not exceed industry growth forecasts. The discount rate used is approximately 10% (post-tax) and reflects market assessments of the time value and the specific risks relating to the industry. The budgeted gross margin and net profit margin were determined by management based on past performance and its expectations for market development. Management believes that any reasonably foreseeable change in any of the above key assumptions would not cause the carrying amount of goodwill to exceed the recoverable amount. Judgments are required to determine key assumptions adopted in the cash flow projections and changes to key assumptions can significantly affect these cash flow projections.

The key assumptions used in fair value less costs to sell calculations are as follows:

	Hong Kong	Mainland China	Taiwan
Gross margin (i)	73%	74%	70%
Growth rate (ii)	5%	5%	5%
Discount rate (iii)	10%	10%	10%

- (i) Budgeted gross margin
- (ii) Weighted average growth rate used to extrapolate cash flows beyond the budget period
- (iii) Pre-tax discount rate applied to the cash flow projections

These assumptions have been used for the analysis of each CGU within the business segment.

Trademarks and licences

Some of the trademarks and licences acquired are deemed to have indefinite useful lives because either they do not have any term of expiry or their renewal would be probable and would not involve significant costs, taking into account the history of renewals and the relationship with the

APPENDIX I

ACCOUNTANT'S REPORT

contracting parties. The carrying amount of these trademarks and licenses is not amortised as such rights will contribute cash flows for an indefinite period. The directors have performed an impairment review of the carrying amount of trademarks and licenses at 31 December 2006, 2007 and 2008 based on forecast operating performance, cash flows of the related businesses and the key assumptions as outlined above as they are in the same CGU and have concluded that no impairment is required. The directors have also assessed at 30 June 2008 and 2009 whether there is any impairment and have concluded that no impairment is required.

8 Investments in and amounts due from/(to) subsidiaries - Company

(a) Investments in subsidiaries

	As at 31 December			As at 30 June
	2006	2007	2008	2009
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Unlisted investments, at cost	9,000	9,000	9,000	49,000
Advances to subsidiaries	38,954	1,853,317	1,948,477	1,948,477
	<u>47,954</u>	<u>1,862,317</u>	<u>1,957,477</u>	<u>1,997,477</u>

Advances to subsidiaries are unsecured, interest free and will not be demanded for repayment.

The details of the subsidiaries are included in Note 37.

(b) Amounts due from/(to) subsidiaries

The amounts due from/(to) subsidiaries are unsecured, interest free and repayable on demand. The fair value of amounts due from/(to) subsidiaries are approximately the same as their carrying amounts.

9 Investments in jointly controlled entities - Group

	As at 31 December			As at 30 June
	2006	2007	2008	2009
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Beginning of the year	92,508	111,566	154,204	145,583
Share of profit of jointly controlled entities	32,593	40,682	42,318	12,925
Dividends received	(20,786)	—	(16,521)	—
Other equity movements: hedging reserves	—	—	6,433	(6,922)
Exchange differences	<u>7,251</u>	<u>1,956</u>	<u>(40,851)</u>	<u>6,653</u>
End of the year/period	<u>111,566</u>	<u>154,204</u>	<u>145,583</u>	<u>158,239</u>

THIS WEB PROOF INFORMATION PACK IS IN DRAFT FORM. The information contained in it is incomplete and is subject to change. This Web Proof Information Pack must be read in conjunction with the section headed "Warning" on the cover of this Web Proof Information Pack.

APPENDIX I

ACCOUNTANT'S REPORT

Summarised financial information of the Group's jointly controlled entities, all of which are unlisted, are as follows:

Name	Particulars of issued shares held	Country of incorporation	Assets		Liabilities		Revenues	Profit	% Interest held	Profit attributable to the Group
			current	non-current	current	non-current				
			HK\$'000	HK\$'000	HK\$'000	HK\$'000				HK\$'000
	2006									
Ferragamo (Malaysia) Sdn Bhd	1,300,000 ordinary shares of RM 1 each	Malaysia	22,112	1,976	2,787	96	32,655	3,997	50%	1,999
Ferragamo (Thailand) Limited	122,500 ordinary shares of Baht 100 each 127,500 preference shares of Baht 100 each (10 preference shares for 1 vote)	Thailand	6,869	6,814	8,023	—	17,313	(984)	50%	(492)
Ferragamo (Singapore) Pte Ltd	4,600,000 ordinary shares of S\$1 each	Singapore	29,835	4,906	7,118	923	78,399	3,242	50%	1,621
Ferragamo Korea Ltd	658,240 ordinary shares of KRW 5,000 each	Korea	123,586	114,271	64,463	3,827	391,249	58,931	50%	29,465
			182,402	127,967	82,391	4,846	519,616	65,186		32,593

Name	Particulars of issued shares held	Country of incorporation	Assets		Liabilities		Revenues	Profit	% Interest held	Profit attributable to the Group
			current	non-current	current	non-current				
			HK\$'000	HK\$'000	HK\$'000	HK\$'000				HK\$'000
	2007									HK\$'000
Ferragamo (Malaysia) Sdn Bhd	1,300,000 ordinary shares of RM 1 each	Malaysia	25,173	6,429	6,493	91	37,985	4,906	50%	2,453
Ferragamo (Thailand) Limited	122,500 ordinary shares of Baht 100 each 127,500 preference shares of Baht 100 each (10 preference shares for 1 vote)	Thailand	4,948	5,674	8,216	—	17,617	(3,015)	50%	(1,508)
Ferragamo (Singapore) Pte Ltd	4,600,000 ordinary shares of S\$1 each	Singapore	38,470	2,803	9,301	470	79,177	5,030	50%	2,515
Ferragamo Korea Ltd	658,240 ordinary shares of KRW 5,000 each	Korea	181,717	116,584	48,819	—	465,778	74,443	50%	37,222
			250,308	131,490	72,829	561	600,557	81,364		40,682

THIS WEB PROOF INFORMATION PACK IS IN DRAFT FORM. The information contained in it is incomplete and is subject to change. This Web Proof Information Pack must be read in conjunction with the section headed "Warning" on the cover of this Web Proof Information Pack.

APPENDIX I

ACCOUNTANT'S REPORT

Name	Particulars of issued shares held	Country of incorporation	Assets		Liabilities		Revenues	Profit	% Interest held	Profit attributable to the Group
			current	non-current	current	non-current				
			HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000		
2008										
Ferragamo (Malaysia) Sdn Bhd	1,300,000 ordinary shares of RM 1 each	Malaysia	30,879	5,406	4,409	308	46,576	4,333	50%	2,167
Ferragamo (Thailand) Limited	122,500 ordinary shares of Baht 100 each 127,500 preference shares of Baht 100 each (10 preference shares for 1 vote)	Thailand	12,382	4,328	16,971	—	19,207	(3,133)	50%	(1,567)
Ferragamo (Singapore) Pte Ltd	4,600,000 ordinary shares of S\$1 each	Singapore	50,571	1,876	11,599	439	88,495	5,808	50%	2,904
Ferragamo Korea Ltd	658,240 ordinary shares of KRW 5,000 each	Korea	211,613	96,564	88,727	—	495,352	77,628	50%	38,814
			305,445	108,174	121,706	747	649,630	84,636		42,318

Name	Particulars of issued shares held	Country of incorporation	Assets		Liabilities		Revenues	Profit	% Interest held	Profit attributable to the Group
			current	non-current	current	non-current				
			HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000		
	June 2009									
Ferragamo (Malaysia) Sdn Bhd	1,300,000 ordinary shares of RM 1 each	Malaysia	30,727	4,484	4,408	—	16,903	335	50%	168
Ferragamo (Thailand) Limited	122,500 ordinary shares of Baht 100 each 127,500 preference shares of Baht 100 each (10 preference shares for 1 vote)	Thailand	13,795	4,427	20,398	—	10,212	(1,622)	50%	(811)
Ferragamo (Singapore) Pte Ltd	4,600,000 ordinary shares of S\$1 each	Singapore	55,034	892	14,723	—	45,193	1,724	50%	862
Ferragamo Korea Ltd	658,240 ordinary shares of KRW 5,000 each	Korea	208,016	98,707	60,074	—	194,198	25,413	50%	12,706
			307,572	108,510	99,603	—	266,506	25,850		12,925

THIS WEB PROOF INFORMATION PACK IS IN DRAFT FORM. The information contained in it is incomplete and is subject to change. This Web Proof Information Pack must be read in conjunction with the section headed "Warning" on the cover of this Web Proof Information Pack.

APPENDIX I

ACCOUNTANT'S REPORT

10 Deposit and prepayments - Group

	As at 31 December			As at 30 June
	2006	2007	2008	2009
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Non-current assets				
Rental deposits	14,413	19,239	22,123	19,369
Prepayments	32,610	27,175	21,740	19,022
	<u>47,023</u>	<u>46,414</u>	<u>43,863</u>	<u>38,391</u>
Current assets				
Rental deposits	7,303	10,480	12,731	15,258
Prepayments	51,249	51,982	78,704	91,064
	<u>58,552</u>	<u>62,462</u>	<u>91,435</u>	<u>106,322</u>
Total	<u>105,575</u>	<u>108,876</u>	<u>135,298</u>	<u>144,713</u>

The carrying amounts of rental deposits and prepayments are denominated in the following currencies:

	As at 31 December			As at 30 June
	2006	2007	2008	2009
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
RMB	36,340	43,376	46,912	54,478
HKD	33,182	38,967	66,401	70,335
USD	15,288	14,051	10,920	9,828
NTD	19,987	12,476	10,267	8,514
AUD	402	—	—	—
EUR	—	6	—	—
GBP	—	—	386	—
SGD	—	—	235	1,558
MOP	376	—	177	—
	<u>105,575</u>	<u>108,876</u>	<u>135,298</u>	<u>144,713</u>

As at 31 December 2006, 2007 and 2008 and 30 June 2009, the carrying amounts of the Group's rental deposits and prepayments approximated their fair values.

11 Deferred income tax - Group

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 relate to the same fiscal authority. The offset amounts are as follows:

	As at 31 December			As at 30 June
	2006	2007	2008	2009
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Deferred income tax assets:				
— Deferred income tax assets to be recovered after more than 12 months	<u>5,675</u>	<u>36,601</u>	<u>68,953</u>	<u>63,877</u>
Deferred income tax liabilities:				
— Deferred income tax liabilities to be settled after more than 12 months	<u>(29,608)</u>	<u>(29,608)</u>	<u>(48,873)</u>	<u>(52,202)</u>

APPENDIX I

ACCOUNTANT'S REPORT

The gross movement in the deferred income tax asset and (liabilities) is as follows:

	Year ended 31 December			Six months ended 30 June
	2006	2007	2008	2009
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Beginning of the year	—	(23,933)	6,993	20,080
Acquisition of subsidiaries (Note 35)	(24,579)	—	—	—
Credited/(charged) to consolidated income statement (Note 31)	646	30,926	13,087	(8,405)
End of the year/period	<u>(23,933)</u>	<u>6,993</u>	<u>20,080</u>	<u>11,675</u>

The movement of the deferred income tax liabilities during the year/period is as follows:

	Recognition of licence contracts	Accelerated tax depreciation allowances	Undistributed profits of subsidiaries and jointly controlled entities	Others	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2006	—	—	—	—	—
Acquisition of subsidiaries (Note 35)	29,400	—	—	129	29,529
Charged to the consolidated income statement (Note 31)	—	—	—	79	79
At 31 December 2006 and 2007	29,400	—	—	208	29,608
(Credited)/charged to the consolidated income statement (Note 31)	(1,680)	4,103	16,900	(58)	19,265
At 31 December 2008	27,720	4,103	16,900	150	48,873
Charged/(credited) to the consolidated income statement (Note 31)	—	2,517	962	(150)	3,329
At 30 June 2009	<u>27,720</u>	<u>6,620</u>	<u>17,862</u>	<u>—</u>	<u>52,202</u>

The movement of the deferred income tax assets during the year/period is as follows:

	Impairment of assets	Decelerated tax depreciation allowances	Provisions & accruals	Unrealised profit on inventories	Others	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2006	—	—	—	—	—	—
(Charged)/credited to the consolidated income statement (Note 31)	—	(394)	1,119	—	—	725
Acquisition of subsidiaries (Note 35)	—	2,381	—	—	2,569	4,950
At 31 December 2006	—	1,987	1,119	—	2,569	5,675
Credited to the consolidated income statement (Note 31)	351	—	3,430	23,284	3,861	30,926
At 31 December 2007	351	1,987	4,549	23,284	6,430	36,601
Credited/(charged) to the consolidated income statement (Note 31)	3,316	2	6,873	23,814	(1,653)	32,352
At 31 December 2008	3,667	1,989	11,422	47,098	4,777	68,953
(Charged)/credited to the consolidated income statement (Note 31)	(264)	363	1,610	(7,617)	832	(5,076)
At 30 June 2009	<u>3,403</u>	<u>2,352</u>	<u>13,032</u>	<u>39,481</u>	<u>5,609</u>	<u>63,877</u>

THIS WEB PROOF INFORMATION PACK IS IN DRAFT FORM. The information contained in it is incomplete and is subject to change. This Web Proof Information Pack must be read in conjunction with the section headed "Warning" on the cover of this Web Proof Information Pack.

APPENDIX I

ACCOUNTANT'S REPORT

12 Inventories - Group

	As at 31 December			As at 30 June
	2006	2007	2008	2009
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Core Business				
Finished goods				
Carried at cost	161,503	306,747	472,500	399,879
Carried at net realisable value	9,595	12,537	1,816	38,337
Raw materials				
Carried at cost	10,437	55,333	46,985	20,787
Carried at net realisable value	—	2,934	1,170	5,105
Work in progress				
Carried at cost	11,654	40,873	15,165	18,394
	193,189	418,424	537,636	482,502
Non-Core Business				
Finished goods				
Carried at cost	56,459	70,566	61,219	51,002
Carried at net realisable value	5,395	13,115	25,950	6,377
Raw materials				
Carried at cost	4,069	12,883	8,678	6,774
	65,923	96,564	95,847	64,153
Total	259,112	514,988	633,483	546,655

The cost of inventories recognised as expense and included in 'cost of sales' amounted to HK\$267,192,000, HK\$367,962,000, HK\$483,619,000, HK\$219,770,000 (unaudited) and 260,326,000 for the years ended 31 December 2006, 2007 and 2008 and the six months ended 30 June 2008 and 2009 respectively (Note 26).

13 Trade receivables - Group

	As at 31 December			As at 30 June
	2006	2007	2008	2009
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Trade receivables	156,691	200,461	227,492	129,486
Less: provision for impairment of receivables	(1,436)	(469)	(4,240)	(1,788)
Trade receivables — net	155,255	199,992	223,252	127,698
Core Business	116,630	150,937	174,388	103,515
Non-Core Business	38,625	49,055	48,864	24,183
	155,255	199,992	223,252	127,698

The fair value of the Group's trade receivables are approximately the same as their carrying amounts.

APPENDIX I

ACCOUNTANT'S REPORT

Trade receivables that are less than three months past due are not considered impaired. Trade receivables of HK\$1,266,000, HK\$19,274,000, HK\$13,755,000 and HK\$8,716,000 as at 31 December 2006, 2007 and 2008 and 30 June 2009, respectively 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 is as follows:

	As at 31 December			As at 30 June
	2006	2007	2008	2009
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Past due				
Up to 3 months	1,228	10,841	12,736	6,112
4 to 12 months	38	8,284	981	2,199
Over 12 months	—	149	38	405
	<u>1,266</u>	<u>19,274</u>	<u>13,755</u>	<u>8,716</u>

Trade receivables of HK\$1,436,000, HK\$469,000, HK\$4,240,000 and HK\$1,788,000 as at 31 December 2006, 2007 and 2008 and 30 June 2009, respectively were impaired and fully provided for. The individually impaired receivables mainly relate to department store sales in Mainland China and uniform sales in Hong Kong. The ageing of these receivables is as follows:

	As at 31 December			As at 30 June
	2006	2007	2008	2009
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
4 to 12 months	—	—	2,655	221
Over 12 months	1,436	469	1,585	1,567
	<u>1,436</u>	<u>469</u>	<u>4,240</u>	<u>1,788</u>

The carrying amounts of the Group's trade receivables are denominated in the following currencies:

	As at 31 December			As at 30 June
	2006	2007	2008	2009
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
RMB	98,425	131,210	169,020	95,656
HKD	21,501	27,318	22,513	9,754
AUD	5,229	6,979	3,918	3,777
NTD	29,788	29,762	26,350	16,036
MOP	1,748	4,801	5,069	3,186
SGD	—	299	—	680
EUR	—	92	203	309
JPY	—	—	54	—
GBP	—	—	27	13
USD	—	—	338	75
	<u>156,691</u>	<u>200,461</u>	<u>227,492</u>	<u>129,486</u>

Movements in the provision for impairment of trade receivables are as follows:

	As at 31 December			As at 30 June
	2006	2007	2008	2009
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January	—	1,436	469	4,240
Provision for receivable impairment	1,436	—	4,240	—
Unused amounts reversed	—	(967)	(469)	(2,452)
At 31 December	<u>1,436</u>	<u>469</u>	<u>4,240</u>	<u>1,788</u>

APPENDIX I

ACCOUNTANT'S REPORT

The creation and release of provision for impaired receivables have been included in 'administrative expenses' in the consolidated income statement (Note 26). Amounts charged to the allowance account are generally written off when there is no expectation of recovery.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. The Group does not hold any collateral as security.

The Group's concessionaire sales through department stores are generally collectible within 30 days from the invoice date while the sales to corporate customers are generally in credit terms ranging from 30 to 90 days. The ageing analysis by invoice date of trade receivables of the Group is as follows:

	As at 31 December			As at 30 June
	2006	2007	2008	2009
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
1-30 days	101,101	143,794	163,904	88,975
31-60 days	51,062	38,469	48,948	33,467
61-90 days	2,782	8,225	6,572	2,948
Over 90 days	1,746	9,973	8,068	4,096
	<u>156,691</u>	<u>200,461</u>	<u>227,492</u>	<u>129,486</u>

14 Financial instruments by category

Except for loans and receivables summarised below, the Group has no other financial assets. The accounting policies for financial instruments have been applied to the line items as below:

	Loans and receivables HK\$'000
Group	
Assets as per consolidated balance sheet	
31 December 2006	
Trade receivables (Note 13)	155,255
Rental deposits (Note 10)	21,716
Receivables from related parties (Note 16(c))	1,872
Receivables from immediate holding company (Note 16(c))	76,198
Cash and cash equivalents (Note 17)	143,499
Total	<u>398,540</u>
31 December 2007	
Trade receivables (Note 13)	199,992
Rental deposits (Note 10)	29,719
Receivables from related parties (Note 16(c))	3,736
Cash and cash equivalents (Note 17)	820,423
Total	<u>1,053,870</u>
31 December 2008	
Trade receivables (Note 13)	223,252
Rental deposits (Note 10)	34,854
Receivables from related parties (Note 16(c))	15,360
Cash and cash equivalents (Note 17)	145,177
Total	<u>418,643</u>
30 June 2009	
Trade receivables (Note 13)	127,698
Rental deposits (Note 10)	34,627
Receivables from related parties (Note 16(c))	1,580
Cash and cash equivalents (Note 17)	363,424
Total	<u>527,329</u>

THIS WEB PROOF INFORMATION PACK IS IN DRAFT FORM. The information contained in it is incomplete and is subject to change. This Web Proof Information Pack must be read in conjunction with the section headed "Warning" on the cover of this Web Proof Information Pack.

APPENDIX I

ACCOUNTANT'S REPORT

	Other financial liabilities HK\$'000
Liabilities as per consolidated balance sheet	
31 December 2006	
Trade payables (Note 23)	16,579
Amount due to immediate holding company (Note 16(c))	1,714,218
Amounts due to related parties (Note 16(c))	64,227
Other payables and accrued expenses (Note 22)	239,363
Total	<u>2,034,387</u>
31 December 2007	
Trade payables (Note 23)	73,330
Amounts due to related parties (Note 16(c))	182,628
Borrowings (Note 24)	1,718,244
Other payables and accrued expenses (Note 22)	247,975
Total	<u>2,222,177</u>
31 December 2008	
Trade payables (Note 23)	68,067
Amounts due to related parties (Note 16(c))	105,177
Borrowings (Note 24)	1,290,257
Other payables and accrued expenses (Note 22)	257,668
Total	<u>1,721,169</u>
30 June 2009	
Trade payables (Note 23)	45,410
Amounts due to related parties (Note 16(c))	137,490
Borrowings (Note 24)	1,309,139
Other payables and accrued expenses (Note 22)	226,052
Total	<u>1,718,091</u>
	Loans and receivables HK\$'000
Company	
Assets as per balance sheet	
31 December 2006	
Receivables from subsidiaries (Note 8)	—
Total	<u>—</u>
31 December 2007	
Receivables from subsidiaries (Note 8)	655,336
Total	<u>655,336</u>
31 December 2008	
Receivables from subsidiaries (Note 8)	200,000
Cash and cash equivalents	9
Total	<u>200,009</u>
30 June 2009	
Receivables from subsidiaries (Note 8)	292,099
Cash and cash equivalents	14
Total	<u>292,113</u>

THIS WEB PROOF INFORMATION PACK IS IN DRAFT FORM. The information contained in it is incomplete and is subject to change. This Web Proof Information Pack must be read in conjunction with the section headed "Warning" on the cover of this Web Proof Information Pack.

APPENDIX I

ACCOUNTANT'S REPORT

	Other financial liabilities
	HK\$'000
Liabilities as per balance sheet	
31 December 2006	
Amount due to immediate holding company (Note 16(c))	47,854
Other payables and accrued expenses (Note 22)	200
Total	<u>48,054</u>
31 December 2007	
Borrowings (Note 24)	1,589,000
Other payables and accrued expenses (Note 22)	33,303
Total	<u>1,622,303</u>
31 December 2008	
Borrowings (Note 24)	930,000
Other payables and accrued expenses (Note 22)	15,152
Amount due to a subsidiary (Note 8(b))	8,814
Total	<u>953,966</u>
30 June 2009	
Borrowings (Note 24)	930,000
Other payables and accrued expenses (Note 22)	31,206
Amount due to a subsidiary (Note 8(b))	78,761
Amount due to a fellow subsidiary (Note 16(c))	40,000
Amount due to an intermediate holding company (Note 16(c))	92,099
Total	<u>1,172,066</u>

15 Credit quality of financial assets - Group

Trade receivables

The Group's trade receivables comprise mainly of credit card sales and amounts owing from reputable department stores with no recent history of defaults.

Receivables from related parties

The Group's receivables from related parties arise mainly from sales to related parties. The receivables are unsecured in nature and bear no interest. These related parties have no recent history of defaults.

Cash and cash equivalents

The Group's cash and cash equivalents are held in major reputable financial institutions with no history of defaults.

None of the financial assets that are fully performing has been renegotiated for the years ended 31 December 2006, 2007 and 2008 and for the six months ended 30 June 2008 and 2009.

THIS WEB PROOF INFORMATION PACK IS IN DRAFT FORM. The information contained in it is incomplete and is subject to change. This Web Proof Information Pack must be read in conjunction with the section headed "Warning" on the cover of this Web Proof Information Pack.

APPENDIX I

ACCOUNTANT'S REPORT

16 Related party transactions - Group

(a) Information on related parties and their relationships with the Company are as follows:

<u>Name of related party</u>	<u>Relationship</u>
LiFung Trinity Limited	Immediate holding company
Li & Fung (Retailing) Limited	Intermediate holding company
Trinity Textiles Limited	Associate of ultimate holding company
Enos Limited	Associate of ultimate holding company
Topsun Garment Limited	Associate of ultimate holding company
Jadestar Investments Limited	Associate of ultimate holding company
TTL Manufacturing Limited	Associate of ultimate holding company
漢精益服裝（惠州）有限公司	Associate of ultimate holding company
Trend Garment (Shenzhen) Company Limited	Associate of ultimate holding company
IDS Logistics (HK) Limited	Associate of ultimate holding company
IDS Logistics (Shanghai) Co. Limited	Associate of ultimate holding company
Li & Fung (Trading) Limited	Associate of ultimate holding company
Glad Garments (Shenzhen) Company Limited	Associate of ultimate holding company
Sonny Company Limited	Fellow subsidiary
J.P. Pacific Limited	Fellow subsidiary
Global Future Enterprises Limited	Fellow subsidiary
Global Future Enterprises (HK) Limited	Fellow subsidiary
Trinity Textiles Corporation	Fellow subsidiary
LF (1937) Management Limited	Fellow subsidiary
Fung Trinity Holdings Limited	Fellow subsidiary
BLS Holdings Limited	Fellow subsidiary
BLS (HK) Limited	Fellow subsidiary
Toys LiFung (Shanghai) Limited	Fellow subsidiary
Branded Lifestyle Hong Kong Limited	Fellow subsidiary
Branded Lifestyle Taiwan Holdings Limited	Fellow subsidiary
L&F Branded Lifestyle (Singapore) Pte Limited	Fellow subsidiary
Branded Lifestyle Retailing (Singapore) Pte Limited	Fellow subsidiary
Shanghai LiFung Property Management Company Limited	Fellow subsidiary
Li & Fung (Nanjing) Investment Enterprise Limited	Fellow subsidiary
Ferragamo Korea Limited	Jointly controlled entity
Ferragamo (Thailand) Limited	Jointly controlled entity
Renown Incorporated ("Renown")	Minority shareholder of a subsidiary (note)
I.D.D. Italia S.R.L. ("IDD Italia")	Company controlled by minority shareholder of a subsidiary (note)

Note: Renown Incorporated and IDD Italia ceased to be a related party since 2008.

APPENDIX I

ACCOUNTANT'S REPORT

(b) Significant related party transactions

All related party transactions were determined on basis agreed by both parties.

Other than the related party transactions disclosed elsewhere, significant related party transactions of the Group during the Relevant Periods are as follows:

Continuing transactions	Year ended 31 December			Six months ended 30 June	
	2006 HK\$'000	2007 HK\$'000	2008 HK\$'000	2008 HK\$'000 (unaudited)	2009 HK\$'000
(1) Sales of raw materials to related parties:					
Trinity Textiles Limited	63	75	17	16	—
Glad Garments (Shenzhen) Company Limited	—	1,785	—	—	—
	<u>63</u>	<u>1,860</u>	<u>17</u>	<u>16</u>	<u>—</u>
(2) Purchases of raw materials from related parties:					
Trinity Textiles Limited	145,473	180,684	26,256	3,227	135
Topsun Garment Limited	—	—	260	—	28
Branded Lifestyle Taiwan Holdings Limited	—	—	75	—	31
Glad Garments (Shenzhen) Company Limited	—	8,877	—	2,404	—
Branded Lifestyle Hong Kong Limited	—	—	—	—	74
漢精益服裝（惠州）有限公司	—	—	—	—	1,762
	<u>145,473</u>	<u>189,561</u>	<u>26,591</u>	<u>5,631</u>	<u>2,030</u>
(3) Purchases of finished goods from related parties:					
Renown Incorporated	4,327	15,436	—	—	—
I.D.D. Italia S.R.L.	—	24,610	—	—	—
	<u>4,327</u>	<u>40,046</u>	<u>—</u>	<u>—</u>	<u>—</u>
(4) Sales of finished goods to a related party:					
Trinity Textiles Limited	<u>78,916</u>	<u>10,207</u>	<u>1,260</u>	<u>630</u>	<u>315</u>
(5) Rental income received from related parties:					
Branded Lifestyle Hong Kong Limited	—	—	732	183	457
Trinity Textiles Limited	348	646	648	373	81
Topsun Garment Limited	—	362	—	—	—
Branded Lifestyle Retailing (Singapore) Pte Limited	—	—	—	—	127
	<u>348</u>	<u>1,008</u>	<u>1,380</u>	<u>556</u>	<u>665</u>
(6) Rental paid to a related party:					
Shanghai LiFung Property Management Company Limited	—	659	5,820	2,846	2,647
(7) Sub-contracting fee paid to related parties:					
Trinity Textiles Limited	9,801	—	7,824	3,340	4,039
Topsun Garment Limited	15,324	253	88	286	225
Glad Garments (Shenzhen) Company Limited	14,770	6,604	676	—	—
Enos Limited	7,918	12,618	12,446	6,460	5,699
	<u>47,813</u>	<u>19,475</u>	<u>21,034</u>	<u>10,086</u>	<u>9,963</u>

THIS WEB PROOF INFORMATION PACK IS IN DRAFT FORM. The information contained in it is incomplete and is subject to change. This Web Proof Information Pack must be read in conjunction with the section headed "Warning" on the cover of this Web Proof Information Pack.

APPENDIX I

ACCOUNTANT'S REPORT

Continuing transactions	Year ended 31 December			Six months ended 30 June	
	2006	2007	2008	2008	2009
	HK\$'000	HK\$'000	HK\$'000	HK\$'000 (unaudited)	HK\$'000
(8) Service fee paid to related parties:					
Li & Fung (Nanjing) Investment Enterprise Limited	—	54	57	—	—
Li & Fung (Retailing) Limited	—	522	—	—	60
LF (1937) Management Limited	—	2,180	3,420	1,710	2,636
IDS Logistics (Shanghai) Co. Limited	—	—	—	—	3,656
IDS Logistics (HK) Limited	—	—	717	—	300
	<u>—</u>	<u>2,756</u>	<u>4,194</u>	<u>1,710</u>	<u>6,652</u>
(9) Consultancy fee and administrative fee income from related parties:					
Trinity Textiles Limited	—	1,778	—	—	—
LF (1937) Management Limited	—	—	—	—	330
L&F Branded Lifestyle (Singapore) Pte Limited	—	4,089	5,482	2,722	2,722
	<u>—</u>	<u>5,867</u>	<u>5,482</u>	<u>2,722</u>	<u>3,052</u>
Discontinued transactions	Year ended 31 December			Six months ended 30 June	
	2006	2007	2008	2008	2009
	HK\$'000	HK\$'000	HK\$'000	HK\$'000 (unaudited)	HK\$'000
(1) Administrative fee paid to related parties:					
Trinity Textiles Limited	17,303	—	—	—	—
Topsun Garment Limited	1	—	—	—	—
Enos Limited	1	—	—	—	—
	<u>17,305</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
(2) Royalty expenses paid to a related party:					
Renown Incorporated	<u>12,516</u>	<u>14,706</u>	<u>2,317</u>	<u>2,317</u>	<u>—</u>
(3) Service fee paid to related party:					
LF (1937) Management Limited	<u>—</u>	<u>—</u>	<u>1,476</u>	<u>821</u>	<u>538</u>
(4) Loan Interest Income from a related party:					
Toys LiFung (Shanghai) Limited	<u>—</u>	<u>—</u>	<u>159</u>	<u>—</u>	<u>—</u>
(5) Sales of motor vehicles:					
LF (1937) Management Limited	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>508</u>

APPENDIX I

ACCOUNTANT'S REPORT

(c) Year/period end balances with related parties

	As at 31 December			As at 30 June
	2006 HK\$'000	2007 HK\$'000	2008 HK\$'000	2009 HK\$'000
(1) Due from related parties				
Other receivables:				
— Trinity Textiles Limited	—	1,137	214	13
— Enos Limited	—	63	—	—
— Toy LiFung (Shanghai) Limited	—	—	80	3
— Shanghai LiFung Property Management Company Limited	—	352	328	328
— Topsun Garment Limited	—	196	—	—
— Jadestar Investments Limited	—	1,877	—	—
— Sonny Company Limited	—	10	—	—
— J.P. Pacific Limited	—	10	—	—
— BLS (HK) Limited	—	—	500	—
— Global Future Enterprises Limited	—	11	—	—
— Global Future Enterprises (HK) Limited	—	15	—	—
— TTL Manufacturing Limited	—	55	55	—
— Trinity Textiles Corporation	—	10	—	—
— Branded Lifestyle Hong Kong Limited	—	—	388	154
— Ferragamo Korea Limited	—	—	12,391	—
— Ferragamo (Thailand) Limited	—	—	—	1,082
— Fung Trinity Holdings Limited	1,872	—	—	—
— Branded Lifestyle Retailing (Singapore) Pte Limited	—	—	1,404	—
	<u>1,872</u>	<u>3,736</u>	<u>15,360</u>	<u>1,580</u>
(2) Due to related parties				
Group				
Trade payables:				
— Trinity Textiles Limited	1,901	6,138	5,133	1,295
— Enos Limited	—	2,434	3,171	1,817
— Topsun Garment Limited	—	386	242	9
— Jadestar Investments Limited	—	1,509	—	—
— Renown Incorporated	1,502	—	—	—
— 漢精益服裝（惠州）有限公司	—	—	—	345
Other payables:				
— Trend Garment (Shenzhen) Company Limited	29,352	—	—	—
— Glad Garment (Shenzhen) Company Limited	15,421	—	—	—
— Fung Trinity Holdings Limited	16,051	—	—	—
— Brand Lifestyle Hong Kong Limited	—	23,639	14,503	128
— LF (1937) Management Limited	—	—	1,206	2
— Li & Fung (Retailing) Limited	—	68,522	847	93,882
— Branded Lifestyle Taiwan Holdings Limited	—	—	75	—
— BLS Holdings Limited	—	80,000	80,000	40,000
— Li & Fung (Trading) Limited	—	—	—	12
	<u>64,227</u>	<u>182,628</u>	<u>105,177</u>	<u>137,490</u>
Company				
— BLS Holdings Limited	—	—	—	40,000
— Li & Fung (Retailing) Limited	—	—	—	92,099
	<u>—</u>	<u>—</u>	<u>—</u>	<u>132,099</u>
(3) Due from immediate holding company				
— LiFung Trinity Limited	<u>76,198</u>	<u>—</u>	<u>—</u>	<u>—</u>
(4) Due to immediate holding company				
Group				
— LiFung Trinity Limited	<u>1,714,218</u>	<u>—</u>	<u>—</u>	<u>—</u>
Company				
— LiFung Trinity Limited	<u>47,854</u>	<u>—</u>	<u>—</u>	<u>—</u>

APPENDIX I

ACCOUNTANT'S REPORT

Except for the amount due to immediate holding company which was unsecured, interest bearing at 5% per annum, repayable after one year from the balance sheet date and arose from the reorganisation of the Group on 31 December 2006, all others balances with related parties are unsecured, non-interest bearing and repayable on demand. The amount due to immediate holding company was settled in 2007 through novation of bank loans from immediate holding company and issue of shares as disclosed in Note 33(b).

The amounts due from related parties are operating in nature and no balances are older than 90 days from the date of invoice.

All other receivables due from related parties and all other payables due to related parties were fully settled by 11 October 2009.

(d) Corporate guarantee to a related party

The Company has provided a corporate guarantee in favour of a bank in Thailand to support the banking facilities of Ferragamo (Thailand) Limited. The maximum liability of the Company is the lower of (a) 50% of the borrowed sum; of (b) 50% of Baht 110 million and USD1.4 million (that is Baht 55 million and USD0.7 million). As at 31 December 2008 and 30 June 2009, the amount borrowed by Ferragamo (Thailand) Limited amounted to approximately Baht 65 million and USD0.6 million (approximately HK\$19.4 million in aggregate) and Baht 75.5 million and USD0.5 million (approximately HK\$21.2 million in aggregate), respectively.

(e) Refer to note 29 for details of key management compensation

17 Cash and cash equivalents - Group

	As at 31 December			As at 30 June
	2006	2007	2008	2009
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Core Business				
Cash at bank and in hand	95,308	86,030	104,773	250,159
Short-term bank deposits	32,100	711,500	17,443	30,000
	<u>127,408</u>	<u>797,530</u>	<u>122,216</u>	<u>280,159</u>
Non-Core Business				
Cash at bank and in hand	16,091	22,893	17,291	83,265
Short-term bank deposits	—	—	5,670	—
	<u>16,091</u>	<u>22,893</u>	<u>22,961</u>	<u>83,265</u>
Total	<u>143,499</u>	<u>820,423</u>	<u>145,177</u>	<u>363,424</u>
Maximum exposure to credit risk	<u>143,394</u>	<u>819,298</u>	<u>143,741</u>	<u>362,191</u>

The maximum exposure to credit risk refers to the cash balances held at financial institutions, and excludes cash on hand held at the retail stores of the Group.

The table below shows the effective interest rate and average maturity days of the Group's short-term bank deposits:

	As at 31 December			As at 30 June
	2006	2007	2008	2009
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Effective interest rate	<u>4.43%</u>	<u>1.04%</u>	<u>0.64%</u>	<u>0.01%</u>
Average maturity days of deposits	<u>8</u>	<u>11</u>	<u>5</u>	<u>38</u>

APPENDIX I

ACCOUNTANT'S REPORT

18 Share capital and share premium

	Number of authorised shares (Thousands)	Number of issued and fully paid shares (Thousands)	Amount		
			Ordinary shares	Share premium	Total
			HK\$'000	HK\$'000	HK\$'000
At 1 January 2006	—	—	—	—	—
Issue of shares on incorporation (Note (a))	1,000	1,000	100	—	100
At 31 December 2006	1,000	1,000	100	—	100
At 1 January 2007	1,000	1,000	100	—	100
Increase of authorised shares (Note (a))	1,999,000	—	—	—	—
Issue of ordinary shares (Note (b))	—	940,000	94,000	141,000	235,000
Issue of ordinary shares (Notes (c), (d), (e) & (f)) ...	—	208,196	20,820	718,277	739,097
At 31 December 2007	2,000,000	1,149,196	114,920	859,277	974,197
At 1 January 2008	2,000,000	1,149,196	114,920	859,277	974,197
Issue of ordinary shares (Note (g))	—	27,054	2,705	93,336	96,041
Issue of ordinary shares (Note (h))	—	2,117	212	7,304	7,516
Issue of ordinary shares (Note (i))	—	26,806	2,680	92,479	95,159
Cost related to issuance of new shares	—	—	—	(11,086)	(11,086)
At 31 December 2008 and 30 June 2009	2,000,000	1,205,173	120,517	1,041,310	1,161,827

- (a) The Company was incorporated on 21 December 2006 with an initial authorised share capital of HK\$100,000 divided into 1,000,000 ordinary shares with par value of HK\$0.1 each. On 28 December 2006, 1,000,000 ordinary shares of HK\$0.1 was allotted, issued and credited as fully paid to its shareholder on 29 December 2006.

Pursuant to a resolution of shareholder passed on 1 September 2007, the authorised share capital of the Company was increased from HK\$100,000 divided into 1,000,000 shares of HK\$0.1 each to HK\$200,000,000 divided into 2,000,000,000 shares of HK\$0.10 each by the creation of 1,999,000,000 new shares of HK\$0.10 each in the capital of the Company, such shares to rank pari passu with all the existing shares of the Company.

- (b) Pursuant to two separate directors' resolutions of the Company passed on 24 September 2007:
- (i) a receivable of HK\$82 million was assigned by LiFung Trinity Limited to the Company in consideration for the issue of 328,000,000 shares of par value HK\$0.10 each in the share capital of the Company at a share premium of HK\$0.15 each.
 - (ii) a sum of HK\$153 million owing by the Company to LiFung Trinity Limited was applied as consideration for the issue by the Company of 612,000,000 shares of par value HK\$0.10 each in its share capital to LiFung Trinity Limited and its nominee at a share premium of HK\$0.15 each.
- (c) Pursuant to an agreement entered into between the Company, LiFung Trinity Limited and SMALLCAP World Fund, Inc dated 14 November 2007, the Company agreed to issue 82,337,500 shares of HK\$0.1 each at subscription price of HK\$3.55 per share. The issuance of shares was completed on 7 December 2007.
- (d) Pursuant to an agreement entered into between the Company, LiFung Trinity Limited and Janus Overseas Fund dated 14 November 2007, the Company agreed to issue 55,035,935 shares of HK\$0.1 each at subscription price of HK\$3.55 per share. The issuance of shares was completed on 8 December 2007.

Pursuant to an agreement entered into between the Company, LiFung Trinity Limited and Janus Adviser Long/Short Fund dated 14 November 2007, the Company agreed to issue 649,530 shares

APPENDIX I

ACCOUNTANT'S REPORT

of HK\$0.1 each at subscription price of HK\$3.55 per share. The issuance of shares was completed on 8 December 2007.

Pursuant to an agreement entered into between the Company, LiFung Trinity Limited and Janus Aspen International Growth Portfolio dated 14 November 2007, the Company agreed to issue 15,198,335 shares HK\$0.1 each at subscription price of HK\$3.55 per share. The issuance of shares was completed on 8 December 2007.

Pursuant to an agreement entered into between the Company, LiFung Trinity Limited and Janus Adviser International Growth Fund dated 14 November 2007, the Company agreed to issue 11,453,700 shares of HK\$0.1 each at subscription price of HK\$3.55 per share. The issuance of shares was completed on 8 December 2007.

- (e) Pursuant to an agreement entered into between the Company, LiFung Trinity Limited and J.P. Morgan Securities Ltd. dated 19 December 2007, the Company agreed to issue 21,760,625 shares of HK\$0.1 each at subscription price of HK\$3.55 per share. The issuance of shares was completed on 21 December 2007.
- (f) Pursuant to an agreement entered into between the Company, LiFung Trinity Limited and Citigroup Global Markets Financial Products LLC dated 21 December 2007, the Company agreed to issue 21,760,625 shares of HK\$0.1 each at subscription price of HK\$3.55 per share. The transaction was completed on 27 December 2007.
- (g) Pursuant to an agreement entered into between the Company, LiFung Trinity Limited and Megacom Enterprises Limited dated 19 December 2007, the Company agreed to issue 10,351,000 shares of HK\$0.1 each at subscription price of HK\$3.55 per share. The issuance of shares was completed on 23 January 2008.

Pursuant to an agreement entered into between the Company, LiFung Trinity Limited and EMP-Daiwa Capital Asia Limited dated 19 December 2007, the Company agreed to issue 10,351,000 shares of HK\$0.1 each at subscription price of HK\$3.55 per share. The issuance of shares was completed on 23 January 2008.

Pursuant to an agreement entered into between the Company, LiFung Trinity Limited and Wong Yat Ming dated 7 January 2008, the Company agreed to issue 2,117,250 shares of HK\$0.1 each at subscription price of HK\$3.55 per share. The issuance of shares was completed on 23 January 2008.

Pursuant to an agreement entered into between the Company, LiFung Trinity Limited and Jeremy Paul Egerton Hobbins dated 7 January 2008, the Company agreed to issue 4,234,500 shares of HK\$0.1 each at subscription price of HK\$3.55 per share. The issuance of shares was completed on 23 January 2008.

