You should carefully read and consider all of the risks and uncertainties described below before deciding to make any investment in our Shares. Our business, financial condition or results of operations could be materially and adversely affected by any of these risks and uncertainties. The trading price of our Shares could decline due to any of these risks and uncertainties. As a result, you may lose part or all of your investment.

RISKS RELATING TO OUR BUSINESS

We depend on our reputation as a manufacturer of high quality outsourced products.

The continued success of our business depends on our reputation among our high-end and luxury brand customers as a manufacturer of high quality outsourced products at lower cost. The products that we manufacture for these customers are meant to target high-end and luxury consumer markets, and our customers demand high standards of quality. If our products fail to meet those standards or if we otherwise fail to meet our obligations to our high-end and luxury brand customers, our reputation could be negatively impacted. Depending on the extent to which our products fail to meet those standards and the number of customers affected by such failures, we could lose all or part of the business we receive from one or more of our current high-end or luxury brand customers, the five largest of which accounted for 75.6%, 84.1% and 82.4%, respectively, of our revenue in Fiscal Years 2009, 2010 and 2011, and our ability to gain new customers or replace customers that we have lost could be limited, which could have a material adverse effect on our business, financial conditions and results of operations.

Our business is significantly dependent on a limited number of customers.

For Fiscal Years 2009, 2010 and 2011, sales to our largest customer accounted for 41.6%, 52.6% and 53.2%, respectively, of our revenue. For these same periods, our five largest customers accounted for 75.6%, 84.1% and 82.4%, respectively, of our revenue. The volume of work performed for specific customers may vary from year to year, especially since we are not the exclusive supplier for any of our customers, have not entered into long-term purchase agreements with any of our customers, and our sales are made on the basis of individual purchase orders, making it difficult to forecast quantities of future purchase orders.

There are a number of factors, other than our performance, that could cause the loss of one or more of our largest customers, or a substantial reduction in purchase orders from one of these customers, including the financial and operational success of our customers and acceptance of their products and brands by consumers, among others. The loss of any one of these customers, a decrease in the volume of sales to any of these customers or a decrease in the margins at which we sell our products to any of these customers could adversely affect our growth and profitability. Accordingly, the future success of our business will significantly depend upon the timing and volume of the business we receive from these customers.

Our development and manufacturing capabilities may not be able to keep pace with our customers' demands.

We generate most of our revenues from the development and manufacture of handbags, small leather goods and travel goods for high-end and luxury brand companies worldwide, as well as from the research, development, design and manufacture of private label goods for a well-known large department store chain in the United States. We have also recently begun to research, develop, design and manufacture our TUSCAN'S brand products for sale in our retail stores in the PRC. Our future growth and success will depend significantly on our ability to adapt quickly to developments in the markets in which the products we manufacture are sold. In particular, our success will depend on our ability to adapt our products to changes in product demands from our high-end and luxury brand customers that result from fast changing consumer preferences and fashion trends, changes in consumer spending patterns and increased consumer demands for innovative and complex designs, each of which may require us to change or upgrade our manufacturing techniques and capabilities, resulting in additional expenditures. Our failure to adapt to these changes could result in a loss of competitive advantage, for example in the form of know-how of current manufacturing techniques, and market share, which could have a material adverse impact on our business, financial conditions and results of operations.

We are subject to various risks and uncertainties that might affect our ability to procure high quality raw materials at low cost for the products we manufacture.

Our performance, and in particular our margins, depends on our ability to procure high quality raw materials at low cost. For Fiscal Year 2011, the cost of raw materials accounted for 60.7% of our revenue. Prices for certain of the raw materials we use, in particular leather, have risen in recent years and are likely to increase for the foreseeable future. According to Frost & Sullivan, the average price of high-end cow leather used by leading outsourced luxury handbag and small leather goods manufacturers in the PRC increased from US$3.00 per square foot in 2006 to US$3.60 per square foot in 2010 and is likely to continue to increase. High-end cow leather is the primary raw material we use in manufacturing our products, and leather has historically accounted for approximately half of our total cost of raw materials. Our supplies of raw materials are subject to certain risks with respect to the availability and pricing of raw materials, which might limit the ability of our suppliers to provide us with high quality raw materials at low cost and on a timely basis. Furthermore, our suppliers might not be able to adhere to quality control standards we and our customers demand, and we might not be able to identify the deficiency before the materials are shipped to us or our customers. Our suppliers' failure to supply high quality materials at a reasonable cost on a timely basis could mean that we have to incur additional costs in order to source the raw materials from a different supplier, result in cancellations of orders by customers, reduce our ability to sell our products in the future and even damage our reputation. In addition, if we are unable to pass on any resulting increases in costs to our customers, our profitability could be significantly affected.

We purchase our raw materials from over 300 different suppliers, the majority of which are located outside the PRC and also include a substantial number of PRC-based raw material suppliers. For Fiscal Years 2009, 2010 and 2011, purchases attributable to our single largest supplier amounted to 4.8%, 4.7% and 4.3%, respectively, and purchases attributable to our five largest suppliers amounted to 18.2%, 16.9% and 16.0%, respectively, of our total purchases. As of 30 June 2011, our five largest suppliers included an international supplier of leather hides for leather goods, small leather goods and footwear based in Spain; a global supplier of textiles and fabrics for high-end handbags and apparel based in South Korea; a South Korean-based supplier of high-quality leathers for fashion products; a PRC-based supplier of leather; and a South Korean-based supplier of leather. As of 30 June 2011, we had business relationships of on average over six years with our ten largest suppliers. However, we do not enter into long-term purchase agreements with our suppliers. As a result, from time to time we may have to compete with other manufacturers for the raw materials supplied by these suppliers and it is possible that our suppliers may sell their raw materials to our competitors instead of us during times of limited supply. We could lose one or more of our suppliers at any time for these or other reasons beyond our control. The loss of one or more key suppliers could increase our reliance on higher cost or lower quality raw materials from other suppliers, which could adversely affect our profitability or jeopardize the acceptance of our products by our international high-end and luxury brand customers. In addition, if we have to increase the number of our suppliers or change the suppliers we use in the future to meet increases in the amount, or changes in the type, of raw materials we require to manufacture our products, we may not be able to locate new suppliers who can provide us with the appropriate supplies of raw materials that we require. Any interruptions to, or decline in, the amount or quality of our raw materials supply could materially disrupt our production or interfere with our ability to meet our obligations to our international high-end and luxury brand customers, which could adversely affect our business, financial position and results of operations.

