Investors should carefully consider all of the information set out in this prospectus and, in particular, should consider and evaluate the following risks in connection with an investment in the Company. Investors should also pay particular attention to the fact that we conduct a considerable part of our operations in mainland China, which has a legal and regulatory environment that may differ in some respects from that of other countries. The business, financial condition or results of our operations could be adversely and materially affected by such risks and uncertainties. The trading price of the Shares could decline due to any of these risks, and investors may lose all or part of their investment. For more information concerning the PRC and certain related matters discussed below, please refer to the section headed "Regulatory Overview" in this prospectus.

RISKS RELATING TO OUR BUSINESS

We rely heavily on our *V.E. DELURE* and *TESTANTIN* brands. We may not be able to effectively promote and maintain our brands

Most of our revenue during the Track Record Period were generated through sales of our ***V.E. DELURE*** and ***TESTANTIN*** brand products. Our revenue from sales of ***V.E. DELURE*** and ***TESTANTIN*** brand products were approximately RMB189.5 million, RMB314.4 million, RMB386.6 million and RMB236.8 million, representing approximately 97.8%, 92.4%, 94.5% and 95.0% of our total revenue, for the three years ended 31 December 2007, 2008 and 2009 and the six months ended 30 June 2010, respectively. Therefore, the ***V.E. DELURE*** and ***TESTANTIN*** brands are critical to our success. We believe that brand image is a determining factor that affects consumers purchasing decisions for menswear products. To effectively promote our brands, we strive to build and maintain our brands' image as unique and uniform. We do this by focusing on a variety of promotional and marketing activities to promote the brand image and awareness. If we are unsuccessful in promoting our brands' image or fail to maintain our brands' position among our targeted consumer groups, market perception and consumer acceptance of our brands may be eroded and our business, financial condition and results of operations may be adversely affected. We also promote our brands through sponsoring events organized by magazines, the PRC national table tennis team and the PRC national badminton team. We are, in part, dependent on the market perception of these events, and the PRC national table tennis team and the PRC national badminton team, over which we have no control. Any negative publicity, whether in the PRC or abroad, regarding any of our brands and images could have a material adverse effect on the public's perception of our brands. There is no assurance that we will be able to effectively promote and maintain our brands and if we fail to do so, the goodwill of such brands may be undermined, and accordingly our business, as well as our financial results, may be materially and adversely affected.

We may not be able to respond in a timely manner to rapid changes in fashion trends and consumer tastes in the PRC

The apparel industry is highly susceptible to changes in fashion trends and fluctuations in consumer tastes and preferences. In order to achieve continued and sustained success in our business, we must be able to anticipate, identify and respond promptly to such changes. If we fail to anticipate accurately and respond in a timely manner to these changes, we may experience lower sales volumes, lower selling prices and lower profit margins. As such, our financial results may be adversely affected. On the other hand, if we fail to anticipate the increase in consumer demand for apparel products, we may experience inventory shortages and loss of sales opportunities, which may also materially and adversely affect our image.

Our business may be negatively affected if our distributors fail to comply with our retail policies

Some of our ***V.E. DELURE*** and ***TESTANTIN*** Retail Stores are operated by our distributors. As at 31 December 2007, 2008 and 2009 and 30 June 2010, we had 60, 101, 90 and 88 distributors, respectively (out of which 3, 11, 9 and 9 operated both ***V.E. DELURE*** and ***TESTANTIN*** Stores, respectively). Apart from these distributors, we had 1, 31, 17 and 4 multi-brand or other distributors as at 31 December 2007, 2008 and 2009 and 30 June 2010, respectively. Multi-brand or other distributors are either (i) distributors which normally sell our ***V.E. DELURE*** and/or ***TESTANTIN*** products together with products under other third party brands in the same store in which ***V.E. DELURE*** and/or ***TESTANTIN*** products do not occupy a dedicated sales area or counter; or (ii) distributors which do not operate through a Store. In general, multi-brand or other distributors operate in relatively more remote areas. For the years ended 31 December 2007, 2008 and 2009 and the six months ended 30 June 2010, revenue contributed by multi-brand or other distributors amounted to RMB0.9 million, RMB8.3 million, RMB13.1 million and RMB3.6 million, respectively, representing 0.5%, 2.4%, 3.2% and 1.5% of our total revenue. For the same period, revenue contributed by our distributors amounted to RMB129.7 million, RMB196.1 million, RMB222.1 million and RMB132.5 million, respectively, representing 67.0%, 57.6%, 54.2% and 53.2% of our total revenue. We rely on contractual obligations set forth in our distributorship agreements to implement our retail policies in the Stores operated by our distributors. In the past, we have experienced certain violations of our distributorship agreements, including our distributors offering discounts on products greater than is allowed and mislabeling of certain products. Although we have taken steps to prevent these violations and will take remedial action if we learn of violations, we cannot assure you that these or similar violations will not occur in the future. If our distributors fail to comply with our retail policies, we may not be able to effectively manage our sales network, maintain a uniform brand image or we may be subject to consumer action taken by our end-customers or be affected by regulatory action taken by governmental authorities against our distributors, which may result in erosion of goodwill and an unfavorable public perception of our brands. Although we have the right to replace any distributor that fails to comply with our retail policies, there is no assurance that we will be able to find replacements for them in a timely manner, or at all. As a result, our business and results of operations may be materially and adversely affected.

