時代集團控股有限公司
SITOY GROUP HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)
Stock Code: 1023

GLOBAL OFFERING

Sole Global Coordinator, Sole Bookrunner,
Sole Lead Manager and Sole Sponsor

BofA Merrill Lynch



If you are in any doubt about any of the contents of this prospectus, you should obtain independent professional advice.



SITOY GROUP HOLDINGS LIMITED

時代集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

GLOBAL OFFERING

Number of Offer Shares under the Global Offering	**:**	**249,600,000 Shares (subject to the Over-allotment Option)**
Number of Hong Kong Offer Shares	**:**	**24,960,000 Shares (subject to adjustment)**
Number of International Placing Shares	**:**	**224,640,000 Shares (subject to adjustment and the Over-allotment Option)**
Offer Price	**:**	**Not more than HK$3.95 per Share and expected to be not less than HK$2.95 per Share, plus brokerage of 1%, SFC transaction levy of 0.003% and Stock Exchange trading fee of 0.005% (payable in full on application in Hong Kong dollars and subject to refund on final pricing)**
Nominal value	**:**	**HK$0.10 per Share**
Stock code	**:**	**1023**

Sole Global Coordinator, Sole Bookrunner, Sole Lead Manager and Sole Sponsor

BofA Merrill Lynch

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this prospectus.

A copy of this prospectus, having attached thereto the documents specified in "Documents Delivered to the Registrar of Companies and Available for Inspection" in Appendix VII to this prospectus, has been registered by the Registrar of Companies in Hong Kong as required by section 342C of the Companies Ordinance. The Securities and Futures Commission of Hong Kong and the Registrar of Companies in Hong Kong take no responsibility for the contents of this prospectus or any other documents referred to above.

The Offer Price is expected to be determined by agreement between us, the Sole Sponsor (on behalf of the Hong Kong Underwriters) and the Sole Global Coordinator (on behalf of the International Underwriters) on or before Wednesday, 30 November 2011 or such later date as may be agreed between us, the Sole Sponsor and the Sole Global Coordinator, but in any event, no later than Monday, 5 December 2011. If, for any reason, we, the Sole Sponsor and the Sole Global Coordinator are unable to reach an agreement on the Offer Price by Monday, 5 December 2011, the Global Offering will not proceed and will lapse.

The Sole Global Coordinator (on behalf of the Underwriters) may, with the consent of our Company, reduce the number of Offer Shares being offered under the Global Offering and/or the indicative Offer Price range below that stated in this prospectus at any time prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, a notice of such reduction will be published in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) and on the websites of the Stock Exchange at **www.hkexnews.hk** and the Company at **www.sitoy.com** as soon as practicable but in any event not later than the morning of the last day for lodging applications under the Hong Kong Public Offering.

Prior to making an investment decision, prospective investors should carefully consider all of the information set out in this prospectus, in particular, the risk factors set out in "Risk Factors".

The Offer Shares have not been and will not be registered under the U.S. Securities Act or any state securities law in the United States and may not be offered, sold, pledged or transferred within the United States, or to, or for the account or benefit of U.S. persons, except that the Offer Shares may be offered, sold or delivered (i) in the United States in reliance on an exemption from registration under the U.S. Securities Act provided by, and in accordance with the restrictions of, Rule 144A under the U.S. Securities Act or another exemption from registration under the U.S. Securities Act; and (ii) outside the United States in offshore transactions in reliance on Regulation S under the U.S. Securities Act.

24 November 2011

The Company will issue an announcement in Hong Kong to be published in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) if there is any change in the following expected timetable of the Hong Kong Public Offering.

Latest time to complete electronic applications under **White Form eIPO** service through the designated website at **www.eipo.com.hk**[2] . . . . . 11:30 a.m. on Tuesday, 29 November 2011

Application lists of the Hong Kong Public Offering open[3] . 11:45 a.m. on Tuesday, 29 November 2011

Latest time for lodging **WHITE** and **YELLOW** Application Forms and giving electronic application instructions to HKSCC[4] . . . . . 12:00 noon on Tuesday, 29 November 2011

Latest time to complete payment for **White Form eIPO** applications by effecting internet banking transfer(s) or PPS payment transfer(s) . . . . . 12:00 noon on Tuesday, 29 November 2011

Application lists of the Hong Kong Public Offering close . 12:00 noon on Tuesday, 29 November 2011

Expected Price Determination Date[5] . . . . . Wednesday, 30 November 2011

Announcement of the Offer Price, the indications of the level of interest in the International Placing, the level of applications in the Hong Kong Public Offering and the basis of allocation under the Hong Kong Public Offering to be published in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) and at the websites of the Stock Exchange at **www.hkexnews.hk** and the Company at **www.sitoy.com** on or before . . . . . Monday, 5 December 2011

Results of allocation in the Hong Kong Public Offering (with successful applicants' identification document numbers, where appropriate) to be available through a variety of channels (see "How to Apply for Hong Kong Offer Shares") . . . . . Monday, 5 December 2011

Results of allocations in the Hong Kong Public Offering will be available at **www.iporesults.com.hk** with a "search by ID function" . . . . . Monday, 5 December 2011

Despatch of share certificates and/or **White Form** e-Refund payment instructions and/or refund cheques in respect of wholly or partially unsuccessful applications expected on or before[6, 7] . . . . . Monday, 5 December 2011

Dealings in Shares on the Stock Exchange expected to commence at . . . . . 9:00 a.m. on Tuesday, 6 December 2011

1. All times refer to Hong Kong local time. Details of the structure of the Global Offering, including its conditions, are set out in "Structure of the Global Offering" in this prospectus.

2. You will not be permitted to submit your application through the designated website at **www.eipo.com.hk** after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained an application reference number from the designated website at or before 11:30 a.m., you will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day for submitting applications, when the application lists close.

3. If there is a "black" rainstorm warning or a tropical cyclone warning signal number eight or above in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Tuesday, 29 November 2011, the application lists will not open and close on that day. Further information is set out in "VI. When may applications be made — Effect of bad weather on the opening of the application lists" under "How to Apply for Hong Kong Offer Shares" in this prospectus. If the application lists do not open and close on Tuesday, 29 November 2011, the dates mentioned in "Expected timetable" may be affected. A press announcement will be made by us in such event.

4. Applicants who apply by giving electronic application instructions to HKSCC should refer to "V. Applying by giving electronic application instructions to HKSCC" under "How to Apply for Hong Kong Offer Shares" in this prospectus.

5. We expect to determine the Offer Price by agreement between us, the Sole Sponsor (on behalf of the Hong Kong Underwriters) and the Sole Global Coordinator (on behalf of the International Underwriters) on the Price Determination Date. The Price Determination Date is expected to be on or before Wednesday, 30 November 2011 and, in any event, not later than Monday, 5 December 2011. If, for any reason, the Offer Price is not agreed among the Sole Sponsor, the Sole Global Coordinator and us by Monday, 5 December 2011, the Hong Kong Public Offering and the International Placing will not proceed and will lapse.

6. Share certificates for the Hong Kong Offer Shares will only become valid certificates of title provided that (i) the Global Offering has become unconditional, and (ii) neither of the Underwriting Agreements has been terminated in accordance with its terms. Investors who trade Shares on the basis of publicly available allocation details before the receipt of share certificates or before the share certificates becoming valid certificates of title do so entirely at their own risk.

7. e-Refund payment instructions/refund cheques will be issued in respect of wholly or partially unsuccessful applications, and also in respect of successful applications if the Offer Price is less than the price payable on application. Part of the applicant's Hong Kong identity card number or passport number, or, if the application is made by joint applicants, part of the Hong Kong identity card number or passport number of the first-named applicant, provided by the applicant(s) may be printed on the refund cheque, if any. Such data would also be transferred to a third party for refund purposes. Banks may require verification of an applicant's Hong Kong identity card number or passport number before cashing the refund cheque. Inaccurate completion of an applicant's Hong Kong identity card number or passport number may lead to delay in encashment of, or may invalidate, the refund cheque.

Further information in relation to the Hong Kong Public Offering is set out in "How to Apply for the Hong Kong Offer Shares" in this prospectus.

CONTENTS

You should rely only on the information contained in this prospectus and the Application Forms to make your investment decision. We have not authorized anyone to provide you with information that is different from what is contained in this prospectus. Any information or representation not made in this prospectus or the Application Forms must not be relied on by you as having been authorized by our Company, the Sole Global Coordinator, any of the Underwriters, any of our or their respective directors, officers, representatives, or affiliates, or any other person or party involved in the Global Offering.

			Page
Summary			1
Definitions			16
Risk Factors			25
Forward-looking Statements			43
Waiver from Strict Compliance with the Listing Rules			45
Information about this Prospectus and the Global Offering			46
Directors and Parties Involved in the Global Offering			49
Corporate Information			53
Regulatory Overview			55
Industry Overview			62
Our History and Reorganization			80
Business			89
Relationship with Controlling Shareholders			135
Connected Transactions			137
Directors and Senior Management			140
Substantial Shareholders			149
Share Capital			150
Financial Information			152
Future Plans and Use of Proceeds			188
Cornerstone Investors			190
Underwriting			192
Structure of the Global Offering			200
How to Apply for Hong Kong Offer Shares			208
Appendix I	—	Accountants' Report	I-1
Appendix II	—	Unaudited Pro Forma Financial Information	II-1
Appendix III	—	Profit Forecast	III-1
Appendix IV	—	Property Valuation	IV-1
Appendix V	—	Summary of Constitution of the Company and the Cayman Islands Companies Law	V-1
Appendix VI	—	Statutory and General Information	VI-1
Appendix VII	—	Documents Delivered to the Registrar of Companies and Available for Inspection	VII-1

This summary provides an overview of the information contained in this prospectus. Because this is a summary, it does not contain all the information that may be important to you. You should read this prospectus in its entirety, including our financial statements and the accompanying notes, before you decide to invest in the Offer Shares. There are risks associated with any investment. Certain of the risks involved in investing in the Offer Shares are set out in "Risk Factors" in this prospectus. You should read that section carefully before you decide to invest in the Offer Shares. Various expressions used in this summary are defined in "Definitions" in this prospectus.

OVERVIEW

We are a large-scale outsourced manufacturer of luxury handbags and small leather goods. We are principally engaged in developing and manufacturing handbags, small leather goods, and travel goods on behalf of leading international high-end and luxury brands, such as Coach, Fossil, Michael Kors, Lacoste and Prada, and high-end travel brands, such as Tumi, who then sell the products we develop and manufacture to their customers. We also research, develop, design and manufacture private label handbags and small leather goods for a well-known large department store chain in the United States. In addition, in order to build on our approximately 30 years of operating history, in February 2011 we introduced TUSCAN'S brand of handbags and small leather goods, our high-end fashion brand with Italian origins, and opened two retail stores in Guangzhou in the PRC in February and March 2011. As of 31 October 2011, we had seven stand-alone retail stores and nine department store concession counters in various cities in the PRC.

We particularly benefit from our 13-year relationship with Coach, which has resulted in us becoming Coach's largest supplier of handbags and Coach being our largest customer during the Track Record Period. Our revenues derived from Coach for Fiscal Years 2009, 2010 and 2011 were HK$562.0 million, HK$908.4 million and HK$1,327.6 million, respectively, which constituted 41.6%, 52.6% and 53.2%, respectively, of our revenue. For these same periods, the aggregate revenues derived from our five largest customers were HK$1,020.8 million, HK$1,451.2 million and HK$2,055.6 million, constituting 75.6%, 84.1% and 82.4%, respectively, of our revenue. However, the volume of work performed for specific customers may vary from year to year, since we are not the exclusive supplier for any of our customers and have not entered into long-term purchase agreements with any of our customers. As of 30 June 2011, our remaining four largest customers included a U.S. listed global design, marketing and distribution company that specializes in consumer fashion accessories; a French provider of leather goods, travel bags and accessories; a U.S. listed large department store retailer in the United States and a U.S.-based handbag brand.

Many of the steps involved in the production of our products require a high level of craftsmanship. Through our long history of operations with international high-end and luxury brands, we have accumulated in-depth expertise and know-how with respect to every key step of the high-end and luxury handbags and small leather goods production process. The production process for a complex handbag involves over 200 steps, including the manual assembly of more than 100 separate components by skilled workers. Based on our experience, only a limited number of these steps can be automated, while a substantial number of the steps must be done manually and many also involve craftsmanship, which increases product quality and optimizes efficiencies, and therefore require a high level of skill or dexterity. These include specialized leather cutting, sewing, embroidery, patchwork, weaving and pleating, among others. Although we do not categorize our employees based on levels of craftsmanship, only our more experienced employees are permitted to undertake tasks that require craftsmanship skills.

Manufacturing

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. Four of our manufacturing facilities are located in Dongguan, Guangdong Province, PRC, and one of our manufacturing facilities is located in Yingde, Guangdong Province, PRC. Our manufacturing facilities are strategically located in the Guangdong Province in order to benefit from access to the well-established transport and logistics infrastructure, as well as raw material suppliers. We significantly expanded our manufacturing capacity over the Track Record Period. We manufactured and sold approximately 7.2 million products in Fiscal Year 2009, as compared to approximately 9.0 million products in Fiscal Year 2010 and 12.3 million products in Fiscal Year 2011. As of 30 June 2009, 2010 and 2011, our estimated annual production capacity was approximately 10.5 million, 12.8 million and 16.1 million units, respectively, of handbags, small leather goods and travel goods, while our estimated utilization rate for the corresponding Fiscal Years was approximately 69%, 73% and 76%, respectively. Our estimated annual production capacity is computed on the basis of the production month in which we recorded the highest production volume during the relevant Fiscal Year, assuming the same production volume would be achieved in every month during that Fiscal Year. The estimated utilization rate is the actual number of products manufactured divided by the estimated annual production capacity for the relevant Fiscal Year. The increase in our estimated annual production capacity was primarily due to the increase in the number of our production lines from 123 to 191 during the Track Record Period as a result of increased demand for our products from our customers. We believe this increase also improved our manufacturing flexibility and efficiency and allowed us to better meet the varying demands of our customers.

We plan to continue expanding our manufacturing capabilities. With respect to our manufacturing facilities, our current expansion plans include a second phase of expansion of our manufacturing facility in Yingde. We entered into a construction contract with respect to two buildings as part of the second expansion phase of our Yingde manufacturing facility in September 2010 and, according to our PRC legal advisers, we have obtained all necessary approvals and licences from the relevant PRC authorities in connection with the construction of these two buildings. We are in the process of negotiating construction contracts with respect to the remaining buildings and will proceed to obtain the requisite property ownership certificates for these buildings prior to commencement of production. Production at the first two buildings of the second phase of the facility is expected to commence in or around December 2011. Production at the remaining buildings is currently expected to commence in Fiscal Year 2013, with approximately 50% production capacity available at the beginning of Fiscal Year 2013 and the remaining production capacity available at the end of Fiscal Year 2013. The second phase will increase the number of our production lines by 84 and our estimated annual production capacity by approximately 8.1 million units when fully complete. We expect that the expansion of our manufacturing facility in Yingde will enhance our technical standard as we expect to install in such facility machinery and equipment that are more technologically advanced than those in our existing manufacturing facilities.

However, unlike manufacturing facilities that have standard production requirements and production times for particular products, the production requirements and production times for our handbags, small leather goods and travel goods vary significantly due to a number of factors, such as differences between the styles and structures of the products, the number of workers that can be used in a production line for a particular product, and the high level of craftsmanship involved in the production of our products, which limits the number of the steps in our production process that can be automated. In addition, we may receive orders for the production of complex products with lower production volumes but with higher selling prices, as well as less complex products with higher production volumes but with lower selling prices. As a result, our estimated annual production capacity and utilization rate may not be an accurate indication of the use of our production capacity or meaningful in estimating our profitability.

Raw Materials and Suppliers

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 for each period amounted to 4.8%, 4.7% and 4.3%, respectively, and purchases attributable to our five largest suppliers for each period 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. Many of our customers have designated suppliers of raw materials that we are mandated to use in manufacturing their products, which enables us to benefit from their pricing leverage and influence and gives us priority in obtaining supplies of high-quality raw materials. However, substantially all of our suppliers act as both designated and non-designated suppliers, depending on the customers and the product ordered, and for Fiscal Years 2009, 2010 and 2011, all of our five largest suppliers acted as both designated suppliers and non-designated suppliers. When a supplier is designated by a customer, the only principal difference is that the customer designates the raw materials to be purchased by our procurement team from the supplier. We also benefit from being in close proximity to certain of our suppliers and have access to efficient port facilities to receive shipments from suppliers located outside of the PRC, which helps to reduce costs and shorten delivery times.

Product Research, Development and Design

We have an in-house creative center and an R&D Center that collaborate with our leading international high-end and luxury brand customers in their product development process. Our in-house creative center is responsible for the production of prototypes from design concepts, as well as sales samples, while our R&D Center, although not directly involved in the design and development of products, is responsible for researching and implementing manufacturing technology, such as introducing semi-automatic lacing machinery and embossing machinery into certain steps of the production process, when appropriate, to produce quality handbags and small leather goods efficiently, as well as for providing input on the production process for handbags and small leather goods with different designs, such as with respect to the feasibility of volume production of the products in terms of design and materials. These two centers are involved in the production of each product we produce and also work closely together to research, develop and design private label handbags and small leather goods for a well-known large department store chain in the United States. As of 31 October 2011, our creative center and R&D Center had approximately 1,100 and 62 staff, respectively, many of whom have significant experience in our industry, which enhances our ability to collaborate with our customers in their product development process. We also engage a design team from a design studio based in Italy to provide design concepts to us from time to time for our consideration and use. Our creative center designed and developed or collaborated with our customers in the design and development of more than 5,000, 6,200 and 7,400 distinct handbags and small leather goods in Fiscal Years 2009, 2010 and 2011, respectively. We also have in-house design and development teams who are assigned to certain of our major customers.

Although our sales are made on the basis of individual purchase orders and we are not the exclusive supplier for any of our customers, we have long-term, stable relationships with certain of our key customers and believe our market-leading position and long track record in providing high quality

services provide us with an advantage over our competitors. In addition, we believe our large scale of operations better positions us to respond to changing consumer preferences and meet the varying demands of our customers. We also believe that our expertise in the research, development, design and manufacture of handbags and small leather goods well positions us to attract and retain leading international high-end and luxury brands as customers. During the Track Record Period, as confirmed by our Directors, the aggregate number of purchase orders we received from our customers on an annual basis has continued to increase and we have not had to extend the credit terms of any of our customers.

Retail

In order to leverage on our long and in-depth experience in the luxury branded handbag and small leather goods manufacturing business and our well-established manufacturing platform, we recently expanded into the rapidly growing PRC handbag and small leather goods retail market with TUSCAN'S, our high-end fashion brand with Italian origins. The TUSCAN'S brand, known for top quality contemporary Italian leather handbags and small leather goods, was originally established in 1974 with the founding of TUSCAN'S Europe in the Ponte a Egola tannery district, a historic center for leather processing and tanning, in Tuscany, Italy. Since its founding, TUSCAN'S Europe has expanded the presence of the TUSCAN'S brand internationally by partaking in numerous well know trade fairs and expanding its business into new markets. TUSCAN'S Europe currently distributes TUSCAN'S branded products across Europe and has showrooms in Athens, Florence, Milan and Rome. In February 2011, pursuant to our trademark assignment agreement with TUSCAN'S Europe, TUSCAN'S Europe assigned to us the right, title and interest in the "TUSCAN'S" trademark registered in the PRC and Japan as designated countries under international trademark registration. Such assignment has been recorded by the World Intellectual Property Organization and we are the registered holder of such trademark registered in the PRC and Japan.

Under our trademark assignment agreement with TUSCAN'S Europe, TUSCAN'S Europe has also agreed to assign to us the "TUSCAN'S" trademark that TUSCAN'S Europe has applied to or will apply to register in the jurisdictions of Hong Kong, Macau, Taiwan, Thailand, Malaysia, the United Arab Emirates, the United States, as well as in Singapore and South Korea as designated countries under international trademark registration. Trademark assignments will take place upon completion of the respective registrations. As at the Latest Practicable Date, the trademark had been registered in Hong Kong and Macau and we had been assigned with the right, title and interest in the trademark registered in Hong Kong and Macau. Recordal of such assignments at the respective government authorities has been arranged.

Pending assignment of the "TUSCAN'S" trademark in these remaining jurisdictions to us, we have acquired an exclusive and assignable license from TUSCAN'S Europe to use the "TUSCAN'S" trademark in Taiwan, Thailand, Malaysia, the United Arab Emirates, the United States, Singapore and South Korea in connection with our retail business pursuant to a trademark license agreement entered into between TUSCAN'S Europe and our Company in January 2011.

Consistent with its Italian origins, we have positioned our TUSCAN'S products as a high-end, fashionable and stylish international brand. As of 31 October 2011, we employed 93 retail employees and had seven stand-alone retail stores with two in each of Beijing and Guangzhou, and one in each of Chongqing, Jinan and Shenzhen. We also had nine department store concession counters as of 31 October 2011, with five in Shanghai, and one in each of Hefei, Jinhua, Ningbo and Wuhu. We also propose to enter into a lease for an additional retail outlet in Hong Kong, which is expected to commence business in or

around December 2011, and currently have plans to open additional retail outlets in the PRC and Macau. Since the launch of our retail business in February 2011, we have promoted TUSCAN'S handbag and small leather goods products through different marketing channels, including mass media, such as magazines, transportation advertising, such as in-flight advertisements, in-store promotion campaigns and fashion shows. The daily operations, business development, management and administration of our retail business is headed by a general manager with over 20 years of experience in retail chain management in the PRC. Our general manager is supported by a regional sales director based in the northern region of the PRC with over eight years of experience in retail management in the PRC, who specializes in training and developing sales teams, a regional sales director in the eastern region of the PRC with over five years of experience in handbag and leather goods retail management in the PRC, who specializes in sales management, and a regional sales director in the southern region of the PRC with over nine years of experience in handbag and leather goods retail management in the PRC, who specializes in retail stores development. We believe the size and experience of our retail management and staff provide a solid foundation for the future growth of our retail business and expect to expand our retail team as our retail network in the PRC grows. We currently plan to expand our retail network in the PRC by increasing our total number of retail outlets in the PRC to approximately 100 over the next three years. We believe that our TUSCAN'S products will not be in direct competition with our existing customers since the price range of our TUSCAN'S products is generally below that of our major customers, the products typically target a different consumer group and market segment and our TUSCAN'S design team is independent and works separately from the design and development teams for our other customers.

We have enjoyed rapid growth in revenue and net profit during the Track Record Period. For Fiscal Years 2009, 2010 and 2011, we generated revenue of HK$1,349.7 million, HK$1,726.3 million and HK$2,493.3 million, respectively, representing a CAGR of 35.9%. For these same periods, our net profit was HK$78.2 million, HK$151.8 million and HK$302.4 million, respectively, representing a CAGR of 96.7%. We believe our ability to have grown our revenues and profits through the recent financial crisis demonstrates the strength of our business model and the resiliency of our target markets.

OUR INDUSTRY

As defined by Frost & Sullivan, luxury handbags primarily include handbags, such as top handle bags, clutch bags, shoulder bags and tote bags, that are designed by prestigious luxury brands and have retail prices starting at approximately RMB3,000. Luxury small leather goods primarily include wallets, cosmetic bags, pouches, card holders and key holders that are designed by prestigious luxury brands and have retail prices starting at approximately RMB1,500. High-end handbags and small leather goods are primarily designed by international or local brands and have retail prices ranging between RMB1,000 to RMB3,000. The global luxury handbag and small leather goods outsourced manufacturing market, which comprises the market for outsourced manufacturing of both luxury handbags and small leather goods, grew from US$2.9 billion in 2006 to US$3.8 billion in 2010, representing a CAGR of 7.3%, notwithstanding slower growth experienced from 2008 to 2009 during the recent economic crisis. Frost & Sullivan expects the size of this market to increase from US$3.8 billion in 2010 to US$6.8 billion in 2015, representing a CAGR of 12.1%. The global luxury handbag and small leather goods retail market grew from US$44.6 billion in 2006 to US$53.0 billion in 2010, representing a CAGR of 4.4%. The market size of the global luxury handbag and small leather goods retail market is expected to increase to US$82.9 billion in 2015, representing a 9.4% CAGR from 2010 to 2015 based on current expectations with respect to global economic growth and growing demand for luxury goods, in particular in the PRC, which is being driven by the increase in the number of wealthy individuals in the PRC, increasing living standards and growth in urban populations. According to Frost & Sullivan, in 2010 the three major global

outsourced luxury handbag and small leather goods manufacturers, the Company, Simone Ltd. and Yamani Continental Inc., had market shares of 5.0%, 4.5% and 3.0%, respectively, of the US$3.8 billion global luxury handbag and small leather goods outsourced manufacturing market and had production volume of 7.1 million units, 6.3 million units and 4.5 million units, respectively, reflecting the highly fragmented nature of the market.

We believe that the PRC will remain the leading manufacturing base for luxury handbag and small leather goods, despite competition from regions such as South East Asia, due to the high barriers to entry in the industry and the following reasons:

- the "Made-in-China" label is no longer associated with inferior quality according to Frost & Sullivan;
- the PRC has large resources of quality labor and well established infrastructure;
- PRC manufacturers are based in proximity to a high growth market;
- the PRC has a stable economic environment that promotes development; and
- recent improvements in the establishment and enforcement of PRC anti-piracy laws and regulations.

In addition, we recently launched our retail business in the PRC high-end handbag and small leather goods market, a market that, according to Frost & Sullivan, is expected to experience rapid growth over the next five years due to, among other things, rapid expansion of the middle class in the PRC and growing demand for high-end handbag and small leather goods. Please refer to "Industry Overview — High-end Handbag and Small Leather Goods Market in China".

OUR HISTORY AND DEVELOPMENT

Our business dates back to the 1970's when it was founded and operated by Mr. Yeung Michael Wah Keung, the Chairman and an executive Director, and Mr. Yeung Wo Fai, the chief executive officer and an executive Director, under the name of Sitoy Hand Bag Fty. As our business continued to expand, we attracted European and U.S. importers and large department store chains as customers. We began to build our in-house handbag design and development capabilities through our involvement in product design and development with these customers. In 1992, we started being selected by international fashion brand companies to manufacture their branded handbags. Recognizing the increasing demand by international handbag brands for manufacturing products in the PRC, we shifted our business focus towards the development and manufacture of leather handbags and small leather goods for international high-end and luxury brand companies in 1998. As demand for our products increased, in 2005 our management decided to diversify our production base and expand our production capabilities by acquiring land in the PRC and constructing new manufacturing facilities. In order to further capitalize on our expertise in manufacturing handbags and small leather goods, we introduced to our product portfolio men's products in 2007 and travel goods for leisure and business travel in 2009. In 2011, we launched our retail business through "TUSCAN'S" brand of handbags and small leather goods and opened our own retail stores in the PRC.

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

The following table sets forth summary audited combined financial data about our Group. We have derived the combined financial data for Fiscal Years 2009, 2010 and 2011 from our audited combined financial statements prepared in accordance with IFRS that are set forth in the Accountants' Report in Appendix I to this prospectus. The summary combined financial data should be read together with, and is qualified in its entirety by reference to, these audited combined financial statements, including the related notes. Our historical results may not necessarily be indicative of our future performance.

	For Fiscal Year Ended 30 June		
	2009	2010	2011
		(HK$'000)	
Income Statement Data:			
Revenue	**1,349,688**	**1,726,317**	**2,493,272**
Cost of sales	(1,120,992)	(1,385,778)	(1,940,152)
Gross profit	**228,696**	**340,539**	**553,120**
Other income and gains	8,921	10,057	27,404
Selling and distribution costs	(39,614)	(43,413)	(55,924)
Administrative expenses	(96,672)	(106,233)	(157,513)
Other expenses	(2,558)	(3,743)	(414)
Finance costs	(2,971)	(4,063)	(3,817)
Profit before tax	**95,802**	**193,144**	**362,856**
Income tax expense[(1)]	(17,648)	(41,342)	(60,436)
Profit for the year	**78,154**	**151,802**	**302,420**

	As of 30 June		
	2009	2010	2011
		(HK$'000)	
Financial Position Data:			
Non-current assets	144,775	223,520	317,866
Current assets	314,138	494,308	672,507
Total assets	**458,913**	**717,828**	**990,373**
Non-current liabilities	2,885	5,182	244
Current liabilities	284,922	495,344	496,692
Total liabilities	**287,807**	**500,526**	**496,936**
Net assets	171,106	217,302	493,437
Total equity	**171,106**	**217,302**	**493,437**
Total liabilities and equity	**458,913**	**717,828**	**990,373**

	For Fiscal Year Ended 30 June		
	2009	2010	2011
		(HK$'000)	
Cash Flows Data:			
Net cash flows from operating activities	91,125	110,523	294,613
Net cash flows used in investing activities	(61,124)	(88,351)	(108,269)
Net cash flows used in financing activities	(17,109)	(3,098)	(157,300)
Net increase in cash and cash equivalents	12,892	19,074	29,044
Cash and cash equivalents at beginning of year	19,427	31,745	50,146
Effect of exchange rate changes on cash and cash equivalents	(574)	(673)	1,200
Cash and cash equivalents at end of year	31,745	50,146	80,390

(1) During the Track Record Period, our Group received concessionary tax treatment in Hong Kong as a result of a contract processing arrangement with our former "three types of processing plus compensation trades" entity in the PRC, which ceased operations in May 2011. As a result of the concessionary tax treatment that we received under Hong Kong tax law in connection with this arrangement, only 50% of the profit we derived from the contract processing arrangement was subject to Hong Kong profits tax. In addition, during the Track Record Period, PRC corporate income tax was based on a statutory rate of 25% of the assessable profit of our PRC subsidiaries as determined in accordance with the PRC Corporate Income Tax Law ("CIT Law"), which was approved and became effective on 1 January 2008. However, since our subsidiary, Sitoy Yingde, is an FIE and was established prior to the promulgation of the CIT Law, it qualifies for this 50% reduced tax rate until 31 December 2012, although it has not had sufficient tax liabilities to take advantage of the preferential tax treatment over the Track Record Period. To the extent we are unable to offset the expiration of this preferential tax treatment, which will not be renewed, with new tax exemptions, incentives or other tax benefits, Sitoy Yingde's effective tax rate in the PRC will increase to 25.0% thereafter. Please see "Financial Information — Income Tax Expense" for further information on the income tax to which the members of Group were subject during the Track Record Period.

PROFIT FORECAST FOR THE SIX MONTHS ENDING 31 DECEMBER 2011

Forecast consolidated profit attributable to the owners of the Company for the six months ending 31 December 2011[(1)] .... Not less than HK$175 million

(1) The forecast consolidated profit attributable to the owners of the Company for the six months ending 31 December 2011 has been prepared based on the unaudited consolidated results of the Group for the three months ended 30 September 2011 and a forecast of the consolidated results of the Group for the remaining three months ending 31 December 2011. The profit forecast has been prepared on a basis consistent in all material respects with the accounting policies presently adopted by the Group as set out in Section II of the Accountants' Report, the text of which is set out in Appendix I to this prospectus.

Pursuant to Rule 11.18 of the Listing Rules, we have given an undertaking to the Stock Exchange that the interim report for the six months ending 31 December 2011 will be audited.

Sensitivity analysis for the profit forecast

The Board of Directors of the Company considers that the forecast consolidated profit attributable to the owners of the Company for the six months ending 31 December 2011 is mainly affected by the sales price of leather products and the purchase price of raw materials. The following table demonstrates the sensitivity of the forecast consolidated profit attributable to the owners of the Company to a movement in the sales price of each product sold by the Group during the Forecast Period, with all other variables held constant:

	Increase/(decrease)	For the six months ending 31 December 2011 Increase/(decrease)
	%	HK$'000
Indictors:		
If sales price increases	5	34,756
If sales price decreases	(5)	(34,756)
If sales price increases	10	69,512
If sales price decreases	(10)	(69,512)

We generally negotiate and establish raw material costs, including high-end cow leather, the primary raw material we use in manufacturing our products, 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. The following table demonstrates the sensitivity in the forecast consolidated profit attributable to the owners of the Company to a movement in the average purchase price of high-end cow leather purchased by the Group during the Forecast Period, with all other variables held constant, on the assumption that we were no longer able to continue to pass on such increases to our customers:

	Increase/(decrease)	For the six months ending 31 December 2011 Increase/(decrease)
	%	HK$'000
Indictors:		
If purchase price increases	5	(9,714)
If purchase price decreases	(5)	9,714
If purchase price increases	10	(19,428)
If purchase price decreases	(10)	19,428

DIVIDENDS AND DIVIDEND POLICY

During Fiscal Years 2009, 2010 and 2011, one of our subsidiaries, Sitoy Handbag, declared dividends to its then shareholders in the amount of HK$30 million, HK$110 million and HK$440 million, respectively. For the purpose of the Reorganization, on 28 May 2011 Sitoy Handbag declared special dividends of HK$400 million to its then shareholders who then assigned such dividends payable to our Company. Other than these dividends, no other dividends were declared or paid by us or any of our subsidiaries during the Track Record Period. For more information about our historical dividends, see note 14 in the Accountants' Report in Appendix I of this prospectus.

The declaration of dividends is subject to the discretion of our Directors, and, if necessary, the approval of our Shareholders. The amount of dividends actually declared and paid will also depend upon our Group's earnings and cash flow, financial condition, capital requirements, investment requirements, contractual restrictions and any other conditions that our Directors may deem relevant. Any declaration and payment as well as the amount of dividends will also be subject to our Articles of Association and the Companies Law. Our future declarations of dividends may or may not reflect our historical declarations of dividends. Subject to the above factors, our Directors currently plan to pay dividends of no less than 30% of our distributable profit attributable to Shareholders of our Company for the financial year ending 30 June 2012. Such intention does not amount to any guarantee or representation or indication that we must or will declare and pay dividends in such manner or declare and pay any dividends at all.

