The following is the text of a report, prepared for the purpose of incorporation in this prospectus, received from the Company's reporting accountants, KPMG, Certified Public Accountants, Hong Kong.

8th Floor
Prince's Building
10 Chater Road
Central
Hong Kong

14 December 2009

The Board of Directors
Hontex International Holdings Company Limited
Mega Capital (Asia) Company Limited

Dear Sirs,

INTRODUCTION

We set out below our report on the financial information relating to Shishi Maigen Dress Co., Ltd (the "Company"), including the income statements, the statements of comprehensive income, the statements of changes in equity and the cash flow statements of the Company for each of the years ended 31 December 2006 and 2007 and the five months ended 31 May 2008 (the "Relevant Period") and the balance sheets of the Company as at 31 December 2006 and 2007 and 31 May 2008, together with the notes thereto (the "Financial Information"), for inclusion in the prospectus of Hontex International Holdings Company Limited dated 14 December 2009 (the "Prospectus").

The Company's statutory financial statements for the years ended 31 December 2006 and 2007, which were prepared in accordance with the relevant accounting rules and regulations applicable to the enterprise in the PRC were audited by Fujian Dongfang Certified Public Accountants Co., Ltd.[1] (福建東方會計師事務所有限公司) and Fu Jian Jin Rui Certified Public Accountants Co., Ltd.[1] (福建金瑞會計師事務所有限公司) respectively.

BASIS OF PREPARATION

The Financial Information has been prepared by the director of the Company based on the audited financial statements or, where appropriate, unaudited management accounts of the Company after making such adjustments as are appropriate. Adjustments have been made, for the purpose of this report, to restate these financial statements to conform with the accounting policies referred to in Section B, which are in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") promulgated by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules"). HKFRSs include Hong Kong Accounting Standards and interpretations.

1 The English translation of the names of the statutory auditors is for reference only. The official name of the statutory auditors are in Chinese.

RESPECTIVE RESPONSIBILITIES OF DIRECTOR AND REPORTING ACCOUNTANTS

The director of the Company is responsible for the preparation and the true and fair presentation of the Financial Information in accordance with HKFRSs, the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the Listing Rules. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of the Financial Information that is 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.

Our responsibility is to form an opinion on the Financial Information based on our audit procedures.

BASIS OF OPINION

As a basis for forming an opinion on the Financial Information, for the purpose of this report, we have carried out appropriate audit procedures in respect of the Financial Information for the Relevant Period in accordance with Hong Kong Standards on Auditing issued by the HKICPA and have carried out such additional procedures as we considered necessary in accordance with Auditing Guideline "Prospectuses and the Reporting Accountant" (Statement 3.340) issued by the HKICPA. Those standards require that we comply with ethical requirements and plan and perform our work to obtain reasonable assurance as to whether the Financial Information is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Financial Information. The procedures selected depend on the reporting accountant's judgement, including the assessment of the risks of material misstatement of the Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountant considers internal control relevant to the entity's preparation and true and fair presentation of the Financial Information in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the director, as well as evaluating the overall presentation of the Financial Information.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

We have not audited any financial statements of the Company in respect of any period subsequent to 31 May 2008.

OPINION

In our opinion, for the purpose of this report, all adjustments considered necessary have been made and the Financial Information, which has been prepared in accordance with the accounting policies set out in Section B below, gives a true and fair view of the Company's results and cash flows for the Relevant Period and the state of affairs of the Company as at 31 December 2006, 2007 and 31 May 2008.

CORRESPONDING FINANCIAL INFORMATION

For the purpose of this report, we have also reviewed the unaudited corresponding interim financial information of the Company comprising the income statement, the statement of comprehensive income, the statement of changes in equity and the cash flow statement for the five months ended 31 May 2007, together with the notes thereon (the "Corresponding Financial Information"), for which the director is responsible, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. Our responsibility is to express a conclusion on the Corresponding Financial Information based on our review.

A review consists of making enquiries, 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 on the Corresponding Financial Information.

Based on our review, for the purpose of this report, nothing has come to our attention that causes us to believe that the Corresponding Financial Information is not prepared, in all material respects, in accordance with the same basis adopted in respect of the Financial Information.

