This summary aims to give you an overview of the information contained in this prospectus. As it is a summary, it does not contain all the information that may be important to you. You should read the whole prospectus 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

The Group is a knitwear manufacturer established in Hong Kong for more than 17 years. It manufactures an extensive assortment of knitwear products ranging from classically styled wardrobe basics to high quality fashion apparel including but not limited to pullovers, cardigans, jackets, coats and skirts together with knitted accessories such as knitted berets, scarves, gloves and hats which are categorised as womenswear, menswear and kidswear. The Group's customers mainly comprise international apparel brand owners headquartered in the USA or the European countries such as Germany and Switzerland with their products marketed under their own labels and sold around the world. The Group does not possess its own labels. All the Group's products are manufactured in accordance with the specifications and requirements set out by the Group's customers in the sale orders and/or designs recommended or inspired by the Group.

The major subsidiaries of the Group are Nice Regent, Fornton Holdings, Fornton Knitting and Fung Ching. The former three subsidiaries were incorporated in Hong Kong whilst Fung Ching is a WFOE established in the PRC. The production of the Group has been carried out at (i) the Processing Factory under the Processing Agreements since 1996; and (ii) also at the FC Factory since 2006. The FC Factory mainly carries out the pre-laundering procedures including knitting, linking and handstitching with the support of the Processing Factory for the remaining procedures. The Processing Factory carries out the entire production process with certain production procedures including but not limited to knitting, linking and handstitching being outsourced to other production factories in the PRC (i.e. the subcontractors) on a case by case basis so as to achieve production optimisation of the Group and meet the growing demand of the Group's products from the customers.

It is expected that the new production factory with annual production capacity of approximately 4,188,000 pieces of apparel to be constructed on the Land at Yangwu Village, Dalang Town, Dongguan City, Guangdong Province, the PRC acquired by the Group will commence operation by the fourth quarter of 2012 so as to substitute the existing production premises of the FC Factory and expand the production scale of the Group to two complete production lines comprising the existing one in the Processing Factory and another new one in the new production factory. The Group intends to continue with the processing arrangement with the PRC Processing Party for production carried out in the Processing Factory provided that there is no significant change in the regulatory and economic environment whilst it will operate the new production factory on its own without adopting any new processing arrangement with any other PRC parties.

PRODUCTS

The Group's knitwear products can be divided into three categories namely womenswear, menswear and kidswear and the Group's turnover during the Track Record Period was mainly derived from the sales of womenswear, representing approximately 89.4%, 91.8%, 91.6% and 89.5% respectively of the Group's turnover for the Track Record Period. Set out below is the Group's turnover by product categories during the Track Record Period:

	Year ended 31 December						Four months ended 30 April			
	2008		2009		2010		2010		2011	
	HK$'000	*%*	*HK$'000*	*%*	*HK$'000*	*%*	*HK$'000* *(Unaudited)*	*%*	*HK$'000*	*%*
Turnover										
Womenswear	283,129	89.4	279,590	91.8	326,383	91.6	57,259	99.8	44,013	89.5
Menswear	32,616	10.3	23,584	7.8	29,739	8.4	107	0.2	5,167	10.5
Kidswear	830	0.3	1,325	0.4	—	—	—	—	—	—
Total	316,575	100.0	304,499	100.0	356,122	100.0	57,366	100.0	49,180	100.0

During the Track Record Period, the sales volume of the Group amounted to approximately 2.4 million units, 2.9 million units, 3.0 million units and 0.5 million units of finished apparel goods. Set out below are the total sales quantities of womenswear, menswear and kidswear during the Track Record Period:

	Year ended 31 December			Four months ended 30 April	
	2008	2009	2010	2010	2011
	('000 units)	*('000 units)*	*('000 units)*	*('000 units)*	*('000 units)*
Sales quantities					
Womenswear	2,208	2,756	2,853	546	426
Menswear	156	123	167	1	27
Kidswear	6	9	—	—	—
Total	2,370	2,888	3,020	547	453