GLOBAL OFFERING

This prospectus is published in connection with the Hong Kong Public Offering as part of the Global Offering. The Global Offering consists of:

- the Hong Kong Public Offering of 24,960,000 Offer Shares (subject to adjustment) in Hong Kong; and

- the International Placing of 224,640,000 Offer Shares (subject to adjustment and the Over-allotment Option) (i) in the United States in accordance with Rule 144A under the U.S. Securities Act or another exemption from registration under the U.S. Securities Act, and (ii) outside the United States (including to professional investors in Hong Kong) in offshore transactions in reliance on Regulation S under the U.S. Securities Act.

Investors may apply for Shares under the Hong Kong Public Offering or apply for or indicate an interest for Shares under the International Placing, but may not do both. References in this prospectus to applications, application forms, application monies, or the procedure for application relate solely to the Hong Kong Public Offering.

OFFER STATISTICS

	Based on an Offer Price of HK$2.95 per Share	**Based on an Offer Price of HK$3.95 per Share**
Market capitalization of our Shares [(1)]	HK$2,945.3 million	HK$3,943.7 million
Unaudited pro forma adjusted net tangible asset per Share [(2)]	HK$1.17	HK$1.41

(1) The calculation of market capitalization is based on 998,400,000 Shares expected to be issued and outstanding after completion of the Global Offering and does not take into account any Shares which may be (i) issued upon the exercise of the Over-allotment Option, (ii) issued upon exercise of options which may be granted under the Share Option Scheme, (iii) issued or repurchased under the general mandates given to our Directors to issue and repurchase Shares.

(2) The unaudited pro forma adjusted net tangible asset value per Share is calculated after making the adjustments referred to in Appendix II to this prospectus, and is based on 998,400,000 Shares expected to be in issue immediately following the Global Offering and the respective Offer Prices of HK$2.95 and HK$3.95.

USE OF PROCEEDS

We estimate that we will receive net proceeds from the Global Offering of approximately HK$798.2 million (assuming an Offer Price of HK$3.45 per Share, being the mid-point of the proposed Offer Price range), after deducting underwriting fees and commissions and estimated expenses payable by us in relation to the Global Offering and not taking into account any exercise of the Over-allotment Option. We intend to use the net proceeds from the Global Offering as follows:

- approximately HK$279.4 million (or approximately 35% of the net proceeds) for the expansion of our manufacturing capabilities through the completion of the second phase of our Yingde manufacturing facility;

- approximately HK$159.6 million (or approximately 20% of the net proceeds) for the upgrading of machinery and tooling in our existing manufacturing facilities;

- approximately HK$279.4 million (or approximately 35% of the net proceeds) for the expansion of our retail business including, among other things, the development of our "TUSCAN'S" brand, potential brand acquisitions or other mergers and acquisitions activities, which are consistent with our business strategies; and

- approximately HK$79.8 million (or approximately 10% of the net proceeds), for general corporate purposes.

In the event that the Offer Price is set at the high-end or low-end of the proposed Offer Price range and the Over-allotment Option is not exercised at all, the net proceeds of the Global Offering will increase or decrease by approximately HK$121 million. Under such circumstances we will adjust our allocation of the net proceeds for the above purposes on a pro rata basis.

With respect to our TUSCAN'S brand, for the period 1 July 2011 to 30 September 2011, we incurred HK$2.0 million; we currently expect to make a further estimated HK$2.0 million in capital expenditures on our retail business from 1 October 2011 to 31 December 2011, and expend a further EUR400,000 in connection with further installment payments for our acquisition of the right, title and interest in the TUSCAN'S trademark in certain jurisdictions.

With respect to potential brand acquisitions or other mergers and acquisitions activities, as of the Latest Practicable Date we had not identified any acquisition targets that we have plans to acquire. However, to the extent we do engage in any mergers or acquisition activities in the foreseeable future, we expect an acquisition target to have the following characteristics:

- focus on brands with a foreign origin;

- be in the mid-to-high-end handbag market as opposed to the luxury handbag market in order to avoid competition with end customers;

- be complementary to our existing TUSCAN's brand in order to minimize competition between our own brands; and

- have a product portfolio with designs and styles that would allow us to leverage on our manufacturing platform in producing the relevant products.

To the extent the net proceeds are not immediately applied to the above purposes, we intend to deposit the proceeds into interest-bearing bank accounts with financial institutions in Hong Kong.

OUR COMPETITIVE STRENGTHS

We believe that the following competitive strengths are the key factors contributing to our success to date and will help enable us to increase market share and capture future growth opportunities in our target markets:

- we have large-scale and flexible manufacturing capabilities in a growing market;
- we have a broad customer base of well-known international high-end and luxury brands and high-end travel goods brands and long-term, stable relationships with certain of our key customers;
- we have strong handbag and small leather goods research, development, design and commercialization capabilities;
- we possess in-depth expertise and know-how in the craftsmanship of making high-end and luxury handbags and small leather goods;
- we have an efficient and stable supply chain management system and lean production practices; and
- we have a strong senior management team with in-depth industry knowledge and an established track record.

OUR BUSINESS STRATEGIES

We seek to enhance shareholder value by leveraging our expertise in handbag and small leather goods research, development, design and manufacturing with a view to maintaining and strengthening our position as one of the leading manufacturers of outsourced luxury branded handbags and small leather goods and enhancing our own brand. To achieve these goals, we are pursuing the following principal strategies:

- broaden our customer base and expand into new segments;
- enhance and expand our research, development, design and other value-added services;
- further enhance our operational efficiency and strengthen our human resource training;
- continue to expand and improve on our manufacturing capabilities; and
- continue to enhance brand recognition for our TUSCAN'S brand and expand our retail business.

RISK FACTORS

Investing in our Shares involves substantial risk and our ability to successfully operate our business is subject to numerous risks, including those that are generally associated with operating in the PRC. Any of the factors set forth under "Risk Factors" in this prospectus may limit our ability to successfully execute our business strategy. You should carefully consider all of the information set forth in this prospectus and, in particular, should evaluate the specific factors set forth under "Risk Factors" in deciding whether to invest in our Shares. A summary of these risks is set forth below.

Risks Relating to Our Business

- We depend on our reputation as a manufacturer of high quality outsourced products
- Our business is significantly dependent on a limited number of customers
- Our development and manufacturing capabilities may not be able to keep pace with our customers' demands
- 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 results of operations depend on our ability to remain cost competitive
- We may be unable to implement our business strategies effectively
- We may face labor shortages, increases in labor costs and labor disputes which could adversely affect our growth and results of operations
- We depend on the efficient, proper and uninterrupted operation of our manufacturing facilities
- The continued expansion of our TUSCAN'S retail business depends on our ability to implement successfully our business strategy for that brand
- Failure to protect the intellectual property of our customers could harm our business
- We may become involved in trade secret disputes with regard to our product design, development and manufacturing processes
- We depend on the services of our key personnel and our ability to attract and retain skilled employees
- We rely on our information management systems and are subject to risks associated with system interruptions and failures
- Our insurance coverage may not be sufficient to cover the risks related to our operations
- Current uncertainty in global economic conditions could materially and adversely affect our business, financial condition and results of operations

- We are subject to credit risk
- 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
- There may be title defects affecting certain of our properties that we own and lease in the PRC
- We may not be able to secure funding in the future for the growth of 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
- Our industry is highly competitive
- 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
- We are subject to changes in trade policies and legislation

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
- 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's legal system embodies uncertainties that could adversely affect our business, financial condition and results of operations
- We are subject to changes in the PRC government policy on foreign investments
- Our expansion plan may be affected by PRC regulations relating to acquisitions of domestic companies by foreign entities
- Fluctuation in the value of the Renminbi may adversely affect our business and have a material and adverse effect on our investment

- We are subject to PRC government control in currency conversion
- 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
- The outbreak of any severe communicable disease in the PRC may materially and adversely affect our business, financial condition and results of operations

Risks Relating to the Global Offering

- An active, liquid trading market for our Shares may not develop
- The liquidity and market prices of the Shares following the Global Offering may be volatile
- Our Controlling Shareholders have substantial influence over us and their interests may not always be aligned with the 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
- We may not be able to pay dividends on our Shares
- 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
- 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 to our Shareholders
- 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
- You should not rely on any information contained in press articles or other media regarding the Group and the Global Offering

In this prospectus, unless the context otherwise requires, the following expressions shall have the following meanings.

"affiliate(s)"	any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
"Application Form(s)"	**WHITE**, **YELLOW** and **GREEN** application form(s) relating to the Hong Kong Public Offering or, where the context so requires, any of them
"Articles of Association" or "Articles"	the articles of association of our Company adopted on 15 November 2011 (as amended or supplemented from time to time)
"associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Board" or "Board of Directors"	the board of Directors
"Business Day"	a day (other than a Saturday or a Sunday) on which banks in Hong Kong are open for normal banking business
"BVI"	the British Virgin Islands
"CAGR"	compound annual growth rate
"Capitalization Issue"	the issue of Shares to be made upon the capitalization of certain sums standing to the credit of the share premium account of the Company as further described in "Further information about our Company — 3. Resolutions in writing of the Shareholders passed on 15 November 2011" in Appendix VI to this prospectus
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"CCASS Clearing Participant"	a person admitted to participate in CCASS as a direct clearing participant or general clearing participant
"CCASS Custodian Participant"	a person admitted to participate in CCASS as a custodian participant
"CCASS Investor Participant"	a person admitted to participate in CCASS as an investor participant who may be an individual, joint individuals or a corporation
"CCASS Participant"	a CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant
"China" or the "PRC"	the People's Republic of China. Unless the context requires, references in this prospectus to China or the PRC do not include Hong Kong, Macau and Taiwan

"Companies Law"	the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands
"Companies Ordinance"	the Companies Ordinance, Chapter 32 of the Laws of Hong Kong (as amended, supplemented or otherwise modified from time to time)
"Company" or "our Company"	Sitoy Group Holdings Limited (時代集團控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability on 21 February 2008
"Controlling Shareholder(s)"	has the meaning ascribed to it under the Listing Rules and, unless the context requires otherwise, refers to Mr. Yeung Michael Wah Keung and Mr. Yeung Wo Fai
"Cornerstone Investors"	the cornerstone investors with whom we and the Sole Global Coordinator have entered into cornerstone investment agreements as part of the International Placing as described under "Cornerstone Investors" in this prospectus
"Director(s)"	the director(s) of the Company
"ERP system"	enterprise resource planning system, an integrated software application that integrates internal and external management information across our entire organization to facilitate the flow of information between all business functions inside our organization
"ETS system"	electronic tracking system, a computer system adopted by us that helps us to keep track of our lead time for every key process of our production and evaluate the efficiency of our staff on a real-time basis
"EU"	the European Union
"Euro" or "EUR"	the Euro, the lawful currency of the member states of the European Union that have adopted the single currency of the European Monetary Union
"EVA"	ethylene vinyl acetate, which is soft, flexible, light in weight, stress-crack resistant and variable in thickness, is generally used in reinforcement of handbags, small leather goods and travel goods, and can be inserted into products of different physical requirements
"first-tier cities"	Beijing, Shanghai, Guangzhou and Shenzhen in the PRC (as there is no official classification, such classification has been determined based on our Director's knowledge and experience)

"Fiscal Year"	the 12-month period beginning on 1 July of each year and ending on 30 June of the subsequent year
"Forecast Period"	the six-month period ending 31 December 2011
"Founders"	Mr. Yeung Michael Wah Keung and Mr. Yeung Wo Fai
"GDP"	gross domestic product
"Global Offering"	the Hong Kong Public Offering and the International Placing
"GREEN application form(s)"	the application form(s) to be completed by the **White Form eIPO** Service Provider Computershare Hong Kong Investor Services Limited
"Group", "our Group", "we" or "us"	our Company and its subsidiaries at the relevant point of time (including where the context so requires, in respect of the period before our Company became the holding company of its present subsidiaries, the present subsidiaries of our Company)
"HK$" or "HK dollars"	Hong Kong dollars, the lawful currency of Hong Kong
"HKSCC"	Hong Kong Securities Clearing Company Limited
"HKSCC Nominees"	HKSCC Nominees Limited
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong Offer Shares"	the Shares offered by the Company for subscription in the Hong Kong Public Offering
"Hong Kong Public Offering"	the offer by our Company of initially 24,960,000 Shares for subscription by the public in Hong Kong for cash (subject to adjustment as described in "Structure of the Global Offering" in this prospectus) at the Offer Price (plus brokerage of 1%, SFC transaction levy of 0.003% and Stock Exchange trading fee of 0.005%) on the terms and subject to the conditions described in this prospectus and the Application Forms, as further described in "Hong Kong Public Offering" under "Structure of the Global Offering" in this prospectus
"Hong Kong Share Registrar"	Computershare Hong Kong Investor Services Limited
"Hong Kong Underwriters"	the underwriters listed in "Hong Kong Underwriters" under "Underwriting" in this prospectus, being the underwriters of the Hong Kong Public Offering

"Hong Kong Underwriting Agreement"	the underwriting agreement dated 23 November 2011 relating to the Hong Kong Public Offering and entered into by, among others, the Sole Global Coordinator, the Hong Kong Underwriters and us and the Controlling Shareholders, as further described in "Hong Kong Public Offering" under "Underwriting" in this prospectus
"IFRS"	the International Financial Reporting Standards
"Independent Third Party(ies)"	an individual(s) or a company(ies) who or which is/are not connected with (within the meaning of the Listing Rules) any director, chief executive or substantial shareholder (within the meaning of the Listing Rules) of our Company, its subsidiaries, or any of their respective associates
"International Placing"	the conditional placing by the International Underwriters of the International Placing Shares at the Offer Price outside the United States in accordance with Regulation S, and in the United States only to QIBs in accordance with Rule 144A or another available exemption from the registration requirements of the U.S. Securities Act, as further described in "Structure of the Global Offering" in this prospectus
"International Placing Agreement"	the conditional placing agreement relating to the International Placing and to be entered into on or about the Price Determination Date by, among others, the Sole Global Coordinator, the International Underwriters and us and the Controlling Shareholders, as further described in "The International Placing" under "Structure of the Global Offering" in this prospectus
"International Placing Shares"	the 224,640,000 Shares being initially offered for subscription under the International Placing together, where relevant, with any additional Shares that may be issued pursuant to any exercise of the Over-allotment Option, subject to adjustment as described in "Structure of the Global Offering" in this prospectus
"International Underwriters"	the underwriters of the International Placing
"Latest Practicable Date"	17 November 2011, being the latest practicable date prior to the printing of this prospectus for the purpose of ascertaining certain information contained in this prospectus
"Listing"	listing of the Shares on the Main Board
"Listing Committee"	the listing committee of the Stock Exchange
"Listing Date"	the date, expected to be on or about 6 December 2011, on which dealings in the Shares first commence on the Main Board

"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange (as amended, supplemented or otherwise modified from time to time)
"Macau"	the Macau Special Administrative Region of the PRC
"Main Board"	the stock exchange operated by the Stock Exchange before the establishment of the Growth Enterprise Market of the Stock Exchange (excluding the option market) and which continues to be operated by the Stock Exchange in parallel with the Growth Enterprise Market of the Stock Exchange
"Memorandum of Association" or "Memorandum"	the memorandum of association of our Company (as amended from time to time)
"Merrill Lynch"	Merrill Lynch Far East Limited
"Michael Kors"	Michael Kors (USA), Inc.
"MOFCOM"	the Ministry of Commerce of the PRC (中華人民共和國商務部)
"Mr. Yeung Michael Wah Keung"	Mr. Yeung Michael Wah Keung, a Controlling Shareholder, the Chairman and an executive Director, who is also a brother of Mr. Yeung Wo Fai
"Mr. Yeung Wo Fai"	Mr. Yeung Wo Fai, a Controlling Shareholder, the chief executive officer and an executive Director, who is also a brother of Mr. Yeung Michael Wah Keung
"Offer Price"	the final offer price per Offer Share (exclusive of brokerage of 1%, SFC transaction levy of 0.003% and Stock Exchange trading fee of 0.005%) at which the Hong Kong Offer Shares are to be subscribed under the Hong Kong Public Offering, and at which the International Placing Shares are to be offered under the International Placing, to be determined as described in "Pricing of the Global Offering" under "Structure of the Global Offering" in this prospectus
"Offer Shares"	the Hong Kong Offer Shares and the International Placing Shares
"Over-allotment Option"	the option to be granted by the Company to the International Underwriters exercisable by the Sole Global Coordinator on behalf of the International Underwriters under the International Placing Agreement, to require the Company to allot and issue up to 37,440,000 additional Shares at the Offer Price, to, among other things, cover over-allocations in the International Placing, if any

"PBOC"	People's Bank of China (中國人民銀行), the central bank of the PRC
"Price Determination Date"	on or about Wednesday, 30 November 2011 (Hong Kong time) at which time the Offer Price is determined, or such later time as the Company and the Sole Global Coordinator (on behalf of the Underwriters) may agree, but in any event not later than Monday, 5 December 2011
"PU"	polyurethane, which is typically called synthetic leather or imitation leather, coming in a thin form as an alternative to lamb or goat skin and generally more eco-friendly, lighter in weight, water-resistant and stronger in composition, which makes polyurethane an alternative to PVC as a reinforcement material to strengthen and enhance the appearance of handbags and small leather goods
"PVC"	polyvinylchloride, which is typically called synthetic leather or imitation leather and an alternative as shell material used in the making of handbag and small leather good. It comes in many varieties which are used in fashion design and can also be used as a reinforcement material to strengthen and enhance the appearance of handbags, small leather goods and travel goods
"QIB"	a qualified institutional buyer as defined in Rule 144A
"R&D Center"	our research and development center
"Regulation S"	Regulation S under the U.S. Securities Act
"Reorganization"	the reorganization of the companies now comprising our Group in preparation for the Listing, details of which are set out in "Further information about our Company — 4. Group Reorganization" in Appendix VI to this prospectus
"RMB"	Renminbi, the lawful currency of the PRC
"Rule 144A"	Rule 144A under the U.S. Securities Act
"SAFE"	State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局), the PRC government authority responsible for matters relating to foreign exchange administration
"SAP"	SAP Enterprise Resource Planning System
"SEA"	South East Asia

"second-tier cities"	Tianjin, Chongqing, and provincial capital cities (excluding Guangzhou) in the PRC (as there is no official classification, such classification has been determined based on our Director's knowledge and experience)
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (as amended, supplemented or otherwise modified from time to time)
"Share(s)"	ordinary share(s) with a nominal value of HK$0.10 each in the share capital of the Company
"Shareholder(s)"	holder(s) of the Share(s)
"Share Option Scheme"	the share option scheme conditionally adopted by the Company on 15 November 2011, the principal terms of which are summarized in "Other information — 14. Share Option Scheme" in Appendix VI to this prospectus
"Sitoy Company"	Sitoy Company Limited, a company incorporated in Hong Kong with limited liability on 29 July 1986 and an indirect wholly-owned subsidiary of our Company
"Sitoy Dongguan"	Dongguan Shidai Leather Products Factory Co., Ltd. (東莞時代皮具製品廠有限公司), a wholly foreign-owned enterprise established under the laws of the PRC on 13 July 1992 and an indirect wholly-owned subsidiary of our Company
"Sitoy Factory"	Sitoy Handbag Factory Limited, a company incorporated in the BVI with limited liability on 23 May 2011 and a direct wholly-owned subsidiary of our Company
"Sitoy Guangzhou"	Guangzhou Sitoy Leather Goods Company Limited* (廣州美樂時皮具有限公司), a wholly foreign-owned enterprise established under the laws of the PRC on 18 January 2011 and an indirect wholly-owned subsidiary of our Company
"Sitoy Handbag"	Sitoy (Hong Kong) Handbag Factory Limited, a company incorporated in Hong Kong with limited liability on 9 July 1982 and an indirect wholly-owned subsidiary of our Company
"Sitoy International"	Sitoy International Limited, a company incorporated in the BVI with limited liability on 10 September 2010 and a direct wholly-owned subsidiary of our Company

"Sitoy Investment"	Sitoy Investment International Limited, a company incorporated in the BVI with limited liability on 23 May 2011 and a direct wholly-owned subsidiary of our Company
"Sitoy Retailing"	Sitoy Retailing Limited, a company incorporated in Hong Kong with limited liability on 21 September 2010 and an indirect wholly-owned subsidiary of our Company
"Sitoy Yingde"	Sitoy (Yingde) Leather Products Co., Ltd. (時代(英德)皮具製品有限公司), a wholly foreign-owned enterprise established under the laws of the PRC on 11 December 2006 and an indirect wholly-owned subsidiary of our Company
"SKU"	Stock-keeping unit, a number or code used to identify each unique product or item for sale in a store
"Sole Bookrunner"	Merrill Lynch International
"Sole Global Coordinator"	Merrill Lynch International
"Sole Lead Manager"	Merrill Lynch for the Hong Kong Public Offering and Merrill Lynch International for the International Placing
"Sole Sponsor"	Merrill Lynch
"sq.m."	square meters
"Stock Borrowing Agreement"	the stock borrowing agreement expected to be entered into on or about the Price Determination Date between Mr. Yeung Michael Wah Keung and Merrill Lynch Japan Securities Co., Ltd.
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary(ies)"	has the meaning ascribed to it under the Listing Rules
"Track Record Period"	the three consecutive Fiscal Years ended 30 June 2011
"TUSCAN'S Europe"	TUSCAN'S Creations S.r.l.
"Underwriters"	the Hong Kong Underwriters and the International Underwriters
"Underwriting Agreements"	the Hong Kong Underwriting Agreement and the International Placing Agreement
"U.S." or "United States"	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"U.S. Securities Act"	the United States Securities Act of 1933, as amended

"US$" or "U.S. dollar"	the United States dollar, the lawful currency of the United States
"White Form eIPO"	the application for Hong Kong Offer Shares to be issued in the applicant's own name by submitting applications online through the designated website at **www.eipo.com.hk**
"White Form eIPO Service Provider"	Computershare Hong Kong Investor Services Limited
"WHITE Application Form(s)"	the form(s) of application for the Public Offers Shares for use by the public who require such Public Offer Shares to be issued in the applicants' own name
"YELLOW Application Form(s)"	the form(s) of application for the Public Offer Shares for use by the public who require such Public Offer Shares to be deposited directly into CCASS

Unless otherwise specified, all references to any shareholdings in the Company following the completion of the Global Offering assume that the Over-allotment Option is not exercised.

The terms "associate", "connected person", "connected transaction" and "subsidiary" shall have the meanings given to such terms in the Listing Rules, unless the context otherwise requires.

The names of PRC laws, regulations, governmental authorities, institutions, and of companies or entities marked with an asterisk (*) included in this prospectus are translations of their Chinese names and included for identification purposes only. In the event of inconsistency, the Chinese versions shall prevail.

In this prospectus, all references to years are to calendar years unless otherwise stated. All dates and times refer to Hong Kong dates and time.

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.

This prospectus contains forward-looking statements that state our intentions, beliefs, expectations or predictions for the future that are, by their nature, subject to significant risks and uncertainties. These forward-looking statements include all statements in this prospectus that are not historical fact, including, without limitation, statements relating to:

- our operations and business prospects;
- future developments, trends and conditions in the industries in the PRC and other countries in which our customers sell their products;
- our strategies, plans, objectives and goals and our ability to implement such strategies and achieve our plans, objectives and goals;
- the amount and nature of, and potential for, future development of our business;
- the regulatory environment relating to, and the general industry outlook for, the handbags, small leather goods and travel goods supply and retail industries in the PRC and globally;
- our dividend policy;
- prospective financial matters regarding our business;
- our future capital needs and capital expenditure plans;
- the competitive markets for manufacturers of handbags, small leather goods and travel goods and the actions and developments of our competitors; and
- the general political and economic environment in the PRC.

When used in this prospectus, the words "aim", "anticipate", "believe", "could", "expect", "going forward", "intend", "may", "ought to", "plan", "project", "seek", "should", "will", "would" and similar expressions, as they relate to us, are intended to identify forward-looking statements. However, all statements in the prospectus other than statements of historical fact are forward-looking statements. Such forward-looking statements reflect our views of our management as of the date of this prospectus with respect to future events and are subject to certain risks, uncertainties and assumptions, including the risk factors described in this prospectus. Actual results and events may differ materially from information contained in the forward-looking statements as a result of a number of factors, including:

- our ability to maintain our reputation as a manufacturer of high quality products and compete effectively;
- changes affecting the industries of, and product demands from, our customers;

- our production capabilities and managing our expected growth;
- our ability to control costs and source raw materials;
- our ability to collect our trade receivables;
- our relations with our employees;
- our ability to protect the intellectual property of our Group and our customers;
- our ability to maintain, monitor and upgrade our ETS and ERP systems;
- changes to regulatory and legal environment affecting our business;
- economic growth and inflation in the PRC and developments in the capital markets; and
- other factors beyond our control.

Should one or more of these risks or uncertainties materialize, or should the underlying assumptions prove to be incorrect, our results of operations and financial condition may be adversely affected and may vary materially from those described herein as anticipated, believed or expected. Accordingly, such statements are not a guarantee of future performance and you should not place undue reliance on such forward-looking information. Moreover, the inclusion of forward-looking statements should not be regarded as representations by us that our plans and objectives will be achieved or realized.

The forward-looking statements in the prospectus reflect the views of our management as of the date of this prospectus and are subject to change in light of future developments. Subject to the requirements of the Listing Rules, we do not intend to update or otherwise revise the forward looking statements in this prospectus, whether as a result of new information, future events or otherwise.

We have entered into, and will continue to carry on certain transactions, which would constitute non-exempt continuing connected transactions of our Company under the Listing Rules upon Listing. We have applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with the announcement requirement under Chapter 14A of the Listing Rules in respect of such transactions. Further details of such non-exempt continuing connected transactions and the waiver are set out in the section headed "Connected Transactions" in this prospectus.

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This prospectus, for which our Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Companies Ordinance, the Securities and Futures (Stock Market Listing) Rules (Chapter 571V of the Laws of Hong Kong) and the Listing Rules for the purpose of giving information with regard to us. Our Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this prospectus is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement in this prospectus or this prospectus misleading.

UNDERWRITING

This prospectus is published solely in connection with the Hong Kong Public Offering. For applicants under the Hong Kong Public Offering, this prospectus and the related Application Forms contain the terms and conditions of the Hong Kong Public Offering.

The Listing is sponsored by the Sole Sponsor. Pursuant to the Hong Kong Underwriting Agreement, the Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters on a conditional basis, with one of the conditions that the Offer Price is agreed among the Sole Sponsor (on behalf of the Hong Kong Underwriters), the Sole Global Coordinator (on behalf of the International Underwriters) and us. The International Placing is managed by the Sole Global Coordinator. The International Placing Agreement is expected to be entered into on or about the Price Determination Date, subject to agreement on the Offer Price among the Sole Sponsor, the Sole Global Coordinator and us. If, for any reason, the Offer Price is not agreed among the Sole Sponsor, the Sole Global Coordinator and us, the Global Offering will not proceed. Further details about the Underwriters and the underwriting arrangements are contained in "Underwriting" in this prospectus.

DETERMINATION OF THE OFFER PRICE

The Offer Shares are being offered at the Offer Price which will be determined by the Sole Sponsor (on behalf of the Hong Kong Underwriters), the Sole Global Coordinator (on behalf of the International Underwriters) and us on or around Wednesday, 30 November 2011, and in any event no later than Monday, 5 December 2011.

If the Sole Sponsor and the Sole Global Coordinator and we are unable to reach an agreement on the Offer Price, the Global Offering will not become unconditional and will lapse.

RESTRICTIONS ON OFFER AND SALE OF SHARES

No action has been taken to permit a public offer of the Offer Shares other than in Hong Kong or the general distribution of this prospectus and/or the related Application Forms in any jurisdiction other than Hong Kong. Accordingly, this prospectus may not be used for the purposes of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorized or to any person to whom it is unlawful to make such an offer or invitation. The distribution of this prospectus and the offering and sales of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption therefrom. Each person acquiring the Hong Kong Offer Shares under the

Hong Kong Public Offering will be required to confirm, or be deemed by his acquisition of Hong Kong Offer Shares to confirm, that he is aware of the restrictions on offers and sales of the Offer Shares described in this prospectus.

The Offer Shares are offered for subscription solely on the basis of the information contained and representations made in this prospectus and related Application Forms, and on the terms and subject to the conditions set out in this prospectus and the Application Forms. No person is authorized in connection with the Global Offering to give any information, or to make any representation, not contained in this prospectus, and any information or representation not contained in this prospectus must not be relied upon as having been authorized by the Company, the Sole Sponsor, the Underwriters, any of their respective directors or any other persons or parties involved in the Global Offering.

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

Application has been made to the Listing Committee for the Listing of, and permission to deal in, the Shares in issue and the Shares to be issued pursuant to the Capitalization Issue, the Shares to be issued pursuant to the Global Offering and any Shares which may fall to be issued upon the exercise of any options that may be granted under the Share Option Scheme. Dealings in the Shares on the Stock Exchange are expected to commence on Tuesday, 6 December 2011.

No part of the share or loan capital of the Company is listed on or dealt in on any other stock exchange and no such listing or permission to list is being or is proposed to be sought in the near future.

Under section 44B(1) of the Companies Ordinance, any allocation made in respect of any application will be invalid if permission for listing of, or dealing in, the Offer Shares on the Stock Exchange is refused before the expiration of three weeks from the date of the closing of the application lists, or such longer period (not exceeding six weeks) as may, within the three weeks, be notified to the Company by the Stock Exchange.

REGISTER OF MEMBERS AND STAMP DUTY

All Shares issued pursuant to applications made in the Hong Kong Public Offering and the International Placing will be registered on the Company's share register of members to be maintained in Hong Kong by the Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited. The Company's principal register of members will be maintained by the Company's principal share registrar, Butterfield Fulcrum Group (Cayman) Limited in the Cayman Islands.

Dealings in the Shares registered on the register of members of the Company in Hong Kong will be subject to Hong Kong stamp duty.

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the granting of listing of, and permission to deal in, the Shares on the Main Board and the Company's compliance with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing Date or any other date as HKSCC chooses. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second Business Day after any trading day. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All necessary arrangements have been made for the Shares to be admitted into CCASS.

PROFESSIONAL TAX ADVICE RECOMMENDED

Applicants for the Offer Shares are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of holding and dealing in the Shares. It is emphasized that none of the Company, the Sole Sponsor, the Underwriters, any of their respective directors, agents or advisers or any other persons or parties involved in the Global Offering accepts responsibility for any tax effects or liabilities of holders of Shares resulting from the subscription, purchase, holding or disposal of Shares.

PROCEDURES FOR APPLICATION FOR SHARES

The procedures for applying for the Hong Kong Offer Shares are set out in "How to Apply for Hong Kong Offer Shares" and on the relevant Applications Forms.

STRUCTURE OF THE GLOBAL OFFERING

Details of the structure of the Global Offering, including its conditions, are set out in "Structure of the Global Offering" in this prospectus.

ROUNDING

Certain amounts and percentage figures included in this prospectus have been subject to rounding adjustments. As a result, any discrepancies in any table or chart between the total shown and the sum of the amounts listed are due to rounding. Where information is presented in thousands or millions of units, amounts may have been rounded up or down.

