*This summary aims to give you an overview of the information contained in this prospectus. As it is only a summary, it does not contain all the information that may be important to you. You should read this prospectus in its entirety before you decide to invest in the Offer Shares.*

*There are risks associated with any investment. Some of the particular risks in investing in the Offer Shares are set out in the section headed "Risk factors" in this prospectus. You should read that section carefully before you decide to invest in the Offer Shares.*

## OVERVIEW

### *Business model*

We are a well-developed sourcing management group with production capabilities which operates a one-stop shop business model. We provide our customers a comprehensive range of services covering the entire supply chain of garment products. We source garment products for our customers and we also provide them with a comprehensive range of sourcing management services and expertise, including product design and product development, sampling, product offering, sourcing, in-house production, outsourcing, logistics and delivery and overseas sales capabilities.

### *Business trend*

The Group recorded a turnover of approximately HK$1,430.9 million, HK$1,284.3 million and HK$894.4 million for the three years ended 31 March 2008, 2009 and 2010, respectively. Based on the unaudited management accounts of the Group for the four months ended 31 July 2010, the Group recorded a turnover of approximately HK$328.1 million which is comparable to the corresponding period of last year. Our financial results for the six months ending 30 September 2010 and the year ending 31 March 2011 will be affected by certain non-recurring expenses, including the expenses in relation to the Global Offering and the costs of the options granted under the Share Option Scheme. For further details, please refer to the paragraph headed "Our revenue for the four months ended 31 July 2010 and the possible impact of certain non-recurring expenses to financial performance" of this section, the section headed "Financial information" in this prospectus, and the paragraph headed "Our financial results are expected to be affected by the expenses in relation to the Global Offering and the costs of options granted under the Share Option Scheme" of the section headed "Risk factors" in this prospectus.

With regard to (i) the unaudited management accounts of the Group for the four months ended 31 July 2010; (ii) the signs of recovery of the global economy; and (iii) our orders on hand, which are comparable to the corresponding period of last year, our Directors are optimistic that our Group will be operating in a fairly stable environment for the year ending 31 March 2011.

### *Products*

Based on the manufacturing process, garment products can be broadly classified into three categories, namely Cut-and-Sew knitwear, Knit-to-Shape sweater and woven products. We source all these three categories of garment products for our customers. Currently, we only manufacture Cut-and-Sew knitwear and Knit-to-Shape sweater. With our in-house production plants in the PRC and Indonesia as well as outsourcing production capabilities supported by our wide and established network of sub-contract manufacturers, we are able to provide to our customers a comprehensive range of garment products which include ladies', men's and kids' knitwear, sweaters, polo-shirts, T-shirts, sportswear, blouses, shorts, jackets and inner-wears.

***Customers***

We source a comprehensive range of garment products for our direct customers mainly located in the U.S., Canada, the U.K., Mexico, Japan and the PRC. Our direct customers are mostly overseas brand owners/carriers, megastores, department stores and supermarket chains. We also source garment products for our importer customers.

The following table sets forth the breakdown of our revenue by customer category:

| | For the year ended 31 March | | | | | |
|---|---|---|---|---|---|---|
| | 2008 | | 2009 | | 2010 | |
| | *(HK$'000)* | % | *(HK$'000)* | % | *(HK$'000)* | % |
| Brand owners/carriers | 461,343 | 32.2% | 468,252 | 36.5% | 461,001 | 51.5% |
| Megastores | 61,781 | 4.3% | 81,239 | 6.3% | 93,863 | 10.5% |
| Department stores | 103,899 | 7.3% | 84,247 | 6.6% | 66,101 | 7.4% |
| Supermarket chains | 19,818 | 1.4% | 54,656 | 4.2% | 18,468 | 2.1% |
| Importers | 743,254 | 51.9% | 570,023 | 44.4% | 221,671 | 24.8% |
| Others | 40,795 | 2.9% | 25,851 | 2.0% | 33,247 | 3.7% |
| **Total** | **1,430,890** | **100.0%** | **1,284,268** | **100.0%** | **894,351** | **100.0%** |

Our sales to our largest customer, a U.S. importer, amounted to approximately HK$530.4 million, HK$478.2 million and HK$137.2 million, respectively, representing approximately 37.1%, 37.2% and 15.3%, respectively of our total revenue for the three years ended 31 March 2008, 2009 and 2010, respectively.