To maintain the Group's turnover throughout the financial crisis triggered at the end of 2008, the Group adjusted the selling price of the products in 2009 and thus the selling price decreased by approximately 21.6% for the year ended 31 December 2009. Rallying on the recovery of the global economy in 2010, the average selling price of the products increased by approximately 12.4% for the year ended 31 December 2010. For the four months ended 30 April 2011, the average selling price was HK$109, representing a slight increase of approximately 3.8% as compared to that for the corresponding period in previous year but a decrease of approximately 7.6% as compared to that for the year ended 31 December 2010 as the average selling price of the winter collection of the Group's products is normally higher than that of summer collection. Set out below are the average selling prices for womenswear, menswear and kidswear during the Track Record Period:

	Year ended 31 December			Four months ended 30 April	
	2008	**2009**	**2010**	**2010**	**2011**
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
Average selling price *(Note 1)*	134	105	118	105	109
Womenswear *(Note 2)*	128	101	114	105	103
Menswear *(Note 2)*	209	192	178	107	191
Kidswear *(Note 2)*	138	147	—	—	—

Notes:

1. The average selling price represents the turnover for the financial year/period divided by the total sales quantities for the financial year/period.

2. The selling price of each of the product categories depends on (i) the complexity of the product design; (ii) the quantity of an order; (iii) the delivery schedule set out by the customers; and (iv) the prices of raw materials. Accordingly, the selling prices of knitwear products vary significantly.

CUSTOMERS

Since the commencement of its manufacturing business, the Group has been able to secure international fashion groups with wide variety of products marketed under numerous well-recognised labels and sold in their franchised or chain stores located all over the world. As at the Latest Practicable Date, the labels of the apparel manufactured by the Group included but were not limited to Jones New York and Anne Klein which are under the top five customers of the Group. Jones Group and another international well-known specialty retailer headquartered in USA are the two most substantial customers contributing to the Group's business throughout the Track Record Period in terms of the turnover generated from their sales and their long-term business relationships with the Group.

Location of the customers

The Group's customers are mainly international apparel groups headquartered in USA and the European countries such as Germany and Switzerland whilst their products are sold in their respective chain stores or franchised stores under their labels, department stores or other specialty retailers around the world.

Set out below is the Group's turnover by headquarter's locations of the customers during the Track Record Period:

	Year ended 31 December						Four months ended 30 April			
	2008		2009		2010		2010		2011	
	HK$'000	*%*	*HK$'000*	*%*	*HK$'000*	*%*	*HK$'000* *(Unaudited)*	*%*	*HK$'000*	*%*
Turnover										
USA	236,119	74.6	228,948	75.2	270,664	76.0	50,897	88.7	37,178	75.6
Europe	50,586	16.0	46,402	15.2	52,022	14.6	1,923	3.3	6,385	13.0
Canada	16,496	5.2	17,703	5.8	22,065	6.2	3,311	5.8	3,064	6.2
Other countries *(Note)*	13,374	4.2	11,446	3.8	11,371	3.2	1,235	2.2	2,553	5.2
Total	316,575	100.0	304,499	100.0	356,122	100.0	57,366	100.0	49,180	100.0

Note: During the Track Record Period, other countries included but were not limited to Japan, Hong Kong, Brazil, Singapore, Taiwan, Israel, India, Korea, South Africa, United Arab Emirates and Australia.

Top five customers

All the top five customers of the Group in terms of the turnover during the Track Record Period own international well-known fashion labels and have maintained long-term business relationships with the Group for more than 5 years. For each of the three years ended 31 December 2010 and the four months ended 30 April 2011, the aggregate turnover generated from the top five customers of the Group amounted to approximately 88.4%, 89.9%, 89.4% and 93.9% of the Group's total turnover respectively and the turnover generated from the Group's largest customer accounted for approximately 52.6%, 55.4%, 56.3% and 70.0% respectively.

As the Group's customers only enter into short-term purchase orders instead of long-term sales contracts with the Group, there is no assurance that the relationship between the Group and any customer will continue on the same or similar terms, and the customers may terminate their respective relationships with the Group at any time as they wish in the future. Accordingly, the volume of the customers' purchase orders and the product mix may vary significantly from period to period, and it is difficult to forecast the number of future orders. As a result, the Group's business, results of operations and financial condition may vary from period to period depending on the volume of purchase orders from the customers, whether existing or new. To reduce reliance on the key customers and to avoid significant impact on the Group's performance in the event that the major customers reduce their order amount, the Group has strived for extending its business reach to the PRC market and attracting more potential customers such as the international apparel groups which labels are recognised but under-penetrated in the PRC. As at the Latest Practicable Date, the Group has secured sales orders in an aggregate amount not less than HK$20 million from customers in the PRC.