The loss of, or significant decrease in, sales to our major distributors may have a material adverse effect on our financial condition and results of operations

Our five largest distributors together accounted for about 12.3%, 12.2%, 11.3% and 16.2% of the total revenue and our largest distributor accounted for about 3.4%, 3.3%, 3.7% and 4.7% of our total revenue for the three years ended 31 December 2007, 2008 and 2009 and the six months ended 30 June 2010, respectively. Our distributorship agreements generally have a term of one year, and there is no assurance that the agreements will be renewed on the same or similar terms, or at all. There is no assurance that our existing distributors will continue to place orders with us at historical levels, or that we would be able to find sizable distributors to purchase similar types and quantities of goods should we lose any of our existing distributors. If any of our major distributors substantially reduce their transaction volume or cease their business relationship with us, our financial condition and results of operations may be materially and adversely affected.

Our ability to lease properties in suitable locations and on commercially acceptable terms may affect our expansion plans

We enter into concessionaire and lease agreements in order to obtain retail space for the operation of our self-operated Stores. There is no assurance that we will be able to obtain retail space for our new self-operated Stores on concessionaire fees or lease terms that are acceptable to us, or at all. Additionally, we cannot guarantee that we will be able to renew our existing concessionaire or lease agreements upon expiry or on terms and conditions that are acceptable to us. Generally, the term of these agreements ranges from six months to one year. If such existing concessionaire or lease agreements cannot be renewed, we will have to find alternative premises that may not be located in areas that offer similar business environments. In addition, failure to renew such retail spaces will provide an opportunity for competitors to move into such retail spaces previously occupied by us. Accordingly, failure to secure such retail spaces for our self-operated Stores on terms that are acceptable to us may increase our cost of operations and materially and adversely affect our turnover and financial performance.

For the three years ended 31 December 2007, 2008 and 2009 and the six months ended 30 June 2010, we incurred rental fees for Retails Stores of RMB26.3 million, RMB43.1 million, RMB49.9 million and RMB34.4 million, respectively, among which RMB15.4 million, RMB14.7 million, RMB10.8 million and RMB6.0 million, respectively, were attributable to fixed rental expenses while RMB10.9 million, RMB28.4 million, RMB39.1 million and RMB28.4 million, respectively, were attributable to concessionaire commissions. During the Track Record Period, the concessionaire commissions represented 41.3%, 65.9%, 78.4% and 82.6%, respectively, of the rental fees for Retail Stores, mainly due to our increasing utilization of the distribution model pursuant to which we enter into sales concessionaire arrangements with department stores or shopping malls to obtain retail space for our self-operated Retail Stores. The Directors confirmed that the fixed rental expenses that we paid during the Track Record Period were based on arms-length negotiations and comparable to the rental rates in the relevant markets during such periods. Please refer to the section titled "Business – Sales and Distribution – I. Self-operated Stores" in this prospectus for more details.

We may be required to seek alternative premises and/or we may be required to pay penalties for some of our leased properties if our landlords do not have title thereto and for non-registration or change of prescribed use of some of our leased properties

(i) Leased properties that have not been provided ownership certificates

As at 31 August 2010, certain building ownership certificates in respect of a total floor area of 7,682.63 sq.m. of the properties leased by us in the PRC had not been provided by the relevant landlords to prove their ownership titles or rights to these properties as required under the relevant PRC laws and regulations. As a result, the validity of the relevant lease agreements is uncertain. As at 31 August 2010, among these properties, about 230 sq.m. were used by us for Retail Store operation in Nanning, about 4,592.63 sq.m. were used as offices and about 2,860 sq.m. were used as warehouses. Our Nanning Store contributed about 0%, 0.5%, 1.3% and 1.8% of our revenue for the three years ended 31 December 2007, 2008, 2009 and the six months ended 30 June 2010, respectively. In the event that the title to any of these leased properties is defective, we may be required to cease our occupation and usage of the above properties.

The PRC Legal Advisor has advised us that it cannot confirm whether we are using those leased properties without ownership certificates according to the allowed land use prescribed in the ownership title certificates. The Directors confirmed that they are not aware of any third parties challenging the validity of the relevant leases or requiring us to vacate these properties. Only if we are not in compliance with the land use stipulated in the lease agreements will we be exposed to any liabilities or penalties.

(ii) *Leased agreements not duly registered with the relevant PRC governmental authorities*

As at 31 August 2010, lease agreements of 14 of our leased properties have not been registered with the relevant PRC governmental authorities. According to the relevant administrative regulations issued by the local governments of the respective cities where the leased properties are located, there is no provision in the relevant laws and regulations that subjects us to any penalties for failure to register the lease agreements in respect of seven of the properties, and seven of them may subject us to maximum penalties ranging from RMB500 to RMB30,000 per lease. The PRC Legal Advisor has confirmed that the maximum amount of possible penalties for our 14 lease agreements without registration is about RMB100,000 in aggregate.

(iii) *Leased properties occupied not for the prescribed use of the property*

There are eight of our leased properties which we have changed their prescribed use of property as at 31 August 2010. According to the relevant administrative regulations issued by the local governments of the cities where such properties are located, there is no provision in the relevant laws and regulations that subjects us to any penalties for altering the prescribed use of property in respect of five of these properties, while three of these may subject us to maximum penalties ranging from RMB5,000 to RMB50,000 per property. The PRC Legal Advisor has confirmed that the amount of possible penalties for our eight leased properties which we have altered their prescribed use of property is about RMB65,000 in aggregate. We may also be required to vacate these properties.