Our sales to importers decreased by approximately HK$173.2 million from approximately HK$743.2 million for the year ended 31 March 2008 to approximately HK$570.0 million for the year ended 31 March 2009, primarily due to (i) the decrease in our sales to our largest customer, a U.S. importer, due to decrease in its sales to its major customer (a megastore), which accounted for approximately 30.1% of the decrease; and (ii) decrease in our sales to certain U.S. importers mainly as a result of our decision to cease manufacturing at our production facilities in Jordan (where no import duty is imposed by the U.S.), which accounted for approximately 25.5% of the decrease. For the year ended 31 March 2010, our sales to importers decreased from approximately HK$570.0 million for the year ended 31 March 2009 to approximately HK$221.7 million. Such decrease is primarily attributable to the decrease in our sales to our largest customer, which in turn was caused by a decrease in orders from its major customer (a megastore) as a result of organisational changes of such megastore customer of it, which had accounted for approximately 97.9% of the decrease. The organisational changes refer to the re-location of offices of such megastore customer's sourcing and merchandising division and the corresponding personnel changes, and we understand that additional time and effort was required for our customer, the U.S. importer, to re-build the business relationship with the new sourcing and merchandising division of its customer. As advised by our customer, such organisational changes of its megastore customer had been completed. Our Directors consider that impact of such organisational changes of the megastore customer has largely been reflected in our results for the year ended 31 March 2010, and do not expect that our sales to our customer, the U.S. importer, will further drop materially due to this factor.

We have offices in the U.S., the PRC, Hong Kong and Macau, and a representative in Canada to provide sales supporting and/or customer services to enhance the quality and efficiency of our sourcing management services to our customers.

The following table sets forth the breakdown of our revenue by location of our customers:

| | For the year ended 31 March | | | | | |
|---|---|---|---|---|---|---|
| | 2008 | | 2009 | | 2010 | |
| | *(HK$'000)* | *%* | *(HK$'000)* | *%* | *(HK$'000)* | *%* |
| U.S. | 1,006,864 | 70.4% | 814,752 | 63.4% | 513,484 | 57.4% |
| Canada | 150,220 | 10.5% | 153,469 | 12.0% | 148,815 | 16.6% |
| PRC | 116,778 | 8.1% | 92,512 | 7.2% | 95,356 | 10.7% |
| Others | 157,028 | 11.0% | 223,535 | 17.4% | 136,696 | 15.3% |
| **Total** | **1,430,890** | **100.0%** | **1,284,268** | **100.0%** | **894,351** | **100.0%** |

U.S. is our most important market, which accounted for approximately 70.4%, 63.4% and 57.4% of our revenue for the three years ended 31 March 2010, respectively.

Our revenue decreased by approximately 10.2% (i.e. approximately HK$146.6 million) to approximately HK$1,284.3 million for the year ended 31 March 2009 from approximately HK$1,430.9 million for the year ended 31 March 2008. The decrease was primarily attributable to our decision to cease manufacturing at our production facilities in Jordan (where no import duty is imposed by the U.S.), which had been handling primarily our orders for our customers in the U.S. market (including one of our top five customers during the Track Record Period). Our Jordan Factory has relatively high labour cost with production labour mainly imported from Bangladesh and the PRC, and for cost efficiency reason, we decided to close our Jordan Factory. This resulted in a decrease in sales to one of our top five customers during the Track Record Period of approximately HK$83.8 million from approximately HK$157.5 million for the year ended 31 March 2008 to approximately HK$73.7 million for the year ended 31 March 2009. Further, there was a decrease in our sales to our largest customer, a U.S. importer, from approximately HK$530.4 million for the year ended 31 March 2008 to approximately HK$478.2 million for the year ended 31 March 2009, due to the decrease in its sales to its major customer (a megastore). In addition, our Directors believe that consumer spending shrank and orders placed by certain customers of the Group in the U.S. market had also decreased in the year ended 31 March 2009 as a result of the global economic downturn, the sub-prime mortgage crisis, the investment bank failures, falling home prices and tight credit environment that had pushed the U.S. into a recession by mid-2008.

Our revenue decreased by approximately 30.4% (i.e. approximately HK$389.9 million) to approximately HK$894.4 million for the year ended 31 March 2010 from approximately HK$1,284.3 million for the year ended 31 March 2009. The decrease was primarily attributable to the decrease in sales of approximately HK$341.0 million to our largest customer, a U.S. importer, from approximately

HK$478.2 million for the year ended 31 March 2009 to approximately HK$137.2 million for the year ended 31 March 2010. Such decrease is primarily attributable to the decrease in its orders from its major customer (a megastore) as a result of organisational changes of such megastore customer of it and not related to the quality of our products. The organisational changes refer to the re-location of offices of such megastore customer's sourcing and merchandising division and the corresponding personnel changes, and we understand that additional time and effort was required for our customer, the U.S. importer, to re-build the business relationship with the new sourcing and merchandising division of its customer. As advised by our customer, such organisational changes of its megastore customer had been completed. Our Directors consider that impact of such organisational changes of the megastore customer has largely been reflected in our results for the year ended 31 March 2010, and do not expect that our sales to our customer, the U.S. Importer, will further drop materially due to this factor.