PROCESSING FACTORIES AND PRODUCTION CAPACITIES

All the Group's products have been produced at the Processing Factory since 1996 and also at the FC Factory since 2006 with some production procedures outsourced to the subcontractors. As at the Latest Practicable Date, the FC Factory had 140 sets of computerised knitting machines and 177 sets of manually operated knitting machines whilst the Processing Factory had 9 sets of computerised knitting machines and 225 manually operated knitting machines. All the equipments and machineries of the Processing Factory and the FC Factory were sourced from Italy, Germany and the PRC.

Set out below are the production capacity of the Processing Factory and the FC Factory:

	Estimated annual production capacity (pieces of WIPs/apparels in thousands) *(Note 2)*			**Approximate output volume for the year ended 31 December (pieces of WIPs/apparels in thousands)** *(Note 3)*			**Approximate utilisation rate for the year ended 31 December (%)** *(Note 4)*			**Approximate utilisation rate for the four months ended 30 April (%)** *(Note 4)*
	2008	**2009**	**2010**	**2008**	**2009**	**2010**	**2008**	**2009**	**2010**	**2011**
Production of WIPs:										
The FC Factory *(Note 1)*	921	921	1,126	213	173	182	23.1	18.8	16.2	22.7
Production of finished goods:										
The Processing Factory	1,601	1,601	1,805	2,370	2,888	3,020	N/A	N/A	N/A	N/A

Notes:

1. The FC Factory only carries out pre-laundering procedures and thus its output is in terms of pieces of swatches.

2. The annual maximum output of the Processing Factory is estimated based on the assumption that the output is produced by the Processing Factory with part of its knitting procedure outsourced to the FC Factory but not other subcontractors. The Processing Factory operates for 302 days per year and 9 hours per day.

3. As the Processing Factory outsources various production procedures including but not limited to knitting, linking and handstitching procedures to the subcontractors in the PRC, the annual output of the Processing Factory is larger than the estimated production capacity thereof.

4. It is not feasible to calculate the utilisation rate of the Processing Factory without taking into account the output of the subcontractors as the Company is not able to quantify the exact amount of output contributed by the subcontractors from the annual output of the Processing Factory.

For the three years ended 31 December 2010, low utilisation rate of the FC Factory was mainly due to the labour shortage prevailing in the Guangdong Province arising from substantive outflow of workers back to their hometown following the outburst of the financial crisis in 2008 and thus some pre-laundering procedures of the Group's production were outsourced to the subcontractors instead of being carried out in the FC Factory. After the installation of an additional 120 sets of computerised knitting machines in the FC Factory the second quarter of 2011 and 9 sets in the Processing Factory in third quarter of 2011, it is expected that the demand for production labour of the Group would decrease. As such, the Directors believe that the labour shortage situation prevailing in the Guangdong Province will not adversely affect the operation of the Group.

In December 2010, the Group acquired a piece of industrial land (i.e. the Land) with a site area of approximately 30,400.50 sq.m. located at Yangwu Village, Dalang Town, Dongguan City, Guangdong Province, the PRC. According to the Group's preliminary development plan, the Group intends to establish a new production factory on the Land with an annual production capacity of approximately 4,188,000 pieces of knitwear products with a view to substituting the FC Factory and enlarging the production capacity of the Group. The Group will continue to adopt the processing arrangement with the PRC Processing Party for production currently carried out in the Processing Factory so long as there is no significant change in the regulatory and economic environment. The Group will operate the new production factory on its own without adopting any new processing arrangement with any other PRC parties.

It is expected that the new production factory will commence operation by the fourth quarter of 2012.

Defects on the property titles of the leased factories and the mitigation measures

According to the due diligence work conducted by the PRC Legal Advisers, each of the lessor of the production premises for the Processing Factory and the FC Factory has not obtained the relevant state-owned land use rights certificates and the building ownership certificates in respect of the production premises for the Processing Factory and the FC Factory respectively, and thus none of them is allowed to lease such production premises. Details of the aforesaid are set out in the paragraph headed "Title defects of the Processing Factory" and "Title defects of the FC Factory" under the section headed "Business" in this prospectus.