In the event we are required to relocate from any of the above-mentioned leased properties, we may incur relevant costs relating to such relocation and may experience certain business interruption. The estimated time for the relocation of any of these leased properties will be for a period ranging from fifteen to one-hundred days and the estimated cost for the relocation of these leased properties would amount to approximately RMB130,000 in aggregate. Further, the relocation of the Retail Stores in Nanning may incur an estimated loss of profits of approximately RMB1,549,000 if calculated based on the average monthly profit generated by this Retail Store in 2009. In addition, we may not be able to find suitable alternative premises for our Retail Store operation and our business may be adversely affected if we relocate to a less desirable location.

We may not be able to monitor the retail sales price and inventory levels of our distributors

We may not be able to exercise adequate control in practice over the retail sales price and the inventory levels of our distributors. Our sales team is responsible for monitoring our distributors' performance. Our distributorship agreements require our distributors to provide us with their operating status on a regular basis or upon our request. We generally require the distributors to submit sales and inventory reports on a weekly or monthly basis. However, such arrangement requires the cooperation of our distributors to accurately and timely report and submit the relevant data to us, and we cannot ensure the accuracy of the data collected from our distributors. Due to the above reasons, we may not be able to immediately monitor the retail sales price and inventory levels at our distributors Retail Stores, or to identify or prevent any excessive inventory build-up at these Retail Stores. In addition, there is no assurance that our sales data based on information in such sales and inventory reports provided by distributors correlates directly to the sales of our products to the end customers.

Our brand image and profitability may be negatively affected by actions of our outsourced manufacturers and distributors

During the Track Record Period, the cost of outsourced production as a percentage of our total cost of sales was about 78.0%, 71.7%, 74.1% and 78.0%, respectively. We may not be able to exercise adequate control over the operations of our outsourced manufacturers and are therefore not able to ensure their compliance with applicable laws and regulations. We enter into distributorship agreements with our distributors but because they do not constitute members of our Group, we are not in a position to ascertain that all of our distributors have obtained all licenses, permits and approvals necessary for their operations or complied with all applicable laws and regulations, notwithstanding that we reserve the right to terminate our distributorship agreements if our distributors deviate from any key terms. Failure on the part of any of our outsourced manufacturers or distributors to comply with applicable laws and regulations, such as product or retail related, labor and environmental laws and regulations, may result in negative publicity which may damage our image and reputation, and materially and adversely affect our profitability.

We rely on our outsourced manufacturers for the production of most of our products and any material disruption to the supply of products from our outsourced manufacturers would materially and adversely affect our results of operations

During the Track Record Period, the cost of outsourced production amounted to RMB68.8 million, RMB98.3 million, RMB119.4 million and RMB64.2 million, respectively, representing about 78.0%, 71.7%, 74.1% and 78.0% of our total cost of sales. These outsourced products comprise certain apparel products as well as accessories. For example, as at the Latest Practicable Date, we engaged two outsourced manufacturers to produce high-end suits for our ***V.E. DELURE*** brand. For the years ended 31 December 2007, 2008 and 2009 and the six months ended 30 June 2010, revenue contribution from products produced by these two outsourced manufacturers amounted to RMB6.0 million, RMB11.1 million, RMB25.2 million and RMB16.5 million, respectively, representing 3.1%, 3.2%, 6.2% and 6.6% of our total revenue. Should these two outsourced manufacturers fail to deliver products to us, it would severely affect our ability to supply our ***V.E. DELURE*** Stores. We cannot ensure that we will not face material disruptions to the supply of products from our outsourced manufacturers in the future. In the event of such disruptions, we may not be able to find suitable alternative outsourced manufacturers on a timely basis, or offset such disruptions by increasing production at our own production facilities. During the Track Record Period, the Group had not experienced any material disruption to the supply of products from the outsourced manufacturers. In addition, as at the Latest Practicable Date, we did not carry any business interruption insurance to protect us from disruption in the supply of products. Any material disruption in the supply of products from our outsourced manufacturers may materially and adversely affect our results of operations.

We may be affected by intellectual property rights infringement

Competitors or other third parties may believe that one or more of our trademarks or products infringe their intellectual property rights and initiate legal proceedings against us. During the Track Record Period, there had been no legal proceeding issued against us for infringement of intellectual property rights. If any legal proceedings against us for infringement of intellectual property rights is, or likely to be, successful and we are unable to obtain any substitute usage of such intellectual property rights on suitable terms, or unable to redevelop around such disputed intellectual property rights, we may be prohibited from manufacturing or selling products that are dependent on the use of such intellectual property rights. Such proceedings could have a material adverse effect on our financial situation and results of operations. We may also be subject to other legal and equitable claims, as well as damage to our reputation and image, and such proceedings and consequences could divert management attention from our business, all of which could have a material adverse effect on our financial situation and results of operations.

We may not be able to adequately protect our intellectual property rights

We believe our trademarks and other intellectual property rights are crucial to our success. Our principal intellectual property rights include trademarks for our ***V.E. DELURE*** and ***TESTANTIN*** brands. We are currently applying for the registration of trademarks for a number of logos. The success of these applications depends upon a number of factors, and we cannot guarantee that we will be successful in registering these trademarks. We significantly depend on PRC laws to protect our trademarks, patents or other intellectual property rights. During the Track Record Period, the Group did not encounter instances of counterfeit products. There is no assurance that third parties will not infringe our intellectual property rights. In addition, there are countries, including but not limited to the PRC, where protection of patents, trademarks and other intellectual property rights may not be effective or may be limited. If we are unable to adequately protect or safeguard our intellectual property rights, our business, financial condition and results of operations and prospects may be materially and adversely affected.