Our results of operations depend on our ability to remain cost competitive.

Under our pricing model, the per unit price of the products we manufacture is determined by reference to the estimated raw material cost, labor cost, production overhead and margin we will earn from the order based on negotiations with our customers. The margin we charge varies depending on factors such as the complexity of the product, the labor and technology involved in the design or production processes, the volume of the order and our relationship with the customer. Our ability to continue to implement our pricing model and maintain our margins will depend on our ability to remain cost competitive, which means we will have to actively manage our cost of sales, and in particular, our cost of raw materials and labor costs.

We generally negotiate and establish raw material costs with our customers as part of the estimated per unit price of a product prior to receiving their purchase orders and, consequently, we have historically been able to pass any increases in raw material prices on to our customers. For example, in Fiscal Year 2011, our cost of raw materials increased by 34.3% compared to Fiscal Year 2010, while as a percentage of revenue, they decreased to 60.7% from 65.3% during the same periods. Similarly, we generally seek to pass on increases in raw material and labor costs to our customers through price increases to the extent we are unable to offset such increases through steps to improve efficiency. However, we are not the exclusive supplier for, and have not entered into long-term purchase agreements with, any of our customers. Consequently, there is no guarantee that we will be able to continue to pass on such increases to our customers, particularly if our competitors, in the PRC or elsewhere, are able to better manage their costs and achieve a pricing advantage. To the extent we fail to manage our costs in response to increasing costs, our margins and our cost competitiveness will be negatively impacted, which could have a material adverse effect on our business, financial condition and results of operations.

We may be unable to implement our business strategies effectively.

In light of the competitive environment and pricing pressures, our ability to continue to grow our business will increasingly depend on our continuing ability to successfully implement our business strategies, including broadening our customer base and expanding into new market segments, enhancing and expanding the value-added services and product range we provide to our customers, enhancing our operational efficiency, expanding our manufacturing capabilities, as well as enhancing the brand recognition of our TUSCAN'S brand and expanding our retail business.

Our ability to implement our business strategies depends on, among other things, global economic conditions, our ability to continue to maintain close relationships with our key customers, the continued growth of the target market for our TUSCAN'S branded products, and the availability of management and financial, technical, operational and other resources, and competition. In the event we are unable to implement these strategies, each of which is subject to factors beyond our control, we may not be able to grow at a rate comparable to our growth in the past, or at all. Consequently, if we fail to effectively implement our business strategies, our business, financial position and results of operations may be materially and adversely affected.

We may face labor shortages, increases in labor costs and labor disputes which could adversely affect our growth and results of operations.

Labor costs directly associated with the manufacture of our products is a significant component in the cost of manufacturing our products, amounting to 15.3% of our revenue for Fiscal Year 2011. Our manufacturing operations are labor-intensive and our TUSCAN'S operations require staff for its retail stores. As a result, our success depends in part upon our ability to attract, motivate and retain a sufficient number of qualified employees. If we face labor shortages or significant increases in labor costs because of changes in labor law and regulations, increasing competition for employees, higher employee turnover rates, increases in wages or increases in other employee benefits costs, our operating expenses could increase and our growth could be materially and adversely affected.

The cost of labor in the PRC has been steadily increasing over the past several years as a result of government-mandated wage increases and other changes in PRC labor laws, as well as increasing competition for employees among manufacturers. In addition, minimum wages set by the PRC government have also been raised this year at our manufacturing facilities in Dongguan and Yingde and are expected to continue to increase in coming years. On 1 July 2011, the PRC Social Insurance Law also became effective, which includes requirements with respect to a wide range of social insurance programs, such as basic pension insurance, basic medical insurance, work-related injury insurance, unemployment insurance and maternity insurance. The law covers all of our manufacturing facilities, as well as all of our employees in the PRC, and involves enhanced compliance and enforcement measures. As a result, we have incurred and will continue to incur increased costs to ensure that our facilities and employees are in compliance with these and any other applicable labor laws that are implemented in the future.

In addition, in recent years it has been reported that the severe working environment has caused labor disruptions among workers in the PRC. We cannot assure you that future labor disputes or incidents will not occur. If they do occur, they could interrupt our operations, harm our reputation and divert our management's attention and resources, which could have a material adverse effect on our business operations and financial condition. In addition, we may be liable for fines assessed by the relevant governmental authorities or incur settlement costs in order to resolve labor disputes and become subject to higher labor costs in the future when recruiting new employees due to the reputation damage caused by labor disputes or related incidents.

We depend on the efficient, proper and uninterrupted operation of our manufacturing facilities.

As of 31 October 2011, we operated five manufacturing facilities with a total of 208 production lines, approximately 14,700 staff and an aggregate gross floor area of approximately 148,700 sq.m. Our ability to meet the demands of our customers and grow our business depend on the efficient, proper and uninterrupted operation of our manufacturing facilities. Power failures or disruptions, the breakdown, failure or sub-standard performance of equipment, the destruction of buildings and other facilities due to fire or natural disasters, such as severe weather, flood, droughts or earthquakes, among other things, could significantly affect our ability to operate our facilities efficiently and meet the needs of our customers. If as a result of events such as these, deliveries to our customers are delayed or we are not otherwise able to fulfill our obligations to our customers, we may need to lower the selling price of our products, which would adversely affect our profitability. Our failure to meet our customers' demands could also adversely affect our ongoing relationship with them and their decision to purchase products from us in the future. Since we do not currently carry business interruption insurance, we would have to bear any resulting losses ourselves, which could have a material adverse effect on our business, financial conditions and results of operations.

The continued expansion of our TUSCAN'S retail business depends on our ability to implement successfully our business strategy for that brand.

The commencement of our TUSCAN'S brand with the opening of two retail stores in the PRC in February and March 2011, respectively, represented a move into a new and competitive business area. We expect to face competition in the retail market from other companies, in particular from domestic PRC competitors, which have more retail experience, financial resources and geographic presence than we do. A number of factors could affect the success of our TUSCAN'S retail business, including our ability to identify and secure suitable rental space for new retail locations on commercially reasonable terms, maintain efficient and cost effective operations, manage our retail stores, position and market our products effectively, and manufacture sufficient levels of inventory to meet our customers needs. We currently expect to use approximately 35% of the net proceeds of the Global Offering for the expansion of our retail business including, amongst other things, the development of our "TUSCAN'S" brand, potential brand acquisitions or other mergers and acquisitions activities. We cannot assure you that we will have sufficient experience and resources to grow our retail business profitably or as we plan and expect or realize a return on our investment.