A. FINANCIAL INFORMATION

1. Income statements

	Section B Note	Year ended 31 December 2006 RMB'000	Year ended 31 December 2007 RMB'000	Five months ended 31 May 2007 RMB'000 (unaudited)	Five months ended 31 May 2008 RMB'000
Turnover	*2*	72,173	140,254	51,779	86,556
Cost of sales	*10(b)*	(49,016)	(94,683)	(34,540)	(54,475)
Gross profit		23,157	45,571	17,239	32,081
Other revenue	*3*	25	130	16	73
Selling expenses		(2,669)	(3,267)	(1,543)	(3,063)
Administrative expenses		(1,659)	(1,378)	(558)	(769)
Profit before taxation	*4*	18,854	41,056	15,154	28,322
Income tax	*5(a)*	(2,262)	(4,927)	(1,803)	(7,041)
Profit attributable to equity shareholders		16,592	36,129	13,351	21,281
Earnings per share	*8*				
Basic and diluted		N/A	N/A	N/A	N/A

The accompanying notes form part of the Financial Information.

2. Statements of comprehensive income

	Year ended 31 December		Five months ended 31 May	
	2006	2007	2007	2008
	RMB'000	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Profit for the year/period	16,592	36,129	13,351	21,281
Total comprehensive income for the year/period	16,592	36,129	13,351	21,281

3. Balance sheets

	Section B Note	As at 31 December 2006 RMB'000	As at 31 December 2007 RMB'000	As at 31 May 2008 RMB'000
Non-current assets				
Property, plant and equipment	*9*	133	337	315
Current assets				
Inventories	*10*	23,596	23,091	26,476
Trade and other receivables	*11*	10,328	10,742	8,461
Cash and cash equivalents	*12*	9,712	37,236	63,080
Total current assets		43,636	71,069	98,017
Current liabilities				
Trade and other payables	*13*	24,281	15,237	19,511
Current tax payable	*15*	1,210	1,762	3,133
Total current liabilities		25,491	16,999	22,644
Net current assets		18,145	54,070	75,373
NET ASSETS		18,278	54,407	75,688
CAPITAL AND RESERVES				
Paid-in capital	*16*	1,653	1,653	1,653
Reserves	*17*	16,625	52,754	74,035
TOTAL EQUITY		18,278	54,407	75,688

The accompanying notes form part of the Financial Information.

4. Statements of changes in equity

	Attributable to equity shareholders of the Company			
	Paid-in capital	**Statutory reserve**	**Retained profits**	**Total equity**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
	(Note 16)	*(Note 17(a))*		
At 1 January 2006	1,653	—	33	1,686
Total comprehensive income for the year	—	—	16,592	16,592
Appropriation to statutory reserve	—	826	(826)	—
At 31 December 2006	1,653	826	15,799	18,278
At 1 January 2007	1,653	826	15,799	18,278
Total comprehensive income for the year	—	—	36,129	36,129
At 31 December 2007	1,653	826	51,928	54,407
At 1 January 2007	1,653	826	15,799	18,278
Total comprehensive income for the period	—	—	13,351	13,351
At 31 May 2007	1,653	826	29,150	31,629
At 1 January 2008	1,653	826	51,928	54,407
Total comprehensive income for the period	—	—	21,281	21,281
At 31 May 2008	1,653	826	73,209	75,688

The accompanying notes form part of the Financial Information.

5. CASH FLOW STATEMENTS

	Section B Note	Year ended 31 December 2006 RMB'000	Year ended 31 December 2007 RMB'000	Five months ended 31 May 2007 RMB'000 (unaudited)	Five months ended 31 May 2008 RMB'000
Operating activities					
Profit before taxation		18,854	41,056	15,154	28,322
Adjustments for:					
— Depreciation		31	34	13	24
— Interest income	*3*	(25)	(130)	(16)	(73)
Changes in working capital:					
(Increase)/decrease in inventories		(22,286)	505	(2,139)	(3,385)
(Increase)/decrease in trade and other receivables		(9,008)	(414)	4,364	2,281
Increase/(decrease) in trade and other payables		23,173	(9,044)	(6,630)	4,274
Cash generated from operations		10,739	32,007	10,746	31,443
Income tax paid		(1,062)	(4,375)	(2,253)	(5,670)
Net cash generated from operating activities		9,677	27,632	8,493	25,773
Investing activities					
Payments for the purchase of property, plant and equipment		(8)	(238)	—	(2)
Interest received		25	130	16	73
Net cash generated from/(used in) investing activities		17	(108)	16	71
Net increase in cash and cash equivalents		9,694	27,524	8,509	25,844
Cash and cash equivalents at beginning of year/period		18	9,712	9,712	37,236
Cash and cash equivalents at end of year/period	*12*	9,712	37,236	18,221	63,080

The accompanying notes form part of the Financial Information.