- (h) Pursuant to an agreement entered into between the Company, LiFung Trinity Limited and Leong Kwok Yee dated 7 January 2008, the Company agreed to issue 2,117,250 shares of HK\$0.1 each at subscription price of HK\$3.55 per share. The issuance of shares was completed on 28 January 2008.
- (i) Pursuant to a sale and purchase agreement dated 29 January 2008 entered into between the Company and Renown, the Company agreed to purchase from Renown 2,450,490 shares in Trinity China Distributions (B.V.I.) Limited (formerly known as D'urban China Distributions (B.V.I.) Limited), representing 49% of the issued share capital thereof, at a consideration of HK\$95,160,000 which was satisfied by the issue of 26,805,633 shares to Renown.

APPENDIX I

ACCOUNTANT'S REPORT

19 Retained earnings and other reserves

	Group						
	Retained earnings	Merger reserves	Other reserves	Hedging reserve	Statutory reserves	Translation reserve	Total
	HK\$'000	HK\$'000 (Note a)	HK\$'000	HK\$'000	HK\$'000 (Note d)	HK\$'000	HK\$'000
Balance at 1 January 2006	56,594	31,698	—	—	6,361	(2,222)	92,431
Reserve arising from reorganisation (note (b))	—	(93,690)	—	—	—	—	(93,690)
Deemed contributions arising from common control business combination (note (c))	—	50,317	—	—	—	—	50,317
Profit for the year	173,931	—	—	—	—	—	173,931
Dividends (Note 39)	(20,786)	—	—	—	—	—	(20,786)
Exchange differences	—	—	—	—	—	9,863	9,863
Balance at 31 December 2006	209,739	(11,675)	—	—	6,361	7,641	212,066
Reserve arising from reorganisation (note (e))	—	(152,283)	—	—	—	—	(152,283)
Deemed distribution to intermediate holding company (note (f))	—	(63,424)	—	—	—	—	(63,424)
Profit for the year	130,719	—	—	—	—	—	130,719
Exchange differences	—	—	—	—	—	13,454	13,454
Balance at 31 December 2007	340,458	(227,382)	—	—	6,361	21,095	140,532
Acquisition of minority interest (note (g), 35(c))	—	—	(37,623)	—	—	—	(37,623)
Profit for the year	98,035	—	—	—	—	—	98,035
Transfer	(3,356)	—	—	—	3,356	—	—
Exchange differences	—	—	—	—	—	(25,348)	(25,348)
Share of cash flow hedging reserve of jointly controlled entities: Fair value gains for the year	—	—	—	6,433	—	—	6,433
Balance at 31 December 2008	435,137	(227,382)	(37,623)	6,433	9,717	(4,253)	182,029
Deemed contributions from intermediate holding company (note (h))	—	21,686	—	—	—	—	21,686
Profit for the period	56,311	—	—	—	—	—	56,311
Dividends (Note 39)	(57,848)	—	—	—	—	—	(57,848)
Exchange differences	—	—	—	—	—	5,847	5,847
Share of cash flow hedging reserve of jointly controlled entities: Fair value gains for the period	—	—	—	(6,922)	—	—	(6,922)
Balance at 30 June 2009	433,600	(205,696)	(37,623)	(489)	9,717	1,594	201,103
Six months ended 30 June 2008 (Unaudited)							
Balance at 31 December 2007	340,458	(227,382)	—	—	6,361	21,095	140,532
Acquisition of minority interests (note (g), 35(c))	—	—	(37,623)	—	—	—	(37,623)
Profit for the period	141,160	—	—	—	—	—	141,160
Exchange differences	—	—	—	—	—	15,218	15,218
Balance at 30 June 2008	481,618	(227,382)	(37,623)	—	6,361	36,313	259,287

THIS WEB PROOF INFORMATION PACK IS IN DRAFT FORM. The information contained in it is incomplete and is subject to change. This Web Proof Information Pack must be read in conjunction with the section headed "Warning" on the cover of this Web Proof Information Pack.

APPENDIX I

ACCOUNTANT'S REPORT

	Company Retained earnings/ (accumulated losses) HK\$'000
Balance at 1 January 2006	
Loss for the year	(200)
Balance 31 December 2006	(200)
Loss for the year	(78,647)
Balance 31 December 2007	(78,847)
Profit for the year	153,634
Balance at 31 December 2008	74,787
Loss for the period	(18,145)
Dividends	(57,848)
Balance at 30 June 2009	(1,206)

The following is a reconciliation of the effect arising from the common control combination on the consolidated balance sheets.

The consolidated balance sheet as at 31 December 2006:

	The Company	Core operating companies	Non-core operating companies	Adjustments	Consolidated
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Investment in the operating companies	9,000	—	—	(9,000)	—
Other assets — net	(9,100)	311,085	53,007	(84,690)	270,302
Net assets	(100)	311,085	53,007	(93,690)	270,302
Share capital	100	—	1,097	(1,097)	100
Statutory reserves	—	6,361	—	—	6,361
Share premium	—	—	—	—	—
Other reserves	—	6,939	702	—	7,641
Merger reserves	—	31,698	49,220	(92,593)	(11,675)
(Accumulated losses)/retained earnings	(200)	207,951	1,988	—	209,739
Minority interests	—	58,136	—	—	58,136
	(100)	311,085	53,007	(93,690)	270,302

The consolidated balance sheet as at 31 December 2007:

	The Company	Core operating companies	Non-core operating companies	Adjustments	Consolidated
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Investment in the operating companies	9,000	—	—	(9,000)	—
Other assets — net	886,350	534,389	1,665	(236,973)	1,185,431
Net assets	895,350	534,389	1,665	(245,973)	1,185,431
Share capital	114,920	—	—	—	114,920
Statutory reserves	—	6,361	—	—	6,361
Share premium	859,277	—	—	—	859,277
Other reserves	—	18,519	2,576	—	21,095
Merger reserves	—	31,698	(13,107)	(245,973)	(227,382)
(Accumulated losses)/retained earnings	(78,847)	407,109	12,196	—	340,458
Minority interests	—	70,702	—	—	70,702
	895,350	534,389	1,665	(245,973)	1,185,431

THIS WEB PROOF INFORMATION PACK IS IN DRAFT FORM. The information contained in it is incomplete and is subject to change. This Web Proof Information Pack must be read in conjunction with the section headed "Warning" on the cover of this Web Proof Information Pack.

APPENDIX I

ACCOUNTANT'S REPORT

The consolidated balance sheet as at 31 December 2008:

	The Company	Core operating companies	Non-core operating companies	Adjustments	Consolidated
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Investment in the operating companies	9,000	—	—	(9,000)	—
Other assets — net	1,227,614	367,315	(14,100)	(236,973)	1,343,856
Net assets	<u>1,236,614</u>	<u>367,315</u>	<u>(14,100)</u>	<u>(245,973)</u>	<u>1,343,856</u>
Share capital	120,517	—	—	—	120,517
Statutory reserves	—	9,717	—	—	9,717
Share premium	1,041,310	—	—	—	1,041,310
Other reserves	—	(40,019)	4,576	—	(35,443)
Merger reserves	—	31,698	(13,107)	(245,973)	(227,382)
(Accumulated losses)/retained earnings	74,787	365,919	(5,569)	—	435,137
	<u>1,236,614</u>	<u>367,315</u>	<u>(14,100)</u>	<u>(245,973)</u>	<u>1,343,856</u>

The consolidated balance sheet as at 30 June 2009:

	The Company	Core operating companies	Non-core operating companies	Adjustments	Consolidated
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Investment in the operating companies	49,000	—	—	(49,000)	—
Other assets — net	1,111,621	451,874	(25,278)	(175,287)	1,362,930
Net assets	<u>1,160,621</u>	<u>451,874</u>	<u>(25,278)</u>	<u>(224,287)</u>	<u>1,362,930</u>
Share capital	120,517	—	—	—	120,517
Statutory reserves	—	9,717	—	—	9,717
Share premium	1,041,310	—	—	—	1,041,310
Other reserves	—	(41,385)	4,867	—	(36,518)
Merger reserves	—	31,698	(13,107)	(224,287)	(205,696)
(Accumulated losses)/retained earnings	(1,206)	451,844	(17,038)	—	433,600
	<u>1,160,621</u>	<u>451,874</u>	<u>(25,278)</u>	<u>(224,287)</u>	<u>1,362,930</u>

The above adjustments represent the difference between consideration and the net assets acquired as a result of the Reorganisation as described in Note 1 to the Financial Information.

- Note a: The opening balance of merger reserves represents the predecessor investment cost of 50% interest in the Ferragamo Southeast Asia and Korea businesses which was held through L&F Branded Lifestyle International Limited.
- Note b: The amount represents the difference between the consideration of HK\$1,681,600,500 and the net assets of the retailing businesses as described in Note 1(a)(ii) transferred from the Parent Company to the Company.
- Note c: The amount represents the difference between consideration paid and the net assets acquired in respect of the acquisition of Non-Core Business under common control as described in Note 1.
- Note d: Pursuant to relevant rules and regulations in the PRC, these Mainland China subsidiaries are required to transfer at least 10% of their profit after tax, as determined under the PRC accounting rules and regulations, to statutory general reserve until the reserve balance reaches 50% of the registered capital of the respective Mainland China subsidiaries. This general reserve fund can be used to make good previous years' losses, if any, and may be converted into capital in proportion to the equity holders' existing equity holdings, provided that the balance after such conversion is not less than 25% of the registered capital.

APPENDIX I

ACCOUNTANT'S REPORT

The Commercial Code of the Republic of Korea requires Ferragamo Korea Ltd, a Korean company to appropriate as a legal reserve an amount equal to at least 10% of its cash dividends, until such reserve equals 50% of its share capital. The reserve is not available for dividends but may be transferred to share capital or used to reduce accumulated deficit, if any.

- Note e: The amount represents the consideration paid by the Company to acquire 100% equity interests in L&F Branded Lifestyle International Limited from Li & Fung (Retailing) Limited, a company ultimately wholly owned by King Lun. Such amount is regarded as deemed distributions to the equity holders and debited directly to the merger reserve.
- Note f: Pursuant to an internal restructuring of the Non-Core Business, an amount of HK\$63,424,000, was paid to Fung Trinity Holdings Limited, an intermediate holding company of the Company. Such amount is regarded as deemed distribution to equity holders and debited directly to the merger reserve.
- Note g: On 29 January 2008, the Group acquired the remaining 49% equity interest in D'urban China Distributions (B.V.I.) Limited (now known as "Trinity China Distributions (B.V.I.) Limited") from Renown Incorporated.
- Note h: The amount represents the waiver of loan due by Non-Core Business to Li & Fung (Retailing) Limited, an intermediate holding company of the Group. Such amount is treated as a deemed contribution from the equity holders and credited directly to the merger reserve.

20 Provision for long service payments - Group

The movement of provision for long service payments is as follows:

	Year ended 31 December			Six months ended 30 June
	2006	2007	2008	2009
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January	—	2,109	4,218	6,986
Acquisition of subsidiaries (Note 35)	1,957	—	—	—
Charged/(credited) to the income statement:				
— Additional/(Write-back of) provision	1,017	2,493	2,705	(649)
Receipts/(payments) made during the year/period	(865)	(384)	63	148
At 31 December/30 June	<u>2,109</u>	<u>4,218</u>	<u>6,986</u>	<u>6,485</u>

The Group provides for future long service payments expected to be made to employees under the Hong Kong Employment Ordinance.

21 Retirement benefit obligations - Group

	Year ended 31 December			Six months ended 30 June
	2006	2007	2008	2009
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance sheet obligations for:				
— Pension benefits	<u>7,612</u>	<u>7,700</u>	<u>7,700</u>	<u>12,157</u>
				Six months ended 30 June
	Year ended 31 December			2009
	2006	2007	2008	2009
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Income statement charge for:				
— Pension benefits (included in administrative expenses)	<u>60</u>	<u>88</u>	<u>188</u>	<u>4,457</u>

APPENDIX I

ACCOUNTANT'S REPORT

The Group has defined contribution and defined benefit plans. The assets of the funded plans are held independently of the Group's assets in separate trustee administered funds. The Group only has defined benefit plan in Taiwan which is valued by Mercer (Taiwan) Limited using projected unit credit method.

Pension benefits

The amounts recognised in the consolidated balance sheet are determined as follows:

	As at 31 December			As at 30 June
	2006	2007	2008	2009
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Present value of funded obligations	10,960	11,555	11,648	16,031
Fair value of plan assets	(3,348)	(3,855)	(3,948)	(3,874)
Present value of unfunded obligations and liability in the consolidated balance sheet	<u>7,612</u>	<u>7,700</u>	<u>7,700</u>	<u>12,157</u>

The movement in the defined benefit obligations over the year/period is as follows:

	Year ended 31 December			Six months ended 30 June
	2006	2007	2008	2009
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Beginning of year	—	10,960	11,555	11,648
Acquisition of subsidiaries (Note 35)	10,563	—	—	—
Current service cost	195	293	327	151
Interest cost	202	302	409	145
Additional Contribution	—	—	—	4,369
Distributions during the year/period	—	—	(643)	(282)
End of year/period	<u>10,960</u>	<u>11,555</u>	<u>11,648</u>	<u>16,031</u>

The movement in the fair value of plan assets of the year/period is as follows:

	Year ended 31 December			Six months ended 30 June
	2006	2007	2008	2009
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Beginning of year	—	3,348	3,855	3,948
Acquisition of subsidiaries (Note 35)	3,011	—	—	—
Expected return on plan assets	51	77	111	50
Actuarial gains/(losses)	13	20	225	(37)
Contributions during the year/period	273	410	400	195
Distributions during the year/period	—	—	(643)	(282)
End of year/period	<u>3,348</u>	<u>3,855</u>	<u>3,948</u>	<u>3,874</u>

APPENDIX I

ACCOUNTANT'S REPORT

The amounts recognised in the consolidated income statement are as follows:

	Year ended 31 December			Six months ended 30 June
	2006	2007	2008	2009
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Current service cost	195	293	327	151
Interest cost	202	302	409	145
Expected return on plan assets	(51)	(77)	(111)	(50)
Past service cost	(286)	(430)	(437)	(158)
Additional Contribution	—	—	—	4,369
Total, included in employee benefit expenses (Note 36)	<u>60</u>	<u>88</u>	<u>188</u>	<u>4,457</u>

The principal actuarial assumptions used were as follows:

	Year ended 31 December			Six months ended 30 June
	2006	2007	2008	2009
Discount rate	2.38%	2.38%	1.85%	1.85%
Expected return on plan assets	2.25%	2.25%	2.50%	2.50%
Future salary increases	2.38%	2.38%	2.25%	2.25%

The expected return on plan assets was determined by considering the expected returns available on the assets underlying the current investment policy.

22 Other payables and accrued expenses

	As at 31 December			As at 30 June
	2006	2007	2008	2009
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Group				
<i>Non-current</i>				
Royalties payable	—	55,692	48,028	45,211
<i>Current</i>				
Royalties payable	11,697	17,389	14,076	12,338
Value-added-tax payable	10,484	8,364	19,158	23,513
Sales deposits received	—	6,322	8,713	7,841
Accrued expenses	52,410	160,208	167,693	137,149
Dividends payable	164,772	—	—	—
	<u>239,363</u>	<u>192,283</u>	<u>209,640</u>	<u>180,841</u>
Total	<u>239,363</u>	<u>247,975</u>	<u>257,668</u>	<u>226,052</u>

As at 31 December 2006, 2007 and 2008 and 30 June 2009, the carrying amounts of the Group's other payables and accrued expenses approximated their fair values.

	As at 31 December			As at 30 June
	2006	2007	2008	2009
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Company				
Accrued expenses	<u>200</u>	<u>33,303</u>	<u>15,152</u>	<u>31,206</u>

APPENDIX I

ACCOUNTANT'S REPORT

23 Trade payables - Group

	As at 31 December			As at 30 June
	2006	2007	2008	2009
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Trade payables	16,579	73,330	68,067	45,410
Core Business	12,127	58,637	50,891	37,691
Non-Core Business	4,452	14,693	17,176	7,719
	<u>16,579</u>	<u>73,330</u>	<u>68,067</u>	<u>45,410</u>

As at 31 December 2006, 2007 and 2008 and 30 June 2009, the carrying amounts of the Group's trade payables approximated their fair values.

The credit period granted by creditors generally ranged from 30 to 90 days. Ageing analysis by invoice date of trade payables at respective balance sheet dates are as follows:

	As at 31 December			As at 30 June
	2006	2007	2008	2009
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
1-30 days	14,146	33,645	44,600	34,704
31-60 days	1,357	12,979	13,278	1,650
61-90 days	441	12,458	4,315	4,124
Over 90 days	635	14,248	5,874	4,932
	<u>16,579</u>	<u>73,330</u>	<u>68,067</u>	<u>45,410</u>

24 Borrowings

	As at 31 December			As at 30 June
	2006	2007	2008	2009
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Core Business				
Non-current				
Bank borrowings, secured	—	930,000	939,071	1,062,075
Current				
Bank borrowings, secured	—	734,744	267,277	186,941
	<u>—</u>	<u>1,664,744</u>	<u>1,206,348</u>	<u>1,249,016</u>
Non-Core Business				
Non-current				
Bank borrowings, secured	—	—	—	—
Current				
Bank borrowings, secured	—	53,500	83,909	60,123
	<u>—</u>	<u>53,500</u>	<u>83,909</u>	<u>60,123</u>
Total borrowings	<u>—</u>	<u>1,718,244</u>	<u>1,290,257</u>	<u>1,309,139</u>

APPENDIX I

ACCOUNTANT'S REPORT

APPENDIX I

ACCOUNTANT'S REPORT

- (e) The exposure of the Group's and the Company's borrowings to interest rate changes and the contractual repricing dates at the balance sheet dates are as follows:

	Group				Company			
	As at 31 December			As at 30 June	As at 31 December			As at 30 June
	2006	2007	2008	2009	2006	2007	2008	2009
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Six months or less . . .	—	788,244	343,248	1,300,064	—	659,000	—	930,000
Between six to twelve months	—	930,000	947,009	9,075	—	930,000	930,000	—
	—	1,718,244	1,290,257	1,309,139	—	1,589,000	930,000	930,000

- (f) Bank borrowing of HK\$930,000,000 (2008: HK\$930,000,000, 2007: HK\$1,589,000,000, 2006: Nil) was secured by a corporate guarantee from the Parent Company and the remaining borrowings were secured by cross guarantees amongst group companies.

25 Segmental information

The Group is principally engaged in the retail and wholesale distribution of menswear under self-owned brands and licensed brands in the Greater China Region and a retailer of luxury fashion and accessories in Korea and Southeast Asia. The Financial Information consists of Core-Business and Non-Core Business.

Management has determined the operating segments based on reports reviewed by the senior executive management that are used to make strategic decisions. The management considers the business from both geographic and products perspective. Geographically, management considers the performance of retail business in Mainland China, HK and Taiwan. HK is further segregated into retail and wholesale as all of the wholesale business is located in HK.

Segment assets consist primarily of property, plant and equipment, licences, goodwill, trademark, inventories, receivables, deposits, prepayments and operating cash.

Segment liabilities consist primarily of trade payables, other payables and accruals, amounts due to related parties, employee entitlement provisions and borrowings.

Segment results represent profit before income tax.

Capital expenditure consists primarily of additions to property, plant and equipment (Note 6) and intangible assets (Note 7).

THIS WEB PROOF INFORMATION PACK IS IN DRAFT FORM. The information contained in it is incomplete and is subject to change. This Web Proof Information Pack must be read in conjunction with the section headed "Warning" on the cover of this Web Proof Information Pack.

APPENDIX I

ACCOUNTANT'S REPORT

(a) Segment results

The segment information provided to the management for the reportable segments for the year ended 31 December 2006 is as follows:

	Core Business						Unallocated	Sub-total	Non-Core Business	Elimination	Total
	Hong Kong		Mainland China	Taiwan	Southeast Asia	Overseas					
	Retail	Wholesale	Retail	Retail	Retail	Wholesale					
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Total segment revenue . . .	430,472	163,059	285,266	118,360	—	29,220	—	1,026,377	169,170	(5,858)	1,189,689
Inter-segment revenue . . .	(185,727)	(85,400)	—	—	—	—	—	(271,127)	—	—	(271,127)
Revenue from external customers .	244,745	77,659	285,266	118,360	—	29,220	—	755,250	169,170	(5,858)	918,562
Gross profit	200,551	9,691	218,041	99,119	—	5,704	—	533,106	119,300	—	652,406
Profit/(loss) before income tax	95,345	(4,365)	108,744	34,408	32,593	703	(36,439)	230,989	2,344	—	233,333
Profit/(loss) before income tax includes:											
Depreciation and amortisation	(9,545)	(306)	(6,633)	(1,934)	—	(86)	(63)	(18,567)	(7,037)	—	(25,604)
Interest income/(expense) . .	195	—	1,143	534	—	—	—	1,872	72	—	1,944
Share of profit from jointly controlled entities	—	—	—	—	32,593	—	—	32,593	—	—	32,593
Total assets	695,963	32,700	1,173,036	185,072	111,566	19,593	10,871	2,228,801	142,566	(5,094)	2,366,273
Total assets include:											
Investments in jointly controlled entities	—	—	—	—	111,566	—	—	111,566	—	—	111,566
Capital expenditure	4,220	1,150	11,398	3,248	—	—	764	20,780	9,465	—	30,245
Total liabilities . .	731,995	14,247	830,977	365,670	—	2,141	66,476	2,011,506	89,559	(5,094)	2,095,971

THIS WEB PROOF INFORMATION PACK IS IN DRAFT FORM. The information contained in it is incomplete and is subject to change. This Web Proof Information Pack must be read in conjunction with the section headed "Warning" on the cover of this Web Proof Information Pack.

APPENDIX I

ACCOUNTANT'S REPORT

(a) Segment results (Continued)

The segment results for the year ended 31 December 2007 are as follows:

	Core Business								Non-Core Business	Elimination	Total
	Hong Kong		Mainland China	Taiwan	Southeast Asia	Overseas	Unallocated	Sub-total			
	Retail	Wholesale	Retail	Retail	Retail	Wholesale					
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000			
Total segment revenue	748,631	328,468	518,466	164,646	—	15,975	—	1,776,186	283,367	(247)	2,059,306
Inter-segment revenue	(322,650)	(275,862)	—	—	—	—	—	(598,512)	—	—	(598,512)
Revenue from external customers	425,981	52,606	518,466	164,646	—	15,975	—	1,177,674	283,367	(247)	1,460,794
Gross profit	332,953	16,678	409,525	116,371	—	7,968	—	883,495	190,238	—	1,073,733
Profit/(loss) before income tax	166,302	3,211	86,257	7,324	40,682	3,477	(119,182)	188,071	13,738	—	201,809
Profit/(loss) before income tax includes:											
Depreciation and amortisation	(13,346)	(454)	(14,015)	(4,574)	—	(115)	(4,567)	(37,071)	(7,354)	—	(44,425)
Interest income/ (expense)	(36,182)	—	(27,840)	(12,506)	—	—	2,848	(73,680)	(1,851)	—	(75,531)
Impairment of property, plant and equipment	—	—	(1,064)	—	—	—	—	(1,064)	358	—	(706)
Share of profit from jointly controlled entities	—	—	—	—	40,682	—	—	40,682	—	—	40,682
Total assets	840,846	111,322	1,363,131	183,283	154,204	4,593	619,861	3,277,240	210,468	(5,142)	3,482,566
Total assets include:											
Investments in jointly controlled entities	—	—	—	—	154,204	—	—	154,204	—	—	154,204
Capital expenditure	11,764	967	65,848	4,906	—	—	20,691	104,176	14,583	—	118,759
Total liabilities	823,493	58,948	924,599	266,066	4,136	598	15,634	2,093,474	208,803	(5,142)	2,297,135

THIS WEB PROOF INFORMATION PACK IS IN DRAFT FORM. The information contained in it is incomplete and is subject to change. This Web Proof Information Pack must be read in conjunction with the section headed "Warning" on the cover of this Web Proof Information Pack.

APPENDIX I

ACCOUNTANT'S REPORT

(a) Segment results (Continued)

The segment results for the year ended 31 December 2008 are as follows:

	Core Business					Unallocated	Sub-total	Non-Core Business	Elimination	Total
	Hong Kong		Mainland China	Taiwan	Southeast Asia and Overseas					
	Retail	Wholesale	Retail	Retail	Retail					
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Total segment revenue	908,635	472,928	835,896	166,929	2,581	—	2,386,969	337,728	—	2,724,697
Inter-segment revenue	(427,439)	(431,178)	—	—	—	—	(858,617)	—	—	(858,617)
Revenue from external customers	481,196	41,750	835,896	166,929	2,581	—	1,528,352	337,728	—	1,866,080
Gross profit	373,436	3,075	617,055	116,302	(102)	—	1,109,766	224,437	—	1,334,203
Profit/(loss) before income tax	128,178	(20,265)	212,528	6,114	38,903	(176,378)	189,080	(20,101)	—	168,979
Profit/(loss) before income tax includes:										
Depreciation and amortisation	(13,842)	(518)	(41,110)	(5,109)	—	(7,326)	(67,905)	(8,876)	—	(76,781)
Interest income/(expense)	(17,346)	—	(27,299)	(5,204)	32	2,285	(47,532)	(3,685)	—	(51,217)
Impairment of property, plant and equipment	(5,454)	—	(10,004)	(1,094)	—	—	(16,552)	(11,904)	—	(28,456)
Share of profit from jointly controlled entities	—	—	—	—	42,318	—	42,318	—	—	42,318
Total assets	774,604	62,873	1,680,688	202,725	147,236	64,359	2,932,485	216,491	(154)	3,148,822
Total assets include:										
Investments in jointly controlled entities	—	—	—	—	145,583	—	145,583	—	—	145,583
Capital expenditure	19,058	392	51,105	5,425	—	8,075	84,055	34,991	—	119,046
Total liabilities	480,874	97,902	793,203	139,865	16,973	45,712	1,574,529	230,591	(154)	1,804,966

THIS WEB PROOF INFORMATION PACK IS IN DRAFT FORM. The information contained in it is incomplete and is subject to change. This Web Proof Information Pack must be read in conjunction with the section headed "Warning" on the cover of this Web Proof Information Pack.

APPENDIX I

ACCOUNTANT'S REPORT

(a) Segment results (Continued)

The segment results for the six months ended 30 June 2008 (unaudited) are as follows:

	Core Business							Non-Core Business	Elimination	Total
	Hong Kong		Mainland China	Taiwan	Southeast Asia	Unallocated	Sub-total			
	Retail	Wholesale	Retail	Retail	Retail					
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Total segment revenue	445,808	273,485	413,149	87,905	—	—	1,220,347	158,192	—	1,378,539
Inter-segment revenue	(207,366)	(253,530)	—	—	—	—	(460,896)	—	—	(460,896)
Revenue from external customers	238,442	19,955	413,149	87,905	—	—	759,451	158,192	—	917,643
Gross profit	189,354	7,529	321,832	62,522	—	—	581,237	116,869	—	698,106
Profit/(loss) before income tax	82,284	(3,575)	155,197	12,771	26,300	(102,380)	170,597	20,214	—	190,811
Profit/(loss) before income tax includes:										
Depreciation and amortisation	(6,412)	(285)	(13,478)	(2,525)	—	(2,508)	(25,208)	(5,391)	—	(30,599)
Interest income/(expense)	(9,006)	—	(15,761)	(3,207)	—	2,182	(25,792)	(1,608)	—	(27,400)
Share of profit from jointly controlled entities	—	—	—	—	26,300	—	26,300	—	—	26,300
Total assets	798,013	97,769	1,600,218	197,898	181,983	61,007	2,936,888	227,668	(460)	3,164,096
Total assets include:										
Investments in jointly controlled entities	—	—	—	—	178,802	—	178,802	—	—	178,802
Capital expenditure	3,292	272	21,956	100	—	6,352	31,972	14,526	—	46,498
Total liabilities	539,510	32,835	782,493	156,039	17,527	26,980	1,555,384	204,817	(460)	1,759,741

THIS WEB PROOF INFORMATION PACK IS IN DRAFT FORM. The information contained in it is incomplete and is subject to change. This Web Proof Information Pack must be read in conjunction with the section headed "Warning" on the cover of this Web Proof Information Pack.

APPENDIX I

ACCOUNTANT'S REPORT

(a) Segment results (Continued)

The segment results for the six months ended 30 June 2009 are as follows:

	Core Business							Non-Core Business	Elimination	Total
	Hong Kong		Mainland China	Taiwan	Southeast Asia	Unallocated	Sub-total			
	Retail	Wholesale	Retail	Retail	Retail					
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Total segment revenue	389,760	169,820	456,969	69,879	—	—	1,086,428	159,124	—	1,245,552
Inter-segment revenue	(155,246)	(162,780)	—	—	—	—	(318,026)	—	—	(318,026)
Revenue from external customers	234,514	7,040	456,969	69,879	—	—	768,402	159,124	—	927,526
Gross profit	171,906	(1,596)	341,005	46,827	—	—	558,142	105,324	—	663,466
Profit/(loss) before income tax	43,906	(7,282)	96,872	(7,560)	12,925	(45,527)	93,334	(12,850)	—	80,484
Profit/(loss) before income tax includes:										
Depreciation and amortisation	(7,490)	(191)	(18,980)	(2,552)	—	(3,207)	(32,420)	(8,111)	—	(40,531)
Interest income/(expense)	(6,776)	—	(11,186)	(1,634)	—	—	(19,596)	(1,697)	—	(21,293)
Impairment of property, plant and equipment	(2,315)	—	—	(1,329)	—	—	(3,644)	—	—	(3,644)
Share of profit from jointly controlled entities	—	—	—	—	12,925	—	12,925	—	—	12,925
Total assets	822,674	45,652	1,472,178	194,332	169,442	373,241	3,077,519	216,956	(132,333)	3,162,142
Total assets include:										
Investments in jointly controlled entities	—	—	—	—	158,239	—	158,239	—	—	158,239
Capital expenditure	2,886	42	5,046	865	—	552	9,391	3,445	—	12,836
Total liabilities	596,787	28,109	789,489	117,561	15,246	163,805	1,710,997	180,548	(92,333)	1,799,212

THIS WEB PROOF INFORMATION PACK IS IN DRAFT FORM. The information contained in it is incomplete and is subject to change. This Web Proof Information Pack must be read in conjunction with the section headed "Warning" on the cover of this Web Proof Information Pack.

APPENDIX I

ACCOUNTANT'S REPORT

(b) Financial information of the Group divided by Core and Non-Core Business

Consolidated Income Statements of the Group divided by Core and Non-Core Business

Year ended 31 December																					
2006								2007				2008									
	Core Business		Non-Core Business		Elimination		Total	Core Business		Non-Core Business		Elimination		Total	Core Business		Non-Core Business		Elimination		Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue	755,250	169,170	(5,858)	918,562	1,177,674	283,367	(266,156)	(294,179)	(93,129)	1,460,794	1,528,352	337,728	(387,061)	(418,586)	(113,291)	1,866,080	(531,877)				
Cost of sales	(222,144)	(49,870)	5,858	—	652,406	883,495	190,238	—	—	1,073,733	1,109,766	224,437	—	—	—	1,334,203					
Gross profit	533,106	119,300	(608)	10,343	17,876	625	(3,044)	15,457	32,754	2,497	(1,521)	33,730									
Other income	(252,884)	(93,193)	—	(346,077)	(468,498)	(150,537)	—	(619,035)	(644,146)	(200,374)	—	(844,520)									
Selling and marketing expenses	(97,202)	(26,342)	608	(122,936)	(227,855)	(26,223)	3,044	(251,034)	(323,083)	(46,776)	1,521	(368,338)									
Administrative expenses	3,391	1,669	—	5,060	16,051	1,486	—	17,537	19,003	3,800	—	22,803									
Other gains / (losses) - net	196,524	2,272	—	198,796	221,069	15,589	—	236,658	194,294	(16,416)	—	177,878									
Operating profit / (loss)	1,872	72	—	1,944	5,802	175	(79,482)	(2,026)	—	(81,508)	(50,895)	(3,836)	—	—	—	—	—	—	—	—	
Finance income	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
Finance costs	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
Finance income/(costs) - net	1,872	72	—	1,944	(73,680)	(1,851)	—	(75,531)	(47,532)	(3,685)	—	(51,217)									
Share of profit of jointly controlled entities	32,593	—	—	32,593	40,682	—	—	40,682	42,318	—	—	42,318									
Profit / (loss) before income tax	230,989	2,344	—	233,333	188,071	13,738	(42,248)	(52,927)	(3,530)	201,809	189,080	(20,101)	—	—	—	168,979	(65,178)				
Income tax expenses	(41,892)	(356)	—	(42,248)	(52,927)	(3,530)	—	191,085	135,144	10,208	—	103,801									
Profit / (loss) for the year/period	189,097	1,988	—	191,085	135,144	10,208	—	145,352	121,566	(17,765)	—	103,801									
Attributable to:																					
Equity holders of the Company	171,943	1,988	—	173,931	120,511	10,208	—	130,719	115,800	(17,765)	—	98,035									
Minority interests	17,154	—	—	17,154	14,633	—	—	14,633	5,766	—	—	5,766									
	189,097	1,988	—	191,085	135,144	10,208	—	145,352	121,566	(17,765)	—	103,801									

THIS WEB PROOF INFORMATION PACK IS IN DRAFT FORM. The information contained in it is incomplete and is subject to change. This Web Proof Information Pack must be read in conjunction with the section headed "Warning" on the cover of this Web Proof Information Pack.

APPENDIX I

ACCOUNTANT'S REPORT

	Six months ended 30 June					
	2008			2009		
	Core Business	Non-Core Business	Elimination	Total	Core Business	Non-Core Business
	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000	HK\$'000
Revenue	759,451	158,192	—	917,643	768,402	159,124
Cost of sales	(178,214)	(41,323)	—	(219,537)	(210,260)	(53,800)
Gross profit	581,237	116,869	—	698,106	558,142	105,324
Other income	13,465	562	(932)	13,095	11,863	739
Selling and marketing expenses	(307,958)	(86,559)	—	(394,517)	(329,345)	(104,069)
Administrative expenses	(145,136)	(12,810)	932	(157,014)	(140,816)	(13,012)
Other gains / (losses) - net	28,481	3,760	—	32,241	161	(135)
Operating profit / (loss)	170,089	21,822	—	191,911	100,005	(11,153)
Finance income	2,697	99	—	2,796	170	154
Finance costs	(28,489)	(1,707)	—	(30,196)	(19,766)	(1,851)
Finance income/(costs) - net	(25,792)	(1,608)	—	(27,400)	(19,596)	(1,697)
Share of profit of jointly controlled entities	26,300	—	—	26,300	12,925	—
Profit / (loss) before income tax	170,597	20,214	—	190,811	93,334	(12,850)
Income tax expenses	(41,914)	(1,971)	—	(43,885)	(25,554)	1,381
Profit / (loss) for the year/period	128,683	18,243	—	146,926	67,780	(11,469)
Attributable to:						
Equity holders of the Company	122,917	18,243	—	141,160	67,780	(11,469)
Minority interests	5,766	—	—	5,766	—	—
	128,683	18,243	—	146,926	67,780	(11,469)

APPENDIX I

ACCOUNTANT'S REPORT

(b) Financial information of the Group divided by Core and Non-Core Business (Continued)
Consolidated Balance Sheets of the Group divided by Core and Non-Core Business

	As at 31 December					As at 30 June				
	2006		2007		2008	2009		2010	2011	2012
	Core Business	Non-Core Business	Core Business	Non-Core Business		Core Business	Non-Core Business			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
ASSETS										
Non-current assets										
Property, plant and equipment	36,979	7,586	44,565	112,254	14,787	117,818	26,660	144,478	101,707	21,175
Intangible assets	1,461,456	1,500	1,462,956	1,515,205	1,500	1,635,738	1,500	1,637,238	1,631,574	1,500
Investment in subsidiary	-	-	-	-	-	-	-	-	40,000	-
Investments in jointly controlled entities	111,566	-	111,566	154,204	-	145,583	-	145,583	158,239	-
Deposit and prepayments	43,963	3,060	47,023	43,791	2,623	41,841	2,022	43,863	37,401	990
Deferred income tax assets	3,106	2,569	5,675	32,146	4,455	61,228	7,725	68,953	56,117	7,760
	1,657,070	14,715	1,671,785	1,857,600	23,365	2,002,208	37,907	2,040,115	2,025,038	31,425
										(40,000)
										2,016,463
Current assets										
Inventories	193,189	65,923	259,112	418,424	96,564	537,636	95,847	633,483	482,502	64,153
Trade receivables	116,630	38,625	155,255	150,937	49,055	174,388	48,864	223,252	103,515	24,183
Deposit and prepayments	51,340	7,212	58,552	44,223	18,239	81,430	10,005	91,435	92,723	13,599
Amounts due from related parties	6,966	-	1,872	8,526	352	14,607	907	15,360	93,582	331
Amount due from immediate holding company	76,198	-	76,198	-	-	-	-	-	-	-
Cash and cash equivalents	127,408	16,091	143,499	797,530	22,893	122,216	22,961	145,177	280,159	83,265
	571,731	127,851	694,488	1,419,640	187,103	930,277	178,584	1,108,707	1,052,481	185,531
					(5,142)			(154)		(92,333)
					(5,142)			(154)		(132,333)
										216,956
										3,162,142
Total assets	2,228,801	142,566	2,366,273	3,277,240	210,468	2,932,485	216,491	3,148,822	3,077,519	3,162,142
EQUITY										
Capital and reserves										
Share capital	100	1,097	100	114,920	-	120,517	-	120,517	120,517	-
Share premium	-	-	-	859,277	-	1,041,310	-	1,041,310	1,041,310	-
Retained earnings/ (Accumulated losses)	207,751	1,988	209,739	328,262	12,196	440,706	(5,569)	435,137	450,638	(17,038)
Other reserves	(48,692)	49,922	2,327	(189,395)	(10,531)	(244,577)	(8,531)	(253,108)	(245,943)	53,446
	159,159	53,007	212,166	1,113,064	1,665	1,357,956	(14,100)	1,343,856	1,366,522	36,408
	58,136	-	58,136	70,702	-	-	-	-	-	-
Minority interests	-	-	-	-	-	-	-	-	-	-
Total equity	217,295	53,007	270,302	1,183,766	1,665	1,357,956	(14,100)	1,343,856	1,366,522	36,408
										(40,000)
										1,362,930

APPENDIX I

ACCOUNTANT'S REPORT

(b) Financial information of the Group divided by Core and Non-Core Business — (Continued)
Consolidated Balance Sheets of the Group divided by Core and Non-Core Business — (Continued)

	2006				2007				2008				2009			
	Core Business		Non-Core Business		Core Business		Non-Core Business		Core Business		Non-Core Business		Core Business		Non-Core Business	
	HK\$'000	Elimination	HK\$'000	Total	HK\$'000	Elimination	HK\$'000	Total	HK\$'000	Elimination	HK\$'000	Total	HK\$'000	Elimination	HK\$'000	Total
LIABILITIES																
Non-current liabilities																
Amount due to immediate holding company	-	-	-	1,714,218	-	-	-	-	-	-	-	-	-	-	-	-
Provision for long service payments	-	-	-	2,109	-	-	-	4,218	-	-	-	6,986	-	-	-	6,485
Retirement benefit obligations	-	-	-	7,612	-	-	-	7,700	-	-	-	7,700	-	-	-	12,157
Other payables and accrued expenses	-	-	-	-	-	-	-	55,692	-	-	-	48,028	-	-	-	45,211
Deferred income tax liabilities	-	-	-	29,608	-	-	-	29,608	-	-	-	48,873	-	-	-	52,202
Borrowings	-	-	-	-	-	-	-	930,000	-	-	-	939,071	-	-	-	1,062,075
	1,753,547	-	-	1,753,547	1,027,218	-	-	1,027,218	1,050,658	-	-	1,050,658	1,178,130	-	-	1,178,130
Current liabilities																
Trade payables	12,127	-	4,452	16,579	58,637	-	14,693	73,330	50,891	17,176	-	68,067	37,691	7,719	-	45,410
Other payables and accrued expenses	222,839	-	16,524	239,363	169,743	-	22,540	192,283	181,672	27,968	-	209,640	163,249	17,592	-	180,841
Amounts due to related parties	1,502	-	67,819	64,227	74,233	-	113,537	182,628	5,443	99,888	(154)	105,177	135,234	94,589	(92,333)	137,490
Current income tax liabilities	21,491	-	764	22,255	28,899	-	4,533	33,432	18,588	1,650	-	20,238	9,752	525	-	10,277
Borrowings	-	-	-	-	734,744	-	53,500	788,244	267,277	83,909	-	351,186	186,941	60,123	-	247,064
	257,959	-	89,559	342,424	1,066,256	-	208,803	1,269,917	523,871	230,591	(154)	754,308	532,867	180,548	(92,333)	621,082
Total liabilities	2,011,506	-	89,559	2,095,971	2,093,474	-	208,803	2,297,135	1,574,529	230,591	(154)	1,804,966	1,710,997	180,548	(92,333)	1,799,212
Total equity and liabilities	2,228,801	142,566	-	2,366,273	3,277,240	210,468	-	3,482,566	2,932,485	216,491	(154)	3,148,822	3,077,519	216,956	(132,333)	3,162,142
Net current assets/ (liabilities)	313,772	38,292	-	352,064	353,384	(21,700)	-	331,684	406,406	(52,007)	-	354,399	519,614	4,983	-	524,597
Total assets less current liabilities	1,970,842	53,007	-	2,023,849	2,210,984	1,665	-	2,212,649	2,408,614	(14,100)	-	2,394,514	2,544,652	36,408	(40,000)	2,541,060

APPENDIX I

ACCOUNTANT'S REPORT

26 Expenses by nature

	Year ended 31 December			Six months ended 30 June	
	2006	2007	2008	2008	2009
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
				(unaudited)	
Core Business					
Cost of inventories recognised as expenses included in cost of sales (Note 12)	222,144	284,782	392,410	186,574	206,538
Provision for impairment/write-down of inventories	—	9,397	26,176	(8,360)	3,722
Depreciation of property, plant and equipment (Note 6)	12,972	30,628	58,932	20,561	28,256
Impairment of property, plant and equipment (Note 6)	—	1,064	16,552	—	3,644
Amortisation of intangible assets (Note 7)	5,595	6,443	8,973	4,647	4,164
Loss on disposal of property, plant and equipment	95	1,066	7,419	7,912	4,544
Operating lease rental expense-minimum lease payment	65,798	121,766	184,434	84,099	90,583
Operating lease rental expense-contingent rents	96,022	134,101	144,450	74,405	81,955
Provision for/(reversal of) impairment of trade receivables (Note 13)	1,436	(967)	3,771	(469)	(2,452)
Employee benefit expenses (Note 36)	108,838	278,052	369,378	154,320	176,702
Auditor's remuneration	1,854	2,846	2,305	1,787	1,883
Promotion and advertising expenses	12,532	22,033	33,921	17,523	15,317
Royalties expense	18,534	28,816	24,821	17,907	8,118
Other expenses	26,410	70,505	112,273	70,402	57,447
	<u>572,230</u>	<u>990,532</u>	<u>1,385,815</u>	<u>631,308</u>	<u>680,421</u>
Non-Core Business					
Cost of inventories recognised as expenses included in cost of sales (Note 12)	50,906	83,427	91,209	41,556	53,788
Provision for impairment/write-down of inventories	(1,036)	9,702	22,082	(233)	12
Depreciation of property, plant and equipment (Note 6)	7,037	7,354	8,876	5,391	8,111
Impairment of property, plant and equipment (Note 6)	—	(358)	11,904	—	—
Loss on disposal of property, plant and equipment	406	154	2,497	—	826
Operating lease rental expense-minimum lease payment	21,165	22,565	19,699	9,745	9,564
Operating lease rental expense-contingent rents	34,780	72,142	90,153	33,748	42,328
Employee benefit expenses (Note 36)	21,988	51,311	70,076	35,353	40,147
Auditor's remuneration	270	576	393	202	277
Marketing and promotion expenses	3,065	7,717	12,316	4,774	3,986
Other expenses	30,824	15,299	31,236	10,156	11,842
	<u>169,405</u>	<u>269,889</u>	<u>360,441</u>	<u>140,692</u>	<u>170,881</u>
Elimination of costs of goods sold between Core and Non-Core Business, rental and service income from Non-Core Business	<u>(6,466)</u>	<u>(3,291)</u>	<u>(1,521)</u>	<u>(932)</u>	<u>(683)</u>
Total cost of sales, selling and marketing expenses and administrative expenses	<u>735,169</u>	<u>1,257,130</u>	<u>1,744,735</u>	<u>771,068</u>	<u>850,619</u>
Representing					
Cost of sales	266,156	387,061	531,877	219,537	264,060
Selling and marketing expenses	346,077	619,035	844,520	394,517	433,414
Administrative expenses	122,936	251,034	368,338	157,014	153,145
	<u>735,169</u>	<u>1,257,130</u>	<u>1,744,735</u>	<u>771,068</u>	<u>850,619</u>

THIS WEB PROOF INFORMATION PACK IS IN DRAFT FORM. The information contained in it is incomplete and is subject to change. This Web Proof Information Pack must be read in conjunction with the section headed "Warning" on the cover of this Web Proof Information Pack.