DIRECTORS

Name	Address	Nationality
Executive Directors		
Mr. Yeung Michael Wah Keung (楊華強) *Chairman*	No.7 Kadoorie Avenue Kowloon Hong Kong	Canadian
Mr. Yeung Wo Fai (楊和輝) *Chief executive officer*	House No. 8 Celestial Heights Phase 2 80 Sheung Shing Street Ho Man Tin Kowloon Hong Kong	Canadian
Mr. Yu Chun Kau (余振球) *Chief financial officer*	Flat E, 43th Floor L'Hiver Les Saisons 28 Tai On Street Sai Wan Ho Hong Kong	Chinese (Hong Kong)
Mr. Chan Ka Dig Adam (陳加廸) *Head of sales and marketing*	Flat 5D, Block 1 Cascades Ho Man Tin Kowloon Hong Kong	Chinese (Hong Kong)
Mr. Yeung Andrew Kin (楊健) *Head of retail*	Flat 15B Hibiscus court World Wide Garden Shatin New Territories Hong Kong	Canadian
Independent non-executive Directors		
Mr. Yeung Chi Tat (楊志達)	Flat E, 60th Floor Tower 3 Vision City Tsuen Wan New Territories Hong Kong	Chinese (Hong Kong)

Name	Address	Nationality
Mr. Kwan Po Chuen, Vincent (關保銓)	Flat E, 1st Floor Blessings Garden Phase I 95 Robinson Road Mid-Levels Hong Kong	Chinese (Hong Kong)
Mr. Lung Hung Cheuk (龍洪焯)	Flat G, 3rd Floor Block 12 Sceneway Garden Lam Tin Kowloon Hong Kong	Chinese (Hong Kong)

Sole Global Coordinator and Sole Bookrunner	Merrill Lynch International 2 King Edward Street London EC1A 1HQ United Kingdom
Sole Sponsor and Stabilization Manager	Merrill Lynch Far East Limited 15th Floor, Citibank Tower 3 Garden Road, Central Hong Kong
Sole Lead Manager	*Hong Kong Public Offering:* Merrill Lynch Far East Limited 15th Floor, Citibank Tower 3 Garden Road, Central Hong Kong *International Placing:* Merrill Lynch International 2 King Edward Street London EC1A 1HQ United Kingdom
Legal advisers to our Company	*As to Hong Kong law* Woo Kwan Lee & Lo 26th Floor, Jardine House 1 Connaught Place Central Hong Kong *As to United States law* Ashurst Hong Kong in association with Jackson Woo & Associates 16th Floor, ICBC Tower, Citibank Plaza 3 Garden Road Central Hong Kong *As to PRC law* King & Wood PRC Lawyers 40th Floor, Office Tower A, Beijing Fortune Plaza 7 Dongsanhuan Zhonglu, Chaoyang District Beijing 100020 PRC *As to Cayman Islands laws* Maples and Calder 53rd Floor, The Center 99 Queen's Road Central Hong Kong

Legal advisers to the Underwriters	*As to Hong Kong and United States laws* Fried, Frank, Harris, Shriver & Jacobson 9th Floor, Gloucester Tower, The Landmark 15 Queen's Road Central Hong Kong *As to PRC law* Commerce & Finance Law Offices 6th Floor NCI Tower A12 Jianguomenwai Avenue Chaoyang District Beijing 100022 PRC
Reporting accountants	Ernst & Young *Certified public accountants* 18th Floor, Two International Finance Centre 8 Finance Street Central Hong Kong
Property valuer	Savills Valuation and Professional Services Limited 23rd Floor, Two Exchange Square Central Hong Kong
Receiving banks	The Hongkong and Shanghai Banking Corporation Limited Level 30, HSBC Main Building 1 Queen's Road Central Central Hong Kong Hang Seng Bank Limited 83 Des Voeux Road Central Central Hong Kong

Registered Office	Scotia Centre 4th Floor, P.O. Box 2804 George Town Grand Cayman KY1-1112 Cayman Islands
Head office and principal place of business in Hong Kong	4-5th Floor The Genplas Building 56 Hoi Yuen Road Kwun Tong Kowloon Hong Kong
Principal place of business in the PRC	The Third Industrial District Qiaotou Village Houjie Town Dongguan Guangdong Province PRC
Company secretary	Mr. Yu Chun Kau (余振球) *FCPA (Practicing),* *FCCA, ACA, ACS, ACIS, SIFM*
Authorized representatives	Mr. Yeung Wo Fai (楊和輝) House No. 8 Celestial Heights Phase 2 80 Sheung Shing Street Ho Man Tin Kowloon Hong Kong Mr. Yu Chun Kau (余振球) Flat E, 43th Floor L'Hiver Les Saisons 28 Tai On Street Sai Wan Ho Hong Kong
Audit committee	Mr. Yeung Chi Tat (楊志達) *(Chairman)* Mr. Kwan Po Chuen, Vincent (關保銓) Mr. Lung Hung Cheuk (龍洪焯)

Remuneration committee	Mr. Yeung Michael Wah Keung (楊華強) *(Chairman)* Mr. Yeung Chi Tat (楊志達) Mr. Lung Hung Cheuk (龍洪焯)
Nomination committee	Mr. Yeung Wo Fai (楊和輝) *(Chairman)* Mr. Kwan Po Chuen, Vincent (關保銓) Mr. Lung Hung Cheuk (龍洪焯)
Compliance adviser	Guangdong Securities Limited Units 2505-06, 25/F., Low Block Grand Millennium Plaza 181 Queen's Road Central Hong Kong
Cayman Islands principal share registrar and transfer office	Butterfield Fulcrum Group (Cayman) Limited Butterfield House 68 Fort Street P.O. Box 609 Grand Cayman KY1-1107 Cayman Islands
Hong Kong Share Registrar and transfer office	Computershare Hong Kong Investor Services Limited Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East Wan Chai Hong Kong
Principal bankers	The Hongkong and Shanghai Banking Corporation Limited 1 Queen's Road Central Central Hong Kong Hang Seng Bank Limited 83 Des Voeux Road Central Central Hong Kong
Company's website address	**www.sitoy.com** (information on this website does not form part of this prospectus)

Set forth below are summaries of all material regulatory requirements that our Group is subject to in each of the jurisdictions in which we operate.

LAWS AND REGULATIONS RELATING TO FOREIGN INVESTED ENTERPRISES

The establishment and organizational structure of companies in the PRC are governed by the Company Law of the PRC (中華人民共和國公司法) (the "Company Law") which was enacted by the Standing Committee of the National People's Congress of the PRC (全國人民代表大會常務委員會) (the "Standing Committee of NPC") and was first implemented on 1 July 1994. The currently effective Company Law was amended by the Standing Committee of NPC on 27 October 2005 and was implemented on 1 January 2006. The Company Law provides, among other things, the establishment, organizational structure, corporate management of companies, qualifications and obligations of company directors, supervisors and senior officers. The Company Law also applies to foreign-invested limited liability companies and companies limited by shares, unless otherwise provided in laws on foreign investment, in which case such provisions shall apply.

According to the Guidance Catalogue of Industries for Foreign Investment (Amended in 2007) (外商投資產業指導目錄 (2007年修訂)), which was promulgated on 31 October 2007 and came into force on 1 December 2007, the area of the manufacturing and sale of handbag, small leather goods and travel goods belongs to the Catalogue of Permitted Foreign Investment Industries, which means that foreign investors may invest in this area.

Wholly foreign-owned enterprises are also governed by the Law on Wholly Foreign-Owned Enterprises of the PRC (中華人民共和國外資企業法) (the "Wholly Foreign-Owned Enterprise Law") and its implementation rules. The currently effective Wholly Foreign-Owned Enterprise Law was adopted by the Standing Committee of the NPC on 31 October 2000. The establishment procedures, registration procedures, registered capital and corporate structures of wholly foreign-owned enterprises are regulated by the abovementioned laws and regulations. The Ministry of Commerce or the relevant local authorities are responsible for approving the establishment of wholly foreign-owned enterprises and other changes to the enterprises, such as changes in capital, equity transfer and consolidation.

LAWS AND REGULATIONS RELATING TO TAXATION

The PRC subsidiaries of our Group shall pay tax in accordance with the PRC laws relating to taxation.

Corporate income tax

On 1 January 2008, the Income Tax Law for Enterprises with Foreign Investment and Foreign Enterprises of the PRC (中華人民共和國外商投資企業和外國企業所得稅法) was abolished and the PRC Corporate Income Tax Law, or CIT Law, promulgated on 16 March 2007, became effective. Save as any preferential treatment provided under the PRC laws and regulations, domestic enterprises and foreign-invested enterprises shall be subject to a unified applicable enterprise income tax rate of 25%. Pursuant to the PRC Corporate Income Tax Law, enterprises are divided into resident enterprises and non-resident enterprises. A resident enterprise refers to an enterprise that is established inside the PRC, or which is established under the law of a foreign country (region) but whose actual management organization is inside the PRC. A non-resident enterprise refers to an enterprise established under the law of a foreign country (region), whose actual management organization is not inside the PRC but which has

offices or establishments inside the PRC; or which does not have any offices or establishments inside the PRC but has incomes sourced in the PRC. A resident enterprise shall pay the enterprise income tax on its incomes derived from both inside and outside the PRC at the rate of 25%. A non-resident enterprise having offices or establishments inside the PRC shall pay enterprise income tax on its incomes derived from the PRC and incomes derived from outside the PRC but which has actual connection with the said offices or establishments at the rate of 25%. A non-resident enterprise which has no office or establishment inside the PRC, or whose income has no actual connection with its office or establishment inside the PRC shall pay enterprise income tax on the incomes derived from the PRC at the rate of 20%.

For those enterprises that were established prior to the promulgation of the PRC Corporate Income Tax Law and enjoyed lower tax rates according to the provisions of the previous tax laws and regulations, their income tax rates shall, according to the stipulations of the State Council, be gradually transferred to the tax rate provided in the PRC Corporate Income Tax Law within five years after the PRC Corporate Income Tax Law is promulgated. Those enterprises are exempt from paying income tax for a period of two years starting from the year when they begin to make a profit or 1 January 2008, whichever is earlier, and thereafter enjoy a half tax payment reduction for the following three years. The enterprises that have enjoyed the preferential treatment of tax exemption for a fixed term may, according to the stipulations of the State Council, continue to enjoy such treatment after the promulgation of the PRC Corporate Income Tax Law until the fixed term expires. However, for those that have failed to enjoy the preferential treatment due to failure to make profits, the term of preferential treatment may be counted as of the year when the PRC Corporate Income Tax Law is promulgated.

Withholding tax

The PRC Corporate Income Tax Law prescribes a standard withholding tax rate of 20% on dividends and other PRC-sourced passive income of non-resident enterprises. However, the implementation rules of the PRC Corporate Income Tax Law reduced the rate from 20% to 10%, effective from 1 January 2008.

The PRC government and the Hong Kong government signed Arrangement between the Mainland of the PRC and Hong Kong for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (內地和香港特別行政區關於對所得避免雙重徵税和防止偷漏税的安排) on 21 August 2006 (the "Arrangement"). According to the Arrangement, no more than 5% withholding tax rate applies to dividends paid by a PRC company to a Hong Kong tax resident, provided that the recipient is a company that directly holds at least 25% of the capital of the PRC company.

Value-added tax

The Provisional Regulation concerning value-added tax of the PRC (中華人民共和國增值税暫行條例) was promulgated by the State Council on 13 December 1993 and revised on 5 November 2008. Under this regulation and its implementing rule, value-added tax is imposed on goods sold in or imported into the PRC and on processing, repair and replacement services provided within the PRC. The value-added tax in general is at the rate of 17% for goods sold or imported by taxpayers. Small-scale taxpayers are subject to value-added tax rate of 3%. For certain specified categories of goods sold or imported by taxpayers, the value-added tax rate is 13%.

On 3 June 2009, the Ministry of Finance and the State Administration of Taxation issued the Circular on the improvement of the export tax rebate rate of certain commodities (Caishui (2009) No. 88) (關於進一步提高部分商品出口退税率的通知(財税(2009)88號), which came into effect on 1 June 2009. Under such notice, the export tax rebate rate for bags and cases has been increased to 15%.

Real property tax

Pursuant to the Interim Regulation on Real Property Tax of the PRC (中華人民共和國房產税暫行條例) promulgated by the State Council on 15 September 1986 (the "Interim Regulation on Real Property Tax"), the real property tax is payable by the real property owners on the remaining value of the original price of the property after an one-off deduction of 10% to 30% of its price. The tax rates of real property will be 1.2% if the tax is levied on the remaining value of the real property or 12% if the tax is levied on the rental income of the real property. Pursuant to the Notice Concerning Relevant Issues of Levy of Real Property Tax from Foreign Enterprises and Foreign Individuals (關於對外資企業及外籍個人徵收房產税有關問題的通知) jointly issued by the Ministry of Finance of the PRC (中華人民共和國財政部) and State Administration of Taxation (國家税務總局) on 12 January 2009 and the 546th Order issued by the State Council on 31 December 2008, the Provisional Urban Real Property Tax Regulation (城市房地產税暫行條例) was repealed with effect from 1 January 2009. Foreign-invested enterprises, foreign enterprises and organizations and foreign individuals (including enterprises and organizations with Hong Kong, Macau and Taiwan investments and overseas Chinese, compatriots from Hong Kong, Macau and Taiwan, collectively known as foreign enterprises and foreign individuals) shall pay real property tax by reference to Interim Regulation on Real Property Tax.

REGULATIONS ON DIVIDEND DISTRIBUTION

The principal laws and regulations governing distribution of dividends paid by domestic companies and wholly foreign-owned enterprises include (i) the Company Law; and (ii) Wholly Foreign-Owned Enterprise Law and implementation regulations. Under the above laws and regulations, domestic companies and wholly foreign-owned enterprises in the PRC may pay dividends only from accumulated after-tax profits. In addition, such enterprises are required to allocate at least 10% of their after-tax profits each year, if any, to their statutory common reserve, until the accumulated amount reaches 50% of the registered capital of such enterprises. The statutory common reserve is not distributable as cash dividends. Under the relevant PRC law, no net assets other than the accumulated after-tax profits can be distributed in the form of dividends.

LAWS RELATING TO FOREIGN EXCHANGE

The principal law governing foreign currency exchange in the PRC is the Regulation on Foreign Exchange Administration of the PRC (中華人民共和國外匯管理條例) (the "Foreign Exchange Rules"). The Foreign Exchange Rules was first enacted by the State Council on 29 January 1996. On 1 August 2008, the State Council amended the Foreign Exchange Rules. Pursuant to the Foreign Exchange Rules, the foreign exchange income of a domestic organization or individual may be transferred back into the PRC or deposited overseas, the specific conditions and term requirements of which shall be determined by the foreign exchange administrative department of the State Council in light of the balance of payments and the foreign exchange administrative requirements. Conversion of RMB and remittance of the foreign currency outside the PRC for capital account items, such as direct equity investments, loans and repatriation of investment, are subject to prior approval from SAFE or its local counterpart.

LAWS AND REGULATIONS RELATING TO PRODUCT QUALITY

Pursuant to the Product Quality Law of the PRC (中華人民共和國產品質量法), which was promulgated on 22 February 1993 and revised on 8 July 2000, producers shall be liable for the products they produce. Where a defective product causes physical injury to a person or damage to property, the victim may claim compensation against the producer or the seller of such product. If the case is severe enough to constitute a crime, criminal responsibility shall apply.

On 31 October 1993, the Standing Committee of NPC enacted the Law on Protection of Consumers' Rights and Interests of the PRC (中華人民共和國消費者權益保護法), which came to effect on 1 January 1994. The consumers who purchase and use commodities or receive services for daily consumption shall have the protection under the said law. Business operators which provide the commodities manufactured or sold by them or render services to the consumers shall abide by this law. Business operators shall guarantee that commodities and services supplied comply with the requirements of personal and property safety. Business operators shall make compensations if damages occur. Where the case is severe enough to constitute a crime, criminal responsibility shall apply.

LAWS RELATING TO TRADEMARKS

The PRC Trademark Law (中華人民共和國商標法) which was promulgated on 23 August 1982, amended on 22 February 1993 and on 27 October 2001, seeks to improve the administration of trademarks, protect the right to exclusive use of trademarks and encourage producers and operators to guarantee the quality of their goods and services and maintain the reputation of their trademarks, so as to protect the interests of consumers and of producers and operators.

Under this law, any of the following acts shall be an infringement upon the right to exclusive use of a registered trademark: using a trademark which is identical with or similar to the registered trademark on the same kind of commodities or similar commodities without a license from the registrant of that trademark; selling the commodities that infringe upon the right to exclusive use of a registered trademark; forging, manufacturing without authorization the marks of a registered trademark of others, or selling the marks of a registered trademark forged or manufactured without authorization; changing a registered trademark and putting the commodities with the changed trademark into the market without the consent of the registrant of that trademark; and causing other damage to the right to exclusive use of a registered trademark of another person. In the event of any above mentioned acts which infringe upon the right to the exclusive use of a registered trademark, the infringer would be imposed a fine, ordered to stop the infringement acts immediately, and give the infringed party compensation.

LAWS AND REGULATIONS RELATING TO ENVIRONMENTAL PROTECTION

Our operations are subject to PRC environmental laws and regulations, which include the Environmental Protection Law of the PRC (中華人民共和國環境保護法), the Law on Prevention and Control of Atmospheric Pollution of the PRC (中華人民共和國大氣污染防治法), the Law on Prevention and Control of Water Pollution of the PRC (中華人民共和國水污染防治法), the Law on Prevention and Control of Environmental Pollution by Solid Wastes of the PRC (中華人民共和國固體廢物污染環境防治法), the Law on Prevention and Control of Environmental Noise Pollution of the PRC (中華人民共和國環境噪聲污染防治法), the Administrative Regulations on Environmental Protection for Construction Projects (建設項目環境保護管理條例), the Administrative Regulations on Levy and Utilization of Sewage Charge (排污費徵收使用管理條例) and the Law on Appraising of Environment Impacts of the PRC (中華人民共和國環境影響評價法).

According to the environmental laws and regulations, all business operations that may cause environmental pollution and other public hazards are required to incorporate environmental protection measures into their plans and establish a reliable system for environmental protection. These operations must adopt effective measures to prevent and control pollution levels and harm caused to the environment in the form of waste gas, liquid and solid waste, dust, malodorous gas, radioactive substances, noise, vibration, and electromagnetic radiation generated in the course of production, construction, or other activities.

According to the environmental laws and regulations, companies are also required to carry out an environmental impact assessment before commencing construction of manufacturing facilities and also must install pollution treatment facilities that meet the relevant environmental standards to treat pollutants before discharge.

If a company fails to report and/or register in respect of any environmental pollution caused by it, it will be warned or subject to penalties. If the company then fails to restore the environment to its original state or improve the environment as affected by the pollution within the time limit, it will be penalized, and its business license may be suspended. Companies or enterprises causing environmental pollutions and hazards are responsible for taking actions to remedy the hazards and consequences caused by the pollutions, and compensation for any loss or damages caused by the environmental pollutions.

Enterprises are required to comply with the applicable national and local environmental laws and regulations.

LAWS AND REGULATIONS RELATING TO LABOR AND SOCIAL INSURANCE

The Standing Committee of NPC promulgated the Labor Law of the PRC (中華人民共和國勞動法), which became effective on 1 January 1995. Pursuant to the Labor Law of the PRC, the State shall implement a system of guaranteed minimum wages. Specific standards on minimum wages shall be stipulated by provincial, autonomous regional and municipal people's governments and reported to the State Council for registration. The employer shall pay laborers wages no lower than local standards on minimum wages.

On 29 June 2007, the Standing Committee of NPC promulgated the PRC Employment Contract Law (中國人民共和國勞動合同法), which became effective on 1 January 2008. The PRC Employment Contract Law contains provisions for the protection of the legitimate rights of employees including the requirement of execution of labor contracts in written form, the stipulation as to circumstances under which employees may be entitled to economic compensation for termination of labor contracts and the imposition of stricter penalties on employers who fail to pay wages or social security premiums for their employees according to the laws and regulations.

According to the Interim Regulation on Collections and Payment of Social Insurance Fund (社會保險費徵繳暫行條例) promulgated and implemented on 22 January 1999 by the State Council and the Regulation on Work-related Injury Insurance (工傷保險條例) implemented on 1 January 2004 by the State Council, the employer shall pay pension insurance fund, basic medical insurance fund, unemployment insurance fund and occupational injury insurance fund for the employees. In addition, we are also subject to other social insurance laws and regulations in the PRC including the Unemployment Insurance Law (失業保險條例) and the Provisional Insurance Measures for Maternity of Employees (企業職工生育保險試行辦法).

According to the Regulations on the Management of Housing Provident Fund (住房公積金管理條例) effective on 3 April 1999 and revised on 24 March 2002, the PRC companies shall go through housing fund registration with the local housing fund administration centers and open housing fund accounts for their employees with banks. A company may be subject to an order to attend to registration within a time limit for failure to comply with the rules in relation to the abovementioned registration and accounts opening. If a company fails to attend to registration within the prescribed time limit, it shall be imposed with a penalty ranging from RMB10,000 to RMB50,000. Where a company fails to pay up housing funds within the time limit, the housing provident fund management centre will order it to make payment within a certain period of time, and if the company still fails to do so, the housing provident fund management centre may apply to the court for enforcement of the unpaid amount.

On 28 October 2010, the Standing Committee of NPC promulgated the PRC Social Insurance Law (中華人民共和國社會保險法), which became effective on 1 July 2011. The PRC Social Insurance Law covers a wide range of social insurance programs, including basic pension insurance, basic medical insurance, work-related injury insurance, unemployment insurance and maternity insurance, and covers all employing entities within the territory of the PRC and all individuals, including city residents, flexible employment individuals, migrant workers and foreigners working in the PRC. Major provisions include, but are not limited to, the portability of basic pension and health care benefits across different regions in the country, the establishment of a nationwide unified personal social security ID system based on the same identity number for each citizen, the gradual realization of a national pooling fund for the basic pension scheme and a provincial pooling fund for the other social insurance schemes, the coverage of foreigners working in the PRC, enhanced compliance and enforcement measures with regard to a unified collection of social insurance contributions, privacy protection as regards social security information, prevention of the misappropriation of social insurance funds, investment and management of the non-contributory national social security fund (as a strategic reserve for the social insurance schemes).

OVERSEAS REGULATIONS

During the Track Record Period, we did not sell our products directly to overseas retail consumers but instead delivered our products to our overseas customers primarily on free-on-board terms (at PRC ports or Hong Kong ports) in accordance with our overseas customers' specifications. Accordingly, our overseas customers were responsible for the registered customs entries of our products to those overseas countries and they were responsible for ensuring the products meet the relevant overseas laws and regulations (including import duties, product safety and anti-dumping regulations, etc.). Details of our product examination arrangements with respect to our products are disclosed in the paragraph headed "Quality Control" in the section headed "Business" in this prospectus. Accordingly, our Directors do not believe that our Group is exposed to material liabilities as a result of any such regulation once the products we deliver meet our customers' specifications. In addition, during the Track Record Period, we conducted the operations of our business in Hong Kong and the PRC and are not aware of any regulations that are directly applicable to our business in countries outside of these jurisdictions.

However, overseas sales of our products by our customers expose us to possible sales interruptions or cancellations and increased costs in the event of adverse actions by U.S., EU 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 could also create adverse consequences for sales by us to our customers. In particular, there are certain provisions under U.S. law that permit the U.S. government to retaliate against certain unfair foreign trading practices. United States and PRC trade relations have been contentious in the recent past, and we cannot predict whether this tension will interfere with our ability of our customers to import our products into 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 sell handbags and small leather goods or such other products to our customers as a result of restrictions on the import of our products by our customers. In addition, if manufacturers or governmental authorities in the United States or the EU were to believe that our products or the products of our competitors were being "dumped" onto the U.S. market at prices lower than the prices of which comparable goods are sold in the domestic market of the exporter, they could request the imposition of anti-dumping duties on our products. For example, leather handbags imported from the PRC have previously been the subject of an anti-dumping duty of 38% imposed by the EU in the past, which expired in August 2002. So far as our Directors are aware, our products were not the subject of any anti-dumping investigation or anti-dumping duties during the Track Record Period. However, there is no assurance that our products would not be subject to the anti-dumping investigations or duties in the future.

We are also unable to predict whether other customs duties, quotas or other restrictions in the United States, EU or any other jurisdictions in which our products are sold by our customers will be imposed in the future upon the importation 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. Any such actions could also result in increases in the prices of imported handbags and small leather goods generally, or limitations on our ability to sell handbags and small leather goods to customers who sell our products in such countries or regions.

This section contains information and statistics relating to both the PRC, the United States, Europe and other countries, as well as the industry in which we operate. Certain information and statistics set out in this section have been extracted from various government publications, market data providers and other independent third-party sources. Except for the Frost & Sullivan Report referred to below that was commissioned by the Company, neither our Group, its connected persons, the Sole Global Coordinator, the Sole Sponsor, the Underwriters, nor any other party involved in the Global Offering has commissioned any such third-party source. We believe that the sources of this information are appropriate sources for such information and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. Although the Company and other parties involved in the Global Offering have undertaken due diligence on Frost & Sullivan and its findings, including with respect to the future periods up to 2015, which the Directors believe to be reliable, based on accurate information and not misleading, the information in this section has not been independently verified by us, the Sole Global Coordinator, the Sole Sponsor, the Underwriters or any other party involved in the Global Offering and no representation is given as to its accuracy.

Certain information and statistics are extracted from an industry report prepared by Frost & Sullivan, dated 26 September 2011 (the "Frost & Sullivan Report"), which we commissioned. The information extracted from the Frost & Sullivan Report reflects an estimate of market conditions based on Frost & Sullivan's research and analysis. The information extracted from the Frost & Sullivan Report should not be viewed as a basis for investments provided by Frost & Sullivan and references to the Frost & Sullivan Report should not be considered as Frost & Sullivan's opinion as to the value of any security or the advisability of investing in our Company. Information in this prospectus on the PRC, Indonesia, Vietnam, Thailand and Philippines markets is from independent market research carried out by Euromonitor International Limited but should not be relied upon in making, or refraining from making, any investment decision. While reasonable care has been taken in the extraction, compilation and reproduction of such information and statistics by our Company, neither we, the Sole Global Coordinator, the Sole Sponsor, any of the Underwriters, any of our or their respective directors, officers, affiliates or advisers, nor any party involved in this Global Offering has independently verified such information and statistics, and such parties do not make any representation as to their accuracy. The information and statistics may not be consistent with other information and statistics compiled within or outside China. For a discussion of the sources, methodologies, bases and assumptions used in preparation of the Frost & Sullivan Report, see "— Preparation of the Frost & Sullivan Report". For a discussion of risks relating to our industry, please see "Risk Factors — Risks Relating to our Industry".

FROST & SULLIVAN REPORT

In connection with the Global Offering we commissioned Frost & Sullivan to prepare a report on the global luxury goods and luxury handbag and small leather goods market in Japan, Europe, United States and the PRC, including general economic data on the PRC and key developed regions. Frost & Sullivan received a total commission of RMB1,153,920 for the research and preparation of the Frost & Sullivan Report. The payment of such amount was not contingent upon our successful Listing or on the results of the Frost & Sullivan Report. Except for the Frost & Sullivan Report, we did not commission any other report in connection with the Global Offering.

Frost & Sullivan, founded in 1961, has more than 40 global offices with more than 2,000 industry consultants, market research analysts, technology analysts and economists. Services provided by Frost & Sullivan include market assessments, competitive benchmarking, strategic and market planning which serve a variety of industries.

In the PRC, the methodology used by Frost & Sullivan involved conducting both primary and secondary research obtained from numerous sources on the global and PRC luxury goods market, the PRC luxury handbag and small leather goods retail market, the global and PRC luxury handbag and small leather goods manufacturing market and other economic data. Primary research involved interviewing leading industry participants and secondary research involved reviewing company reports, independent research reports and Frost & Sullivan's proprietary database.

Frost & Sullivan's primary research was conducted through telephone interviews by Frost & Sullivan analysts. Its secondary research was conducted by reviewing publicly available documents, including corporate filings and research reports, which served as an initial step to gather high-level information and to devise appropriate interviewee lists and research methodologies for further investigation.

Preparation of the Frost & Sullivan Report

Forecasted data in the Frost & Sullivan Report was generated from historical data analyses plotted against macroeconomic data as well as specific industry-related drivers, such as, among others, purchasing power and consumer expenditure on luxury goods. Frost & Sullivan developed its forecasts on the following bases and assumptions:

- A rapid recovery of the global economy will continue during the forecasted period;
- The PRC's economy will maintain steady growth over the next ten years;
- The PRC's social, economic and political environment will remain stable during the forecasted period;
- The stable development of the global and PRC luxury handbag and small leather goods market during the forecasted period is likely to be primarily driven by the recovery of the global economy, the rapid development of emerging regions, the rapid expansion of the number of wealthy individuals demographic group, improvements in anti-piracy laws and regulations; and
- Market drivers such as the strong growth in the global and PRC luxury handbag and small leather goods manufacturing market, improved manufacturing technologies, increasing numbers of qualified laborers in the PRC, and cost advantages of manufacturing in emerging regions are expected to accelerate the growth of the global and PRC luxury handbag and small leather goods manufacturing market.

Frost & Sullivan research may be affected by the accuracy of these assumptions and the choice of these parameters.

The downgrading of U.S. credit debt by Standard & Poors on 5 August 2011 and the ongoing European debt crisis have not been taken into account. In the opinion of Frost & Sullivan, the recent changes in global economic conditions are anticipated to have an adverse impact on the global luxury handbag and small leather goods retail and manufacturing market in the near term. However, based on preliminary research by Frost & Sullivan, the global luxury handbag and small leather goods retail and manufacturing market is not expected to be significantly impacted in the long term by those changes. Frost & Sullivan also believe that it is too early to estimate the potential impact of such events and hence it would not be appropriate to make any specific adjustments to the global luxury handbag and SLG retail and manufacturing market forecast based on the recent changes in global economic conditions.

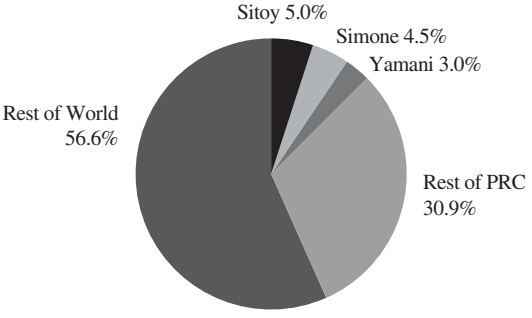
See "Risk Factors — Risks Relating to the Global Offering and Our Shares — There can be no assurance as to the accuracy of facts and other statistics with respect to certain information obtained from official government and third-party sources and publications, including the industry expert report contained in this prospectus."

OVERVIEW OF THE GLOBAL LUXURY HANDBAG AND SMALL LEATHER GOODS MANUFACTURING MARKET

In 2010, according to Frost & Sullivan, we had the largest global market share in terms of revenue at approximately 5% of the market for outsourced manufacturing of luxury handbags and small leather goods. The following chart sets out the sales revenue of the three major global outsourced luxury handbag and small leather goods manufacturers, the Company, Simone Ltd. and Yamani Continental Inc., in 2010:

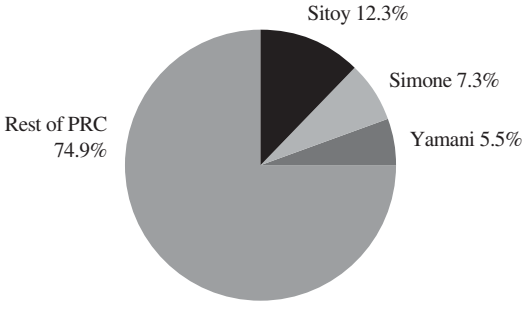
Major Three Global Outsourced Luxury Handbag and Small Leather Goods Manufacturers by Sales Revenue, 2010

Global Market Share by Sales Revenue, 2010



Total Sales: US$3.8 billion

PRC Market Share by Sales Revenue, 2010



Total Sales: US$1.6 billion

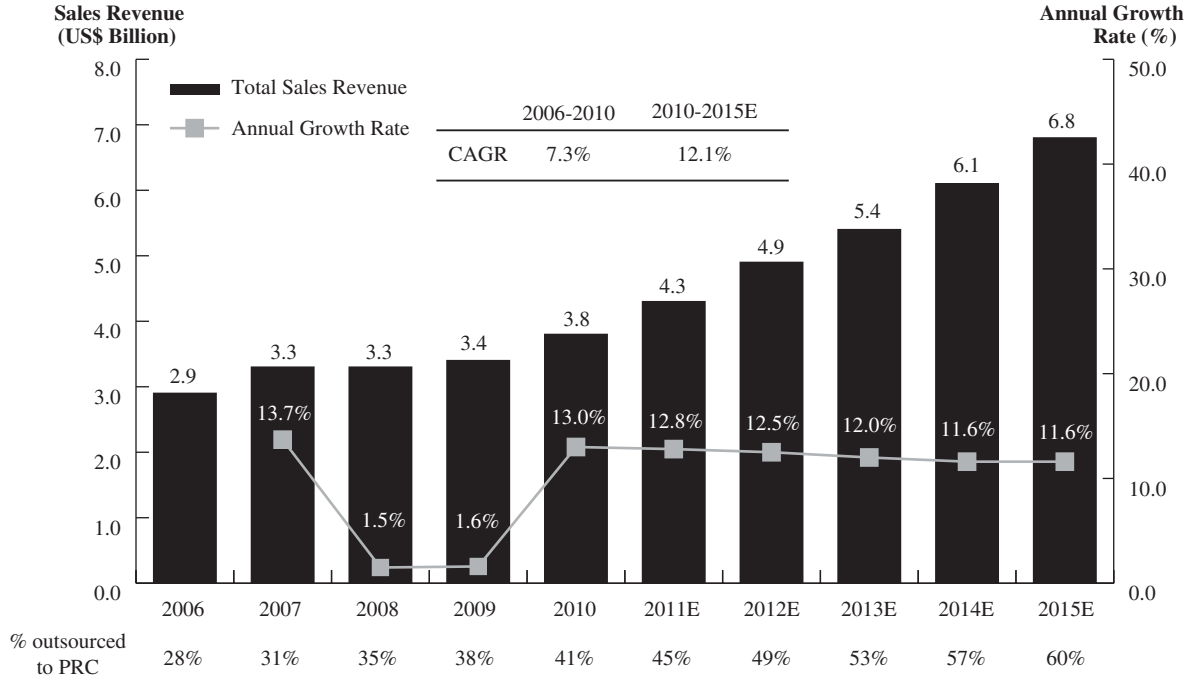
Source: Frost & Sullivan

Name	Production Volume in 2010 (million units)
Sitoy	7.1
Simone	6.3
Yamani	4.5

As defined by Frost & Sullivan, luxury handbags primarily include handbags, such as top handle bags, clutch bags, shoulder bags and tote bags, that are designed by prestigious luxury brands and have retail prices starting at approximately RMB3,000. Luxury small leather goods primarily include wallets, cosmetic bags, pouches, card holders and key holders that are designed by prestigious luxury brands and have retail prices starting at approximately RMB1,500. The global luxury handbag and small leather goods manufacturing market, which comprises the market for outsourced manufacturing of both luxury handbags and small leather goods, is highly fragmented and grew from approximately US$2.9 billion in 2006 to approximately US$3.8 billion in 2010, representing a CAGR of 7.3%, notwithstanding slower growth experienced from 2008 to 2009 during the recent economic crisis. Frost & Sullivan expects the size of this market to increase from approximately US$3.8 billion in 2010 to approximately US$6.8 billion in 2015, representing a CAGR of 12.1%.

The following chart sets out the actual and forecasted revenue of the global luxury handbag and small leather goods manufacturing market and its annual growth rate from 2006 to 2015, based on data from Frost & Sullivan.