B. NOTES TO THE FINANCIAL INFORMATION

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

The Financial Information set out in this report has been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes Hong Kong Accounting Standards and related interpretations, promulgated by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). Further details of the significant accounting policies adopted by the Company are set below.

The HKICPA has issued a number of new and revised HKFRSs. For the purpose of preparing this Financial Information, the Company has adopted all of these new and revised HKFRSs except for any new standards or interpretations that are not yet effective for the accounting periods beginning on or after 1 January 2009. The revised and new accounting standards and interpretations issued but not yet effective for the accounting periods beginning on or after 1 January 2009 are set out in note 22.

This Financial Information also complies with the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The accounting policies set out below have been applied consistently to all periods presented in the Financial Information.

(b) Basis of measurement

The Financial Information is presented in Renminbi ("RMB"), rounded to the nearest thousand. It is prepared on the historical cost basis.

(c) Use of estimates and judgments

The preparation of Financial Information in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of HKFRSs that have a significant effect on the Financial Information and estimates with a significant risk of material adjustment in the future accounting periods are discussed in note 21.

(d) Property, plant and equipment

Property, plant and equipment is stated in the balance sheets at cost less accumulated depreciation and impairment losses (see note 1(f)).

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight-line method over their estimated useful lives as follows:

— Plant and machinery	5–10 years
— Motor vehicles	5–10 years
— Computer equipment	5–10 years

Both the useful life of an asset and its residual value, if any, are reviewed annually.

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

(e) Operating lease charges

Leases which do not transfer substantially all the risks and rewards of ownership to the Company are classified as operating leases. Where the Company has the use of assets under operating leases, payments made under the leases are charged to profit or loss in equal instalments over the accounting periods covered by the lease terms, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made.

(f) Impairment of assets

(i) *Impairment of trade and other receivables*

Trade and other receivables that are stated at cost or amortised cost are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to the attention of the Company about one or more of the following loss events:

— significant financial difficulty of the debtor;

— a breach of contract, such as a default or delinquency in interest or principal payments;

— it becoming probable that the debtor will enter bankruptcy or other financial reorganisation; and

— significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor.

If any such evidence exists, any impairment loss is determined and recognised as follows:

— For trade and other receivables carried at cost, the impairment loss is measured as the difference between the carrying amount of the financial asset and the estimated future cash flows, discounted at the current market rate of return for a similar financial asset where the effect of discounting is material.

For trade and other receivables carried at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material. This assessment is made collectively where financial assets carried at amortised cost share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for financial assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective group.

If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior periods.

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognised in respect of trade receivables included within trade and other receivables, whose recovery is considered doubtful but not remote. In this case, the impairment losses for doubtful debts are recorded using an allowance account. When the Company is satisfied that recovery is remote, the amount considered irrecoverable is written off against trade receivables directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

(ii) *Impairment of other assets*

Internal and external sources of information are reviewed at each balance sheet date by the Company to identify indications that property, plant and equipment may be impaired or an impairment loss previously recognised no longer exists or may have decreased:

If any such indication exists, the asset's recoverable amount is estimated.

— *Calculation of recoverable amount*

The recoverable amount of an asset is the greater of its fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

— *Recognition of impairment losses*

An impairment loss is recognised in profit or loss whenever the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs to sell, or value in use, if determinable.

— *Reversals of impairment losses*

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. A reversal of impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the period in which the reversals are recognised.

(g) Inventories

Inventories are carried at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

(h) Trade and other receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost less impairment losses for bad and doubtful debts (see note 1(f)), except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less impairment losses for bad and doubtful debts (see note 1(f)).