In addition, we have only obtained the right to use the TUSCAN'S brand in specified jurisdictions and TUSCAN'S Europe has retained rights to use the "TUSCAN'S" trademark in other jurisdictions. If the TUSCAN'S brand name develops a negative marketing image or reputation as a result of the activities of TUSCAN'S Europe or our activities, such as due to decreases in manufacturing quality, product defects or for other reasons beyond their or our control, our ability to market and sell products under the TUSCAN'S brand name could be adversely affected.

Furthermore, our high-end or luxury brand customers could perceive our TUSCAN'S branded products to be in competition with their products. This could result in such customers ceasing to share their latest designs with us and even reducing or discontinuing their purchase orders with us, which would reduce our sales volume and revenue and could have a material adverse effect on our business, financial condition and results of operations. In addition, the risk of being subject to intellectual property infringement claims by our current high-end and luxury brand customers or others may increase as we continue to expand our TUSCAN'S brand product portfolio, which would divert management's attention and result in significant legal costs. If such claims are successful, we may be required to obtain licenses from, or pay compensation to, the claimants, or discontinue production of the relevant products. In addition, to the extent we successfully expand our TUSCAN'S brand product portfolio, our TUSCAN'S brand could also become the subject of counterfeiting and other intellectual property infringements by third parties, which could adversely affect our ability to grow our retail business profitably.

Failure to protect the intellectual property of our customers could harm our business.

Our success depends on our ability to protect the intellectual property of our customers. We can provide no guarantee that our customers' designs and other intellectual property rights that we have access to during the production process will not be misappropriated despite our policies and the precautions that we have taken to protect those rights. In the event that our policies and the precautions we have taken do not adequately safeguard our customers' intellectual property rights, our customers could cease sharing their latest designs with us and even reduce or discontinue their purchase orders with us, which would have a material adverse effect on our business, results of operations and reputation.

We may become involved in trade secret disputes with regard to our product design, development and manufacturing processes.

Other than certain intellectual property rights with respect to our TUSCAN'S brand, we do not own any intellectual property rights with regard to any of our product design, development and manufacturing processes. Our trade secrets with respect to these processes, in the form of technical know-how, could be infringed upon by third parties. In order to protect our trade secrets and other proprietary information relating to these processes, we take precautions such as restricting access to our manufacturing facilities. However, we can give no assurances that these measures will provide meaningful protection for our trade secrets and know-how in the event of any unauthorized use, misappropriation or disclosure. If we are unable to maintain the proprietary nature of our production processes, our ability to compete and sustain our margins on certain or all of our products may be affected, which could have a material adverse effect on our business, financial condition and results of operations.

We depend on the services of our key personnel and our ability to attract and retain skilled employees.

We rely on the expertise, experience and customer relationships of all of our executive Directors, in particular Mr. Yeung Michael Wah Keung and Mr. Yeung Wo Fai, in developing business strategies, product design and development, business operations and sales and marketing. If one or more of our executive Directors or any of our senior executives or key employees were unable or unwilling to continue their present positions, we might not be able to replace them easily or at all and our business may be severely disputed, our business, financial condition and results of operations may be materially and adversely affected, and we may incur additional expenses to recruit, train and retain personnel.

Our ability to continue expanding our business depends on our ability to attract, hire, train and retain skilled employees, in particular due to the high level of craftsmanship that goes into a large number of our products. However, we cannot assure you that we will be able to attract, hire, train and retain a sufficient number of employees with the appropriate skills to expand and grow our business. The inability to attract, hire, train and retain a sufficient number of such skilled employees will limit our ability to develop our business and our manufacturing ability and increase our sales or to deliver high quality products. In addition, competition for these employees with the appropriate skills could cause us to offer higher compensation and other benefits in order to attract, hire, train and retain them, which would increase our operation costs.

We rely on our information management systems and are subject to risks associated with system interruptions and failures.

We rely on our information management systems, in particular our ETS system and our ERP system, to track the raw materials and components that are supplied to us and the products that we ship to our customers, monitor the efficiency of our workers and allocate work across our facilities. This enables us to monitor the daily operation of our business, compile, store and transmit data on supply and production within our Company and for our customers, and maintain up-to-date operating and financial data for the compilation of management accounts. Any damage or system failure that causes interruptions or delays in the input, retrieval or transmission of data could disrupt our normal operations and possibly interfere with our ability to deliver products to our customers. Should such an interruption or delay occur, we cannot assure you that it will not result in the loss of data or information that is important to our business or that we will be able to restore our operational capacity within a sufficiently adequate time frame to avoid disruptions to our business. In addition, we may not be able to upgrade our information management system in a manner that is sufficient to meet the needs of our evolving business and operations. The occurrence of any of these events could interfere with the operation of our business and adversely affect our business, financial condition and results of operations.

Our insurance coverage may not be sufficient to cover the risks related to our operations.

Our offices, warehouses, manufacturing facilities and sources of supply are subject to hazards and risks beyond our control that may result in operational breakdowns and interruptions and cause significant damage to persons or property. We may also face exposure to product liability claims in the event that any of our products is alleged to have resulted in property damage, bodily injury or other adverse effects. We carry product liability insurance with respect to the products of certain of our customers, but our product liability policies do not cover all of the products we manufacture and we do not carry business interruption insurance or third-party liability insurance for environmental damage arising from accidents at our facilities, and there are certain types of losses, such as those arising from war, acts of terrorism, typhoons, flooding or other natural disasters for which we are not able to obtain insurance at a reasonable cost or at all. In addition, to the extent our insurance policies do cover particular risks, we cannot assure you that all claims made by us under our insurance policies will be honored fully or on time by our insurance providers. Should an accident, natural disaster, terrorist act or other event result in an uninsured loss or a loss in excess of insured limits, we could suffer financial loss and damage to our reputation and could lose all or a portion of future revenue anticipated to be derived from the relevant product or facilities. Any material loss not covered by our insurance or reimbursed by our insurance providers could materially and adversely affect our business, financial condition and results of operations.