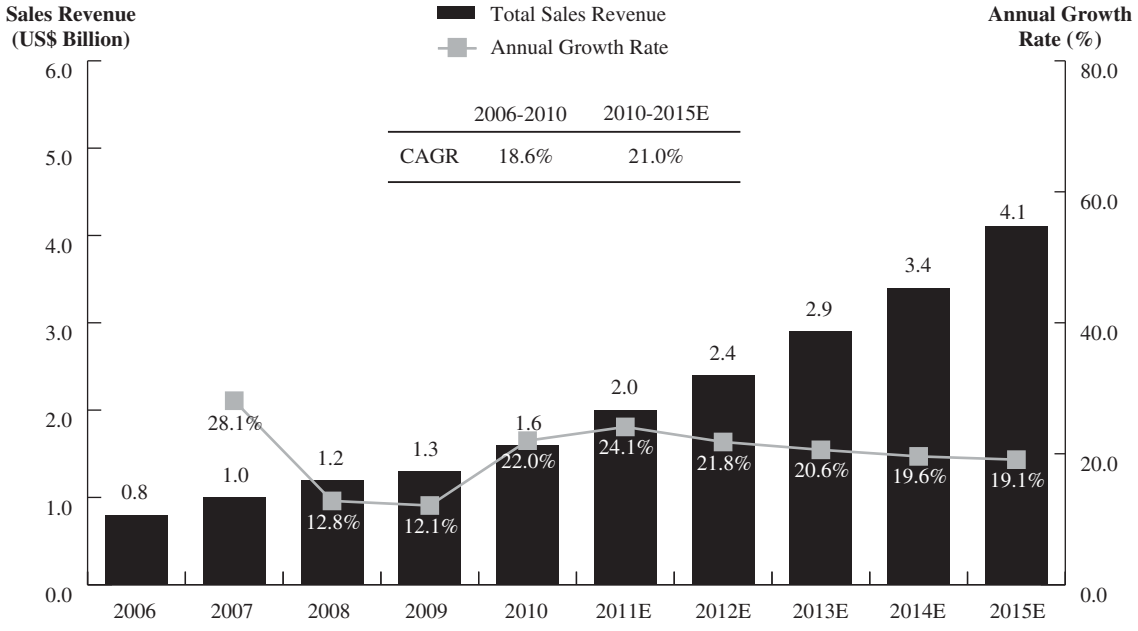
Total Sales Revenue of Global Luxury Handbag and Small Leather Goods Manufacturing Market, 2006-2015E



Source: Frost & Sullivan

The following chart sets out the actual and forecasted revenue of the PRC luxury handbag and small leather goods manufacturing market and its annual growth rate from 2006 to 2015, based on data from Frost & Sullivan.

Total Sales Revenue of the PRC Luxury Handbag and Small Leather Goods Manufacturing Market, 2006-2015E



Source: Frost & Sullivan

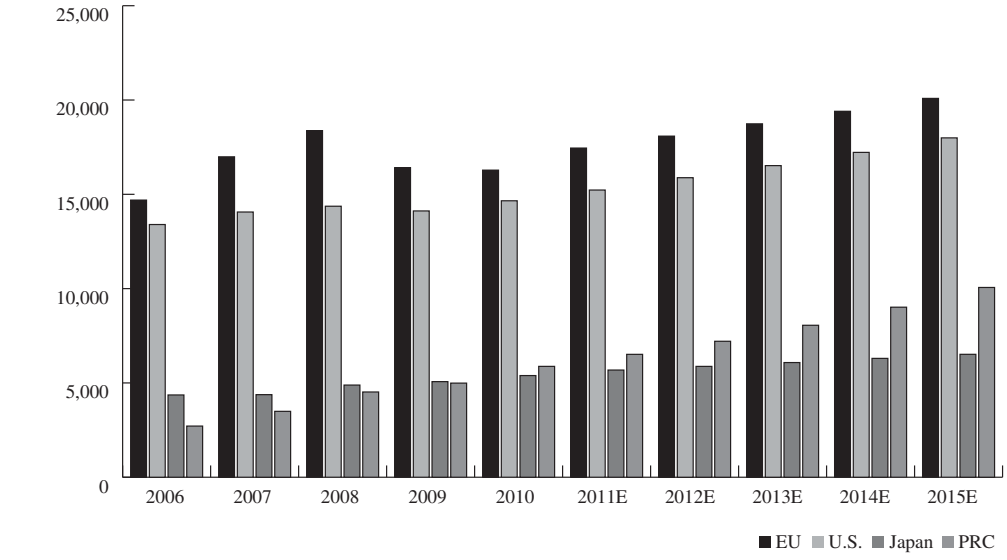
According to Frost & Sullivan, the accelerated growth in the global luxury handbag and small leather goods manufacturing market from 2010 to 2015 is expected to be driven by continuous growth in the global economy and rapid growth in demand for luxury handbag and small leather goods products, especially in emerging markets like the PRC. In addition, the growth of the global luxury handbag and small leather goods manufacturing market is expected to exceed the comparative expected growth of the corresponding retail market, as global luxury brands continue to outsource production in order to reduce costs. More importantly, the technology, know-how and product quality of global luxury handbag and small leather goods manufacturers, driven primarily by manufacturers based in the PRC, have become more sophisticated at meeting high international standards for luxury handbag and small leather goods products.

GLOBAL ECONOMIC GROWTH

The United States, the European Union, Japan and the PRC are the four largest luxury handbag and small leather goods retail markets. As a result, economic conditions in those regions have a significant impact on the global luxury handbag and small leather goods manufacturing market. According to the International Monetary Fund, between 2006 and 2010, the annual nominal GDP of the European Union increased from approximately US$14,694.2 billion to approximately US$16,282.2 billion, representing a CAGR of 2.6%; the annual nominal GDP of the United States increased from approximately US$13,398.9 billion to approximately US$14,657.8 billion, representing a CAGR of 2.3%; the annual nominal GDP of Japan increased from approximately US$4,362.6 billion to approximately US$5,390.9 billion, representing a CAGR of 5.4%; and the annual nominal GDP of the PRC increased from approximately US$2,712.9 billion to approximately US$5,878.3 billion, representing a CAGR of 21.3%.

Comparison of Annual Nominal GDP (EU, U.S., Japan, PRC), 2006-2015E

Region	CAGR (2006-2010)	CAGR (2010-2015E)
EU	2.6%	4.3%
U.S.	2.3%	4.2%
Japan	5.4%	3.9%
PRC	21.3%	11.3%



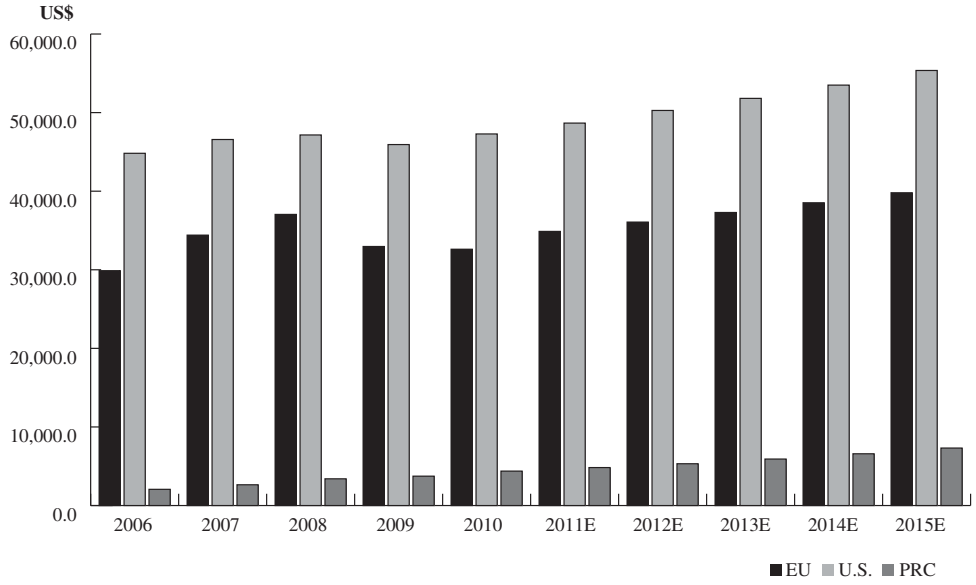
Region	2006	2007	2008	2009	2010	2011E	2012E	2013E	2014E	2015E
EU.	14,694.2	16,989.3	18,377.0	16,413.7	16,282.2	17,452.4	18,084.9	18,738.3	19,402.2	20,085.7
U.S.	13,398.9	14,061.8	14,369.1	14,119.1	14,657.8	15,227.1	15,880.2	16,522.1	17,223.5	17,993.1
Japan	4,362.6	4,378.0	4,887.0	5,068.9	5,390.9	5,683.3	5,877.5	6,080.7	6,302.1	6,517.5
PRC.	2,712.9	3,494.2	4,520.0	4,990.5	5,878.3	6,515.9	7,209.4	8,057.4	9,016.2	10,061.8

Source: International Monetary Fund, April 2011

Between 2006 and 2010, the annual per capita nominal GDP of the United States increased from US$44,823.0 to US$47,283.6, representing a CAGR of 1.3%; the annual per capita nominal GDP of the European Union increased from US$29,887.6 to US$32,615.0, representing a CAGR of 2.2%; and the annual per capita nominal GDP of the PRC increased from US$2,063.9 to US$4,382.1, representing a CAGR of 20.7%.

Comparison of Annual Per Capita Nominal GDP (EU, U.S., PRC), 2006-2015E

Region	CAGR (2006-2010)	CAGR (2010-2015E)
EU	2.2%	4.1%
U.S.	1.3%	3.2%
PRC	20.7%	10.8%



Region	2006	2007	2008	2009	2010	2011E	2012E	2013E	2014E	2015E
EU.	29,887.6	34,408.8	37,044.6	32,962.7	32,615.0	34,882.8	36,068.9	37,290.8	38,529.8	39,802.9
U.S.	44,823.0	46,577.2	47,155.3	45,934.5	47,283.6	48,665.8	50,273.2	51,810.5	53,499.3	55,361.2
PRC.	2,063.9	2,644.6	3,403.5	3,739.0	4,382.1	4,833.3	5,321.1	5,917.4	6,588.7	7,316.2

Source: International Monetary Fund, April 2011

GROWTH OF GLOBAL LUXURY HANDBAG AND SMALL LEATHER GOODS RETAIL MARKET

Growth in Global Luxury Handbag and Small Leather Goods Retail Market

The following chart sets forth actual and forecasted annual revenue of the global luxury handbag and small leather goods retail market and its annual growth rate from 2006 to 2015.

Revenue of Global Luxury Handbag and Small Leather Goods Retail Market, 2006-2015E



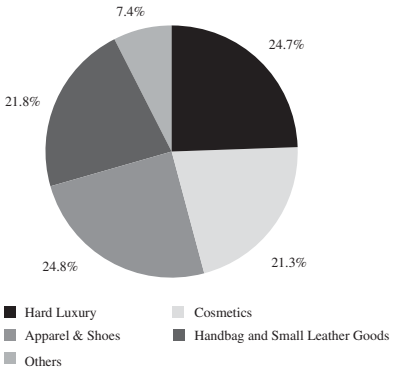
Source: Frost & Sullivan

The global luxury handbag and small leather goods retail market grew from approximately US$44.6 billion in 2006 to approximately US$53.0 billion in 2010, representing a CAGR of 4.4%. According to Frost & Sullivan, the market size for the global luxury handbag and small leather goods retail market is expected to increase to approximately US$82.9 billion in 2015, representing a 9.4% CAGR from 2010 to 2015. This growth is expected to be driven by the recovery of the global economy from the recent financial crisis and growing demand for luxury goods.

The global luxury goods retail market consists primarily of the following market segments: hard luxury, handbags and small leather goods, apparel and shoes and cosmetics. According to Frost & Sullivan, in 2010 the luxury handbag and small leather goods segment was the third largest segment in the global luxury goods market behind the apparel and shoes segment and the hard luxury goods segment, representing approximately 21.8% of the total market. However, the luxury handbag and small leather goods market experienced a 4.4% CAGR from 2006 to 2010, which was higher than the luxury apparel and shoes segment (4.3%) and the hard luxury goods segment (2.3%). Frost & Sullivan also expects the luxury handbag and small leather goods market segment to grow faster than the other luxury goods segments in the coming five years. According to Frost & Sullivan, the estimated CAGR for luxury handbag and small leather goods products is expected to be 9.4% from 2010 to 2015, which is higher than

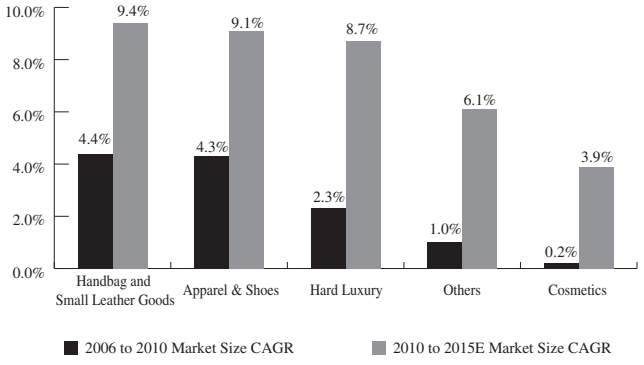
that forecasted for luxury apparel and shoes (9.1%) and hard luxury products (8.7%). The following charts set forth market share data of the major market segments of the global luxury goods market in 2010 and the historical and forecasted growth of these segments from 2006 to 2015.

Market Share Data of the Global Luxury Goods Retail Market



Source: Frost & Sullivan

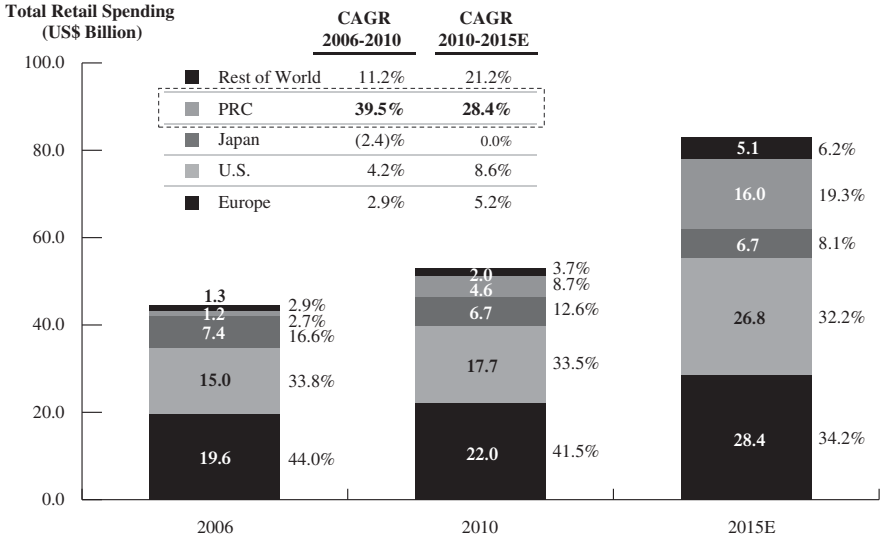
Growth of Major Segments of Global Luxury Goods Retail Market, 2006 to 2015E



Source: Frost & Sullivan

In 2010, the four largest luxury handbags and small leather goods retail markets were Europe, the United States, Japan and the PRC, which accounted for 41.5%, 33.5%, 12.6% and 8.7%, respectively, of total retail spending on luxury handbags and small leather goods globally. The following chart sets forth the comparison of actual and forecasted total retail spending on luxury handbags and small leather goods for each of these retail markets and the rest of the world in 2006, 2010 and 2015:

Comparison of Retail Spending of Luxury Handbags and Small Leather Goods by Geographic Region, 2006-2015E



Source: Frost & Sullivan

Retail Markets in Europe and the United States

Europe and the United States are currently the two largest retail markets for luxury handbags and small leather goods, accounting for approximately 75.0% of the total retail spending in the global luxury handbag and small leather goods retail market in 2010. Europe, which is currently the largest retail market, has a well established retail market and is where most global luxury brands were founded. Retail sales in Europe slowed during the recent global economic crisis, but have recently started to recover, and future growth there is expected to be driven in part by emerging markets in Eastern Europe. Total retail spending in the European luxury handbag and small leather goods retail market is forecasted to increase to US$28.4 billion in 2015, representing a CAGR of 5.2% from 2010 to 2015. The U.S. luxury handbag and small leather goods retail market is also a mature market with a high rate of market penetration. Growth in the U.S. retail market for luxury handbags and small leather goods was also impacted by the recent global economic crisis but started to recover in 2010 and is expected to increase steadily from 2010 to 2015 with a CAGR of 8.6%.

Growth in spending on luxury handbags and small leather goods in Europe and the United States in coming years is expected to be driven primarily by the following key factors: (i) the global economic recovery following the recent economic crisis; (ii) the solid market foundation, high rate of market penetration and strong brand awareness and loyalty that characterize both markets; (iii) shifting consumer behaviour as a result of the economic crisis that has resulted in consumers making more purchases during sales periods and purchasing products that are more functional and durable; and (iv) the benefits that financial and fashion centers, such as London, New York, Paris and Milan, are expected to realize from increases in globalization.

The PRC Retail Market – The Largest Driver of Growth

One of the key growth drivers for the luxury handbag and small leather goods retail market is the growing demand from the PRC. According to Frost & Sullivan, spending on luxury handbag and small leather goods in the PRC experienced a 39.5% CAGR from 2006 to 2010, which was significantly higher than that of the United States (4.2%), the European Union (2.9%), Japan (2.4%) and the rest of world (11.2%). In addition, spending on luxury handbags and small leather goods in the PRC is expected to maintain its strong growth momentum with an estimated 28.4% CAGR from 2010 to 2015, and is expected to continue to be higher than that of the United States (8.6%), the European Union (5.2%), Japan (0.0%) and the rest of the world (21.2%) over the same period. By 2015, the PRC is expected to account for 19.3% of the total global spending on luxury handbags and small leather goods, up from 8.7% in 2010. From 2010 to 2015, the PRC is expected to be the largest growth driver of the global luxury handbag and small leather goods market by contributing an estimated US$11.4 billion of additional retail spending from 2010 to 2015.

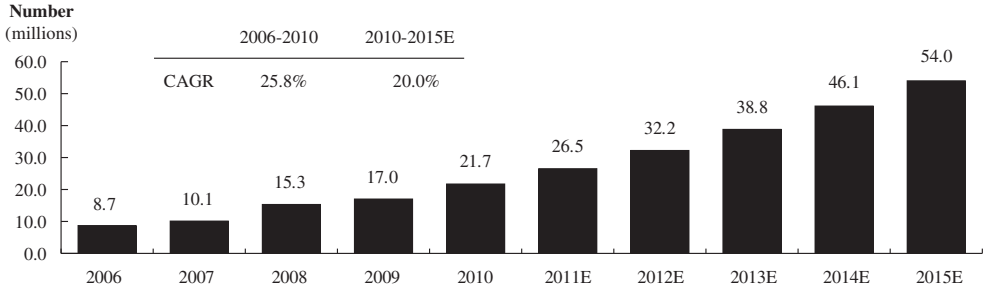
Amid the strong growth in the PRC luxury handbag and small leather goods market, global luxury brands, including certain of our customers, have been actively expanding their presence in the PRC by opening retail outlets, increasing staff and advertising campaigns in the PRC, as well as requesting more of their products to be directly delivered from our factories to different destinations within the PRC.

The expected strong increase in spending on luxury handbag and small leather goods in the PRC is anticipated to be driven by several key factors including: (i) the increasing number of wealthy individuals; (ii) the increasing living standard and demand for high quality luxury products; (iii) growing urban populations; and (iv) improving anti-piracy laws and regulations.

Increasing number of wealthy individuals in the PRC

The number of wealthy individuals (defined as people with an annual disposable income greater than RMB100,000) has been increasing rapidly in developing regions, especially in the PRC, indicating the potential for future growth in demand for luxury goods. Between 2006 and 2010, the number of wealthy individuals in the PRC increased from approximately 8.7 million to approximately 21.7 million, representing a CAGR of 25.8%. This number is expected to reach approximately 54.0 million in 2015 with a CAGR of 20.0% from 2010 to 2015. The following chart projects the growth of the number of wealthy individuals in the PRC from 2006 to 2015.

Number of Wealthy Individuals in PRC, 2006-2015E

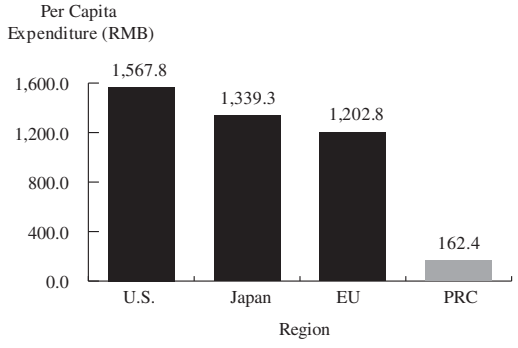


Source: Frost & Sullivan

Increasing living standards and demand for high quality luxury products

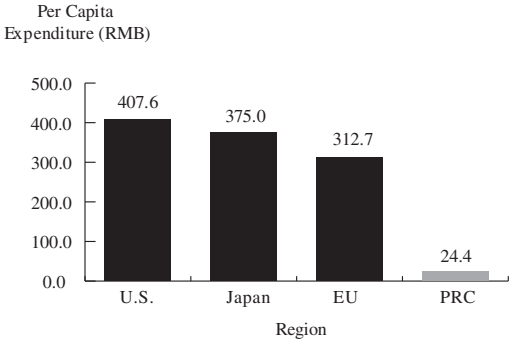
Frost & Sullivan expects that increasing disposable income combined with increasing demand for higher living standards in the PRC will increase the per capita expenditure on luxury goods and luxury handbags and small leather goods. In 2010, the per capita expenditure on luxury goods in the PRC was RMB162.4, which was significantly lower than that in the United States (RMB1,567.8), Japan (RMB1,339.3) and the European Union (RMB1,202.8). In 2010, the per capita expenditure on luxury handbags and small leather goods in the PRC was RMB24.4, which was less than 10% of that in the United States (RMB407.6), Japan (RMB375.0) and the European Union (RMB312.7). The following charts set forth the per capita expenditure on luxury goods and per capita expenditure on luxury handbags and small leather goods, in each case by region in 2010.

Per Capita Expenditure on Luxury Goods by Select Regions, 2010



Source: Frost & Sullivan

Per Capita Expenditure on Luxury Handbag and Small Leather Goods by Select Regions, 2010



Source: Frost & Sullivan

Growing urban populations

According to Frost & Sullivan, as migration to cities in the PRC continues and cities continue to grow, the urban population in the PRC is expected to maintain a CAGR of 2.8% from 2009 to 2014 and reach 732.3 million urban inhabitants by 2014. This projected growth in urbanization is expected to contribute to an increase in demand for luxury handbags and small leather goods in the PRC as the number of potential consumers of these goods increases.

Anti-piracy laws and regulations

As the PRC becomes more developed and its companies and business practices more mature, it is expected that the protection of intellectual property rights in the PRC will improve. PRC anti-piracy laws and regulations designed to block the sale of counterfeit products have gradually improved, which is expected to increase protection of luxury brand reputations and images.

HIGH BARRIERS OF ENTRY TO THE LUXURY HANDBAG AND SMALL LEATHER GOODS MANUFACTURING MARKET

The luxury handbag and small leather goods manufacturing market has very high barriers to entry due to: (i) brands being very selective about their suppliers; (ii) the high level of production know-how, craftsmanship and design and development capabilities required by customers; (iii) limitations on the availability of the skilled labor necessary to make the products; and (iv) relationships with suppliers being an important factor in obtaining adequate raw materials.

Global Luxury Handbag and Small Leather Goods Brands Are Very Selective about Their Suppliers

The price premiums of luxury handbag and small leather goods products are derived from their superior craftsmanship, sophisticated product designs and luxury brand image. Accordingly, global luxury handbag and small leather goods brands are very selective in choosing their suppliers. According to Frost & Sullivan, global luxury handbag and small leather goods brands usually prefer manufactures that have:

- a high reputation for quality;
- best-in-class manufacturing facilities;
- a market leading position with strong experience, craftsmanship and production know-how;
- strong design and development capabilities;
- a track-record of on-time delivery;
- skilled labor forces that are properly compensated and working in safe and comfortable working environments;

- strong internal corporate governance and intellectual property protection; and
- professional and dedicated management teams that are experienced in working with global luxury brands and continuously improving their quality and efficiency.

Global luxury handbag and small leather goods brands need to protect their valuable brand by ensuring all the production processes are executed seamlessly, properly and according to their standards, and hence they are very cautious in working with new entry manufacturers with no track record. Accordingly, global luxury handbag and small leather goods brands prefer to work with suppliers with whom they have an established relationship.

High-Level of Production Know-How, Craftsmanship and Design and Development Capabilities

Producing luxury handbags and small leather goods requires a high level of production know-how, craftsmanship and design and development capabilities. The production process involves numerous complex and delicate procedures such as leather cutting, matching and stitching. The craftsmanship and efficiency in performing each procedure can only be optimized through years of in-depth production experience. New entrants usually face great difficulty in competing with existing leading manufacturers for this reason.

As with production and craftsmanship, designing and developing luxury handbags and smaller leather goods requires years of experience and collaboration in working with design teams from global luxury handbag and small leather goods brands. This experience creates challenges for new entrants in developing design and development capabilities that meet the standards of global luxury handbag and small leather good brands.

Skilled Labor Force

Most luxury handbags and small leather goods are hand-crafted and require a high level of craftsmanship. For this reason, skilled and experienced laborers are highly demanded by manufacturers in this industry. In addition, only large scale and experienced luxury handbag and small leather goods manufacturers generally have the economies of scale that many smaller manufacturers of the same types of products lack in order to train new workers through on-the-job training and other types of training programs. Furthermore, these leading manufacturers would be able to attract and retain a stable pool of skilled labour force compared to the smaller manufacturers.

Relationship with Raw Material Suppliers

Although some luxury handbag and small leather goods brands require manufacturers to use designated suppliers, where manufacturers source their own raw materials, the relationships they maintain with raw material suppliers is an important factor in obtaining adequate amounts of the high-quality, low-cost raw materials that they need, which presents key entry barrier to new entrants in the luxury handbag and small leather goods manufacturing market.

GLOBAL MANUFACTURING OF LUXURY HANDBAG AND SMALL LEATHER GOODS

The global luxury handbag and small leather goods manufacturing industry has its origins in small, in-house manufacturing in Europe by highly skilled craftsmen, which often involved slower manufacturing processes that resulted in waiting periods for customers. In the 2000s, in order to meet the growing demand for luxury handbag and small leather goods, and given the high production costs associated with highly skilled craftsman in Europe, luxury handbag and small leather goods brands started to cooperate with third-party manufacturers in emerging regions to increase their production volumes and reduce their manufacturing costs. As a result of foreign investments by way of funding and technologies, craftsmanship and manufacturing technologies in emerging regions, especially in the PRC, have improved rapidly. This, combined with labor costs that are lower than developed regions, has given emerging regions a significant competitive advantage in the third-party manufacturing market. As a result, it is expected that luxury handbag and small leather goods brands will increasingly outsource their manufacturing processes to third-parties in emerging regions. This trend is expected to continue for the foreseeable future, especially in regions with well-developed infrastructures such as the PRC.

The PRC Manufacturing Industry

According to Frost & Sullivan, the PRC is the largest global luxury handbag and small leather goods manufacturing base in the world with approximately 41.2% of the market share in terms of revenue in 2010. Attracted by lower costs, a skilled labor force, improved manufacturing technologies, and other competitive advantages that the PRC luxury handbag and small leather goods manufacturing industry can offer, leading luxury brands are increasingly outsourcing to PRC luxury handbag and small leather goods manufacturers. According to Frost & Sullivan, the PRC should remain the leading manufacturing base for global luxury handbags and small leather goods brands, despite increased competition from other emerging regions, such as South East Asia, for the following reasons:

"Made-In-China" is No Longer Associated with Inferior Quality

According to Frost & Sullivan, consumers of luxury handbags and small leather goods outside the PRC have begun to recognize that certain luxury handbags and small leather goods manufactured in the PRC are of high standards and quality, which has lead to more U.S. and European luxury brands being willing to outsource the manufacture of their products to the PRC.

Skilled labor force

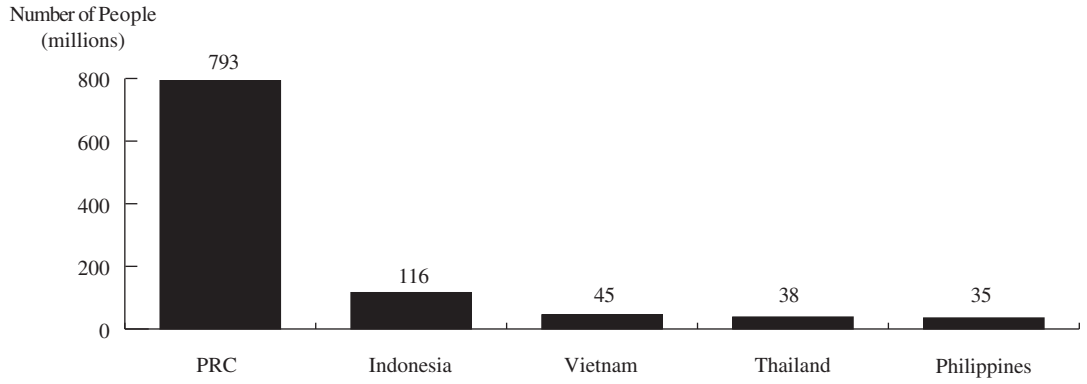
PRC workers have accumulated years of craftsmanship experience in producing luxury handbags and small leather goods for U.S. and European luxury brands. Over time, this has led to an increasingly large pool of workers having the appropriate skills being available to manufacture handbags and small luxury goods at a high level of craftsmanship, permitting manufacturers in the PRC to leverage manufacturing efficiencies and lower labor costs, while still producing goods of high quality.

Labor Capacity

The PRC has the largest work force in the world. According to Euromonitor, in 2010 the number of persons who supply labor for the production of economic goods and services in the PRC was approximately 793 million people, which was 6.8 times, 17.6 times and 22.9 times of that of Indonesia (approximately 116 million people), Vietnam (approximately 45 million people) and the Philippines

(approximately 35 million people), respectively. Small labor capacity is a key constraint for many countries in other emerging regions, especially in the luxury handbag and small leather goods manufacturing industry, where a large quantity of skilled labor is required due to the low level of mechanization of the manufacturing process.

Supply of Labor for the Production of Economic Goods and Services, 2010



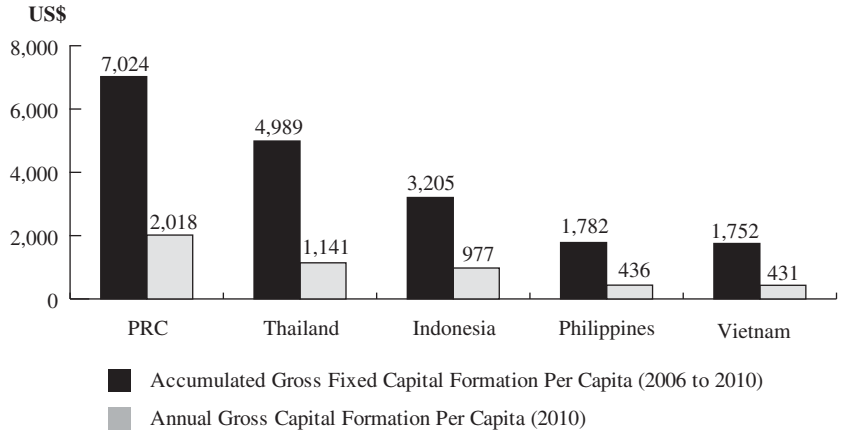
Source: Euromonitor

Developed infrastructure

Since the economic reform of the PRC began in the early 1980s, government bodies across all levels (national, provincial, municipal) in the PRC have been investing in improving the infrastructure, including roads, railways, ports, power and other utilities supplies, in order to create a favorable and competitive economic environment. The infrastructure level in many developed cities and coastal cities in the PRC, such as Beijing, Shanghai and Guangdong, has already reached the level of developed countries. Compared to the PRC, the infrastructure levels in countries in other emerging regions, such as Vietnam and Indonesia, is significantly lower. According to Euromonitor, the PRC's accumulated gross fixed capital formation per capita, which for each particular country is defined as the aggregate acquisitions of fixed assets, less disposals of fixed assets, plus improvements in land, changes in inventories and acquisitions of valuables less disposals of valuables from 2006 to 2010 was US$7,024. By comparison, the accumulated gross fixed capital formation per capita of other emerging countries in Asia were as follows: Indonesia (US$3,205), the Philippines (US$1,782) and Vietnam (US$1,752), which implies that the PRC has a significantly more developed fixed asset base, including with respect to its infrastructure investment. In 2010, the PRC's annual gross capital formation per capita was US$2,018, whereas that of Indonesia was US$977, the Philippines was US$436 and Vietnam was US$431, which implies that the PRC continues to invest at a greater rate than these other emerging countries in Asia. The lower level of investment in these other emerging countries in Asia, may adversely impact their ability to compete effectively in certain markets, particularly those requiring advanced transportation, manufacturing facilities, warehousing and power supply, such as the market for the third party manufacturing of luxury handbags and small leather goods.

The following chart sets forth the accumulated gross fixed capital formation per capita from 2006 to 2010 and annual gross fixed capital formation per capita in 2010 for the PRC, Thailand, Indonesia, the Philippines and Vietnam.

Accumulated Gross Fixed Capital Formation per Capita, 2006 to 2010

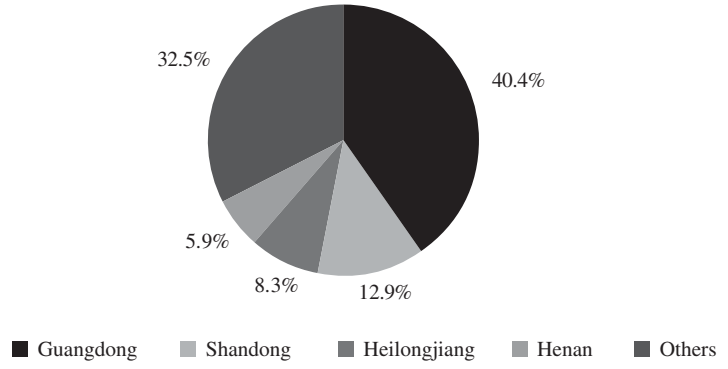


Source: Euromonitor

Integrated Supply Chain

A key growth factor of the luxury handbag and small leather goods manufacturing base in the PRC is the availability of an integrated supply chain with strong proximity to the manufacturing facilities. After more than 10 years of development, the supply chain of the luxury handbags and small leather good manufacturing market in the PRC is well developed and integrated, especially in the Guangdong Province where the Company's production facilities are located. According to Frost & Sullivan, 40.4% of the revenue from exported leather handbags in the PRC are manufactured in the Guangdong Province in 2010. The concentration of luxury and non-luxury leather handbag manufacturers in the Guangdong Province has attracted upstream suppliers and downstream logistics service providers to set up production facilities or operational branches in the province, helping to establish a strong and integrated supply chain for the luxury handbag and small leather goods manufacturing industry in Guangdong. The following chart sets forth the market share of exported leather handbags in the PRC by province in 2010.