Our Directors confirmed that since 31 March 2010 and up to the Latest Practicable Date, there have been no notification and indication of non-payment of our trade receivables or the need to make provisions for our inventories and trade receivables. Further, based on the unaudited management accounts of the Group for the four months ended 31 July 2010, our Group recorded a turnover of approximately HK$328.1 million which is comparable to the corresponding period of last year. The above unaudited revenue figure may not be indicative of the full year results for 2011. Our business and financial performance may be affected by a number of factors as set out in the section headed "Risk factors" in this prospectus. Our Directors believe that the measures that we can adopt in order to manage the risks of our major customers reducing their purchases include increasing our product offerings and diversifying our client base.

During the Track Record Period, our revenue was mainly generated from our customers in the U.S., Canada, the U.K., Mexico, Japan and the PRC and more than half of our total revenue for each year during the Track Record Period was generated from our customers in the U.S.. The products sourced by us for our customers are subject to anti-dumping actions, however, during the Track Record Period, none of the products sourced by our Group had been subject to any anti-dumping investigations nor measures. So far as our Directors are aware, there were about 35 anti-dumping investigations on textiles and clothing products (of which category the products we source for our customers, being apparel products, belong) in 2008 and none of them related to apparel products. As far as our Directors understand, anti-dumping measures could be applied by a member country of the World Trade Organisation when imports of a product is said to be at an export price below its normal value (measured against the price of the product in the domestic market of the exporting country) and if such "dumped import" causes injury to a domestic industry in the importing country. Our Directors believe that the export price of the products sourced by us for our customers are at market price of such products in their country of manufacture, therefore, the risk of such products being categorised as "dumped import" should not be high. Besides, our Directors also believe that the garment manufacturing industry in the U.S. and the E.U. is not as flourishing as in the past, it is also less likely that importing garment products could be viewed as causing injury to their domestic industry. Accordingly, our Directors are of the view that the chance of the products sourced by us for our customers being subject to anti-dumping investigations or measures is very low.

***In-house production and third party outsourcing capabilities***

We have in-house production facilities in the PRC and Indonesia as well as outsourcing production capabilities supported by our wide and established network of sub-contract manufacturers to cater for customised orders from our customers. As a result, we are able to provide a wide range of garment products to our customers.

Our decisions on whether to outsource production and the choice of sub-contract manufacturer(s) depend on various criteria, including: (i) costs and pricing; (ii) the quality standard required; (iii) the capability and capacity of the sub-contract manufacturer(s); (iv) whether there is any tax benefit for our customers in selecting a particular sub-contract manufacturer, as the duty rate imposed by the government of the country of our customers may vary according to the origin of the garment products, and some of our sub-contract manufacturers are located in places which may enjoy lower duty rates; (v) the need for diversification in producing countries; and (vi) the financial status of the sub-contract manufacturer(s). Some of our customers, based on their requirements on products and production process, may designate specific fabric and/or accessories suppliers, or require the whole production process to be carried out at our in-house production facilities. During the Track Record Period and up to the Latest Practicable Date, none of our customers demanded for the entire production process for its products to be outsourced to sub-contract manufacturers designated by them. For the three years ended 31 March 2010, the costs of outsourced products and processing fees paid to our sub-contract manufacturers were approximately HK$903.9 million, HK$850.6 million and HK$515.8 million, respectively, representing approximately 73.3%, 75.8% and 70.1%, respectively, of our total cost of sales during the same three-year period.

We also source raw materials from the VC Group to ensure our involvement starts from the beginning of a garment supply chain which in turn enables us to provide a comprehensive range of sourcing management services to our customers. Further details of our purchases from the VC Group are set out in the sections headed "Continuing connected transactions" and "Relationship with the VC Group" in this prospectus.

Our PRC Factory, being our largest production plant in terms of production volume during the Track Record Period, is equipped with advanced and computerised machinery. It has adopted the "Just-in-time" production system and produces garment products with fashionable and complicated styles, patterns and designs. Our Indonesian Factory operates under the traditional garment manufacturing system producing apparels of simple and classic style.

We have our in-house design and development team to keep track of the latest trends, any new fabric concepts and/or production skills. We provide value-added services to our customers, such as the development of samples and designs, production of garment products which involve a more complicated production process and require a higher level of workmanship, and delivery of garment products within a short time frame. Further, we have our own sample workshop currently consisting of approximately 81 staff that can produce samples and our own designs within a short lead time.

With our in-house production facilities, we can produce within a short lead time and are flexible in terms of adjustment of production time and volume. We can adjust our offerings promptly in response to our customers' specific needs and market demands. On the other hand, our outsourcing capabilities enable us to achieve greater flexibility in allocating our resources with minimal capital commitment. We can leverage on the expertise, knowledge and equipment of our sub-contract manufacturers. Our production capability is not limited to our own manufacturing facilities.