Mitigation measures

The Processing Factory and the FC Factory have been in operation on the premises mentioned above for over 15 years and 5 years respectively and have never received any removal orders from the lessors and any relevant PRC authorities during the operation. Accordingly, the Directors consider that the possibility of receiving removal orders from relevant authorities is low and the Sponsor's lawyers as to the PRC laws concur with their view. However, to prepare for the possible disruption of production in the Processing Factory and the FC Factory due to the risks mentioned in the paragraph headed "The FC Factory" and "The Processing Factory" in the section headed "Business" of this prospectus, the Group has devised several mitigation measures including (i) entering into of the legally binding Letters of Intent (Yu Xing) with Yu Xing and the legally binding Letters of Intent (He He) with He He to lease from Yu Xing the Spare Factory (Yu Xing) and the production facilities stated therein and from He He the Spare Factory (He He) and the production facilities stated therein respectively, in the event that Fung Ching and/or the Processing Factory are required to cease occupation of the production premises due to the aforesaid defects within the period from the date of the agreements to 31 December 2012 (if He He or Yu Xing (as the case may be) decides to lease the Spare Factory (He He) or the Spare Factory (Yu Xing) (as the case may be) to parties other than the Group, He He or Yu Xing has to give 2-month notice to the Group in writing); (ii) outsourcing the production to other production factories in the PRC; and (iii) establishing a new production factory on the Land with an annual production capacity of approximately 4,188,000 pieces of knitwear products, which exceeds the aggregate production capacity of the Processing Factory and the FC Factory and will come into operation by the fourth quarter of 2012. In the event that the Processing Factory and/or the FC Factory are required to cease the occupation of the production premises, the Group will relocate the existing production to the spare

factories. The Directors do not expect any loss in revenue arising from the relocation as the Group can subcontract its production to the subcontractors within a short notice period. The Directors also consider that the Group will not incur any significant relocation cost and it is expected that it will only take several days to relocate the production of either the FC Factory or the Processing Factory to the Spare Factory (Yu Xing) or the Spare Factory (He He). Details of the mitigation measures are set out in paragraph headed "Mitigation measures" under the section headed "Business" in this prospectus.

EXPANSION PLAN

The expansion plan to be carried out by the Group includes (i) establishing a new production plant with an annual production capacity of approximately 4,188,000 pieces in Yangwu Village, Dalang Town, Dongguan City, Guangdong Province; (ii) acquiring production machinery and office equipment for the new production plant; (iii) acquiring 220 sets of computerized knitting machines (of which 120 sets have been installed in third quarter of 2011) for existing production factories; (iv) establishing new ERP System to integrate different functions of the Group including but not limited to sales, purchase, production, warehouse and finance; and (v) enhancing sales and merchandising, and design and development capabilities including participating in fashion exhibitions twice a year, designing company brochure, acquiring computer software for design and development and hiring additional staff.

Despite the recent stagnant economic environment in some European countries and USA, the slowing down of the growth of the PRC apparel retail industry and the increase in labour wages in the PRC market, the Directors believe that the Group's operation and performance would not be adversely affected taking into account that (i) the Group's customers sold their products to customers around the world instead of only to USA and those European countries being affected by recent debt crisis; (ii) the PRC's apparel industry is enormous in terms of its estimated industry value of approximately US$132.9 billion by the end of 2014 as set out in the section headed "Industry Overview" of this prospectus; (iii) the PRC economy has maintained a robust growth in the past few years in terms of the GDP, consumption expenditures and disposable income for urban households; and (iv) the recent market condition of the PRC's apparel industry is still robust in view of the aggregate retail value of the apparel products of approximately RMB372.7 billion for the six months ended 30 June 2011 as quoted from the website of Ministry of Industry and Information Technology of the People's Republic of China, representing an increase of approximately 23.9% as compared to corresponding period in previous year. As such, the Directors believe that the expansion plan to be carried out by the Group, in particular, increasing the production scale of the Group, can be justified.

As at the Latest Practicable Date, the Group had secured sales orders in an aggregate amount not less than HK$20 million from customers in the PRC. To facilitate the expansion of the Group in particular entering into the PRC apparel market, the Group has also appointed a business development director of the sales and merchandising department to attract more potential customers through its network in addition to recruitment of additional administrative staff for the sampling department with a view to facilitating and monitoring the production of samples collection to be provided to the customers for their reference and thus enhancing the pre-order services provided by the Group.