(i) Trade and other payables

Trade and other payables are initially recognised at fair value and thereafter stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(j) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition.

(k) Employee benefits

(i) Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the period in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(ii) Contributions to appropriate local defined contribution retirement schemes pursuant to the relevant labour rules and regulations in the PRC are recognised as an expense in profit or loss as incurred, except to the extent that they are included in the cost of inventories not yet recognised as an expense.

(l) Income tax

Income tax for the year/period comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to other comprehensive income or items recognised directly in equity, in which case they are recognised in other comprehensive income or directly in equity respectively.

Current tax is the expected tax payable on the taxable income for the year/period, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous periods.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities and all deferred tax assets, to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Company controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at each balance sheet date and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities if the Company has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

— in the case of current tax assets and liabilities, the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

— in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

  — the same taxable entity; or

  — different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

(m) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(n) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to the Company and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

(i) *Sale of goods*

Revenue is recognised when the customer has accepted the related risks and rewards of ownership. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

(ii) *Interest income*

Interest income is recognised as it accrues using the effective interest method.

(o) Translation of foreign currencies

Foreign currency transactions during the period are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the balance sheet date. Exchange gains and losses are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates.

(p) Related parties

For the purposes of the Financial Information, a party is considered to be related to the Company if:

(i) the party has the ability, directly or indirectly through one or more intermediaries, to control the Company or exercise significant influence over the Company in making financial and operating policy decisions, or has joint control over the Company;

(ii) the Company and the party are subject to common control;

(iii) the party is an associate of the Company or a joint venture in which the Company is a venturer.

(iv) the party is a member of key management personnel of the Company or the Company's parent, or a close family member of such an individual, or is an entity under the control, joint control or significant influence of such individuals;

(v) the party is a close family member of a party referred to in (i) or is an entity under the control, joint control or significant influence of such individuals; or

(vi) the party is a post-employment benefit plan which is for the benefit of employees of the Company or of any entity that is a related party of the Company.

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

(q) Segment reporting

Operating segments, and the amounts of each segment item reported in the Financial Information, are identified from the financial information provided regularly to the Company's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Company's various lines of business and geographical locations.

The Company operates in a single operating segment, wholesaling of branded leisure clothing in the PRC. Accordingly, no segmental analysis is presented.

2. TURNOVER

The principal activity of the Company is the wholesaling of branded leisure clothing in the PRC. Turnover represents the sales value of goods sold less returns, discounts, value added taxes ("VAT") and other sales taxes.

3. OTHER REVENUE

	Year ended 31 December		**Five months ended 31 May**	
	2006	**2007**	**2007**	**2008**
	RMB'000	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Interest income	25	130	16	73

4. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

	Year ended 31 December		Five months ended 31 May	
	2006	2007	2007	2008
	RMB'000	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
(a) Staff costs:				
Contributions to defined contribution retirement plans	111	189	76	135
Salaries, wages and other benefits	1,044	1,443	586	697
	1,155	1,632	662	832
(b) Other items:				
Auditors' remuneration	2	2	1	1
Depreciation	31	34	13	24
Operating lease charges in respect of rental of office premises *(note)*	245	124	52	—
Cost of inventories *(note 10(b))*	49,016	94,683	34,540	54,475

Note: During the year ended 31 December 2007 and the five months ended 31 May 2008, certain operating lease charges of RMB239,000 and RMB146,000 were borne by the Company's shareholders respectively and were not recharged to the Company.

5. INCOME TAX IN THE INCOME STATEMENTS

(a) Income tax in the income statements represents:

	Year ended 31 December		Five months ended 31 May	
	2006	2007	2007	2008
	RMB'000	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Current tax				
Provision for PRC corporate income tax for the year/period	2,262	4,927	1,803	7,041

Prior to 1 January 2008, PRC entities were, in general, subject to a statutory income tax rate of 33%, consisting of 30% state tax and 3% local tax, on their assessable profits. Being a foreign investment enterprise located in the coastal open region, the Company was granted a preferential tax rate of 24%. The Company was also entitled to a tax holiday of a two-year full exemption followed by a three-year 50% exemption commencing from the first profit-making year after offsetting accumulated tax losses ("2+3 tax holiday"). The Company commenced its 2+3 tax holiday in 2003. Accordingly, the applicable tax rate for 2006 and 2007 was 12%.