Our Directors believe that throughout the years, we have established a notable reputation in quality service supported by an outstanding delivery track record, which provides confidence to our customers that we are capable of providing one-stop comprehensive services covering the entire supply chain of garment products to our customers.

The one-stop comprehensive range of services covers the full supply chain of garment products – from the beginning of the supply chain involving product design, product development and sampling, to the middle stage of the supply chain involving sourcing of fabrics and coordination of the manufacturing process (either by in-house production or outsourcing), and further to the later stage of the supply chain involving the management of the logistics, the delivery arrangements and overseas sales.

Our capabilities and management expertise, network and experience are demonstrated from our delivery track record of providing the one-stop comprehensive range of services to our customers, which differentiates us from sub-contract manufacturers who only provide manufacturing functions to their customers.

We adhere to consistently high quality standards. Our quality control procedures start from the raw materials procurement stage. Various inspections are carried out at each stage of our manufacturing process. Quality reports are also prepared throughout our production process. In respect of our sub-contract manufacturers, we have a quality assurance and control team with 10 employees who oversee the performance of our sub-contract manufacturers by conducting on-site quality inspections and testing procedures at the factories of our sub-contract manufacturers at different stages in the manufacturing process.

***Our revenue for the four months ended 31 July 2010 and the possible impact of certain non-recurring expenses to financial performance***

Based on the unaudited management accounts of our Group for the four months ended 31 July 2010, our Group recorded a turnover of approximately HK$328.1 million which is comparable to the corresponding period of last year. Notwithstanding the above, our financial results will be affected by certain non-recurring expenses, including the expenses in relation to the Global Offering and the costs of the options granted under the Share Option Scheme.

The estimated expenses in relation to the Global Offering are approximately HK$18,700,000, of which approximately HK$6,335,000 is directly attributable to the issue of new Shares to the public and is to be accounted for as a deduction from equity. The remaining estimated listing expenses of approximately HK$12,365,000 are to be charged to profit or loss of the Group for the six months ending 30 September 2010.

The costs of the options granted under the Share Option Scheme are calculated using the Binomial Model with assumptions on various inputs to the model such as the expected yield and share price volatility and on the basis of the exercise price being the Offer Price of HK$0.50 to HK$0.60. The fair value of the share options granted on 2 June 2010 is estimated to be approximately HK$6.81 million to HK$8.18 million. As the grant of share options will become effective on the Listing Date, which is expected to be 5 October 2010, the amount that will be charged to our profit or loss in the second half of the year ending 31 March 2011 as equity-settled expenses will be approximately HK$6.81 million to HK$8.18 million. Our Directors would like to emphasise that such cost is a current estimate for reference only and the final amount to be recognised to our profit or loss for the respective periods is subject to adjustment based on audit and the then changes in variables and assumptions.

| | **For the six months ending 30 September 2010** | **For the six months ending 31 March 2011** | **For the full financial year ending 31 March 2011** |
|---|---|---|---|
| | *HK$'million* | *HK$'million* | *HK$'million* |
| | *(A)* | *(B)* | *(C=A+B)* |
| Expenses in relation to the Global Offering (note 1) | 12.4 | – | 12.4 |
| Costs of the options granted under the Share Option Scheme (note 1) | – | 6.81 to 8.18 (note 2) | 6.81 to 8.18 (note 2) |
| Approximate amount charged to profit or loss of the Group for the period (note 1) | 12.4 | 6.81 to 8.18 | 19.21 to 20.58 |

*Notes:*

1. Our Directors would like to emphasise that such cost is a current estimate for reference only and the final amount to be recognised to our profit or loss for the respective periods is subject to adjustment based on audit and the then changes in variables and assumptions.

2. On the basis of the exercise price being the Offer Price of HK$0.50 to HK$0.60, the fair value of the share options granted on 2 June 2010 is estimated to be approximately HK$6.81 million to HK$8.18 million, respectively.

Such expenses in relation to the Global Offering and the costs of the options granted under the Share Option Scheme are non-recurring and were not incurred during the Track Record Period.

Accordingly, our Board wishes to inform our Shareholders and potential investors that, based on our preliminary review of the management accounts of our Group which have neither been confirmed nor audited by our independent auditors, the financial results of our Group for the six months ending 30 September 2010 are expected to be materially and adversely affected by the estimated expenses in relation to the Global Offering, and our financial results for the year ending 31 March 2011 are expected to be affected by the costs of the options granted under the Share Option Scheme.