Market Share of Exported Leather Handbags by PRC Region in terms of revenue, 2010



Source: Frost & Sullivan

Proximity to High Growth Market

According to Frost & Sullivan, the PRC is expected to experience strong growth in the luxury handbag and small leather goods retail market with a 28.4% CAGR from 2010 to 2015 and share 19.3% of the world's luxury handbag and small leather goods market by 2015. The PRC luxury handbag and small leather goods manufacturers are likely to benefit from this as their proximity to a high growth market should help their customers save on transportation costs and, more importantly, accelerate the launching time of luxury handbag and smaller leather goods products, which is critical to luxury brands in the constantly evolving luxury fashion market.

Stable Economic Environment

The PRC has enjoyed stable economic growth in the past 10 years and, according to the International Monetary Fund, the PRC's nominal GDP is expected to continue growing at 12.3% CAGR from 2010 to 2015. Three major goals of the PRC government in the 12th five-year plan from 2011 to 2015 are to improve PRC's people's livehood, uplift the PRC's overall national strength and strengthen the stability of the Chinese economy. To achieve these goals, the PRC government is expected to invest in improving social care services and ensure that all citizens have access to good education, fair income, quality health care, pension and affordable housing. Similar to the PRC, many countries in emerging regions have strong economic growth potential. However, since many of those countries are much smaller, their economies depend on one or a limited number of specific industries, meaning their economies do not have the resource or the stability of the PRC's economy.

Manufacturing in Regions Outside the PRC

Most manufacturers of outsourced luxury handbags and small leather goods in Europe and the United States are small- and medium-scale manufacturers with limited production capacity that are widely distributed across those regions. Strong design and development capability is their key competitive advantage, and they typically have established manufacturing histories and solid relationships with luxury handbag and small leather goods brands. However, due to rising manufacturing costs, in particular labor costs, an increasing number of these manufacturers have lost business to

manufacturers in emerging markets or have themselves shifted their production to emerging markets. To the extent these manufacturers are not able to retain competitive advantages and offset the high cost of manufacturing in developed regions, it is expected that they will continue to lose market share to manufacturers in emerging regions.

Benefiting from the recovery of the luxury handbag and small leather goods retail market in the United States following the global economic crisis, the luxury handbag and small leather goods manufacturing industry in Latin America is expected to continue to grow steadily. However, both economic and political instability has limited the development of luxury handbag and small leather goods manufacturing industry in Latin America.

After the PRC, the South East Asian region has become the second most attractive region for manufacturers in the luxury handbag and small leather goods manufacturing industry. However, while many industries have started to outsource their manufacturing to South East Asia in search of lower labor costs, some luxury brands have been hesitant to do so since industry in most of the countries in that region is still at the formative stage, with lower levels of skilled labor, less developed infrastructure and more economic and political instability compared to other emerging countries, such as the PRC.

HIGH-END HANDBAG AND SMALL LEATHER GOODS MARKET IN CHINA

We recently launched our retail business in the PRC high-end handbag and small leather goods market. According to Frost & Sullivan, high-end handbag and small leather goods are primarily designed by international or local brands and have retail prices ranging between RMB1,500 to RMB3,000, compared to luxury brand handbag and small leather goods products that have retail prices over RMB3,000 and RMB1,500, respectively.

According to Frost & Sullivan, the PRC high-end handbag and small leather goods market is expected to experience rapid growth in the next five years due to the rapid expansion of middle class in the PRC. Trading-up from local brands to high-end international brands is also likely to drive the strong growth in high-end handbag and small leather goods market especially among the sub-markets in lower tier cities or younger-generation groups. High-end handbags and small leather goods products are especially popular among the population between the ages of 18 to 35, which often look for new designs and fashion trends in their handbag and small leather goods products. Handbag brands, especially in the high-end market, with foreign origins are becoming more popular than local brands as a result of the growing popularity of western culture in the PRC. The frequent consumption of high-end handbags and small leather goods is higher than that of luxury handbag and small leather goods due to the more affordable price range of high-end handbags and small leather goods. This favors brands with both design and manufacturing capabilities that are capable to continuously launching new products within short time frames to take advantage of new fashion trends.

BUSINESS DEVELOPMENT

Our business dates back to the 1970's when it was founded and operated by Mr. Yeung Michael Wah Keung, the Chairman and an executive Director, and Mr. Yeung Wo Fai, the chief executive officer and an executive Director, under the name of Sitoy Hand Bag Fty. Sitoy Hand Bag Fty. was a sole proprietorship in Hong Kong principally engaged in the manufacture and trading of handbags, and Mr. Yeung Michael Wah Keung was the sole proprietor. With a view to formalizing the operations of our business, the business of the sole proprietorship was subsequently transferred to Sitoy Handbag, a Hong Kong private limited company incorporated in 1982. At that time, we principally engaged in the manufacture of handbags in the PRC and Hong Kong and we sold our products to trading companies in Hong Kong. Our handbags were largely made of PVC, PU, fabric, canvas and nylon.

As our business continued to expand, we attracted customers, such as importers and large department store chains that operated in Europe and the United States, which directly placed orders for our handbags. We began to build our in-house handbag design and development capabilities through our involvement in product design and development process of these customers. During that period, substantially all of our revenues were generated from the manufacture of private label handbags for importers and department store chains that operated in Europe and the United States. Since 1992, we have been selected by international fashion brand companies to manufacture their branded handbags. Our first U.S. luxury brand customer, Coach, has been placing orders with us since 1998. Our Directors believe that our leading market position at that time together with our history and experience in the industry attracted the international high-end and luxury brand companies to place orders with us. Recognizing the potential demand by the international handbag industry for manufacturing products in the PRC, we have since that time shifted our business focus towards development and manufacture of leather handbags and small leather goods for global high-end and luxury brand companies.

In 2000, our Group relocated the manufacturing facility to The Third Industrial District in Dongguan, Guangdong Province, in an area subsequently acquired by our Group as a self-owned production site. This relocation marked a new stage of our operation and we had since then devoted more time, effort and resources to enhance our management and production efficiency and continued to strengthen our in-house expertise and capabilities in product research, development, design and commercialization.

We manufactured handbags and small leather goods for our first European luxury brand customer in 2003 and since then our revenues have been increasingly generated from the manufacture of international high-end and luxury branded handbag and small leather goods.

As a result of the continued increase in demand from our customers, in 2005 our management decided to diversify our production base and expand our production capabilities by acquiring land and constructing manufacturing facilities in Yingde, Guangdong Province, which commenced production in April 2009. We also further expanded our production capabilities through commencement of production at our Xiabian Branch and Qiaonan Branch leased manufacturing facilities in Dongguan, Guangdong Province, in 2010. In order to better evaluate our manufacturing performance and enhance our operational efficiency, we installed our ETS system and ERP system at our manufacturing facilities in 2007.

In order to further capitalize on our expertise in manufacturing handbags and small leather goods, we introduced men's products in 2007 and further diversified our product portfolio by introducing travel goods for leisure and business travel in 2009. Our Directors believe that our leading market position and our history and experience in the industry attracted high-end travel brands, such as Tumi. We launched the "TUSCAN'S" brand of handbags and small leather goods for sale in our own retail stores in the PRC in 2011.

Set out below is a summary of the key milestones in the development of our business.

Year	Key milestones
1977	Acquisition of a property based in Kwun Tong, Hong Kong, which is the first factory owned by our Group in Hong Kong
1982	Commencement of operation of Shenzhen Sitoy Handbag Factory* (深圳時代手袋廠) in Shenzhen, Guangdong Province, as the first PRC factory of our Group
1987	Commencement of operation of Dongguan Houjie Qiaotou Sitoy Handbag Factory* (東莞厚街橋頭時代手袋廠) (previously known as Dongguan Nanwu Sitoy Handbag Factory) in Dongguan, Guangdong Province
1992	Establishment of Sitoy Dongguan and commencement of production of its manufacturing facility in Dongguan, Guangdong Province
1995	Consolidation of Shenzhen Sitoy Handbag Factory* (深圳時代手袋廠) into our manufacturing facilities in Dongguan, Guangdong Province
1998	Commencement of handbag manufacturing business for U.S. luxury brands
	A shift in business strategy of the Group to focus our business on the manufacture of leather goods
2003	Commencement of handbag manufacturing business for European luxury brands
2007	Installation of our ETS system and ERP system in our manufacturing facilities to evaluate our manufacturing performance and enhance our operational efficiency
	Diversification of our product portfolio to include men's products
2009	Commencement of production of our Yingde manufacturing facility in Yingde, Guangdong Province
	Diversification of our product portfolio to include travel goods for leisure and business travel
2010	Further expansion of manufacturing capabilities through commencement of production of leased manufacturing facilities of our Xiabian Branch and Qiaonan Branch in Dongguan, Guangdong Province
2011	Introduction of the "TUSCAN'S" brand of handbags and small leather goods and the opening of our first retail store in Guangzhou, Guangdong Province

CORPORATE DEVELOPMENT

Our Company was incorporated in the Cayman Islands as an exempted company with limited liability on 21 February 2008. As of the Latest Practicable Date, our Company had nine subsidiaries.

Sitoy Handbag

The corporate structure of our Group originated with the incorporation of Sitoy Handbag on 9 July 1982 by Mr. Yeung Michael Wah Keung, the Chairman and an executive Director, and Mr. Yeung Wo Fai, the chief executive officer and an executive Director, and their brother, Mr. Yeung Wo Cheung, as a private limited company in Hong Kong with a view to succeeding and formalizing the growing handbag manufacturing business of Sitoy Hand Bag Fty. The share capital of Sitoy Handbag was fully allotted and issued and held as to 90% by Mr. Yeung Michael Wah Keung, 5% by Mr. Yeung Wo Fai and 5% by Mr. Yeung Wo Cheung on 26 June 1985.

On 29 March 1999, with a view to expanding our operations, the share capital of Sitoy Handbag was increased to HK$4,000,000 and after the full issue and allotment of the share capital to its then shareholders on the same date, Sitoy Handbag became owned as to 65% by Mr. Yeung Michael Wah Keung, 20% by Mr. Yeung Wo Fai and 15% by Mr. Yeung Wo Cheung.

In 2007, Mr. Yeung Wo Cheung retired from the management of our Group. His entire shareholding interests in Sitoy Handbag were transferred to Mr. Yeung Michael Wah Keung on 29 August 2006 at a consideration based on fair market value of Sitoy Handbag, who held such shares on trust for Mr. Yeung Wo Fai. The legal interests in these shares were transferred back to Mr. Yeung Wo Fai on 30 March 2007. Since then and immediately prior to the Reorganization, Sitoy Handbag had been owned as to 65% by Mr. Yeung Michael Wah Keung and 35% by Mr. Yeung Wo Fai. The entire issued share capital of Sitoy Handbag was transferred to Sitoy Factory in the Reorganization as described in "Reorganization" below.

Sitoy Handbag is our operating subsidiary principally engaged in the manufacture and trading of handbags, small leather goods and travel goods.

Sitoy Company

On 29 July 1986, Mr. Yeung Michael Wah Keung, Mr. Yeung Wo Fai and Mr. Yeung Wo Cheung incorporated Sitoy Company as a private limited company in Hong Kong. Its issued share capital was owned as to 50% by Mr. Yeung Michael Wah Keung, 25% by Mr. Yeung Wo Fai and 25% by Mr. Yeung Wo Cheung as of 3 November 1986.

In 1987, as a way of carrying out manufacturing operations in the PRC, Sitoy Company entered into a processing agreement with Dongguan External Processing and Assembly Services Company* (東莞市對外加工裝配服務公司) and Dongguan Houjie Qiaotou Sitoy Handbag Factory* (東莞厚街橋頭時代手袋廠) (previously known as Dongguan Nanwu Sitoy Handbag Factory) in respect of the operation of Dongguan Houjie Qiaotou Sitoy Handbag Factory* (東莞厚街橋頭時代手袋廠) in Dongguan, Guangdong Province and its undertaking of our Group's manufacturing activities. Under such processing agreement and its supplements and subsequent renewals, the responsibilities of the Group and the PRC party are set forth below.

The Group's responsibilities were to:

- provide machinery and equipment for the operation of the manufacturing facility; and
- provide raw materials, ancillary materials and packing materials required in the manufacturing process of the manufacturing facility.

The PRC party's responsibilities were to:

- provide factory premises for the manufacturing operation;
- provide labor; and
- provide electric power.

Our Group had to pay a processing fee for the processing services provided by Dongguan Houjie Qiaotou Sitoy Handbag Factory* (東莞厚街橋頭時代手袋廠). As confirmed by our PRC legal advisers, Dongguan Houjie Qiaotou Sitoy Handbag Factory* (東莞厚街橋頭時代手袋廠) was not a separate legal entity and it had operated in the form of "three types of processing plus compensation trades" under the processing agreement and its supplements and subsequent renewals. Under such arrangement, our Group supplied raw materials and machinery to Dongguan Houjie Qiaotou Sitoy Handbag Factory* (東莞厚街橋頭時代手袋廠) for processing, upon completion of which Dongguan Houjie Qiaotou Sitoy Handbag Factory* (東莞厚街橋頭時代手袋廠) would return the processed materials to our Group. This investment mode was introduced by the PRC government in the late 1970s as a result of its economic reform in the PRC. "Three types of processing plus compensation trades" refers to the business of processing with supplied materials, processing with supplied samples, assembly with supplied parts, and compensation trade. Foreign participants of this investment mode would receive certain benefits, including tax incentives, in the PRC. It served as an attempt to attract foreign investments by creating a new form of business relationship with manufacturers outside the PRC. The investment mode was particularly popular in Guangdong Province. As disclosed in note 12 "Income Tax Expense" in the Accountants' Report in Appendix I to this prospectus, our Group received concessionary tax treatment in Hong Kong as a result of the processing arrangement during the Track Record Period.

On 2 August 1994, Mr. Yeung Wo Fai and Mr. Yeung Wo Cheung transferred 150 shares and 350 shares, both at par value, respectively, in Sitoy Company to Mr. Yeung Michael Wah Keung and, on 4 August 2006, Mr. Yeung Wo Cheung and Mr. Yeung Michael Wah Keung transferred 400 shares and 50 shares, both at par value, respectively, to Mr. Yeung Wo Fai. Since 4 August 2006 and before the Reorganization, Sitoy Company had been owned as to 65% by Mr. Yeung Michael Wah Keung and 35% by Mr. Yeung Wo Fai. The entire issued share capital of Sitoy Company was transferred to Sitoy Investment in the Reorganization as described in "Reorganization" below.

Dongguan Houjie Qiaotou Sitoy Handbag Factory* (東莞厚街橋頭時代手袋廠) ceased operations in 2011 and consolidated its manufacturing facility into Sitoy Dongguan. It was a policy of Guangdong provincial government to encourage foreign investors to transform and upgrade their "three types of processing plus compensation trades" to corporate bodies in the PRC. As a sizeable enterprise in Guangdong Province, we followed such policy to cooperate with the Guangdong provincial government. Before its cessation of operation, the manufacturing facility occupied a gross floor area of approximately 9,000 sq.m. with 18 production lines and a total number of approximately 1,000 employees. Our Directors believe that the business and operations of our Group will not be adversely affected by the cessation of operation of the manufacturing facility because its manufacturing activities have been fully taken up by Sitoy Dongguan.

Sitoy Company is our operating subsidiary principally engaged in the manufacture and trading of handbags, small leather goods and travel goods.

Sitoy Dongguan

Sitoy Dongguan was established in the PRC as a limited liability company on 13 July 1992 pursuant to a joint venture agreement dated 16 June 1992 entered between Sitoy Handbag and Dongguan

Houjie Nanwu Economic Development Company* (東莞市厚街南五經濟發展公司) ("Dongguan Nanwu"), for a period of 10 years from 13 July 1992 to 12 July 2002 with an initial registered capital and total investment of HK$12 million. Pursuant to the joint venture agreement, Sitoy Handbag contributed to the registered capital of Sitoy Dongguan by way of machinery and cash while Dongguan Nanwu contributed by way of factory and dormitories (including water and electricity facilities) located in Dongguan, Guangdong Province. The sino-foreign joint venture was then owned as to 60% by Sitoy Handbag and 40% by Dongguan Nanwu. It was initially established to engage in the manufacture and sale of synthetic leather handbags.

On 10 March 1997, a supplemental agreement was entered into between the parties to extend the scope of business to cover the manufacture and sale of synthetic leather, leather, cotton, linen, canvas, nylon and polypropylene grass handbags. On 8 May 2002, Sitoy Handbag and Dongguan Nanwu entered into a second supplemental agreement to extend the term of the joint venture to 12 July 2007.

On 10 October 2003, a third supplemental agreement was entered into between the parties for, among other things, (1) the return of Dongguan Nanwu's interests in Sitoy Dongguan and the corresponding reduction in the registered capital and total investment of Sitoy Dongguan to HK$7.2 million (the reduction of the HK$4.8 million represented the value of the factory and dormitories (including water and electricity facilities) invested by Dongguan Nanwu); (2) the amendment of the scope of business to cover the manufacture and sale of various types of handbags and leather products; and (3) the extention of the term of operation to 12 July 2017.

Upon the withdrawal of Dongguan Nanwu from the investment of Sitoy Dongguan, which became effective in 2004, Sitoy Dongguan became a wholly foreign-owned enterprise owned by Sitoy Handbag. The manufacturing facility of Sitoy Dongguan was relocated to The Third Industrial District in Dongguan, Guangdong Province in 2000, in an area subsequently acquired by our Group as a self-owned production site. To provide funds for expansion of our operation, improvement of our management system and purchase of factory equipments, the registered capital and total investment of Sitoy Dongguan were increased to HK$15.2 million on 19 September 2008 and to HK$60 million on 14 July 2010, all of which was contributed by Sitoy Handbag. Since 14 July 2010, the scope of business of Sitoy Dongguan has covered the manufacture and sale of various types of handbags and leather products, and the research and development of leather products, clothing and travel goods. Xiabian Branch, Qiaotou Branch and Qiaonan Branch, branch companies of Sitoy Dongguan, were established in the PRC on 2 September 2010, 14 April 2011 and 14 April 2011, respectively.

Sitoy Yingde

Sitoy Yingde was established by Sitoy Company in the PRC as a limited liability company on 11 December 2006 for a period of 20 years from 11 December 2006 to 11 December 2026 with an initial registered capital and total investment of HK$50 million. In 2008, Sitoy Yingde designed and constructed a manufacturing facility in two phases in Yingde, Guangdong Province, on land owned by our Group.

Upon commencement of production of our Yingde manufacturing facility, Sitoy Yingde further increased its registered capital and total investment to HK$90 million on 5 March 2009, to HK$170 million on 3 September 2009 and to HK$220 million on 25 November 2010, to provide funds for the construction and operation of the production site and purchase of factory equipment. On 25 November 2010, the term of operation of Sitoy Yingde was extended to a period of 50 years expiring on 11 December 2056.

Since its establishment, Sitoy Yingde has been wholly-owned by Sitoy Company and has been principally engaged in the research, development, design and manufacture of handbags, small leather goods and travel goods in Yingde, Guangdong Province.

Our Company

Our Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on 21 February 2008 with an authorized share capital of US$50,000 divided into 50,000 shares of US$1 each. On its date of incorporation, one subscriber share of US$1 was transferred by its subscriber to Mr. Yeung Michael Wah Keung, the Chairman and an executive Director, at a consideration of US$1 based on par value and an aggregate of 99 shares of US$1 each were allotted and issued as to (i) 64 shares of US$1 each to Mr. Yeung Michael Wah Keung; and (ii) 35 shares of US$1 each to Mr. Yeung Wo Fai, the chief executive officer and an executive Director.

Since its incorporation, our Company has been owned as to 65% by Mr. Yeung Michael Wah Keung and 35% by Mr. Yeung Wo Fai. As a result of our Reorganization, our Company became the ultimate holding company of our Group.

Sitoy International

On 10 September 2010, Sitoy International was incorporated in the BVI. Since its incorporation, Sitoy International has been directly and wholly-owned by our Company and it has been the holding company of Sitoy Retailing.

Sitoy Retailing

On 21 September 2010, Sitoy Retailing was incorporated as a private limited company in Hong Kong to engage in the retail business of our "TUSCAN'S" handbags and small leather goods. Since its incorporation, Sitoy Retailing has been beneficially wholly-owned by Sitoy International.

Sitoy Guangzhou

Sitoy Guangzhou is principally engaged in the operation of our retail stores for "TUSCAN'S" brand of handbags and small leather goods. It was established by Sitoy Retailing in the PRC as a limited liability company on 18 January 2011 for a period of 30 years from 18 January 2011 to 18 January 2041 with an initial registered capital of HK$25 million and a total investment of HK$50 million. Since its establishment, Sitoy Retailing has been the sole registered owner of Sitoy Guangzhou. Sitoy Guangzhou established branch companies, Guangzhou Gaode branch, Guangzhou Zhengjia branch, Shenzhen branch and Beijing Dongcheng branch, in the PRC on 31 March 2011, 24 June 2011, 21 October 2011 and 25 October 2011, respectively, to engage in the operation of our retail stores.

REORGANIZATION

In preparation for the Listing, we carried out the Reorganization which involved the following steps:

Incorporation of Sitoy Factory and Sitoy Investment

On 23 May 2011, Sitoy Factory was incorporated in the BVI, and 65 shares of no par value and 35 shares of no par value in Sitoy Factory were issued and allotted to Mr. Yeung Michael Wah Keung and Mr. Yeung Wo Fai, respectively.

On 23 May 2011, Sitoy Investment was incorporated in the BVI, and 65 shares of no par value and 35 shares of no par value in Sitoy Investment were issued and allotted to Mr. Yeung Michael Wah Keung and Mr. Yeung Wo Fai, respectively.

Share transfers of Sitoy Handbag and Sitoy Company

On 20 June 2011, Mr. Yeung Michael Wah Keung transferred 260,000 shares in Sitoy Handbag and Mr. Yeung Wo Fai transferred 140,000 shares in Sitoy Handbag (together representing the entire issued share capital of Sitoy Handbag) to Sitoy Factory, in consideration of an issue and allotment of 65 shares of no par value and 35 shares of no par value in Sitoy Factory to Mr. Yeung Michael Wah Keung and Mr. Yeung Wo Fai, respectively, based on the market value of Sitoy Handbag as of 31 May 2011.

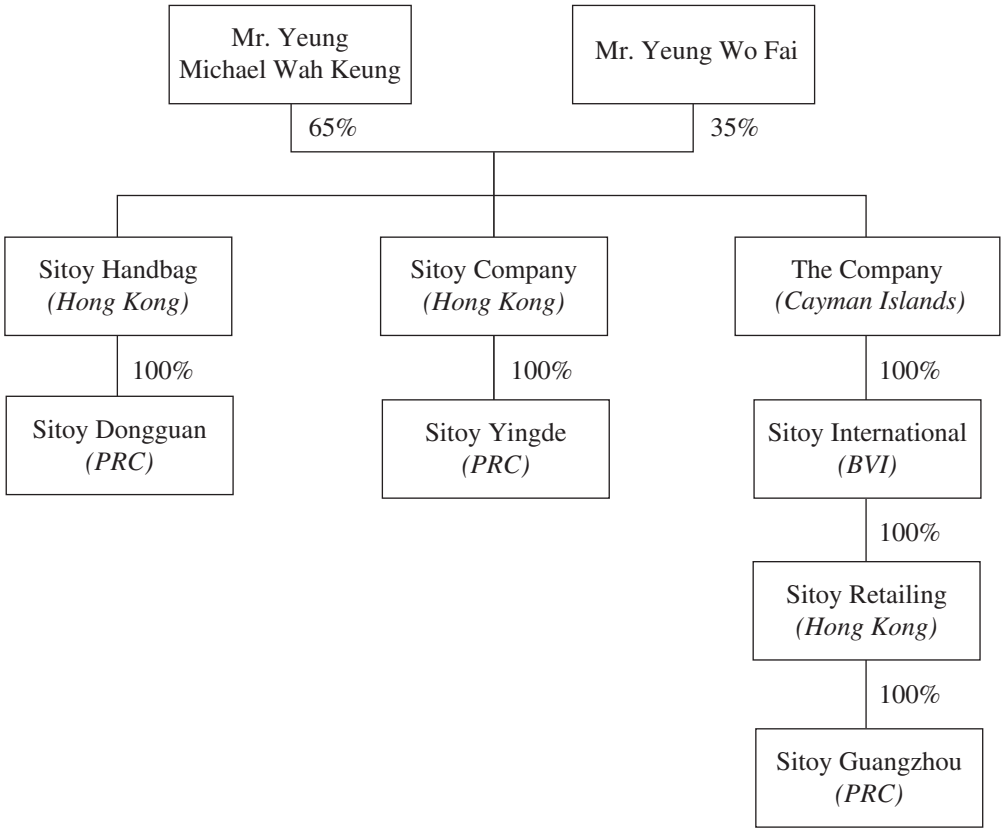
On 20 June 2011, Mr. Yeung Michael Wah Keung transferred 1,950 shares in Sitoy Company and Mr. Yeung Wo Fai transferred 1,050 shares in Sitoy Company (together representing the entire issued share capital of Sitoy Company) to Sitoy Investment, in consideration of an issue and allotment of 65 shares of no par value and 35 shares of no par value in Sitoy Investment to Mr. Yeung Michael Wah Keung and Mr. Yeung Wo Fai, respectively, based on the market value of Sitoy Company as of 31 May 2011.

Share transfers of Sitoy Factory and Sitoy Investment

On 13 July 2011, our Company issued and allotted 130 Shares and 70 Shares, all credited as fully paid, to Mr. Yeung Michael Wah Keung and Mr. Yeung Wo Fai, respectively, in consideration of Mr. Yeung Michael Wah Keung transferring 130 shares of no par value in Sitoy Factory and 130 shares of no par value in Sitoy Investment and of Mr. Yeung Wo Fai transferring 70 shares of no par value in Sitoy Factory and 70 shares of no par value in Sitoy Investment to our Company pursuant to two deeds for sale and purchase both dated 13 July 2011 entered into among our Company, Mr. Yeung Michael Wah Keung and Mr. Yeung Wo Fai. Such consideration was based on the respective market value of Sitoy Factory and Sitoy Investment as of 20 June 2011.

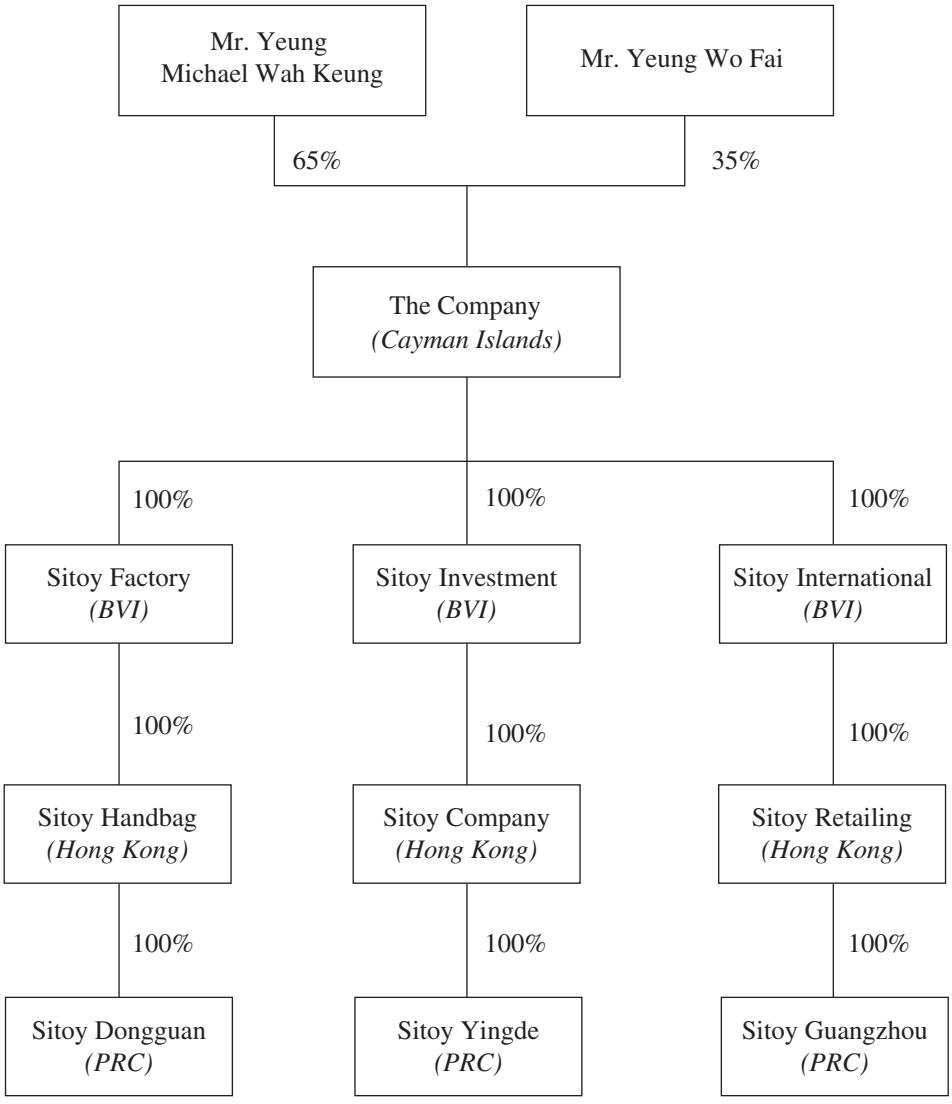
The following chart set out the shareholding and corporate structure of our Group immediately before the Reorganization:

Group structure immediately before the Reorganization



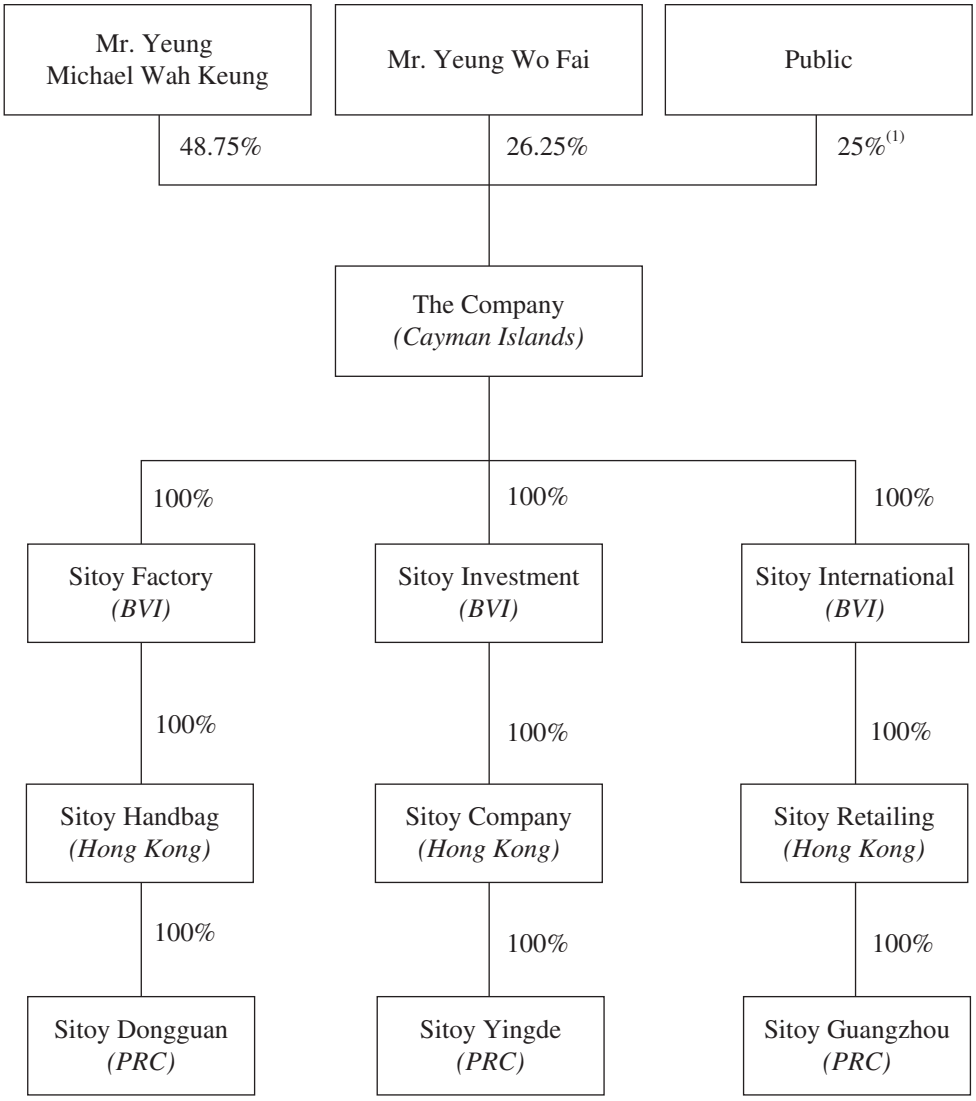
The following chart sets out the shareholding and corporate structure of our Group immediately after the Reorganization but before the Global Offering and the Capitalization Issue:

Group structure immediately after the Reorganization but before the Global Offering and the Capitalization Issue



The following chart sets out the corporate structure of our Group immediately upon completion of the Global Offering and the Capitalization Issue (assuming the Over-allotment Option is not exercised and taking no account of any Shares which may be allotted and issued pursuant to the exercise of options to be granted under the Share Option Scheme):

Group structure immediately after the Global Offering and the Capitalization Issue



(1) Immediately after the Global Offering and the Capitalization Issue, approximately 10.4% of our issued and outstanding Shares will be held by Cornerstone Investors as described under "Cornerstone Investors" in this prospectus.