PROCESSING AGREEMENTS

The Group has commenced its knitwear production through the Processing Factory since 1996 under the 3rd Supplemental Processing Agreement, pursuant to which Nice Regent took up the rights and obligations of the 2nd Former Foreign Party under the Master Processing Agreement (as amended by the 1st and 2nd Supplemental Processing Agreements).

Major responsibilities of the contracting parties

The current parties to the Processing Agreements are the PRC Processing Party and the Processing Factory (as the processing party in the PRC), the Former PRC Processing Party (as the business agent) and Nice Regent (as the foreign party). Set out below are the major responsibilities of the contracting parties under the Processing Agreements:

(i) the PRC Processing Party and the Processing Factory shall provide processing services of knitwear products to Nice Regent at the processing fees to be agreed until the expiry date of the Processing Agreements, i.e. 31 October 2013;

(ii) the PRC Processing Party shall provide electricity, labour and production premises for the production;

(iii) Nice Regent shall provide all raw materials, accessories and packing materials necessary for the production;

(iv) Nice Regent shall bear the responsibility arising from the defective products subsequent to the delivery from the Processing Factory and take out insurance coverage for the machinery, raw materials, accessories, packing materials and the WIPs; and

(v) the Former PRC Processing Party by virtue of its role as processing party to former processing agreements and its governing authority shall oversee the whole processing arrangement as business agent.

Detailed responsibilities of the contracting parties of each of the Processing Agreements and the material terms thereof are set out in the paragraph headed "Processing Agreements" under the section headed "Business" in this prospectus.

Processing Fees

The Processing Fees paid by the Group to the PRC Processing Party during the Track Record Period amounted to approximately HK$27.7 million, HK$27.0 million, HK$31.2 million and HK$9.9 million respectively. Pursuant to the Processing Agreements, the Processing Fees shall be determined based on the labour cost, utilities costs and the rental of the Processing Factory after negotiation between the parties to the Processing Agreements.

The following table sets out the breakdown of the Processing Fees paid by the Group during the Track Record Period:

	Year ended 31 December						Four months ended 30 April			
	2008		2009		2010		2010		2011	
	HK$'000	*%*	*HK$'000*	*%*	*HK$'000*	*%*	*HK$'000 (Unaudited)*	*%*	*HK$'000*	*%*
Processing Fees										
Cost of sales										
— Direct labour	14,507	52.3	13,730	50.8	15,207	48.8	3,149	40.3	3,985	40.4
— Utilities	3,107	11.2	2,538	9.4	2,768	8.9	740	9.5	779	7.9
— Indirect labour	1,889	6.8	1,992	7.4	2,105	6.7	718	9.2	808	8.2
— Processing Factory's rental	1,688	6.1	1,619	6.0	1,640	5.3	540	6.9	566	5.8
	21,191	76.4	19,879	73.6	21,720	69.7	5,147	65.9	6,138	62.3
Administrative expenses										
— Staff costs	6,537	23.6	7,147	26.4	9,456	30.3	2,663	34.1	3,719	37.7
Total	27,728	100.0	27,026	100.0	31,176	100.0	7,810	100.0	9,857	100.0

Right of termination or renewal

Pursuant to the Processing Agreements, the parties thereto shall have the right to terminate and/or renew the Processing Agreements through negotiations six months prior to the expiry date of the Processing Agreements.

COMPETITIVE STRENGTHS

The Group believes that it has several business strengths that set it apart from its competitors and enable it to continue to grow and enhance its profitability. The competitive strengths of the Group are summarised below:

(i) Established relationships with premium apparel brand owners

(ii) Comprehensive quality assurance checks for products and recognition from customers

(iii) Strong and established product design and development capability

(iv) Strong relationships with suppliers and subcontractors

(v) Expertise in apparel manufacturing

(vi) Computerisation of the knitting process

(vii) Focus on premium yarn with higher margins and development of new blending of yarn

(viii) Strong growth prospects through multiple channels

Details of the competitive advantages are set out in the "Business" section of this prospectus.