Fluctuations in the price, availability and quality of raw materials could cause production delays and increase production costs

We depend on external suppliers for all of the raw materials and product parts for the production of our apparel products. The principal raw materials used in the production of our apparel products are fabrics and leather materials. Raw materials are sourced from both PRC and overseas suppliers. About 20.7%, 25.1%, 41.2% and 33.4% of our raw material and product parts were sourced from our top five raw materials suppliers for the three years ended 31 December 2007, 2008 and 2009 and the six months ended 30 June 2010, respectively. Our largest raw material supplier accounted for about 5.7%, 7.7%, 16.3% and 14.5% of our total purchases of raw materials for the same periods, respectively.

According to Frost & Sullivan Report, the market price of leather materials is likely to remain stable between 2010 and 2012 due to the development of animal husbandry in China. Our fabrics are mainly made from cotton and wool. According to the Frost & Sullivan Report, the market price of cotton is expected to grow at 5% to 10% annually between 2010 and 2012, while that of wool is expected to increase by 10% to 15% annually between 2010 and 2012, mainly due to economic growth and domestic supply shortage. The price of raw materials may experience fluctuations that are beyond our control. Depending on the price fluctuations of raw materials, we may need to adjust the selling price of our products. However, there is no assurance that we can pass increases in raw materials costs onto our customers in a timely manner or at all, which could materially and adversely affect our profit margins.

We must obtain sufficient quantities of quality raw materials from our suppliers in order to maintain our normal operations. If we are unable to obtain the raw materials from our suppliers for any reason, we may have to incur additional costs in order to source the raw materials from alternative suppliers in order to avoid any interruption to our production schedule. We do not have long term supply contracts with our raw materials suppliers. There is no assurance that we will be able to contract suitable alternative suppliers in a timely manner and this could result in a delay in our production schedule, which may adversely affect our profitability. If we are unable to source quality raw materials at acceptable prices and in a timely manner, our production schedules may be adversely affected and the cost of production may increase, and our sales, business and trading position, as well as our financial results and condition, may be materially and adversely affected.

A labor shortage or an increase in labor cost or the cost of products manufactured by outsourced manufacturers may expose us to an increase in total cost

In addition to raw materials, we rely on our outsourced manufacturers for certain apparel products. In addition, our production of apparel, packaging and post-finished processing are labor intensive. For the three years ended 31 December 2007, 2008 and 2009 and the six months ended 30 June 2010, the cost of direct labor amounted to about RMB0.4 million, RMB4.3 million, RMB1.0 million and RMB0.5 million, respectively, which accounted for approximately 0.5%, 3.1%, 0.6% and 0.6% of our total cost of sales, and the cost of outsourced production amounted to RMB68.8 million, RMB98.3 million, RMB119.4 million and RMB64.2 million, respectively, which represented approximately 78.0%, 71.7%, 74.1% and 78.0% of our total cost of sales. Generally, we do not maintain long-term contracts with our outsourced manufacturers, and prices that we pay for the outsourced products may increase due to greater industry demand or a shortage of labor. Labor costs in the PRC have increased and may continue to increase in the future. If we are unable to identify and take other measures to reduce costs of our outsourced production or direct labor and are unable to pass on such increases in costs to our customers by increasing the selling prices of our products, our profit margin may decrease and our financial results may be materially and adversely affected.

We may not be able to manage our rapid growth and expansion of our retail network effectively

We have a broad menswear retail network in the PRC. We have grown rapidly over the past few years and our revenue increased by 75.6% from RMB193.9 million in 2007 to RMB340.4 million in 2008 and by 20.1% from RMB340.4 million in 2008 to RMB409.0 million in 2009. The number of ***V.E. DELURE*** and ***TESTANTIN*** Retail Stores aggregately increased from 167 as at 31 December 2007 to 242 as at 31 December 2008, to 259 as at 31 December 2009 and to 268 as at 30 June 2010. As we continue to expand our retail network, particularly in the PRC, this expansion plan may place significant strain on our managerial, operational and financial resources. We may not be able to successfully manage the rapid growth of our retail network despite adopting various measures and strategies to do so. Therefore, there is no assurance that the intended growth of our retail network can be achieved or will become profitable. In addition, an economic downturn, which may materially and adversely affect the profitability of our Stores, could result in longer lead-time for new Stores to reach optimal operating levels.

If the expansion of the retail network is not successfully managed, our operating costs may increase and our sales and financial results may be materially and adversely affected. We may not meet our retail expansion target if our business or financial conditions change from what we anticipated or there is a change in the overall economic conditions of the PRC or the regions in which we plan to locate our Stores or we are unable to secure locations for additional Stores in well known department stores and shopping malls where we would expect to draw customers with spending power consistent with our target clientele. We also may be unable to agree on acceptable financial and operational terms with potential distributors to be able to expand our distribution network or landlords to be able to expand our self-operated Stores. In addition, we may not be able to identify distributors and hire employees to operate our Stores appropriately and in a manner consistent with the image of our brands.