It should be noted that the above unaudited revenue figure may not be indicative of our full year results for 2011. As set out in the section headed "Risk factors" in this prospectus, our business and financial performance may be affected by a number of factors, including, amongst all, the risk factors headed "Our results of operations are subject to seasonality", "Our financial results are expected to be affected by the expenses in relation to the Global Offering and the costs of options granted under the Share Option Scheme" and "We do not have long-term contracts with our customers, which exposes us to potential volatility in our turnover", in the section headed "Risk factors" in this prospectus.

For the financial year ending 31 March 2011, our Directors expect that our customer base will remain stable, with growth in sales to a number of customers. Since we will expand into the retail market by launching our "夢仕臣"(Monstons) brand products, growth in sales attributable to the retail market is expected. Save as disclosed in the sections headed "Risk factors" and "Financial information" in this prospectus, there are no other trade factors or risks which we anticipate could materially affect our profits.

With regard to (i) the unaudited management accounts of our Group for the four months ended 31 July 2010; (ii) the signs of recovery of the global economy; and (iii) our orders on hand, which are comparable to the corresponding period of last year, our Directors are optimistic that our Group will be operating in a fairly stable environment for the year ending 31 March 2011.

***No material adverse change***

Save as disclosed in the paragraph headed "Our revenue for the four months ended 31 July 2010 and the possible impact of certain non-recurring expenses to financial performance" of this section, our Directors have confirmed that, during the period from 1 April 2010 to the Latest Practicable Date (both dates inclusive), there had been no material adverse change in the financial or trading position or prospects of our Group and no event had occurred that would materially affect the information shown in the Accountants' Report set out in Appendix I to this prospectus.

***Spin-off***

Our Company is a subsidiary of VC. VC was incorporated in Bermuda under the Companies Act as an exempted company with limited liability on 13 February 1996. The VC Shares have been listed on the Main Board since 13 May 1996. Immediately upon completion of the Global Offering and the Capitalisation Issue (assuming that no Share has been issued pursuant to the exercise of any option granted or which may be granted under the Share Option Scheme), VC, through its indirect 51% owned subsidiary, Sure Strategy and its direct wholly-owned subsidiary, VC Investments, will be interested in approximately 72.522% of the issued share capital of our Company.

On 30 April 2010, VC submitted a proposal for the Spin-off to the Stock Exchange pursuant to Practice Note 15 of the Listing Rules. The board of directors of VC believes that the Spin-off will bring about the following number of benefits to both VC and our Company:

(i) VC and our Company are believed to have different growth paths and different business strategies. The Spin-off will allow separate platforms for the business of the two groups;

(ii) the Spin-off will create two groups of companies and will offer investors an opportunity to participate in the future development of both the VC Group as well as our Group by way of investment in both or either of the groups;

(iii) the Spin-off will enable the management team of VC to continue to focus on building its core businesses (i.e. the production and sale of knitted fabric and dyed yarn), thereby enhancing the decision-making process and its responsiveness to market changes;

(iv) the Spin-off will provide a mechanism to attract and motivate our Group's management who would be directly responsible for the financial performance of our Group on a standalone basis;

(v) the Spin-off is expected to improve the operational and financial transparency of our Group and provide investors, the market and rating agencies with greater clarity on the businesses as well as the respective financial status of the VC Group and our Group;

(vi) the Spin-off will provide separate fundraising platforms for the VC Group and our Group with respect to their respective operations and future expansion; and

(vii) the cash proceeds to be received pursuant to the Global Offering associated with the Spin-off will provide capital to our Company for its operations and new investment opportunities.

In order to enable shareholders of VC to participate in the Global Offering on a preferential basis as to allocation only, Qualifying VC Shareholders are being invited to apply for an aggregate of up to 21,281,983 Reserved Shares (representing approximately 18.04% of the Offer Shares initially available under the Global Offering and approximately 4.86% of the enlarged issued share capital of our Company upon completion of the Global Offering and the Capitalisation Issue) in the Preferential Offering on the basis of an Assured Entitlement of 40 Reserved Shares for every integral multiple of 2,000 VC Shares held by them as at 5:00 p.m. on the Record Date. Fractional Shareholders will not be entitled to apply for any Reserved Share. Further details of the Preferential Offering are set out in the section headed "Structure and conditions of the Global Offering" in this prospectus.