BUSINESS STRATEGIES

In view of the rapidly growing PRC economy and the emergence of fashion awareness of the middle-class in the PRC, the Group intends to extend its customer base to the apparel brand owners in the PRC and other European markets such as Portugal and Italy and enhance its position as an ODM knitwear manufacturer in the knitwear industry. To achieve these goals, the Group intends to:

(i) enhance the sales and merchandising department by recruiting experienced staff for the sale and merchandising department;

(ii) enhance the design capability of knitwear products by recruiting experienced designers to increase the number of sample collections designed by the Group per year and establishing a showroom on a larger scale in its headquarter in Hong Kong for showcasing more samples, collections of the knitwear products and swatches of different knitting patterns designed and developed by the Group for promotion and marketing purposes;

(iii) enhance the development capability of yarn by encouraging direct development and design of new blending of yarn for the knitwear products and arranging its staff from sales and merchandising department and design and development department to participate in more events relating to the updating of market information and latest fashion trends such as international fashion shows and trade shows;

(iv) enhance the production capacities by acquiring additional 100 sets of computerised knitting machines on top of the existing 149 sets of computerised knitting machines to produce more complicated or sophisticated patterns and styles of knitwear products; and

(v) fully implement ERP System for better management control and enhance corporate governance.

Details of the business strategies of the Group are set out in the sub-section headed "Business Strategies" under the section headed "Business" in this prospectus.

TRADING RECORD

The summary of the historical combined financial information below should be read in conjunction with the section headed "Accountants' Report" in Appendix I to this prospectus, which has been prepared in accordance with HKFRSs. The summary of the historical combined statement of comprehensive income data for the years ended 31 December 2008, 2009 and 2010 and the four months ended 30 April 2011 and the summary of the historical combined financial position data as at 31 December 2008, 2009 and 2010 and 30 April 2011 set forth below have been derived from the section headed "Accountants' Report" in Appendix I to this prospectus, which includes the combined financial information prepared by the Group and the opinion thereon issued by SHINEWING, both of which are presented in Appendix I to this prospectus.

Combined Statements of Comprehensive Income

	Year ended 31 December			Four months ended 30 April	
	2008	**2009**	**2010**	**2010**	**2011**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* *(Unaudited)*	*HK$'000*
Turnover	316,575	304,499	356,122	57,366	49,180
Cost of sales	(233,957)	(235,932)	(273,113)	(47,025)	(38,172)
Gross profit	82,618	68,567	83,009	10,341	11,008
Other operating income	3,786	6,260	6,421	258	1,939
Selling and distribution expenses	(9,759)	(10,659)	(13,589)	(2,424)	(2,418)
Administrative expenses	(40,748)	(37,077)	(41,857)	(12,020)	(15,088)
Finance costs	(441)	(110)	(407)	(15)	(157)
Profit/(loss) before taxation	35,456	26,981	33,577	(3,860)	(4,716)
Income tax expense	(8,472)	(4,774)	(5,610)	707	555
Profit/(loss) for the year/period	26,984	22,207	27,967	(3,153)	(4,161)
Exchange differences arising on translation of foreign operations and total other comprehensive income/(expenses)	153	20	(264)	39	373
Total comprehensive income/(expenses) for the year/period, net of tax	27,137	22,227	27,703	(3,114)	(3,788)
Earnings/(losses) per Share (HK cents)					
Basic and diluted	11.3	7.1	9.0	(1.0)	(1.3)

Combined Statements of Financial Position

	Year ended 31 December			As at 30 April
	2008	2009	2010	2011
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Non-current assets				
Plant and equipment	7,831	5,650	15,319	19,815
Deposit paid for acquisition of land use rights	10,047	10,005	—	—
Prepaid lease payment	—	—	13,293	13,841
Deferred taxation	—	—	—	595
	17,878	15,655	28,612	34,251
Current assets				
Inventories	20,299	23,760	23,115	42,137
Prepaid lease payment	—	—	302	315
Trade and other receivables	52,981	57,308	49,229	36,073
Amounts due from related companies	4,704	13,867	—	—
Amounts due from a director	3,757	1,887	—	—
Derivative financial instruments	—	—	—	812
Pledged bank deposits	4,485	1,622	—	3,000
Bank balances and cash	43,550	52,997	51,562	43,226
	129,776	151,441	124,208	125,563
Current liabilities				
Trade and other payables	41,545	41,781	40,050	34,347
Dividends payables	—	—	4,830	4,830
Amounts due to directors	12,725	12,440	—	3,569
Bank borrowings	1,023	498	9,555	21,788
Obligations under finance leases — due within one year	300	210	210	210
Income tax payables	2,630	722	1,411	1,523
	58,223	55,651	56,056	66,267
Net current assets	71,553	95,790	68,152	59,296
Total assets less current liabilities	89,431	111,445	96,764	93,547