Current uncertainty in global economic conditions could materially and adversely affect our business, financial condition and results of operations.

Our operations and performance may be adversely impacted by a deterioration of global economic conditions in the markets in which the products we manufacture are sold. The economic conditions in North America, Europe and other regions deteriorated significantly in late 2008 and into 2009. The current economic environment continues to be uncertain, and the economic conditions in Europe have worsened again. These conditions may make it difficult for our customers to accurately plan future business activities and could cause our customers to terminate their relationships with us or could cause end-consumers to slow or reduce their spending on our customers' products. Furthermore, during challenging economic times, our customers may face issues gaining timely access to sufficient credit, which could reduce the number of purchase orders they place with us. We cannot predict the timing, magnitude or duration of any current or future economic slowdown or subsequent economic recovery, globally, in the United States, Europe or in our industry. These and other economic factors could have a material adverse effect on our business, financial condition and operating results.

We are subject to credit risk.

Our trading terms with our customers, which are substantially the same for all of our customers, including our private label customers, are primarily through letters of credit. In Fiscal Years 2009, 2010 and 2011, we generated most of our revenues from purchase orders supported by letters of credit at sight that are generally irrevocable once confirmed without the mutual consent of the parties. A smaller portion of our revenues are from payment-upon-receipt arrangements with our customers, which we insure through export credit insurance. However, we may be forced to assume greater amounts of credit risk in the future as a result of the competitive conditions under which we operate and the continuing changes in the global economic and financial environment, which may limit our customers' access to credit in the future. This may be amplified due to the concentration of our largest customers, the largest of which represented 41.6%, 52.6% and 53.2% of our revenue for Fiscal Years 2009, 2010 and 2011, respectively, while for these same periods our five largest customers represented 75.6%, 84.1% and 82.4%, respectively, of our revenues. As of 30 June 2009, 2010 and 2011, our largest customer accounted for 14.0%, 41.3% and 20.7%, respectively, of our trade receivables and our five largest customers accounted for 55.5%, 74.5% and 57.0%, respectively. If we are forced to assume greater amounts of credit risk and we encounter problems or delays in collecting amounts due from our customers, in particular if the amounts due are owed by one or more of our largest customers, our liquidity could be negatively affected.

Our manufacturing operations are subject to extensive environmental, safety and health regulations as well as various customer-imposed safety, health, environmental, human rights and anti-terrorism guidelines that may increase our costs or restrict our operations.

Our manufacturing operations are subject to extensive environmental, safety and health regulations. Our failure to comply with these regulations may result in penalties, fines, governmental sanctions, proceedings and/or suspension or revocation of our licenses or permits to conduct our business. In addition, our efforts to comply with these regulations may result in us having to suspend or delay production and delivery of our products, which could result in us losing customers, having to cancel orders or incurring additional costs. Moreover, the PRC's regulations are constantly evolving. There can be no assurance that the PRC government will not impose additional or stricter laws and regulations. Our failure to comply with current and future applicable environmental, safety or health regulations as well as the consequences of our efforts to comply with such regulations could materially and adversely affect our manufacturing operations.

In addition, high-end and luxury brands and retailers are facing increasing pressure to ensure that labor practices and factory conditions in relation to the products that they sell meet certain social responsibility standards, including in relation to safety, health, environment, human rights and anti-terrorism. Accordingly, many high-end and luxury brands and retailers (including a number of our customers) require their suppliers to fulfill their own social responsibility standards or those set out under independent programs, such as the Worldwide Responsible Apparel Production Certification Program. Should we fail to fulfill the social responsibility standards required by our customers or be perceived to fail to fulfill such standards, our customers may decide not to purchase our products and our business could be materially and adversely affected. New customer guidelines could also require us to incur significant expenses.

There may be title defects affecting certain of our properties that we own and lease in the PRC.

In 2004, we purchased a property in Dongguan, Guangdong Province, PRC, on which we constructed 11 buildings prior to having obtained certain mandatory land use right certificates, planning permits and construction permits and approvals from the local governmental authority with respect to the completion of construction and fire prevention inspections. We subsequently obtained the appropriate land use rights certificates and planning permits but are still in the process of applying for certain other permits, including the mandatory construction permits, and arranging for the completion of the required inspection procedures by the relevant authority. Under applicable PRC laws, the relevant authorities may (i) evict occupants of buildings held in violation of these requirements and confiscate the buildings erected thereon, (ii) impose fines of up to 10% of the construction cost of the relevant buildings for failure to obtain a construction planning permit prior to commencing construction, (iii) impose fines of up to 2% of the fees payable under the relevant construction contract for failure to obtain a permit to commence construction prior to commencing construction and (iv) impose a fine of up to 4% of the fees payable under the relevant construction contract for occupying the buildings before the completion of inspection procedures. As a result of these title defects and violations with respect to this property and the buildings on it, we cannot be certain that our occupation, use and ownership of these properties and buildings will not be disrupted or that we will not be required to pay fees or fines as a result of these violations. Please see “Business — Property Interests — Owned Properties”.

In addition, we have not completed registration of the eight tenancy agreements for properties we lease in Dongguan and Guangzhou, Guangdong Province, PRC, because the relevant lessors have not provided to us valid property ownership certificates for the properties, which is a prerequisite for registration. Due to the unavailability of the property ownership certificates, under PRC laws, we cannot be certain that each landlord’s ownership of the respective properties is not subject to any dispute or that all requisite governmental approvals have been obtained in connection with the construction of these properties, the tenancy agreements are legal, valid and enforceable, or our occupation and use of such leased properties will not be disrupted. Please see “Business — Property Interests — Leases”.

We may not be able to secure funding in the future for the growth of our business.

We plan to continue expanding our operations. Our current expansion plans include a second phase of expansion of our manufacturing facility at Yingde, Guangdong Province, in the PRC, the purchase of new manufacturing equipment, the continued rollout of retail stores for our TUSCAN’S brand products and potential acquisitions, which will require additional capital. We expect to fund these capital expenditures principally through cash flow from our operations, bank borrowings and the net proceeds of the Global Offering. Our ability to obtain financing through bank borrowings will depend on our business, financial condition and results of operations, as well as other factors that may be outside of our control, such as general conditions in the financial markets, the financial health of the banks that lend us money, the performance of the handbag, small leather goods and travel goods manufacturing industry, and political and economic conditions in the PRC and Hong Kong. We cannot assure you that we will be able to obtain adequate funds on acceptable terms, or at all. If capital is unavailable, we may be forced to abandon our expansion plans, especially the rollout of retail stores for our TUSCAN’S brand products, which could limit our ability to fully implement our current business strategy and grow our business.