OVERVIEW

We are a large-scale outsourced manufacturer of luxury handbags and small leather goods. We are principally engaged in developing and manufacturing handbags, small leather goods, and travel goods on behalf of leading international high-end and luxury brands, such as Coach, Fossil, Michael Kors, Lacoste and Prada, and high-end travel brands, such as Tumi, who then sell the products we develop and manufacture to their customers. We also research, develop, design and manufacture private label handbags and small leather goods for a well-known large department store chain in the United States. In addition, in order to build on our approximately 30 years of operating history, in February 2011 we introduced TUSCAN'S brand of handbags and small leather goods, our high-end fashion brand with Italian origins, and opened two retail stores in Guangzhou in the PRC in February and March 2011. As of 31 October 2011, we had seven stand-alone retail stores and nine department store concession counters in various cities in the PRC.

We particularly benefit from our 13-year relationship with Coach, which has resulted in us becoming Coach's largest supplier of handbags and Coach being our largest customer during the Track Record Period. Our revenues derived from Coach for Fiscal Years 2009, 2010 and 2011 were HK$562.0 million, HK$908.4 million and HK$1,327.6 million, respectively, which constituted 41.6%, 52.6% and 53.2%, respectively, of our revenue. For these same periods, the aggregate revenues derived from our five largest customers, which are primarily international high-end and luxury brand customers based in the United States and Europe, were HK$1,020.8 million, HK$1,451.2 million and HK$2,055.6 million, constituting 75.6%, 84.1% and 82.4%, respectively, of our revenue. However, the volume of work performed for specific customers may vary from year to year, since we are not the exclusive supplier for any of our customers and have not entered into long-term purchase agreements with any of our customers. As of 30 June 2011, our remaining four largest customers included a U.S. listed global design, marketing and distribution company that specializes in consumer fashion accessories; a French provider of leather goods, travel bags and accessories; a U.S. listed large department store retailer in the United States and a U.S.-based handbag brand.

Many of the steps involved in the production of our products require a high level of craftsmanship. Through our long history of operations with international high-end and luxury brands, we have accumulated in-depth expertise and know-how with respect to every key step of the high-end and luxury handbags and small leather goods production process. The production process of a complex handbags involves over 200 steps, including the manual assembly of more than 100 separate components by skilled workers. Based on our experience, only a limited number of these steps can be automated, while a substantial number of the steps must be done manually and many also involve craftsmanship, which increases product quality and optimizes efficiencies, and therefore require a high level of skill or dexterity. These include specialized leather cutting, sewing, embroidery, patchwork, weaving and pleating, among others. Although we do not categorize our employees based on levels of craftsmanship, only our more experienced employees are permitted to undertake tasks that require craftsmanship skills.

Manufacturing

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. Four of our manufacturing facilities are located in Dongguan, Guangdong Province, PRC; and one of our manufacturing facilities is located in Yingde, Guangdong Province, PRC. Our manufacturing facilities are strategically located in Guangdong Province in order to benefit from access to well-established

transport and logistics infrastructure, as well as raw material suppliers. We significantly expanded our manufacturing capacity over the Track Record Period. We manufactured and sold approximately 7.2 million products in Fiscal Year 2009, as compared to 9.0 million products in Fiscal Year 2010 and 12.3 million products in Fiscal Year 2011. As of 30 June 2009, 2010 and 2011, our estimated annual production capacity was approximately 10.5 million, 12.8 million and 16.1 million units of handbags, small leather goods and travel goods, respectively, while our estimated utilization rate for the corresponding Fiscal Years was approximately 69%, 73% and 76%, respectively. Our estimated annual production capacity is computed on the basis of the production month in which we recorded the highest production volume during the relevant Fiscal Year, assuming the same production volume would be achieved in every month during that Fiscal Year. The estimated utilization rate is the actual number of products manufactured divided by the estimated annual production capacity for the relevant Fiscal Year. The increase in our estimated annual production capacity was primarily due to the increase in the number of our production lines from 123 to 191 during the Track Record Period as a result of increased demand for our products from our customers. We believe this increase also improved our manufacturing flexibility and efficiency and allowed us to better meet the varying demands of our customers.

We plan to continue expanding our manufacturing capabilities. With respect to our manufacturing facilities, our current expansion plans include a second phase of expansion of our manufacturing facility in Yingde. We entered into a construction contract with respect to two buildings as part of the second expansion phase of our Yingde manufacturing facility in September 2010 and, according to our PRC legal advisers, we have obtained all necessary approvals and licences from the relevant PRC authorities in connection with the construction of these two buildings. We are in the process of negotiating construction contracts with respect to the remaining buildings and will proceed to obtain the requisite property ownership certificates for these buildings prior to commencement of production. Production at the first two buildings of the second phase of the facility is expected to commence in or around December 2011. Production at the remaining buildings is currently expected to commence in Fiscal Year 2013, with approximately 50% production capacity available at the beginning of Fiscal Year 2013 and the remaining production capacity available at the end of Fiscal Year 2013. The second phase will increase the number of our production lines by 84 and our estimated annual production capacity by approximately 8.1 million units when fully complete. We expect that the expansion of our manufacturing facility in Yingde will enhance our technical standard as we expect to install in such facility machinery and equipment that are more technologically advanced than those in our existing manufacturing facilities.

However, unlike manufacturing facilities that have standard production requirements and production times for particular products, the production requirements and production times for our handbags, small leather goods and travel goods vary significantly due to a number of factors, such as differences between the styles and structures of the products, the number of workers that can be used in a production line for a particular product, and the high level of craftsmanship involved in the production of our products, which limits the number of the steps in our production process that can be automated. In addition, we may receive orders for the production of complex products with lower production volumes but with higher selling prices, as well as less complex products with higher production volumes but with lower selling prices. As a result, our estimated annual production capacity and utilization rate may not be an accurate indication of the use of our production capacity or meaningful in estimating our profitability.

Raw Materials and Suppliers

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. Many of our customers have designated suppliers of raw materials that we are mandated to use in manufacturing their products, which enables us to benefit from their pricing leverage and influence and gives us priority in obtaining supplies of high-quality raw materials. However, substantially all of our suppliers act as both designated and non-designated suppliers, depending on the customers and the product ordered, and for Fiscal Years 2009, 2010 and 2011, all of our five largest suppliers acted as both designated suppliers and non-designated suppliers. When a supplier is designated by a customer, the only principal difference is that the customer designates the raw materials to be purchased by our procurement team from the supplier. We also benefit from being in close proximity to certain of our suppliers and have access to efficient port facilities to receive shipments from suppliers located outside of the PRC, which helps to reduce costs and shorten delivery times.

Product Research, Development and Design

We have an in-house creative center and an R&D Center that collaborate with our leading international high-end and luxury brand customers in their product development process. Our in-house creative center is responsible for the production of prototypes from design concepts, as well as sales samples, while our R&D Center, although not directly involved in the design and development of products, is responsible for researching and implementing manufacturing technology, such as introducing semi-automatic lacing machinery and embossing machinery into certain steps of the production process, when appropriate, to produce quality handbags and small leather goods efficiently, as well as for providing input on the production process for handbags and small leather goods with different designs, such as with respect to the feasibility of volume production of the products in terms of design and materials. These two centers are involved in the production of each product we produce and work closely together to research, develop and design private label handbags and small leather goods for a well-known large department store chain in the United States. As of 31 October 2011, our creative center and R&D Center had approximately 1,100 and 62 staff, respectively, many of whom have significant industry experience, which enhances our ability to collaborate with our customers in their product development process. We also engage a design team from a design studio based in Italy to provide design concepts to us from time to time for our consideration and use. Our creative center designed and developed or collaborated with our customers in the design and development of more than 5,000, 6,200 and 7,400 distinct handbags and small leather goods in Fiscal Years 2009, 2010 and 2011, respectively. We also have in-house design and development teams who are assigned to certain of our major customers.

Although our sales are made on the basis of individual purchase orders and we are not the exclusive supplier for any of our customers, we have long-term, stable relationships with certain of our key customers and believe our market-leading position and long track record in providing high quality services provide us with an advantage over our competitors. In addition, we believe our large scale of operations better positions us to respond to changing consumer preferences and meet the varying demands of our customers. We also believe that our expertise in the research, development, design and manufacture of handbags and small leather goods well positions us to attract and retain leading international high-end and luxury brands as customers. During the Track Record Period, as confirmed by our Directors, the aggregate number of purchase orders we received from our customers on an annual basis has continued to increase and we have not had to extend the credit terms of any of our customers.

Retail

In order to leverage on our long and in-depth experience in the luxury branded handbag and small leather goods manufacturing business and our well-established manufacturing platform, we recently expanded into the rapidly growing PRC handbag and small leather goods retail market with TUSCAN'S, our high-end fashion brand with Italian origins. The TUSCAN'S brand, known for top quality contemporary Italian leather handbags and small leather goods, was originally established in 1974 with the founding of TUSCAN'S Europe in the Ponte a Egola tannery district, a historic center for leather processing and tanning, in Tuscany, Italy. Since its founding, TUSCAN'S Europe has expanded the presence of the TUSCAN'S brand internationally by partaking in numerous well know trade fairs and expanding its business into new markets. TUSCAN'S Europe currently distributes TUSCAN'S branded products across Europe and has showrooms in Athens, Florence, Milan and Rome. In February 2011, pursuant to our trademark assignment agreement with TUSCAN'S Europe, TUSCAN'S Europe assigned to us the right, title and interest in the "TUSCAN'S" trademark registered in the PRC and Japan as designated countries under international trademark registration. Such assignment has been recorded by the World Intellectual Property Organization and we are the registered holder of such trademark registered in the PRC and Japan.

Under our trademark assignment agreement with TUSCAN'S Europe, TUSCAN'S Europe has also agreed to assign to us the "TUSCAN'S" trademark that TUSCAN'S Europe has applied to or will apply to register in the jurisdictions of Hong Kong, Macau, Taiwan, Thailand, Malaysia, the United Arab Emirates, the United States, as well as in Singapore and South Korea as designated countries under international trademark registration. Trademark assignments will take place upon completion of the respective registrations. As at the Latest Practicable Date, the trademark had been registered in Hong Kong and Macau and we had been assigned with the right, title and interest in the trademark registered in Hong Kong and Macau. Recordal of such assignments at the respective government authorities has been arranged.

Pending assignment of the remaining "TUSCAN'S" trademark to us, we have pursuant to a trademark license agreement entered into between TUSCAN'S Europe and our Company in January 2011 acquired an exclusive and assignable license from TUSCAN'S Europe to use the "TUSCAN'S" trademark in Taiwan, Thailand, Malaysia, the United Arab Emirates, the United States, Singapore and South Korea in connection with our retail business.

Consistent with its Italian origins, we have positioned our TUSCAN'S products as a high-end, fashionable and stylish international brand. As of 31 October 2011, we employed 93 retail employees and had seven stand-alone retail stores with two in each of Beijing and Guangzhou, and one in each of Chongqing, Jinan and Shenzhen. We also had nine department store concession counters as of 31 October

2011, with five in Shanghai, and one in each of Hefei, Jinhua, Ningbo and Wuhu. We also propose to enter into a lease for an additional retail outlet in Hong Kong, which is expected to commence business in or around December 2011, and currently have plans to open additional retail outlets in the PRC and Macau. Since the launch of our retail business in February 2011, we have promoted TUSCAN'S handbag and small leather goods products through different marketing channels, including mass media, such as magazines, transportation advertising, such as in-flight advertisements, in-store promotion campaigns and fashion shows. The daily operations, business development, management and administration of our retail business is headed by a general manager with over 20 years of experience in retail chain management in the PRC. Our general manager is supported by a regional sales director based in the northern region of the PRC with over eight years of experience in retail management in the PRC, specializing in training and development of sales teams, a regional sales director in the eastern region of the PRC with over five years of experience in handbag and leather goods retail management in the PRC, specializing in sales management, and a regional sales director in the southern region of the PRC with over nine years of experience in handbag and leather goods retail management in the PRC, specializing in retail stores development. We believe the size and experience of our retail management and staff provide a solid foundation for the future growth of our retail business and expect to expand our retail team as our retail network in the PRC grows. We currently plan to expand our retail network in the PRC by increasing our total number of retail outlets in the PRC to approximately 100 over the next three years. We believe that our TUSCAN'S products will not be in direct competition with our existing customers since the price range of our TUSCAN'S products is generally below that of our major customers, they typically target a different consumer group and market segment and our TUSCAN'S design team is independent and works separately from design and development teams for our other customers.

We have enjoyed rapid growth in revenue and net profit during the Track Record Period. For Fiscal Years 2009, 2010 and 2011, we generated revenue of HK$1,349.7 million, HK$1,726.3 million and HK$2,493.3 million, respectively, representing a CAGR of 35.9%. For these same periods, our net profit was HK$78.2 million, HK$151.8 million and HK$302.4 million, respectively, representing a CAGR of 96.7%. We believe our ability to have grown our revenues and profits through the recent financial crisis demonstrates the strength of our business model and the resiliency of our target markets.

As a result of our commitment to the quality of our products, quality management system, contribution to exports from the PRC and focus on the continued improvement of our working environment and human resource management, we have received the following awards and recognitions, among others:

- In 2010, we obtained a renewal of our Certificate of Registration for ISO 9001:2008 certification issued by the British Standards Institution for the production of handbags by Sitoy Dongguan, which was originally issued in 2001.

- In 2010, we were accredited as "Enterprise with Harmonious Employment Relationship (勞動關係和諧企業)" by the People's Government of Houjie Town, Dongguan, the PRC.

- In 2008, we were awarded a "Most Consistent Management Commitment" certificate by Coach.

- In 2005 and 2008, we were accredited as "Home of Employees (職工之家)" by the PRC State Labor Union (中華全國總工會).

- In 2004 and 2007, we were accredited as "Enterprise with Staff Satisfaction (員工滿意企業)" by the People's Government of Houjie Town, Dongguan, PRC.

COMPETITIVE STRENGTHS

We believe that the following competitive strengths are the key factors contributing to our historical success and will continue to enable us to increase our market share and capture future growth opportunities in our target markets:

We have large-scale and flexible manufacturing capabilities in a growing market

We believe the large scale of our manufacturing capabilities positions us well to capture an increasing share of the expected continued growth in the global and the PRC luxury branded handbag and small leather goods manufacturing markets. For Fiscal Year 2011, we sold a total of approximately 9.9 million units of handbags and 2.3 million units of small leather goods. In Fiscal Years 2009, 2010 and 2011, we generated HK$1,349.7 million, HK$1,726.3 million and HK$2,493.3 million, respectively, in revenue from the manufacturing and sale of our products.

The global luxury goods market has experienced an increase in total retail spending from approximately US$218.4 billion in 2006 to US$242.5 billion in 2010, representing a CAGR of 2.6% according to Frost & Sullivan. Over this same period, the global luxury branded handbag and small leather goods market had the highest growth rate among all of the various types of luxury goods markets and experienced an increase in total retail spending from approximately US$44.6 billion in 2006 to US$53.0 billion in 2010, representing a CAGR of 11.2%. The PRC's luxury branded handbag and small leather goods retail market increased from US$1.2 billion in 2006 to US$4.6 billion in 2010, representing a CAGR of 39.5%. We believe that the large scale of our operations will allow us to capture an increasing share of the expected continued growth in the global and the PRC luxury branded handbag and small leather goods markets. According to Frost & Sullivan, we have twice the PRC-based production volume of any other player in the PRC luxury branded handbag and small leather goods outsourced manufacturing industry. We believe this enables us to service our customers better in responding to fast changing consumer preferences and fashion trends, which will enable us to further strengthen our long-term relationships with our strategic customers, grow market share, and yield higher margins. Our large production scale also allows us to benefit from economies of scale through lower fixed per unit production costs, stronger bargaining power in purchasing raw materials, and higher market recognition and awareness.

While we have significantly increased the scale of our manufacturing capabilities over the Track Record Period, we have also maintained the flexibility to adapt our production lines for the production of small, customized orders, such as for luxury branded handbags and small leather goods, as well as larger volume production runs to meet the varying demands of our customers. The flexibility of our production lines also allows us to maximize efficiency and diversify our product portfolio.

We have a broad customer base of well-known international high-end and luxury brands and high-end travel goods brands and long-term, stable relationships with certain of our key customers

Our broad customer base includes many global high-end and luxury brands and high-end travel goods brands, including high-end and luxury brands such as Coach, Fossil, Michael Kors, Lacoste and Prada, and high-end travel brands, such as Tumi. The handbags, small leather goods and travel goods that we manufacture are sold by our customers across many parts of North America, Europe and Asia. Our customers also include a well-known large department store chain in the United States.

In addition, we have long-term, stable relationships with certain of our key customers. We believe that we are one of the first PRC manufacturers to manufacture outsourced handbags and small leather goods on a large scale for American and European high-end and luxury brands. We particularly benefit from our 13-year relationship with Coach, which has resulted in us becoming Coach's largest supplier of handbags and Coach being our largest customer during the Track Record Period. Our second and third largest customers have been our customers for 13 and 5 years, respectively. We maintain strong relationships with our customers, from senior management level to designers and working levels, which is established via both work and social activities. Our market leading position and long track record in providing top of the class services provide us with a competitive advantage in attracting additional international high-end and luxury brand owners as customers. During the Track Record Period, we have added Lacoste and Michael Kors, among others, as our customers.

The breadth of our customer base enables us to optimize our production capabilities and increase our bargaining power. In addition, our long-term relationships and collaborations with our customers have strengthened our skills and experience in product research, development, design and manufacturing capabilities, which we believe differentiates us from other competitors. We believe that as a result of our long-term relationships we will receive additional business from our existing customers as demand in the global high-end and luxury branded handbag and small leather goods retail market continues to grow. We also believe that this will further enhance our reputation as one of the leading manufacturers of outsourced luxury branded handbags and small leather goods, which will enable us to win new customers and reinforce our pricing strategy successfully. All these factors reinforce our position as the market leader in the global luxury branded handbag and small leather goods manufacturing market.

We have strong handbag and small leather goods research, development, design and commercialization capabilities

We have accumulated extensive expertise and capabilities in research, development, design and commercialization of high-end and luxury branded handbags and small leather goods from our long-term working relationships with various international high-end and luxury brands.

We also have in-house design and development teams who are assigned to certain of our major customers. Our customers place high value on the benefits that these arrangements provide, which include:

- the promotion of continued communication and the exchange of ideas between our customers' designers and our in-house design and development teams, which fosters a highly collaborative relationship;

- stronger protection of our customers' intellectual property rights, particularly with respect to our customers' latest product designs; and

- increased efficiency in the product research, development and design processes, including the selection of suitable leather and other raw materials, as our in-house designers have come to possess an in-depth understanding of our customers' needs, as well as the preferences of the target end-consumers for our customers' products.

According to Frost & Sullivan, we have one of the leading research, development and design platforms in the high-end and luxury branded handbag and small leather goods manufacturing industry in the PRC based on number of staff. We operate an in-house creative center that has approximately 1,100

staff as of 31 October 2011 dedicated to the design and development of handbags and small leather goods. From time to time, we also engage a design team from a design studio based in Italy to work with our in-house design and development team. Upon receiving a design concept from our customers, our creative center is usually able to turn complex design concepts into a handbag or small leather good prototype within one to two months. In addition, our R&D Center, which consisted of 62 staff as of 31 October 2011, provides input on the production process for handbags and small leather goods with different designs. Our in-house creative center has the capability to translate complex design concepts from our customers into prototypes and samples, with an emphasis on quality, comfort and style, on a timely basis.

We pride ourselves on our ability to offer customers one-stop research, development, design and manufacturing solutions, which helps us to service our customers in responding to fast changing consumer preferences and fashion trends, develop and manufacture products with complex designs, maintain our profitability, as well as secure additional business. We believe our research, development and design capabilities give us competitive advantages by enabling us to further leverage our position as one of the leading manufacturers of outsourced luxury branded handbags and small leather goods by offering our customers a comprehensive range of additional services in addition to our high level of craftsmanship and manufacturing expertise.

We possess in-depth expertise and know-how in the craftsmanship of high-end and luxury handbags and small leather goods

Many of the steps involved in the production of our products require a high level of craftsmanship. Through our long history of operations with international high-end and luxury brands, we have accumulated in-depth expertise and know-how with respect to every key step of the high-end and luxury handbags and small leather goods production process. The production process for a complex handbags involves over 200 steps, including the manual assembly of more than 100 separate components by skilled workers. Based on our experience, only a limited number of these steps can be automated, while a substantial number of the steps must be done manually and many also involve craftsmanship, which increases product quality and optimizes efficiencies, and therefore require a high level of skill or dexterity. These include specialized leather cutting, sewing, embroidery, patchwork, weaving and pleating, among others. Although we do not categorize our employees based on levels of craftsmanship, only our more experienced employees are permitted to undertake tasks that require craftsmanship skills.

Our workers are well trained and have the necessary experience and skills to enable us to produce our products in volume with optimal efficiency, superior quality and lower cost. The level of skill and craftsmanship required to manufacture high-end and luxury handbags and small leather goods makes it difficult for new competitors to enter into our industry, which reinforces our competitiveness and market leading position.

We have an efficient and stable supply chain management system and lean production practices

Supply chain management

All five of our manufacturing facilities are strategically located in Guangdong Province, PRC, which is considered to be a hub province of the PRC manufacturing industry, with a well-established transport and logistics infrastructure, numerous raw material suppliers, and a large pool of skilled and efficient workers.

We have long-term and well established relationships with many of our suppliers, which enable us to maintain a stable supply of high-quality raw materials. Many of our customers have designated suppliers of raw materials that we are mandated to use in manufacturing their products, which enables us to benefit from their pricing leverage and influence and gives us priority in obtaining supplies of high-quality raw materials. We also benefit from being in close proximity to certain of our suppliers and have access to efficient port facilities to receive shipments from suppliers located outside of the PRC, which helps to reduce costs and shorten delivery times. In addition, in order to avoid accumulating inventory, we generally do not order the raw materials we need to manufacture a particular product from our suppliers until after we have received a purchase order from the customer. Upon receipt of our customer's purchase order, we seek to place a purchase order with a raw materials supplier as quickly as possible in order, to the extent possible, to align our actual raw material costs with the estimated raw material costs we have agreed with our customer.

As a result of our long operating history and the scale of our operations, we understand from our major suppliers that we are one of their preferred customers. In order to maintain an efficient and stable supply chain, we have a dedicated procurement team that visits our suppliers' sites regularly to ensure that the raw materials are of high quality and delivered on a timely basis. Such visits also enable our procurement team to learn about newly available raw materials and the latest industry trends.

Lean production practices

We have introduced lean production practices into our production process to increase production efficiency and minimize waste. Prior to the assembly of our finished products, our R&D Center provides input into how to optimize the pre-production process. Based on this input, we organize our manufacturing staff into multiple production teams in order to produce the different components of a product and ensure each component satisfies our quality and design specifications before they are assembled together into the finished product. This streamlined production process enables us to discover and resolve any issues relating to production at an early stage, thereby allowing us to increase efficiency, improve product quality and reduce wastage and cost.

We consider efficiency control as an integral part of our lean production practice. We have a dedicated efficiency control department that oversees the entire production process to synchronize each step in the production process. By using our electronic tracking system, or ETS, we are able to keep track of our lead time for every key step in our production process on a real-time basis to help us better manage our production lines and deliver our products on time. This system also allows us to better evaluate the efficiency of our staff and reward our best performers appropriately with incentive payments and additional training.

We have a strong senior management team with in-depth industry knowledge and an established track record

We have a strong senior management team with in-depth industry knowledge and an established track record. Based in Hong Kong, our Founders each have over 35 years of experience in, and were among the earliest entrants into, the high-end and luxury branded handbag and small leather goods manufacturing industry in the PRC. Most of the members of our senior management team have been with us for 15 years or more. The industry knowledge and experience of our senior management team have been crucial in the successful development of our business and the establishment of our long-term strategic relationships with many leading international high-end and luxury brands.

BUSINESS STRATEGIES

We intend to enhance shareholder value by leveraging our expertise in handbag and small leather goods research, development, design and manufacturing with a view to maintaining and strengthening our position as the leading outsourced luxury branded handbag and small leather goods manufacturer globally and enhancing our own brand. To achieve these goals, we are pursuing the following principal strategies:

Broaden our customer base and expand into new segments

We plan to continue to leverage on our market leading position and high quality services to attract new international high-end and luxury brand customers in order to diversify our revenue streams. We believe the expected growth in the global high-end and luxury branded fashion goods market, especially in the PRC, provides us with an opportunity to capitalize on our competitive strengths and attract additional international high-end and luxury brand customers.

From time to time, to the extent the order volume and margin we are able to charge are satisfactory, we also pursue opportunities that may arise to research, develop, design and manufacture private label products for large retail store chains in the United States, which often place large orders. We believe such opportunities could significantly increase our production volume and enhance our profitability through the economies of scale we can achieve as a result of the large scale of our operations.

We also intend to further penetrate high growth product markets where we can leverage our existing customer relationships and realize synergies with our existing research, development, design and commercialization capabilities. For example, we have been actively building our relationships with high-end travel goods brands in order to take advantage of the strong growth potential in the travel goods retail market due to recent increases in tourism and business travel. According to Frost & Sullivan, the global travel goods market is likely to grow at a CAGR of 5% from 2010 to 2015. The total size is expected to reach approximately US$31.6 billion in terms of retail sales value by 2015. Similarly, we believe the male luxury bags and small leather goods market, globally and in the PRC, represents a high growth opportunity for our business. According to Frost & Sullivan, there is a global trend of increased spending by men on high-end and luxury branded bags, suitcases and small leather goods products, particularly in the PRC as demonstrated by the increase in the total retail sales value of the male luxury branded bag and small leather goods market in the PRC from RMB0.5 billion in 2006 to RMB2.2 billion in 2010, representing a CAGR of 44.4%. We plan to strengthen our capabilities in the research, development, design and manufacturing of high-end and luxury branded fashion goods products for men in order to capture this high growth market opportunity.

Enhance and expand our research, development, design and other value-added services

The research, development, design and other value-added services that we provide our customers are an important focus of our business. We collaborate with certain of our major customers in their product design and development process and provide input on the production of handbags and small leather goods with different designs. We arrange for our customers' design teams to visit our manufacturing sites to inspect, modify and refine their product prototypes together with our creative center. We also have in-house design and development teams who are assigned to certain of our major customers.

We plan to increase our investments in research, development and design capacities by recruiting or engaging additional foreign and local designers, upgrading our designers' computer software and hardware, setting up exchange programs with both international and local fashion design institutes. We also plan to upgrade our creative center into a new world-class creative center, which will involve the automation of our prototype development process. This will enable us to upload electronic design packages received from our customers onto a specialized machine installed with specified pattern design software that will then create a paper pattern. Once reviewed and analyzed by our creative center, the shape and size of each particular paper pattern will be able to be loaded into an automatic leather cutting machine that will then produce the leather components for the assembly of the prototype. Once the upgraded creative center is operational, we will have larger and better facilities to enhance collaboration with our customers' design teams. We will also continue to increase our work with customers at each stage of the manufacturing process, from the creation of a design concept and continuing through product research and development to the final delivery of the high-quality product.

We also plan to continue placing great emphasis on protecting the intellectual property of our customers and working with our customers to ensure our products meet their quality standards and specifications. For example, we currently place our in-house design and development teams in separate design rooms in order to protect customers' intellectual property. We also have designated working areas at our manufacturing sites for certain major customers' design teams to ensure the designs of one particular customer are kept confidential from our other customers. In addition, we permit certain of our major customers to inspect and monitor our production process through their on-site personnel. We believe these measures will strengthen our relationships with our customers and increase the opportunity to provide them value-added services.

Further enhance our operational efficiency and strengthen our human resource training

We seek to further strengthen our manufacturing capabilities by enhancing our operational efficiency. We have invested in the development of our ETS and ERP systems to help us evaluate manufacturing performance, identify production bottlenecks, and design and implement production processes to improve our operating efficiency. With the support of our ETS and ERP systems, we are able to manage our production on a real-time basis and more accurately, including by tracking the status of our raw materials and finished products as well as evaluating the work efficiency of our workers so that we can reward our best performers with incentive payments and additional training. We periodically analyze data, including our production efficiency, costs and inventory and formulate a plan to improve our performance. We expect to upgrade our ETS and ERP systems as our business needs require and have purchased, and are also in the process of integrating, an SAP system to more efficiently manage our business.

We also plan to realize operational efficiencies by regularly upgrading our machinery and equipment at our existing manufacturing facilities as appropriate. For example, we have two computerized cutting machines in our cutting department and plan to acquire several additional computerized cutting machines to further enhance our leather cutting process.

We have an employee training center to provide pre-job training programs to our new recruits before they are assigned to work at our manufacturing facilities. From time to time, we also provide different levels of on-the-job training to our staff to broaden their skills and enhance their productivity. We plan to upgrade our employee training center to provide more pre-job and on-the-job training programs to our employees and professional management courses to our management.

Continue to expand and improve on our manufacturing capabilities

We intend to continue to expand our manufacturing capabilities in anticipation of the continued growth of our business. Increasing our manufacturing capabilities also gives us the flexibility to adapt our production lines for the production of small, customized orders, such as for luxury branded handbags and small leather goods, as well as larger volume production runs to meet the varying demands of our customers. The flexibility of our production lines also enables us to yield higher margins and maintain our relationships with our customers. We significantly expanded our manufacturing capabilities over the Track Record Period. In April 2009, we commenced production at our manufacturing facility in Yingde, which increased our number of production lines by more than a half, and in 2010, we expanded our manufacturing capabilities further through the commencement of production at two new leased manufacturing facilities in Dongguan, which further increased our number of production lines by approximately a third. As of 31 October 2011, we operated five manufacturing facilities with a total of 208 production lines and approximately 14,700 staff. Four of our manufacturing facilities are located in Dongguan, Guangdong Province, PRC and one is located in Yingde, Guangdong Province, PRC. We also plan to complete the second expansion phase of our Yingde manufacturing facility, pursuant to which production at the first two buildings of the second phase of the facility is expected to commence in or around December 2011. Production at the remaining buildings is currently expected to commence in Fiscal Year 2013, with approximately 50% production capacity available at the beginning of Fiscal Year 2013 and the remaining production capacity available at the end of Fiscal Year 2013.

Continue to enhance brand recognition for our TUSCAN'S brand and expand our retail business

In order to leverage on our long and in-depth experience in the luxury branded handbag and small leather goods manufacturing business and our well-established manufacturing platform, we recently expanded into the rapidly growing PRC handbag and small leather goods retail market with TUSCAN'S, our high-end fashion brand with Italian origins. Consistent with its Italian origins, we have positioned our TUSCAN'S products as a high-end, fashionable and stylish international brand. Our TUSCAN'S handbag products are typically priced between RMB1,500 and RMB4,500 per bag and target middle-class women between the age of 22 to 35. We believe TUSCAN'S can tap the rapidly growing high-end handbags and small leather goods retail market in the PRC, which is still in a formative stage of development. As of 31 October 2011, we employed 93 retail employees and had seven stand-alone retail stores with two in each of Beijing and Guangzhou and one in each of Chongqing, Jinan and Shenzhen. We also had nine department store concession counters as of 31 October 2011, with five in Shanghai, and one in each of Hefei, Jinhua, Ningbo and Wuhu. We also propose to enter into a lease for an additional retail outlet in Hong Kong, which is expected to commence business in or around December 2011. We also have plans to open additional retail outlets in the PRC and Macau.

We intend to further enhance and promote the brand recognition of our TUSCAN'S brand by launching a further advertising campaign through multiple marketing channels, including mass media, such as magazines, transportation advertising, such as in-flight advertisements, high profile store opening ceremonies, in-store promotion campaigns and fashion shows in order to effectively reach targeted customers. We also intend to focus on directly operated stores, while expanding our retail channels into different retail formats, in particular department store concession counters, and stand-alone retail stores, primarily in first-tier and second-tier cities in the PRC where a rapidly growing middle class is driving the demand for high-end handbag and small leather goods products.

In addition, we have a dedicated design and development team in the PRC which collaborates closely with the in-house design team of TUSCAN'S Europe based in Italy, which allows us to combine Italian designing expertise and tradition with our strong understanding of PRC consumer preferences. Supported by our strong creative center and R&D Center, we are able to launch new TUSCAN'S handbag or small leather goods product lines quickly in order to meet fast changing consumer preferences and fashion trends. We plan to continuously improve the design and product quality of our TUSCAN'S brand handbags and small leather goods by hiring both international and domestic top quality designers, reacting proactively to customer feedback to our products and increasing the product mix of our product series.

We believe that our experience in acquiring and introducing the TUSCAN'S brand will lead to new opportunities for us to introduce additional brands into the high-end handbag and small leather goods market. As a result, we may from time to time consider opportunities to acquire additional brands to increase the size of our retail portfolio that are consistent with our business strategies, and which we believe will generate a satisfactory return on investment.

MANUFACTURING BUSINESS

Products

Our manufacturing business comprises the products we develop and manufacture for our high-end and luxury brand customers, as well as the products we research, develop, design and manufacture for our private label customers. We categorize our principal products of our business into handbags, small leather goods and travel goods. For Fiscal Year 2011, we manufactured and sold a total of approximately 12.3 million units of handbags, small leather goods and travel goods, representing 80.9%, 18.7% and 0.4%, respectively, of our total units sold. We generated 90.0%, 9.0% and 1.0% of our revenue in Fiscal Year 2011 from the sale of handbags, small leather goods and travel goods, respectively. The following table sets forth, for Fiscal Years 2009, 2010 and 2011, the sales volume and revenue (excluding sales of our TUSCAN'S brand products) attributed to each category of the principal products of our manufacturing business.