## COMPETITIVE STRENGTHS

- One-stop shop business model
- Strong design and development ability
- High quality product with a variety of product mix
- Experienced management team
- Solid customer base and ability to develop new clients and offer dedicated customer services

## BUSINESS STRATEGIES

- Enhance manufacturing capabilities
- Strengthen and expand customer base
- Retail market expansion
- Cooperate with brand owners or importers to form joint ventures

## RISK FACTORS

We believe that there are certain risks involved in our operations, many of which are beyond our control. These risks are set out in the section headed "Risk factors" in this prospectus and are summarised below:

### Risks relating to our Group

- We may face difficulties in consolidating our existing customer base and developing new customers
- We are dependent on our major customers
- We may face credit risks
- Our factoring choices may be limited
- We may not be able to successfully track the fast changing fashion trends and respond to customer demands for garment products
- Our results of operations are subject to seasonality
- Our financial results are expected to be affected by the expenses in relation to the Global Offering and the costs of options granted under the Share Option Scheme
- Reliance on key management personnel may impose risks on our Group
- We depend on our sub-contract manufacturers
- Reliance on few suppliers may impose risks on our Group
- Our business strategies or expansion plans may not be successful
- Our business depends on reliable supply of quality fabric
- We do not have long-term contracts with our customers, which exposes us to potential volatility in our turnover

- Our insurance coverage may not be sufficient to cover the risks related to our operations and losses
- We may be subject to product liability claims
- We are subject to foreign exchange exposure
- Our business requires significant capital investments and a high level of working capital to sustain our operations and overall growth
- We may not be able to develop our own brand
- We may not be able to expand into the retail market successfully
- We rely on consignment sales with large chain supermarkets in selling our "夢仕臣"(Monstons) brand products
- We cannot be certain that our operation does not or will not infringe any patents, valid copyrights or other intellectual property rights held by third parties
- The interests of our Controlling Shareholders may differ from those of our other Shareholders

**Risks relating to the industry**

- Our industry is subject to economic and market conditions. There has been significant deterioration and volatility in the global financial markets recently. As a result, our business operations may be adversely affected
- We operate in a highly competitive industry
- The business of our Group may be affected by outbreaks and recurrence of epidemics, natural disasters, acts of war, terrorist acts, political unrest and other events which are beyond our control

**Risks relating to conducting business in the PRC**

- Political and economic policies of the PRC government and social conditions and legal developments of the PRC could affect our business
- The government control of currency conversion could affect our business operations
- Uncertainties regarding interpretation and enforcement of the PRC laws and regulations may impose adverse impact on our business, operations and profitability

- Our labour costs may increase for reasons such as the implementation of the Labour Contract Law of the PRC or a labour shortage in the places we operate

- Non-compliance with PRC laws and regulations relating to housing fund contributions may adversely affect our financial condition

- Any changes in our tax treatment, including an unfavourable change in preferential enterprise income tax rates in the PRC, may have a material adverse impact on our financial condition and results of operations

- Recent PRC regulations relating to acquisitions of PRC companies by foreign entities may limit our ability to acquire PRC companies and adversely affect the implementation of our strategy as well as our business and prospects

- PRC regulations on loans to and direct investment by offshore holding companies in PRC entities may delay or prevent us from using the proceeds of this offering to make loans or additional capital contributions to our PRC subsidiaries

- A shortage of electricity and water supply in the PRC would affect our production and affect our business and financial performance

- Changes in government regulations such as environmental laws and regulations could affect our results of operations

**Risks relating to conducting business in Indonesia**

- Indonesia is located in an earthquake zone and is subject to significant geological risk that could lead to social unrest and economic loss

- The interpretation and implementation of legislation on regional governance in Indonesia is uncertain

- Labour unrest or activism could adversely affect us, our customers and Indonesian companies in general which in turn could affect business, financial condition, results of operations and prospects

- We operate in a legal and regulatory system in which the application and enforcement of various laws and regulations may be uncertain

**Risks relating to conducting business in other places**

- We may also be affected by the political and economic policies and the social conditions and legal developments of the places that we operate or conduct business in

- We are a holding company and rely on dividend payments from our subsidiaries

**Risks relating to the Global Offering**

- Shareholders' interests in the share capital of our Company may be diluted in the future
- Issuance of Shares pursuant to the Share Option Scheme will result in dilution of Shareholders' interests and reduction in earnings of our Group in future years
- There has been no prior market for our Shares
- Future sales or perceived sales of substantial amounts of our Shares in the public market could have a material adverse effect on the prevailing market price of our Shares
- Investors may experience difficulties in effecting service of legal process and enforcing judgments against our Company and our management
- We cannot guarantee the accuracy of certain facts and statistics contained in this prospectus
- Forward-looking statements contained in this prospectus are subject to risks and uncertainties
- We strongly caution you not to place any reliance on any information contained in press articles or media regarding us or the Global Offering

## SUMMARY FINANCIAL INFORMATION

The following table summarises the combined financial information of our Group during the Track Record Period, details of which are set out in the Accountants' Report in Appendix I to this prospectus.