RISKS RELATING TO OUR INDUSTRY

Purchases of the goods we manufacture by end-consumers are discretionary and demand for them can be volatile.

Demand for the goods that we manufacture depends to a significant extent on a number of factors relating to discretionary consumer spending. These factors include economic conditions and perceptions of such conditions by consumers, employment rates, the level of consumers’ disposable income, business conditions, interest rates, consumer debt levels, availability of credit and levels of taxation in the regions in which the products we manufacture are sold. The success of our TUSCAN’S brand products in the PRC will also depend significantly on continued economic growth in the PRC and the growing consumption of middle class consumers in the PRC. In addition, we are expanding our manufacturing capabilities to prepare for an increase in demand for our products that we currently anticipate and our ability to profit from this recent expansion and any future expansions will in turn be dependent on continued customer demand for the products that we manufacture. An economic downturn in one or more of the principal markets in which the products we manufacture are sold could significantly decrease demand for those products, reducing the number of purchase orders we receive from our customers and limiting our ability to fully utilize our expanded manufacturing capabilities, which could have a material adverse effect on our business, financial conditions and results of operations.

Our industry is highly competitive.

We believe that there are a large number of outsourced handbag and small leather goods manufacturers that compete to manufacture products for high-end and luxury brand customers. As a result, competition to service high-end and luxury brand customers is intense. We compete with our competitors primarily on the basis of quality, consistency in producing products in volume, timeliness of delivery, the ability to meet customers' specific product requirements, which may involve a wide variety of styles, and price. As a result of this competitive pressure, there can be no assurance that we will be able to continue to compete effectively in the high-end and luxury branded handbag and small leather goods market, which could result in our loss of one or more of our current customers and limit our ability to compete for such customers in the future.

In addition, our TUSCAN'S brand products compete in the PRC domestic market with high-end handbags and small leather goods products, which is also competitive. Recently, liberalization measures adopted as a result of the PRC's accession to the World Trade Organization have now permitted foreign brands, which generally provide better quality and customer service and tend to be more fashionable than domestic brands, albeit generally at a higher price, to expand their sales networks within the PRC with fewer restrictions. This, together with the recent economic growth that the PRC has experienced and increases in consumer purchasing power, means PRC consumers can increasingly afford to buy foreign brands. At the same time, competition from international and domestic brands will grow as more companies attempt to enter the market. As a result, we can give no assurance that our TUSCAN'S brand products will be able to compete successfully with foreign and domestic brands in the future.

We are subject to industry trends with respect to the outsourcing of handbag and small leather goods design, development and manufacturing services to emerging market manufacturers.

In recent years, international high-end and luxury brands have increasingly outsourced stages of their production process, including product development and manufacturing, to independent companies in emerging markets to reduce costs and shorten production cycles. The PRC has been a major outsourcing destination, and PRC-based handbag and small leather goods design, development and manufacturing service providers, such as us, have been the primary beneficiaries of this trend. However, costs in the PRC have been steadily rising in recent years, which may lead certain of these high-end and luxury brands to shift the outsourcing of their production to other regions that offer lower costs. As a result, we cannot assure you that these high-end and luxury brands will continue to outsource their development and manufacturing to PRC-based companies such as us. If leading luxury brands choose another outsourcing destination, such as countries in South East Asia, due to lower labor costs or other considerations, demand for our services could decrease, which would adversely affect our growth prospects and profitability.

We are subject to changes in trade policies and legislation.

Overseas sales of our products expose us to possible sales interruptions or cancellations and increased costs in the event of adverse actions by U.S. or other foreign government agencies with respect to continued trade or the enactment of legislation that restricts trade. In Fiscal Years 2009, 2010 and 2011, shipments of our products to destinations in North America, primarily the United States, accounted for 71.1%, 72.8% and 68.0%, respectively, of our revenue and Europe accounted for 21.2%, 18.7% and 17.0%, respectively, of our revenues. The United States currently provides the PRC with normal trade relation status, allowing the PRC to receive the same tariff treatment that the United States extends to most of its trading partners. Notwithstanding this current policy, the U.S. government could seek to revoke the PRC's normal trade relation status or condition its renewal on factors such as the PRC's human rights record. The administration of existing U.S. trade law can also create adverse consequences for sales by us. In particular, there are certain provisions under U.S. law that permit the U.S. government to retaliate against certain unfair foreign trading practices. U.S. and PRC trade relations have been contentious in the recent past, and we cannot predict whether this tension will interfere with our ability to export our products from the PRC to the United States in the future. Such action could further increase the costs of imported handbags and small leather goods generally, or limit our ability to export handbags and small leather goods or such other products to the United States, which would materially and adversely affect our sales or profitability.

We are also unable to predict whether other customs duties, quotas or other restrictions in the United States, Europe or any other jurisdictions that is relevant for our business will be imposed in the future upon the exportation of our products to such regions, as a result of any of the matters discussed above, or because of similar U.S. or foreign government actions. Such actions could also result in increases in the costs of imported handbags and small leather goods generally, or limitations on our ability to export handbags and small leather goods to such countries or regions, which could materially and adversely affect our sales or profitability.

RISKS RELATING TO CONDUCTING BUSINESS IN THE PRC

Public perception, in particular among consumers of high-end and luxury branded goods, that products manufactured in the PRC are not safe or of satisfactory quality, whether justified or not, could limit our ability to sell products to our customers.

Most of our revenues are derived from sales to high-end and luxury brand customers who market and sell their products to consumers outside of the PRC. Public perception, in particular among consumers of high-end and luxury branded goods, that products manufactured in the PRC are not safe or of satisfactory quality, whether justified or not, could affect the market recognition and acceptance of our customers' brands, which could cause them to seek to have their products manufactured in countries other than the PRC. If this were to happen, our ability to sell products to these customers would be significantly limited, which would have a material adverse effect on our business, financial condition and results of operations.

We are subject to changes in the PRC's political, economic and social conditions, laws, regulations, policies and diplomatic/trade relationships with other countries.