	For Fiscal Year Ended					
	2009		2010		2011	
	Sales Volume	Revenue	Sales Volume	Revenue	Sales Volume	Revenue
	(Units'000)	(HK$'000)	(Units'000)	(HK$'000)	(Units'000)	(HK$'000)
Handbags	6,029.1	1,223,465	7,396.1	1,565,586	9,934.9	2,242,933
Small leather goods	1,184.3	126,063	1,623.0	155,069	2,293.6	224,047
Travel goods	0.5	160	10.3	5,662	50.1	25,563
Total	**7,213.9**	**1,349,688**	**9,029.4**	**1,726,317**	**12,278.6**	**2,492,543**

For Fiscal Year 2011, the average price range of our products charged to customers was HK$80 to HK$640 for handbags, HK$40 to HK$140 for small leather goods and HK$450 to HK$670 for travel goods.

Handbags

Our handbags product category primarily includes top handle bags, clutch bags, shoulder bags, tote bags, satchels, buckets and bowling bags. Depending on our customers' orders, our handbags are predominantly made of high-end cow leather and, to a lesser extent, fabric and straw. For Fiscal Years 2009, 2010 and 2011, we generated 90.7%, 90.7% and 90.0%, respectively, of our revenue from the sale of handbags.



Small leather goods

Our small leather goods product category primarily includes wallets, cosmetic bags and pouches. Depending on our customers' orders, our small leather goods are predominantly made of high-end cow leather and, to a lesser extent, fabric. For Fiscal Years 2009, 2010 and 2011, we generated 9.3%, 9.0% and 9.0% of our revenue from the sale of small leather goods.



Travel goods

Our travel goods product category primarily includes suitcases, computer cases, briefcases and backpacks. Depending on our customers' orders, our travel goods are made of genuine leather and fabric. We started manufacturing travel goods in April 2009, and for Fiscal Year 2011, sales of travel goods represented 1.0% of our revenue.



Principal Customers

We are a large-scale outsourced manufacturer of luxury handbags and small leather goods. We develop and manufacture handbags, small leather goods and travel goods for leading international high-end and luxury brands, such as Coach, Fossil, Michael Kors, Lacoste and Prada, and high-end travel brands, such as Tumi, and collaborate with certain of these customers with respect to their product research, development and design process through our in-house creative center and our R&D Center. We provide research, development and design services to our international high-end and luxury brand customers in connection with their product design and development process. Our in-house creative center is responsible for the production of prototypes from design concepts, as well as sales samples, while our R&D Center, although not directly involved in the design and development of products, is responsible for researching and implementing manufacturing technology, such as introducing semi-automatic lacing machinery and embossing machinery into certain steps of the production process, when appropriate, to produce quality handbags and small leather goods more efficiently, as well as for providing input on the production process for handbags and small leather goods with different designs, such as with respect to the feasibility of volume production of the products in terms of design and materials. We also engage a

design team from a design studio based in Italy that assists us with our TUSCAN'S brand designs to work with our in-house design and development team on designs for international high-end and luxury brand customers.

We also research, develop, design and manufacture private label handbags and small leather goods for a well-known large department store chain in the United States. Our in-house creative center and R&D Center work closely together to design and develop private label handbags and small leather goods for this customer. Our private label products give us the opportunity to provide customers with value-added research, development and design services, while utilizing our manufacturing expertise to produce products that are tailored to their needs.

The scope of our services to our customers includes complying with specific guidelines with respect to the manufacture of their products to ensure that our customers are able to comply with the laws and regulations of the jurisdictions into which they import and sell their products. These include regulations with respect to product safety and restricted and hazardous materials laws and regulations and customs, packaging and labeling requirements, among others, and certain customers require us to provide warranties and indemnities with respect to our obligations in this regard. In addition, one of our major customers requires our products to be covered by product liability insurance. In such case, our customer typically obtains product liability insurance for us and we reimburse the customer the amount of the insurance premium paid. The rights that our customers grant us with respect to use of their designs and intellectual property are limited to such use as is required for us to assist our customers in the research, development, design and manufacture of their products, as the case may be. In addition, our customers generally require us to enter into confidentiality agreements under which we undertake to protect the confidentiality of their designs and intellectual property, on which we place great emphasis.

Although our sales are made on the basis of individual purchase orders and we are not the exclusive supplier for any of our customers, we have long-term, stable relationships with certain of our key customers. As of 30 June 2011, our two largest customers have been our customers for more than 13 years, while our third largest customer has been a customer for over five years. During the Track Record Period, as confirmed by our Directors, we have not had any significant decreases in purchase orders from our major customers and we have not had to extend credit terms of any of our customers. For Fiscal Years 2009, 2010 and 2011, sales to our five largest customers accounted for 75.6%, 84.1% and 82.4%, respectively, of our revenue.

We particularly benefit from our 13-year relationship with Coach, which has resulted in us becoming Coach's largest supplier of handbags and Coach being our largest customer during the Track Record Period. Our revenues derived from Coach for Fiscal Years 2009, 2010 and 2011 were HK$562.0 million, HK$908.4 million and HK$1,327.6 million, respectively, which constituted 41.6%, 52.6% and 53.2%, respectively, of our revenue. Our product quality, consistency in producing products in volume and timeliness of delivery have constantly met Coach's specific requirements for their vendors and we have been able to do so since 1998. As a result, we have been recognized by Coach as one of their key vendors. As part of their commitment to our long-term strategic relationship, we have been given a non-legally binding indication of not less than 10% additional future orders from Coach for Fiscal Year 2012 as compared to Fiscal Year 2011.

However, neither our existing purchase orders from Coach nor the non-legally binding indication of future orders should be relied upon as the revenues that we will ultimately derive from Coach during Fiscal Year 2012. Coach's indication of additional Fiscal Year 2012 orders is entirely non-legally binding on Coach and is subject to numerous uncertainties, including uncertainties relating to general economic conditions and the market for handbags and small leather goods, both generally and as they may specifically relate to Coach, as well as other factors such as our ability to maintain our relationship with Coach and developments in its relationships with other vendors. Moreover, even our existing purchase orders, as well as any future purchase orders we may receive from Coach for Fiscal Year 2012, may not necessarily result in revenues for Fiscal Year 2012, or at all. Such purchase orders are subject to cancellation, renegotiation, modification, delay or default, on the part of Coach or ourselves.

We intend to build upon our established market position to win further business from our strategic customers. We attract new customers through referrals from existing customers and word-of-mouth. From time to time, we optimize our customer portfolio to align it with our strategy and to enable the full utilization of our research, development, design and manufacturing capabilities. We intend to add new brands to our customer base across our product lines. During the Track Record Period, we added Lacoste and Michael Kors, among others, as our customers.

None of our Directors or their associates, or any Shareholders, who, to the knowledge of our Directors, owns more than 5.0% of our issued share capital or any of our subsidiaries, or any of their respective associates, had any interest in any of our five largest customers in Fiscal Years 2009, 2010 and 2011.

Pricing

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. For example, the more complex a product design is, the higher the margin we are generally able to charge, since more complex designs can require higher levels of customization and craftsmanship. In addition, the flexibility of our product lines allows us to make larger volume production runs to meet the varying demands of our customers, while allowing us to enhance our profitability through the economies of scale that we can achieve as a result of the large scale of our operations.

In order to leverage on our long and in-depth experience in the luxury branded handbag and small leather goods manufacturing business and our well-established manufacturing platform, we recently expanded into the rapidly growing PRC handbag and small leather goods retail market with TUSCAN'S, our high-end fashion brand with Italian origins. The TUSCAN'S brand, known for top quality contemporary Italian leather handbags and small leather goods, was originally established in 1974 with the founding of TUSCAN'S Europe in the Ponte a Egola tannery district, a historic center for leather processing and tanning, in Tuscany, Italy. Since its founding, TUSCAN'S Europe has expanded the presence of the TUSCAN'S brand internationally by partaking in numerous well-known trade fairs and expanding its business into new markets. TUSCAN'S Europe currently distributes TUSCAN'S branded products across Europe and has showrooms in Athens, Florence, Milan and Rome.

In February 2011, pursuant to our trademark assignment agreement with TUSCAN'S Europe, TUSCAN'S Europe assigned to us the right, title and interest in the "TUSCAN'S" trademark registered in the PRC and Japan as designated countries under international trademark registration. The effects of such international trademark registration in the PRC and Japan are the same as if the trademark had been registered in such countries directly. Such assignment has been recorded by the World Intellectual Property Organization and we are the registered holder of such trademark registered in the PRC and Japan.

Under our trademark assignment agreement with TUSCAN'S Europe, TUSCAN'S Europe has also agreed to assign to us the "TUSCAN'S" trademark that TUSCAN'S Europe has applied to or will apply to register in the jurisdictions of Hong Kong, Macau, Taiwan, Thailand, Malaysia, the United Arab Emirates, the United States, as well as in Singapore and South Korea as designated countries under international trademark registration. Trademark assignments will take place upon completion of the respective registrations. Prior to the entering of the trademark assignment agreement, TUSCAN'S Europe sold its products in some of the jurisdictions specified under the agreement, including Hong Kong. To our knowledge, TUSCAN'S Europe did not engage vendors to sell its products in those jurisdictions, and there has been no sale of such products by TUSCAN'S Europe in any of the jurisdictions specified under the trademark assignment agreement after the entering into of the same. As at the Latest Practicable Date, the trademark had been registered in Hong Kong and Macau and we had been assigned with the right, title and interest in the trademark registered in Hong Kong and Macau. Recordal of such assignments at the respective government authorities has been arranged. Regarding registration of the trademark in other jurisdictions, the Company understands from TUSCAN'S Europe that in the absence of obstacles, including third party oppositions or legal issues that may arise in the application process or administrative actions by the relevant governmental authority, it is expected to take approximately 8 to 12 months for the registration to be granted in Taiwan, approximately 12 to 24 months for the registration to be granted in Thailand and United Arab Emirates, approximately 8 to 14 months for a notice of allowance to be issued in the United States which indicates that the trademark will be permitted to be registered after the filing of the necessary documentation, while in Malaysia usually applications are not processed before 24 to 36 months from the filing date. In South Korea and Singapore, in the absence of obstacles, including third party oppositions or legal issues that may arise in the application process or administrative actions by the World Intellectual Property Organization, the World Intellectual Property Organization may take over one year to process a request for the extension of the protection in these additional designated countries.

Pending assignment of the aforementioned "TUSCAN'S" trademark to us, we have pursuant to a trademark license agreement entered into between TUSCAN'S Europe and our Company in January 2011 acquired an exclusive and assignable license from TUSCAN'S Europe to use the "TUSCAN'S" trademark in Taiwan, Thailand, Malaysia, the United Arab Emirates, the United States, Singapore and South Korea in connection with our retail business. The license granted to us to use the "TUSCAN'S" trademark in the United States shall only be effective when the trademark has been successfully registered by TUSCAN'S Europe in the United States while the license granted to us to use the "TUSCAN'S" trademark in other jurisdictions is deemed to be effective as of 1 December 2010 and all licenses shall continue until assignment of the aforementioned "TUSCAN'S" trademark to us.

Consistent with its Italian origins, we have positioned our TUSCAN'S products as a high-end, fashionable and stylish international brand. Our TUSCAN'S handbag products are typically priced between RMB1,500 and RMB4,500 per bag and target middle-class women between the age of 22 to 35. We believe TUSCAN'S can tap the rapidly growing high-end handbags and small leather goods retail market in the PRC, which is still in a formative stage of development.

We currently expect to sell a variety of TUSCAN'S product lines that are designed in different series, including:

- *Fashion*: fashionable handbag and small leather goods designed for general occasions, such as work, shopping and meetings and expected to be the primary product line;
- *Casual*: for casual dining and outdoor activities;
- *Occasions*: a more novel and high fashion series for special occasions and events;

In addition, we also expect to offer different product categories, including:

- *Small leather goods*: price points between RMB300 to RMB800; wallet, cardholders, key chains etc.
- *Fabric-oriented handbags*: price points between RMB800 to RMB1,800; made with fabric, PVC, nylon, with lower price points for customers looking for a more frequent change in handbag style;
- *Leather-oriented handbag*: price points between RMB1,800 to 2,800; key product; and
- *Luxury*: price points between RMB2,800 to RMB4,500; our 100% Made-in-Italy Series.

We independently manufacture, design and develop each of the products in our TUSCAN'S product lines, except for the products in our 100% Made-In-Italy Series, which are manufactured by TUSCAN'S Europe in Italy based on purchase orders we place with TUSCAN'S Europe according to our decisions to sell products under this product line. Our 100% Made-In-Italy Series is designed and developed by TUSCAN'S Europe's in-house design team in collaboration with our dedicated design and development team in the PRC. This collaboration allows us to combine Italian designing expertise and tradition with our strong understanding of PRC consumer preferences. For the designs of our other TUSCAN'S product lines, from time to time we engage a design team from a design studio based in Italy to work with our in-house design and development team. We source all of the raw materials for the TUSCAN'S products we manufacture, while TUSCAN'S Europe sources the raw materials used in the products in our 100% Made-In-Italy Series. However, regardless of the product line, we retain complete freedom and discretion with respect to the design, manufacture (including with regard to the raw materials used), promotion and distribution of our TUSCAN'S products, as well as with respect to the location of our TUSCAN's retail stores and the expansion of our TUSCAN'S retail network, in the jurisdictions in which we hold a license or trademark to the TUSCAN'S brand.

We believe our strong manufacturing platform provides several competitive advantages in our retail business. Supported by our strong creative center and R&D Center, we are able to launch new TUSCAN'S handbag or small leather goods product lines quickly in order to meet fast changing consumer preferences and fashion trends. We also have the advantage of being able to test the market acceptance of each design before incurring significant production costs. We estimate that we are able to generate approximately 100 different designs and styles of handbags each six-month season and also introduce four to six SKU each month in order to attract customers to revisit our stores more frequently and increase store traffic. We are able to monitor the inventory status of our TUSCAN'S products through our ERP system, which is also capable of generating aging reports for the inventories, enabling us to keep track of the popularity of the products our retail business sells to determine whether to increase or decrease the production of particular models.

We believe that our TUSCAN'S products will not be in direct competition with our existing customers since the price range of our TUSCAN'S products is generally below that of our major customers, they typically target a different consumer group and market segment and our TUSCAN'S design team is independent and works separately from design and development teams for our other customers. Please see "Risk Factors — Risks Relating to Our Business — The continued expansion of our TUSCAN'S retail business depends on our ability to implement successfully our business strategy for that brand."

As of 31 October 2011, we employed 93 retail employees and had seven stand-alone retail stores with two in each of Beijing and Guangzhou and one in each of Chongqing, Jinan and Shenzhen. We also had nine department store concession counters as of 31 October 2011, with five in Shanghai, and one in each of Hefei, Jinhua, Ningbo and Wuhu. We also propose to enter into a lease for an additional retail outlet in Hong Kong, which is expected to commence business in or around December 2011. We also have plans to open additional retail outlets in the PRC and Macau. Since the launch of our retail business in February 2011, we have promoted TUSCAN'S handbag and small leather goods products through different marketing channels, including mass media, such as magazines, transportation advertising, such as in-flight advertisements, in-store promotion campaigns and fashion shows. The daily operations, business development, management and administration of our retail business is headed by a general manager with over 20 years of experience in retail chain management in the PRC. Our general manager is supported by a regional sales director based in the Northern region of the PRC with over eight years of experience in retail management in the PRC, specializing in training and development of sales teams, a regional sales director in the Eastern region of the PRC with over five years of experience in handbag and leather goods retail management in the PRC, specializing in sales management, and a regional sales director in the Southern region of the PRC with over nine years of experience in handbag and leather goods retail management in the PRC, specializing in retail stores development. We believe the size and experience of our retail management and staff provide a solid foundation for the future growth of our retail business and expect to expand our retail team as our retail network in the PRC grows. We currently plan to expand our retail network in the PRC by increasing the total number of retail outlets we operate in the PRC to approximately 100 over the next three years.

PRODUCT RESEARCH, DEVELOPMENT AND DESIGN

We believe that our experience in research and development of handbags and small leather goods constitutes one of our important competitive strengths. As of 31 October 2011, our creative center and R&D Center had approximately 1,100 and 62 staff, respectively, many of whom have significant experience in our industry, which enhances our ability to collaborate with our customers in their product development process. Our creative center designed or collaborated with our customers in the design and development of more than 5,000, 6,200 and 7,400 distinct handbags and small leather goods in Fiscal Years 2009, 2010 and 2011, respectively.

International high-end and luxury brands

At the beginning of the design process, for our international high-end and luxury brand customers, our creative center receives a design package, which generally includes technical drawings or electronic paper patterns, by way of encrypted email or regular mail, while for our private label customer, our creative center initiates the product design. Our creative center then studies the design concept in order to develop a product prototype. Our R&D Center provides input on the production process for handbags and small leather goods with different designs, as well as advice on product engineering to enhance the quality of the product. Typically, our creative center is able to produce a initial prototype within one to two months from receipt or creation of the design concept.

Once the first prototype is ready, the design team of the relevant international high-end and luxury brand customer usually visits our manufacturing sites to inspect, modify and refine the prototype together with our creative center. We also have in-house design and development teams who are assigned to certain of our major customers. We place our in-house design and development teams into separate design rooms in order to protect our customers' intellectual property. In addition, we also have designated working areas at our manufacturing sites for certain major customers' design teams to ensure the designs of one particular customer are kept confidential from our other customers. In order to preserve the confidentiality of our customers' designs, it is our policy that prototypes that are approved by our customers are destroyed once every two years, while first prototypes are destroyed once every year and prototypes that our customers no longer need due to subsequent modifications are destroyed once every six months. Our Directors confirm that as of the Latest Practicable Date and during the Track Record Period, we are not aware of any unauthorized use of our customers' prototypes or designs for our own production.

For Fiscal Years 2009, 2010 and 2011, our prototype conversion rate was approximately 60.0%, 65.0% and 68.7%, respectively. Once the refined prototype of the product is approved by our customer, our creative center will commence the production of sales samples for our customer for the purpose of gauging the response of sales personnel to the product. The number of sales samples to be produced can be up to a few thousands depending on requirements of our customers. The sales samples are typically evaluated by the customer's sales personnel only and not displayed or sold to end-consumers. Depending on the responses of the sales personnel to the sales samples, our customers determine the size of the purchase orders to be placed with us and we begin manufacturing the product.

The period from design-collaboration development up to the creation of the first prototype, typically takes one to two months. We generally bear the costs of the development of prototypes. For Fiscal Years 2009, 2010 and 2011, we incurred HK$32.7 million, HK$37.0 million and HK$46.7 million, respectively, in prototype development cost.

Private label

For our private label products, the design and development process begins when our creative center works with our R&D Center, which provides input on the production process for the product being designed, to provide a design that we then present to the customer, with whom we further refine the design. If the design is accepted by the customer, arrangements will be made to commence manufacturing of the products.

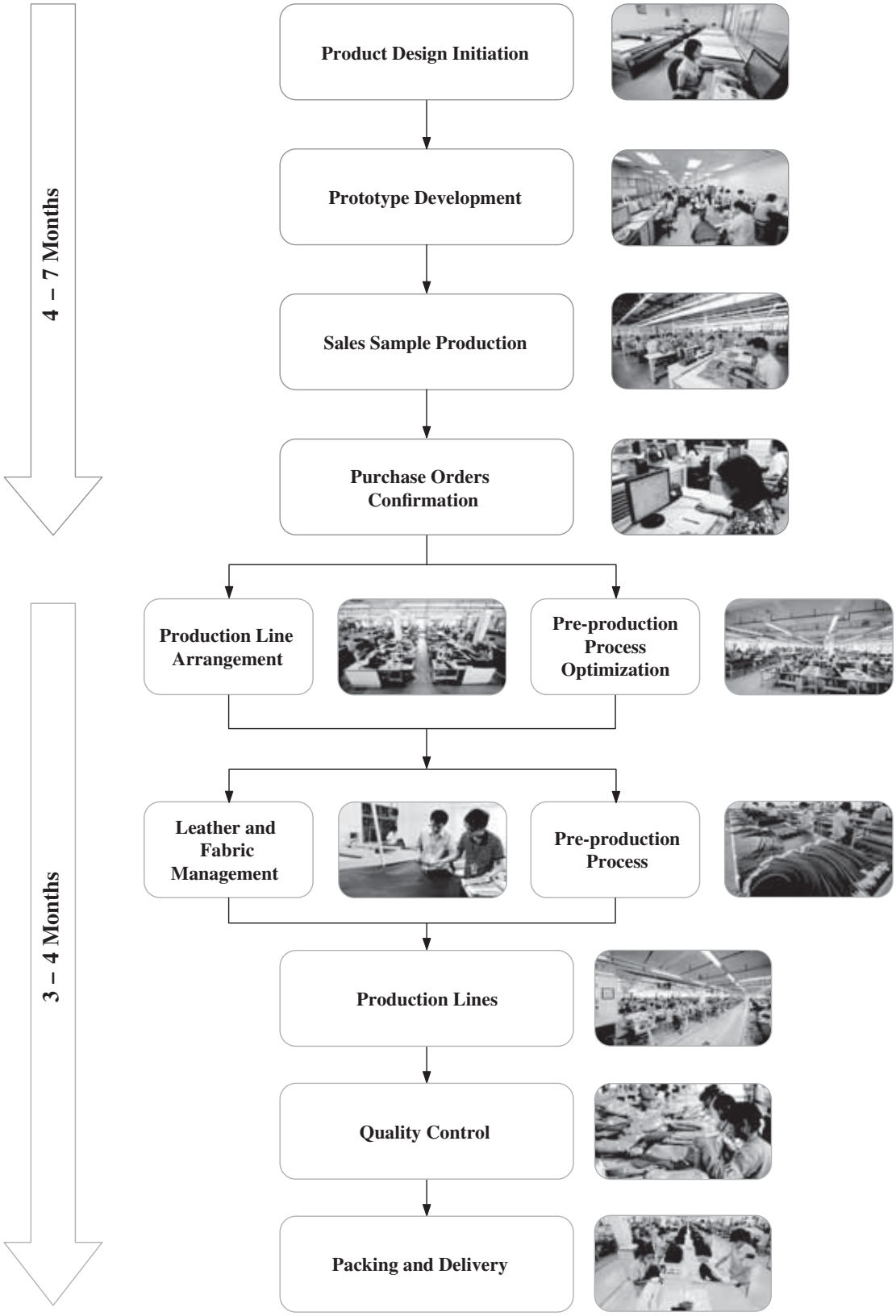
For a description of aspects of our product research, development and design for our TUSCAN'S brand products, see "— Retail Business".

MANUFACTURING PROCESS

The production of handbags, small leather goods and travel goods is a highly customized process that involves significant skill and craftsmanship. For example, our most complex handbags involve the manual assembly of more than 100 separate components by skilled workers, while the production process to make a complex handbag involves over 200 separate steps, which include the cutting of materials, the matching of materials, stitching, gluing and assembly.

The production process for our product is characterized by two periods: First, product inception to the manufacturing of sales samples, which for most of our products ranges between 4 and 7 months, and second, receipt of purchase order to shipment of finished products, which for most of our products ranges between 3 and 4 months.

The chart below sets out the key design, development and manufacturing steps in the production of our handbags, small leather goods and travel goods:



Descriptions of each of our key design, development and manufacturing steps are set forth below:

- ***Product Design Initiation.*** Our creative center receives a design package, including technical drawings or electronic paper patterns or, for our private label customer, initiates the product design for our customers.

- ***Prototype Development.*** Our creative center makes the first prototype of the product for consideration by our customers. We liaise with our customers to refine the prototype. Our costing department provides an indicative unit price of finished goods to the customers.

- ***Sales Sample Production.*** Once a customer is satisfied with the prototype, our creative center makes sales samples for the customers for the purpose of research on sales personnel responses to the product. We continue to discuss the unit price of the finished goods with our customer.

- ***Purchase Orders Confirmation.*** Depending on the response of the customer's sales personnel and the indicative unit price we provide, the customer decides the size of a purchase order to be placed with us. The final negotiated unit price of the finished goods is set out in the purchase order to be placed.

- ***Production Line Arrangement.*** Under our corporate planning department, the production planning team arranges suitable production lines for production, the material control team calculates the volume of the raw materials required, and the procurement team orders such materials from suppliers.

- ***Pre-production Process Optimization.*** Our R&D Center provides input into how to optimize the pre-production process, which includes input on the feasibility of volume production of the product in terms of design and materials, as well as advice on product engineering to enhance the quality of the product.

- ***Leather and Fabric Management.*** The leather and fabric we use in our products are subject to quality control inspections, and our cutting department cuts leather or fabric into various shapes as required for production and, with respect to leather, re-sorts the cut leather pieces according to color and pattern.

- ***Pre-production Process.*** We organize our manufacturing staff into several production teams to produce different product parts. Our initial quality control division of quality control department ensures raw materials satisfy our quality and design specifications before they are assembled together to become a finished product.

- ***Production Lines.*** On the production lines, different components, including cut, matched and processed leather and other components of the product are assembled together to make a finished product.

- ***Quality Control.*** Our quality control department and on-site quality control personnel of certain of our customers inspect the finished products to ensure that only quality products are packed.

- ***Packing and Delivery.*** If the quality is satisfactory, our shipping department arranges for the packing and delivery of the finished products to our customers.

Research, development and design

At the beginning of the design and development process for our international high-end and luxury brand customers, our creative center receives a design package, which generally includes technical drawings or electronic paper patterns, by way of encrypted email or regular mail, while for our private label customer, our creative center initiates the product design. Our creative center then studies the design concept in order to develop a product prototype. Once the customer's in-house design team is satisfied with the prototype, we make sales samples that the customers can use to gauge the response of sales personnel to the product. Please see "— Product Research, Development and Design" for more details on our design and development capabilities.

Costing

We aim to provide the costing information to our customers as early as possible in the production process. Our costing department is able to provide an indicative unit price for finished goods to our customers by way of a costs sheet, which includes the estimated raw material cost, labor cost, production overhead and our margins, when we deliver the first prototypes. Once the unit price is agreed between us and our customers, it is fixed in the customer's purchase orders.

Production line arrangement

We prepare the production line arrangements for a production run once we receive the purchase order. Each type of handbag, small leather good and travel good has a unique production line designed by our corporate planning department. As of 31 October 2011, our corporate planning department had over 120 staff and consisted of three separate teams: the production planning team, the material control team and the procurement team.

The production planning team studies the prototype of each product that is approved by customers in order to develop an efficient production line. The material control team calculates the volume of the raw materials required and the procurement team orders the materials from suppliers. We perform quality control checks on the raw materials we procure and visit our suppliers' sites regularly to ensure that the raw materials we order are of high quality and delivered to us on time.

Our R&D Center is responsible for identifying each step in the manufacturing process, while our corporate planning department is responsible for inputting the relevant production data into our ETS system, which enables us to track the lead times of our key production processes.

Leather and fabric management

The leather and fabric that are delivered to our manufacturing sites are inspected manually for flaws and subject to strict quality control inspections to international standards at a laboratory near our raw material warehouse, including with regard to the color of materials, water resistance, temperature resistance and tension resistance. We classify leather, the primary material we use for manufacturing handbags and small leather goods, into four grades, Grade A, B, C and D, based on the amount of flaws in the leather and the size of the usable area of the leather. Among the four grades, Grade A leather has the least flaws and has approximately 80% to 90% usable area, while Grade B leather has approximately 70% to 80% usable area and Grades C and D have approximately 60% to 70% and lower than 60% usable leather, respectively. The products that we manufacture are made of a mixture of Grades A and B leather,

with luxury goods typically containing more than 90% Grade A leather and less than 10% Grade B leather and high-end goods typically containing approximately 60% Grade A leather and 40% Grade B leather.

After the inspection is complete, the leather and fabric is assigned a tracking number by our ERP system and is taken to warehouses for storage. Our warehouses have special storage facilities that have air-conditioning, humidity control and specially-made A-shaped racks for storing leather to ensure the high quality of the raw materials is maintained. However, since the leather and other raw materials we use are highly affected by pestilence and other unpredictable factors and consumer preferences for a particular type of leather or other raw materials can change quickly, we do not generally accumulate large inventories of raw materials.

Our cutting department is responsible for cutting the leather and fabric into various shapes required for each product. Different product designs require different cutting skills and techniques, such as creasing and cutting or computerized cutting. We have also installed computerized cutting machines in our cutting department to modernize our leather cutting process. Each piece of cut leather is re-sorted by our skilled staff according to color and pattern before being taken to the production line.

Each batch of cut leather and fabric, known as components, is assigned a barcode by our ERP system before it is delivered to the production line so that it can be tracked.

Pre-production process

We have introduced lean production practices into our production process to increase production efficiency and minimize waste. Prior to the assembly of our finished products, our R&D Center provides input into how to optimize the pre-production process, which includes input on the feasibility of volume production of handbags and small leather goods with different designs, as well as advice on product engineering to enhance the quality of the product. Based on this input, we organize our manufacturing staff into multiple production teams in order to produce the different components of a product and ensure each component satisfies our quality and design specifications before they are assembled together into the finished product. Our initial quality control division of quality control department ensures that raw materials satisfy our quality and design specifications, before they are assembled together into a finished product. This streamlined production process enables us to discover and resolve any issues relating to production at the early stage, thereby allowing us to increase efficiency, improve product quality and reduce wastage and cost.

Production Lines

Our ERP system tracks and monitors each piece of raw materials and component, starting from when it is delivered to our site to when it is assembled into a finished product. Each production line employee is assigned a step in the assembly process. To increase efficiency, our ETS system also indicates a daily target number of components to be finished by each employee on the production line. Our employees are usually able to finish the daily target number of components to assemble each day.

Each step on the production line has a team leader who is responsible for supervising and monitoring the quality of that particular step on the production line. As of 31 October 2011, we had approximately 11,500 employees on our production lines working in different workshops. We will only assign the most experienced and skilled workers to handle the most complicated and value-added part of production, such as stitching and leather cutting. As of 31 October 2011, our production lines consisted of between 40 and 70 employees each.

On the production lines, our workshops are responsible for putting together the primary product components. We assign dedicated production lines and working areas for certain of our major customers. On the production lines, different components, including cut, matched and processed raw materials, are then assembled together to become the finished product.

It generally takes up to four weeks to complete the entire manufacturing process for a particular handbag or small leather good purchase order once the production process has been initiated.

Quality control, packing and delivery

The quality control procedures that we undertake with respect to finished products are performed by both our quality control department and our customers. Our major customers generally send their own quality control team to our site periodically to inspect the quality of finished products to ensure their quality requirements are met. If the result of quality control procedures is satisfactory, our shipping department arranges for the packing and delivery of the finished products to our customers. Please see "Business — Quality Control" for more details on our other quality control measures.

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. Four of our manufacturing facilities are located in Dongguan, Guangdong Province, PRC, and one of our manufacturing facilities is located in Yingde, Guangdong Province, PRC. The manufacturing facilities in Dongguan have 126 production lines and a total of approximately 8,700 employees, and the manufacturing facility in Yingde has 82 production lines and a total of approximately 5,800 employees. Our manufacturing facilities also benefit from being in close proximity to certain of our suppliers and have access to efficient port facilities to receive shipments from suppliers located outside of the PRC, which helps to reduce costs and shorten delivery times.

As of 30 June 2009, 2010 and 2011, our estimated annual production capacity was approximately 10.5 million, 12.8 million and 16.1 million units of handbags, small leather goods and travel goods, respectively, while our estimated utilization rate for the Corresponding Fiscal Years was approximately 69%, 73% and 76%, respectively. Our estimated annual production capacity is computed on the basis of the production month in which we recorded the highest production volume during the relevant Fiscal Year, assuming the same production volume would be achieved in every month during that Fiscal Year. The estimated utilization rate is the actual number of products manufactured divided by the estimated annual production capacity for the relevant Fiscal Year. The increase in our estimated annual production capacity was primarily due to the increase in the number of our production lines from 123 to 191 during the Track Record Period as a result of increased demand for our products from our customers. We believe this increase also improved our manufacturing flexibility and efficiency and allowed us to better meet the varying demands of our customers.

We plan to continue expanding our manufacturing capabilities. With respect to our manufacturing facilities, our current expansion plans include a second phase of expansion of our manufacturing facility in Yingde. We entered into a construction contract with respect to two buildings as part of the second expansion phase of our Yingde manufacturing facility in September 2010 and, according to our PRC legal advisers, we have obtained all necessary approvals and licences from the relevant PRC authorities in connection with the construction of these two buildings. We are in the process of negotiating construction contracts with respect to the remaining buildings and will proceed to obtain the requisite property ownership certificates for these buildings prior to commencement of production. Production at the first two buildings of the second phase of the facility is expected to commence in or around December 2011. Production at the remaining buildings is currently expected to commence in Fiscal Year 2013, with approximately 50% production capacity available at the beginning of Fiscal Year 2013 and the remaining production capacity available at the end of Fiscal Year 2013. The second phase will increase the number of our production lines by 84 and our estimated annual production capacity by approximately 8.1 million units when fully complete. We expect that the expansion of our manufacturing facility in Yingde will enhance our technical standard as we expect to install in such facility machinery and equipment that are more technologically advanced than those in our existing manufacturing facilities.

However, unlike manufacturing facilities that have standard production requirements and production times for particular products, the production requirements and production times for our handbags, small leather goods and travel goods vary significantly due to a number of factors, such as differences between the styles and structures of the products, the number of workers that can be used in a production line for a particular product, and the high level of craftsmanship involved in the production of our products, which limits the number of the steps in our production process that can be automated. In addition, we may receive orders for the production of complex products with lower production volumes but with higher selling prices, as well as less complex products with higher production volumes but with lower selling prices. As a result, our estimated annual production capacity and utilization rate may not be an accurate indication of the use of our production capacity or meaningful in estimating our profitability.

The following table sets forth certain information with regard to our manufacturing facilities as of 30 June 2011:

Facility Location	Estimated Annual Production Capacity ('000 units)	Floor Space (in '000 sq.m.)	Number of Production lines	Year Operations Commenced
Main Factory (Dongguan)	4,838.0	42.5	61	2000
Qiaotou Branch (Dongguan) ...	1,891.8	9.0	18	2007
Xiabian Branch (Dongguan) ...	1,637.8	9.3	15	2010
Qiaonan Branch (Dongguan) ...	2,104.0	9.2	29	2010
Yingde Factory (Yingde)	5,621.0	78.7	68	2009
Total	16,092.5	148.7	191	

Each of our manufacturing facilities had the ability to manufacture handbags, small leather goods and travel goods. As of the Latest Practicable Date, each of our facilities manufactured handbags and small leather goods, while travel goods were only manufactured at our Yingde facility.