APPENDIX I

ACCOUNTANT'S REPORT

27 Other income

	Year ended 31 December			Six months ended 30 June	
	2006	2007	2008	2008	2009
	HK\$'000	HK\$'000	HK\$'000	HK\$'000 (unaudited)	HK\$'000
Core Business					
Subsidy income	3,584	—	15,369	4,736	1,321
Gain on disposal of available-for-sale financial asset	275	—	—	—	—
Rental income	956	2,477	2,901	1,488	1,348
Management fee income	—	4,089	5,482	2,722	2,722
Administrative fee income	—	4,928	—	—	330
Claims received	2,029	2,370	3,985	1,588	478
Sales commission	365	1,358	1,909	958	1,016
Alteration income	507	565	680	290	280
Other income	2,397	2,089	2,428	1,683	4,368
	<u>10,113</u>	<u>17,876</u>	<u>32,754</u>	<u>13,465</u>	<u>11,863</u>
Non-Core Business					
Subsidy income	—	—	1,839	333	192
Claim received	52	—	47	58	90
Alteration income	140	168	281	118	169
Other income	646	457	330	53	288
	<u>838</u>	<u>625</u>	<u>2,497</u>	<u>562</u>	<u>739</u>
Elimination of rental and service income from Non-Core Business	(608)	(3,044)	(1,521)	(932)	(683)
Total	<u>10,343</u>	<u>15,457</u>	<u>33,730</u>	<u>13,095</u>	<u>11,919</u>

28 Other gains - net

	Year ended 31 December			Six months ended 30 June	
	2006	2007	2008	2008	2009
	HK\$'000	HK\$'000	HK\$'000	HK\$'000 (unaudited)	HK\$'000
Core Business					
Net foreign exchange gains	3,391	16,051	19,003	28,481	161
Non-Core Business					
Net foreign exchange gains/(losses)	1,669	1,486	3,800	3,760	(135)
	<u>5,060</u>	<u>17,537</u>	<u>22,803</u>	<u>32,241</u>	<u>26</u>

APPENDIX I

ACCOUNTANT'S REPORT

29 Directors' and senior management emoluments

(a) Directors' and senior management emoluments

The emoluments of every Director for the years ended 31 December 2006, 2007 and 2008 and the six months ended 30 June 2008 (unaudited) & 2009 are set out below:

(i) For the year ended 31 December 2006:

Name of Director	Director fee	Salary	Employer's contribution to pension scheme	Discretionary bonuses	Other benefits	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
— Jeremy Paul Egerton Hobbins	—	—	—	—	—	—
— Wong Yat Ming	—	1,263	7	1,884	552	3,706
— Victor Fung Kwok King	—	—	—	—	—	—
— William Fung Kwok Lun	—	—	—	—	—	—
— Jose Hosea Cheng Hor Yin	—	—	—	—	—	—
— Tan Yong Nang	—	—	—	—	—	—
— Lau Butt Farn	—	—	—	—	—	—
	—	1,263	7	1,884	552	3,706

(ii) For the year ended 31 December 2007:

Name of Director	Director fee	Salary	Employer's contribution to pension scheme	Discretionary bonuses	Other benefits	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
— Jeremy Paul Egerton Hobbins	—	2,215	10	3,594	1,058	6,877
— Wong Yat Ming	—	2,097	12	2,679	917	5,705
— Leong Kwok Yee	—	892	4	642	22	1,560
— Victor Fung Kwok King	—	—	—	—	—	—
— William Fung Kwok Lun	—	—	—	—	—	—
— Jose Hosea Cheng Hor Yin	—	—	—	—	—	—
— Tan Yong Nang	—	—	—	—	—	—
— Lau Butt Farn	—	—	—	—	—	—
— Sabrina Fung Wing Yee	—	—	—	—	—	—
	—	5,204	26	6,915	1,997	14,142

THIS WEB PROOF INFORMATION PACK IS IN DRAFT FORM. The information contained in it is incomplete and is subject to change. This Web Proof Information Pack must be read in conjunction with the section headed "Warning" on the cover of this Web Proof Information Pack.

APPENDIX I

ACCOUNTANT'S REPORT

(iii) For the year ended 31 December 2008:

Name of Director	Director fee	Salary	Employer's contribution to pension scheme	Discretionary bonuses	Other benefits	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
— Jeremy Paul Egerton Hobbins	120	3,266	12	2,958	1,277	7,633
— Wong Yat Ming	120	2,560	12	2,366	900	5,958
— Leong Kwok Yee	120	3,000	12	1,893	332	5,357
— Sabrina Fung Wing Yee	120	1,703	12	946	34	2,815
— Victor Fung Kwok King	150	—	—	—	—	150
— William Fung Kwok Lun	120	—	—	—	—	120
— Jose Hosea Cheng Hor Yin	120	—	—	—	—	120
— Cassian Cheung Ka Sing	120	—	—	—	—	120
— Evan Mervyn Davies	120	—	—	—	—	120
— Michael Lee Tze Hau	120	—	—	—	—	120
— Patrick Sun	120	—	—	—	—	120
— Lau Butt Farn	—	—	—	—	—	—
	<u>1,350</u>	<u>10,529</u>	<u>48</u>	<u>8,163</u>	<u>2,543</u>	<u>22,633</u>

(iv) For the six months ended 30 June 2008 (unaudited):

Name of Director	Director fee	Salary	Employer's contribution to pension scheme	Discretionary bonuses	Other benefits	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
— Jeremy Paul Egerton Hobbins	—	1,633	6	—	638	2,277
— Wong Yat Ming	—	1,280	6	—	461	1,747
— Leong Kwok Yee	—	1,500	6	—	177	1,683
— Sabrina Fung Wing Yee	—	803	6	—	23	832
— Victor Fung Kwok King	—	—	—	—	—	—
— William Fung Kwok Lun	—	—	—	—	—	—
— Jose Hosea Cheng Hor Yin	—	—	—	—	—	—
— Lau Butt Farn	—	—	—	—	—	—
	<u>—</u>	<u>5,216</u>	<u>24</u>	<u>—</u>	<u>1,299</u>	<u>6,539</u>

(v) For the six months ended 30 June 2009:

Name of Director	Director fee	Salary	Employer's contribution to pension scheme	Discretionary bonuses	Other benefits	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
— Jeremy Paul Egerton Hobbins	60	1,361	5	—	521	1,947
— Wong Yat Ming	60	1,280	6	—	452	1,798
— Leong Kwok Yee	60	250	1	—	27	338
— Sabrina Fung Wing Yee	60	865	6	—	18	949
— Victor Fung Kwok King	100	—	—	—	—	100
— William Fung Kwok Lun	60	—	—	—	—	60
— Jose Hosea Cheng Hor Yin	60	—	—	—	—	60
— Cassian Cheung Ka Sing	115	—	—	—	—	115
— Evan Mervyn Davies	8	—	—	—	—	8
— Michael Lee Tze Hau	140	—	—	—	—	140
— Patrick Sun	125	—	—	—	—	125
— Jean-Marc Loubier	19	—	—	—	—	19
	<u>867</u>	<u>3,756</u>	<u>18</u>	<u>—</u>	<u>1,018</u>	<u>5,659</u>

APPENDIX I

ACCOUNTANT'S REPORT

During the Relevant Periods, no directors, supervisors or senior management of the Company waived any emoluments and no emolument were paid by the Company to any of the directors, supervisors or senior management as an inducement to join or upon joining the Group or as compensation for loss of office.

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the years ended 31 December 2006, 2007 and 2008 and the six months ended 30 June 2008 and 2009 includes one, two, three, three and three, respectively directors whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining highest paid individuals during the year/period are as follows:

	Year ended 31 December			Six months ended 30 June	
	2006	2007	2008	2008	2009
	HK\$'000	HK\$'000	HK\$'000	HK\$'000 (unaudited)	HK\$'000
Basic salaries, housing allowances, other allowances	3,635	3,981	3,970	1,985	1,918
Bonuses	2,756	5,998	4,064	—	—
Employer's contribution to pension scheme	240	249	228	122	119
Other benefits	107	183	219	114	110
	<u>6,738</u>	<u>10,411</u>	<u>8,481</u>	<u>2,221</u>	<u>2,147</u>

No emoluments have been paid to these individuals as an inducement to join or upon joining the Group or as compensation for loss of office during the Relevant Periods.

The emoluments of the highest paid individuals of the Group fall within the following bands:

	Year ended 31 December			Six months ended 30 June	
	2006	2007	2008	2008	2009
	HK\$'000	HK\$'000	HK\$'000	HK\$'000 (unaudited)	HK\$'000
Emolument bands					
— HK\$900,001 to HK\$1,000,000	—	—	—	—	1
— HK\$1,000,001 to HK\$1,500,000	2	—	—	2	1
— HK\$1,500,001 to HK\$2,000,000	1	—	—	—	—
— HK\$2,000,001 to HK\$2,500,000	1	—	—	—	—
— HK\$2,500,001 to HK\$3,000,000	—	—	—	—	—
— HK\$3,000,001 to HK\$3,500,000	—	2	—	—	—
— HK\$3,500,001 to HK\$4,000,000	—	—	1	—	—
— HK\$4,000,001 to HK\$4,500,000	—	1	—	—	—
— HK\$4,500,001 to HK\$5,000,000	—	—	1	—	—
	<u>4</u>	<u>3</u>	<u>2</u>	<u>2</u>	<u>2</u>

APPENDIX I

ACCOUNTANT'S REPORT

30 Finance costs

	Year ended 31 December			Six months ended 30 June	
	2006	2007	2008	2008	2009
	HK\$'000	HK\$'000	HK\$'000	HK\$'000 (unaudited)	HK\$'000
Core Business					
Finance costs — Interest expenses on bank borrowings wholly repayable within five years	—	(79,482)	(50,895)	(28,489)	(19,766)
Finance income — Interest income on short-term bank deposits	1,872	5,802	3,363	2,697	170
Finance income/(costs) — net	1,872	(73,680)	(47,532)	(25,792)	(19,596)
Non-Core Business					
Finance costs — Interest expenses on bank borrowings wholly repayable within five years	—	(2,026)	(3,836)	(1,707)	(1,851)
Finance income — Interest income on short-term bank deposits	72	175	151	99	154
Finance income/(costs) — net	72	(1,851)	(3,685)	(1,608)	(1,697)
Total	1,944	(75,531)	(51,217)	(27,400)	(21,293)

31 Taxation

Income tax expense

Hong Kong profits tax has been provided for at the rate of 17.5% on the estimated assessable profit for the years ended 31 December 2006 and 2007 and the six months ended 30 June 2008 and 16.5% on the estimated assessable profit for the year ended 31 December 2008 and six months ended 30 June 2009. Taxation on overseas profits has been calculated on the estimated assessable profit for the year/period at the rates of taxation prevailing in the countries or regions in which the Group operates.

	Year ended 31 December			Six months ended 30 June	
	2006	2007	2008	2008	2009
	HK\$'000	HK\$'000	HK\$'000	HK\$'000 (unaudited)	HK\$'000
Core Business					
Current income tax					
— Hong Kong profits tax	24,440	23,550	20,298	16,757	4,803
— Overseas taxation	18,098	58,417	57,033	35,309	12,311
Deferred income tax (Note 11)	(646)	(29,040)	(9,817)	(10,152)	8,440
	41,892	52,927	67,514	41,914	25,554
Non-Core Business					
Current income tax					
— Hong Kong profits tax	47	—	—	—	—
— Overseas taxation	309	5,416	934	1,971	(1,346)
Deferred income tax (Note 11)	—	(1,886)	(3,270)	—	(35)
	356	3,530	(2,336)	1,971	(1,381)
Total	42,248	56,457	65,178	43,885	24,173

THIS WEB PROOF INFORMATION PACK IS IN DRAFT FORM. The information contained in it is incomplete and is subject to change. This Web Proof Information Pack must be read in conjunction with the section headed "Warning" on the cover of this Web Proof Information Pack.

APPENDIX I

ACCOUNTANT'S REPORT

The tax charge on the Group's profit before tax differs from the theoretical amount that would arise using weighted average tax rate applicable to profits of the consolidated companies as follows:

	Year ended 31 December			Six months ended 30 June	
	2006	2007	2008	2008	2009
	HK\$'000	HK\$'000	HK\$'000	HK\$'000 (unaudited)	HK\$'000
Profit before income tax	233,333	201,809	168,979	190,811	80,484
Tax calculated at domestic tax rates applicable to profits in the respective areas	50,163	57,100	39,885	48,451	21,456
Effect of withholding tax on the distributable profits of the Group's overseas subsidiaries/jointly controlled entities	—	—	21,988	—	962
Income not subject to tax	(8,475)	(14,437)	(11,023)	(9,392)	(3,091)
Tax losses for which no deferred income tax asset was recognised	—	—	5,999	—	3,655
Expenses not deductible for tax purposes	560	13,794	8,329	4,826	1,191
Income tax expense	42,248	56,457	65,178	43,885	24,173

The weighted average applicable tax rates were 18%, 28% and 39% for the years ended 31 December 2006, 2007 and 2008 and 23% and 30% for the six months ended 30 June 2008 and 2009, respectively.

The subsidiaries incorporated in Mainland China are subject to income tax at applicable rates ranging from 15% to 33% during the Relevant Periods.

On 16 March 2007, the National People's Congress approved the new CIT Law, which reduces/(increases) the corporate income tax rate for domestic enterprises (foreign invested enterprises) from 33%/(15%) to 25% with effect from 1 January 2008. The new CIT Law has no significant impact on the carrying value of the deferred tax assets and deferred tax liabilities for the Relevant Periods.

On 28 February 2008, the Hong Kong Government proposed to change the Corporate Income Tax rate from 17.5% to 16.5%, with effect from 1 January 2008. The change in tax rate has no significant impact on the carrying value of the deferred tax balances for the Relevant Periods.

32 Earnings per share

Basic and diluted

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 year.

	Year ended 31 December			Six months ended 30 June	
	2006	2007	2008	2008	2009
				(unaudited)	
Profit attributable to equity holders of the Company (HK\$'000)	173,931	130,719	98,035	141,160	56,311
Weighted average number of ordinary shares in issue	1,000,000	252,514,000	1,201,187,000	1,197,157,000	1,205,173,000
Basic and diluted earnings per share (HK\$ per share)	173.93	0.52	0.08	0.12	0.05

Diluted earnings per share equals basic earnings per share as the Company does not have any dilutive potential ordinary shares.

APPENDIX I

ACCOUNTANT'S REPORT

33 Cash generated from operations

(a) Reconciliation of profit before income tax to cash generated from operations

	Year ended 31 December			Six months ended 30 June	
	2006 HK\$'000	2007 HK\$'000	2008 HK\$'000	2008 HK\$'000 (unaudited)	2009 HK\$'000
Profit before income tax	233,333	201,809	168,979	190,811	80,484
Adjustments for:					
— Share of profit of jointly controlled entities (Note 9)	(32,593)	(40,682)	(42,318)	(26,300)	(12,925)
— Amortisation of intangible assets (Note 7)	5,595	6,443	8,973	4,647	4,164
— Interest income	(1,944)	(5,977)	(3,514)	(2,796)	(324)
— Interest expense	—	81,508	54,731	30,196	21,617
— Depreciation (Note 6)	20,009	37,982	67,808	25,952	36,367
— Impairment charge (Note 6)	—	706	28,456	—	3,644
— Loss on disposal of property, plant and equipment	501	1,220	9,916	7,912	5,370
— Foreign exchange gains/(loss)	2,587	9,689	10,655	15,157	(1,558)
Changes in working capital					
— Inventories	(31,529)	(255,876)	(116,394)	(127,202)	86,828
— Trade and other receivables	(46,527)	(48,573)	(48,940)	(21,520)	86,138
— Trade and other payables	10,960	138,793	25,897	(38,659)	(77,577)
— Balances with related parties	(56,376)	(17,118)	(72,502)	(11,148)	55,702
Cash generated from operations	<u>104,016</u>	<u>109,924</u>	<u>91,747</u>	<u>47,050</u>	<u>287,930</u>

In the cash flow statement, proceeds from sale of property, plant and equipment comprise:

	Year ended 31 December			Six months ended 30 June	
	2006 HK\$'000	2007 HK\$'000	2008 HK\$'000	2008 HK\$'000 (unaudited)	2009 HK\$'000
Net book amount (Note 6)	501	1,220	9,916	7,912	5,370
Loss on disposal of property, plant and equipment	<u>(501)</u>	<u>(1,220)</u>	<u>(9,916)</u>	<u>(7,912)</u>	<u>(5,370)</u>
Proceeds from disposal of property, plant and equipment	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>

(b) Non-cash transactions

	Year ended 31 December			Six months ended 30 June	
	2006 HK\$'000	2007 HK\$'000	2008 HK\$'000	2008 HK\$'000 (unaudited)	2009 HK\$'000
Novation of bank loan from immediate holding company	—	1,589,000	—	—	—
Issue of shares to immediate holding company	—	235,000	—	—	—
Issue of shares to Renown for acquisition of minority interest	<u>—</u>	<u>—</u>	<u>95,159</u>	<u>95,159</u>	<u>—</u>
Purchase consideration on acquisition of DDL Group and Green Group through current account with immediate holding company	<u>1,681,601</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>

APPENDIX I

ACCOUNTANT'S REPORT

34 Commitments

(a) Capital commitments for property, plant and equipment

	As at 31 December			As at 30 June
	2006	2007	2008	2009
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Contracted but not provided for				
— Property, plant and equipment	4,072	10,842	500	121
— Computer software	—	2,900	585	585
	<u>4,072</u>	<u>13,742</u>	<u>1,085</u>	<u>706</u>

(b) Capital commitment for purchase of a subsidiary

On 30 January 2008, the Group entered into a conditional agreement with Branded Lifestyle International Ltd. to acquire 100% equity interest of L&F Branded Lifestyle (Singapore) Pte Ltd. at a consideration of SGD493,000 (approximately HK\$2,640,000). Completion of the transaction took place on [●] 2009.

(c) Commitments under operating leases

The Group had future aggregate minimum lease payments under non-cancelable operating leases as follows:

	As at 31 December			As at 30 June
	2006	2007	2008	2009
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
No later than 1 year	128,972	145,205	181,962	165,289
Later than 1 year and no later than 5 years	71,018	142,830	138,363	117,810
	<u>199,990</u>	<u>288,035</u>	<u>320,325</u>	<u>283,099</u>

35 Business combinations

(a) DDL Group

On 30 April 2006, the Parent Company acquired a group of companies comprising Trinity Retail (H.K.) Limited (formerly known as D'urban Distributions (H.K.) Limited), Trinity Retail Limited (formerly known as D'urban Distributions (Far East) Limited), DDL Advertising Company Limited and DDL (Macao) Limited (collectively referred to as "DDL Group").

Details of net assets acquired and goodwill are as follows:

	HK\$'000
Purchase consideration	710,000
Fair value of net assets acquired	(186,142)
Goodwill (Note 7)	<u>523,858</u>

The goodwill is attributable to the profitability of the acquired business and the significant synergies expected to arise from the acquired business.

THIS WEB PROOF INFORMATION PACK IS IN DRAFT FORM. The information contained in it is incomplete and is subject to change. This Web Proof Information Pack must be read in conjunction with the section headed "Warning" on the cover of this Web Proof Information Pack.

APPENDIX I

ACCOUNTANT'S REPORT

The assets and liabilities arising from the acquisition of DDL Group are as follows:

	Fair value	Acquiree's carrying amount
	HK\$'000	HK\$'000
Intangible assets (Note 7)	168,000	—
Property, plant and equipment (Note 6)	12,483	12,483
Available-for-sale financial assets	18,341	18,341
Deferred income tax assets (Note 11)	1,764	1,870
Trade receivables	11,357	11,357
Deposits and prepayments	10,521	10,521
Inventories	47,934	34,721
Cash and cash equivalents	31,108	31,108
Trade payables	(4,483)	(4,483)
Provision for long service payments	(1,271)	(1,271)
Other payables and accrued expenses	(73,592)	(41,784)
Deferred income tax liabilities (Note 11)	(29,400)	—
Current income tax liabilities	(6,620)	(6,347)
Net assets acquired	<u>186,142</u>	<u>66,516</u>

The following is the consolidated financial information of DDL Group for the four months ended 30 April 2006 (the "Pre-acquisition periods"):

Consolidated income statement

DDL Group

	Note	Four months end 30 April 2006
		HK\$'000
Revenue	(i)	118,919
Cost of sales	(ii)	(37,905)
Gross profit		81,014
Other income		1,285
Selling and marketing expenses	(ii)	(39,596)
Administrative expenses	(ii)	(13,532)
Other gains — net	(iii)	4,740
Finance income — net	(iv)	1,307
Profit before income tax		35,218
Income tax expense	(v)	(6,136)
Profit for the period		<u>29,082</u>
Attributable to:		
Equity holders of DDL Group		29,031
Minority interests		51
		<u>29,082</u>

THIS WEB PROOF INFORMATION PACK IS IN DRAFT FORM. The information contained in it is incomplete and is subject to change. This Web Proof Information Pack must be read in conjunction with the section headed "Warning" on the cover of this Web Proof Information Pack.

APPENDIX I

ACCOUNTANT'S REPORT

Consolidated balance sheet

	Note	As at 30 April 2006 HK\$'000
ASSETS		
Non-current assets		
Property, plant and equipment	(vi)	12,483
Intangible assets	(vii)	37,729
Deferred income tax assets	(xiv)	1,870
		<u>52,082</u>
Current assets		
Inventories	(x)	34,721
Trade receivables	(viii)	11,357
Deposits and prepayments	(ix)	8,543
Amounts due from related parties		1,978
Available-for-sale financial assets	(xv)	18,341
Cash and cash equivalents	(xi)	31,108
		<u>106,048</u>
Total assets		<u><u>158,130</u></u>
EQUITY		
Capital and reserves attributable to DDL Group's equity holders		
Share capital		25,000
Other reserves		38,738
		<u>63,738</u>
Minority interests		<u>2,778</u>
Total equity		<u><u>66,516</u></u>
LIABILITIES		
Non-current liabilities		
Provision for long service payments		1,271
		<u>1,271</u>
Current liabilities		
Trade payables	(xii)	4,483
Other payables and accrued expenses	(xiii)	43,465
Dividends payable		25,000
Amounts due to related parties		11,048
Current income tax liabilities		6,347
		<u>90,343</u>
Total liabilities		<u>91,614</u>
Total equity and liabilities		<u><u>158,130</u></u>

THIS WEB PROOF INFORMATION PACK IS IN DRAFT FORM. The information contained in it is incomplete and is subject to change. This Web Proof Information Pack must be read in conjunction with the section headed "Warning" on the cover of this Web Proof Information Pack.

APPENDIX I

ACCOUNTANT'S REPORT

Consolidated statement of changes in equity

	Share capital	Retained earnings	Exchange reserves	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance at 1 January 2006	25,000	166,107	(1,400)	189,707
Profit for the period	–	29,031	–	29,031
Dividends paid	–	(155,000)	–	(155,000)
Balance at 30 April 2006	<u>25,000</u>	<u>40,138</u>	<u>(1,400)</u>	<u>63,738</u>

Consolidated cash flow statement

	Four months ended 30 April 2006
	HK\$'000
Cash flows from operating activities	
Cash generated from operations	60,381
Income tax refunded	67
Net cash generated from operating activities	60,448
Cash flows from investing activities	
Purchase of property, plant and equipment	(1,845)
Interest received	1,307
Net cash used in investing activities	(538)
Cash flows from financing activities	
Distribution of profit to previous shareholders	(130,000)
Net cash used in financing activities	(130,000)
Net decrease in cash and cash equivalents	(70,090)
Cash and cash equivalents at beginning of period	101,198
Cash and cash equivalents at end of the period	<u>31,108</u>

APPENDIX I

ACCOUNTANT'S REPORT

Note to the consolidated cash flow statement

Reconciliation of profit before income tax to cash generated from operations:

	Four months ended 30 April 2006
	HK\$'000
Profit before income tax	35,218
Adjustments for:	
— Interest income	(1,307)
— Fair value gains on available-for-sale financial assets	(2,269)
— Depreciation	1,571
— Provision for slow — moving inventories	3,202
— Provision for employee benefits	40
Changes in working capital	
— Inventories	6,822
— Trade and other receivables	8,112
— Other financial assets at fair value through profit and loss	32,530
— Trade payables, other payables and accrued expenses	(15,154)
— Balances with inter — companies	(8,324)
— Employee benefits	(60)
Cash generated from operations	60,381

Note to the consolidated statement of comprehensive income

(i) Analysis of revenue during the period were as follows:

	Four months ended 30 April 2006
	HK\$'000
Retail	112,510
Wholesales	6,409
	118,919
	Four months ended 30 April 2006
	HK\$'000
Hong Kong	100,291
Taiwan	18,628
	118,919

(ii) Expenses by nature

	Four months ended 30 April 2006
	HK\$'000
Cost of inventories recognised as expenses included in cost of sales	37,905
Depreciation	1,571
Operating lease rental expenses	23,412
Employee benefit expenses	17,034
Auditor's remuneration	88
Royalties expense	2,428
Other expenses	8,595
Total cost of sales, selling and marketing expenses and administrative expenses	91,033

THIS WEB PROOF INFORMATION PACK IS IN DRAFT FORM. The information contained in it is incomplete and is subject to change. This Web Proof Information Pack must be read in conjunction with the section headed "Warning" on the cover of this Web Proof Information Pack.

APPENDIX I

ACCOUNTANT'S REPORT

(iii) Other gains — net

	Four months ended 30 April 2006
	HK\$'000
Fair value gains on available-for-sale financial assets	2,269
Net foreign exchange gains	2,471
	<u>4,740</u>

(iv) Finance income — net

	Four months ended 30 April 2006
	HK\$'000
Interest income on short-term bank deposits	<u>1,307</u>

(v) Income tax expense

Hong Kong profits tax has been provided for at the rate of 17.5% on the estimated assessable profit for the period. Taxation on overseas profits has been calculated on the estimated assessable profit for the period at the rates of taxation prevailing in the countries or regions in which DDL Group operates.

	Four months ended 30 April 2006
	HK\$'000
Current income tax	
— Hong Kong profits tax	5,707
— Overseas taxation	535
Deferred income tax (Note (xiv))	<u>(106)</u>
	<u>6,136</u>

The tax charge on DDL Group's profit before tax differs from the theoretical amount that would arise using weighted average tax rate applicable to profits of the consolidated companies as follows:

	Four months ended 30 April 2006
	HK\$'000
Profit before tax	35,218
Tax calculated at domestic tax rates applicable to profits in the respective jurisdictions	6,510
Others	<u>(374)</u>
Income tax expense	<u>6,136</u>

THIS WEB PROOF INFORMATION PACK IS IN DRAFT FORM. The information contained in it is incomplete and is subject to change. This Web Proof Information Pack must be read in conjunction with the section headed "Warning" on the cover of this Web Proof Information Pack.

APPENDIX I

ACCOUNTANT'S REPORT

Note to the consolidated balance sheet

(vi) Property, plant and equipment

	Land and buildings	Leasehold improvements	Furniture, fixtures, other equipment and motor vehicles	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2006				
Cost	1,980	25,286	1,386	28,652
Accumulated depreciation	(198)	(15,119)	(1,126)	(16,443)
Net book amount	<u>1,782</u>	<u>10,167</u>	<u>260</u>	<u>12,209</u>
Four months ended 30 April 2006				
Opening net book amount	1,782	10,167	260	12,209
Additions	–	1,845	–	1,845
Depreciation	(66)	(1,493)	(12)	(1,571)
Closing net book amount	<u>1,716</u>	<u>10,519</u>	<u>248</u>	<u>12,483</u>
At 30 April 2006				
Cost	1,980	27,131	1,386	30,497
Accumulated depreciation	(264)	(16,612)	(1,138)	(18,014)
Net book amount	<u>1,716</u>	<u>10,519</u>	<u>248</u>	<u>12,483</u>

(vii) Intangible assets

Intangible assets relate to the capitalisation of the guaranteed minimum payments of royalties based on a discount rate of 7%.

(viii) Trade receivables

	As at 30 April 2006
	HK\$'000
Trade receivables-net	<u>11,357</u>

As at 30 April 2006, the carrying amount of DDL Group's trade receivables approximated their fair values.

(ix) Deposits and prepayments

	As at 30 April 2006
	HK\$'000
Rental deposits and other deposits	8,181
Sundry receivables	362
	<u>8,543</u>

(x) Inventories

	As at 30 April 2006
	HK\$'000
Finished goods	32,185
Raw materials	2,536
	<u>34,721</u>

THIS WEB PROOF INFORMATION PACK IS IN DRAFT FORM. The information contained in it is incomplete and is subject to change. This Web Proof Information Pack must be read in conjunction with the section headed "Warning" on the cover of this Web Proof Information Pack.

APPENDIX I

ACCOUNTANT'S REPORT

(xi) Cash and cash equivalents

	As at 30 April 2006
	HK\$'000
Cash at bank and in hand	31,108

The carrying amounts of cash and cash equivalents are denominated in the following currencies:

	As at 30 April 2006
	HK\$'000
HKD	12,450
USD	1,851
NTD	12,629
EUR	4,145
MOP	33
	31,108

(xii) Trade payables

	As at 30 April 2006
	HK\$'000
Trade payables	4,483

As at 30 April 2006, the carrying amount of DDL Group's trade payables approximated their fair values.

(xiii) Other payables and accrued expenses

	As at 30 April 2006
	HK\$'000
Other payables	37,729
Accrued expenses	5,736
	43,465

As at 30 April 2006, the carrying amount of DDL Group's other payables and accrued expenses approximated their fair values.

(xiv) Deferred income tax

	As at 30 April 2006
	HK\$'000
Deferred income tax assets:	
— Deferred income tax assets to be recovered after more than 12 months	1,870

THIS WEB PROOF INFORMATION PACK IS IN DRAFT FORM. The information contained in it is incomplete and is subject to change. This Web Proof Information Pack must be read in conjunction with the section headed "Warning" on the cover of this Web Proof Information Pack.

APPENDIX I

ACCOUNTANT'S REPORT

The movement in deferred income tax asset during the pre-acquisition periods was as follows:

	Decelerated tax depreciation
As at 1 January 2006	1,764
Charged to the income statement	106
As at 30 April 2006	<u>1,870</u>

(xv) Available-for-sale financial assets

	As at 30 April 2006 HK\$'000
Listed investments	<u>18,341</u>

(xvi) Key management compensation

	Four months ended 30 April 2006 HK\$'000
Directors and supervisors	
— Basic salaries, housing allowances, other allowances and benefits-in-kind	9,165
— Employer's contribution to pension schemes	44
	<u>9,209</u>

(b) Green Group

On 30 April 2006, the Parent Company acquired 100% equity interest of Concord Distributions Limited, Concord Fashion Distributions (Shanghai) Limited, A.T., Champion Distributions Limited, Champion Fashion Distributions (Shanghai) Limited, Trubest Limited, Golden Palace Global Inc., Golden Palace Global (H.K.) Limited, Golden Palace Global Trading (Shanghai) Co., Ltd, Million Venture Inc., Million Venture (H.K.) Limited, Million Venture Trading (Shanghai) Co., Ltd., Trinity China Distribution (B.V.I.) Limited (formerly known as D' urban China Distributions (B.V.I.) Limited), Trinity China Distribution (H.K.) Limited (formerly known as D' urban China Distributions (H.K.) Limited), Trinity China Distributions Trading (Shanghai) Co., Ltd. (formerly known as D'urban China Distributions Trading (Shanghai) Co., Ltd.), J.P. Pacific Limited, Sonny Company Limited, Global Future Enterprises Limited, Global Future Enterprises (H.K.) Limited and Global Future Trading (Shanghai) Co., Ltd. (collectively referred to as "Green Group").

Details of net assets acquired and goodwill are as follows:

	HK\$'000
Purchase consideration	889,787
Fair value of net assets acquired	(141,894)
Goodwill (Note 7)	<u>747,893</u>

THIS WEB PROOF INFORMATION PACK IS IN DRAFT FORM. The information contained in it is incomplete and is subject to change. This Web Proof Information Pack must be read in conjunction with the section headed "Warning" on the cover of this Web Proof Information Pack.

APPENDIX I

ACCOUNTANT'S REPORT

The goodwill is attributable to the profitability of the acquired business and the significant synergies expected to arise from the acquired business.

The combined assets and liabilities arising from the acquisition of Green Group are as follows:

	Fair value	Acquiree's carrying amount
	HK\$'000	HK\$'000
Intangible assets	27,300	–
Property, plant and equipment (Note 6)	16,441	16,441
Deferred income tax assets (Note 11)	617	617
Trade receivables	81,806	81,806
Deposits and prepayments	72,023	72,023
Inventories	118,725	118,725
Cash and cash equivalents	122,004	122,004
Trade payables	(1,267)	(1,267)
Provision for long service payments	(8,298)	(8,298)
Other payables and accrued expenses	(229,861)	(229,861)
Current income tax liabilities	(16,778)	(16,778)
Tax recoverable	(65)	(65)
Deferred income tax liabilities (Note 11)	(129)	(129)
Minority interests	(40,624)	(40,624)
Net assets acquired	<u>141,894</u>	<u>114,594</u>

The following is the combined financial information of Green Group for the four months ended 30 April 2006 (the "Pre-acquisition periods"):

Combined statement of comprehensive income

	Note	Four months ended 30 April 2006
		HK\$'000
Revenue	(i)	226,441
Cost of sales	(ii)	(56,395)
Gross profit:		170,046
Other income		7,683
Selling and marketing expenses	(ii)	(94,048)
Administrative expenses	(ii)	(30,329)
Other gains — net	(iii)	5,979
Finance income — net	(iv)	1,550
Profit before income tax		60,881
Share of profit of an associate		51
Income tax expense	(v)	(14,763)
Profit for the year/period		<u>46,169</u>
Attributable to:		
Equity holders of Green Group		39,867
Minority interests		6,302
		<u>46,169</u>

THIS WEB PROOF INFORMATION PACK IS IN DRAFT FORM. The information contained in it is incomplete and is subject to change. This Web Proof Information Pack must be read in conjunction with the section headed "Warning" on the cover of this Web Proof Information Pack.

APPENDIX I

ACCOUNTANT'S REPORT

Combined balance sheet

	Note	As at 30 April 2006 HK\$'000
ASSETS		
Non-current assets		
Property, plant and equipment	(vi)	15,477
Intangible assets	(vii)	72,706
Investment in associates	(viii)	2,778
Deferred income tax assets	(xv)	135
		<u>91,096</u>
Current assets		
Inventories	(xi)	95,471
Trade receivables	(ix)	71,219
Deposits and prepayments	(x)	59,138
Amounts due from related parties		7,907
Cash and cash equivalents	(xii)	120,437
		<u>354,172</u>
Total assets		<u><u>445,268</u></u>
EQUITY		
Capital and reserves attributable to Green Group's equity holders		
Share capital		6,950
Other reserves		<u>132,684</u>
		139,634
Minority interests		<u>46,896</u>
Total equity		<u><u>186,530</u></u>
LIABILITIES		
Non-current liabilities		
Provision for long service payments		210
Deferred income tax liabilities	(xv)	13
		<u>223</u>
Current liabilities		
Trade payables	(xiii)	1,567
Other payables and accrued expenses	(xiv)	92,205
Dividends payable		135,000
Amounts due to related parties		13,221
Current income tax liabilities		<u>16,522</u>
		<u>258,515</u>
Total liabilities		<u>258,738</u>
Total equity and liabilities		<u><u>445,268</u></u>

THIS WEB PROOF INFORMATION PACK IS IN DRAFT FORM. The information contained in it is incomplete and is subject to change. This Web Proof Information Pack must be read in conjunction with the section headed "Warning" on the cover of this Web Proof Information Pack.

APPENDIX I

ACCOUNTANT'S REPORT

Combined statement of changes in equity

	Share capital	Retained earnings	Exchange reserves	Other reserves	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance at 1 January 2006	6,950	277,271	2,177	3,869	290,267
Profit for the period	—	39,867	—	—	39,867
Dividends paid	—	(190,500)	—	—	(190,500)
Balance at 30 April 2006	<u>6,950</u>	<u>126,638</u>	<u>2,177</u>	<u>3,869</u>	<u>139,634</u>

Combined cash flow statement

	Four months ended 30 April 2006
	HK\$'000
Cash flows from operating activities	
Cash generated from operations	6,007
Income tax paid	(11,870)
Net cash used in operating activities	(5,863)
Cash flows from investing activities	
Purchase of property, plant and equipment	(4,363)
Interest received	1,550
Net cash used in investing activities	(2,813)
Cash flows from financing activities	
Distribution of profit to previous shareholders	(76,500)
Net cash used in financing activities	(76,500)
Net decrease in cash and cash equivalents	(85,176)
Cash and cash equivalents at beginning of period	205,741
Effect of foreign exchange rate changes, net	(128)
Cash and cash equivalents end of the period	<u>120,437</u>

Note to the combined cash flow statements

Reconciliation of profit before income tax to cash inflow generated from operations:

	Four months ended 30 April 2006
	HK\$'000
Profit before income tax	
Adjustments for:	60,881
— Interest income	(1,550)
— Depreciation	3,503
Changes in working capital	
— Inventories	10,348
— Trade and other receivables	25,324
— Trade and other payables	(13,948)
— Balances with inter-companies	(78,551)
Cash generated from operations	<u>6,007</u>

APPENDIX I

ACCOUNTANT'S REPORT

Note to the combined statement of comprehensive income

(i) *Analysis of revenue during the period was as follows:*

	Four months ended 30 April 2006
	HK\$'000
Retail	222,619
Wholesales	3,822
	<u>226,441</u>

	Four months ended 30 April 2006
	HK\$'000
Mainland China	156,195
Hong Kong	33,487
Taiwan	36,759
	<u>226,441</u>

(ii) *Expenses by nature*

	Four months ended 30 April 2006
	HK\$'000
Cost of inventories recognised as expenses included in cost of sales	56,395
Depreciation	3,503
Operating lease rental expenses	53,236
Employee benefit expenses	31,009
Auditor's remuneration	217
Royalties expense	3,770
Other expenses	32,642
Total cost of sales, selling and marketing expenses and administrative expenses	<u>180,772</u>

(iii) *Other gains — net*

	Four months ended 30 April 2006
	HK\$'000
Government subsidies	—
Net foreign exchange gains	5,979
	<u>5,979</u>

(iv) *Finance income — net*

	Four months ended 30 April 2006
	HK\$'000
Interest income on short-term bank deposits	<u>1,550</u>

APPENDIX I

ACCOUNTANT'S REPORT

(v) *Income tax expense*

Hong Kong profits tax has been provided for at the rate of 17.5% on the estimated assessable profit for the year/period. Taxation on overseas profits has been calculated on the estimated assessable profit for the year/period at the rates of taxation prevailing in the countries or regions in which Green Group operates.