On 16 March 2007, the Fifth Plenary Session of the Tenth National People's Congress passed the *Corporate Income Tax Law of the PRC* ("the new CIT Law"), which unified the income tax rate to 25% for all enterprises. The new CIT Law was effective on 1 January 2008. Consequently, the Company is subject to a tax rate of 25% from 2008 onwards.

(b) Reconciliation between income tax and profit before taxation at applicable tax rates:

	Year ended 31 December		Five months ended 31 May	
	2006	**2007**	**2007**	**2008**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
			(unaudited)	
Profit before taxation	18,854	41,056	15,154	28,322
Notional tax on profit before taxation, calculated at the rates applicable in the jurisdiction concerned	4,525	9,853	3,637	7,081
Effect of tax concessions	(2,263)	(4,926)	(1,818)	—
Others	—	—	(16)	(40)
Actual income tax	2,262	4,927	1,803	7,041

6. DIRECTOR'S REMUNERATION

Details of director's remuneration of the Company are set out below:

Year ended 31 December 2006

	Fees	**Basic salaries, allowances and other benefits**	**Contributions to retirement benefit scheme**	**Discretionary bonuses**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive director					
Huang Zong Ji	—	84	—	—	84

Year ended 31 December 2007

	Fees	**Basic salaries, allowances and other benefits**	**Contributions to retirement benefit scheme**	**Discretionary bonuses**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive director					
Huang Zong Ji	—	84	—	—	84

Five months ended 31 May 2007 (unaudited)

	Fees	**Basic salaries, allowances and other benefits**	**Contributions to retirement benefit scheme**	**Discretionary bonuses**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive director					
Huang Zong Ji	—	35	—	—	35

Five months ended 31 May 2008

	Fees	Basic salaries, allowances and other benefits	Contributions to retirement benefit scheme	Discretionary bonuses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive director					
Huang Zong Ji	—	50	—	—	50

During the Relevant Period, no amount was paid or payable by the Company to any director or any of the five highest paid individuals set out in note 7 below as an inducement to join or upon joining the Company or as compensation for loss of office. There was no arrangement under which a director waived or agreed to waive any remuneration during the Relevant Period.

7. INDIVIDUALS WITH THE HIGHEST EMOLUMENTS

During the Relevant Period, one of the five highest paid individuals was also director of the Company.

The remuneration of the remaining individuals is as follows:

	Year ended 31 December		Five months ended 31 May	
	2006	**2007**	**2007**	**2008**
	RMB'000	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Salaries and other emoluments	328	337	141	145
Contributions to defined contributions retirement scheme	5	5	3	1
	333	342	144	146

8. EARNINGS PER SHARE

No earnings per share information is presented as the Company's paid-in capital is not divided into ordinary shares.

9. PROPERTY, PLANT AND EQUIPMENT

	Plant and machinery *RMB'000*	Motor vehicles *RMB'000*	Computer equipment *RMB'000*	Total *RMB'000*
Cost:				
At 1 January 2006	127	6	121	254
Additions	—	—	8	8
At 31 December 2006	127	6	129	262
At 1 January 2007	127	6	129	262
Additions	—	238	—	238
At 31 December 2007	127	244	129	500
At 1 January 2008	127	244	129	500
Additions	—	—	2	2
At 31 May 2008	127	244	131	502
Accumulated depreciation:				
At 1 January 2006	50	2	46	98
Charge for the year	15	1	15	31
At 31 December 2006	65	3	61	129
At 1 January 2007	65	3	61	129
Charge for the year	15	3	16	34
At 31 December 2007	80	6	77	163
At 1 January 2008	80	6	77	163
Charge for the period	6	11	7	24
At 31 May 2008	86	17	84	187
Net book value:				
At 31 December 2006	62	3	68	133
At 31 December 2007	47	238	52	337
At 31 May 2008	41	227	47	315

10. INVENTORIES

(a) Inventories in the balance sheets comprise:

	As at 31 December		As at 31 May
	2006	2007	2008
	RMB'000	*RMB'000*	*RMB'000*
Finished goods	23,497	22,986	26,476
Packaging materials	99	105	—
	23,596	23,091	26,476