The PRC economy differs from the economies of developed countries in many respects. Since the PRC economy started transitioning from a planned economy to a more market-oriented economy, it has experienced significant growth. However, that growth has been uneven, both geographically and among various sectors of the economy. Notwithstanding measures implemented by the PRC government since the late 1970's emphasizing the utilization of market forces for economic reform, the reduction of state ownership of productive assets and the establishment of improved corporate governance in business enterprises, a substantial portion of productive assets in the PRC is still owned by the PRC government.

The PRC government exercises significant control over economic growth through the allocation of resources, controlling payment of foreign currency denominated obligations, setting monetary and industrial policies and providing preferential treatment to particular industries or companies. Recently, the PRC government has implemented a number of measures to prevent the economy from overheating and to control inflation. While certain of these measures may benefit the overall economy in the PRC, they may have a negative effect on us. For example, stricter lending policies may, among other things, affect our ability to obtain financing, which may, in turn, materially and adversely affect our growth.

Our operations, business, financial condition, and results of operations and prospects may also be materially and adversely affected by the following factors relating to the PRC which are beyond our control:

- political instability or changes in social conditions;
- changes in laws, regulations, orders and directives or the interpretation thereof;
- changes in the rate or method of taxation; and
- reduction in tariff protection and other import and export restrictions.

The PRC's legal system embodies uncertainties that could adversely affect our business, financial condition and results of operations.

A large part of our manufacturing operations are conducted in the PRC and most of our employees are PRC citizens. Our business and operations are therefore generally affected by and subject to the PRC legal system and PRC laws and regulations. Since the late 1970's, the PRC has been developed rapidly with many changes made to laws and regulations covering general economic matters or affecting our business and operations having been promulgated in the PRC. In addition, the enforcement of laws may be uncertain, and it may be difficult to obtain swift and equitable enforcement, or to obtain enforcement of a judgment by a court of another jurisdiction. The PRC legal system is based on written statutes and their interpretation, and prior court decisions may be cited for reference but have limited weight as precedents. The relative inexperience of PRC's judiciary may create additional uncertainty as to the expected outcomes of litigation. In addition, the interpretation of statutes and regulations may be subject to government policies reflecting domestic political, economic and social changes.

We are subject to changes in the PRC government policy on foreign investments.

According to the latest version of the Guidance Catalogue of Foreign Investment Industries (2007 Edition), or the Foreign Investment Catalogue, which became effective on 1 December 2007, our business and operations in the PRC do not belong to the prohibited or the restricted category. As the Foreign Investment Catalogue is updated every few years, there can be no assurance that the PRC government will not change its policies in a manner that would render part or all of our PRC business and operations to fall within the restricted or prohibited categories. If we cannot obtain approval from relevant authorities to engage in businesses which become prohibited or restricted for foreign investors, we may be forced to sell or restructure our business and operations which have become restricted or prohibited for foreign investment. If we are forced to adjust our business and operations as a result of changes in government policy on foreign investment, our business, financial condition and results of operations may be materially and adversely affected.

Our expansion plan may be affected by PRC regulations relating to acquisitions of domestic companies by foreign entities.

Effective as of 8 September 2006, foreign investors must comply with the Provisions for Foreign Investors to Merge and Acquire Domestic Enterprises, as amended and released by MOFCOM (關於外國投資者併購境內企業的規定) (the "M&A Rules"), should they seek to purchase the equity of a domestic non-foreign invested company and thus change the company into a foreign-invested enterprise. According to the M&A Rules, which provide the procedures for the approval of foreign investment projects in PRC, the business scope of such foreign-invested enterprise must conform to the Foreign Investment Catalogue.

We cannot assure you that we or the owners of any domestic company that we may seek to purchase in the future will be successful in obtaining all necessary approvals and completing all the relevant procedures under the M&A Rules. In the event that the acquisition of domestic companies cannot be completed as part of our expansion plan, our business and future plan may be materially and adversely affected.

Fluctuation in the value of the Renminbi may adversely affect our business and have a material and adverse effect on our investment.

Substantially all of the sales of our manufacturing products are in U.S. dollars, with the remaining portion primarily in Euro. The change in value of the Renminbi (RMB) against the U.S. dollar and the Euro is affected by, among other things, changes in the PRC's political and economic conditions. Since 1994, the conversion of RMB into foreign currencies, including U.S. dollars and Euros, has been based on rates set by the PBOC, which are set daily based on the previous business day's inter-bank foreign exchange market rates and current exchange rates on the world financial markets. From 1994 to 20 July 2005, the official exchange rates for the conversion of RMB to U.S. dollars and Euros were generally stable. On 21 July 2005, the PRC government introduced a managed floating exchange rate system to allow the value of RMB to fluctuate within a regulated band based on market supply and demand and by reference to a basket of currencies. On the same day, the value of RMB appreciated by approximately 2% against the U.S. dollar. The PRC government has since made, and in the future may make, further adjustments to the exchange rate system. From 2005 to December 2010, according to the 2010 Annual Report of SAFE, the effective exchange rate of RMB had appreciated 14.7% against the U.S. dollar. There remains significant international pressure on the PRC government to adopt a more flexible currency policy, which, together with domestic policy considerations, such as inflation, could result in a further and more significant appreciation of RMB against the U.S. dollar, Euro and the Hong Kong dollar.

If the appreciation of RMB continues and we need to convert the proceeds from the Global Offering and future financings into RMB for our business and operations, the appreciation of RMB against the relevant foreign currencies would reduce the RMB amount we would receive from the conversion. In addition, a portion of our costs of sales is in RMB, while substantially all of our customers pay us in US dollars or, to a more limited extent, in Euro. To date our pricing model has generally permitted us to pass any increases in labor costs or raw material costs resulting from fluctuations in the RMB on to our customers through price increases. However, if the RMB were to appreciate significantly relative to the U.S. dollar or the Euro, there is no guarantee we would be able to continue to do this. If the PRC government allows the RMB to appreciate significantly relative to the U.S. dollar, it is possible that we would have to raise the prices of our products to compensate, which could have a negative impact on the competitiveness of our products and materially and adversely affect our profitability.

We are subject to PRC government control in currency conversion.