	Four months ended 30 April 2006
	HK\$'000
Current income tax	
— Hong Kong profits tax	1,883
— Overseas taxation	12,880
	<u>14,763</u>

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

	Four months ended 30 April 2006
	HK\$'000
Profit before tax	60,881
Tax calculated at domestic tax rates applicable to profits in the respective areas	11,820
Others	2,943
Income tax expense	<u>14,763</u>

Note to the combined balance sheet

(vi) *Property, plant and equipment*

	Leasehold improvements	Furniture, fixtures, other equipment and motor vehicles	Total
	HK\$'000	HK\$'000	HK\$'000
At 1 January 2006			
Cost	51,006	3,208	54,214
Accumulated depreciation	(37,636)	(2,089)	(39,725)
Net book amount	<u>13,370</u>	<u>1,119</u>	<u>14,489</u>
Four months ended 30 April 2006			
Opening net book amount	13,370	1,119	14,489
Exchange differences	118	10	128
Additions	4,035	328	4,363
Depreciation	(3,386)	(117)	(3,503)
Closing net book amount	<u>14,137</u>	<u>1,340</u>	<u>15,477</u>
At 30 April 2006			
Cost	50,062	2,872	52,934
Accumulated depreciation	(35,925)	(1,532)	(37,457)
Net book amount	<u>14,137</u>	<u>1,340</u>	<u>15,477</u>

THIS WEB PROOF INFORMATION PACK IS IN DRAFT FORM. The information contained in it is incomplete and is subject to change. This Web Proof Information Pack must be read in conjunction with the section headed "Warning" on the cover of this Web Proof Information Pack.

APPENDIX I

ACCOUNTANT'S REPORT

(vii) Intangible assets

Intangible assets relate to the capitalisation of the guaranteed minimum payments of royalties based on a discount rate of 7%.

(viii) Investment in associates

	As at 30 April 2006
	HK\$'000
Share of net assets	2,778

(ix) Trade receivables

	As at 30 April 2006
	HK\$'000
Trade receivables-net	71,219

As at 30 April 2006, the carrying amount of Green Group's trade receivables approximated their fair values.

(x) Deposits and prepayments

	As at 30 April 2006
	HK\$'000
Rental deposits and other deposits	6,135
Sundry receivables	53,003
	59,138

(xi) Inventories

	As at 30 April 2006
	HK\$'000
Finished goods	95,471

(xii) Cash and cash equivalents

	As at 30 April 2006
	HK\$'000
Cash at bank and in hand	120,437

THIS WEB PROOF INFORMATION PACK IS IN DRAFT FORM. The information contained in it is incomplete and is subject to change. This Web Proof Information Pack must be read in conjunction with the section headed "Warning" on the cover of this Web Proof Information Pack.

APPENDIX I

ACCOUNTANT'S REPORT

The carrying amounts of cash and cash equivalents are denominated in the following currencies:

	As at 30 April 2006
	HK\$'000
RMB	40,081
HKD	2,637
AUD	65
NTD	45,174
USD	32,051
GBP	1
EUR	428
	<u>120,437</u>

(xiii) Trade payables

	As at 30 April 2006
	HK\$'000
Trade payables	<u>1,567</u>

As at 30 April 2006, the carrying amount of Green Group's trade payables approximated their fair values.

(xiv) Other payables and accrued expenses

	As at 30 April 2006
	HK\$'000
Other payables	72,715
Accrued expenses	19,490
	<u>92,205</u>

As at 30 April 2006, the carrying amount of Green Group's other payables and accrued expenses approximated their fair values.

(xv) Deferred income tax

	As at 30 April 2006
	HK\$'000
Deferred income tax assets:	
— Deferred income tax assets to be recovered after more than 12 months	<u>135</u>
Deferred income tax liabilities:	
— Deferred income tax liabilities to be recovered after more than 12 months	<u>13</u>

The movement in deferred income tax assets during the pre-acquisition periods was as follows:

	Accelerated accounting depreciation
	HK\$'000
As at 1 January 2006 and 30 April 2006	<u>135</u>

THIS WEB PROOF INFORMATION PACK IS IN DRAFT FORM. The information contained in it is incomplete and is subject to change. This Web Proof Information Pack must be read in conjunction with the section headed "Warning" on the cover of this Web Proof Information Pack.

APPENDIX I

ACCOUNTANT'S REPORT

The movement in deferred income tax liabilities during the pre-acquisition periods was as follows:

	Accelerated tax depreciation HK\$'000
As at 1 January 2006 and 30 April 2006	13

(xvi) Key management compensation

	Four months ended 30 April 2006 HK\$'000
Directors and supervisors	
— Fees	—
— Basic salaries, housing allowances, other allowances and benefits-in-kind	11,006
— Employer's contribution to pension schemes	93
	<u>11,099</u>

(c) Trinity China Distributions (B.V.I.) Limited (formerly known as D'urban China Distributions (B.V.I.) Limited)

On 29 January 2008, the Group acquired the remaining 49% equity interests in Trinity China Distributions (B.V.I.) Limited from Renown for consideration of approximately HK\$95.2 million.

Details of the net assets acquired and amounts recognised in equity are as follows:

	HK\$'000
Purchase consideration (including transaction costs)	95,967
Fair value of net assets acquired	(58,344)
Amount recognised in equity (Note (19))	<u>37,623</u>

(d) Kent & Curwen Limited

On 30 June 2008, the Group acquired 100% equity interests in Kent & Curwen Limited from Renown at a consideration of HK\$2.4 million.

Details of the net assets of Kent & Curwen Limited acquired are as follows:

	Fair value HK\$'000	Acquiree's carrying amount HK\$'000
Trade receivables	830	830
Inventories	2,100	2,100
Cash and cash equivalents	252	252
Trade payables	(765)	(765)
Net assets acquired	<u>2,417</u>	<u>2,417</u>
		HK\$'000
Purchase consideration		2,417
Cash and cash equivalents in subsidiary acquired		(252)
Cash outflow on acquisition		<u>2,165</u>

APPENDIX I

ACCOUNTANT'S REPORT

The acquired business contributed revenue of HK\$2,582,000 and net profit of HK\$3,112,000 to the Group for the period from 30 June 2008 to 31 December 2008. If the acquisition had occurred on 1 January 2008, Group revenue would have been HK\$1,868,575,000; profit would have been HK\$100,289,000 for the year ended 31 December 2008.

36 Employee benefit expenses

The aggregate amounts of staff costs including directors' emoluments were as follows:

	Year ended 31 December			Six months ended 30 June	
	2006	2007	2008	2008	2009
	HK\$'000	HK\$'000	HK\$'000	HK\$'000 (unaudited)	HK\$'000
Core Business					
Wages, salaries and bonus	98,662	256,442	337,287	141,333	153,052
Pension costs — defined benefit and contribution plans . .	3,564	11,998	13,086	8,154	12,140
Social security and benefits for Mainland China employees	6,612	9,612	19,005	4,833	11,510
	<u>108,838</u>	<u>278,052</u>	<u>369,378</u>	<u>154,320</u>	<u>176,702</u>
Non-Core Business					
Wages, salaries and bonus	20,617	45,028	61,319	30,268	31,544
Pension costs — defined benefit and contribution plans . .	737	1,198	981	530	344
Social security and benefits for Mainland China employees	634	5,085	7,776	4,555	8,259
	<u>21,988</u>	<u>51,311</u>	<u>70,076</u>	<u>35,353</u>	<u>40,147</u>
Total	<u>130,826</u>	<u>329,363</u>	<u>439,454</u>	<u>189,673</u>	<u>216,849</u>

There were no forfeited contributions during the years ended 31 December 2006, 2007 and 2008 and the six months ended 30 June 2008 and 2009.

APPENDIX I

ACCOUNTANT'S REPORT

37 Details of subsidiaries

As at 30 June 2009, the Company has direct and indirect interest in the following subsidiaries:

Company name	Place of incorporation	Kind of legal entity	Principal activities	Share capital or paid-in capital	Interest held (directly) (indirectly)	Auditors	Year of audit
LiFung Trinity International Brands Holdings Limited	British Virgin Islands	Limited liability company	Investment holding	US\$1	100%	PricewaterhouseCoopers	2006, 2007 and 2008
LiFung Trinity JV Brands Limited	British Virgin Islands	Limited liability company	Investment holding	US\$1	100%	PricewaterhouseCoopers	2006, 2007 and 2008
LiFung Trinity Services Limited	British Virgin Islands	Limited liability company	Investment holding	US\$1	100%	PricewaterhouseCoopers	2006, 2007 and 2008
BLS (Private Labels) Holdings Limited	British Virgin Islands	Limited liability company	Investment Holding	US\$1	100%	Note (a)	
A.T. Distributions Limited	Hong Kong	Limited liability company	Trading of garments	HK\$1,000,000	100%	PricewaterhouseCoopers	2006, 2007 and 2008
Champion Distributions Limited	Hong Kong	Limited liability company	Trading of garments	HK\$1,000,000	100%	PricewaterhouseCoopers	2006, 2007 and 2008
Ferrinch (L) Limited	Federal Territory of Labuan, Malaysia	Limited liability company	Provision of marketing consultancy services & investment holding	US\$3,001,500	100%	PricewaterhouseCoopers	2006, 2007 and 2008
卓誼(澳門)有限公司 COL (Macau) Limited	Macau	Limited liability company	Trading of garments	MOP100,000	100%	PricewaterhouseCoopers	2007 and 2008
逸貿服飾銷售(上海)有限公司 (Champion Fashion Distributions (Shanghai) Limited)	PRC	Limited liability company	Dormant	RMB3,000,000	100%	BDO	2006, 2007 and 2008
Concord Distributions Limited	Hong Kong	Limited liability company	Trading of garments	HK\$1,000,000	100%	PricewaterhouseCoopers	2006, 2007 and 2008
永盈服飾銷售(上海)有限公司 (Concord Fashion Distributions (Shanghai) Limited)	PRC	Limited liability company	Dormant	RMB3,000,000	100%	BDO	2006, 2007 and 2008
DDL (Macao) Limited	Macau	Limited liability company	Trading of garments	MOP10,000	100%	PricewaterhouseCoopers	2006, 2007 and 2008
Trinity (Casual Wear) Limited (formerly known as D'urban Casual Wear Limited)	Hong Kong	Limited liability company	Garment manufacturing	HK\$3,000,000	100%	PricewaterhouseCoopers	2006, 2007 and 2008
Trinity China Distributions (B.V.I.) Limited (formerly known as D'urban China Distributions (B.V.I.) Limited)	British Virgin Islands	Limited liability company	Investment holding	HK\$5,001,000	100%	PricewaterhouseCoopers	2006, 2007 and 2008
Trinity China Distributions (H.K.) Limited (formerly known as D'urban China Distributions (H.K.) Limited)	Hong Kong	Limited liability company	Investment holding	HK\$5,000,000	100%	PricewaterhouseCoopers	2006, 2007 and 2008

APPENDIX I					ACCOUNTANT'S REPORT				
Company name	Place of incorporation	Kind of legal entity	Principal activities	Share capital or paid-in capital	Interest held (directly) (indirectly)	Auditors	Year of audit		
利永(上海)時裝商貿有限公司 (Trinity China Distributions (Shanghai) Limited) (formerly known as 都本(上海)時裝商貿有限公司 (D'urban China Distribution (Shanghai) Limited))	PRC	Limited liability company	Trading of garment products in the PRC	RMB3,000,000	100%	BDO	2007 and 2008		
利宜貿易(上海)有限公司 (Trinity China Distributions Trading (Shanghai) Co., Ltd.) (formerly known as 都本貿易(上海)有限公司 (D'urban China Distribution Trading (Shanghai) Co., Ltd.))	PRC	Wholly-owned foreign enterprise	Dormant	US\$200,000	100%	BDO	2006, 2007 and 2008		
Trinity Retail Limited (formerly known as D'urban Distributions (Far East) Limited)	Hong Kong	Limited liability company	Trading of garments	HK\$500,000	100%	PricewaterhouseCoopers	2006, 2007 and 2008		
Trinity Retail (H.K.) Limited (formerly known as D'urban Distributions (H.K.) Limited)	Hong Kong	Limited liability company	Trading of garments	HK\$25,000,000	100%	PricewaterhouseCoopers	2006, 2007 and 2008		
Trinity (Business Wear) Limited (formerly known as D'urban (Hong Kong) Limited)	Hong Kong	Limited liability company	Garment manufacturing	HK\$3,900,000	100%	PricewaterhouseCoopers	2006, 2007 and 2008		
Golden Palace Global Inc.	British Virgin Islands	Limited liability company	Investment holding	US\$2	100%	Note (a)			
Golden Palace Global (H.K.) Limited	Hong Kong	Limited liability company	Investment holding	HK\$1,000,000	100%	PricewaterhouseCoopers	2006, 2007 and 2008		
永圖貿易(上海)有限公司 (Golden Palace Global Trading (Shanghai) Co., Ltd.)	PRC	Wholly-owned foreign enterprise	Dormant	US\$200,000	100%	BDO	2006, 2007 and 2008		
利邦(上海)服裝貿易有限公司 (LiFung Trinity China Distribution (Shanghai) Limited)	PRC	Limited liability company	Trading of garment products in the PRC	RMB3,000,000	100%	BDO	2007 and 2008		
LiFung Trinity (Management) Limited	Hong Kong	Limited liability company	Provision of management services	HK\$1	100%	PricewaterhouseCoopers	2006, 2007 and 2008		
Million Venture Inc.	British Virgin Islands	Limited liability company	Investment holding	US\$2	100%	Note (a)			
Million Venture (H.K.) Limited	Hong Kong	Limited liability company	Investment holding	HK\$1,000,000	100%	PricewaterhouseCoopers	2006, 2007 and 2008		
逸倫貿易(上海)有限公司 (Million Venture Trading (Shanghai) Co., Ltd)	PRC	Wholly-owned foreign enterprise	Dormant	US\$200,000	100%	BDO	2006, 2007 and 2008		
Trubest Limited	Hong Kong	Limited liability company	Trading of garments	HK\$200,000	100%	PricewaterhouseCoopers	2006, 2007 and 2008		

APPENDIX I

ACCOUNTANT'S REPORT

Company name	Place of incorporation	Kind of legal entity	Principal activities	Share capital or paid-in capital	Interest held (directly) (indirectly)	Auditors	Year of audit
LiFung Trinity International Brands Limited	Hong Kong	Limited liability company	Investment holding	HK\$1	100%	PricewaterhouseCoopers	2007 and 2008
I.D.D. Australia Pty, Limited (de-registered on 25 June 2009)	Australia	Limited Liability company	N/A	AUS\$300,000	100%	Note (a)	
Kent & Curwen Limited	England and Wales	Limited liability company	Trading of garment products	GBP1,000,000	100%	Note (a)	
L&F Branded Lifestyle International Limited	British Virgin Islands	Limited liability company	Investment holding	US\$1	100%	Note (a)	
LiFung Trinity Management (Singapore) Pte. Ltd	Singapore	Limited liability company	Provision of business management & consultancy services	SGD100	100%	PricewaterhouseCoopers	2007 and 2008
LiFung Trinity Fashions Limited	Hong Kong	Limited liability company	Trading of garment products	HK\$5,000,000	100%	PricewaterhouseCoopers	2007 and 2008
BLS (Private Labels) HK Limited	Hong Kong	Limited liability company	Trading of garments	HK\$1,000,000	100%	PricewaterhouseCoopers	2006,2007 and 2008
利越 (澳門) 有限公司 (BLS (Macau) Limited)	Macau	Limited liability company	Trading of garments	MOP100,000	100%	PricewaterhouseCoopers	2006,2007 and 2008
領東時裝 (上海) 有限公司 (Rainbow Merit Fashion (Shanghai) Co. Limited)	PRC	Limited liability company	Dormant	US\$300,000	100%	BDO	2006,2007 and 2008
BLS PRC Holdings Limited	Hong Kong	Limited liability company	Investment holding	HK\$1	100%	PricewaterhouseCoopers	2006,2007 and 2008
利越 (上海) 服裝商貿有限公司 (BLS Shanghai Limited)	PRC	Limited liability company	Trading of garments	RMB3,000,000	100%	BDO	2007 and 2008
Branded Lifestyle Trademarks Limited	Hong Kong	Limited liability company	Trademark holding	HK\$1	100%	PricewaterhouseCoopers	2007 and 2008

APPENDIX I

ACCOUNTANT'S REPORT

38 Details of jointly controlled entities

As at 30 June 2009, the Company has indirect interest in the following jointly controlled entities:

Company name	Place of incorporation	Kind of legal entity	Principal activities	Share capital or paid-in capital	Interest held (directly) (indirectly)	Auditors	Year of audit
Ferragamo (Malaysia) Sdn Bhd	Malaysia	Limited liability company	Distribution of branded lifestyle products in Malaysia	1,300,000 ordinary shares of MYR1 each	50%	PricewaterhouseCoopers	2006, 2007 & 2008
Ferragamo (Thailand) Limited	Thailand	Limited liability company	Distribution of branded lifestyle products in Thailand	122,500 ordinary shares of Baht 100 each; 127,500 preference shares of Baht 100 each (10 preference shares for 1 vote)	50%	PricewaterhouseCoopers	2006, 2007 & 2008
Ferragamo (Singapore) Pte. Ltd.	Singapore	Limited liability company	Distribution of branded lifestyle products in Singapore	4,600,000 ordinary shares of SGD1 each	50%	PricewaterhouseCoopers	2006, 2007 & 2008
Ferragamo Korea Ltd.	Korea	Limited liability company	Distribution of branded lifestyle products in Korea	658,240 ordinary shares of KRW5,000 each	50%	PricewaterhouseCoopers	2006, 2007 & 2008

Note:

(a) No audited financial statements were prepared for these companies as there is no local statutory requirements to issue audited financial statements.

THIS WEB PROOF INFORMATION PACK IS IN DRAFT FORM. The information contained in it is incomplete and is subject to change. This Web Proof Information Pack must be read in conjunction with the section headed "Warning" on the cover of this Web Proof Information Pack.

APPENDIX I

ACCOUNTANT'S REPORT

39 Dividends paid

	Year ended 31 December			Six months ended 30 June	
	2006	2007	2008	2008	2009
	HK\$'000	HK\$'000	HK\$'000	HK\$'000 (unaudited)	HK\$'000
Dividends paid	20,786	—	57,848	—	—
	<u>20,786</u>	<u>—</u>	<u>57,848</u>	<u>—</u>	<u>—</u>
Dividend per share (in HK dollar)	20.786	—	0.048	—	—
	<u>20.786</u>	<u>—</u>	<u>0.048</u>	<u>—</u>	<u>—</u>

40 Contingencies

Save as disclosed elsewhere in this report, the Group had no significant contingent liabilities as at 31 December 2006, 2007 and 2008 and 30 June 2009.

41 Events after the balance sheet date

Save as disclosed elsewhere in this report, the following significant subsequent events took place subsequent to 30 June 2009.

(i) As explained in Note 1, the entire equity interest in BLS Private Label, which engages in Non-Core Business, was reverted back to BLS Holdings on 25 August 2009 for the same consideration as the acquisition. The Non-Core Business represents mainly the retailing of menswear of owned brands, such as Leo, Gibo and Uffizi.

The Group intended to hold and revive the Non-Core Business at the time of acquisition. Having undertaken a thorough study of the business performance and risk profile of the Non-Core Business, the Directors considered that the revival may take several years and the risk profile of the Non-Core Business better fits private company. Under these circumstances, BLS Private Label was sold. The results of Non-Core Business during the Relevant Periods are set out in Note 25.

(ii) On 20 October 2009, the Group acquired the administrative support services agreements (the "Agreements") held by L&F Branded Lifestyle (Singapore) Pte Limited ("BLS Singapore") through acquisition of the entire issued share capital of BLS Singapore from Branded Lifestyle International Limited, a fellow subsidiary, at a consideration of SGD 493,000. Pursuant to the Agreements, BLS Singapore has been providing management, marketing consulting and administrative services at an aggregate annual fee of USD700,000 to the jointly controlled entities of the Group. BLS Singapore was originally engaged in the retailing of other brands in Singapore and its business had been transferred to a fellow subsidiary in September 2008. Save for being the party to the Agreements, BLS Singapore has no other business activity.

(iii) On 6 July 2009, the Group entered into an agreement with Fung Capital Limited ("FCL"), a fellow subsidiary, for the disposal of Kent & Curwen trade marks in the remaining jurisdictions excluding Greater China (the "Remaining Jurisdictions") and the entire equity interest in Kent & Curwen Limited, at a value approximate its net book value. On 30 September 2009, the Kent & Curwen trade marks in the Remaining Jurisdictions and the entire equity interest in Kent & Curwen Limited were repurchased by the Group from FCL at its original consideration.

(iv) At a special general meeting held on 16 October 2009, share option schemes were approved by the shareholders of the Company. On the same date, share options were granted by the board of directors to eligible persons (including Directors, employees, consultants and connected persons) to subscribe for a total of 45,194,000 shares in the Company.

THIS WEB PROOF INFORMATION PACK IS IN DRAFT FORM. The information contained in it is incomplete and is subject to change. This Web Proof Information Pack must be read in conjunction with the section headed "Warning" on the cover of this Web Proof Information Pack.

APPENDIX I

ACCOUNTANT'S REPORT

III. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company or any of its subsidiaries in respect of any period subsequent to 30 June 2009. Save as disclosed in this report, no dividend has been declared, made or paid by the Company or any of its subsidiaries in respect of any period subsequent to 30 June 2009.

Yours faithfully,
PricewaterhouseCoopers
Certified Public Accountants
Hong Kong

THIS WEB PROOF INFORMATION PACK IS IN DRAFT FORM. The information contained in it is incomplete and is subject to change. This Web Proof Information Pack must be read in conjunction with the section headed "Warning" on the cover of this Web Proof Information Pack.

APPENDIX III

PROFIT FORECAST

The forecast of the consolidated profit attributable to equity holders of the Company for the year ending 31 December 2009 is set out in the section headed "Financial Information — Profit Forecast" in this document.

A. BASES AND ASSUMPTIONS

The Directors have prepared the forecast of the 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 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 profit forecast has been prepared on a basis consistent in all material respects with the accounting policies we have presently adopted as set out in Note 2 of Section II of the Accountant's Report, the text of which is set out in Appendix I to this document.

The Directors have made the following principal assumptions in the preparation of the profit forecast:

- (i) there will be no material change in the existing political, legal (including changes in legislation, regulations or rules), fiscal or economic conditions in Mainland China, Hong Kong, or any of the countries in which the Group operates or in which the Group's companies are incorporated or registered;
- (ii) there will be no material changes in the bases or rates of taxation or duties in any of the countries in which the Group operates or in which the Group's companies are incorporated or registered;
- (iii) there will be no government action or industrial disputes for reasons that are beyond the control of the Directors which will materially affect the operations and results of the Group; and
- (iv) there will be no material adverse changes in inflation rates, interest rates or foreign currency exchanges rates from those currently prevailing.

THIS WEB PROOF INFORMATION PACK IS IN DRAFT FORM. The information contained in it is incomplete and is subject to change. This Web Proof Information Pack must be read in conjunction with the section headed "Warning" on the cover of this Web Proof Information Pack.

APPENDIX IV

PROPERTY VALUATION

The following is the text of a letter, summary of values and valuation certificate prepared for the purpose of incorporation in this prospectus received from CB Richard Ellis Limited, an independent valuer, in connection with their valuations as at 30 September 2009 of our property interests.



34/F Central Plaza
18 Harbour Road
Wanchai, Hong Kong
T 852 2820 2800
F 852 2810 0830

香港灣仔港灣道十八號中環廣場三十四樓
電話 852 2820 2800 傳真 852 2810 0830

www.cbre.com.hk

[21] October 2009

The Board of Directors
Trinity Limited
11th Floor, 10 Shing Yip Street,
Kwun Tong, Kowloon,
Hong Kong

Dear Sirs,

In accordance with your instruction to us to value the property interests held by [Trinity Limited] (the "Company") and its subsidiaries (collectively referred to as the "Group") in the People's Republic of China (the "PRC"), Hong Kong, Taiwan, Macau and Singapore, we confirm that we have carried out inspections, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the capital values of such property interests as at 30 September 2009 (the "date of valuation").

Our valuation is our opinion of Market Value which is defined by the HKIS Valuation Standards on Properties to mean "the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion."

Unless otherwise stated, our valuation is prepared in accordance with the "First Edition of The HKIS Valuation Standards on Properties" published by The Hong Kong Institute of Surveyors (the "HKIS"). We have also complied with all the requirements contained in Paragraph 34(2), (3) of Schedule 3 of the Companies Ordinance (Cap. 32), Chapter 5, Practice Note 12 and Practice Note 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

APPENDIX IV

PROPERTY VALUATION

Our valuation has been made on the assumption that the owner sells the properties on the open market without any benefit or burden of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which would serve to affect the values of the property interests.

Unless otherwise stated, all the property interests are valued by the direct comparison method on the assumption that each property can be sold with the benefit of vacant possession. Comparison is based on prices realised on actual transactions or asking prices of comparable properties. Comparable properties with similar sizes, characters and locations are analysed, and carefully weighted against all respective advantages and disadvantages of each property in order to arrive at a fair comparison of value.

In valuing of the property interests in Group I, which are held by the Group for occupation in Hong Kong, we have valued each of these property interests by the direct comparison approach assuming sale of each of these property interests in its existing state with the benefit of vacant possession and making references to comparable sales transactions as available in the relevant markets.

In valuing the property interests in Group II, Group III, Group IV, Group V and Group VI, which are rented by the Group in the PRC, Hong Kong, Macau, Taiwan, Singapore respectively, we considered they have no commercial value primarily due to the prohibition against assignment or sub-letting and/or due to the lack of substantial profit rent. For those retail stores located in the PRC, Hong Kong and Taiwan in Group VII, which are various concessions or free-standing retail stores under various franchise or cooperation agreements entered into between the management of the department store and the Group. We have ascribed no commercial value for the franchise shop due to the prohibition against assignment or sub-letting. All information in the Group VII is for reference purpose.

In the course of our valuation for the property interests rented by the Group in the PRC, we have relied on the legal opinion provided by the Group's PRC legal advisor, [Yuan Tai Law Offices] (the "PRC Legal Opinion"). We have been provided with extracts from title documents relating to such property interests. We have not, however, searched the original documents to verify ownership or any amendment which did not appear on the copies handed to us. All documents have been used for reference only.

We have relied to a considerable extent on information given from the Group, in particular, but not limited to, the sales records, the records of unsold units, planning approvals, development schemes, outstanding development costs, statutory notices, easements, tenancies, floor areas (including Gross Floor Areas, Saleable Gross Floor Areas and Non-saleable Gross Floor Areas). No on-site measurement has been taken. Dimensions, measurements and areas included in the valuation certificates are only approximations. We have taken every reasonable care both during inspecting the information provided to us and in making relevant enquiries. We have no reason to doubt the truth and accuracy of the information provided to us by the Group, which is material to the valuation. We were also advised by the Group that no material facts have been omitted from the information provided to us.

We have inspected the properties to such extent as for the purpose of this valuation. In the course of our inspection, we did not notice any serious defects. However, we have not carried out any structural survey or any tests on the building services. Therefore, we are not able to report whether the properties are free of rot, infestation or any other structural defects. We have not carried out investigations on the site to determine the suitability of the ground conditions and the services etc. for any future development.

THIS WEB PROOF INFORMATION PACK IS IN DRAFT FORM. The information contained in it is incomplete and is subject to change. This Web Proof Information Pack must be read in conjunction with the section headed "Warning" on the cover of this Web Proof Information Pack.

APPENDIX IV

PROPERTY VALUATION

No allowance has been made in our valuation neither for any charges, mortgages or amounts owing on the property interests nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property interests are free of encumbrances, restrictions and outgoings of onerous nature which could affect their values.

Unless otherwise stated, all monetary amounts are stated in Hong Kong Dollars ("HKD").

We enclose herewith a summary of values and our valuation certificate.

Yours faithfully,
For and on behalf of
CB Richard Ellis Limited

Leo M Y Lo
MHKIS MRICS
Director
Valuation & Advisory Services

Note:

Mr. Lo is a member of the Royal Institution of Chartered Surveyors and a member of the Hong Kong Institute of Surveyors. He has over 6 years' valuation experience in the PRC, Hong Kong, Macau, Taiwan and South-east Asia.

THIS WEB PROOF INFORMATION PACK IS IN DRAFT FORM. The information contained in it is incomplete and is subject to change. This Web Proof Information Pack must be read in conjunction with the section headed "Warning" on the cover of this Web Proof Information Pack.

APPENDIX IV

PROPERTY VALUATION

SUMMARY OF VALUES

<u>PROPERTY INTERESTS</u>	<u>Capital Value in existing state as at 30 September 2009</u>	<u>Interests attributable to the Group</u>	<u>Capital value attributable to the Group as at 30 September 2009</u>
GROUP I — PROPERTY INTERESTS HELD BY THE GROUP FOR OCCUPATION IN HONG KONG			
1 Flat B, 6 th Floor, Block 18, No.5 Laguna Street, Laguna City, Kowloon, Hong Kong	[HKD 2,600,000]	[100%]	[HKD 2,600,000]
GROUP II — PROPERTY INTERESTS RENTED BY THE GROUP IN THE PRC			
2 Various leased properties in the PRC			No commercial value
GROUP III — PROPERTY INTERESTS RENTED BY THE GROUP IN HONG KONG			
3 Various leased properties in Hong Kong			No commercial value
GROUP IV — PROPERTY INTERESTS RENTED BY THE GROUP IN MACAU			
4 Various leased properties in Macau			No commercial value
GROUP V — PROPERTY INTERESTS RENTED BY THE GROUP IN TAIWAN			
5 Various leased properties in Taiwan			No commercial value
GROUP VI — PROPERTY INTERESTS RENTED BY THE GROUP IN SINGAPORE			
6 A leased property in Singapore			No commercial value
GROUP VII — CONCESSIONS OR FREE-STANDING RETAIL STORES IN THE PRC, HONG KONG AND TAIWAN			
7 Various concessions or free-standing retail stores under various commercial agreements			No commercial value
Grand total:			<u>[HKD 2,600,000]</u>

THIS WEB PROOF INFORMATION PACK IS IN DRAFT FORM. The information contained in it is incomplete and is subject to change. This Web Proof Information Pack must be read in conjunction with the section headed "Warning" on the cover of this Web Proof Information Pack.

APPENDIX IV

PROPERTY VALUATION

VALUATION CERTIFICATE

GROUP I — PROPERTY INTERESTS HELD BY THE GROUP FOR OCCUPATION IN HONG KONG

Property	Description and tenure	Details of occupancy	Capital value attributable to the Group as at 30 September 2009
1. Flat B, 6 th Floor, Block 18, No.5 Laguna Street, Laguna City, Kowloon, Hong Kong (6/52361 th part or share of and New Kowloon Inland Lot No.6055)	The Property comprises a residential unit with a total gross floor area of approximately [59.36] sq.m. (639 sq.ft.) The property was completed in about 1993. The property is held for a land use term of 99 years less 3 days to be expired on 30 June 2047.	The Property is occupied by the Group as a dormitory.	[HKD 2,600,000] (HONG KONG DOLLARS TWO MILLION SIX HUNDRED THOUSAND)

Notes:

- i. The registered owner of the property is Trinity Retail (HK) Limited (formerly known as "D'urban Distribution (H.K.) Limited) Vide Memorial No. 05022801090045 dated 31 January 2005 with the consideration of HK\$1,980,000.
- ii. The property lies within an area zoned for "Commercial/Residential" uses under the relevant outline zoning plan.

APPENDIX IV

PROPERTY VALUATION

VALUATION CERTIFICATE

GROUP II — PROPERTY INTERESTS RENTED BY THE GROUP IN THE PRC

Property	Description and tenure	Details of occupancy	Capital value attributable to the Group as at 30 September 2009
2. Various leased properties in the PRC	The Property comprises [38] premises with a total lettable area of approximately [7,677.16] sq.m. operated as stores, offices, warehouses and other usages located in Beijing, Shanghai, Guangzhou, Shenzhen, Hangzhou, Chengdu, Qingdao, and Chongqing.	The Property are occupied by the Group as retail stores, office units, warehouses and other ancillary units.	No commercial value
Details of the lettable area of the premises are as below:			
		Use	Lettable area (Approximately/sq.m.)
		Store	[2,784.61]
		Office	[4,818.12]
		Warehouse	[74.43]
		Total:	[7,677.16]

Notes:

i. Pursuant to the tenancy agreements provided by the Trinity Limited, some details on the property in the PRC are summarized as below:

No.	Property address	Lessor	Tenant	Lettable area (sq.m.)	Term	Monthly rental (RMB)	Uses
1	Shop 119&119A&120, Level 1, Shanghai Konghui Plaza, No. 1 Hongqiao Road, Shanghai, the PRC	Shanghai Konghui Property Development Co., Ltd.	LiFung Trinity China Distribution (Shanghai) Limited	[146.00]	4/16/2009-4/15/2011	[Basic Rent: 4/16/2009-4/15/2010: RMB235,364 per month; 4/16/2010-4/15/2011: RMB257,568 per month; Business Rent: 18% of the monthly turnover.]	Retail
2	Shop 217, Level 2, Citic Square, No. 1168, Nanjing Road West, Shanghai, the PRC	Shanghai Citic Square Co., Ltd.	LiFung Trinity China Distribution (Shanghai) Limited	[124.00]	3/26/2008-3/25/2010	[Basic Rent: 3/26/2008-3/25/2009: RMB98,063.33 per month; 3/26/2009-3/25/2010: RMB113,150 per month; Business Rent: 18% of the monthly net-turnover (the monthly net-turnover is 95% of the monthly turnover).]	Retail
3	Lower Lobby Two Level, Shop LL17 (formerly known as LL2-9B), the Palace Hotel, No. 8, Jinyu Hutong, Huangfujin, Beijing, the PRC	The Palace Hotel Company Limited	LiFung Trinity China Distribution (Shanghai) Limited	[217.00]	11/1/2007-10/31/2010	[11/1/2007-8/31/2008: RMB155,632.40 per month; 9/1/2008-10/31/2010: RMB171,195.64 per month.]	Retail

THIS WEB PROOF INFORMATION PACK IS IN DRAFT FORM. The information contained in it is incomplete and is subject to change. This Web Proof Information Pack must be read in conjunction with the section headed "Warning" on the cover of this Web Proof Information Pack.

APPENDIX IV

PROPERTY VALUATION

<i>No.</i>	<i>Property address</i>	<i>Lessor</i>	<i>Tenant</i>	<i>Lettable area (sq.m.)</i>	<i>Term</i>	<i>Monthly rental (RMB)</i>	<i>Uses</i>
4	Shop A201C, Level 1, Oriental Plaza, No. 1 East Chang'an Road, Dongcheng District, Beijing, the PRC	Beijing Oriental Plaza Co., Ltd.	LiFung Trinity China Distribution (Shanghai) Limited	[200.54]	1/1/2007-12/31/2011	[Basic Rent: 1/1/2007-12/31/2007: RMB227,500 per month; 1/1/2008-12/31/2008: RMB243,700 per month; 1/1/2009-12/31/2009: RMB259,900 per month; 1/1/2010-12/31/2010: RMB276,200 per month; 1/1/2011-12/31/2011: RMB292,400 per month; Business Rent: 18% of the monthly turnover. The higher one shall prevail based on the above two methods of calculation for Rent.]	Retail
5	Shop WB113, Basement 1, China World Trade Centre, No. 1 Jianguomenwai Avenue, Beijing, the PRC	China World Trade Centre Stock Co., Ltd.	Trinity China Distribution (Shanghai) Limited	[99.00]	4/1/2008-3/31/2010	[RMB113,850 per month including management fee]	Retail
6	No. 1, Level 1, Beijing Shangri-la Hotel, No. 29 Zhizhuyuan Road, Haidian District, Beijing, the PRC	Beijing Shangri-la Hotel Co., Ltd.	LiFung Trinity China Distribution (Shanghai) Limited	[100.00]	4/1/2007-3/31/2010	[RMB64,000 per month including management fee]	Retail
7	Shop L113, Seasons Place, No. 2 Jinchengfang Street, Xicheng District, Beijing, the PRC	Beijing Financial Street Seasons Place Co., Ltd.	LiFung Trinity China Distribution (Shanghai) Limited	[107.00]	9/1/2007-8/31/2010	[Basic Rent: 9/1/2007-8/31/2008: RMB107,000 per month; 9/1/2008-8/31/2009: RMB107,000 per month; 9/1/2009-8/31/2010: RMB115,560 per month; Business Rent: 16% of the monthly turnover. The higher one shall prevail based on the above two methods of calculation for Rent.]	Retail
8	Lower Lobby Two Level, Shop LL13 (formerly known as LL2-5B), the Palace Hotel, No. 8, Jinyu Hutong, Dongcheng District, Beijing, the PRC	The Palace Hotel Company Limited	LiFung Trinity China Distribution (Shanghai) Limited	[101.00]	11/1/2007-10/31/2010	[11/1/2007-7/31/2009: RMB59,760.69 per month; 8/1/2009-10/31/2010: RMB65,736.76 per month.]	Retail

THIS WEB PROOF INFORMATION PACK IS IN DRAFT FORM. The information contained in it is incomplete and is subject to change. This Web Proof Information Pack must be read in conjunction with the section headed "Warning" on the cover of this Web Proof Information Pack.

APPENDIX IV

PROPERTY VALUATION

<i>No.</i>	<i>Property address</i>	<i>Lessor</i>	<i>Tenant</i>	<i>Lettable area (sq.m.)</i>	<i>Term</i>	<i>Monthly rental (RMB)</i>	<i>Uses</i>
9	Shop BB48, Basement 1, Oriental Plaza, No. 1 East Dongchangan Avenue, Dongcheng District, Beijing, the PRC	Beijing Oriental Plaza Co., Ltd.	LiFung Trinity China Distribution (Shanghai) Limited	[44.48]	3/10/2007-3/31/2010	[Basic Rent: 3/10/2007-3/31/2008: RMB59,500 per month; 4/1/2008-3/31/2009: RMB63,100 per month; 4/1/2009-3/31/2010: RMB64,900 per month; Business Rent: 18% of the monthly turnover.]	Retail
10	No.2, Level 1, Beijing Shangri-la Hotel, No.29 Zhizhuyuan Road, Haidian District, Beijing, the PRC	Beijing Shangri-la Hotel Co., Ltd.	LiFung Trinity China Distribution (Shanghai) Limited	[53.75]	4/1/2007-3/31/2010	[RMB27,950 per month including management fee]	Retail
11	Shop AA22, Level 1, Oriental Plaza, No.1 East Chang'an Road, Dongcheng District, Beijing, the PRC	Beijing Oriental Plaza Co., Ltd.	Trinity China Distribution (Shanghai) Limited	[71.42]	8/8/2007-7/31/2010	[Basic Rent: 8/1/2007-7/31/2008: RMB81,000 per month; 8/1/2008-7/31/2009: RMB95,500 per month; 8/1/2009-7/31/2010: RMB101,300 per month; Business Rent: 18% of the monthly turnover. The higher one shall prevail based on the above two methods of calculation for Rent.]	Retail
12	Shop L120, Level 1, Seasons Place, No.2 Jinchengfang Street, Xicheng District, Beijing, the PRC	Beijing Financial Street Seasons Place Co., Ltd.	LiFung Trinity China Distribution (Shanghai) Limited	[45.00]	9/1/2007-8/31/2010	[Basic Rent: 9/1/2007-8/31/2008: RMB45,000 per month; 9/1/2008-8/31/2009: RMB45,000 per month; 9/1/2009-8/31/2010: RMB48,600 per month; Business Rent: 16% of the monthly turnover. The higher one shall prevail based on the above two methods of calculation for Rent.]	Retail
13	Shop L230, Level 2, No.2 Jinchengfang Street, Xicheng District, Beijing, the PRC	Beijing Financial Street Seasons Place Co., Ltd.	LiFung Trinity China Distribution (Shanghai) Limited	[112.00]	9/1/2007-8/31/2010	[Basic Rent: 9/1/2007-8/31/2008: RMB89,600 per month; 9/1/2008-8/31/2009: RMB89,600 per month; 9/1/2009-8/31/2010: RMB98,560 per month; Business Rent: 16% of the monthly turnover. The higher one shall prevail based on the above two methods of calculation for Rent.]	Retail

THIS WEB PROOF INFORMATION PACK IS IN DRAFT FORM. The information contained in it is incomplete and is subject to change. This Web Proof Information Pack must be read in conjunction with the section headed "Warning" on the cover of this Web Proof Information Pack.

APPENDIX IV

PROPERTY VALUATION

No.	Property address	Lessor	Tenant	Lettable area (sq.m.)	Term	Monthly rental (RMB)	Uses
14	Shop AA38&AA40, Level 1, Oriental Plaza, No.1 East Chang'an Avenue, Dongcheng District, Beijing, the PRC	Beijing Oriental Plaza Co., Ltd.	LiFung Trinity China Distribution (Shanghai) Limited	[128.60]	1/3/2008-12/31/2010	[Basic Rent: 1/3/2008-12/31/2008: RMB154,400 per month; 1/1/2009-12/31/2009: RMB159,500 per month; 1/1/2010-12/31/2010: RMB164,700 per month; Business Rent: 18% of the monthly turnover. The higher one shall prevail based on the above two methods of calculation for Rent.]	Retail
15	Shop 182, Level 1, MIXC of China Resource Centre, No.1881 Baoanan Road, Shenzhen, the PRC	China Resource (Shenzhen) Co., Ltd.	Trinity China Distribution (Shanghai) Limited	[128.00]	7/16/2009-2/28/2010	[RMB68,000 per month or 18% of the monthly business income, whichever is higher.]	Retail
16	Shop C, Level 1, the Garden Hotel, No.368 Huanshi Road East, Guangzhou, the PRC	Guangzhou Garden Hotel	LiFung Trinity China Distribution (Shanghai) Limited	[111.60]	9/1/2007-8/31/2013	[9/1/2007-8/31/2008: RMB94,300 per month; 9/1/2008-8/31/2009: RMB99,015 per month; 9/1/2009-8/31/2010: RMB103,966 per month; if the agreement shall be renewed automatically, the rent shall be yearly increased by 5% on the basis of the monthly rent of previous period commencing from 9/1/2009 to 8/31/2010.]	Retail
17	Shop H, Level 1, the Garden Hotel, No. 368 Huanshi Road East, Guangzhou, the PRC	Guangzhou Garden Hotel	LiFung Trinity China Distribution (Shanghai) Limited	[94.16]	9/1/2007-8/31/2013	[9/1/2007-8/31/2008: RMB79,530 per month; 9/1/2008-8/31/2009: RMB83,507 per month; 9/1/2009-8/31/2010: RMB87,682 per month; if the agreement shall be renewed automatically, the rent shall be yearly increased by 5% on the basis of the monthly rent of previous period commencing from 9/1/2009 to 8/31/2010.]	Retail
18	Shop 9, Level 1, No. 76 Renhe Road, Hangzhou International Mingpin Street, Hubin Road, Hangzhou, the PRC	Hangzhou Hubin International Business Development (Shanghai) Limited	LiFung Trinity China Distribution (Shanghai) Limited	[271.00]	1/15/2007-1/14/2010	[1/15/2007-1/14/2008: RMB82,429 per month; 1/15/2008-1/14/2009: RMB98,915 per month; 1/15/2009-1/14/2010: RMB 115,401 per month; 1/15/2010-1/4/2011: RMB131,887 per month; 1/15/2011-1/14/2012: RMB131,887 per month.]	Retail
19	Shop 220, Level 2, La Perle Plaza, No. 367, Huanshi Road East, Guangzhou	Guangzhou Junyi Property Development Co., Ltd.	LiFung Trinity China Distribution (Shanghai) Limited	[112.00]	9/1/2008-8/31/2010	[9/1/2008-8/31/2009: RMB 95,200 per month; 9/1/2009-8/31/2010: RMB100,800 per month, or 17% of the monthly business income, whichever is higher.]	Retail

THIS WEB PROOF INFORMATION PACK IS IN DRAFT FORM. The information contained in it is incomplete and is subject to change. This Web Proof Information Pack must be read in conjunction with the section headed "Warning" on the cover of this Web Proof Information Pack.