We may lose our license to sell CARTIER accessories or may not be able to renew such license on commercially reasonable terms or at all

Beginning in early 2008, we started to act as an authorized dealer of CARTIER accessories in designated CARTIER Stores in the PRC. As at the Latest Practicable Date, we operated three CARTIER Stores in Nanning, Guangxi Province and Fuzhou and Xiamen, Fujian Province, selling accessories such as watches, pens and leather goods. We have entered into distributorship agreements with Richemont, which are renewable annually, whereby Richemont has granted us the right to distribute CARTIER accessory products. We purchase the accessory products directly from Richemont and sell the products through the CARTIER Stores we operate. The distributorship agreements can be terminated immediately by Richemont if we fail to fulfill our obligations. For the years ended 31 December 2008 and 2009 and the six months ended 30 June 2010, revenue from CARTIER products accounted for RMB8.8 million, RMB15.5 million and RMB10.1 million, respectively, representing 2.6%, 3.8% and 4.1% of our total revenue. There is no assurance that we will be able to fulfil our current obligations under the distributorship agreements or meet all of the renewal conditions necessary in order to retain our CARTIER license. If we lose such license, our business as well as our financial results may be materially and adversely affected.

We are heavily dependent on certain key executives and senior management

Our success depends heavily on our ability to attract, retain and motivate our key executives and senior management. There is no assurance that these key executives and members of senior management will not voluntarily terminate their employment with us. Although we do not rely on any one particular Director or member of senior management, the loss of any key personnel without a timely and suitable replacement could be detrimental to the ongoing success of our operations.

In addition, competition for qualified sales and marketing and design personnel is very intense, and we face competition for such personnel from competitors in our industry. The competition for qualified personnel may be more acute for us as we are still a developing company. If we are unable to retain or are unsuccessful in recruiting qualified sales, marketing and design personnel, we may not be able to maintain our position as a leading menswear enterprise in the PRC. This may render us incapable of meeting our growth targets, and our business, financial condition, and results of operations will be materially and adversely affected.

Any significant disruption or damage to our administrative or production facilities could have a material adverse effect on our results of operations

We are heavily reliant on the efficient, proper and uninterrupted operation of our facilities in order to grow our business and meet our contractual obligations with our distributors and suppliers. Power failures or disruptions, the improper installation or operation of equipment and the destruction of buildings, equipment and other facilities due to natural disasters such as hurricanes, fire, flooding or earthquakes would severely affect our ability to continue our operations. We currently do not carry any business interruption insurance. No assurance can be given that our insurance coverage would be adequate to compensate us for the actual cost of replacing our buildings, equipment and infrastructure nor can we assure you that such events would not have a material adverse effect on our business, financial condition and results of operations and prospects.

Our inventory may become obsolete

Our average inventory turnover was about 112 days, 183 days, 251 days and 285 days for the three years ended 31 December 2007, 2008 and 2009 and the six months ended 30 June 2010, respectively. The increase in our average inventory turnover days during the Track Record Period was primarily due to expansion of our retail network in the PRC and Hong Kong during the period.

We became an authorized dealer of CARTIER in 2008. Because CARTIER is a luxury brand, Richemont requires us to operate our CARTIER Stores like a showroom and, as a result, the buffer inventory for store display and sale is maintained at a higher level than is typical of most retail stores. In addition, pursuant to the distributorship agreements, requires us to keep at all times a sufficient and representative stock of CARTIER products and implement specific inventory requirements for our CARTIER Stores, one of which opened in Fuzhou, Fujian Province, in March 2008, one in Nanning, Guangxi Province, in December 2008 and one in Xiamen, Fujian Province, in September 2010. As at 31 December 2008, 2009 and 30 June 2010, our inventories attributable to the CARTIER products were RMB10.1 million, RMB21.0 million and RMB20.8 million, respectively, or 11.2%, 16.0% and 16.1%, respectively, of our total inventories. For the years ended 31 December 2008 and 2009 and the six months ended 30 June 2010, the inventory turnover days for our CARTIER products were 344 days, 587 days and 551 days. CARTIER also has the right to require us to stock new CARTIER products that it may decide to launch on the market at any time which may further increase our inventory. Due to the foregoing reasons, and the fact that we have only recently entered into the market of licensed CARTIER products in the PRC, in the event that sales performance of our CARTIER Stores falls below our management's expectation, we may not be able to prevent excessive inventory build-up, which could result in an inventory write-down or write-off.

We do not generally have a rigid inventory control policy or pre-set inventory level. Products within the current season will generally continue to be sold in our Retail Stores. We classify our products as aged products when our designs become outdated and no longer reflect the trend and style of the current season. We have special offer sales annually that our staff and their families and friends are invited to attend to clear unsold aged products. Our inventory provision as at the periods ended 31 December 2007, 2008 and 2009 and 30 June 2010 amounted to nil, RMB4.3 million, RMB6.1 million and RMB12.1 million, respectively.

We may not successfully integrate newly acquired or licensed brands and/or businesses into our business model

We may acquire or obtain the license to operate additional brands to expand our business portfolio in the future. Our ability to achieve such expansion depends on our ability to identify the appropriate additional brands and to initiate, negotiate and complete the acquisition of or obtain the license for such brands.

We may experience difficulties in integrating newly acquired or licensed brands or businesses into our existing business model and in retaining the key personnel to manage such acquired or licensed brands or businesses. In addition, the cost and duration of integration could also exceed our original estimation. Further, if we acquire a business that operates outside of China or offer products that are different from our existing products, our exposure to these risks may increase because of our limited experience in operating businesses in foreign jurisdictions or that are not within our existing operations. Any of these factors could materially and adversely affect our business, operations and financial results.