### Summary Information of Combined Statements of Comprehensive Income

| | For the year ended 31 March | | |
|---|---|---|---|
| | 2008 | 2009 | 2010 |
| | *(HK$'000)* | *(HK$'000)* | *(HK$'000)* |
| Revenue | 1,430,890 | 1,284,268 | 894,351 |
| Cost of sales | (1,233,994) | (1,122,780) | (736,362) |
| Gross profit | 196,896 | 161,488 | 157,989 |
| Other income | 4,502 | 3,965 | 3,502 |
| Other gains and losses | (7,533) | 11,427 | 656 |
| Selling and distribution costs | (19,831) | (19,445) | (15,465) |
| Administrative expenses | (108,308) | (102,060) | (96,469) |
| Share of loss of a jointly controlled entity | (338) | – | – |
| Interest on bank borrowings wholly repayable within five years | (6,754) | (3,407) | (2,253) |
| Profit before tax | 58,634 | 51,968 | 47,960 |
| Income tax expense | (2,321) | (3,493) | (7,115) |
| Profit for the year | 56,313 | 48,475 | 40,845 |
| Profit for the year attributable to: | | | |
| Owners of our Company | 51,790 | 45,322 | 35,480 |
| Minority interests | 4,523 | 3,153 | 5,365 |
| | 56,313 | 48,475 | 40,845 |
| | *HK cents* | *HK cents* | *HK cents* |
| Earnings per share – basic | 16.2 | 14.2 | 11.1 |

**Summary Information of Combined Statements of Financial Position**

| | At 31 March | | |
|---|---|---|---|
| | **2008** | **2009** | **2010** |
| | *(HK$'000)* | *(HK$'000)* | *(HK$'000)* |
| **Assets** | | | |
| Non-current assets | 71,360 | 115,277 | 117,276 |
| Current assets | 559,943 | 492,487 | 388,423 |
| Total assets | 631,303 | 607,764 | 505,699 |
| **Equity and liabilities** | | | |
| Current liabilities | 406,900 | 300,899 | 249,177 |
| Non-current liabilities | 196 | 40,260 | 19,904 |
| Total equity | 224,207 | 266,605 | 236,618 |
| Total liabilities and equity | 631,303 | 607,764 | 505,699 |

**Summary Information of Combined Statements of Cash Flows**

| | For the year ended 31 March | | |
|---|---|---|---|
| | **2008** | **2009** | **2010** |
| | *(HK$'000)* | *(HK$'000)* | *(HK$'000)* |
| Net cash inflow from operating activities | 119,438 | 81,473 | 62,231 |
| Net cash inflow/(outflow) from investment activities | (15,872) | (35,689) | 5,236 |
| Net cash outflow from financial activities | (59,025) | (9,980) | (99,886) |

## DISCLOSURE REQUIRED UNDER THE LISTING RULES

Our Directors have confirmed that, as at the Latest Practicable Date, there were no circumstances that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

## OFFER STATISTICS

| | **Based on an Offer Price of HK$0.50 per Share** | **Based on an Offer Price of HK$0.60 per Share** |
|---|---|---|
| Market capitalisation of the Shares *(note 1)* | HK$219 million | HK$263 million |
| Historical price/earnings multiple *(note 2)* | 6.17 times | 7.41 times |
| Unaudited pro forma adjusted consolidated net tangible asset value per Share *(notes 3 and 4)* | HK$0.60 | HK$0.63 |

*Notes:*

(1) The calculation of the market capitalisation of the Shares is based on 438,000,000 Shares in issue immediately after completion of the Global Offering and the Capitalisation Issue but does not take into account any Shares which may be issued upon the exercise of any options granted or which may be granted under the Share Option Scheme or any Shares which may be allotted and issued or repurchased by our Company pursuant to the issuing mandate and the repurchase mandate.

(2) The calculation of the historical price/earnings multiple is based on the historical earnings per Share on a pro forma basis for the year ended 31 March 2010 of HK$0.081 at the respective Offer Price of HK$0.50 and HK$0.60 per Share and the 438,000,000 Shares in issue (assuming the Shares in issue at the date of this prospectus and those Shares to be issued pursuant to the Capitalisation Issue and the Global Offering had been in issue but without taking into account any Shares which may be issued upon the exercise of any options granted or which may be granted under the Share Option Scheme).

(3) The unaudited pro forma adjusted net tangible asset value per Share has been arrived at after the adjustments referred to in the section headed "Financial Information" in this prospectus and on the basis of 438,000,000 Shares in issue at the respective Offer Price of HK$0.50 and HK$0.60 per Share immediately following completion of the Global Offering and the Capitalisation Issue but without taking into account any Shares which may be issued upon the exercise of any options granted or which may be granted under the Share Option Scheme).