APPENDIX IV

PROPERTY VALUATION

No.	Property address	Lessor	Tenant	Lettable area (sq.m.)	Term	Monthly rental (RMB)	Uses
20	Shop L136-138, Level 1, Dadouhui Plaza, No.68 Zhouyong Road, Yuzhong District, Chongqing, the PRC	Hutchison Industry (Chongqing) Co., Ltd.	LiFung Trinity China Distribution (Shanghai) Limited	[110.06]	11/1/2008-10/31/2011	[If the monthly business turnover is equal to or less than RMB550,300, 11/1/2008-10/31/2009: RMB93,550 per month or else 17% of the monthly business turnover per month; 11/1/2009-10/31/2010: RMB99,050 per month or else 18% of monthly business turnover per month; 11/1/2010-10/31/2011: RMB104,560 per month or else 19% of the monthly business turnover per month.]	Retail
21	No.18, Hubin Road, Shangcheng District, Hangzhou, the PRC	Hangzhou Hubin International Business Development (Shanghai) Limited	LiFung Trinity China Distribution (Shanghai) Limited	[331.00]	7/15/2009-7/14/2012	[Basic Rent: 7/15/2009-6/30/2010: RMB130,883 per month 1/1/2010-1/31/2010 waive of rental for renovation; 7/1/2010-6/30/2011: RMB140,951 per month; 7/1/2011-7/14/2012: RMB151,019 per month; Business Rent: 17% of the monthly sales volume. The higher one shall prevail based on the above two methods of calculation for Rent.]	Retail
22	Unit 283, 2 Floor, the Middle District, MLXC of China Resource Center, No.1881, South Bao'an Road, Luohu District, Shenzhen, the PRC	China Resource (Shenzhen) Co., Ltd.	Trinity China Distribution (Shanghai) Limited	[77.00]	8/8/2009-8/31/2011	Basic Rent: 8/8/2009-8/31/2009: RMB84,700 per month; 9/1/2010-8/31/2011: RMB92,400 per month; Business Rent: 20% of the monthly business turnover. The higher one shall prevail based on the above two methods of calculation for Rent.	Retail
23	Room 1109&1110, East Tower, No.208, Tianhe Road, Tianhe District, Guangzhou, the PRC	Guangdong Teemall (Group) Stock Co., Ltd.	LiFung Trinity China Distribution (Shanghai) Limited	[391.10]	6/23/2007-11/8/2009	[RMB60,620.50 per month]	Office
24	Room 1805&1806, Jinbao Tower, No.89 Jinbao Street, Beijing, the PRC	Beijing Fuhuaqinbao Centre Co., Ltd.	LiFung Trinity China Distribution (Shanghai) Limited, First Branch of Beijing	[853.53]	1/1/2008-7/31/2011	[RMB141,686 per month]	Office
25	Room 2807, Block A, Time Plaza, No.2 Zongfu Road, Chengdu, the PRC	Chengdu Times Plaza Property Management Co., Ltd.	LiFung Trinity China Distribution (Shanghai) Limited	[357.77]	12/1/2006-11/30/2009	[RMB35,777 per month]	Office
26	Room 602, the Main Tower of Lifeng Square, No.2000 Yishan Road, Shanghai, the PRC	Shanghai LiFung Property Management Co., Ltd.	Trinity China Distribution (Shanghai) Limited	[1,135.75]	10/8/2007-10/7/2010	[RMB113,575 per month]	Office

THIS WEB PROOF INFORMATION PACK IS IN DRAFT FORM. The information contained in it is incomplete and is subject to change. This Web Proof Information Pack must be read in conjunction with the section headed "Warning" on the cover of this Web Proof Information Pack.

APPENDIX IV				PROPERTY VALUATION			
No.	Property address	Lessor	Tenant	Lettable area (sq.m.)	Term	Monthly rental (RMB)	Uses
27	Room 601, the Main Tower of Lifeng Square, No.2000 Yishan Road, Shanghai, the PRC	Shanghai LiFung Property Management Co., Ltd.	LiFung Trinity China Distribution (Shanghai) Limited	[1,135.75]	10/8/2007-10/7/2010	[RMB113,575 per month]	Office
28	Room 301, No.335 Changli Road, Pudong New District, Shanghai, the PRC	Subdistrict Office for Shanggang New Village, the People's Government for Pudong New District	Champion Fashion Distributions (Shanghai) Limited	[50.00]	11/15/2007-11/14/2010	[RMB1,000 per month]	Office
29	Room 302, No.335 Changli Road, Pudong New District, Shanghai, the PRC	Subdistrict Office for Shanggang New Village, the People's Government for Pudong New District	Concord Fashion Distributions (Shanghai) Limited	[50.00]	11/15/2007-11/14/2010	[RMB1,000 per month]	Office
30	Room 337, Level 3, Xinmao Building, No.2 South Taizhong Road, Shanghai, the PRC	Shanghai Waigaoqiao Free Trade Zone New Development Co., Ltd.	D'urban China Distributions Trading (Shanghai) Ltd	[26.00]	11/1/2008-10/31/2009	[RMB33,215 per year]	Office
31	Room 120, Level 1, Xinmao Building, No.2 Taizhongnan Road, Shanghai, the PRC	Shanghai Waigaoqiao Free Trade Zone New Development Co., Ltd.	Million Venture Trading (Shanghai) Co., Ltd.	[31.37]	11/1/2008-10/31/2009	[RMB20,000 per year]	Office
32	Room 264, Level 2, Xinmao Building, No.2 Taizhongnan Road, Shanghai, the PRC	Shanghai Waigaoqiao Free Trade Zone New Development Co., Ltd.	Golden Place Global Trading (Shanghai) Co., Ltd.	[30.05]	11/1/2008-10/31/2009	[RMB35,000 per year]	Office
33	Room 2004 & 2005 & 2006A, Teem Tower, No.208, Tianhe Road, Tianhe District, Guangzhou, the PRC	Guangzhou Teem Tower (Group) Stock Co., Ltd.	Lifung Trinity China Distribution (Shanghai) Limited	[756.8]	9/15/2009-9/14/2013	RMB117,304 per month, and 9/15/2009-12/14/2009 is rent free period	Office
34	Unit B05, Basement 2, Friendship Business Building, No.369, Huanshi Road East, Guangzhou, the PRC	Guangzhou Xin Yi Department Store Limited	Trinity China Distribution (Shanghai) Limited	[10.50]	7/1/2009-12/31/2009	[RMB945 per month]	Warehouse
35	Unit C, Level 5, Chuanxin Building, No.18 Renminnan Road Erduan, Chengdu, the PRC	Chengdu Meimeilicheng Department Store Limited	Trinity China Distribution (Shanghai) Limited	[21.79]	12/20/2008-10/25/2009	[RMB2,396.90 per month]	Warehouse
36	Unit CK1-03, Level 1, Qingdao Sunshine Department Store, Xianggang Road, Middle Shinnan District, Qingdao, the PRC	Qingdao Yangguang Baihuo Corp.	Trinity China Distribution (Shanghai) Limited	[8.89]	9/17/2009-3/28/2010	RMB4,461 per year	Warehouse
37	Shop CK3-33, Qingdao Sunshine Department Store, Xianggang Road Middle, Shinnan District, Qingdao	Qingdao Sunshine Department Store Joint-stock Co., Ltd.	Trinity China Distribution (Shanghai) Limited	[4.00]	9/29/2009-2/28/2010	[RMB1,591.20 per month]	Warehouse

THIS WEB PROOF INFORMATION PACK IS IN DRAFT FORM. The information contained in it is incomplete and is subject to change. This Web Proof Information Pack must be read in conjunction with the section headed "Warning" on the cover of this Web Proof Information Pack.

APPENDIX IV

PROPERTY VALUATION

No.	Property address	Lessor	Tenant	Lettable area (sq.m.)	Term	Monthly rental (RMB)	Uses
38	Room 756, Garden Building, No.368 Huanshi Road East, Guangzhou, the PRC	Guangzhou Garden Hotel	Lifung Trinity China Distribution (Shanghai) Limited	[30.00]	10/1/2008-9/30/2009	[RMB3,500 per month]	Warehouse
Total:				<u>[7,677.16]</u>			

- ii. We have been advised that the owners of the property Nos. 26 and 27 in the above table are connected parties of the Group and the owners of the remaining properties are independent third parties from the Group.
- iii. The Group has not been provided the Building Ownership Certificates from the lessor.
- iv. [We have been provided with a legal opinion on the property prepared by the Group's legal advisors, which contains, inter alia, the following information:
 - a. Under the applicable PRC laws, the registration and filing of the Agreement is the responsibility of the Landlord and failure of the Landlord to register and file the Agreement will not subject the Group to any penalties or invalidate the lease agreements and as such, we confirm that the agreement is legal, valid, binding and enforceable in accordance with the terms thereof and there is no legal impediments to the Group occupying the Property, however, such non-registration of the agreement with the relevant real estate authorities will cause the Group to be deprived of (i) the right of first refusal to purchase the Property in case the Landlord would like to sell the same during the Term and (ii) the right to continue to rent the Property in case the Landlord has sold the same to a third party during the Term, which may lead to the Agreement being terminated if the new landlord refuses to further perform the pre-existing Agreement. Even if the Group is unable to continue leasing the Property as a result of any disputes arising due to failure to register the Agreement, the Group maintains its rights of recourse on the deposits attributable to the Property and the Group still has the rights to be compensated by the Landlord due to the Landlord's breach of the Agreement.
 - b. 14 lease agreements have been registered in the relevant authorities, 24 lease agreements have not been registered with the relevant real estate authorities, the lease agreements are legal and enforceable in according with the terms thereof, however, such non-registration of the lease agreements will cause the Group to be deprived of certain rights.
 - c. The Group has confirmed that:
 - 1). So far as it is aware there is no outstanding payment of Rent and other sums payable by the Group under the Agreement;
 - 2). So far as it is aware there are no subsisting claims by the Lender or disputes between the Group and the Lender with respect to the agreement and there is no subsisting substantial breach of the terms and conditions in the agreement which are required to be observed, performed or complied with by the Group;
 - 3). So far as it is aware there is no outstanding notice given by the Lender to the Group requiring the Group to observe or comply with any of the terms of the agreement which is required to be observed, performed or complied with by the Group;
 - 4). The Property is currently occupied by the Group for business use;
 - 5). There is no illegal use of the Property by the Group and the Property is not subject to any judicial or administrative confiscation orders;
 - 6). There is no other agreement, deed or document varying, modifying or amending the agreement
 - d. The Group agrees not to transfer, sublet or displace the Property or any parts or any interests thereof to any third parties. If the Group sublets the Property to any third parties, such subletting will be deemed to be invalid and the rent attributed to such subletting should be owned by the Landlord. The Group agrees not to set any deposit to the Property.

THIS WEB PROOF INFORMATION PACK IS IN DRAFT FORM. The information contained in it is incomplete and is subject to change. This Web Proof Information Pack must be read in conjunction with the section headed "Warning" on the cover of this Web Proof Information Pack.

APPENDIX IV

PROPERTY VALUATION

VALUATION CERTIFICATE

GROUP III — PROPERTY INTERESTS RENTED BY THE GROUP IN HONG KONG

	<u>Property</u>	<u>Description and tenure</u>	<u>Details of occupancy</u>	<u>Capital value attributable to the Group as at 30 September 2009</u>														
3.	Various leased properties in Hong Kong	The Property comprises [30] premises with a total lettable area of approximately [21,425.13] sq.m. Details of the lettable area of the premises are as below: <table><tr><th><u>Use</u></th><th><u>Lettable area</u></th></tr><tr><td></td><td>(Approximately/sq.m.)</td></tr><tr><td>Store</td><td>[1,974.45]</td></tr><tr><td>Office</td><td>[18,453]</td></tr><tr><td>Warehouse</td><td>[696.77]</td></tr><tr><td>Other</td><td>[188.50]</td></tr><tr><td>Total:</td><td>[21,425.13]</td></tr></table>	<u>Use</u>	<u>Lettable area</u>		(Approximately/sq.m.)	Store	[1,974.45]	Office	[18,453]	Warehouse	[696.77]	Other	[188.50]	Total:	[21,425.13]	The Property is occupied by the Group as retail stores, office unit, warehouses and other ancillary units.	No commercial value
<u>Use</u>	<u>Lettable area</u>																	
	(Approximately/sq.m.)																	
Store	[1,974.45]																	
Office	[18,453]																	
Warehouse	[696.77]																	
Other	[188.50]																	
Total:	[21,425.13]																	

Notes:

- i. Pursuant to the tenancy agreements provided by the Trinity Limited, some details on the property in Hong Kong are summarized as below:

No.	Property address	Lessor	Tenant	Lettable area (sq.m.)	Term	Monthly rental (HKD)	Uses
1	Shop 2080 Podium Level 2, IFC Mall, No. 1 Harbour View Street, Hong Kong	IFC Development Limited	Trinity Retail (HK) Limited	[68.47]	10/27/2009-10/26/2010	[217,560]	Retail
2	Shop 2065, IFC Mall, No. 1 Harbour View Street, Hong Kong	IFC Development Limited	Concord Distributions Limited	[112.13]	10/17/2009-10/16/2010	[354,960]	Retail
3	Shop 2084, IFC Mall, No. 1 Harbour View Street Hong Kong	IFC Development Limited	Champion Distributions Limited	[55.74]	10/27/2009-10/26/2010	[158,250]	Retail
4	Shop 106 1st Floor, Landmark Atrium, 15 Queen's Road Central, Hong Kong	The Hong Kong Land Property Company, Limited	Trinity Retail (HK) Limited	[35.30]	6/1/2008-5/31/2011	[95,000]	Retail
5	Shop 221 Level 2, Pacific Place Phase I, Admiralty, Hong Kong	Pacific Place Holdings Limited	A.T. Distributions Limited	[10.96]	5/17/2009-5/16/2012	[35,400]	Retail
6	Shop 224 Level 2, Pacific Place Phase II, Admiralty, Hong Kong	Pacific Place Holdings Limited	Trinity Retail (HK) Limited	[111.48]	9/16/2008-9/15/2010	[432,000]	Retail
7	Shop 221 Level 2, Times Square, Causeway Bay, Hong Kong	Times Square Limited	Trinity Retail (HK) Limited	[87.98]	7/16/2008-7/15/2011	[274,630]	Retail
8	Shop 432 Level 4, Times Square, Causeway Bay, Hong Kong	Times Square Limited	Trinity Retail (HK) Limited	[39.02]	8/5/2008-8/4/2010	[109,200]	Retail

THIS WEB PROOF INFORMATION PACK IS IN DRAFT FORM. The information contained in it is incomplete and is subject to change. This Web Proof Information Pack must be read in conjunction with the section headed "Warning" on the cover of this Web Proof Information Pack.

APPENDIX IV				PROPERTY VALUATION			
No.	Property address	Lessor	Tenant	Lettable area (sq.m.)	Term	Monthly rental (HKD)	Uses
9	Shop 2011 Level 2, Elements, Kowloon Station	MTR Corporation Limited	Trinity Retail (HK) Limited	[129.13]	8/17/2007-8/16/2010	[236,300]	Retail
10	Shop 2013A Level 2, Elements, Kowloon Station	MTR Corporation Limited	Concord Distributions Limited	[122.63]	10/1/2007-9/30/2010	[145,200]	Retail
11	Shop BL6, Basement Floor, The Peninsula, Kowloon	The Peninsula Hotel Limited	Trinity Retail (HK) Limited	[59.74]	11/1/2008-10/31/2011	[144,675]	Retail
12	Shop BL7&7A, Basement Floor, The Peninsula, Kowloon	The Peninsula Hotel Limited	Champion Distributions Limited	[57.13]	11/1/2008-10/31/2011	[138,375]	Retail
13	Shop BL8, Basement Floor, The Peninsula, Kowloon	The Peninsula Hotel Limited	Concord Distributions Limited	[65.50]	11/1/2008-10/31/2011	[158,625]	Retail
14	Shop G209 Ground Floor, Gateway Arcade, Harbour City, Kowloon	Wharf Realty Limited	Champion Distributions Limited	[93.55]	6/29/2007-6/28/2010	[332,310]	Retail
15	Shop 2105, Level 2, Gateway Arcade, Harbour City, Kowloon	Wharf Realty Limited	Trinity Retail (HK) Limited	[44.31]	10/2/2008-10/1/2010	[119,250]	Retail
16	Shop 2348 Level 2, Gateway Arcade, Harbour City, Kowloon	Wharf Realty Limited	Trinity Retail (HK) Limited	[104.98]	9/9/2009-9/8/2012	[384,200]	Retail
17	Shop 2420, Level 2, Gateway Arcade, Harbour City, Kowloon	Wharf Realty Limited	A.T. Distributions Limited	[62.34]	3/3/2009-3/2/2010	[161,040]	Retail
18	Shop 205-206 Level 2, Ocean Centre, Harbour City, Kowloon	Wharf Realty Limited	Trinity Retail (HK) Limited	[97.18]	2/1/2005-1/31/2010 3/1/2007-1/31/2010	[313,800]	Retail
19	Shop No.226 & 227, Level 2, (Formerly known as Shop No. 247 Second Floor), Ocean Centre, Harbour City, Kowloon	Wharf Realty Limited	Concord Distributions Limited	[96.62]	8/1/2007-7/31/2010	[364,000]	Retail
20	LG1-07, Festival Walk, No. 80 Tat Chee Avenue, Kowloon	Festival Walk Holdings Limited	Trinity Retail (HK) Limited	[104.05]	3/9/2008-3/8/2011	[213,000]	Retail
21	LG2-08, Festival Walk, No. 80 Tat Chee Avenue, Kowloon	Festival Walk Holdings Limited	Trinity Retail (HK) Limited	[71.53]	1/9/2008-1/8/2011	[142,000]	Retail
22	Shop 233-234, Level 2, Commercial Development Citygate, No. 20 Tat Tung Road & No. 41 Man Tung Road, Tung Chung, Lantau Island, New Territories	Newfoundworld Site 2 (Retail) Limited	Trinity Retail (HK) Limited	[104.98]	8/1/2007-7/31/2010	[80,500]	Retail

THIS WEB PROOF INFORMATION PACK IS IN DRAFT FORM. The information contained in it is incomplete and is subject to change. This Web Proof Information Pack must be read in conjunction with the section headed "Warning" on the cover of this Web Proof Information Pack.

APPENDIX IV				PROPERTY VALUATION			
No.	Property address	Lessor	Tenant	Lettable area (sq.m.)	Term	Monthly rental (HKD)	Uses
23	Shop 235-236, Level 2, Commercial Development Citygate, No. 20 Tat Tung Road & No. 41 Man Tung Road, Tung Chung, Lantau Island, New Territories	Newfoundworld Site 2 (Retail) Limited	Trinity Retail (HK) Limited	[106.84]	8/1/2007-7/31/2010	[79,100]	Retail
24	Shop 241-242, Level 2, Citygate Outlets, Lantau Island, New Territories	Newfoundworld Site 2 (Retail) Limited	Concord Distribution Limited	[122.63]	6/18/2009-6/17/2012	[98,100]	Retail
25	Shop 224 Level 2, Citygate Outlets, Lantau Island, New Territories	Newfoundworld Site 2 (Retail) Limited	Champion Distributions Limited	[122.63]	3/16/2009-3/15/2012	[50,000]	Retail
26	11/F, 10 Shing Yip Street, Kwun Tong, Kowloon	Oxwood Limited	LiFung Trinity (Management) Limited	[18,453]	5/2/2006-5/1/2014	[Year 1-3: 630,000 Year 4-8: open market rent.]	Office
27	Unit A and Unit B, 6/F, Manning Industrial Building, 116-118 How Ming Street, Kwun Tong, Kowloon	Bright City International Limited	LiFung Trinity (Management) Limited	[696.77]	1/2/2008-1/1/2010	[52,500]	Warehouse
28	3/F, Wing Cheong Building, 20 Hennessy Road, Wanchai, Hong Kong	Yee Chai Him and Yee Wai Fong (Heng Sang Real Estate Management Limited)	Trinity Retail (HK) Limited	[56.67]	7/18/2008-7/17/2010	[8,500]	Others
29	4/F, Flat K, Po Ming Building, 2 Foo Ming Street, Hong Kong	Chan Wing Yip Edward and Lee Kuen Wai Coral	Trinity Retail (HK) Limited	[66.61]	7/16/2008-7/15/2011	[12,800]	Others
30	9/F, A2, Mirador Mansion, 54-64 Nathan Road, Kowloon	Cayton Estates Ltd	Trinity Retail (HK) Limited	[65.22]	8/1/2008-7/31/2013	[8,800]	Others
Total:				<u>[21,425.13]</u>			

ii. We were advised that the owners are independent third parties from the Group.

THIS WEB PROOF INFORMATION PACK IS IN DRAFT FORM. The information contained in it is incomplete and is subject to change. This Web Proof Information Pack must be read in conjunction with the section headed "Warning" on the cover of this Web Proof Information Pack.

APPENDIX IV

PROPERTY VALUATION

VALUATION CERTIFICATE

GROUP IV — PROPERTY INTERESTS RENTED BY THE GROUP IN MACAU

			Capital value attributable to the Group as at 30 September 2009						
<u>Property</u>	<u>Description and tenure</u>	<u>Details of occupancy</u>							
4. Various leased properties in Macau	The Property comprises [6] retail stores with a total lettable area of approximately [734.76] sq.m. Details of the lettable area of the retail stores are as below: <table><tr><th><u>Use</u></th><th><u>Lettable area</u> (Approximately/sq.m.)</th></tr><tr><td>Store</td><td>[734.76]</td></tr><tr><td>Total:</td><td>[734.76]</td></tr></table>	<u>Use</u>	<u>Lettable area</u> (Approximately/sq.m.)	Store	[734.76]	Total:	[734.76]	The Property is occupied by the Group as retail stores.	No commercial value
<u>Use</u>	<u>Lettable area</u> (Approximately/sq.m.)								
Store	[734.76]								
Total:	[734.76]								

Notes:

i. Pursuant to the tenancy agreements provided by the Trinity Limited, some details on the property in Macau are summarized as below:

No.	Property address	Lessor	Tenant	Lettable area (sq.m.)	Term	Monthly rental (HKD)	Uses
1	Shop no 2801a Parcel 2 at Four Seasons Hotel, Cotai Strip, Macau	Venetian Cotai Limited	COL (Macau) Limited and Concord Distributions Limited	[168.99]	7/25/2008-7/24/2011	[218,280]	Retail
2	Shop no 2835a,b Parcel 2 at Four Seasons Hotel, Cotai Strip, Macau	Venetian Cotai Limited	COL (Macau) Limited and Concord Distributions Limited	[185.99]	7/25/2008-7/24/2011	[260,260]	Retail
3	Shop no 2837 Parcel 2 at Four Seasons Hotel, Cotai Strip, Macau	Venetian Cotai Limited	DDL (Macao) Limited	[180.51]	7/25/2008-7/24/2011	[252,590]	Retail
4	1A Nam Van Lakes New Yaohan 2/F Shop #:2-1 (Avenida Commercial de Macau, Zona-A, Lote-1)	Panda Sociedade De Gestao De Investimentos Limitada	COL (Macau) Limited	[58.06]	3/10/2009-3/9/2012	[75,000]	Retail
5	1A Nam Van Lakes New Yaohan 2/F Shop #:2-2 (Avenida Commercial de Macau, Zona-A, Lote-1)	Panda Sociedade De Gestao De Investimentos Limitada	DDL (Macao) Limited	[59.46]	8/8/2008-8/7/2010	[76,800]	Retail
6	1A Nam Van Lakes New Yaohan 2/F Shop #:2-6 (Avenida Commercial de Macau, Zona-A, Lote-1)	Panda Sociedade De Gestao De Investimentos Limitada	DDL (Macao) Limited	[81.75]	8/8/2008-8/7/2011	[105,600]	Retail
Total:				[734.76]			

ii. We were advised that the owners are independent third parties from the Group.

THIS WEB PROOF INFORMATION PACK IS IN DRAFT FORM. The information contained in it is incomplete and is subject to change. This Web Proof Information Pack must be read in conjunction with the section headed "Warning" on the cover of this Web Proof Information Pack.

APPENDIX IV

PROPERTY VALUATION

VALUATION CERTIFICATE

GROUP V — PROPERTY INTERESTS RENTED BY THE GROUP IN TAIWAN

			Capital value attributable to the Group as at 30 September 2009										
Property	Description and tenure	Details of occupancy											
5. Various leased properties in Taiwan	The Property comprises [6] premises with a total lettable area of approximately [3,735.89] sq.m. Details of the lettable area of the premises are as below: <table> <tr> <th>Use</th> <th>Lettable area (Approximately/sq.m.)</th> </tr> <tr> <td>Store</td> <td>[281.16]</td> </tr> <tr> <td>Office</td> <td>[585.29]</td> </tr> <tr> <td>Warehouse . .</td> <td>[2,869.44]</td> </tr> <tr> <td>Total:</td> <td>[3,735.89]</td> </tr> </table>	Use	Lettable area (Approximately/sq.m.)	Store	[281.16]	Office	[585.29]	Warehouse . .	[2,869.44]	Total:	[3,735.89]	The Property is occupied by the Group as retail stores, office units and warehouse.	No commercial value
Use	Lettable area (Approximately/sq.m.)												
Store	[281.16]												
Office	[585.29]												
Warehouse . .	[2,869.44]												
Total:	[3,735.89]												

Notes:

i. Pursuant to the tenancy agreements provided by the Trinity Limited, some details on the property in Taiwan are summarized as below:

No.	Property address	Lessor	Tenant ³	Lettable area (sq.m.)	Term	Monthly rental (TWD)	Uses
1	Shop L2-28, Taipei 101	Taipei Financial Centre Corporation	Trubest Limited, Taiwan Branch	[103.95]	8/14/2008-8/13/2010	[425,250]	Retail
2	Shop L2-29, Taipei 101	Taipei Financial Centre Corporation	Trubest Limited, Taiwan Branch	[98.34]	12/19/2007-2/28/2010	[357,600]	Retail
3	Shop L2-30, Taipei 101	Taipei Financial Centre Corporation	Trinity Retail Limited, Taiwan Branch	[78.87]	3/1/2009-2/28/2011	[334,600]	Retail
4	Unit 805, Level 7, Dunhua road 1-205, Taian District, Taipei	Lin Bai Mei	Trinity Retail Limited, Taiwan Branch, Trubest Limited, Taiwan Branch	[283.14]	4/1/2009-3/31/2010	[120,000]	Office
5	Unit 1205, Level 11, Dunhua road south 1-205 Da an District, Taipei	Jiu Da Investment Consulting Holdings Company Limited	Trubest Limited, Taiwan Branch, Trinity Retail Limited, Taiwan Branch	[302.15]	4/1/2007-3/31/2010	[74,263]	Office
6	Level 6, and 3 carpark, No.236, Fude Er Road, Xizhi City, Taipei	Cai Chen Xiang Er	Trubest Limited, Taiwan Branch, Trinity Retail Limited, Taiwan Branch	[2,869.44]	7/1/2005-6/30/2010	[127,000]	Warehouse
.			Total:	[3,735.89]			

ii. We were advised that the owners are independent third parties to the Group.

THIS WEB PROOF INFORMATION PACK IS IN DRAFT FORM. The information contained in it is incomplete and is subject to change. This Web Proof Information Pack must be read in conjunction with the section headed "Warning" on the cover of this Web Proof Information Pack.

APPENDIX IV

PROPERTY VALUATION

VALUATION CERTIFICATE

GROUP VI — PROPERTY INTERESTS RENTED BY THE GROUP IN SINGAPORE

	<u>Property</u>	<u>Description and tenure</u>	<u>Details of occupancy</u>	<u>Capital value attributable to the Group as at 30 September 2009</u>
6.	315 Outram Road #14-08 Tan Boon Liat Building, Singapore 169074	The Property comprises an office unit on a 14th storey office building with a lettable area of approximately [400.97] sq.m. The Property is leased at a total monthly rent of [SGD8,097] exclusive of maintenance and service charges and water charges, with a fix term of 2 years from 1 October 2007 to 30 September 2009.	The Property is occupied by the Group as an office.	No commercial value

Notes:

- i. Pursuant to the tenancy agreements provided by the Trinity Limited, some details on the property in Singapore are summarized as below:

<u>No.</u>	<u>Property address</u>	<u>Lessor</u>	<u>Tenant</u>	<u>Lettable area (sq.m.)</u>	<u>Term</u>	<u>Monthly rental (SGD)</u>	<u>Uses</u>
1	No. 315 Outram Road, #14-08 Tan Boon Liat Building, Singapore 169074	Tan Boon Liat & Co.(S) Pte Ltd	LiFung Trinity Management (Singapore) Pte Ltd	[400.97]	10/1/2007- 9/30/2009	[8,677]	Office
			Total:	[400.97]			

- ii. We are advised that the owner is independent third party from the Group.

THIS WEB PROOF INFORMATION PACK IS IN DRAFT FORM. The information contained in it is incomplete and is subject to change. This Web Proof Information Pack must be read in conjunction with the section headed "Warning" on the cover of this Web Proof Information Pack.

APPENDIX IV

PROPERTY VALUATION

VALUATION CERTIFICATE

GROUP VII — CONCESSIONS OR FREE-STANDING RETAIL STORES IN THE PRC, HONG KONG AND TAIWAN

			Capital value attributable to the Group as at 30 September 2009															
Property	Description and tenure	Details of occupancy																
7. Various concessions or free-standing retail stores under various commercial agreements	As advised by the Group, the concessions or free-standing retail stores comprise [294] retail units or spaces with a total area of approximately [27,390.38] sq.m. located in the PRC, Hong Kong and Taiwan.	The concessions or free-standing retail stores are operated by the management of various department stores as retail stores warehouses and other ancillary units.	No commercial value															
The detail of the concessions or free-standing retail stores are as below:																		
	<table><tr><th></th><th>Number of premises</th><th>Lettable area (Approximately/sq.m.)</th></tr><tr><td>PRC</td><td>[243]</td><td>[24,077.90]</td></tr><tr><td>HK</td><td>[10]</td><td>[412.67]</td></tr><tr><td>Taiwan . .</td><td>[41]</td><td>[2,899.81]</td></tr><tr><td>Total: . . .</td><td>[294]</td><td>[27,390.38]</td></tr></table>		Number of premises	Lettable area (Approximately/sq.m.)	PRC	[243]	[24,077.90]	HK	[10]	[412.67]	Taiwan . .	[41]	[2,899.81]	Total: . . .	[294]	[27,390.38]		
	Number of premises	Lettable area (Approximately/sq.m.)																
PRC	[243]	[24,077.90]																
HK	[10]	[412.67]																
Taiwan . .	[41]	[2,899.81]																
Total: . . .	[294]	[27,390.38]																

Notes:

- As advised by the Group, [294] concessions or free-standing retail stores with a total area of approximately [27,390.38] sq.m. have been operated by the management of department stores under various franchise or cooperation agreements, those agreements are under various commercial terms at a range from 9% to 26% of sales revenue per month, whereas the latest expiry date will be on 25 August 2012.
- According to the legal opinion issued by the Company's PRC legal opinion, the said contracts related to the retail stores located in the PRC are legal, valid, binding and enforceable and in accordance with applicable PRC laws and regulations.
- As advised by the Group, [4] concessions or free-standing retail stores with a total area of approximately [291.55] sq.m., those franchise or cooperation agreements have been expired but continued the operation, whereas the Group and the lessors are under negotiation for the agreements' renewal.

APPENDIX V

SUMMARY OF THE CONSTITUTION OF THE COMPANY AND BERMUDA COMPANY LAW

Set out below is a summary of certain provisions of the memorandum of association (the "Memorandum of Association") and bye-laws (the "Bye-laws") of the Company and of certain aspects of Bermuda company law.

1. MEMORANDUM OF ASSOCIATION

The Memorandum of Association states, inter alia, that the liability of members of the Company is limited to the amount, if any, for the time being unpaid on the Shares respectively held by them and that the Company is an exempted company as defined in the Companies Act. The Memorandum of Association also sets out the objects for which the Company was formed which are unrestricted and that the Company has the capacity, rights, powers and privileges of a natural person. As an exempted company, the Company will be carrying on business outside Bermuda from a place of business within Bermuda.

In accordance with and subject to section 42A of the Companies Act, the Memorandum of Association empowers the Company to purchase its own shares and pursuant to its Bye-laws, this power is exercisable by the board of Directors (the "board") upon such terms and subject to such conditions as it thinks fit.

2. BYE-LAWS

The Bye-laws were adopted on [●] and will become effective upon [●]. The following is a summary of certain provisions of the Bye-laws:

(a) Directors

(i) Power to allot and issue shares and warrants

Subject to any special rights conferred on the holders of any shares or class of shares, any share may be issued with or have attached thereto such rights, or such restrictions, whether with regard to dividend, voting, return of capital, or otherwise, as the Company may by ordinary resolution determine (or, in the absence of any such determination or so far as the same may not make specific provision, as the board may determine). Subject to the Companies Act, any preference shares may be issued or converted into shares that are liable to be redeemed, at a determinable date or at the option of the Company or, if so authorised by the Memorandum of Association, at the option of the holder, on such terms and in such manner as the Company before the issue or conversion may by ordinary resolution determine. The board may issue warrants conferring the right upon the holders thereof to subscribe for any class of shares or securities in the capital of the Company on such terms as it may from time to time determine.

Subject to the provisions of the Companies Act, the Bye-laws, any direction that may be given by the Company in general meeting and, where applicable, the rules of any Designated Stock Exchange (as defined in the Bye-laws) and without prejudice to any special rights or restrictions for the time being attached to any shares or any class of shares, all unissued shares in the Company shall be at the disposal of the board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times, for such consideration and on such terms and conditions as it in its absolute discretion thinks fit, but so that no shares shall be issued at a discount.

APPENDIX V**SUMMARY OF THE CONSTITUTION OF
THE COMPANY AND BERMUDA COMPANY LAW**

Neither the Company nor the board shall be obliged, when making or granting any allotment of, offer of, option over or disposal of shares, to make, or make available, any such allotment, offer, option or shares to members or others with registered addresses in any particular territory or territories being a territory or territories where, in the absence of a registration statement or other special formalities, this would or might, in the opinion of the board, be unlawful or impracticable. Members affected as a result of the foregoing sentence shall not be, or be deemed to be, a separate class of members for any purpose whatsoever.

(ii) Power to dispose of the assets of the Company or any of its subsidiaries

There are no specific provisions in the Bye-laws relating to the disposal of the assets of the Company or any of its subsidiaries.

Note: The Directors may, however, exercise all powers and do all acts and things which may be exercised or done or approved by the Company and which are not required by the Bye-laws or the Companies Act to be exercised or done by the Company in general meeting.

(iii) Compensation or payments for loss of office

Payments to any Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually entitled) must be approved by the Company in general meeting.

(iv) Loans and provision of security for loans to Directors

There are no provisions in the Bye-laws relating to the making of loans to Directors. However, the Companies Act contains restrictions on companies making loans or providing security for loans to their directors, the relevant provisions of which are summarised in the paragraph headed "Bermuda Company Law" in this Appendix.

(v) Financial assistance to purchase shares of the Company

Neither the Company nor any of its subsidiaries shall directly or indirectly give financial assistance to a person who is acquiring or proposing to acquire shares in the Company for the purpose of that acquisition whether before or at the same time as the acquisition takes place or afterwards, provided that the Bye-laws shall not prohibit transactions permitted under the Companies Act.

(vi) Disclosure of interests in contracts with the Company or any of its subsidiaries

A Director may hold any other office or place of profit with the Company (except that of auditor of the Company) in conjunction with his office of Director for such period and, subject to the Companies Act, upon such terms as the board may determine, and may be paid such extra remuneration (whether by way of salary, commission, participation in profits or otherwise) in addition to any remuneration provided for by or pursuant to any other Bye-laws. A Director may be or become a director or other officer of, or a member of, any company promoted by the Company or any other company in which the Company may be interested, and shall not be liable to account to the Company or the members for any remuneration, profits or other benefits received by him as a director, officer or

APPENDIX V**SUMMARY OF THE CONSTITUTION OF
THE COMPANY AND BERMUDA COMPANY LAW**

member of, or from his interest in, such other company. Subject as otherwise provided by the Bye-laws, the board may also cause the voting power conferred by the shares in any other company held or owned by the Company to be exercised in such manner in all respects as it thinks fit, including the exercise thereof in favour of any resolution appointing the Directors or any of them to be directors or officers of such other company, or voting or providing for the payment of remuneration to the directors or officers of such other company.

Subject to the Companies Act and to the Bye-laws, no Director or proposed or intending Director shall be disqualified by his office from contracting with the Company, either with regard to his tenure of any office or place of profit or as vendor, purchaser or in any other manner whatsoever, nor shall any such contract or any other contract or arrangement in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company or the members for any remuneration, profit or other benefits realised by any such contract or arrangement by reason of such Director holding that office or the fiduciary relationship thereby established. A Director who to his knowledge is in any way, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with the Company shall declare the nature of his interest at the meeting of the board at which the question of entering into the contract or arrangement is first taken into consideration, if he knows his interest then exists, or in any other case, at the first meeting of the board after he knows that he is or has become so interested.

A Director shall not vote (nor be counted in the quorum) on any resolution of the board approving any contract or arrangement or other proposal in which he or any of his associates is materially interested but this prohibition shall not apply to any of the following matters, namely:

- (aa) any contract or arrangement for giving to such Director or his associate(s) any security or indemnity in respect of money lent by him or any of his associates or obligations incurred or undertaken by him or any of his associates at the request of or for the benefit of the Company or any of its subsidiaries;
- (bb) any contract or arrangement for the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his associate(s) has himself/themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;
- (cc) any contract or arrangement concerning an offer of shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase, where the Director or his associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;
- (dd) any contract or arrangement in which the Director or his associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company;
- (ee) any contract or arrangement concerning any other company in which the Director or his associate(s) is/are interested only, whether directly or indirectly, as an officer or executive or a shareholder or in which the Director and any of his associates are not in aggregate beneficially interested in 5 percent. or more of the issued shares or of the voting rights of any class of shares of such company (or of any third company through which his interest or that of any of his associates is derived); or

APPENDIX V**SUMMARY OF THE CONSTITUTION OF
THE COMPANY AND BERMUDA COMPANY LAW**

- (ff) any proposal or arrangement concerning the adoption, modification or operation of a share option scheme, a pension fund or retirement, death, or disability benefits scheme or other arrangement which relates both to Directors, his associates and employees of the Company or of any of its subsidiaries and does not provide in respect of any Director, or his associate(s), as such any privilege or advantage not accorded generally to the class of persons to which such scheme or fund relates.

The independent non-executive Directors may in their absolute discretion determine whether a Director (together with any of his associates) is materially interested in a business that is in competition with or is potentially in competition with the businesses of the Company and its subsidiaries and, if such Director (together with any of his associates) has such a material interest, any of the independent non-executive Directors may request such Director not to attend, or if already present, to absent himself from, any meeting of the Board (or any part thereof) where matters arising from such competition or potential competition are the subject of discussion. Once such request is given, such Director shall not attend, or if already present, shall absent himself from, such meeting (or any part thereof) and shall not vote (nor be counted in the quorum) in respect of such meeting (or any part thereof) from which he is absent.

(vii) Remuneration

The ordinary remuneration of the Directors shall from time to time be determined by the Company in general meeting, such remuneration (unless otherwise directed by the resolution by which it is voted) to be divided amongst the Directors in such proportions and in such manner as the board may agree or, failing agreement, equally, except that any Director holding office for part only of the period in respect of which the remuneration is payable shall only rank in such division in proportion to the time during such period for which he held office. The Directors shall also be entitled to be prepaid or repaid all travelling, hotel and incidental expenses reasonably incurred or expected to be incurred by them in attending any board meetings, committee meetings or general meetings or separate meetings of any class of shares or of debentures of the Company or otherwise in connection with the discharge of their duties as Directors.

Any Director who, by request, goes or resides abroad for any purpose of the Company or who performs services which in the opinion of the board go beyond the ordinary duties of a Director may be paid such extra remuneration (whether by way of salary, commission, participation in profits or otherwise) as the board may determine and such extra remuneration shall be in addition to or in substitution for any ordinary remuneration provided for by or pursuant to any other Bye-law. A Director appointed to be a managing director, joint managing director, deputy managing director or other executive officer shall receive such remuneration (whether by way of salary, commission or participation in profits or otherwise or by all or any of those modes) and such other benefits (including pension and/or gratuity and/or other benefits on retirement) and allowances as the board may from time to time decide. Such remuneration may be either in addition to or in lieu of his remuneration as a Director.

The board may establish or concur or join with other companies (being subsidiary companies of the Company or companies with which it is associated in business) in establishing and making contributions out of the Company's monies to any schemes or funds for providing pensions, sickness

APPENDIX V**SUMMARY OF THE CONSTITUTION OF
THE COMPANY AND BERMUDA COMPANY LAW**

or compassionate allowances, life assurance or other benefits for employees (which expression as used in this and the following paragraph shall include any Director or ex-Director who may hold or have held any executive office or any office of profit with the Company or any of its subsidiaries) and ex-employees of the Company and their dependants or any class or classes of such persons.

The board may pay, enter into agreements to pay or make grants of revocable or irrevocable, and either subject or not subject to any terms or conditions, pensions or other benefits to employees and ex-employees and their dependants, or to any of such persons, including pensions or benefits additional to those, if any, to which such employees or ex-employees or their dependants are or may become entitled under any such scheme or fund as is mentioned in the previous paragraph. Any such pension or benefit may, as the board considers desirable, be granted to an employee either before and in anticipation of, or upon or at any time after, his actual retirement.