Our suppliers and outsourced manufacturers may be affected by national and local government regulations in the areas they operate

We source a large volume of our raw materials from third-party suppliers and outsource the production of our product parts to outsourced manufacturers. These suppliers may be subject to national and local government regulations in the areas in China they operate. Any change to the relevant government regulations or policies, whether relating to labor safety, tax treatment, environmental protection or any other aspects, may directly affect the operating costs of these suppliers. This may in turn increase the costs of our products or other fees charged to us. In such circumstances, our costs of sales may increase, thereby materially and adversely affecting our profitability and financial results.

We may be exposed to product liability, property damage or personal injury claims

We generally do not have product liability insurance because it is not specifically required under PRC laws. If we are found liable for any product liability claim, we may be required to pay substantial damages. Even if we are successful in defending such a claim, we may incur substantial financial and other resources in defending such a claim. In such circumstances, our financial results will be adversely affected. Depending on the outcome of any such claims, the reputation of our brands could also be adversely affected. In addition, we do not maintain third-party liability insurance against claims for property damage, personal injury or environmental liabilities. We may incur significant costs and expenses to defend against such claims or enter into settlement agreements. We may be fined or sanctioned, which could materially and adversely affect our reputation, business, prospects, financial condition and results of operations. During the Track Record Period, the Group has not been subjected to any material product liability claim.

The Company's future dividend policy is subject to the discretion of the Directors

The Company declared and paid out interim dividends out of the Company's internal funds in the amount of RMB54.6 million and RMB38.6 million during the year ended 31 December 2009 and the six months ended 30 June 2010, respectively, in respect of the relevant prior years'/periods' profit distributed to the Company by the Company's subsidiaries. However, the amount of dividends which we may declare in the future will be subject to the discretion of the Directors depending on the Company's results, working capital, cash position, future operations, profitability, surplus and capital requirements, as well as the Company's general financial condition and any other factors which the

Directors may consider to be relevant. Therefore, the Company's historical dividend distributions are not indicative of the Company's future dividend distribution policy.

We may not be able to secure future financing

From time to time, we may require additional funds depending on our future business plan, market conditions and other factors which are beyond our management's control and expectation. Extra funding may also be needed for store expansion or renovation, to acquire or license new brands, or to strengthen the design team as well as the back-end office support. The tightening of credit in the PRC which resulted from the ongoing economic uncertainty may increase our finance costs and create difficulties for us to renew our existing banking facilities and obtain additional sources of debt financing, which may affect our overall liquidity. Our lenders may impose more stringent terms under our credit facilities, request early payment of outstanding loans or request increases in the amount of pledges for secured borrowings. Further, if we require additional debt financing, our lenders may require us to agree on restrictive covenants that could limit our flexibility in conducting future business activities. If we are unable to secure external financing on acceptable terms to meet our operational and expansion needs, our business and trading position, as well as our financial results and conditions may be materially and adversely affected.

We will not continue to receive preferential tax treatments that we currently enjoy

Pursuant to the approval from the tax bureau, Evergreen Guangdong was exempted from the corporate income tax for its first two profit-making years and is entitled to a 50% tax reduction in the succeeding three years. The first profitable year of Evergreen Guangdong was 2006. Therefore, Evergreen Guangdong was exempted from corporate income tax in 2006 and 2007 and subject to the reduced rate of 12.5% for each of the two years ended 31 December 2008 and 2009 and also the year ending 31 December 2010. Beginning on 1 January 2011 and every year thereafter, Evergreen Guangdong will be subject to a corporate income tax rate of 25%. We do not expect to be able to obtain new preferential treatments in the future upon the expiration of the preferential income tax treatment mentioned above and, as a result, our business, financial condition and results of operations may be materially and adversely affected.

RISKS RELATING TO THE INDUSTRY

We face intense competition in the menswear industry in the PRC

The menswear industry in the PRC is characterized by intense competition from both international and domestic brands. We generally face competition from brands with similar brand positioning based on brand recognition, design, product mix, quality, price, customer service and breadth of retail network, among other factors. There is no assurance that we will be able to compete effectively against competitors who may have greater financial resources, greater scales of production, superior technology, better brand recognition and a wider, more diverse and established distribution network. In order to maintain our market share and remain competitive, we may be forced to provide more sales incentives to our distributors, and increase capital expenditures, which may in turn negatively affect our profit margins and our results of operations.

In addition, with the liberalization measures adopted pursuant to the PRC's accession to the World Trade Organization, or WTO, foreign brands are permitted to expand their business in the PRC with fewer restrictions. Further, as the economy continues to grow in the PRC, consumers are expected to accumulate greater purchasing power and can more readily afford foreign brands. As a result, more foreign brands have entered, and are continuing to enter, the PRC market, which further increases competition in the menswear industry in the PRC.

Our sales volume is sensitive to seasonality effects and weather patterns

Our performance is highly subject to seasonal trends or fluctuations. Sales amounts therefore vary throughout the year with significantly higher levels of sales for our winter and autumn collections and lower levels of sales for our spring and summer collections.

Extreme changes in weather patterns could also affect consumers' purchasing behavior, which may lead to fluctuations in our sales revenue. For example, extended periods of unseasonably warm weather during the winter season or cool weather during the summer season could render a portion of our inventory incompatible with such unseasonable weather conditions. These extreme or unseasonable weather conditions could have a material adverse effect on our results of operations.

We may be affected by the recent global financial turmoil

The recent economic turmoil during the second half of 2008 and first half of 2009, which resulted in tightened credit markets, increased unemployment rates and liquidity problems for financial institutions, has adversely affected the U.S. and the world economies.