	Year ended 31 December			As at 30 April
	2008	2009	2010	2011
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Non-current liabilities				
Bank borrowings	—	—	32,466	33,232
Obligations under finance leases — due after one year	803	578	368	298
Deferred taxation	79	91	151	26
	882	669	32,985	33,556
	88,549	110,776	63,779	59,991
Capital and reserves				
Share capital	2,000	2,000	2,023	2,023
Reserves	86,549	108,776	61,756	57,968
	88,549	110,776	63,779	59,991

Leveraging on the long-term business relationships with its major customers and reputation for the product quality, the Group's turnover increased by approximately 17.0% for the year ended 31 December 2010 as compared with the year ended 31 December 2009. For each of three years ended 31 December 2010, the Group's turnover amounted to approximately HK$316.6 million, HK$304.5 million and HK$356.1 million respectively, representing a slight decrease of approximately 3.8% in 2009 as compared to 2008 and a significant increase of approximately 17.0% in 2010 as compared to 2009, and the total comprehensive income for the year amounted to approximately HK$27.1 million, HK$22.2 million and HK$27.7 million respectively, representing a decrease of approximately 18.1% in 2009 as compared to 2008 and an increase of approximately 24.6% in 2010 as compared to 2009. Despite the decrease in comprehensive income due to the cumbrance from the financial crisis triggered at the end of 2008, the Group was back on the growing track in 2010, gaining an annual growth rate of approximately 24.6% for its comprehensive income for the year ended 31 December 2010.

For the four months ended 30 April 2011, the Group's turnover and comprehensive expenses amounted to approximately HK$49.2 million and HK$3.8 million respectively, representing a decrease of 14.3% and an increase of approximately 21.6% respectively as compared to the corresponding period in 2010. The decrease in turnover for the four months ended 30 April 2011 was primarily due to decrease in sales of womenswear of approximately 23.1% as less orders were placed by customers offering lower profit margin and the increase in orders from customers offering higher profit margin is not sufficient to cover the aforesaid decrease during the transitional period of the Group's focus from orders with lower profit margin to those with higher profit margin. The gross profit for the four months ended 30 April 2011 increased by approximately 6.5% to HK$11.0 million and the gross profit margin for the same period also increased from approximately 18.0% to 22.4%. The net loss of the Group for the same period was mainly attributable to the industry convention for knitwear products as first quarter of the year is a conventional slack season for knitwear products whilst the increase in net loss of the

Group was mainly attributable to the increase in administrative expenses of approximately 25.5% arising from recruitment of (i) senior management of the Group including engagement of a chief financial officer for strengthening the financial operation of the Group, a business development director of sales and merchandising department and a purchasing manager of yarn department for attracting more potential PRC's customers for the Group through their networks and monitoring the supply of raw materials respectively; and (ii) other administrative staff of the Processing Factory mainly responsible for managing the sampling production of the Group and monitoring the production orders, yarn sourcing and other functions with a view to attracting more potential customers by the provision of comprehensive pre-order services, for example, production of new sample collections to the potential customers. For the four months ended 30 April 2011, listing expenses of approximately HK$0.3 million were charged to the statement of comprehensive income of the Group, but no listing expenses were charged to the Group's accounts for the year ended 31 December 2010 as only minimal work was performed by the relevant parties during 2010 and the listing timetable was uncertain at that time.

In May and June 2011, the Group has received more orders of higher profit margin and thus the Directors expect that the Group's turnover and its results for these two months would be significantly improved as compared to previous four months and are in line with the general growing trend as in previous financial years. Based on the historical trend and subject to the global economic environment in the fourth quarter of 2011, the Directors expect that the Group's turnover and gross profit for the year ending 31 December 2011 would be in line with the previous year. For the period from 1 May 2011 to 30 September 2011, the Group has received confirmed sales orders of not less than HK$106 million and expected not less than 60% of which would be recognised as turnover in the fourth quarter of 2011. The Group also expected that the selling and distribution expense and the administrative expense for the year ending 31 December 2011 will both increase as a result of, among other things, more samples provided to the potential customers and listing expenses relating to the engagement of the professionals incurred for preparing for the Listing respectively. Given the estimated increase in administrative expenses (which are expected to be mainly attributable to the increase in staff costs and listing expenses of approximately HK$1.9 million and approximately HK$8.1 million respectively) to be charged to the statement of comprehensive income of the Group for the year ending 31 December 2011 of approximately HK$12.4 million represent approximately 44.8% of the net profit of Group for the year ended 31 December 2010, the Directors expect that the net profit of the Group for the year ending 31 December 2011 will underperform the results in previous year significantly. In view of the recent economic market downturn in the USA and some European countries, potential credit crisis in the PRC arising from the liquidity problem of the corporations in Wenzhou, Fujian Province, the PRC and the slowing down of the growth of the PRC's apparel retail market, the Directors expect that the overall market environment may impose pricing pressure on the Group's products in a short term and the sales orders may be affected thereby. As at the Latest Practicable Date, the Directors were not aware of any cancellation or slowing down of orders, default payment by the customers or has it experienced any difficulty to obtain banking facilities.