RMB is not a freely convertible currency. The conversion of RMB into other currencies is subject to a number of foreign exchange control rules, regulations and notices issued by the PRC government. In general, foreign investment enterprises are permitted to convert RMB to foreign currencies for current account transactions (including, for example, distribution of profits and payment of dividends to foreign investors) through designated foreign exchange banks following prescribed procedural requirements. Control over conversion of RMB to foreign currencies for capital account transactions (including, for example, direct investment, loan and investment in securities) is more stringent and such conversion is subject to a number of limitations. Our obligation to pay our overseas suppliers in foreign currencies and the requirement for us to pay dividends in a currency other than RMB to our Shareholders may expose us to foreign currency risk. Under the current foreign exchange control system, there is no assurance that we will be able to obtain sufficient foreign currency to pay dividends or satisfy other foreign exchange requirements in the future.

The PRC regulations of investment and loans by offshore holding companies to the PRC entities may delay or prevent the Company from using the proceeds of the Global Offering to make additional capital contributions or loans to members of the Group.

Any capital contributions or loans the Company, as an offshore entity, makes to the PRC members of the Group, including from the proceeds of the Global Offering, are subject to the PRC regulations. For example, the total of any offshore loans to the PRC members of the Group cannot exceed the difference between the registered capital and total investment of the relevant PRC member of the Group, which shall comply with certain regulatory limits prescribed by the competent authority of the MOFCOM and such loans must be registered with SAFE or its authorized organization. In addition, the Group's capital contributions to the PRC members of the Group must be approved by the competent authorities of the MOFCOM and SAFE. The Group cannot assure that it will be able to obtain these approvals on a timely basis, or at all. If the Group fails to obtain such approvals, its ability to capitalize the relevant PRC members of the Group or fund their operation or to utilize the proceeds of the Global Offering in the manner described in "Future Plans and Use of Proceeds" may be adversely affected, which could adversely affect the liquidity of the relevant PRC member of the Group, the Group's ability to grow through its subsidiaries' operation and its financial condition and results of operation.

The outbreak of any severe communicable disease in the PRC may materially and adversely affect our business, financial condition and results of operations.

Any outbreak of communicable disease in the PRC on a global, regional or country basis may materially and adversely affect our business, financial condition and results of operations (in particular, in the PRC and Hong Kong affecting our offices and manufacturing operations and our TUSCAN'S retail business in the PRC, and in the United States and Europe affecting our customers) such as the outbreak of the highly contagious form of a typical severe acute respiratory syndrome known as SARS in 2002 which the World Health Organization only declared to be contained in July 2003. In such event, it is likely that demand for the products which we manufacture for our high-end and luxury brand customers and for our TUSCAN'S brand products will be adversely affected leading to a reduction in for those products. In addition, our offices and manufacturing operations may be severally affected (in particular, if our employees are affected by a communicable disease) by reason of quarantines, closures of offices and manufacturing facilities, travel restrictions, sickness or death of our key officers and employees, import and export restrictions. In addition, the World Health Organization and other government health organizations, departments and agencies may recommend or impose other measures that could cause interruptions and cost increases which may be significant to our business and operations.

RISKS RELATING TO THE GLOBAL OFFERING

An active, liquid trading market for our Shares may not develop.

Prior to the Global Offering, there was no public market for our Shares. While we have applied to list and deal in our Shares on the Stock Exchange, we cannot predict the extent to which investor interest in our Company will lead to the development of a trading market on the Stock Exchange or otherwise or how active and liquid that market may become. If an active and liquid trading market does not develop, you may have difficulty selling any of our Shares that you purchase. The Offer Price of the Offer Shares was the result of negotiations between us and the Sole Global Coordinator (on behalf of the International Underwriters) and the Sole Sponsor (on behalf of the Hong Kong Underwriters), and it may not necessarily be indicative of the market price of our Shares after the Global Offering is complete. An investor who purchases Shares in the Global Offering may not be able to resell such Shares at or above the Offer Price and, as a result, may lose all or part of the investment in such Shares. In addition, as there is expected to be a four business day gap between the pricing and trading of the Shares offered in the Global Offering, the initial trading price of our Shares could be lower than the Offer Price due to a variety of reasons.

The liquidity and market prices of the Shares following the Global Offering may be volatile.

We, the Sole Sponsor and the Sole Global Coordinator negotiated to determine the Offer Price of the Offer Shares. The price at which the Offer Shares will trade after completion of the Global Offering will be determined by the marketplace. You may not be able to resell the Offer Shares you purchase at or above the Offer Price due to a number of factors, some of which are beyond our control, such as those listed in "— Risks Relating to Our Business" and the following:

- actual or anticipated fluctuations in our or our competitors' results of operations;
- announcements by us or our competitors of new products, capacity changes, significant contracts, acquisitions, strategic alliances or strategic investments;
- our and our competitors' growth rates;
- the financial market and general economic conditions;
- changes in stock market analyst recommendations regarding us;
- conditions in the handbags and small leather goods industry worldwide;
- additions or departures of key personnel;
- release of lock-up or other transfer restrictions in the outstanding Shares or sales of additional Shares;
- potential litigation or regulatory investigations;
- fluctuations in market prices for our products or the costs of raw materials; and
- changes in accounting principles.

In addition, stock markets have recently experienced extreme volatility and shares of certain companies listed on the Stock Exchange with significant operations and assets in the PRC have experienced substantial price volatility that in certain cases has been unrelated or disproportionate to the operating performance of the particular companies. It is possible that these broad market and price fluctuations may adversely affect the market price of our Shares regardless of our financial or business performance.

Our Controlling Shareholders have substantial influence over us and their interests may not always be aligned with the interests of our other Shareholders.

Immediately following completion of the Global Offering and the Capitalization Issue and assuming that no Shares will be issued under the Share Option Scheme, the Over-allotment Option or otherwise, Mr. Yeung Michael Wah Keung, the Chairman and an executive Director, and Mr. Yeung Wo Fai, the chief executive officer and an executive Director, will control the exercise of voting rights of approximately 49% and 26%, respectively, of the issued share capital of our Company. Therefore, our Controlling Shareholders will continue to have control and substantial influence over our business, including matters relating to our management and policies and decisions regarding mergers, expansion plans, consolidations and the sale of all or substantially all of our assets, election of directors and other significant corporate actions. This concentration of ownership may discourage, delay or prevent a change in control of our Company, which could deprive other Shareholders of an opportunity to receive a premium for their Shares as part of a sale of our Company and might reduce the price of our Shares. These events may occur even if they are opposed by our other Shareholders. In addition, the interests of our Controlling Shareholders may differ from the interests of our other Shareholders. It is possible that the Controlling Shareholders may cause us to enter into transactions or take, or abstain from taking, other actions or make decisions which conflict with the best interests of our other Shareholders.