(b) An analysis of the amount of inventories recognised as an expense is as follows:

	Year ended 31 December		Five months ended 31 May	
	2006	2007	2007	2008
	RMB'000	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Cost of inventory sold	48,966	94,683	34,540	54,475
Write-down of inventories	50	—	—	—
	49,016	94,683	34,540	54,475

11. TRADE AND OTHER RECEIVABLES

	As at 31 December		As at 31 May
	2006	2007	2008
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables	9,176	10,742	8,371
VAT recoverable	1,152	—	85
Other receivables	—	—	5
	10,328	10,742	8,461

All of the trade and other receivables are expected to be recovered within one year.

(a) Ageing analysis

An ageing analysis of the trade receivables is as follows:

	As at 31 December		As at 31 May
	2006	2007	2008
	RMB'000	*RMB'000*	*RMB'000*
Current	9,176	10,742	8,371

Trade receivables are due within 30 days from the date of billing. Further details on the Company's credit policy are set out in note 18(a).

(b) Impairment of trade receivables

No allowance for impairment of doubtful debts has been provided as at 31 December 2006 and 2007 and 31 May 2008. During the years ended 31 December 2006 and 2007 and the five months ended 31 May 2007 and 2008, no uncollectible amount was written off against trade receivables.

(c) Trade receivables that are not impaired

The ageing analysis of trade receivables that are neither individually nor collectively considered to be impaired is set out in note 11(a).

Receivables that were neither past due nor impaired relate to a wide range of customers for whom there was no recent history of default.

12. CASH AND CASH EQUIVALENTS

	As at 31 December		As at 31 May
	2006	**2007**	**2008**
	RMB'000	*RMB'000*	*RMB'000*
Cash at bank	9,615	37,106	62,907
Cash on hand	97	130	173
Cash and cash equivalents in the cash flow statements	9,712	37,236	63,080

Cash at bank was placed with banks in the PRC and remittance of funds out of the PRC is subject to exchange restrictions imposed by the PRC government.

13. TRADE AND OTHER PAYABLES

	As at 31 December		As at 31 May
	2006	**2007**	**2008**
	RMB'000	*RMB'000*	*RMB'000*
Trade payables	23,024	11,274	16,931
Deposits from customers	1,000	1,670	2,270
Accrued salaries and wages	101	107	135
VAT payable	—	2,104	—
Other payables and accruals	156	82	175
	24,281	15,237	19,511

All of the trade and other payables are expected to be settled or recognised as income within one year or are repayable on demand.

Included in trade and other payables are trade payables with the following ageing analysis as of each balance sheet date. The credit periods granted by various suppliers generally range from 30 days to 60 days:

	As at 31 December		As at 31 May
	2006	**2007**	**2008**
	RMB'000	*RMB'000*	*RMB'000*
Due within one month or on demand	11,248	5,703	15,134
Due after one month but within three months	11,776	5,571	1,797
	23,024	11,274	16,931

14. EMPLOYEE RETIREMENT BENEFITS

Defined contribution retirement plans

Pursuant to the relevant labour rules and regulations in the PRC, the Company participates in a defined contribution retirement benefit scheme (the "Scheme") organised by the PRC municipal government authority in the Fujian Province whereby the Company is required to make contributions to the Scheme at the rate of 18% of the eligible employees' salaries to the Scheme. The Company remits all pension fund contributions to respective social security offices, which are responsible for the payment and liabilities relating to the pension funds.

The Company has no other material obligation for the payment of pension benefits beyond the annual contributions described above.

15. INCOME TAX IN THE BALANCE SHEETS

(a) Current tax payable in the balance sheets represents:

	As at 31 December		As at 31 May
	2006	**2007**	**2008**
	RMB'000	*RMB'000*	*RMB'000*
At beginning of the year/period	10	1,210	1,762
Provision for PRC corporate income tax for the year/period	2,262	4,927	7,041
PRC corporate income tax paid	(1,062)	(4,375)	(5,670)
PRC corporate income tax payable	1,210	1,762	3,133

(b) Deferred taxation:

As at 31 December 2006 and 2007 and 31 May 2008, the Company does not have any material deferred tax assets and liabilities.