USE OF PROCEEDS

The Group estimates that the aggregate net proceeds from the Share Offer (after deducting underwriting fees and estimated expenses payable by the Company in connection with the Share Offer), based on the Offer Price of HK$0.5 per Share, will be approximately HK$39.7 million. The Group currently intends to use the proceeds for the following purposes:

- approximately 43.6% or HK$17.3 million is intended to be used for construction of new production factory on the Land, details of which are set out in the paragraph headed "New production plant" in the section headed "Business" of this prospectus;

- approximately 45.5% or HK$18.1 million is intended to be used for acquiring an additional 220 sets of computerised knitting machines;

- approximately 3.8% or HK$1.5 million is intended to be used for enhancing the Group's product design and development capabilities and sales and merchandising capabilities by procuring more advanced technology in yarn development and product design, participating in exhibition twice a year, designing company brochure, acquiring computer software for design and development and hiring additional experienced staff;

- approximately 2.1% or HK$0.8 million is intended to be used for developing the ERP System of the Group covering various functions including but not limited to sales and merchandising, purchasing, production, warehouse and accounting; and

- the remaining of approximately 5.0% or HK$2.0 million as the Group's working capital.

It is the Group's intention that, to the extent that the net proceeds of the Share Offer are not immediately used for the above purposes, such net proceeds will be placed on short-term interest-bearing deposits with licensed banks and/or financial institutions in Hong Kong.

DIVIDEND POLICY

The Group declared a special dividend of HK$53 million and an interim dividend of HK$20 million for the year ended 31 December 2010 and a final dividend of HK$1.7 million for the year ended 31 December 2009, which has been fully settled as at the Latest Practicable Date. The Group did not declare any dividend for the year ended 31 December 2008. During the Track Record Period, dividends paid by the Group amounted to HK$10 million, nil, approximately HK$69.9 million and nil respectively. The Company currently does not have a fixed dividend policy and may distribute dividends by way of cash or by other means that the Directors consider appropriate. A decision to distribute any interim dividend or recommend any final dividend would require the approval of the Board and depend upon the following factors:

- the Group's financial results;

- the Company's shareholders' interests;

- general business conditions, strategies and future expansion needs;

- the Company's capital requirements;
- the payment by its subsidiaries of cash dividends to the Company;
- possible effects on liquidity and financial position of the Company; and
- other factors as the Board may consider relevant.

STATISTICS OF THE SHARE OFFER

Offer Price	HK$0.5 per Share
Market capitalisation *(Note 1)*	HK$208,000,000
Unaudited pro forma adjusted combined net tangible assets per Share *(Note 2)*	HK$0.24
Historical price/earnings multiple *(Note 3)*	approximately 7.4 times

Notes:

1. The calculation of market capitalisation is based on 416,000,000 Shares to be in issue immediately following completion of the Capitalisation Issue and the Share Offer.

2. The unaudited pro forma adjusted combined net tangible assets per Share is arrived at adjustments referred to in the section headed "Unaudited pro forma financial information" in Appendix II to this prospectus and on the basis of a total of 416,000,000 Shares to be in issue immediately following completion of the Capitalisation Issue and the Share Offer, and taking into account of the Offer Price of HK$0.5.

3. The calculation of the historical price/earnings multiple is based on the profit for the year ended 31 December 2010 and the Offer Price of HK$0.5 and on the basis of a total of 416,000,000 Shares assumed to be in issue throughout the year.

RISK FACTORS

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.