The prolonged global economic downturn, to some extent, could lead to a decline in consumer confidence and changes to consumer spending patterns in the PRC. This is particularly so as fashion items are generally considered discretionary consumption items and the fashion apparel industry is very sensitive to changes in the economy. In such situations, we may have to offer deeper discounts for longer periods than usual, which could materially and adversely impact our profit margins.

Our business may be affected by events that are beyond our control, such as natural disasters, outbreaks of epidemics, acts of war, terrorist acts, and social or political unrest

From November 2002 to July 2003, the PRC and certain other countries and regions experienced an outbreak of a new and highly contagious form of atypical pneumonia known as SARS. In July 2003, the World Health Organization declared that the SARS outbreak had been contained. However, a number of isolated cases of SARS were reported in the PRC in 2004. In June 2009, the World Health Organization declared a global outbreak of a new strain of influenza virus, the H1N1 virus, which affected many countries worldwide. In May 2008, Wenchuan County of Sichuan Province, was hit by an earthquake with a magnitude of 7.8 on the Richter Scale. There was no material adverse impact on our financial position, business operations or prospects as a result of the earthquake.

If there is an outbreak or a recurrence of epidemics, a natural disaster in the PRC, a further spread or mutation of the H1N1 leading to a more severe H1N1 outbreak, acts of war, terrorist acts, social or political unrest that is beyond our control, it could result in disruption to our business and could adversely affect our operations and financial results.

RISKS RELATING TO CONDUCTING OPERATIONS IN THE PRC

We may be affected by changes in the PRC foreign exchange regulations

At present, the RMB is freely convertible to other currencies only under limited circumstances. Foreign invested enterprises are permitted to remit their net profit or dividends in foreign currencies out of the PRC or to repatriate such profit or dividends after converting the same from RMB to foreign currencies through authorized banks. Foreign invested enterprises are also permitted to convert RMB to foreign currencies for items in the current account, including trade and service related foreign exchange transactions and payments of dividends to foreign investors. Foreign exchange transactions in the capital account, including the foreign currency capital in any foreign investment enterprise in the PRC, the repayment of the principal amount of foreign currency loans and payments pursuant to foreign currency guarantees, continue to be subject to significant foreign exchange controls and require the prior approval of SAFE.

Based on our current business model, most of our revenue is derived from the PRC and is denominated in RMB. If the PRC Government imposes additional restrictions on the conversion of the RMB to foreign currencies, under the existing foreign exchange regulations in the PRC, we may have difficulty remitting the profits generated from our operations in the PRC to Hong Kong, which may in turn adversely affect our ability to pay dividends to Shareholders in Hong Kong dollars or other foreign currencies.

Fluctuations in the exchange rates of the Renminbi may affect our business and results of operations

The exchange rates between the Renminbi and the Hong Kong dollar, the U.S. dollar, the Euro and other foreign currencies are affected by, among other things, changes in the PRC's economic and political conditions. In 2005, the PRC government changed its policy of pegging the value of the Renminbi to the U.S. dollar. Under the new policy, the Renminbi is pegged against a basket of currencies, determined by the PBOC, against which it can rise or fall within a regulated band each day. Under the current circumstances of global economic crisis, the exchange rates of the Renminbi against the US dollar, the Hong Kong dollar or other foreign currency may fluctuate in an unprecedented way.

Most of our purchases are denominated in Renminbi, U.S. dollars or Euros. Fluctuations in exchange rates, particularly among the U.S. dollar, Renminbi and the Euro, may affect our net profit margins and may result in fluctuations in foreign exchange and operating gains and losses. We have not used any other forward contracts, currency options or borrowings to hedge our exposure to foreign currency exchange risk. We cannot predict the impact of future exchange rate fluctuations on our results of operations and may incur net foreign currency losses in the future.

Furthermore, following the completion of the Global Offering, we expect a significant portion of our cash and cash equivalents to be denominated in currencies other than Renminbi. As our functional currency is Renminbi, such foreign currency denominated cash and cash equivalents are exposed to fluctuations in the value of Renminbi against the currencies in which such cash and cash equivalents are denominated. Any significant appreciation of the Renminbi against these foreign currencies may result in significant exchange losses.

We may experience fluctuations in consumers' purchasing behavior caused by changes in macroeconomic conditions in the PRC

Since a significant portion of our revenue is derived from the PRC, the success of our business depends on the future growth of the PRC consumer market, which, in turn, depends on worldwide economic conditions and individual disposable income levels in the PRC and the resulting impact on levels of consumer spending, which have recently deteriorated significantly in many countries and regions and may remain depressed for the near future. There are many factors affecting the level of consumer spending, including, but not limited to, interest rates, currency exchange rates, recession, inflation, deflation, political uncertainty, taxation, stock market performance, unemployment levels and general consumer confidence. There can be no assurance that historical growth rates of the PRC economy will continue or that projected growth rates of the PRC economy and the PRC consumer market will be realized. Any future slowdowns or declines in the PRC economy or consumer spending may materially and adversely affect our business and results of operations.