16. PAID-IN CAPITAL

The Company was incorporated on 20 June 2002 with registered and paid-in capital of US$280,000 and US$200,000 respectively.

There were no movements in the registered capital of the Company during the Relevant Period.

17. RESERVES

(a) Statutory reserve

Pursuant to applicable PRC regulations, the Company is required to appropriate 10% of the after-tax-profit (after offsetting prior year losses) as determined in accordance with the PRC accounting rules and regulations, to the statutory reserve until the reserve balance reaches 50% of the registered capital. The transfer to this reserve must be made before distribution of a dividend to equity shareholders. The statutory reserve can be utilised, upon approval by the relevant authorities, to offset accumulated losses or to increase the registered capital, provided that the balance after such issue is not less than 25% of the registered capital.

Up to 31 December 2006, the balance of statutory reserve reached 50% of the registered capital and no appropriate was made from the after-tax-profit since 1 January 2007.

(b) Distributable reserves

The aggregate amount of distributable reserves at 31 December 2006 and 2007 and 31 May 2008 were RMB15,799,000, RMB51,928,000 and RMB73,209,000 respectively.

(c) Capital management

The Company's primary objectives when managing capital are to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Company defines "capital" as all components of equity less unaccrued proposed dividends. On this basis the amount of capital employed as at 31 December 2006 and 2007 and 31 May 2008 was RMB18,278,000, RMB54,407,000 and RMB75,688,000.

The Company actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions. The results of the director's review of the Company's capital structure are used as a basis for determination of the level of dividends, if any, that are declared.

The Company is not subject to externally imposed capital requirements.

18. FINANCIAL RISK MANAGEMENT AND FAIR VALUE

Exposure to credit, liquidity and interest rate risks arises in the normal course of the Company's business. The Company's exposure to these risks and the financial risk management policies and practices used by the Company to manage these risks are described below.

(a) Credit risk

The Company's credit risk is primarily attributable to cash and bank deposits and trade and other receivables. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

The Company's cash and bank deposits are placed with major financial institutions. At the balance sheet dates, the Company has a certain concentration of credit risk as the Company only maintains cash and bank deposits in two state-owned commercial banks in the PRC.

In respect of trade and other receivables, individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer pertaining to the economic environment in which the customer operates. These receivables are due within 30 days from the date of billing. Normally, the Company does not obtain collateral from customers.

At the balance sheet dates, the Company has a certain concentration of credit risk as the trade receivables from the five largest customers as at 31 December 2006 and 2007 and 31 May 2008 represented 13%, 18% and 21% of the total trade receivables respectively.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheets. The Company does not provide any guarantees which would expose the Company to credit risk.

(b) Liquidity risk

The Company is responsible for its own cash management, including the short term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to approval by the Company's board when the borrowing exceeds certain predetermined levels of authority. The Company's policy is to regularly monitor current and expected liquidity requirements and its compliance with lending covenants, if any, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term. The carrying amounts and total contractual undiscounted cash flows of all financial liabilities are disclosed in the balance sheets and they are expected to be settled within one year.

(c) Interest rate risk

(i) *Interest rate profile*

The Company's interest rate risk arises primarily from cash and cash equivalents.

The following table details the interest rate profile of the Company's interest-generating financial assets at the balance sheet dates:

	As at 31 December				As at 31 May	
	2006		2007		2008	
	Effective interest rate	*RMB'000*	*Effective interest rate*	*RMB'000*	*Effective interest rate*	*RMB'000*
Cash and cash equivalents	0.72%	9,712	0.72%	37,236	0.72%	63,080

(ii) *Sensitivity analysis*

As at 31 December 2006 and 2007 and 31 May 2008, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, would have increased/decreased the Company's profit for the year/period and retained profits by approximately RMB85,000, RMB328,000 and RMB473,000 respectively. Other components of equity would not be affected by the changes in interest rates.

The sensitivity analysis above indicates the impact on the Company's profit for the year/period and retained profits that would arise assuming that there is an annualised impact on interest income by a change in interest rates. The analysis has been performed on the same basis throughout the Relevant Period.

(d) Fair values

All financial assets and liabilities are carried at amounts not materially different from their fair values as at 31 December 2006 and 2007 and 31 May 2008.