Sales or anticipated sales of substantial amounts of our Shares in the future could adversely affect the prevailing market price of our Shares.

Immediately after completion of the Global Offering and the Capitalization Issue, 998,400,000 Shares will be issued and outstanding, of which 249,600,000 Shares, or 25.0%, will be publicly held by investors participating in the Global Offering. Of these Shares, 145,767,000, or approximately 14.6% of our issued and outstanding Shares, will be eligible for immediate resale in the public market in Hong Kong without restriction, and 103,833,000, or approximately 10.4% of our issued and outstanding Shares, will be held by Cornerstone Investors and subject to certain lock-up restrictions after our Shares commence trading on the Stock Exchange as described under "Cornerstone Investors" in this prospectus. In addition, the remaining 748,800,000 Shares, or 75.0%, will be held by our existing Shareholders (assuming the Over-allotment Option is not exercised). Our Controlling Shareholders are also subject to certain lock-up restrictions after our Shares commence trading on the Stock Exchange, the details of which are further described in "Underwriting". As a result, we cannot assure you that our Controlling Shareholders or the Cornerstone Investors will not sell, dispose of or otherwise transfer any Shares they may own now or in the future upon completion of such lock-up periods, or, subject to the Listing Rules, earlier if permitted by the Sole Global Coordinator and, in the case of the Cornerstone Investors, the Company. In addition, we may consider offering and issuing additional Shares in the future. Additional Shares may also be issued upon the exercise of options we may grant in the future under the Share Option Scheme. Sales of a substantial number of Shares following the exercise of outstanding options could cause the market price of our Shares to decline.

We may not be able to pay any dividends on our Shares.

We cannot assure you that we will declare dividends on our Shares in the future. Future dividends, if any, will be at the discretion of our Directors and will depend on our future operations and earnings, capital requirements and surplus, general financial conditions, contractual restrictions and other factors that our Directors deem relevant. Any declaration and payment as well as the amount of dividends will also be subject to our constitutive documents and the Companies Law, including (where required) the approval of shareholders. In addition, our future dividend payments will depend upon the availability of dividends received from our subsidiaries in the PRC, which are subject to aspects described in "Risk Factors — Risks Relating to Conducting Business in the PRC" above. For further details of the dividend policy of our Company, please see "Financial Information — Dividends and Dividend Policy".

We are incorporated under Cayman Islands law, and the laws of the Cayman Islands relating to the protection of the interests of minority shareholders differ in certain respects from those in Hong Kong and other jurisdictions.

Our corporate affairs are governed by our Memorandum of Association and Articles of Association, and by the Companies Law and the common law of the Cayman Islands. The laws of the Cayman Islands relating to the protection of the interests of minority shareholders differ in certain respects from those established under statutes or judicial precedent in existence in Hong Kong and other jurisdictions. These differences may mean that our Company's minority Shareholders may have different remedies than they would have under the laws of Hong Kong or other jurisdictions. Please see "Summary of Constitution of the Company and the Cayman Islands Companies Law" in Appendix V to this prospectus. Potential investors should be aware that there is a risk that the provisions of the Companies Law may not offer the same protection as the Companies Ordinance and the SFO and should consider obtaining independent legal advice on the implications of investing in foreign-incorporated companies.

Potential investors will experience immediate and substantial dilution as a result of the Global Offering, and the exercise of options to be granted under our Share Option Scheme may result in dilution of our Shareholders.

Potential investors will pay a price per Share that substantially exceeds the per Share value of our tangible assets after subtracting our total liabilities and will therefore experience immediate dilution when potential investors purchase the Offer Shares in the Global Offering. As a result, if we were to distribute our net tangible assets to the shareholders immediately following the Global Offering and the Capitalization Issue, potential investors would receive less than the amount they paid for their Shares. If we issue additional Shares in the future, our Shareholders may experience further dilution. Please see "Financial Information — Unaudited Pro Forma Adjusted Net Tangible Assets".

We have adopted the Share Option Scheme under which options may be granted after the listing of the Shares on the Stock Exchange. Issuance of Shares pursuant to the exercise of the options to be granted under the Share Option Scheme will result in an increase in the number of Shares in issue after the issuance and thereby will cause dilution to the percentage of ownership of the existing Shareholders, the earnings per share and net asset value per Share.

There can be no assurance as to the accuracy of facts and other statistics with respect to certain information obtained from official government and third-party sources and publications, including the industry expert report, contained in this prospectus.

Certain statistics, facts and forecasted information relating to the PRC and other countries and regions, as well as the global handbags, small leather goods and travel goods markets and other markets, contained in this prospectus have been derived from various official government and third-party sources, including Frost & Sullivan, an independent industry expert, and none of this information has been independently verified by the Sole Sponsor, the Underwriters or any of their respective affiliates or advisers, or us or any of our affiliates or advisers. Such statistics, facts and forecasted information may not be prepared on a comparable basis or may not be consistent with other information complied within or outside the PRC. None of the Sole Sponsor, the Underwriters nor any of their respective affiliates or advisers, nor we nor any of our affiliates or advisers, have verified the completeness of the information collected and analyzed by Frost & Sullivan or derived from official or third-party sources or publications. Therefore, we make no representation as to the accuracy or completeness of such information and you should not place undue reliance on such information as a basis for making your investment in our Shares.

You should not rely on any information contained in press articles or other media regarding the Group and the Global Offering.

Prior to the publication of this prospectus, there has been press and media coverage regarding our Group and the Global Offering, which included certain financial information, projections, valuations and other information about our Group and the Global Offering that does not appear in this prospectus. We have not authorised the disclosure of any such information in the press or media and do not accept any responsibility for any such press or media coverage or the accuracy or completeness of any such information. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication. We disclaim all responsibilities and liabilities for any information appearing in publications other than this prospectus that is inconsistent or conflicts with the information in this prospectus. Prospective investors should not rely on any such information and should only rely on information included in this prospectus in making any decision as to whether to purchase the Offer Shares.