Interpretation of PRC laws and regulations involves uncertainty that could adversely affect our business and results of operations and limit the legal protections available to investors

The PRC legal system is a civil law system based on written statutes. Unlike common law systems, it is a system in which prior court decisions have limited precedential value. Since 1979, the PRC government has promulgated laws and regulations governing economic matters in general, such as foreign investment, corporate organization and governance, commerce, taxation and trade. This legislation has significantly enhanced the protections afforded to various forms of foreign investment in the PRC in general and laws and regulations applicable to wholly foreign-owned enterprises in particular. Many of these laws, regulations and legal requirements are relatively new and because of the limited volume of published cases and their non-binding nature, interpretation and enforcement of these laws and regulations involve greater uncertainties than those in jurisdictions under common law systems. These uncertainties may limit the legal protections available to us and to our investors. We cannot predict the effect of future developments in the PRC legal system, including the promulgation of new laws, changes to existing laws or the interpretation or enforcement thereof, or the pre-emption of local regulations by national laws. Any changes to such laws and regulations may materially increase the cost of production and regulatory exposure in complying with them.

RISKS RELATING TO THE GLOBAL OFFERING

There has not been any prior public market for the Shares. The market may be volatile and liquidity may be low

Prior to the Global Offering, there was no public market for the Shares. The initial Offer Price range to the public for the Offer Shares was the result of negotiations among the Company and the Joint Global Coordinators (on behalf of the Underwriters) and may differ significantly from the market price of our Shares following the completion of the Global Offering. The listing of, and the permission to deal in, the Shares on the Hong Kong Stock Exchange does not guarantee the development of an active public market or the sustainability thereof following the completion of the Global Offering. Factors such as our revenues, earnings and cash flows could cause the market price of our Shares to change substantially. In addition, both the market price and liquidity of our Shares could be adversely affected by factors outside our control that are unrelated to the performance of our business, especially if the financial markets in Hong Kong experience a significant price and volume fluctuation. In such cases, investors may not be able to sell their Shares at or above the Offer Price.

Shareholders' interests may be diluted

The initial Offer Price of the Shares is higher than the net tangible assets book value per Share immediately prior to the Global Offering. Therefore, purchasers of our Shares in the Global Offering will experience an immediate dilution in the pro forma consolidated net tangible asset book value of HK$3.27 per Share based on the maximum Offer Price of HK$4.60 per Share. In order to expand our business, we may consider offering and issuing additional Shares in the future. In such a situation, purchasers of our Shares may experience a further dilution in the net tangible asset book value per Share of their Shares if we issue additional Shares at a price which is lower than the net tangible asset book value per Share.

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 the Shares

All the Controlling Shareholders have given undertakings not to dispose of their Shares prior to the expiration of a six-month period from the Listing Date. We cannot guarantee that all of the Controlling Shareholders will not dispose of any Shares upon the expiration of such period. In the event that the Controlling Shareholders sell a substantial number of Shares in the market, or where there is a perception that such sales may occur, there could be a substantial adverse effect on the prevailing market price of the Shares.

Certain facts and public statistics in this prospectus may not be reliable

Certain facts and statistics in this prospectus, such as those related to the economy and the retail industry of the PRC, are derived from various publicly available government and official publications or from Frost & Sullivan, which the Directors believe to be reliable. We cannot, however, guarantee the quality or reliability of such government or official sources. Although we have taken reasonable care to ensure that the facts and statistics presented are accurately reproduced from such government, official sources or Frost & Sullivan, they have not been independently verified by us, the Sole Sponsor, the Joint Global Coordinators, the Underwriters or any of our or their respective affiliates or advisors. We therefore make no representation as to the accuracy of such facts and statistics which may not be consistent with other information compiled by other sources and prospective investors should not place undue reliance on any facts and statistics derived from government or official sources or the Frost & Sullivan Report contained in this prospectus.

It may be difficult to effect service of process upon us or our Directors who reside in the PRC or to enforce against them or us in the PRC any judgments obtained from non-PRC courts

Some of our Directors and executive officers reside in the PRC, and substantially all of our assets are located in the PRC. It may therefore be difficult for investors to effect service of process upon us or those persons in the PRC. The PRC does not have treaties providing for the reciprocal recognition and enforcement of judgments of courts within the United States, the United Kingdom or most other Western countries. In addition, Hong Kong has no arrangement with the United States for the reciprocal enforcement of judgements. Therefore, it may be difficult for investors to enforce any judgments obtained from non-PRC courts against us or our Directors and executive officers in the PRC.

There are forward-looking statements in this prospectus

This prospectus contains certain statements that are "forward-looking" and uses forward-looking terminology such as "may," "future," "plan" or "planned," "will" or "could," "would," "should," "estimates" or "estimated," "expected," "anticipates," "draft," "eventually" or "projected." Such statements address, among other things, our strategies, visions and expectations regarding our future operations, business performance and capital resources. Potential investors are cautioned that reliance on any forward-looking statements involves risks and that although we reasonably believe in the assumptions on which the forward-looking statements are made, such assumptions could prove to be incorrect and accordingly, the forward-looking statements could also be incorrect. In light of these and other risks and uncertainties, the inclusion of forward-looking statements should not be regarded as representations by us that our plans and objectives will be achieved.

Investors should read this entire prospectus carefully and should not consider any particular statement in this prospectus or in published media reports without carefully considering the risks and other information contained in this prospectus

There has been coverage in the media regarding the Global Offering and our operations, which cited certain information about the size of Global Offering and our business. We did not make any such statements and we do not accept any responsibility for the accuracy or completeness of such information and make no representation as to the appropriateness, accuracy, completeness or reliability of any information disseminated in the media. To the extent that any of the information in press articles or other media coverage is inconsistent or conflicts with the information contained in the prospectus, we disclaim such information. Accordingly, prospective investors should not rely on any of the information in press articles or other media coverage.