(viii) Retirement, appointment and removal

At each annual general meeting, one third of the Directors for the time being (or if their number is not a multiple of three, then the number nearest to but not less than one third) will retire from office by rotation provided that every Director shall be subject to retirement at least once every three years. The Directors to retire in every year will be those who have been longest in office since their last re-election or appointment but as between persons who became or were last re-elected Directors on the same day those to retire will (unless they otherwise agree among themselves) be determined by lot.

Note: There are no provisions relating to retirement of Directors upon reaching any age limit.

The Directors shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy on the board or, subject to authorisation by the members in general meeting, as an addition to the existing board but so that the number of Directors so appointed shall not exceed any maximum number determined from time to time by the members in general meeting. Any Director appointed by the Board to fill a casual vacancy shall hold office until the first general meeting of Members after his appointment and be subject to re-election at such meeting and any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election. Neither a Director nor an alternate Director is required to hold any shares in the Company by way of qualification.

A Director may be removed by an ordinary resolution of the Company before the expiration of his period of office (but without prejudice to any claim which such Director may have for damages for any breach of any contract between him and the Company) provided that the notice of any such meeting convened for the purpose of removing a Director shall contain a statement of the intention to do so and be served on such Director fourteen (14) days before the meeting and, at such meeting, such Director shall be entitled to be heard on the motion for his removal. Unless otherwise determined by the Company in general meeting, the number of Directors shall not be less than two. There is no maximum number of Directors unless otherwise determined from time to time by members of the Company.

The board may from time to time appoint one or more of its body to be managing director, joint managing director, or deputy managing director or to hold any other employment or executive office with the Company for such period (subject to their continuance as Directors) and upon such terms as

APPENDIX V**SUMMARY OF THE CONSTITUTION OF
THE COMPANY AND BERMUDA COMPANY LAW**

the board may determine and the board may revoke or terminate any of such appointments (but without prejudice to any claim for damages that such Director may have against the Company or vice versa). The board may delegate any of its powers, authorities and discretions to committees consisting of such Director or Directors and other persons as the board thinks fit, and it may from time to time revoke such delegation or revoke the appointment of and discharge any such committees either wholly or in part, and either as to persons or purposes, but every committee so formed shall, in the exercise of the powers, authorities and discretions so delegated, conform to any regulations that may from time to time be imposed upon it by the board.

(ix) Borrowing powers

The board may from time to time at its discretion exercise all the powers of the Company to raise or borrow money, to mortgage or charge all or any part of the undertaking, property and assets (present and future) and uncalled capital of the Company and, subject to the Companies Act, to issue debentures, bonds and other securities of the Company, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

Note: These provisions, in common with the Bye-laws in general, can be varied with the sanction of a special resolution of the Company.

(b) Alterations to constitutional documents

The Bye-laws may be rescinded, altered or amended by the Directors subject to the confirmation of the Company in general meeting. The Bye-laws state that a special resolution shall be required to alter the provisions of the Memorandum of Association, to confirm any such rescission, alteration or amendment to the Bye-laws or to change the name of the Company.

(c) Alteration of capital

The Company may from time to time by ordinary resolution in accordance with the relevant provisions of the Companies Act:

- (i) increase its capital by such sum, to be divided into shares of such amounts as the resolution shall prescribe;
- (ii) consolidate and divide all or any of its capital into shares of larger amount than its existing shares;
- (iii) divide its shares into several classes and without prejudice to any special rights previously conferred on the holders of existing shares as the directors may determine;
- (iv) sub-divide its shares or any of them into shares of smaller amount than is fixed by the Memorandum of Association;
- (v) change the currency denomination of its share capital;
- (vi) make provision for the issue and allotment of shares which do not carry any voting rights; and
- (vii) cancel any shares which, at the date of passing of the resolution, have not been taken, or agreed to be taken, by any person, and diminish the amount of its capital by the amount of the shares so cancelled.

APPENDIX V**SUMMARY OF THE CONSTITUTION OF
THE COMPANY AND BERMUDA COMPANY LAW**

The Company may, by special resolution, subject to any confirmation or consent required by law, reduce its authorised or issued share capital or, save for the use of share premium as expressly permitted by the Companies Act, any share premium account or other undistributable reserve.

(d) Variation of rights of existing shares or classes of shares

Subject to the Companies Act, all or any of the special rights attached to the shares or any class of shares may (unless otherwise provided for by the terms of issue of that class) be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting the provisions of the Bye-laws relating to general meetings will *mutatis mutandis* apply, but (other than where there is only one person holding shares of a certain class, where the quorum shall be one) so that the necessary quorum (other than at an adjourned meeting) shall be two persons or (in the case of a member being a corporation) its duly authorised representative holding or representing by proxy not less than one-third in nominal value of the issued shares of that class and at any adjourned meeting two holders present in person or (in the case of a member being a corporation) its duly authorised representative or by proxy whatever the number of shares held by them shall be a quorum. Every holder of shares of the class shall be entitled to one vote for every such share held by him.

(e) Special resolution-majority required

A special resolution of the Company must be passed by a majority of not less than three-fourths of the votes cast by such members as, being entitled so to do, vote in person or, in the case of such members as are corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice of not less than twenty-one (21) clear days and not less than ten (10) clear business days specifying the intention to propose the resolution as a special resolution, has been duly given. Provided that if permitted by the Designed Stock Exchange (as defined in the Bye-laws), except in the case of an annual general meeting, if it is so agreed by a majority in number of the members having a right to attend and vote at such meeting, being a majority together holding not less than ninety-five per cent. (95%) in nominal value of the shares giving that right and, in the case of an annual general meeting, if so agreed by all members entitled to attend and vote thereat, a resolution may be proposed and passed as a special resolution at a meeting of which notice of less than twenty-one (21) clear days and not less than ten (10) clear business days has been given.

(f) Voting rights

Subject to any special rights or restrictions as to voting for the time being attached to any shares by or in accordance with the Bye-laws, at any general meeting on a poll every member present in person or by proxy or (being a corporation) by its duly authorised representative shall have one vote for every fully paid share of which he is the holder but so that no amount paid up or credited as paid up on a share in advance of calls or installments is treated for the foregoing purposes as paid up on the share.

A member entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

APPENDIX V**SUMMARY OF THE CONSTITUTION OF
THE COMPANY AND BERMUDA COMPANY LAW**

At any general meeting a resolution put to the vote of the meeting is to be decided by way of a poll.

If a recognised clearing house (or its nominee(s)) is a member of the Company it may authorise such persons as it thinks fit to act as its representative(s) at any meeting of the Company or at any meeting of any class of members of the Company provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. A person authorised pursuant to this provision shall be deemed to have been duly authorised without further evidence of the facts and be entitled to exercise the same powers on behalf of the recognised clearing house (or its nominee(s)) as if such person was the registered holder of the shares held by that clearing house (or its nominee(s)) in respect of the number and class of shares specified in the relevant authorisation.

Where the Company has any knowledge that any shareholder is, under the rules of the Designated Stock Exchange (as defined in the Bye-laws), required to abstain from voting on any particular resolution of the Company or restricted to voting only for or only against any particular resolution of the Company, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.

(g) Requirements for annual general meetings

An annual general meeting of the Company must be held in each year other than the year in which its statutory meeting is convened at such time (within a period of not more than 15 months after the holding of the last preceding annual general meeting unless a longer period would not infringe the rules of any Designated Stock Exchange (as defined in the Bye-laws)) and place as may be determined by the board.

(h) Accounts and audit

The board shall cause true accounts to be kept of the sums of money received and expended by the Company, and the matters in respect of which such receipt and expenditure take place, and of the property, assets, credits and liabilities of the Company and of all other matters required by the provisions of the Companies Act or necessary to give a true and fair view of the Company's affairs and to explain its transactions.

The accounting records shall be kept at the registered office or, subject to the Companies Act, at such other place or places as the board decides and shall always be open to inspection by any Director. No member (other than a Director) shall have any right of inspecting any accounting record or book or document of the Company except as conferred by law or authorised by the board or the Company in general meeting.

Subject to the Companies Act, a printed copy of the Directors' report, accompanied by the balance sheet and profit and loss account, including every document required by law to be annexed thereto, made up to the end of the applicable financial year and containing a summary of the assets and liabilities of the Company under convenient heads and a statement of income and expenditure, together with a copy of the auditors' report, shall be sent to each person entitled thereto at least twenty-one (21) days before the date of the general meeting and at the same time as the notice of annual general meeting and laid before the Company at the annual general meeting in accordance with the

APPENDIX V**SUMMARY OF THE CONSTITUTION OF
THE COMPANY AND BERMUDA COMPANY LAW**

requirements of the Companies Act provided that this provision shall not require a copy of those documents to be sent to any person whose address the Company is not aware of or to more than one of the joint holders of any shares or debentures; however, to the extent permitted by and subject to compliance with all applicable laws, including the rules of the Designated Stock Exchange (as defined in the Bye-laws), the Company may send to such persons summarised financial statements derived from the Company's annual accounts and the directors' report instead provided that any such person may by notice in writing served on the Company, demand that the Company sends to him, in addition to summarised financial statements, a complete printed copy of the Company's annual financial statement and the directors' report thereon.

Subject to the Companies Act, at the annual general meeting or at a subsequent special general meeting in each year, the members shall appoint an auditor to audit the accounts of the Company and such auditor shall hold office until the members appoint another auditor. Such auditor may be a member but no Director or officer or employee of the Company shall, during his continuance in office, be eligible to act as an auditor of the Company. The remuneration of the auditor shall be fixed by the Company in general meeting or in such manner as the members may determine.

The financial statements of the Company shall be audited by the auditor in accordance with generally accepted auditing standards. The auditor shall make a written report thereon in accordance with generally accepted auditing standards and the report of the auditor shall be submitted to the members in general meeting. The generally accepted auditing standards referred to herein may be those of a country or jurisdiction other than Bermuda. If the auditing standards of a country or jurisdiction other than Bermuda are used, the financial statements and the report of the auditor should disclose this fact and name such country and jurisdiction.

(i) Notices of meetings and business to be conducted thereat

An annual general meeting shall be called by notice of not less than twenty-one (21) clear days and not less than twenty (20) clear business days and any special general meeting at which it is proposed to pass a special resolution shall (save as set out in sub-paragraph (e) above) be called by notice of at least twenty-one (21) clear days and not less than ten (10) clear business days. All other special general meetings shall be called by notice of at least fourteen (14) clear days and not less than ten (10) clear business days. The notice must specify the time and place of the meeting and, in the case of special business, the general nature of that business. The notice convening an annual general meeting shall specify the meeting as such.

(j) Transfer of shares

All transfers of shares may be effected by an instrument of transfer in the usual or common form or in a form prescribed by the Designated Stock Exchange or in such other form as the board may approve and which may be under hand or, if the transferor or transferee is a clearing house or its nominee(s), by hand or by machine imprinted signature or by such other manner of execution as the board may approve from time to time. The instrument of transfer shall be executed by or on behalf of the transferor and the transferee provided that the board may dispense with the execution of the instrument of transfer by the transferee in any case in which it thinks fit, in its discretion, to do so and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members in respect thereof. The board may also resolve either generally or in

APPENDIX V**SUMMARY OF THE CONSTITUTION OF
THE COMPANY AND BERMUDA COMPANY LAW**

any particular case, upon request by either the transferor or the transferee, to accept mechanically executed transfers.

The board in so far as permitted by any applicable law may, in its absolute discretion, at any time and from time to time transfer any share upon the principal register to any branch register or any share on any branch register to the principal register or any other branch register.

Unless the board otherwise agrees, no shares on the principal register shall be transferred to any branch register nor may shares on any branch register be transferred to the principal register or any other branch register. All transfers and other documents of title shall be lodged for registration and registered, in the case of shares on a branch register, at the relevant registration office and, in the case of shares on the principal register, at the registered office in Bermuda or such other place in Bermuda at which the principal register is kept in accordance with the Companies Act.

The board may, in its absolute discretion, and without assigning any reason, refuse to register a transfer of any share (not being a fully paid up share) to a person of whom it does not approve or any share issued under any share incentive scheme for employees upon which a restriction on transfer imposed thereby still subsists, and it may also refuse to register any transfer of any share to more than four joint holders or any transfer of any share (not being a fully paid up share) on which the Company has a lien.

The board may decline to recognise any instrument of transfer unless a fee of such maximum sum as any Designated Stock Exchange (as defined in the Bye-laws) may determine to be payable or such lesser sum as the Directors may from time to time require is paid to the Company in respect thereof, the instrument of transfer, if applicable, is properly stamped, is in respect of only one class of share and is lodged at the relevant registration office or registered office or such other place at which the principal register is kept accompanied by the relevant share certificate(s) and such other evidence as the board may reasonably require to show the right of the transferor to make the transfer (and if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do).

The registration of transfers may be suspended and the register closed on giving notice by advertisement in an appointed newspaper and, where applicable, any other newspapers in accordance with the requirements of any Designated Stock Exchange (as defined in the Bye-laws), at such times and for such periods as the board may determine and either generally or in respect of any class of shares. The register of members shall not be closed for periods exceeding in the whole thirty (30) days in any year.

(k) Power for the Company to purchase its own shares

The Bye-laws supplement the Company's Memorandum of Association (which gives the Company the power to purchase its own shares) by providing that the power is exercisable by the board upon such terms and conditions as it thinks fit.

(l) Power for any subsidiary of the Company to own shares in the Company

There are no provisions in the Bye-laws relating to ownership of shares in the Company by a subsidiary.

APPENDIX V**SUMMARY OF THE CONSTITUTION OF
THE COMPANY AND BERMUDA COMPANY LAW**

(m) Dividends and other methods of distribution

Subject to the Companies Act, the Company in general meeting may declare dividends in any currency to be paid to the members but no dividend shall be declared in excess of the amount recommended by the board. The Company in general meeting may also make a distribution to its members out of contributed surplus (as ascertained in accordance with the Companies Act). No dividend shall be paid or distribution made out of contributed surplus if to do so would render the Company unable to pay its liabilities as they become due or the realisable value of its assets would thereby become less than the aggregate of its liabilities and its issued share capital and share premium account.

Except in so far as the rights attaching to, or the terms of issue of, any share may otherwise provide, (i) all dividends shall be declared and paid according to the amounts paid up on the shares in respect whereof the dividend is paid but no amount paid up on a share in advance of calls shall for this purpose be treated as paid up on the share and (ii) all dividends shall be apportioned and paid pro rata according to the amount paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. The Directors may deduct from any dividend or other monies payable to a member by the Company on or in respect of any shares all sums of money (if any) presently payable by him to the Company on account of calls or otherwise.

Whenever the board or the Company in general meeting has resolved that a dividend be paid or declared on the share capital of the Company, the board may further resolve either (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that the shareholders entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment, or (b) that shareholders entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the board may think fit. The Company may also upon the recommendation of the board by an ordinary resolution resolve in respect of any one particular dividend of the Company that it may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to shareholders to elect to receive such dividend in cash in lieu of such allotment.

Whenever the board or the Company in general meeting has resolved that a dividend be paid or declared the board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind.

All dividends or bonuses unclaimed for one year after having been declared may be invested or otherwise made use of by the board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends or bonuses unclaimed for six years after having been declared may be forfeited by the board and shall revert to the Company.

(n) Proxies

Any member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company or at a class meeting. A proxy need not be a member of the Company. In addition, a proxy or proxies representing either a member who is an individual or a

APPENDIX V**SUMMARY OF THE CONSTITUTION OF
THE COMPANY AND BERMUDA COMPANY LAW**

member which is a corporation shall be entitled to exercise the same powers on behalf of the member which he or they represent as such member could exercise.

(o) Call on shares and forfeiture of shares

Subject to the Bye-laws and to the terms of allotment, the board may from time to time make such calls upon the members in respect of any monies unpaid on the shares held by them respectively (whether on account of the nominal value of the shares or by way of premium). A call may be made payable either in one lump sum or by installments. If the sum payable in respect of any call or installment is not paid on or before the day appointed for payment thereof, the person or persons from whom the sum is due shall pay interest on the same at such rate not exceeding twenty per cent. (20%) per annum as the board may agree to accept from the day appointed for the payment thereof to the time of actual payment, but the board may waive payment of such interest wholly or in part. The board may, if it thinks fit, receive from any member willing to advance the same, either in money or money's worth, all or any part of the monies uncalled and unpaid or installments payable upon any shares held by him, and upon all or any of the monies so advanced the Company may pay interest at such rate (if any) as the board may decide.

If a member fails to pay any call on the day appointed for payment thereof, the board may serve not less than fourteen (14) clear days' notice on him requiring payment of so much of the call as is unpaid, together with any interest which may have accrued and which may still accrue up to the date of actual payment and stating that, in the event of non-payment at or before the time appointed, the shares in respect of which the call was made will be liable to be forfeited.

If the requirements of any such notice are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the board to that effect.

Such forfeiture will include all dividends and bonuses declared in respect of the forfeited share and not actually paid before the forfeiture.

A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares but shall, notwithstanding, remain liable to pay to the Company all monies which, at the date of forfeiture, were payable by him to the Company in respect of the shares, together with (if the board shall in its discretion so require) interest thereon from the date of forfeiture until the date of actual payment at such rate not exceeding twenty per cent. (20%) per annum as the board determines.

(p) Inspection of register of members

The register and branch register of members shall be open to inspection between 10:00 a.m. and 12:00 noon on every business day by members of the public without charge at the registered office or such other place in Bermuda at which the register is kept in accordance with the Companies Act, unless the register is closed in accordance with the Companies Act.

(q) Quorum for meetings and separate class meetings

For all purposes the quorum for a general meeting shall be two members present in person or (in the case of a member being a corporation) by its duly authorised representative or by proxy and

APPENDIX V**SUMMARY OF THE CONSTITUTION OF
THE COMPANY AND BERMUDA COMPANY LAW**

entitled to vote. In respect of a separate class meeting (other than an adjourned meeting) convened to sanction the modification of class rights the necessary quorum shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class.

(r) Rights of the minorities in relation to fraud or oppression

There are no provisions in the Bye-laws relating to rights of minority shareholders in relation to fraud or oppression. However, certain remedies are available to shareholders of the Company under Bermuda law, as summarised in paragraph 4(e) of this Appendix.

(s) Procedures on liquidation

A resolution that the Company be wound up by the court or be wound up voluntarily shall be a special resolution.

If the Company shall be wound up (whether the liquidation is voluntary or by the court) the liquidator may, with the authority of a special resolution and any other sanction required by the Companies Act, divide among the members in specie or kind the whole or any part of the assets of the Company whether the assets shall consist of property of one kind or shall consist of properties of different kinds and the liquidator may, for such purpose, set such value as he deems fair upon any one or more class or classes of property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members. The liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator, with the like authority, shall think fit, but so that no contributory shall be compelled to accept any shares or other property in respect of which there is a liability.

(t) Untraceable members

The Company may sell any of the shares of a member who is untraceable if (i) all cheques or warrants (being not less than three in total number) for any sum payable in cash to the holder of such shares have remained uncashed for a period of 12 years; (ii) upon the expiry of the 12 year period, the Company has not during that time received any indication of the existence of the member; and (iii) the Company has caused an advertisement to be published in accordance with the rules of the Designated Stock Exchange (as defined in the Bye-laws) giving notice of its intention to sell such shares and a period of three months, or such shorter period as may be permitted by the Designated Stock Exchange (as defined in the Bye-laws), has elapsed since such advertisement and the Designated Stock Exchange (as defined in the Bye-laws) has been notified of such intention. The net proceeds of any such sale shall belong to the Company and upon receipt by the Company of such net proceeds, it shall become indebted to the former member of the Company for an amount equal to such net proceeds.

(u) Other provisions

The Bye-laws provide that to the extent that it is not prohibited by and is in compliance with the Companies Act, if warrants to subscribe for shares have been issued by the Company and the Company does any act or engages in any transaction which would result in the subscription price of such warrants being reduced below the par value of a share, a subscription rights reserve shall be established and applied in paying up the difference between the subscription price and the par value of a share on any exercise of the warrants.

APPENDIX V**SUMMARY OF THE CONSTITUTION OF
THE COMPANY AND BERMUDA COMPANY LAW**

The Bye-laws also provide that the Company is required to maintain at its registered office a register of directors and officers in accordance with the provisions of the Companies Act and such register is open to inspection by members of the public without charge between 10:00 a.m. and 12:00 noon on every business day.

3. VARIATION OF MEMORANDUM OF ASSOCIATION AND BYE-LAWS

The Memorandum of Association may be altered by the Company in general meeting. The Bye-laws may be amended by the Directors subject to the confirmation of the Company in general meeting. The Bye-laws state that a special resolution shall be required to alter the provisions of the Memorandum of Association or to confirm any amendment to the Bye-laws or to change the name of the Company. For these purposes, a resolution is a special resolution if it has been passed by a majority of not less than three-fourths of the votes cast by such members of the Company as, being entitled to do so, vote in person or, in the case of such members as are corporations, by their respective duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which not less than twenty-one (21) clear days' notice specifying the intention to propose the resolution as a special resolution has been duly given. Except in the case of an annual general meeting, the requirement of twenty-one (21) clear days' notice may be waived by a majority in number of the members having the right to attend and vote at the relevant meeting, being a majority together holding not less than 95 percent in nominal value of the shares giving that right.

4. BERMUDA COMPANY LAW

The Company is incorporated in Bermuda and, therefore, operates subject to Bermuda law. Set out below is a summary of certain provisions of Bermuda company law, although this does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of Bermuda company law and taxation, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar:

(a) Share capital

The Companies Act provides that where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount or value of the premiums on those shares shall be transferred to an account, to be called the "share premium account", to which the provisions of the Companies Act relating to a reduction of share capital of a company shall apply as if the share premium account were paid up share capital of the company except that the share premium account may be applied by the company:

- (i) in paying up unissued shares of the company to be issued to members of the company as fully paid bonus shares;
- (ii) in writing off:
 - (aa) the preliminary expenses of the company; or
 - (bb) the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company; or
- (iii) in providing for the premiums payable on redemption of any shares or of any debentures of the company.

APPENDIX V

SUMMARY OF THE CONSTITUTION OF THE COMPANY AND BERMUDA COMPANY LAW

In the case of an exchange of shares the excess value of the shares acquired over the nominal value of the shares being issued may be credited to a contributed surplus account of the issuing company.

The Companies Act permits a company to issue preference shares and subject to the conditions stipulated therein to convert those preference shares into redeemable preference shares.

The Companies Act includes certain protections for holders of special classes of shares, requiring their consent to be obtained before their rights may be varied. Where provision is made by the memorandum of association or bye-laws for authorising the variation of rights attached to any class of shares in the company, the consent of the specified proportions of the holders of the issued shares of that class or the sanction of a resolution passed at a separate meeting of the holders of those shares is required, and where no provision for varying such rights is made in the memorandum of association or bye-laws and nothing therein precludes a variation of such rights, the written consent of the holders of three-fourths of the issued shares of that class or the sanction of a resolution passed as aforesaid is required.

(b) Financial assistance to purchase shares of a company or its holding company

A company is prohibited from providing financial assistance for the purpose of an acquisition of its own or its holding company's shares unless there are reasonable grounds for believing that the company is, and would after the giving of such financial assistance be, able to pay its liabilities as they become due. In certain circumstances, the prohibition from giving financial assistance may be excluded such as where the assistance is only an incidental part of a larger purpose or the assistance is of an insignificant amount such as the payment of minor costs.

(c) Purchase of shares and warrants by a company and its subsidiaries

A company may, if authorised by its memorandum of association or bye-laws, purchase its own shares. Such purchases may only be effected out of the capital paid up on the purchased shares or out of the funds of the company otherwise available for dividend or distribution or out of the proceeds of a fresh issue of shares made for the purpose. Any premium payable on a purchase over the par value of the shares to be purchased must be provided for out of funds of the company otherwise available for dividend or distribution or out of the company's share premium account. Any amount due to a shareholder on a purchase by a company of its own shares may (i) be paid in cash; (ii) be satisfied by the transfer of any part of the undertaking or property of the company having the same value; or (iii) be satisfied partly under (i) and partly under (ii). Any purchase by a company of its own shares may be authorised by its board of directors or otherwise by or in accordance with the provisions of its bye-laws. Such purchase may not be made if, on the date on which the purchase is to be effected, there are reasonable grounds for believing that the company is, or after the purchase would be, unable to pay its liabilities as they become due. The shares so purchased may either be cancelled or held as treasury shares. Any purchased shares that are cancelled will, in effect, revert to the status of authorised but unissued shares. If shares of the company are held as treasury shares, the company is prohibited to exercise any rights in respect of those shares, including any right to attend and vote at meetings, including a meeting under a scheme of arrangement, and any purported exercise of such a right is void. No dividend shall be paid to the company in respect of shares held by the company as treasury shares; and no other distribution (whether in cash or otherwise) of the company's assets (including any distribution of assets to members on a winding up) shall be made to the company in respect of shares

APPENDIX V**SUMMARY OF THE CONSTITUTION OF
THE COMPANY AND BERMUDA COMPANY LAW**

held by the company as treasury shares. Any shares allotted by the company as fully paid bonus shares in respect of shares held by the company as treasury shares shall be treated for the purposes of the Companies Act as if they had been acquired by the company at the time they were allotted.

A company is not prohibited from purchasing and may purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. There is no requirement under Bermuda law that a company's memorandum of association or its bye-laws contain a specific provision enabling such purchases.

Under Bermuda law, a subsidiary may hold shares in its holding company and in certain circumstances, may acquire such shares. The holding company is, however, prohibited from giving financial assistance for the purpose of the acquisition, subject to certain circumstances provided by the Companies Act. A company, whether a subsidiary or a holding company, may only purchase its own shares if it is authorised to do so in its memorandum of association or bye-laws pursuant to section 42A of the Companies Act.

(d) Dividends and distributions

A company may not declare or pay a dividend, or make a distribution out of contributed surplus, if there are reasonable grounds for believing that (i) the company is, or would after the payment be, unable to pay its liabilities as they become due; or (ii) the realisable value of the company's assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts. Contributed surplus is defined for purposes of section 54 of the Companies Act to include the proceeds arising from donated shares, credits resulting from the redemption or conversion of shares at less than the amount set up as nominal capital and donations of cash and other assets to the company.

(e) Protection of minorities

Class actions and derivative actions are generally not available to shareholders under the laws of Bermuda. The Bermuda courts, however, would ordinarily be expected to permit a shareholder to commence an action in the name of a company to remedy a wrong done to the company where the act complained of is alleged to be beyond the corporate power of the company or is illegal or would result in the violation of the company's memorandum of association and bye-laws. Furthermore, consideration would be given by the court to acts that are alleged to constitute a fraud against the minority shareholders or, for instance, where an act requires the approval of a greater percentage of the company's shareholders than actually approved it.

Any member of a company who complains that the affairs of the company are being conducted or have been conducted in a manner oppressive or prejudicial to the interests of some part of the members, including himself, may petition the court which may, if it is of the opinion that to wind up the company would unfairly prejudice that part of the members but that otherwise the facts would justify the making of a winding up order on just and equitable grounds, make such order as it thinks fit, whether for regulating the conduct of the company's affairs in future or for the purchase of shares of any members of the company by other members of the company or by the company itself and in the case of a purchase by the company itself, for the reduction accordingly of the company's capital, or otherwise. Bermuda law also provides that the company may be wound up by the Bermuda court, if the court is of the opinion that it is just and equitable to do so. Both these provisions are available to

APPENDIX V**SUMMARY OF THE CONSTITUTION OF
THE COMPANY AND BERMUDA COMPANY LAW**

minority shareholders seeking relief from the oppressive conduct of the majority, and the court has wide discretion to make such orders as it thinks fit.

Except as mentioned above, claims against a company by its shareholders must be based on the general laws of contract or tort applicable in Bermuda.

A statutory right of action is conferred on subscribers of shares in a company against persons, including directors and officers, responsible for the issue of a document in respect of damage suffered by reason of an untrue statement therein, but this confers no right of action against the company itself. In addition, such company, as opposed to its shareholders, may take action against its officers including directors, for breach of their statutory and fiduciary duty to act honestly and in good faith with a view to the best interests of the company.

(f) Management

The Companies Act contains no specific restrictions on the power of directors to dispose of assets of a company, although it specifically requires that every officer of a company, which includes a director, managing director and secretary, in exercising his powers and discharging his duties must do so honestly and in good faith with a view to the best interests of the company and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. Furthermore, the Companies Act requires that every officer should comply with the Companies Act, regulations passed pursuant to the Companies Act and the bye-laws of the company. The directors of a company may, subject to the bye-laws of the company, exercise all the powers of the company except those powers that are required by the Companies Act or the bye-laws to be exercised by the members of the company.

(g) Accounting and auditing requirements

The Companies Act requires a company to cause proper records of accounts to be kept with respect to (i) all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place; (ii) all sales and purchases of goods by the company and (iii) the assets and liabilities of the company.

Furthermore, it requires that a company keeps its records of account at the registered office of the company or at such other place as the directors think fit and that such records shall at all times be open to inspection by the directors or the resident representative of the company. If the records of account are kept at some place outside Bermuda, there shall be kept at the office of the company in Bermuda such records as will enable the directors or the resident representative of the company to ascertain with reasonable accuracy the financial position of the company at the end of each three month period, except that where the company is listed on an appointed stock exchange, there shall be kept such records as will enable the directors or the resident representative of the company to ascertain with reasonable accuracy the financial position of the company at the end of each six month period.

The Companies Act requires that the directors of the company must, at least once a year, lay before the company in general meeting financial statements for the relevant accounting period. Further, the company's auditor must audit the financial statements so as to enable him to report to the members. Based on the results of his audit, which must be made in accordance with generally accepted auditing standards, the auditor must then make a report to the members. The generally accepted auditing

APPENDIX V**SUMMARY OF THE CONSTITUTION OF
THE COMPANY AND BERMUDA COMPANY LAW**

standards may be those of a country or jurisdiction other than Bermuda or such other generally accepted auditing standards as may be appointed by the Minister of Finance of Bermuda under the Companies Act; and where the generally accepted auditing standards used are other than those of Bermuda, the report of the auditor shall identify the generally accepted auditing standards used. All members of the company are entitled to receive a copy of every financial statement prepared in accordance with these requirements, at least five (5) days before the general meeting of the company at which the financial statements are to be tabled. A company the shares of which are listed on an appointed stock exchange may send to its members summarized financial statements instead. The summarized financial statements must be derived from the company's financial statements for the relevant period and contain the information set out in the Companies Act. The summarized financial statements sent to the company's members must be accompanied by an auditor's report on the summarized financial statements and a notice stating how a member may notify the company of his election to receive financial statements for the relevant period and/or for subsequent periods.

The summarized financial statements together with the auditor's report thereon and the accompanied notice must be sent to the members of the company not less than twenty-one (21) days before the general meeting at which the financial statements are laid. Copies of the financial statements must be sent to a member who elects to receive the same within seven (7) days of receipt by the company of the member's notice of election.

(h) Auditors

At each annual general meeting, a company must appoint an auditor to hold office until the close of the next annual general meeting; however, this requirement may be waived if all of the shareholders and all of the directors, either in writing or at the general meeting, agree that there shall be no auditor.

A person, other than an incumbent auditor, shall not be capable of being appointed auditor at an annual general meeting unless notice in writing of an intention to nominate that person to the office of auditor has been given not less than twenty-one (21) days before the annual general meeting. The company must send a copy of such notice to the incumbent auditor and give notice thereof to the members not less than seven (7) days before the annual general meeting. An incumbent auditor may, however, by notice in writing to the secretary of the company waive the requirements of the foregoing.

Where an auditor is appointed to replace another auditor, the new auditor must seek from the replaced auditor a written statement as to the circumstances of the latter's replacement. If the replaced auditor does not respond within fifteen (15) days, the new auditor may act in any event. An appointment as auditor of a person who has not requested a written statement from the replaced auditor is voidable by a resolution of the shareholders at a general meeting. An auditor who has resigned, been removed or whose term of office has expired or is about to expire, or who has vacated office is entitled to attend the general meeting of the company at which he is to be removed or his successor is to be appointed; to receive all notices of, and other communications relating to, that meeting which a member is entitled to receive; and to be heard at that meeting on any part of the business of the meeting that relates to his duties as auditor or former auditor.

(i) Exchange control

An exempted company is usually designated as "non-resident" for Bermuda exchange control purposes by the Bermuda Monetary Authority. Where a company is so designated, it is free to deal in

APPENDIX V**SUMMARY OF THE CONSTITUTION OF
THE COMPANY AND BERMUDA COMPANY LAW**

currencies of countries outside the Bermuda exchange control area which are freely convertible into currencies of any other country. The permission of the Bermuda Monetary Authority is required for the issue of shares and securities by the company and the subsequent transfer of such shares and securities. In granting such permission, the Bermuda Monetary Authority accepts no responsibility for the financial soundness of any proposals or for the correctness of any statements made or opinions expressed in any document with regard to such issue. Before the company can issue or transfer any further shares and securities in excess of the amounts already approved, it must obtain the prior consent of the Bermuda Monetary Authority.

The Bermuda Monetary Authority has granted general permission for the issue and transfer of shares and securities to and between persons regarded as resident outside Bermuda for exchange control purposes without specific consent for so long as any equity securities, including shares, are listed on an appointed stock exchange (as defined in the Companies Act). Issues to and transfers involving persons regarded as "resident" for exchange control purposes in Bermuda will be subject to specific exchange control authorisation.

(j) Taxation

Under present Bermuda law, no Bermuda withholding tax on dividends or other distributions, nor any Bermuda tax computed on profits or income or on any capital asset, gain or appreciation will be payable by an exempted company or its operations, nor is there any Bermuda tax in the nature of estate duty or inheritance tax applicable to shares, debentures or other obligations of the company held by non-residents of Bermuda. Furthermore, a company may apply to the Minister of Finance of Bermuda for an assurance, under the Exempted Undertakings Tax Protection Act 1966 of Bermuda, that no such taxes shall be so applicable until 28th March 2016, although this assurance will not prevent the imposition of any Bermuda tax payable in relation to any land in Bermuda leased or let to the company or to persons ordinarily resident in Bermuda.

(k) Stamp duty

An exempted company is exempt from all stamp duties except on transactions involving "Bermuda property". This term relates, essentially, to real and personal property physically situated in Bermuda, including shares in local companies (as opposed to exempted companies). Transfers of shares and warrants in all exempted companies are exempt from Bermuda stamp duty.

(l) Loans to directors

Bermuda law prohibits the making of loans by a company to any of its directors or to their families or companies in which they hold more than a twenty per cent. (20%) interest, without the consent of any member or members holding in aggregate not less than nine-tenths of the total voting rights of all members having the right to vote at any meeting of the members of the company. These prohibitions do not apply to (a) anything done to provide a director with funds to meet the expenditure incurred or to be incurred by him for the purposes of the company, provided that the company gives its prior approval at a general meeting or, if not, the loan is made on condition that it will be repaid within six months of the next following annual general meeting if the loan is not approved at or before such meeting, (b) in the case of a company whose ordinary business includes the lending of money or the giving of guarantees in connection with loans made by other persons, anything done by the company in the ordinary course of that business, or (c) any advance of moneys by the company to any officer or

APPENDIX V**SUMMARY OF THE CONSTITUTION OF
THE COMPANY AND BERMUDA COMPANY LAW**

auditor under Section 98(2)(c) of the Companies Act which allows the company to advance moneys to an officer or auditor of the company for the costs incurred in defending any civil or criminal proceedings against them, on condition that the officer or auditor shall repay the advance if any allegation of fraud or dishonesty is proved against them. If the approval of the company is not given for a loan, the directors who authorised it will be jointly and severally liable for any loss arising therefrom.

(m) Inspection of corporate records

Members of the general public have the right to inspect the public documents of a company available at the office of the Registrar of Companies in Bermuda which will include the company's certificate of incorporation, its memorandum of association (including its objects and powers) and any alteration to the company's memorandum of association. The members of the company have the additional right to inspect the bye-laws of a company, minutes of general meetings and the company's audited financial statements, which must be presented to the annual general meeting. Minutes of general meetings of a company are also open for inspection by directors of the company without charge for not less than two (2) hours during business hours each day. The register of members of a company is open for inspection by members of the public without charge. The company is required to maintain its share register in Bermuda but may, subject to the provisions of the Companies Act, establish a branch register outside Bermuda. Any branch register of members established by the company is subject to the same rights of inspection as the principal register of members of the company in Bermuda. Any person may on payment of a fee prescribed by the Companies Act require a copy of the register of members or any part thereof which must be provided within fourteen (14) days of a request. Bermuda law does not, however, provide a general right for members to inspect or obtain copies of any other corporate records.

A company is required to maintain a register of directors and officers at its registered office and such register must be made available for inspection for not less than two (2) hours in each day by members of the public without charge. If summarized financial statements are sent by a company to its members pursuant to section 87A of the Companies Act, a copy of the summarized financial statements must be made available for inspection by the public at the registered office of the company in Bermuda.

(n) Winding up

A company may be wound up by the Bermuda court on application presented by the company itself, its creditors or its contributors. The Bermuda court also has authority to order winding up in a number of specified circumstances including where it is, in the opinion of the Bermuda court, just and equitable that such company be wound up.

A company may be wound up voluntarily when the members so resolve in general meeting, or, in the case of a limited duration company, when the period fixed for the duration of the company by its memorandum expires, or the event occurs on the occurrence of which the memorandum provides that the company is to be dissolved. In the case of a voluntary winding up, such company is obliged to cease to carry on its business from the time of passing the resolution for voluntary winding up or upon the expiry of the period or the occurrence of the event referred to above. Upon the appointment of a

APPENDIX V**SUMMARY OF THE CONSTITUTION OF
THE COMPANY AND BERMUDA COMPANY LAW**

liquidator, the responsibility for the company's affairs rests entirely in his hands and no future executive action may be carried out without his approval.

Where, on a voluntary winding up, a majority of directors make a statutory declaration of solvency, the winding up will be a members' voluntary winding up. In any case where such declaration has not been made, the winding up will be a creditors' voluntary winding up.

In the case of a members' voluntary winding up of a company, the company in general meeting must appoint one or more liquidators within the period prescribed by the Companies Act for the purpose of winding up the affairs of the company and distributing its assets. If the liquidator at any time forms the opinion that such company will not be able to pay its debts in full, he is obliged to summon a meeting of creditors.

As soon as the affairs of the company are fully wound up, the liquidator must make up an account of the winding up, showing how the winding up has been conducted and the property of the company has been disposed of, and thereupon call a general meeting of the company for the purposes of laying before it the account and giving an explanation thereof. This final general meeting requires at least one month's notice published in an appointed newspaper in Bermuda.

In the case of a creditors' voluntary winding up of a company, the company must call a meeting of creditors of the company to be summoned on the day following the day on which the meeting of the members at which the resolution for winding up is to be proposed is held. Notice of such meeting of creditors must be sent at the same time as notice is sent to members. In addition, such company must cause a notice to appear in an appointed newspaper on at least two occasions.

The creditors and the members at their respective meetings may nominate a person to be liquidator for the purposes of winding up the affairs of the company provided that if the creditors nominate a different person, the person nominated by the creditors shall be the liquidator. The creditors at the creditors' meeting may also appoint a committee of inspection consisting of not more than five persons.

If a creditors' winding up continues for more than one year, the liquidator is required to summon a general meeting of the company and a meeting of the creditors at the end of each year to lay before such meetings an account of his acts and dealings and of the conduct of the winding up during the preceding year. As soon as the affairs of the company are fully wound up, the liquidator must make an account of the winding up, showing how the winding up has been conducted and the property of the company has been disposed of, and thereupon shall call a general meeting of the company and a meeting of the creditors for the purposes of laying the account before such meetings and giving an explanation thereof.

5. GENERAL

Conyers Dill & Pearman, the Company's legal advisers on Bermuda law, have sent to the Company a letter of advice summarising certain aspects of Bermuda company law. This letter, together with a copy of the Companies Act, is available for inspection as referred to in the paragraph headed "[●]" in Appendix [●]. Any person wishing to have a detailed summary of Bermuda company law or advice on the differences between it and the laws of any jurisdiction with which he is more familiar is recommended to seek independent legal advice.

APPENDIX VI

STATUTORY AND GENERAL INFORMATION

A. FURTHER INFORMATION ABOUT THE COMPANY

1. Incorporation

The Company was incorporated in Bermuda as an exempted company under the Companies Act on 21 December 2006. The Company has established a place of business in Hong Kong at 11/F, 10 Shing Yip Street, Kwun Tong, Kowloon, Hong Kong, and has been registered on 19 June 2008 with the Companies Registry as a non-Hong Kong company in Hong Kong under Part XI of the Companies Ordinance. Each of Mr. Wong Yat Ming and Ms. Yiu Yuen Wah, Christiana has been appointed as the agent of the Company for acceptance of service of process and notices in Hong Kong.

As the Company is incorporated in Bermuda, its corporate affairs are subject to the Companies Act and to its constitutive documents comprising the Memorandum of Association and the Bye-laws. A summary of various provisions of its constitutive documents and relevant aspects of the Companies Act is set out in Appendix V to this document.

2. Changes in share capital of the Company

The Company was incorporated on 21 December 2006 with an authorised share capital of HK\$100,000 divided into 1,000,000 Shares.

On 28 December 2006, 1,000,000 Shares were allotted and issued to LiFung Trinity for cash at par.

On 1 September 2007, the authorised share capital of the Company was increased from HK\$100,000 divided into 1,000,000 Shares to HK\$200,000,000 divided into 2,000,000,000 Shares by the creation of 1,999,000,000 new Shares.

On 24 September 2007:

- (a) pursuant to a subscription and assignment agreement dated 24 September 2007 entered into between LiFung Trinity, the Company and BLS Holdings, 328,000,000 Shares were issued to LiFung Trinity credited as fully paid at a total consideration of HK\$82,000,000, representing an issue price of HK\$0.25 per Share, such consideration was satisfied by assignment to the Company by LiFung Trinity of an amount of HK\$82,000,000 owed to LiFung Trinity by BLS Holdings; and
- (b) pursuant to a subscription agreement dated 24 September 2007 entered into between the Company, LiFung Trinity and Fung Trinity Holdings, 611,999,999 Shares were issued to LiFung Trinity and 1 Share was issued to Fung Trinity Holdings holding on trust for LiFung Trinity, all credited as fully paid at a total consideration of HK\$153,000,000, representing an issue price of HK\$0.25 per Share.