(4) The unaudited pro forma net adjusted tangible assets of the Group attributable to the equity holders of our Company does not take into account the special dividend of HK$30,000,000 declared by FG Holdings on 6 September 2010, which will be paid to its then eligible shareholders before Listing. The unaudited pro forma net tangible assets per share would have been reduced to HK$0.54 and HK$0.56 per share based on the Offer Price of HK$0.50 and HK$0.60, respectively, after taking into account the payment of the special dividend in the sum of HK$30,000,000.

## DIVIDEND POLICY

On 6 September 2010, FG Holdings declared a special dividend of HK$30.0 million payable to its then shareholders. Such dividend will be paid before Listing. Investors should pay attention to the possible impact on our cashflow and working capital as a result of the payment of the special dividend. FG Holdings had also declared and paid dividends in the amount of HK$7.0 million, HK$6.2 million and HK$3.0 million, respectively to its then shareholders for the three years ended 31 March 2008, 2009 and 2010, respectively. Our dividend distribution record in the past may not be used as a reference or basis to determine the level of dividends that may be declared or paid by us in the future.

We may declare dividends, if any, after taking into account, among other things, our results of operations, cash flows and financial condition, operating and capital requirements, the amount of distributable profits based on IFRS, the memorandum of association of our Company and the Bye-laws, the Companies Act, applicable laws and regulations and other factors that our Directors deem relevant. A distribution of dividend for any financial year shall be subject to Shareholders' approval.

## USE OF PROCEEDS

Assuming an Offer Price of HK$0.55 (being the mid-point of the indicative Offer Price range stated in this prospectus), we estimate that the net proceeds to us from the Global Offering will be approximately HK$46.2 million, after deducting the underwriting commissions and other estimated expenses payable by us in relation to the Global Offering. We intend to use the net proceeds from the Global Offering as follows:

- approximately 50%, or HK$23.1 million to be used to establish new production facilities, acquire new production equipment, upgrade existing production equipment and establish joint ventures or enter into cooperation with strategic business partners and for mergers and acquisitions of garment factories. We plan to utilise approximately 20% of the net proceeds, or approximately HK$9.2 million to establish new production facilities in the PRC and approximately 17.5% of the net proceeds, or approximately HK$8.1 million to upgrade our existing production equipment in our PRC Factory. Details concerning the establishment of new production facilities and improvement of existing production equipment are set out in the paragraph headed "Production" of the section headed "Business" in this prospectus. As at the Latest Practicable Date, in relation to the above proposals, no acquisition target had been identified and we had not entered into any agreement for the acquisition of production equipment. We also plan to utilise approximately 12.5% of the net proceeds, or approximately HK$5.8 million to establish joint venture(s) or enter into cooperation arrangement(s) with strategic business partner in the garment industry. As at the Latest Practicable Date, we had considered certain cooperation or acquisition opportunities but had not entered into any acquisition or cooperation agreements;

- approximately 15%, or HK$6.9 million to be used to strengthen our sample design and development capabilities and expand our sample workshop. We plan to recruit more personnel to expand our design and development team and to improve our global sample sourcing capabilities. We also plan to upgrade our sample design and development equipment to enhance our capabilities. As at the Latest Practicable Date, we had not entered into any agreement for the acquisition of design and development equipment;

- approximately 5%, or HK$2.3 million to be used to strengthen our promotional and marketing efforts, in particular, in the PRC and the U.S. and to expand our sales office in the U.S.;

- approximately 20%, or HK$9.3 million to be used to develop our "夢仕臣" (Monstons) brand underwear and homewear products in the PRC market, including as expenses for promotional and marketing activities. We plan to utilise, approximately 5% of the net proceeds, or approximately HK$2.3 million to establish and develop the relevant sales network, approximately 3.8% of the net proceeds, or approximately HK$1.8 million to recruit personnel for sales and administrative support and approximately 11.2% of the net proceeds, or approximately HK$5.2 million for the sourcing of products and raw materials for such brand. No revenue was recorded for the sales of our "夢仕臣" (Monstons) brand underwear and homewear products during the Track Record Period. Such sales commenced in August 2010;

- approximately 10%, or HK$4.6 million for working capital and other general corporate purposes.

In the event the Offer Price is finally determined at the high end or low end of the indicative Offer Price range stated in this prospectus, the net proceeds from the Global Offering would increase by approximately HK$5.9 million or decrease by approximately HK$5.9 million respectively, as compared with the amount described above which is based on the mid-point of the Offer Price range. We intend to use the net proceeds in the same proportions as disclosed above irrespective of whether the Offer Price is determined at the high end or low end of the Offer Price range.

To the extent that the net proceeds of the Global Offering are not immediately required for the above purposes or if we are unable to effect any part of our future development plans as intended, we may hold such funds in short-term deposits with licensed banks or financial institutions in Hong Kong for so long as it is in our best interests.