(e) Business risk

The Company's primary business is the wholesaling of branded leisure clothing. The Company's financial results are influenced by the rapidity with which designs are copied by competitors and reproduced at much lower prices, as well as by the Company's ability to continue to create new products that find favour in the market place, maintain a larger network of distributors and retailers and dispose of excess inventories without excessive losses. Based on these factors, the Company may experience significant fluctuations in its future financial results.

19. COMMITMENTS

Operating lease commitments

At each of the balance sheet dates, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	As at 31 December		As at 31 May
	2006	2007	2008
	RMB'000	*RMB'000*	*RMB'000*
Within one year	239	18	350
Within two to five years	18	—	204
	257	18	554

The Company is the lessee in respect of certain properties held under operating leases. The leases typically run for an initial period of two years, with an option to renew the lease upon expiry when all terms are renegotiated. None of the leases includes contingent rentals.

20. MATERIAL RELATED PARTY TRANSACTIONS

(a) Key management personnel remuneration

Remuneration for key management personnel of the Company, including amounts paid to the Company's director as disclosed in note 6 and certain of the highest paid employees as disclosed in note 7, is as follows:

	Year ended 31 December		**Five months ended 31 May**	
	2006	**2007**	**2007**	**2008**
	RMB'000	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Salaries and other emoluments	412	421	176	195
Contributions to defined contribution retirement scheme	5	5	3	1
	417	426	179	196

Total remuneration is included in "staff costs" (see note 4(a)).

(b) During the Relevant Period, the Company's director considered that there were no other material related party transactions.

21. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements 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 selection of critical accounting policies, the judgements and other uncertainties affecting application of those policies and the sensitivity of reported results to changes in conditions and assumptions are factors to be considered when reviewing the Financial Information. The principal accounting policies are set forth in note 1. The Company believes the following critical accounting policies involve the most significant judgements and estimates used in the preparation of the Financial Information.

(a) Depreciation

Property, plant and equipment is depreciated on a straight-line basis over the estimated useful lives of the assets, after taking into account the estimated residual value. The Company reviews annually the useful lives of assets and residual values, if any, in order to determine the amount of depreciation expense to be recorded during any reporting period. The useful lives are based on the Company's historical experience with similar assets and taking into account anticipated technology changes. The depreciation expense for future periods is adjusted if there are significant changes from previous estimations.

(b) Impairment for bad and doubtful debts

The Company estimates the allowance for impairment of doubtful debts resulting from the inability of the customers to make the required payments. The Company bases the estimates on the ageing of the trade receivable balances, customer credit-worthiness and historical write-off experience. If the financial condition of the customers were to deteriorate, actual write-offs would be higher than estimated.

(c) Income taxes

Determining income tax provisions involves judgement on the future tax treatment of certain transactions and interpretation of tax rules. The Company carefully evaluates 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.

(d) Net realisable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated costs to completion and selling expenses. These estimates are based on the current market conditions and the historical experience of manufacturing and selling products of similar nature.

The net realisable value of inventories could change significantly as a result of changes in customer preferences and competitor actions in response to severe industry cycles. Management reassesses these estimates at each balance sheet date.

22. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE RELEVANT PERIOD

Up to the date of issue of this Financial Information, the HKICPA has issued the following amendments, new standards and interpretations which are not yet effective in respect of the financial periods included in the Relevant Period and which have not been adopted in the Financial Information.

		Effective for accounting periods beginning on or after
HKFRS 3 (Revised)	Business combinations	1 July 2009
Amendments to HKAS 27	Consolidated and separate financial statements	1 July 2009
Amendments to HKAS 39	Financial instruments: Recognition and measurement — Eligible hedged items	1 July 2009
HK(IFRIC) 17	Distributions of non-cash assets to owners	1 July 2009
Improvements to HKFRSs 2009		1 July 2009 or 1 January 2010

The Company is in the process of making an assessment of what the impact of these amendments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Company's results of operations and financial position.

C. SUBSEQUENT EVENTS

There are no significant events took place subsequent to 31 May 2008.

D. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company in respect of any period subsequent to 31 December 2008.

Yours faithfully,
KPMG
Certified Public Accountants
Hong Kong