On 7 December 2007, 82,337,500 fully paid-up Shares were allotted and issued to Horsford Nominees Ltd. at a total consideration of HK\$292,298,125.

On 8 December 2007:

- (a) 55,035,935 Shares were allotted and issued to Flank & Co. fully paid at a total consideration of HK\$195,377,569.25;
- (b) 649,530 Shares were allotted and issued to Circus & Co. fully paid at a total consideration of HK\$2,305,831.50;

APPENDIX VI

STATUTORY AND GENERAL INFORMATION

- (c) 15,198,335 Shares were allotted and issued to Flight & Co. fully paid at a total consideration of HK\$53,954,089.25; and
- (d) 11,453,700 Shares were allotted and issued to Resortstream & Co. fully paid at a total consideration of HK\$40,660,635.

On 21 December 2007, 21,760,625 fully paid-up Shares were allotted and issued to J.P. Morgan Securities Ltd. at a total consideration of HK\$77,250,218.75.

On 27 December 2007, 21,760,625 fully paid-up Shares were allotted and issued to Citigroup Global Markets Financial Products LLC at a total consideration of HK\$77,250,218.75.

On 23 January 2008:

- (a) 10,351,000 Shares were allotted and issued to Eagle Bright Group Limited fully paid at a total consideration of HK\$36,746,050;
- (b) 10,351,000 Shares were allotted and issued to Megacom Enterprises Limited fully paid at a total consideration of HK\$36,746,050;
- (c) 4,234,500 Shares were allotted and issued to Martinville Holdings Limited fully paid at a total consideration of HK\$15,032,475; and
- (d) 2,117,250 Shares were allotted and issued to Mr. Wong Yat Ming fully paid at a total consideration of HK\$7,516,237.50.

On 28 January 2008, 2,117,250 Shares were allotted and issued to Mr. Leong Kwok Yee fully paid at a total consideration of HK\$7,516,237.50.

On 29 January 2008, 26,805,633 fully paid up Shares were allotted and issued to Renown as consideration for the transfer of 2,450,490 shares in Trinity China (BVI) (representing 49% of the issued share capital thereof) by Renown to LiFung Trinity JV.

Save as disclosed herein and in the paragraphs headed "A. Further Information about the Company — 3. Resolutions of the Shareholders passed on 16 October, 2009" and "A. Further Information about the Company — 4. Reorganisation" in this Appendix, the Company does not have any changes in its share capital since its incorporation.

3. Resolutions of the Shareholders passed on 16 October, 2009

Resolutions of the Shareholders were passed on 16 October, 2009 which resolved amongst other things:

- (a) the Company conditionally approved and adopted the Bye-laws, the provisions of which are summarised in Appendix V to this document;
- (b) the authorised share capital of the Company was increased from HK\$200,000,000 divided into 2,000,000,000 shares of HK\$0.10 each to HK\$400,000,000 divided into 4,000,000,000 shares of HK\$0.10 each;
- (c) [●]
 - (ii) the rules of the Post-[●] Share Option Scheme (subject to such amendments as may be approved by the Directors or a committee thereof) were conditionally approved and adopted and the Directors were authorised to grant options to subscribe for the Shares thereunder and to allot, issue and deal with the Shares pursuant to the exercise of options granted under the Post-[●] Share Option Scheme;

APPENDIX VI

STATUTORY AND GENERAL INFORMATION

- (iii) a general unconditional mandate was given to the Directors to allot, issue and deal with the Shares (including the power to make or grant offers, agreements and options which would or might require the exercise of such powers), otherwise than pursuant to (ww) a rights issue; (xx) the exercise of rights of subscription, exchange or conversion under the terms of any warrants or convertible securities issued by the Company or any securities which are exchangeable into Shares; (yy) the exercise of the subscription rights under options granted under the Pre-[●] Share Option Scheme or the Post-[●] Share Option Scheme or any other similar arrangement of the Company from time to time adopted for the grant or issue to officers and/or employees and/or consultants and/or advisors of the Company and/or any of its subsidiaries and/or other persons of Shares or rights to acquire Shares; or (zz) any scrip dividend or similar arrangement providing for allotment of Shares in lieu of the whole or part of a dividend on Shares in accordance with the Bye-laws of the Company, with an aggregate nominal amount not exceeding the sum of (aa) 20% of the aggregate nominal amount of the share capital of the Company in issue immediately following the completion of the [●] (such share capital being inclusive of any Shares which may be issued pursuant to the exercise of the [●]); and (bb) the aggregate nominal amount of the share capital of the Company which may be repurchased by the Company pursuant to the authority granted to the Directors as referred to in paragraph (iv) below, until the conclusion of the next annual general meeting of the Company or the expiration of the period within which the next annual general meeting of the Company is required to be held by the Bye-laws or the Companies Act or any other applicable laws or the date of passing of an ordinary resolution by the Shareholders at general meeting revoking or varying the authority given to the Directors, whichever occurs first;
- (iv) a general unconditional mandate was given to the Directors to exercise all powers of the Company to repurchase Shares on the Stock Exchange or other stock exchange on which Shares may be listed and recognised by the SFC and the Stock Exchange for this purpose, with an aggregate nominal amount not exceeding 10% of the aggregate nominal amount of the share capital of the Company in issue immediately following the completion of the [●] (such share capital being inclusive of any Shares which may be issued pursuant to the exercise of the [●]) until the conclusion of the next annual general meeting of the Company or the expiration of the period within which the next annual general meeting of the Company is required to be held by the Bye-laws or the Companies Act or any other applicable laws or the date of passing of an ordinary resolution by the Shareholders at general meeting revoking or varying the authority given to the Directors, whichever occurs first; and
- (v) the general unconditional mandate mentioned in paragraph (iii) above was extended by the addition to the aggregate nominal value of the share capital of the Company which may be allotted or agreed to be allotted by the Directors pursuant to such general mandate of an amount representing the aggregate nominal value of the share capital of the Company repurchased by the Company pursuant to the mandate to repurchase Shares referred to in paragraph (iv) above, provided that such extended amount shall not exceed 10% of the aggregate nominal value of the share capital of the Company in issue immediately following the completion of the [●] (such share capital being inclusive of any Shares which may be issued pursuant to the exercise of the [●]).

APPENDIX VI**STATUTORY AND GENERAL INFORMATION**

4. Reorganisation

The companies in the Group underwent a reorganisation to rationalise the Group's structure in preparation for the [●] which involved the following:

(a) Incorporation of new companies

- (i) On 23 March 2006, LiFung Trinity was incorporated in the BVI and on 18 April 2006, one share of US\$1 was allotted and issued to Fung Trinity Holdings.
- (ii) On 6 April 2006, LiFung Trinity (Management) was incorporated in Hong Kong and one share of HK\$1 was subscribed by the subscriber and on 25 May 2006, such share was transferred to LiFung Trinity at par as the sole shareholder.
- (iii) On 12 May 2006, LiFung Trinity JV was incorporated in the BVI and on 16 June 2006, one share of US\$1 was allotted and issued to LiFung Trinity as the sole shareholder.
- (iv) On 18 May 2006, LiFung International Brands was incorporated in Hong Kong and one share of HK\$1 was subscribed by the subscriber and on 9 June 2006, such share was transferred to LiFung Trinity at par as the sole shareholder.
- (v) On 8 December 2006, International Brands Holdings was incorporated in the BVI and on 28 December 2006, one share of US\$1 was allotted and issued to LiFung Trinity as the sole shareholder.
- (vi) On 8 December 2006, LiFung Trinity Services was incorporated in the BVI and on 28 December 2006, one share of US\$1 was allotted and issued to LiFung Trinity as the sole shareholder.
- (vii) On 21 December 2006, the Company was incorporated in Bermuda and on 28 December 2006, 1,000,000 shares of par value HK\$0.10 each were allotted and issued to LiFung Trinity for cash at par.

(b) Injection of new members into the Group

- (i) Acquisition of Green Group

By way of the following transactions, the Group acquired Green Group (except certain dormant companies):

- (aa) share transfer on 18 September 2006 between LiFung Trinity (as transferor) and LiFung Trinity JV (as transferee) for the acquisition of 51% of the issued share capital of Trinity China (BVI) at consideration of HK\$290,000,000; and
- (bb) share transfer agreement dated 31 December 2006 entered into between LiFung Trinity (as transferor) and International Brands Holdings (as transferee) for the acquisitions of the entire issued share capital of each of A.T., Champion, Concord, Golden Palace, Million Venture and Trubest at consideration of HK\$7,200,000, HK\$57,000,000, HK\$74,000,000, HK\$153,000,000, HK\$142,000,000 and HK\$150,000,000, respectively, completion of which took place on the same day.

APPENDIX VI

STATUTORY AND GENERAL INFORMATION

(ii) Acquisition of DDL Group

By way of the following transactions, the Group acquired DDL Group (except a dormant company):

- (aa) share transfer agreement dated 31 December 2006 between LiFung Trinity (as transferor), Trinity Retail (HK) (as transferor) and LiFung Trinity JV (as transferee) for the acquisition of the entire issued share capital of Trinity Retail at an aggregate consideration of HK\$50,971,429, completion of which took place on the same day;
- (bb) a share transfer agreement dated 31 December 2006 entered into between LiFung Trinity (as transferor) and LiFung Trinity JV (as transferee) for the acquisition of the entire issued share capital of Trinity Retail (HK) at consideration of HK\$761,560,000, completion of which took place on the same day; and
- (cc) share transfer agreement dated 29 March 2007 entered into between LiFung Trinity (as transferor) and LiFung Trinity JV (as transferee) for the acquisition of 10% of the issued share capital of DDM, at consideration of MOP1, completion of which took place on the same day.

(iii) Acquisition of other members

- (aa) Pursuant to a share transfer agreement dated 31 December 2006 entered into between Trinity Textiles HK and LiFung Trinity Services, Trinity Textiles HK transferred to LiFung Trinity Services the entire issued share capital of each of Trinity (Casual Wear) and Trinity (Business Wear) at consideration of HK\$10,000,000 for each of the companies, completion of which took place on the same day.
- (bb) Pursuant to a share transfer agreement dated 31 December 2006 entered into between LiFung Trinity and International Brands Holdings, LiFung Trinity transferred to International Brands Holdings the entire issued share capital of LiFung International Brands at consideration of HK\$100, completion of which took place on the same day.
- (cc) Pursuant to a share transfer agreement dated 31 December 2006 entered into between LiFung Trinity and LiFung Trinity Services, LiFung Trinity transferred to LiFung Trinity Services the entire issued share capital of LiFung Trinity (Management) at consideration of HK\$100, completion of which took place on the same day.
- (dd) Pursuant to a share transfer agreement dated 31 December 2006 entered into between LiFung Trinity and the Company, LiFung Trinity transferred to the Company the entire issued share capital of each of: (1) LiFung Trinity JV; (2) International Brands Holdings; and (3) LiFung Trinity Services, together with their respective loans receivable, for HK\$1,078,400,100, HK\$583,200,200 and HK\$20,000,200, respectively, such amounts were satisfied by a shareholders' loan due from the Company to LiFung Trinity, which was partially settled by the novation of a US\$205,000,000 term loan by LiFung Trinity as referred to in subparagraph (i) of paragraph (c) below. The transfers were completed on the same day.

APPENDIX VI**STATUTORY AND GENERAL INFORMATION**

- (ee) Pursuant to a share transfer agreement dated 27 March 2007 entered into between Trinity Textiles HK and LiFung Trinity Services, Trinity Textiles HK transferred to LiFung Trinity Services the entire issued share capital of IDD at consideration of A\$2,184,000, completion of which took place on the same day.

(c) Settlement of inter-company loan

- (i) On 16 January 2007, pursuant to a novation agreement dated 29 December 2006 between LiFung Trinity, The Bank of Tokyo-Mitsubishi UFJ, Ltd., the Company and Fung Trinity Holdings in relation to the Assumed Loan owed by LiFung Trinity to The Bank of Tokyo-Mitsubishi UFJ, Ltd., the Assumed Loan was novated by LiFung Trinity to the Company as a partial set-off of the shareholders' loan owing from the Company to LiFung Trinity as referred to in subparagraph (dd) of paragraph (b) (iii) above.
- (ii) On 24 September 2007, the Company, LiFung Trinity and Fung Trinity Holdings entered into a subscription agreement pursuant to which the sum of HK\$153,000,000 owing by the Company to LiFung Trinity was applied as consideration for the issue by the Company of 612,000,000 Shares to LiFung Trinity.

(d) Acquisition of interests in the JVs from Parent Group

Pursuant to a share transfer agreement dated 31 March 2007 entered into between LF Retailing and International Brands Holdings, LF Retailing transferred to International Brands Holdings the entire issued share capital of L&F Branded Lifestyle at consideration of HK\$150,000,000, completion of which took place on the same day.

5. Changes in share capital of subsidiaries

The Company's subsidiaries are listed in the Accountant's Report set out in Appendix I to this document.

Save as mentioned in the paragraph headed "A. Further Information about the Company — 4. Reorganisation" in this Appendix or disclosed below, there is no change in share capital (or registered capital, as the case may be) of the subsidiaries of the Company during the two years immediately prior to the date of this document.

(a) LiFung Trinity Fashions

On 9 November 2007:

- (i) its authorised share capital of LiFung Trinity Fashions was increased from HK\$10,000 divided into 10,000 shares of HK\$1 each to HK\$10,000,000 divided into 10,000,000 shares of HK\$1 each; and
- (ii) 4,999,999 shares of HK\$1 each were allotted and issued to LiFung Trinity Services at par.

(b) Kent & Curwen Limited

On 27 June 2008:

- (i) the authorised share capital of Kent & Curwen Limited was increased from GBP1,000,000 divided into 1,000,000 shares of GBP1 each to GBP2,000,000 divided into 2,000,000 shares of GBP1 each; and

APPENDIX VI

STATUTORY AND GENERAL INFORMATION

- (ii) 750,000 shares of GBP1 each were allotted and issued to Renown to capitalise a loan of GBP750,000 from Renown.

6. Brief details of the Company's subsidiaries established in Mainland China

Brief details of the Company's subsidiaries established in Mainland China are as follows:

(a) 逸賢服飾銷售（上海）有限公司 (*Champion Fashion Distributions (Shanghai) Limited*)

Date of establishment:	27 June 2005
Registered capital:	RMB3,000,000
Term of operation:	27 June 2005 to 26 June 2035
Scopes of businesses:	Retail, wholesale and sale on commission of apparel clothing, accessories and related products (auction excluded); import and export of the abovementioned merchandise and other related business (subject to all necessary approvals (if any))
Group's attributable percentage interest:	100%
Owner of the registered capital:	Champion Distributions Limited

(b) 永盈服飾銷售（上海）有限公司 (*Concord Fashion Distributions (Shanghai) Limited*)

Date of establishment:	18 May 2005
Registered capital:	RMB3,000,000
Term of operation:	18 May 2005 to 17 May 2035
Scopes of businesses:	Retail, wholesale and sale on commission of apparel clothing, accessories and related products (auction excluded); import and export of the abovementioned merchandise and other related business (subject to all necessary approvals (if any))
Group's attributable percentage interest:	100%
Owner of the registered capital:	Concord Distributions Limited

(c) 利永（上海）時裝商貿有限公司 (*Trinity China Distributions (Shanghai) Limited*)

Date of establishment:	27 October 2006
Registered capital:	RMB3,000,000
Term of operation:	27 October 2006 to 26 October 2036
Scopes of businesses:	Retail, wholesale and sale on commission of apparel clothing, accessories and related products (auction excluded); import and export of the abovementioned merchandise and other related operations (quota approvals or other specific item approvals shall be obtained for such particular products if applicable) (subject to all necessary approvals (if any))
Group's attributable percentage interest:	100%
Owner of the registered capital:	Trinity China Distributions (H.K.) Limited

APPENDIX VI

STATUTORY AND GENERAL INFORMATION

(d) 利宜貿易（上海）有限公司 (Trinity China Distributions Trading (Shanghai) Co., Ltd.)

Date of establishment:	29 December 2000
Registered capital:	US\$200,000
Term of operation:	29 December 2000 to 28 December 2050
Scopes of businesses:	International trade, entrepot trade, trade among enterprises in the Waigaoqiao Bonded Area (the "Area") and trade agency in the Area; trading with enterprises out of the Area through domestic enterprises with import and export business licences; simple commercial processing and commercial consultancy services within the Area (subject to all necessary approvals (if any))
Group's attributable percentage interest:	100%
Owner of the registered capital:	Trinity China Distributions (H.K.) Limited

(e) 永圖貿易（上海）有限公司 (Golden Palace Global Trading (Shanghai) Co., Ltd.)

Date of establishment:	29 December 2000
Registered capital:	US\$200,000
Term of operation:	29 December 2000 to 28 December 2050
Scopes of businesses:	International trade, entrepot trade, trade among enterprises in the Waigaoqiao Bonded Area (the "Area") and trade agency in the Area; trading with enterprises out of the Area through domestic enterprises with import and export business licences; simple commercial processing and commercial consultancy services within the Area (subject to all necessary approvals (if any))
Group's attributable percentage interest:	100%
Owner of the registered capital:	Golden Palace Global (H.K.) Limited

APPENDIX VI

STATUTORY AND GENERAL INFORMATION

(f) 利邦（上海）服装贸易有限公司 (LiFung Trinity China Distribution (Shanghai) Limited)

Date of establishment:	27 October 2006
Registered capital:	RMB3,000,000
Term of operation:	27 October 2006 to 26 October 2036
Scopes of businesses:	Retail, wholesale and sale on commission of apparel clothing, accessories and related products (auction excluded); import and export of the abovementioned merchandise and other related business (quota approvals or other specific item approvals shall be obtained for such particular products if applicable) (subject to all necessary approvals (if any))
Group's attributable percentage interest:	100%
Owner of the registered capital:	LiFung Trinity International Brands Limited

(g) 逸倫貿易（上海）有限公司 (Million Venture Trading (Shanghai) Co., Ltd.)

Date of establishment:	29 December 2000
Registered capital:	US\$200,000
Term of operation:	29 December 2000 to 28 December 2050
Scopes of businesses:	International trade, entrepot trade, trade among enterprises in the Waigaoqiao Bonded Area (the "Area") and trade agency in the Area; trading with enterprises out of the Area through domestic enterprises with import and export business licences; simple commercial processing and commercial consultancy services within the Area (subject to all necessary approvals (if any))
Group's attributable percentage interest:	100%
Owner of the registered capital:	Million Venture (H.K.) Limited

APPENDIX VI**STATUTORY AND GENERAL INFORMATION**

B. FURTHER INFORMATION ABOUT THE BUSINESS**1. Summary of material contracts**

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by members of the Group within the two years preceding the date of this document and are or may be material:

- (a) a subscription agreement dated 14 November 2007 entered into between the Company, LiFung Trinity and SMALLCAP World Fund, Inc. pursuant to which SMALLCAP World Fund, Inc. agreed to subscribe for 82,337,500 Shares at a consideration of HK\$292,298,125;
- (b) a subscription agreement dated 14 November 2007 entered into between the Company, LiFung Trinity and Janus Adviser International Growth Fund pursuant to which Janus Adviser International Growth Fund agreed to subscribe for 11,453,700 Shares at a consideration of HK\$40,660,635;
- (c) a subscription agreement dated 14 November 2007 entered into between the Company, LiFung Trinity and Janus Aspen International Growth Portfolio pursuant to which Janus Aspen International Growth Portfolio agreed to subscribe for 15,198,335 Shares at a consideration of HK\$53,954,089.25;
- (d) a subscription agreement dated 14 November 2007 entered into between the Company, LiFung Trinity and Janus Overseas Fund pursuant to which Janus Overseas Fund agreed to subscribe for 55,035,935 Shares at a consideration of HK\$195,377,569.25;
- (e) a subscription agreement dated 19 December 2007 entered into between the Company, LiFung Trinity and J.P. Morgan Securities Ltd. pursuant to which J.P. Morgan Securities Ltd. agreed to subscribe for 21,760,625 Shares at a consideration of HK\$77,250,218.75;
- (f) a subscription agreement dated 19 December 2007 entered into between the Company, LiFung Trinity and EMP-Daiwa Capital Asia Limited pursuant to which EMP-Daiwa Capital Asia Limited agreed to subscribe for 10,351,000 Shares at a consideration of HK\$36,746,050;
- (g) a subscription agreement dated 19 December 2007 entered into between the Company, LiFung Trinity and Megacom Enterprises Limited pursuant to which Megacom Enterprises Limited agreed to subscribe for 10,351,000 Shares at a consideration of HK\$36,746,050;
- (h) a subscription agreement dated 21 December 2007 entered into between the Company, LiFung Trinity and Citigroup Global Markets Financial Products LLC pursuant to which Citigroup Global Markets Financial Products LLC agreed to subscribe for 21,760,625 Shares at a consideration of HK\$77,250,218.75;
- (i) a subscription agreement dated 7 January 2008 entered into between the Company, LiFung Trinity and Mr. Jeremy Paul Egerton Hobbins pursuant to which Mr. Hobbins agreed to subscribe for 4,234,500 Shares at a consideration of HK\$15,032,475;
- (j) a sale and purchase agreement dated 29 January 2008 entered into between the Company and Renown pursuant to which the Company agreed to purchase from Renown 2,450,490 shares in Trinity China (BVI) (formerly known as D'urban China Distributions (B.V.I.) Limited), representing 49% of the issued share capital thereof, at a consideration of HK\$95,160,000 which was satisfied by the issue of 26,805,633 Shares to Renown;

APPENDIX VI

STATUTORY AND GENERAL INFORMATION

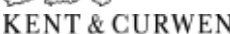
- (k) a deed of tax indemnity dated 15 October 2009 given by LiFung Trinity in favour of the Company (for itself and on behalf of the members of the Group) in connection with the [●];
- (l) [●] and
- (m) [●]

2. Intellectual property rights

The following intellectual property rights are material in relation to the Group's business:

(a) Trade Marks

- (i) Kent & Curwen:

Trade mark	Registered Owner/ (Applicant)	Place of Registration	Expiry Date / (Date of Application)	Class	Registration Number / (Application Number)
	LiFung Trinity Management (Singapore) Pte. Ltd.	Hong Kong	16 August 2017	14, 18 and 25	300935910
	LiFung Trinity Management (Singapore) Pte. Ltd.	Hong Kong	18 November 2017	24	300995509
					
	LiFung Trinity Management (Singapore) Pte. Ltd.	Hong Kong	23 July 2013	9, 14 and 18	300052028
					
	LiFung Trinity Management (Singapore) Pte. Ltd.	Hong Kong	27 September 2019	25	1989B0869
	LiFung Trinity Management (Singapore) Pte. Ltd.	Hong Kong	18 March 2012	25	199302482
	LiFung Trinity Management (Singapore) Pte. Ltd.	Hong Kong	14 December 2016	25	199811668
	LiFung Trinity Management (Singapore) Pte. Ltd.				

THIS WEB PROOF INFORMATION PACK IS IN DRAFT FORM. The information contained in it is incomplete and is subject to change. This Web Proof Information Pack must be read in conjunction with the section headed "Warning" on the cover of this Web Proof Information Pack.

APPENDIX VI

STATUTORY AND GENERAL INFORMATION

Trade mark	Registered Owner/ (Applicant)	Place of Registration	Expiry Date / (Date of Application)	Class	Registration Number / (Application Number)
	LiFung Trinity Management (Singapore) Pte. Ltd.	Hong Kong	26 January 2017	25	199908343
	LiFung Trinity Management (Singapore) Pte. Ltd.	PRC	29 July 2016	25	256993
	LiFung Trinity Management (Singapore) Pte. Ltd.	PRC	(23 July 2003)	18	(3644405)
	(LiFung Trinity Management (Singapore) Pte. Ltd.)	PRC	(9 January 2008)	24	(6500240)
	LiFung Trinity Management (Singapore) Pte. Ltd.	PRC	6 April 2017	25	973727
	LiFung Trinity Management (Singapore) Pte. Ltd.	Macau	10 July 2012	25	P/13965
	LiFung Trinity Management (Singapore) Pte. Ltd.	Macau	5 February 2011	18/ 25	N/12340/ N/12341
	LiFung Trinity Management (Singapore) Pte. Ltd.	Taiwan	31 October 2009	40	00464198
	LiFung Trinity Management (Singapore) Pte. Ltd.	Taiwan	31 May 2014	25	798894

THIS WEB PROOF INFORMATION PACK IS IN DRAFT FORM. The information contained in it is incomplete and is subject to change. This Web Proof Information Pack must be read in conjunction with the section headed "Warning" on the cover of this Web Proof Information Pack.

APPENDIX VI

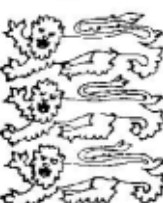
STATUTORY AND GENERAL INFORMATION

Trade mark	Registered Owner/ (Applicant)	Place of Registration	Expiry Date / (Date of Application)	Class	Registration Number / (Application Number)
	LiFung Trinity Management (Singapore) Pte. Ltd.	Taiwan	15 February 2014	18/ 25	1087031/ 1087033
	LiFung Trinity Management (Singapore) Pte. Ltd.	Taiwan	15 February 2014	18/ 25	1087036 / 1087039
KENT&CURWEN					
	LiFung Trinity Management (Singapore) Pte. Ltd.	Taiwan	15 February 2014	18	1087035
	LiFung Trinity Management (Singapore) Pte. Ltd.	Taiwan	30 September 2018	3 and 24	1332257
KENT&CURWEN					
	LiFung Trinity Management (Singapore) Pte. Ltd.	Taiwan	30 September 2018	14, 18 and 25	1332118
	Renown Incorporated	Japan/ Korea	20 March 2013/ 13 June 2014	18 & 25/ 18 & 25	4654139/ 40-0101669
	LiFung Trinity Management (Singapore) Pte. Ltd.	Thailand/ United Kingdom/ United States/ CTM (EU)	28 August 2017/ 14 March 2015/ 22 June 2016/ 1 April 2016	25/ 25/ 25/ 14, 18 & 25	Kor83400/ 1214755/ 1390882/ 000128199
	LiFung Trinity Management (Singapore) Pte. Ltd.	Canada	24 January 2022	18, 20, 25 & 28	TMA393221
	I.D.D. ITALIA SRL INTERNATIONAL DIVISION OF D'URBAN	Italy	5 March 2015	25	724408

THIS WEB PROOF INFORMATION PACK IS IN DRAFT FORM. The information contained in it is incomplete and is subject to change. This Web Proof Information Pack must be read in conjunction with the section headed "Warning" on the cover of this Web Proof Information Pack.

APPENDIX VI

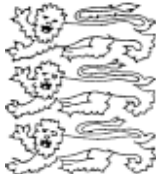
STATUTORY AND GENERAL INFORMATION

Trade mark	Registered Owner/(Applicant)	Place of Registration	Expiry Date / (Date of Application)	Class	Registration Number / (Application Number)
	International Division of D'Urban Japan Inc.	Australia/ New Zealand	2 May 2016/ 23 November 2016	25	509734/ 256201
	Renown Incorporated/ International Division of D'Urban Japan Inc.	Japan/ Korea/ Korea/ Russia	20 March 2013/ 13 February 2014/ 11 May 2014/ 28 June 2015	18 & 25/ 18/ 25/ 18 & 25	4654140/ 40-0574526/ 40-0582239/ 310948
   	LiFung Trinity Management (Singapore) Pte. Ltd.	Thailand	28 August 2017	25	Kor86326
  	Renown Incorporated	Indonesia	22 February 2015	25/ 18/ 14	IDM000095869/ IDM000095870/ IDM000095871
 	Renown Incorporated	Malta	17 May 2019	25	24340
 	LiFung Trinity Management (Singapore) Pte. Ltd.	United Kingdom/ CTM (EU)	20 March 2015/ 1 April 2016	25/ 14, 18 & 25	1215017/ 000128231

THIS WEB PROOF INFORMATION PACK IS IN DRAFT FORM. The information contained in it is incomplete and is subject to change. This Web Proof Information Pack must be read in conjunction with the section headed "Warning" on the cover of this Web Proof Information Pack.

APPENDIX VI

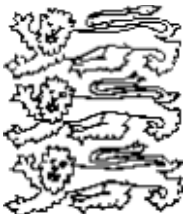
STATUTORY AND GENERAL INFORMATION

Trade mark	Registered Owner/ (Applicant)	Place of Registration	Expiry Date / (Date of Application)	Class	Registration Number / (Application Number)
	International Division of D'Urban Japan Inc.	New Zealand	23 November 2016	25	256200
					
	Renown Incorporated	Indonesia	22 February 2015	25/ 18	IDM000095866/ IDM000095867
	LiFung Trinity Management (Singapore) Pte. Ltd.	Thailand	28 August 2017	25	Kor79782
	Renown Incorporated	Japan/ Korea/ Malaysia/ Malaysia	30 March 2018/ 13 June 2014/ 6 June 2014/ 6 June 2014	24 & 25/ 18 & 25/ 18/ 25	2031976/ 40-0101670/ MB100303/ MB100304
	Renown Incorporated	Malaysia	27 June 2014	18/ 25	B27380/ B27378
KENT & CURWEN	Renown Incorporated/ International Division of D'Urban Japan Inc./ LiFung Trinity Management (Singapore) Pte. Ltd.	Malta/ Russia/ CTM (EU)	17 May 2019/ 28 June 2015/ 1 April 2016	25/ 18 & 25/ 14, 18 & 25	24339/ 309915/ 000128330
KENT & CURWEN	LiFung Trinity Management (Singapore) Pte. Ltd.	United Kingdom/ United States	14 January 2014/ 19 June 2014	25/ 25	1188612/ 1282592
KENT & CURWEN	International Division of D'Urban Japan Inc.	Australia/ New Zealand	2 May 2016/ 23 November 2016	25	509735/ 256202

THIS WEB PROOF INFORMATION PACK IS IN DRAFT FORM. The information contained in it is incomplete and is subject to change. This Web Proof Information Pack must be read in conjunction with the section headed "Warning" on the cover of this Web Proof Information Pack.

APPENDIX VI

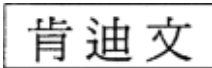
STATUTORY AND GENERAL INFORMATION

Trade mark	Registered Owner/ (Applicant)	Place of Registration	Expiry Date / (Date of Application)	Class	Registration Number / (Application Number)
KENT & CURWEN	Renown Incorporated	Japan/ Thailand	20 March 2013/ 28 August 2017	18 & 25/ 25	4654141/ Kor79783
KENT & CURWEN	LiFung Trinity Management (Singapore) Pte. Ltd.	Canada	9 December 2018	25	TMA348909
KENT&CURWEN ENGLAND	(Renown Incorporated)/ Lifung Trinity Management (Singapore) Pte. Ltd.	Korea/ Singapore	(17 August 2007)/ 31 August 2017	14, 18 & 25/ 14, 18 & 25	(4020070043769)/ T07180761
	LiFung Trinity Management (Singapore) Pte. Ltd.	United States/ Canada/ Australia	19 May 2017/ 21 August 2017/ 16 October 2015	25/ 18 & 25/ 25	1440032/ TMA331214/ 416801
	I.D.D. ITALIA SRL INTERNATIONAL DIVISION OF D'URBAN	Italy	5 March 2015	25	724409
	D'urban Incorporated (Renown Incorporated)/ I.D.D. ITALIA SRL INTERNATIONAL DIVISION OF D'URBAN/ LiFung Trinity Management (Singapore) Pte. Ltd.	PRC/ Italy/ CTM (EU)	13 May 2017/ 5 March 2015/ 1 April 2016	25/ 25/ 14, 18 & 25	1003670/ 724407/ 000128280
肯迪文	LiFung Trinity Management (Singapore) Pte. Ltd./ LiFung Trinity (Management) Limited/ LiFung Trinity (Management) Limited	Hong Kong/ Macau/ Taiwan	15 April 2017/ 25 September 2014/ 30 November 2011	25	200013839/ N/005889/ 974413

THIS WEB PROOF INFORMATION PACK IS IN DRAFT FORM. The information contained in it is incomplete and is subject to change. This Web Proof Information Pack must be read in conjunction with the section headed "Warning" on the cover of this Web Proof Information Pack.

APPENDIX VI

STATUTORY AND GENERAL INFORMATION

Trade mark	Registered Owner/ (Applicant)	Place of Registration	Expiry Date / (Date of Application)	Class	Registration Number / (Application Number)
	LiFung Trinity (Management) Limited	PRC	6 May 2011	25	1565327
肯迪文	(利永(上海)時裝 商貿有限公司)	PRC	(6 December 2007)	18/ 24/ 25	(6421995/ 6421994/ 6421993)

(ii) Cerruti 1881:

Trade mark	Registered Owner/ (Applicant)	Place of Registration	Expiry Date/(Date of Application)	Class	Registration Number/ (Application Number)
	Cerruti 1881	Hong Kong/ PRC/ PRC/ PRC	14 November 2011/ 9 August 2010/ 6 June 2014/ 6 June 2014	25	1992B01594/ 526297/ 3337721/ 3340349
	Cerruti 1881	Hong Kong	18 July 2018	3, 14, 16, 18, 25	200204396AA
	Cerruti 1881	Hong Kong	16 May 2019	18, 25	200303250AA
	Cerruti 1881	Hong Kong	4 November 2013	18, 25	300106235
	Cerruti 1881	Hong Kong	4 November 2013	18, 25	300106244
	Cerruti 1881	Hong Kong	4 November 2013	18, 25	300106271

*A



B



*The applicant claims the colours blue and black as elements of mark "A" in series.

A 卓諾迪

B 卓諾迪

1881 SHAPES

*



*The applicant claims the colours blue and black as elements of the trade mark.

Cerruti 1881	Hong Kong	5 November 2013	18, 25	300107009
Cerruti 1881	Hong Kong/ Macau/ Taiwan	4 November 2013/ 5 February 2011/ 15 July 2014	18, 25/ 25/ 25	300106226/ N/12386/ 01111867
Cerruti 1881	Hong Kong	9 November 2013	18, 25	300108693

THIS WEB PROOF INFORMATION PACK IS IN DRAFT FORM. The information contained in it is incomplete and is subject to change. This Web Proof Information Pack must be read in conjunction with the section headed "Warning" on the cover of this Web Proof Information Pack.

APPENDIX VI

STATUTORY AND GENERAL INFORMATION

Trade mark	Registered Owner/ (Applicant)	Place of Registration	Expiry Date/(Date of Application)	Class	Registration Number/ (Application Number)
卓路迪1881	Cerruti 1881	PRC	27 November 2015	25	795639
卓瑞迪1881	Cerruti 1881	PRC	6 September 2017	25	1095449
	Cerruti 1881	Taiwan	31 December 2014	25	1025406
	Cerruti 1881	Taiwan	15 August 2014/ 15 December 2014/ 31 December 2014	44/ 45/ 47	00253656/ 00266908/ 00269068
CERRUTI 1881	Cerruti 1881, Societe anonyme	Macau	12 February 2012	25	P/4830
CERRUTI	Cerruti 1881	Macau/ PRC/ Taiwan	5 February 2011/ 13 September 2016/ 15 July 2014	25	N/12384/ 3784213/ 01111861
CERRUTI 1881	Cerruti 1881	Macau/ PRC/ Taiwan	9 March 2011/ 13 September 2016/ 15 July 2014	25	N/12453/ 3784223/ 01111862
	Cerruti 1881	Macau	5 February 2011	25	N/12379
* The applicant claims the colour blue for the border in the middle of the trade mark.					
	Cerruti 1881	Macau	9 March 2011	25	N/12452
* The applicant claims the colour blue for the border in the middle of the trade mark.					
	Cerruti 1881	Macau/ PRC/ Taiwan	5 February 2011/ 13 September 2016/ 15 July 2014	25	N/12388/ 3784221/ 01111863
	Cerruti 1881	Macau	5 February 2011	25	N/12381
* The applicant claims the colour blue for the border in the middle of the trade mark.					
卓諾迪	Cerruti 1881	Macau/ PRC/ Taiwan	5 February 2011/ 13 September 2016/ 15 July 2014	25	N/12390/ 3784233/ 01111865
	Cerruti 1881	PRC/ Taiwan	13 September 2016/ 15 July 2014	25	3784219/ 01111864
* The applicant claims colour for the trade mark.					

THIS WEB PROOF INFORMATION PACK IS IN DRAFT FORM. The information contained in it is incomplete and is subject to change. This Web Proof Information Pack must be read in conjunction with the section headed "Warning" on the cover of this Web Proof Information Pack.

APPENDIX VI

STATUTORY AND GENERAL INFORMATION

Trade mark	Registered Owner/ (Applicant)	Place of Registration	Expiry Date/(Date of Application)	Class	Registration Number/ (Application Number)
* 	Cerruti 1881	PRC/ Taiwan	13 September 2016/ 15 July 2014	25	3784217/ 01111866
* 	Cerruti 1881	PRC/ Taiwan	13 October 2016/ 15 June 2014	25	3790353/ 01106842
* The applicant claims colour for the trade mark. 1881 SHAPES	Cerruti 1881	PRC	20 January 2019	25	3784215

(iii) Altea:

Trade mark	Registered Owner/ (Applicant)	Place of Registration	Expiry Date/(Date of Application)	Class	Registration Number/ (Application Number)
	Altea S.r.l./ Altea S.r.l./ (Altea S.r.l.)	Hong Kong/ PRC/ PRC	19 May 2014/ 6 October 2013/ (24 March 2004)	25/ 25/ 18	199806174/ 3177489/ (3976439)
	Altea S.r.l./ (Altea S.r.l.)	Hong Kong/ PRC	24 September 2009/ (24 March 2004)	25/ 18	200307946/ (3976436)
	Altea S.r.l.	PRC	27 October 2018	25	1218543
					
	Altea S.r.l.	PRC	6 October 2013	25	3177490
	Altea S.r.l.	Taiwan	15 October 2013	25	01061706

(iv) Gieves & Hawkes:

Trade mark	Registered Owner/ (Applicant)	Place of Registration	Expiry Date/(Date of Application)	Class	Registration Number/ (Application Number)
	Gieves & Hawkes International Limited	Hong Kong	5 March 2018/ 2 March 2013/ 5 March 2018/ 5 March 2018	25/ 40/ 18/ 24	1989B2245/ 1993B03781/ 1988B3192/ 1989B0448
	Gieves & Hawkes International Limited	PRC	6 March 2017	25	957298
	Gieves & Hawkes International Limited	PRC	20 August 2013/ 6 May 2015/ 27 August 2010	25/ 18/ 40	654763/ 744157/ 1439793

THIS WEB PROOF INFORMATION PACK IS IN DRAFT FORM. The information contained in it is incomplete and is subject to change. This Web Proof Information Pack must be read in conjunction with the section headed "Warning" on the cover of this Web Proof Information Pack.

APPENDIX VI

STATUTORY AND GENERAL INFORMATION

Trade mark	Registered Owner/ (Applicant)	Place of Registration	Expiry Date/(Date of Application)	Class	Registration Number/ (Application Number)
	Gieves & Hawkes International Limited	Taiwan	30 June 2016	25	720847
GIEVES&HAWKES	Gieves & Hawkes International Limited	Taiwan	15 February 2019/ 31 March 2019	12/ 39	00034334/ 00436794
君皇仕	Gieves & Hawkes International Limited	Hong Kong/ PRC/ Taiwan	21 October 2017/ (30 November 2007)/ 31 July 2018	25	300977383/ (6409458)/ 1321571
吉凡克斯	Trinity Textiles Limited	Hong Kong/ PRC	15 April 2017/ 6 May 2011	25	200013840/ 1565326
吉凡克斯	LiFung Trinity (Management) Limited	Taiwan	28 February 2011	25	934042

(v) D'urban:

Trade mark	Registered Owner/(Applicant)	Place of Registration	Expiry Date/(Date of Application)	Class	Registration Number/ (Application Number)
	Kabushiki Kaisha Renown (Renown Incorporated)	Hong Kong	26 August 2012	25	1978B0491
D'URBAN	Kabushiki Kaisha Renown (Renown Incorporated)	Hong Kong	21 July 2013	9,14,18	300050804
D'URBAN	(Kabushiki Kaisha Renown (Renown Incorporated))	Hong Kong	(7 January 2008)	3,24	(301026828)
	Kabushiki Kaisha Renown (Renown Incorporated)	PRC	29 July 2016	25	256987
都 本	Kabushiki Kaisha Renown (Renown Incorporated)	PRC	13 April 2016	25	3375949
D'URBAN	Kabushiki Kaisha Renown (Renown Incorporated)	PRC	27 January 2019/ 27 August 2018	25/ 18	4003637/ 3644407
D'URBAN	都本股份有限公司	Taiwan	15 February 2011/ 28 February 2011	25/ 44	01002844/ 00516055
<u>STUDIO by D'URBAN</u>	Renown Incorporated	Taiwan	31 October 2017	25	00783620
D'URBAN	Renown Incorporated	Taiwan	15 December 2018	24	01341935

THIS WEB PROOF INFORMATION PACK IS IN DRAFT FORM. The information contained in it is incomplete and is subject to change. This Web Proof Information Pack must be read in conjunction with the section headed "Warning" on the cover of this Web Proof Information Pack.

APPENDIX VI

STATUTORY AND GENERAL INFORMATION

Trade mark	Registered Owner/(Applicant)	Place of Registration	Expiry Date/(Date of Application)	Class	Registration Number/(Application Number)
	D'urban Inc.	Australia	3 November 2016	25	B253337
	Renown Incorporated	New Zealand	20 February 2018	25	784568

(vi) Intermezzo:

Trade mark	Registered Owner/(Applicant)	Place of Registration	Expiry Date/(Date of Application)	Class	Registration Number/(Application Number)
INTERMEZZO	Kabushiki Kaisha Renown (Renown Incorporated)	Hong Kong	6 January 2018	3,14,24	301026819
	Kabushiki Kaisha Renown (Renown Incorporated)	PRC	29 July 2016	25	256988

(vii) Others:

Trade mark	Registered Owner	Place of Registration	Expiry Date	Class	Registration Number
利邦	LiFung Trinity (Management) Limited	Hong Kong	28 January 2018	35	301040868
	LiFung Trinity (Management) Limited	Hong Kong	22 January 2018	35	301036845

(b) Domain Names

As at the Latest Practicable Date, the Group's registered domain names which are material in relation to the Group's business are as follows:

Domain Name	Registered Owner	Expiry Date
d-urban.com	Trinity Retail (H.K.) Limited	13 December 2009
lftrinity.com	LiFung Trinity (Management) Limited	10 May 2016
trinity-limited.com	LiFung Trinity (Management) Limited	13 February 2010
altea-cn.com	LiFung Trinity (Management) Limited	5 May 2010
basic-gear.com.cn	Trinity Retail (H.K.) Limited	1 May 2012
durban.cn	Trinity Retail (H.K.) Limited	5 January 2012
d-urban.cn	Trinity Retail (H.K.) Limited	5 January 2012
durban.com.cn	Trinity Retail (H.K.) Limited	5 January 2012
d-urban.com.cn	Trinity Retail (H.K.) Limited	30 May 2012
lftrinity.com.cn	利邦（上海）服装贸易有限公司	13 November 2011

APPENDIX VI

STATUTORY AND GENERAL INFORMATION

C. FURTHER INFORMATION ABOUT DIRECTORS, MANAGEMENT AND STAFF

1. Directors

Disclosure of interests — interests and short positions of the Directors and the chief executives of the Company in the Shares, underlying Shares and debentures of the Company and its associated corporations

Immediately following the completion of the [●] (assuming the [●] is not exercised), the interests or short positions of the Directors and the chief executive of the Company in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she is taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein or which will be required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules, will be as follows:

The Company

Long Positions:

Name of Director	Number of Shares and Nature of Interest	Number of underlying Shares of options granted under the Pre-[●] Share Option Scheme	Approximate percentage of issued Shares immediately after the [●] (assuming the [●] is not exercised) (%)
Dr. Victor FUNG Kwok King ⁽¹⁾	[649,027,555] Beneficiary of a trust	[●]	[●]
Dr. William FUNG Kwok Lun ⁽¹⁾	[649,027,555] Controlled corporation	[●]	[●]
Ms. Sabrina FUNG Wing Yee ⁽¹⁾	[649,027,555] Beneficiary of a trust	[1,400,000]	[●]
Mr. Jose Hosea CHENG Hor Yin ⁽²⁾	65,227,590 Controlled corporation	[●]	[●]
Mr. WONG Yat Ming	47,776,563 Personal	[7,500,000]	[●]
Mr. Jeremy Paul Egerton HOBBS ⁽³⁾	4,234,500 Controlled corporation	[2,000,000]	[●]
Mr. Bruno LI Kwok Ho	—	[3,000,000]	[●]

Notes:

- King Lun Holdings Limited ("King Lun") is owned as to 50% by HSBC Trustee (C.I.) Limited, the trustee of a trust established for the benefit of the family members of Dr. Victor Fung Kwok King and as to 50% by Dr. William Fung Kwok Lun. King Lun through its indirect wholly owned subsidiaries, LiFung Trinity and Fung Capital Limited, will be interested in [649,027,555] Shares immediately following the completion of the [●] (assuming the [●] is not exercised). Therefore, each of Dr. Victor Fung Kwok King, Ms. Sabrina Fung Wing Yee (as a family member of Dr. Victor Fung Kwok King) and Dr. William Fung Kwok Lun is deemed to be interested in the Shares held by LiFung Trinity and Fung Capital Limited under the SFO.
- SperoTrinity Limited, a company wholly owned by Mr. Jose Hosea Cheng Hor Yin, will hold 65,227,590 Shares immediately following completion of the [●] (assuming the [●] is not exercised). Therefore, Mr. Jose Hosea Cheng Hor Yin is deemed to be interested in the Shares held by SperoTrinity Limited under the SFO.
- Martinville Holdings Limited, a company wholly owned by Mr. Jeremy Paul Egerton Hobbins, will hold 4,234,500 Shares immediately following the completion of the [●] (assuming the [●] is not exercised). Therefore, Mr. Jeremy Paul Egerton Hobbins is deemed to be interested in the Shares held by Martinville Holdings Limited under the SFO.

APPENDIX VI**STATUTORY AND GENERAL INFORMATION**

2. Substantial shareholders

Information on persons, not being Directors or chief executive of the Company, who will have, immediately following the [●], an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO is set out in the section headed "Substantial Shareholders and Selling Shareholder" in this document.

3. Particulars of service agreements

There are no existing or proposed service contracts (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)) between the Directors and any member of the Group.

4. Directors' remuneration

The Company's principal policies concerning remuneration of executive Directors are to enable the Group to retain and motivate executive Directors by linking their compensation with performance as measured against corporate objectives. Under the policy, a Director is not allowed to approve his own remuneration. The principal elements of the Group's executive remuneration package include basic salary, discretionary bonus without capping and share option to be granted upon the [●].

The aggregate remuneration (comprising basic salary, discretionary bonus and pension scheme contributions) and benefits in kind payable to the Directors for the three years ended 31 December 2008 and the six months ended 30 June 2009 were approximately HK\$3.7 million, approximately HK\$14.1 million, approximately HK\$22.6 million and approximately HK\$5.7 million, respectively.

There has been no arrangement under which a Director has waived or agreed to waive any emoluments during the three years ended 31 December 2008.

Under the current arrangements, the Directors will be entitled to receive remuneration which, for the financial year ending 31 December 2009, is expected to amount to approximately HK\$10.4 million, excluding the discretionary bonuses payable to the Directors.

The non-executive Directors have been appointed for an initial term of three years subject to early termination as stipulated in the Bye-laws, including retirement by way of rotation at each Annual General Meeting. Save for director's fee and their eligibility to participate in the Share Option Schemes, none of the non-executive Directors is expected to receive any other remuneration for holding their office as non-executive Directors.

The aggregate annual director's fees for executive Directors and non-executive Directors are approximately HK\$0.3 million and approximately HK\$1.5 million respectively.

5. Agency fees or commissions

Save for the placing fees paid by the Company to Citi and J.P. Morgan (Asia Pacific) in relation to the subscription of Shares by SMALLCAP World Fund, Inc., Janus Overseas Fund, Janus Aspen International Growth Portfolio, Janus Adviser International Growth Fund, Janus Adviser Long/Short Fund, Citigroup Global Markets Financial Products LLC and J.P. Morgan in December 2007 (details of which are set out in the section headed "History, Reorganisation and Group Structure — Investors"

APPENDIX VI**STATUTORY AND GENERAL INFORMATION**

in this document), within the two years preceding the date of this document, no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any share or loan capital of the Company or any of its subsidiaries.

6. Disclaimers

Save as disclosed in this document,

- (a) none of the Directors or chief executive of the Company has any interest and/or short position in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV the SFO) which will have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they are taken or deemed to have under such provisions of the SFO) or which will be required pursuant to section 352 of the SFO to be entered in the register referred to therein, or pursuant to the Model Code for Securities Transactions by Directors of Listed Companies in the Listing Rules, will be required to be notified to the Company and the Stock Exchange, in each case once the Shares are listed;
- (b) so far as is known to any of the Directors or chief executive of the Company, no person other than member of the Group has an interest or short position in the Shares and underlying Shares which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO, or is directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group;
- (c) none of the Directors or the experts named in the paragraph headed “F. Other Information — 8. Consents of Experts” in this Appendix is interested in the promotion of, or in any assets which have been, within the two years immediately preceding the date of this document, acquired or disposed of by or leased to, any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group;
- (d) none of the Directors is materially interested in any contract or arrangement subsisting as at the date of this document which is unusual in its nature or conditions or which is significant in relation to the business of the Group taken as a whole;
- (e) save in connection with the [●], none of the experts named in the paragraph headed “F. Other Information — 8. Consents of Experts” in this Appendix has any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group;
- (f) save for the [●], none of the experts named in the paragraph headed “F. Other Information — 8. Consents of Experts” in this Appendix is materially interested in any contract or arrangement subsisting as at the date of this document which is significant in relation to the business of the Group taken as a whole;
- (g) no cash, securities or other benefit has been paid, allotted or given within the two years preceding the date of this document to any promoter of the Company nor is any such cash, securities or benefit intended to be paid, allotted or given on the basis of the [●] or related transactions as mentioned in this document;

APPENDIX VI

STATUTORY AND GENERAL INFORMATION

- (h) so far as is known to the Directors, none of the Directors or their associates, or the Shareholders who are expected to be interested in 5% or more of the issued share capital of the Company has any interest in the five largest customers or the five largest suppliers of the Group; and
- (i) none of the Directors are interested in any business apart from the Group's business which competes or is likely to compete, directly or indirectly, with the business of the Group.

D. PRE-[●] SHARE OPTION SCHEME

The principal terms of the Pre-[●] Share Option Scheme adopted by the Company on [16] October 2009 are substantially the same as the terms of the Post-[●] Share Option Scheme (where applicable) except for the following principal terms:

- (a) the subscription price per Share shall be the [●];
- (b) no further options will be offered or granted upon the commencement of dealings in the Shares on the Stock Exchange;
- (c) [●];
- (d) the maximum number of Shares in respect of which options may be granted under the Pre-[●] Share Option Scheme shall not exceed [●] Shares, being [●]% of the total number of issued Shares immediately following completion of the [●] (assuming the [●] is not exercised);
- (e) the conditions precedent to the adoption of the Post-[●] Share Option Scheme shall not apply and any options granted or to be granted under the Pre-[●] Share Option Scheme shall lapse automatically should [●] does not take place on or before 31 December 2009; and
- (f) the provisions relating to the restriction on time of grant of option and the grant of option to connected persons under the Post-[●] Share Option Scheme shall not apply to the Pre-[●] Share Option Scheme.

Application has been made to the Listing Committee of the Stock Exchange for the approval of the listing of, and permission to deal in, the Shares to be issued pursuant to the exercise of the options granted under the Pre-[●] Share Option Scheme.

On [16] October 2009, options were granted under the Pre-[●] Share Option Scheme to recognise the contributions of certain directors, employees and officers of the Group and Affiliates (as defined in the section headed "E. Post-[●] Share Option Scheme - (b) Who may join" in this Appendix below) to the growth of the Group and to incentivise them going forward. As at the date of this document, in consideration of HK\$1 from each grantee, options to subscribe for an aggregate of [45,194,000] Shares at a subscription price equal to the [●] had been granted to [●] grantees under the Pre-[●] Share Option Scheme.

Each option has a five-year exercise period commencing from the [●]. The grantee shall not, within 12 months from the [●], exercise any of the options granted under the Pre-[●] Share Option Scheme and all options granted under the Pre-[●] Share Option Scheme can only be exercised in the following manner:

Exercise period	Maximum percentage of options exercisable
Anytime on or after the first anniversary of the [●]	50% of the total number of options granted
Anytime on or after the second anniversary of the [●]	100% of the total number of options granted

APPENDIX VI

STATUTORY AND GENERAL INFORMATION

Save for the number of Shares which may be subscribed for pursuant to the exercise of options, each option so granted under the Pre-[●] Share Option Scheme has the same terms and conditions. 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 options that have been granted to the Directors are disclosed below and under the paragraph headed "C. Further Information about Directors, Management and Staff — 1. Directors" in this Appendix.

Particulars of the options that were granted to the Directors, senior management and connected persons of the Company and grantees with options to subscribe for 200,000 Shares or more under the Pre-[●] Share Option Scheme are set out as follows:

Grantee	Address	Number of Shares subject to the option	Percentage of shareholding held upon exercise of the options (Note 1)
Directors			
[●]	[●]	[●]	[●]
[●]	[●]	[●]	[●]
[●]	[●]	[●]	[●]
[●]	[●]	[●]	[●]
Senior management of the Company			
[●]	[●]	[●]	[●]
[●]	[●]	[●]	[●]
[●]	[●]	[●]	[●]
[●]	[●]	[●]	[●]
[●]	[●]	[●]	[●]
[●]	[●]	[●]	[●]
[●]	[●]	[●]	[●]
[●]	[●]	[●]	[●]
Connected persons of the Company			
[●]	[●]	[●]	[●]
[●]	[●]	[●]	[●]
[●]	[●]	[●]	[●]
Grantees with options to subscribe for 200,000 Shares or more			
[●]	[●]	[●]	[●]
[●]	[●]	[●]	[●]
[●]	[●]	[●]	[●]
[●]	[●]	[●]	[●]
[●]	[●]	[●]	[●]
[●]	[●]	[●]	[●]

THIS WEB PROOF INFORMATION PACK IS IN DRAFT FORM. The information contained in it is incomplete and is subject to change. This Web Proof Information Pack must be read in conjunction with the section headed "Warning" on the cover of this Web Proof Information Pack.

APPENDIX VI

STATUTORY AND GENERAL INFORMATION

[illegible]

Note:

1. The percentages of shareholding represent the percentages immediately upon the completion of the [●], assuming the [●] and the options to be granted under the Post-[●] Share Option Scheme are not exercised but all options granted under the Pre-[●] Share Option Scheme have been exercised at the same time in full.

THIS WEB PROOF INFORMATION PACK IS IN DRAFT FORM. The information contained in it is incomplete and is subject to change. This Web Proof Information Pack must be read in conjunction with the section headed "Warning" on the cover of this Web Proof Information Pack.

APPENDIX VI

STATUTORY AND GENERAL INFORMATION

Assuming that the [●] is not exercised, the shareholding structure of the Company before and after the exercise in full of all the options granted under the Pre-[●] Share Option Scheme on the basis set out below is as follows:

Name of Shareholders	Shareholding structure immediately after completion of the [●] but before exercise of the options granted under the Pre-[●] Share Option Scheme		Shareholding structure immediately after completion of the [●] and after full exercise of the options granted under the Pre-[●] Share Option Scheme	
	Number of Shares	%	Number of Shares	%
LiFung Trinity	[●]	[●]	[●]	[●]
Investors ⁽¹⁾	[●]	[●]	[●]	[●]
Grantees under the Pre-[●] Share Option Scheme	[●]	[●]	[●]	[●]
Shareholders taking up Shares under the [●]	[●]	[●]	[●]	[●]
Total	[●]	[●]	[●]	[●]

Note:

(1) Details of investors, including the names and the number of Shares held by each investors, are set out in the section headed "History, Reorganisation and Group Structure — Investors" in this document.

Save as disclosed above, no options have been granted or agreed to be granted by the Company under the Pre-[●] Share Option Scheme as at the date of this document. No options will be granted under the Pre-[●] Share Option Scheme on or after the date of this document.

[●]

E. POST-[●] SHARE OPTION SCHEME

The terms of the Post-[●] Share Option Scheme conditionally adopted by the Company on [●], subject to certain conditions as referred to in paragraph (y) in this section, are as follows:

(a) Purpose

The purpose of the Post-[●] Share Option Scheme is to attract and retain the best quality personnel for the development of the Group's businesses; to provide additional incentives to the Qualifying Grantees (as defined below); and to promote the long term financial success of the Group by aligning the interests of option holders to Shareholders.

(b) Who may join

On and subject to the terms of the Post-[●] Share Option Scheme and the requirements of the Listing Rules, the Board may offer to grant an option to any Qualifying Grantee as the Board may in its absolute discretion select. "Qualifying Grantee" means:

- (i) (1) any employee (whether full-time or part-time employee) of any members of the Group or any Affiliates and any person who is an officer of the Group or any Affiliates ("Employee");
- (2) any person who is seconded to work for any member of the Group or any Affiliates ("Seconded");

APPENDIX VI

STATUTORY AND GENERAL INFORMATION

(3) any consultant, agent, representative, adviser, customer, contractor of the Group or any Affiliates; or

(4) any business partner / ally / alliance, joint venture partner, supplier of goods or services to the Group or any Affiliates or any employee thereof

(collectively the "Eligible Person"); and

(ii) any trust for the benefit of an Eligible Person or his immediate family members or any company controlled by an Eligible Person or his immediate family members ("Related Trust and Company").

"Affiliate" means a company that directly or indirectly through one or more intermediaries, controls or is controlled by, or is under common control with, the Company and includes any company which is (a) the holding company of the Company; or (b) a subsidiary of holding company of the Company; or (c) a subsidiary of the Company; or (d) a fellow subsidiary of the Company; or (e) the controlling shareholder of the Company; or (f) a company controlled by the controlling shareholder of the Company; or (g) a company controlled by the Company; or (h) an Associated Company of the holding company of the Company; or (i) an Associated Company of the Company; or (j) Associated Company of controlling shareholder of the Company;

"Associated Company" means a company in the equity share capital of which a company, directly or indirectly, has an 20% or greater beneficial interest but excluding the subsidiaries of that company;

"immediate family members" means spouse or person co-habiting as the spouse of an Eligible Person, and any child or step-child, parent or step-parent, brother, sister, step-brother, step-sister, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law or sister-in-law of an Eligible Person;

"officer" means company secretary or director (whether executive or non-executive); and

"subsidiary" has the meaning set out in the Listing Rules.

(c) Administration

The Post-[●] Share Option Scheme shall be subject to the administration of the Board. Subject to the provisions of the Listing Rules and applicable law and other regulations from time to time in force, the Board's administrative powers include the authority, in its discretion:

- (i) to select Qualifying Grantees to whom options may be granted under the Post-[●] Share Option Scheme;
- (ii) to determine, subject to the requirements of the Listing Rules and the law, the time of the grant of options;
- (iii) to determine the number of Shares to be covered by each option granted under the Post-[●] Share Option Scheme;
- (iv) to approve forms of option agreements;
- (v) to determine the terms and conditions of any option. Such terms and conditions may include:
 - the subscription price;

APPENDIX VI

STATUTORY AND GENERAL INFORMATION

- the option period, which shall be not greater than the period prescribed by the Listing Rules from time to time (which is, as at the date of adoption of the Post-[●] Share Option Scheme, a period of 10 years from the date of grant);
 - the minimum period, if any, for which an option must be held before it vests or becomes exercisable in whole or in part (the Post-[●] Share Option Scheme itself does not specify any minimum holding period);
 - the performance targets, if any, that must be achieved before the option can be exercised (the Post-[●] Share Option Scheme itself does not specify any performance targets);
 - the amount, if any, payable on application or acceptance of the option and the period within which payments must be made; and
 - the period, if any, during which Shares allotted and issued upon exercise of option shall be subject to restrictions on dealings, and the terms of such restrictions;
- (vi) to construe and interpret the terms of the Post-[●] Share Option Scheme and options granted pursuant to the Post-[●] Share Option Scheme;
- (vii) to prescribe, amend and rescind rules and regulations relating to the Post-[●] Share Option Scheme, including rules and regulations relating to sub-schemes established for the purpose of qualifying for preferred treatment under foreign laws and for benefits intended solely for any particular type of Qualifying Grantees; and
- (viii) subject to the provisions relating to grant to substantial shareholders and independent non-executive directors and their respective associates in the Post-[●] Share Option Scheme, to vary the terms and conditions of any option agreement (provided that such variation is not inconsistent with the terms of the Listing Rules and the Post-[●] Share Option Scheme).

(d) Grant of options

On and subject to the terms of the Post-[●] Share Option Scheme and the requirements of the Listing Rules, the Board shall be entitled at any time within 10 years commencing on the [●] to make an offer for the grant of an option to any Qualifying Grantee as the Board may in its absolute discretion select.

(e) Restriction on time of grant of option

An offer of the grant of an option may not be made after a price sensitive event or a price sensitive matter in respect of the Group has been the subject of a decision, until such price sensitive information has been publicly disseminated in accordance with the Listing Rules. In particular, but only insofar as and for so long as the Listing Rules require, no option may be granted during the period commencing one month immediately preceding the earlier of (i) the date of the Board meeting (as such date is first notified to the Stock Exchange) for the approval of the Company's interim or annual results; and (ii) the deadline for the Company to publish its interim or annual results announcement, and ending on the date of the results announcement.

An offer of the grant of an option shall be deemed to have been made on the date such offer is approved by the Board, notwithstanding that the letter or any other document containing the offer is sent to and received by the Qualifying Grantee on a later date.

APPENDIX VI**STATUTORY AND GENERAL INFORMATION**

(f) Acceptance and payment on acceptance of option offer

An offer of the grant of an option shall remain open for acceptance by the Qualifying Grantee concerned for a period of 28 days from the date of the offer (or such period as the Board may specify in writing).

HK\$1 is payable by the grantee to the Company on acceptance of the option offer.

(g) Subscription price

The subscription price in respect of any particular option shall be such price as the Board may in its absolute discretion determine at the time of grant of the relevant option but the subscription price shall not be less than whichever is the higher of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant; (ii) the average closing prices of the Shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant; and (iii) the nominal value of a Share.

For the purpose of determining the subscription price, if the Shares have been listed for less than five business days immediately preceding the date of grant, the new issue price per Share under the [●] in connection with such listing (excluding brokerage, trading fee and transaction levy payable thereon) shall be deemed to be the closing price for any business day falling within the period before such listing.

(h) Option period

The period as the Board may in its absolute discretion determine and specify in relation to any particular option holder in his option agreement during which the option may be exercised (subject to such restriction on exercisability specified therein), save that such period shall not be greater than the period prescribed by the Listing Rules from time to time (which is, as at the date of adoption of the Post-[●] Share Option Scheme, a period of 10 years from the date of grant of the relevant option).

(i) Rights are personal to grantee

An option shall be personal to the grantee and shall not be assignable or transferable.

(j) Rights attaching to Shares allotted

The Shares to be allotted upon the exercise of an option shall be subject to all the provisions of the Bye-laws of the Company for the time being in force and will rank pari passu in all respects with the existing fully paid Shares in issue on the date of issue and accordingly will entitle the holders to participate in all dividends or other distributions paid or made on or after the date of issue, other than any dividend or other distribution previously declared or recommended or resolved to be paid or made with respect to a record date which shall be before the date of issue.

(k) Rights on retirement, death or permanent physical or mental disability

If an option holder (or, in the case of an option holder which is a Related Trust and Company, the relevant Eligible Person) ceases to be a Qualifying Grantee attributable to the fact that he dies or becomes permanently physically or mentally disabled or in the case of an option holder being an Employee (or, in the case of an option holder which is a Related Trust and Company of an Employee, the relevant Employee), retires, unless otherwise provided in the option agreement, the option may be exercised within such period of time as is specified in the option agreement (but in no event later than the expiration of the term of such option as set forth in the option agreement).

THIS WEB PROOF INFORMATION PACK IS IN DRAFT FORM. The information contained in it is incomplete and is subject to change. This Web Proof Information Pack must be read in conjunction with the section headed "Warning" on the cover of this Web Proof Information Pack.

APPENDIX VI

STATUTORY AND GENERAL INFORMATION

In the absence of a specified time in the option agreement, the option shall remain exercisable for 12 months (or such longer period as the Board shall decide) following the relevant option holder's or Qualifying Grantee's or Employee's (as the case may be) retirement, death or permanent physical or mental disability. The option may be exercised within that period by the personal representatives of the option holder.

If the option is not so exercised within the time specified, the option shall lapse.

(l) Termination for misconduct

If an option holder being an Employee (or, in the event of an option holder which is a Related Trust and Company of the Employee, the relevant Employee) ceases to be an Employee for his conduct based on which the relevant employer can terminate his contract of employment without notice or payment in lieu, or having been convicted of any criminal offence involving his integrity or honesty, the option shall immediately lapse.

(m) Termination for bankruptcy cause

If an option holder (or, in the event of an option holder which is a Related Trust and Company of an Eligible Person, the relevant Eligible Person) ceases to be a Qualifying Grantee for having committed any act of bankruptcy or having become insolvent or having made any arrangements or composition with his creditors generally, the option shall immediately lapse.

(n) Rights on termination other than for retirement, death, permanent disability, termination resulting from misconduct or bankruptcy cause

If an option holder ceases to be a Qualifying Grantee other than in any of the circumstances described in paragraphs (k), (l) or (m), unless otherwise provided in the option agreement, an option holder may exercise his option within three months of such cessation (or such longer period as the Board may decide, but in no event later than the expiration of the term of such option as set forth in the option agreement).

If the option is not so exercised within the time specified, the option shall lapse.

(o) Rights on takeover

If a general offer by way of takeover is made to all the holders of Shares (or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror), and the general offer becomes or is declared unconditional in all respects, the option holder shall be entitled to exercise the option (to the extent not already exercised) at any time within one month (or such longer period as the Board shall decide) after the date on which the general offer becomes or is declared unconditional.

If the option is not so exercised within the time specified, the option shall lapse.

(p) Rights on compromise or arrangement

If a compromise or arrangement between the Company and its members or creditors is proposed, the Company shall give notice to the option holder on the same date as it despatches the notice to each

APPENDIX VI**STATUTORY AND GENERAL INFORMATION**

member or creditor of the Company summoning the meeting to consider such a compromise or arrangement, and thereupon the option holder (or his personal representatives) may until the expiry of the period commencing with such date and ending with the earlier of the date two calendar months thereafter or the date on which such compromise or arrangement is sanctioned by the court exercise any of his options (to the extent not already exercised) whether in full or in part, but the exercise of an option as aforesaid shall be conditional upon such compromise or arrangement being sanctioned by the court and becoming effective, and upon such compromise or arrangement becoming effective, all options shall lapse except insofar as previously exercised under the Post-[●] Share Option Scheme. The Company may require the option holder to transfer or otherwise deal with the Shares issued as a result of the exercise of Options in these circumstances so as to place the option holder in the same position, as nearly as possible, as would have been the case had such Shares been subject to such compromise or arrangement.

If the option is not so exercised within the time specified, the option shall lapse.

(q) Rights on voluntary winding-up of the Company

In the event a notice is given by the Company to its members to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind up the Company, the Company shall on the same date as or soon after it despatches such notice to each member of the Company give notice thereof to all option holders (together with a notice of the existence of the provisions of the Post-[●] Share Option Scheme relating to this paragraph (q)) and thereupon, each option holder (or his personal representatives) shall be entitled to exercise all or any of his options (to the extent not already exercised) at any time not later than two business days prior to the proposed general meeting of the Company by giving notice in writing to the Company, accompanied by a remittance for the full amount of the aggregate subscription price for the Shares in respect of which the notice is given whereupon the Company shall as soon as possible and, in any event, no later than the business day immediately prior to the date of the proposed general meeting referred to above, allot the relevant Shares to the option holder credited as fully paid.

If the option is not so exercised within the time specified, the option shall lapse.

(r) Lapse of option

Subject to the discretion of the Board to extend the option period as referred to in paragraphs (c), (k), (n) and (w), and without prejudice to the authority of the Board to provide for additional situations where an option shall lapse in any option agreement, an option shall lapse and not be exercisable (to the extent not already exercised) on the earliest of (i) the expiry of the option period; (ii) the expiry of any of the periods referred to in paragraphs (k), (l), (m), (n), (o), (p) and (q); and (iii) the date on which the Board or the two directors of the Company duly authorised by the Board certify that for the reason of a breach of paragraph (i).

(s) Cancellation of options

Options granted but not exercised or lapsed in accordance with the terms of the Post-[●] Share Option Scheme may be cancelled by the Company with the consent of the Qualifying Grantee provided that such consent shall not be required where an option lapses in accordance with paragraph (r) above. Where the Company cancels options and offers to issue new ones to the same Qualifying Grantee, the issue of such new options may only be made under the Post-[●] Share Option Scheme with available unissued options (excluding the cancelled options) within the limits set out in paragraph (t) below.

APPENDIX VI

STATUTORY AND GENERAL INFORMATION

(t) Maximum number of Shares available under the Post-[●] Share Option Scheme***(i) Overriding Limit***

The limit on the number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Post-[●] Share Option Scheme and any other schemes of the Company must not exceed 30% of the Shares in issue from time to time. No options may be granted under any schemes of the Company if this will result in the limit being exceeded.

(ii) Mandate Limit

In addition to the limit set out in sub-paragraph (t)(i) above and prior to the approval of a Refreshed Mandate Limit as referred to in sub-paragraph (t)(iii) below, the total number of Shares which may be issued upon exercise of all options to be granted under the Post-[●] Share Option Scheme and any other schemes of the Company must not in aggregate exceed 10% of the Shares in issue immediately following the commencement of dealings in the Shares on the Stock Exchange, being 150,646,488 Shares ("Initial Mandate Limit"). Options lapsed in accordance with the terms of the Post-[●] Share Option Scheme or any other schemes will not be counted for the purpose of calculating the 10% limit.

(iii) Refreshing of Mandate Limit

The Company may by ordinary resolutions of the Shareholders refresh the Mandate Limit provided the Company shall issue a circular containing such information as required by the Listing Rules to Shareholders before such approval is sought. However, the total number of Shares which may be issued upon exercise of all options to be granted under all of the schemes of the Company under the limit as refreshed ("Refreshed Mandate Limit") must not exceed 10% of the Shares in issue as at the date of approval of the Refreshed Mandate Limit. Options previously granted under the schemes (including those outstanding, cancelled, lapsed in accordance with any of the schemes or exercised options) will not be counted for the purpose of calculating the limit as refreshed.

(iv) Grant to specifically identified Qualifying Grantees

Specifically identified Qualifying Grantees may be granted Options beyond the Mandate Limit. The Company may in addition seek separate approval by its Shareholders in general meeting for granting options beyond the Mandate Limit provided the options in excess of the limit are granted only to Qualifying Grantees specifically identified by the Company and a circular containing such information as required by the Listing Rules is issued to Shareholders before such approval is sought.

(v) Limit for each Qualifying Grantee

The total number of Shares issued and to be issued upon exercise of options (whether exercised or outstanding) granted in any 12-month period to each Qualifying Grantee must not exceed 1% of the Shares in issue. Where any further grant of options to a Qualifying Grantee would result in the Shares issued and to be issued upon exercise of all options granted and to be granted to such person (including exercised, cancelled and outstanding options) in the 12-month period up to and including the date of such further grant representing in aggregate over 1% of the Shares in issue, such further grant shall be subject to separate approval by Shareholders in general meeting with the relevant Qualifying Grantee and his associates abstaining from voting. Prior to seeking such approval, the Company shall issue a circular containing such information as required by the Listing Rules to Shareholders.

APPENDIX VI**STATUTORY AND GENERAL INFORMATION**

(u) Grant of option to connected persons

Insofar and for so long as the Listing Rules so require, where any offer of an option is proposed to be made to a director, chief executive or substantial shareholder of the Company or any of their respective associates, such offer must first be approved by the independent non-executive directors of the Company (excluding any independent non-executive director who is or whose associate is the Qualifying Grantee to whom the option is proposed to be granted). Insofar and for so long as the Listing Rules so requires, no option may be granted to any substantial shareholder or an independent non-executive director of the Company, or any of their respective associates, which would result in the Shares issued and to be issued upon exercise of all options already granted or to be granted (including options exercised, cancelled and outstanding) to such person under the Post-[●] Share Option Scheme and any other scheme(s) of the Company in the 12-month period up to and including the date of board meeting for proposing such further grant (i) representing in aggregate over 0.1% of the share capital of the Company in issue; and (ii) having an aggregate value, based on the closing price of the Shares at the date of the board meeting for proposing such further grant, in excess of HK\$5 million, unless such further grant is approved by Shareholders in general meeting. Prior to seeking such approval, the Company shall issue a circular containing such information as required by the Listing Rules to Shareholders. At such general meeting, the grant of options to the substantial shareholder or independent non-executive director of the Company, or any of their respective associates shall, for so long and insofar as the Listing Rules so required, be approved by Shareholders by way of poll with all connected persons of the Company abstaining from voting, except that any connected person may vote against such resolution provided that he has informed the Company of his intention to do so and such intention has been stated in the relevant circular to Shareholders.

(v) Effects of reorganisation of capital structure

In the event of any alteration in the capital structure of the Company whilst any option remains exercisable, whether by way of capitalisation of profits or reserves (other than pursuant to a scrip dividend scheme), rights issue or other general offer of securities made by the Company to holders of its securities, consolidation, subdivision, reduction or similar reorganisation of the share capital of the Company, such corresponding alterations (if any) shall be made to the number or nominal amount of Shares subject to the option so far as unexercised; and/or the subscription price; and/or the maximum number of Shares subject to the Post-[●] Share Option Scheme, as the auditors or independent financial adviser shall certify in writing to the Board to be in their opinion fair and reasonable (except in the case of a capitalisation issue where no such certification shall be required), provided that (i) any such alterations shall be made on the basis that the aggregate subscription price payable by an option holder on the full exercise of any option shall remain as nearly as possible the same (but shall not be greater than) as it was before such event; (ii) no such alterations shall be made the effect of which would be to enable a Share to be issued at less than its nominal value; (iii) no such alterations shall be made the effect of which would be to increase the proportion of the issued share capital of the Company for which any option holder is entitled to subscribe pursuant to the options held by him; and (iv) any such adjustments shall be made in compliance with Chapter 17 of the Listing Rules, the supplemental guidance issued by the Stock Exchange dated 5 September 2005 and such other guidelines or supplementary guidance as may be issued by the Stock Exchange from time to time.

For the avoidance of doubt, the issue of securities by the Company as consideration in a transaction shall not be regarded as a circumstance requiring any such alterations.

APPENDIX VI**STATUTORY AND GENERAL INFORMATION**

(w) Alteration to the Scheme

The Post-[●] Share Option Scheme may be altered in any respect by resolution of the Board except that the provisions of the Post-[●] Share Option Scheme relating to matters contained in Rule 17.03 of the Listing Rules shall not be altered to the advantage of option holders or proposed option holders except with the prior sanction of a resolution of the Company in general meeting, provided that no such alteration shall operate to affect adversely the terms of issue of any option granted or agreed to be granted prior to such alteration except with the consent or sanction of such majority of the option holders as would be required of Shareholders under the Bye-laws for the time being of the Company for a variation of the rights attached to the Shares. Any alterations to the terms and conditions of the Post-[●] Share Option Scheme, which are of a material nature and any change to the terms of the options granted, shall be approved by Shareholders, except where the alterations take effect automatically under the existing terms of the Post-[●] Share Option Scheme. The amended terms of the Post-[●] Share Option Scheme shall comply with the relevant requirements of Chapter 17 of the Listing Rules from time to time. Any change to the authority of the Board in relation to any alteration to the terms of the Post-[●] Share Option Scheme shall be approved by Shareholders. Subject to the Listing Rules and the terms of the Post-[●] Share Option Scheme, the Board may, at any time and in its absolute discretion, remove, waive or vary the conditions, restrictions or limitations imposed in an option agreement on compassionate or any other grounds.

(x) Termination of Post-[●] Share Option Scheme

The Company by resolution in general meeting or the Board may at any time terminate the operation of the Post-[●] Share Option Scheme and in such event no further options will be offered after the Post-[●] Share Option Scheme is terminated but in all other respects the provisions of the Post-[●] Share Option Scheme shall remain in full force and effect. All options granted prior to such termination and not then exercised shall remain valid.

(y) Conditions of Post-[●] Share Option Scheme

[●]

As at the date of this document, no option has been granted under the Post-[●] Share Option Scheme. Application has been made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Shares which may fall to be issued following the exercise of the options granted under the Post-[●] Share Option Scheme. The Directors confirm that the Post-[●] Share Option Scheme is in full compliance with Chapter 17 of the Listing Rules.

F. OTHER INFORMATION**1. Tax and estate duty**

LiFung Trinity has entered into a deed of tax indemnity in favour of the Group (being a material contract referred to in the paragraph headed "B. Further Information about the Business — 1. Summary of Material Contracts" in this Appendix to this document) to provide the following indemnities in favour of the Group. The Directors have been advised that no material liability for estate duty is likely to fall on the Company or any of its subsidiaries.

Under the deed of tax indemnity, amongst others, LiFung Trinity will indemnify each of the members of the Group against any taxation which might be payable by any member of the Group in

APPENDIX VI

STATUTORY AND GENERAL INFORMATION

respect of any income, profits or gains earned, accrued or received (or deemed to be so earned, accrued or received) on or before the date on which the [●] becomes unconditional, save:

- (a) to the extent that provision has been made for such taxation in the audited consolidated accounts of the Group or the audited accounts of the relevant member of the Group for an accounting period ended on or before 30 June 2009;
- (b) for taxation falling on any of the members of the Group in respect of any accounting period commencing on or after 1 July 2009 unless liability for such taxation would not have arisen but for some act or omission of, or transaction entered into by, LiFung Trinity, members of the Group or any of them (whether alone or in conjunction with some other act, omission or transaction, whenever occurring), otherwise than in the ordinary course of business or in the ordinary course of acquiring or disposing of capital assets on or before the [●] becomes unconditional;
- (c) to the extent that such taxation arises or is incurred as a result of any change in the law, rules or regulations, or the interpretation or practice thereof having retrospective effect coming into force after the date on which the [●] becomes unconditional or to the extent such taxation arises or is increased by an increase in rates of taxation after the date on which the [●] becomes unconditional with retrospective effect (except the imposition of or an increase in the rate of any tax on the profits of companies for the current or any earlier financial period);
- (d) to the extent that such taxation is discharged by another person who is not a member of the Group and that no member of the Group is required to reimburse such person in respect of the discharge of the taxation; or
- (e) to the extent of any provision or reserve made for taxation in the audited accounts referred to in sub-paragraph (a) above which is finally established to be an over-provision or an excessive reserve, provided that the amount of any such provision or reserve applied to reduce the liability of LiFung Trinity in respect of taxation shall not be available in respect of any such liability arising thereafter.

2. Particulars of the Selling Shareholder

The details of the Selling Shareholder and the number of Shares to be sold by it under the [●] are set out below:

**Name, description and address
of the Selling Shareholder**

LiFung Trinity Limited
P.O. Box 957
Offshore Incorporations Centre
Road Town
Tortola
British Virgin Islands

Number of Shares to be sold

[●] Shares

3. Litigation

Save as disclosed in this document, as at the Latest Practicable Date, no member of the Group was engaged in any litigation, claim or arbitration of material importance and no litigation, claim or arbitration of material importance is known to the Directors to be pending or threatened against any member of the Group.

THIS WEB PROOF INFORMATION PACK IS IN DRAFT FORM. The information contained in it is incomplete and is subject to change. This Web Proof Information Pack must be read in conjunction with the section headed "Warning" on the cover of this Web Proof Information Pack.

APPENDIX VI

STATUTORY AND GENERAL INFORMATION

4. [●]

5. Preliminary expenses

The preliminary expenses of the Company are US\$4,711.70 and are borne by the Company.

6. Promoter

The promoter of the Company is LiFung Trinity. Save as disclosed in this document, no amount or benefit has been paid or given to the promoter in connection with the [●] or related transactions described in this document within the two years preceding the date of this document.

7. Qualifications of experts

The qualifications of the experts who have given opinions in this document are as follows:

<u>Name</u>	<u>Qualification</u>
PricewaterhouseCoopers	Certified Public Accountants
CB Richard Ellis Limited	Property valuer
Yuan Tai Law Offices	PRC lawyers
Conyers Dill & Pearman	Bermuda Attorneys-at-law
Lee & Li Attorneys-At-Law	Registered law firm in Taiwan
Manuela Antonio Law Office	Macau legal advisers
Euromonitor International (Asia) Pte Ltd.	Independent market analyst

8. Consents of experts

Each of [●], PricewaterhouseCoopers, CB Richard Ellis Limited, Yuan Tai Law Offices, Conyers Dill & Pearman, Lee & Li Attorneys-At-Law, Manuela Antonio Law Office and Euromonitor International (Asia) Pte Ltd has given and has not withdrawn their respective written consents to the issue of this document with inclusion of their reports, valuation report, letters and/or opinions or summaries of opinions (as the case may be) and/or the references to their names included herein in the form and context in which they respectively appear.

9. Taxation of holders of Shares

(a) Hong Kong

Dealings in Shares registered on the Company's Hong Kong branch register of members will be subject to Hong Kong stamp duty, the current ad valorem rate of which is 0.2% of the consideration or, if higher, the adjudicated value of the Shares being sold or transferred.

Profits from dealings in the Shares arising or derived from Hong Kong may also be subject to Hong Kong profits tax.

Estate duty has been abolished in Hong Kong by The Revenue (Abolition of Estate Duty) Ordinance which came into effect on 11 February 2006.

APPENDIX VI**STATUTORY AND GENERAL INFORMATION**

(b) Bermuda

Under present Bermuda law, transfers and other dispositions of the Shares are exempt from Bermuda stamp duty.

Potential investors in the [●] are recommended to consult their professional advisers if they are in doubt as to the taxation implications of subscribing for, purchasing, holding or disposing of or dealing in the Shares. None of the Company, the Directors, the [●] or the other parties involved in the [●] accepts responsibility for any tax effects on, or liabilities of, any person resulting from the subscription for, purchase, holding or disposal of, or dealing in, the Shares or exercise of any rights attaching to them.

10. Principal register of members and branch register of members

Subject to the provisions of the Companies Act, the principal register of members of the Company is maintained in Bermuda by Butterfield Fulcrum Group (Bermuda) Limited and a branch register of members of the Company is maintained in Hong Kong by Tricor Investor Services Limited. Unless the Directors otherwise agree, all transfers of and other documents of title of the Shares must be lodged for registration with, and registered by, the Company's branch share registrar in Hong Kong and may not be lodged in Bermuda.

11. Binding effect

This document shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all the provisions (other than the penal provisions) of sections 44A and 44B of the Companies Ordinance of Hong Kong so far as applicable.

12. Bilingual document

The English language and Chinese language versions of this document are being published separately. Unless the context otherwise requires, the English language version of this document shall prevail.

13. Miscellaneous

- (a) Save as disclosed in this document,
 - (i) within the two years preceding the date of this document, no share or loan capital of the Company or any of its subsidiaries has been issued or agreed to be issued fully or partly paid either for cash or for a consideration other than cash;
 - (ii) none of the Directors or any of the persons whose names are listed in the paragraph headed "F. Other Information — 7. Qualification of Experts" in this Appendix had received any commissions, discounts, agency fee, brokerages or other special terms in connection with the issue or sale of any capital of any member of the Group within the two years preceding the date of this document;
 - (iii) no share or loan capital of the Company or any of its subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;
 - (iv) the Company has not issued nor agreed to issue any founder shares, management shares or deferred shares;

APPENDIX VI

STATUTORY AND GENERAL INFORMATION

- (v) none of the equity and debt securities of the Company is listed or dealt with in any other stock exchange nor is any listing or permission to deal being or proposed to be sought;
 - (vi) the Company has no outstanding convertible debt securities or debentures; and
 - (vii) within the two years preceding the date of this document, no commission has been paid or payable (except [●]) to any persons for subscription or purchase, agreeing to subscribe or purchase, procuring subscription or purchase or agreeing to procure subscription or purchase of any Shares in the Company.
- (b) As at the Latest Practicable Date, there is no restriction in Hong Kong affecting the remittance of profits or repatriation of capital of the Company into Hong Kong from outside Hong Kong.