In 1987, Sitoy Company entered into a processing agreement with Dongguan External Processing and Assembly Services Company* (東莞市對外加工裝配服務公司) and Dongguan Houjie Qiaotou Sitoy Handbag Factory* (東莞厚街橋頭時代手袋廠) (previously known as Dongguan Nanwu Sitoy Handbag Factory) in respect of the operation of Dongguan Houjie Qiaotou Sitoy Handbag Factory* (東莞厚街橋頭時代手袋廠) in Dongguan, Guangdong Province and its undertaking of our Group's manufacturing activities. Pursuant to such processing agreement and its supplements and subsequent renewals, the PRC party agreed, among other things, to provide factory premises, labor and electricity while our Group agreed, among other things, to provide machinery, equipment, raw materials, ancillary materials and packaging materials required in the manufacturing process of the manufacturing facility. Our Group had to pay a processing fee for the processing services provided by Dongguan Houjie Qiaotou Sitoy Handbag Factory* (東莞厚街橋頭時代手袋廠). As confirmed by our PRC legal advisers, Dongguan Houjie Qiaotou Sitoy Handbag Factory* (東莞厚街橋頭時代手袋廠) was not a separate legal entity and it had operated in the form of "three types of processing plus compensation trades" under the processing agreement and its supplements and subsequent renewals. As disclosed in note 12 "Income Tax Expense" in the Accountants' Report in Appendix I to this prospectus, our Group received concessionary tax treatment in Hong Kong as a result of the processing arrangement during the Track Record Period.

Dongguan Houjie Qiaotou Sitoy Handbag Factory* (東莞厚街橋頭時代手袋廠) ceased operations in 2011 and consolidated its manufacturing facility into Sitoy Dongguan. Before its cessation of operation, the manufacturing facility occupied a gross floor area of approximately 9,000 sq.m. with 18 production lines and a total number of approximately 1,000 employees. Our Directors believe that the business and operations of our Group will not be adversely affected by the cessation of operation of the manufacturing facility because its manufacturing activities have been fully taken up by Sitoy Dongguan.

RAW MATERIALS AND SUPPLY CHAIN MANAGEMENT

Raw materials

The raw materials that we use to produce handbags and small leather goods consist primarily of leather, fabric, straw, PU, PVC and, to a lesser extent, other materials such as metal components or reinforcement like EVA or bonded leather. The raw materials required to produce travel goods are essentially the same, although the proportion of leather used in travel goods is less than that in handbags and small leather goods. There are also other auxiliary manufacturing materials, such as thread, lining, reinforcement material, edge paint and various packaging materials that we use to manufacture handbags, small leather goods and travel goods.

For the purpose of estimating the prices of handbags, small leather goods and travel goods produced by us, our costing department typically provides our customers with a costs sheet that sets out our estimated costs for producing a product at the time we provide the first prototypes. Please see "— Manufacturing Business — Pricing".

Leather

Leather is the primary material we use for manufacturing handbags and small leather goods and typically represents over half of the costs we incur in producing the handbags and small leather goods that we produce. We choose the leather we use based on the absence of flaws in the leather and the size of the usable area of the leather and use primarily high-end cow leather in the products we manufacture.



Fabric

Fabric is also one of the primary materials we use in manufacturing our products. In certain cases, our customers may nominate or recommend the fabric suppliers to us.



Straw

The surface of a small portion of our handbags and small leather goods are made of straw. We source good quality straw for such products.



PVC/PU

We generally refer to PVC and PU as synthetic leather or imitated leather. PVC and PU which are relatively less expensive, are used to strengthen and enhance the appearance of handbags, small leather goods and travel goods.



Metal components

Almost all of our handbags, small leather goods and travel goods have metal components, such as clamps, zippers, hooks, snaps, latches and frames, that we purchase from suppliers.



EVA

Depending on the design, we use EVA to shape or strengthen handbags, small leather goods and travel goods by inserting it into inner layer of leather.



Supply chain management

We procure our raw materials through our procurement team, which is managed by our corporate planning department. Many of our customers have designated suppliers of raw materials that we are mandated to use in manufacturing their products. However, substantially all of our suppliers act as both designated and non-designated suppliers, depending on the customer and the product ordered, and for Fiscal Years 2009, 2010 and 2011, each of our five largest suppliers acted as both designated suppliers and non-designated suppliers. When a supplier is designated by a customer, the only principal difference in our ordering and procurement arrangements is that the customer designates the raw materials to be purchased by our procurement team from the supplier. In addition, we may be able to benefit from our customers pricing leverage and influence and receive priority in obtaining supplies of high-quality new materials. When we receive an order from a customer that involves a supplier that has been designated by that customer, it is our internal policy to strictly adhere to the requirements set forth in the purchase order with respect to quantity, type and quality of the raw materials that are requested to be procured for the manufacture of that customer's product. When our customers do not require that we use a designated supplier, our procurement team identifies a supplier and purchases each raw material we require for our products. Our procurement team also visits suppliers regularly to ensure that the raw materials are of high quality and delivered on a timely basis. Such visits also enable our procurement team to learn about newly available raw materials and the latest trends in the high-end and luxury branded handbag and small leather goods industry.

We perform strict inspections of the quality of raw materials at a laboratory near our raw material warehouse to ensure the quality of our raw materials meet our required standards. Our laboratory is equipped to inspect various aspects of our raw materials to international standards, including with regard to the color of materials, the smoothness of zippers, water resistance, temperature resistance and tension resistance. We have also established a chemical custody team to carry out various measures, including engaging third parties to carry out chemical testing of our finished products for compliance with EU product safety standards.

We generally do not enter into long-term supply agreements, and typically we procure the raw materials and components that we require through purchase orders, and generally only order the raw materials we require for a particular product after we have received a purchase order from the relevant customer. After first complying with any specific requirements our customers may require with regard to our suppliers, such as using designated suppliers or requiring suppliers to meet certain quality control standards, we primarily focus on the following criteria in selecting our suppliers: quality, price, experience, service and payment terms.

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, the length of our business relationships with our ten largest suppliers averaged over six years. The manner in which we pay our suppliers varies, ranging from cash on delivery, telegraphic transfer before shipment, and telegraphic transfer within 30 to 60 days following shipment.

None of our Directors or their associates, or any Shareholders, who, to the knowledge of our Directors, owns more than 5.0% of our issued share capital or any of our subsidiaries, or any of their respective associates, had any interest in any of our five largest suppliers in Fiscal Years 2009, 2010 and 2011.

SALES AND MARKETING

Manufacturing business

We received orders from more than 20 customers in Fiscal Year 2011. We have a sales and marketing department of more than 170 employees dedicated to sales and marketing, who proactively promote referrals by our existing customers and word-of-mouth to market our products.

We have sales and marketing teams that collaborate with certain of our major customers. When our sales and marketing teams receive instructions or requests from these major customers, such communications are provided to our various departments and teams promptly and we seek to fulfill the requests or provide solutions as soon as practicable.

Regional segments for our products

For Fiscal Years 2009, 2010 and 2011, 71.1%, 72.8% and 68.0%, respectively, of our revenue was derived from sales to customers that required the products we manufactured for them to be shipped to distribution centers in North America. The following table sets forth, for the periods indicated, a breakdown of our revenue by region of the customer distribution centers to which our products were shipped and the revenue generated from each region as a percentage of our revenue. The location of our customers' distribution centers may not necessarily correspond to the region in which the products are ultimately sold by our customers.

	For Fiscal Year Ended					
	2009		2010		2011	
	(HK$'000, except percentages)					
North America	960,166	71.1%	1,255,661	72.8%	1,694,261	68.0%
Europe	286,750	21.2%	323,133	18.7%	424,505	17.0%
The PRC, Hong Kong, Macau and Taiwan	22,749	1.7%	39,953	2.3%	219,756	8.8%
Other Asian countries	74,908	5.6%	106,818	6.2%	151,695	6.1%
Others	5,115	0.4%	752	0.0%	3,055	0.1%
Total	**1,349,688**	**100.0%**	**1,726,317**	**100.0%**	**2,493,272**	**100.0%**

Retail business

Since the launch of our retail business in February 2011, we have promoted TUSCAN'S handbag and small leather goods products through different marketing channels, including mass media, such as magazines, transportation advertising, such as in-flight advertisements, in-store promotion campaigns, and fashion shows in order to effectively reach targeted customers. We intend to further enhance the brand recognition of TUSCAN'S as a high-end fashion brand with Italian origins through the launch of a national promotional campaign in multiple advertising channels, including those described above, in addition to high profile store opening ceremonies.

PURCHASE, PAYMENT AND OTHER ARRANGEMENTS

We develop and manufacture handbags and small leather goods for our customers based on their individual purchase orders. We are not the exclusive supplier for, and have not entered into long-term purchase agreements with, any of our customers. The purchase orders generally specify the model, quantity, unit price and delivery time of the product.

Our key customers generally give us at least a one-year indication of the number of orders they expect to place with us for the coming year. In addition, as a result of the order requirements of our customers, we generally deliver (typically at the port of shipment) our products on average three to four months after the date when we receive the agreed purchase orders from our customers. This means that the number of orders we have scheduled for delivery at any one time generally gives us good visibility as to the revenues we will generate over any given six-month period.

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. Our payment terms range from telegraphic transfers before shipment and letters of credit at sight to letters of credit and telegraphic transfers within 10 to 90 days. The payment period of individual customers is considered on a case-by-case basis, but most of our customer payment arrangements are pursuant to letters of credit at sight. We receive cash for the significant majority of our sales transactions after we have delivered our products (typically at the port of shipment).

All of our manufacturing activities in the PRC are undertaken by Sitoy Dongguan and Sitoy Yingde, our PRC manufacturing subsidiaries, while the sales, marketing and other administrative activities with respect to the products they manufacture are undertaken by their Hong Kong holding companies, Sitoy Handbag and Sitoy Company, respectively. With respect to invoicing, when Sitoy Dongguan manufactures a product, it invoices Sitoy Handbag, which then invoices our customers. When Sitoy Yingde manufactures a product, it invoices Sitoy Company, which then sells the products to, and invoices, Sitoy Handbag, which then invoices our customers. We have used Sitoy Handbag to invoice our customers since its incorporation in 1982. As advised by our legal advisers as to Hong Kong laws, our invoicing arrangements do not infringe the applicable customs laws in Hong Kong. As advised by our PRC legal advisers, according to the relevant compliance letters issued by the local tax authorities and customs authorities, our invoicing arrangements do not infringe the applicable tax and customs laws in the PRC. With respect to our transfer pricing arrangements relating to these intercompany transactions, please see "Financial Information — Combined Results of Operations — Description of Certain Income Statement Line Items — Income Tax Expense".

AWARDS AND RECOGNITIONS

As a result of our commitment to the quality of our products, quality management system, contribution to exports from the PRC and focus on the continued improvement of our working environment and human resource management, we have received the following awards and recognitions among others:

- In 2011, we were accredited as "Houjie Town 2010 Foreign Trade Export Contribution Award — Ranked 8th (厚街鎮2010年度外貿出口貢獻獎 — 排名第八)" by the Foreign Trade and Economic Cooperation Office, the People's Government of Houjie Town, Dongguan, PRC.

- In 2010, we obtained a renewal of our Certificate of Registration for ISO 9001:2008 certification issued by the British Standards Institution for the production of handbags by Sitoy Dongguan, which was originally issued in 2001.

- In 2010, we were accredited as "Qingyuan Municipal Government — Export-Increasing Enterprise Award (清遠市政府企業擴大出口獎)" by the People's Government of Qingyuan City, Guangdong Province, PRC.

- In 2010, we were accredited as "Enterprise with Harmonious Employment Relationship (勞動關係和諧企業)" by the People's Government of Houjie Town, Dongguan, PRC.

- In 2008, we were awarded a "Most Consistent Management Commitment" certificate by Coach.

- In 2006 and 2007, we were awarded a "Most Improved in Health & Safety" certificate by Coach.

- In 2006 and 2007, we were accredited as "Advanced Enterprise (先進單位)" by the Dongguan Labor Bureau, Dongguan, PRC.

- In 2005 and 2008, we were accredited as "Home of Employees (職工之家)" by the PRC State Labor Union (中華全國總工會).

- In 2004 and 2007, we were accredited as "Enterprise with Staff Satisfaction (員工滿意企業)" by the People's Government of Houjie Town, Dongguan, PRC.

We will strive to build and maintain our reputation. Our Directors believe that, as a result of the awards and recognitions, we are able to attract a broader customer base.

COMPETITION

Manufacturing business

The high-end and luxury branded handbag and small leather goods manufacturing industry is highly competitive. Our competitors are primarily PRC-based outsourced handbag and small leather goods manufacturers, given the low cost of labor in the PRC. We do not believe that manufacturers in other emerging markets will become a significant source of competition in the foreseeable future because the PRC has superior infrastructure, numerous raw material suppliers, especially in Guangdong Province, as well as a large number of skilled and efficient workers. Please see "Industry Overview". We compete with other global manufacturers in the PRC and in other Asian countries principally on reputation, manufacturing know-how and craftsmanship, product quality, product research, development and design skills, price, product range, delivery, customer service and distribution.

We believe we distinguish ourselves from other PRC manufacturers in each phase of the handbag and small leather goods production process on the basis of the strength of our relationships with our customers, our technical know-how and capabilities, our integrated design and research and development services, our financial resources and our strong management.

Retail business

The high-end handbag and small leather goods market in the PRC is still at a formative stage and has grown rapidly in recent years. We expect this market will continue to grow in conjunction with the PRC economy. As a result, competition in this market is likely to increase as both international and domestic brands enter into the market in the PRC.

We compete with other high-end handbag and small leather goods companies on product design and brand image, product quality and pricing. We believe the following factors will allow us to remain competitive:

Our retail business will be vertically integrated

We are able to research, develop, design, manufacture and market our TUSCAN'S products to the PRC retail market. This will enable us to monitor and control each production step, reduce our cost and allow us to react quickly to changes in market trends and consumer preferences.

We can leverage the long and in-depth experience and well established platform of our high-end and luxury manufacturing business for our TUSCAN'S products

We believe our strong manufacturing platform provides several competitive advantages in our retail business, including, for example, our strong creative center and R&D Center, which will have knowledge of international trends, will enable us to launch a new TUSCAN'S handbag or small leather goods prototype within one week, permitting us to take advantages of changes in consumer preferences. Also, as TUSCAN'S is our brand, we have the advantage of being able to test the market acceptance of each design before incurring significant costs.

We have a focused target market with an appropriate product portfolio

We position and price our TUSCAN'S products at above local PRC luxury branded goods, but below international luxury branded goods brands, and target middle-class women aged between 22 and 35. By targeting this market, we avoid any direct competition with our customers, which are usually focusing on first-tier cities with relatively strong brand recognition and loyalty. In addition, we believe that we can tap into the potential strong demand for affordable branded fashion goods by the rapidly growing middle class in the PRC, in particular in light of the increasing popularity in the PRC of high-end handbags of foreign origin as compared to local PRC brands.

QUALITY CONTROL

We focus on the quality of our products and perform various quality inspections and testing procedures, including random sample testing at different stages in the manufacturing process, including with respect to the inspection of leather, the cutting of leather and fabrics, finished products and packaging. As at 31 October 2011, we had a quality control department of more than 600 employees dedicated to the quality control of our products. Our quality control department employees are not required to have specific qualifications; however, the employees that we select to join this department generally have industry experience and are familiar with the processes that they inspect and test. In 2010, we obtained a renewal of our ISO 9001:2008 certification, which was originally issued in 2001, for the production of handbags by Sitoy Dongguan. The certification applies to each of our manufacturing facilities in Dongguan. This certification is renewed every three years and is currently valid until 2013. We obtain the certification, which requires that our handbags meet the international standards of quality assurance, independent of any requests from our customers. As of the Latest Practicable Date, we expect to be able to renew the certification upon expiration.

Many of our customers require us to comply with specific guidelines based on US, EU and international product safety and restricted and hazardous materials laws and regulations that apply in the jurisdictions into which they import and sell their products. Certain of these customers also require us to provide warranties and indemnities relating to our compliance with these requirements, complete questionnaires and provide access to our facilities for purposes of inspections, among other things. If the products that we manufacture do not comply with these requirements, our customers could suspend their current business activity with us until we have taken the necessary steps to remedy the violations of these requirements and prevent future violations, cancel outstanding orders, terminate purchases from products made from one of our manufacturing facilities or from us generally or report any illegal activity to the appropriate legal authorities. Depending on the material, our customers require us to comply with, among other things, the EU Registration, Evaluation, Authorisation and Restriction of Chemicals ("REACH") Regulations standards with respect to Substances of Very High Concern ("SVHC") and the EU Restriction of Hazardous Substances Directive ("RoHS") standards, and require that we undertake detection and analysis testing for lead, nickel, perfluorooctane sulfonate, dimethyl fumarate, azo dyes, pentachlorophenol, benzene, toluene, trichlorobenzene and butylated hydroxytoluene, among other substances, in order to comply with applicable standards. Please See "Regulatory Overview — Overseas Regulations".

In order to ensure that the contents of the products we manufacture meet our standards and comply with our customers' requirements, we perform quality control and sample checks on the raw materials we procure and visit both designated and non-designated suppliers' sites regularly to review the quality of the raw materials that we order and to confirm they are delivered on a timely basis. In addition, our chemical custody team has the materials we use in our products tested at internationally recognized independent testing centers, such as SGS, Bureau Veritas and Intertek Testing Services, and we enter into agreements with our suppliers setting out the relevant standards and specifications of the materials they are required to supply us. The testing centers spot check the materials our suppliers provide to us for compliance with the relevant regulations and standards, as well as any other related testing we may require. To the extent the materials provided to us by our suppliers fail the tests, we return the materials to the relevant supplier and the supplier is responsible for any costs associated with the return. If the supplier fails to comply with our requirements repeatedly, we remove them from our list of certified suppliers and terminate purchases of materials from that supplier. In addition, under our arrangements with our suppliers, we typically require our suppliers to indemnify us for any liability or damages that result if the products supplied is rejected and returned by our customer as a result of the materials supplied failing to meet the requisite testing requirements, including any compensation that we must pay our customers as a result of such failure.

We also perform strict inspections of the quality of raw materials at a laboratory near our raw material warehouse. Our laboratory is equipped to inspect various aspects of our raw materials to determine if they meet international standards, including with regard to the color of materials, the smoothness of zippers, water resistance, temperature resistance and tension resistance. The leather and fabric that we use are also checked manually for flaws and the leather we use is classified according to the number of flaws and usable area. The quality control devices we use in these inspections include color assessment cabinets, water resistance testers, crocking testers, crockmeters, abrasion testers and taber abrasors. For other raw materials, we will carry out sampling tests. In addition, we use a tensile test machine to predict how materials will react under different types of forces and a temperature and humidity chamber and a salt test machine to test the durability of a new designed product.

While customers generally inspect and monitor the production process through their on-site technical managers and quality control personnel, we have independent quality control guidelines and procedures for inspection and monitoring of the different production stages in order to comply with our and our customers' product quality requirements and attempt to identify defects and non-compliant products at an early stage of production. Although there is no set schedule with respect to when the inspections and testing occur and they can vary from product to product, the inspections and tests are carried out on each production line daily. We also undertake testing of our quality control equipment to ensure its accuracy.

Once finished products are made, our quality control department (and, for certain major customers, their own quality control team) inspects the quality of the finished products to ensure they meet their quality requirements. As part of this process, we have checklists to check the quality of products, such as the condition of materials, thread colors, edge painting, labels, zippers and metal components, among others. In addition, we require a fixed number of products in each of our shipments to be randomly sample tested. Our quality control department is committed to ensuring only quality finished products are packed and delivered to our customers in accordance with the customs, packaging and labeling guidelines provided by our customers.

INVENTORY CONTROL

Raw materials

The supply of leather and other raw materials we use are highly affected by pestilence and other unpredictable factors. In order to avoid accumulating large inventories of raw materials, we generally only place orders for raw materials until after we have received confirmed purchase orders from our customers and time the delivery of the raw materials required for our purchase orders in a manner that is coordinated with our customers' requested delivery dates so as to minimize the time we have to store raw materials prior to production. Any excess raw materials that result from the manufacturing process are typically disposed of at no cost. We do keep a small amount of inventory of certain auxiliary manufacturing materials, such as thread, lining, reinforcement material and edge painting, but the cost of these materials is minimal.

Products for our customers

Finished goods inventory only occurs where we store the finished products pending shipment to our customers. Our ERP system keeps track of the finished goods inventory level and itinerary of shipments through a computerized inventory control system.

MANAGEMENT INFORMATION SYSTEMS

We recognize the importance of using management information systems to increase our productivity and efficiency. We have ETS and ERP systems to help us evaluate our manufacturing performance, identify production bottlenecks, and design and implement programs to improve our operating efficiency. During the manufacturing process, our ERP system traces our inventory and raw materials and provides real time data to us to determine their current status. By using the system, we are able to monitor the manufacturing process and identify the production line that is working on a particular material or product. Our ERP system integrates internal and external management information across our entire organization to facilitate the flow of information between all business functions inside our

organization. We expect to upgrade our ETS and ERP systems as our business needs require and have purchased, and are also in the process of implementing, an SAP system to more efficiently manage our business.

In addition, we have an information system in place to centrally monitor sales activity and inventory levels at our TUSCAN'S retail stores on a timely basis from our office headquarters. We plan to invest in enhancing our ERP and management information systems in order to achieve better inventory control with our TUSCAN'S retail stores.

By upgrading such system and by creating a direct interface between the individual systems at each of our retail stores, we will be able to obtain timely operating data of our retail stores, thereby allowing our management to further improve inventory and financial management capabilities and communication among the retail stores.

EMPLOYEES

The following table sets forth, for the periods indicated, the number of our employees employed in the areas of human resources and administration, research, development and design, quality control, manufacturing and other areas.

	As of 30 June		As of 31 October
	2009	2010	2011
	Number of Employees		
Production department	6,928	9,351	11,585
Creative center	527	769	1,132
Quality control department	448	503	606
Management and administration department	428	493	609
Warehouse	98	158	178
Sales and marketing department	114	127	171
Corporate planning department	87	99	122
Costing department	44	51	66
R&D Center	17	43	62
Accounting department	36	44	56
IT department	8	10	13
Retail	0	0	93
Total	**8,735**	**11,648**	**14,693**

We recruit our employees through our own recruitment center, agents, general employment advertisements and by word-of-mouth from other factories. We recognize that human resource management is an important factor in maintaining and further enhancing our strong expertise and know-how in the craftsmanship of handbags, small leather goods and travel goods. We have an employee training center to provide pre-job training programs to our new recruits before they are assigned to work at our manufacturing facilities. From time to time, we also provide different levels of on-the-job training to our employees to broaden their skills and enhance their productivity. We provide competitive remuneration and reward our best performers with incentive payments and additional training in order to retain top talent in the industry.

In addition, we provide staff quarters for most of our employees and, in case of certain senior employees, family quarters. We also provide various amenities and recreation facilities such as canteen, clinic, sports site, library and internet center for our employees. We will continue to improve the working environment in our manufacturing facilities and the living facilities for our employees.

We seek to grow our management team internally through effective training and promotion programs. In particular, certain of our employees in our creative center and R&D Center are promoted from our production lines.

We enter into employment agreements with our employees, and our basic employment agreements stipulate the name, scope of work, term of employment, remuneration and other benefits for the relevant employee. Our employment agreements with certain key personnel include confidentiality and non-compete provisions.

We provide our employees with training programs on work safety, including training on the safe use of equipment, and conduct regular inspections and maintenance checks on our safety equipment in compliance with the applicable national or industrial standards. Our Directors are aware of the importance of work safety, and we have in place safety guidelines and operating manuals setting out safety guidelines for our production processes.

We contribute to our employees' social insurance, provident housing fund and certain other employee benefits in accordance with PRC laws and regulations and adhere to both statutory employment standards and those requested by our customers, such as minimum wage levels and maximum working hours.

We are also required to comply with the guidelines imposed by our customers relating to human health and safety conditions. Our customers are generally concerned with the number of working hours and with the use of child labor in the facilities in emerging markets to which they outsource production. Our Directors confirm that, during the Track Record Period, we complied with all the applicable labor laws and regulations in the jurisdictions in which we operate in all material aspects, including not having recruited or employed child labor, and implemented our own internal safety guidelines and operating procedures. During the Track Record Period, none of our employees has been involved in any strike or major accident in the course of their employment, and we have never been subject to disciplinary actions with respect to the labor protection issues. In addition, we have not been held liable for any violation by our suppliers of laws, rules and regulations during the Track Record Period.

MPF Scheme for our staff in Hong Kong

In Hong Kong, we operate a defined contribution retirement benefit scheme ("MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) for all of our employees in Hong Kong who joined us after the commencement of this Ordinance. Contributions are made based on a percentage of the employees' basic salaries and are charged to our income statement as they become payable in accordance with the rules of the MPF Scheme. Our contributions as employer vest fully with the employees when we contribute to the scheme in accordance with the rules of the MPF Scheme.

INTELLECTUAL PROPERTY RIGHTS

We recognize the importance of protecting and enforcing our intellectual property rights and rely on intellectual property laws and related registration procedures to protect our intellectual property rights. We are the registered owner of trademarks "SITOY" in Hong Kong, the United Kingdom, the PRC and Taiwan, "SITOY" in Hong Kong, the United Kingdom and Taiwan, " " in Hong Kong and the PRC, " SITOY " in the United Kingdom and Taiwan, "時代", " SITOY " and " " in Hong Kong, "Fashion & Joy" and "美乐时" in the PRC, and " " in Hong Kong and Macau. We are also the registered owner of the trademark " " in the PRC and Japan acquired pursuant to our trademark assignment agreement with TUSCAN'S Europe referred to below. In addition, we have registered a number of domain names in connection with our business. For a list of our domain names, please see "Domain Name" in Appendix VI to this prospectus.

The TUSCAN'S brand

We entered into the following agreements with TUSCAN'S Europe to acquire rights in relation to the "TUSCAN'S" trademark:

(I) Trademark assignment agreement

Date:	16 February 2011
Parties:	TUSCAN'S Europe as assignor Sitoy Retailing as assignee
Assignment of trademark:	TUSCAN'S Europe has agreed to assign to us all its right, title and interest in and goodwill attaching to the "TUSCAN'S" trademark that: (a) it registered in the PRC and Japan as designated countries under international trademark registration; and (b) it had applied/will apply for registration in Hong Kong, Macau, Taiwan, Thailand, Malaysia, the United Arab Emirates, the United States, and in Singapore and South Korea as designated countries under international trademark registration
Effective date of assignment:	The trademark assignment in each of the above jurisdictions will take place subject to the registration of the trademark by the relevant government authority or by the World Intellectual Property Organization
Consideration:	EUR600,000 (the "Acquisition Price")

Payment terms:

Acquisition Price shall be payable in three equal installments of EUR200,000 each:

(a) the first installment was paid in advance by us upon our entering into the trademark license agreement (as set out below) on 10 January 2011

(b) the second installment shall be made by us within thirty business days after the date on which we are notified by the assignor of fulfillment of both of the following conditions:

  (i) execution of assignment and the subsequent recordal of assignment of the international trademark registration in respect of PRC and Japan at the World Intellectual Property Organization; and

  (ii) completion of registration of the Hong Kong trademark application and Macau trademark application and the subsequent execution of assignment and recordal of assignment for the registrations at the Hong Kong and Macau Trade Marks Registry (or equivalent government authorities) respectively

(c) the final installment shall be made by us within thirty business days after the date on which we are notified by the assignor of fulfillment of both of the following conditions:

  (i) completion of registration of all remaining applications; and

  (ii) execution of assignment and the subsequent recordal of the assignment of such remaining registrations with the respective government authorities and/or with the World Intellectual Property Organization

notwithstanding the above payment terms, in the event that the assignor fails to register any of the "TUSCAN'S" trademark in any of the jurisdictions in which registration is pending, the second installment and the final installment (and accordingly the Acquisition Price) shall be reduced by an agreed amount depending on the jurisdiction in which the assignor fails to register the trademark

Rights and obligations of the parties:	(a)	the assignor shall at its sole costs and expenses file and process all applications for registration of the trademark and shall assign to us and procure the recordal of assignment with the relevant government authority and/or the World Intellectual Property Organization immediately after each of the applications has matured to registration
	(b)	the assignor undertakes that we may apply for registration of the trademark in classes other than those which are the subject matter of the assignment in the relevant jurisdictions

In pursuance of the above trademark assignment agreement, TUSCAN'S Europe has already assigned to us the right, title and interest in and the goodwill attaching to the "TUSCAN'S" trademark registered in the PRC and Japan as designated countries under international trademark registration on date of the trademark assignment agreement. The effects of such international trademark registration in the PRC and Japan are the same as if the trademark had been registered in such countries directly. Such assignment has been recorded by the World Intellectual Property Organization and we are the registered holder of such trademark registered in the PRC and Japan.

In addition, subsequent to execution of the trademark assignment agreement, TUSCAN'S Europe had successfully registered the "TUSCAN'S" trademark in Hong Kong and Macau and the right, title and interest in and the goodwill attaching to the "TUSCAN'S" trademark registered in Hong Kong and Macau had been assigned to us in pursuance of the trademark assignment agreement. As at the Latest Practicable Date, recordal of such assignments at the respective government authorities had been arranged.

(II) Trademark license agreement

Date:	10 January 2011
Parties:	TUSCAN'S Europe as licensor our Company as licensee
Grant of license:	pending assignment of the "TUSCAN'S" trademark to us, the licensor has granted to us a license to use the "TUSCAN'S" trademark to design, manufacture, distribute and promote certain of our products in the PRC, Japan, Hong Kong, Macau, Taiwan, Thailand, Malaysia, the United Arab Emirates, the United States, Singapore and South Korea and for all purposes in relation thereto
Nature of license:	exclusive, sub-licensable and assignable by us

Duration of license:	the license to use the "TUSCAN'S" trademark in the United States shall only be effective when the trademark has been successfully registered by the licensor in the United States and the license to use the "TUSCAN'S" trademark in the other jurisdictions referred to above was deemed to be effective as of 1 December 2010 the license granted shall continue until the assignment of the "TUSCAN'S" trademark to us
Consideration:	advance payment of the first installment of the Acquisition Price upon execution of the trademark license agreement
Rights and obligations of the parties:	(a) under the license, we shall have absolute freedom and discretion in designing, manufacturing, promoting and distributing our products falling under the trademark classes (including but not limited to the style of design, the choice of factory and manufacturing materials and determination of the retail price and promotion channels) and the licensor shall have no right in interfering with our freedom and our exercise of discretion (b) the licensor shall keep us fully indemnified against all losses and all actions, claims, proceedings, costs and damages, legal costs or other expenses, arising from any breach or alleged breach of licensor's warranties in respect of the TUSCAN'S" trademark or out of any claim by a third party based on any facts which, if substantiated, would constitute such a breach

For details of our intellectual property rights, please see "Statutory and General Information — Further Information about the Business of Our Company — 9. Intellectual property rights of our Group" in Appendix VI to this prospectus.

Measures for protection of intellectual property

We have placed a great emphasis in protecting our customers' intellectual property and our own intellectual property. We have established internal policies to manage the risk of inadvertently infringing third parties' intellectual property rights in our research, development, design and manufacturing process.

Our creative center, which works with our customers' product designs, is required to ensure that our designs are not identical and do not bear a close resemblance to any designs of our customers or those that are already in the public market. In addition, employees in our creative center and R&D Center who work on designs and the production processes for products we manufacture for customers are not allowed to participate in the design of TUSCAN'S brand products. We also make sure our computers that store the

design are password-protected and the relevant computer files are encrypted when transmitted. We also have in-house design and development teams who are assigned to certain of our major customers. We place our in-house design and development teams into separate design rooms in order to protect customers' intellectual property. In addition, we do not allow unauthorized access to our product prototypes and samples and they cannot be taken out of our premises without our express authority. We have designated working areas at our manufacturing sites for certain major customers' design teams to ensure designs of one particular customer are kept confidential from our other customers.

Our Directors confirm that as of the Latest Practicable Date and during the Track Record Period, we did not carry out any unauthorized use of the trademarks or trade name of any of our customers and have not received any complaints from our customers regarding our use of their trademarks or trade names.

Our Directors confirm that as of the Latest Practicable Date and during the Track Record Period, we were not aware of (i) any material violation, infringements or unauthorized use of our trademarks or trade name; and (ii) any infringement of any third parties' intellectual property rights through our use of the trademarks and trade name.

PROPERTY INTERESTS

Owned Land

As of the Latest Practicable Date, we owned four parcels of land in the PRC, with a total area of approximately 225,800 sq.m.. We have obtained land use rights certificate for these parcels of land. We have used part of this land and plan to continue to use the remaining land for industrial purposes, as stated in the land use rights certificate.

Owned properties

As of the Latest Practicable Date, we owned a total of 23 buildings having a total gross floor area of approximately 121,200 sq.m.. We use these buildings for purposes of our manufacturing facilities, offices and electricity transformation facilities, as well as for staff quarters, guardhouses, canteens, garages and store rooms, which is consistent with the purposes set forth in the relevant land use rights certificates. We have obtained property ownership certificates for 20 of the buildings, but we are still in the process of applying for the property ownership certificates for the remaining 3 buildings. We also had two additional buildings under construction on these properties and have obtained the required construction permits for these two buildings.

We purchased 11 buildings from the Dongguan Houjie town Qiaotou village committee (東莞厚街鎮橋頭村村民委員會) in 2004 when the Land Use Rights Certificates (國有土地使用權證), the property ownership certificates as well as the required construction permits, namely the Planning Permit for Using Construction Usage Land (建設用地規劃許可證), the Construction Planning Permit (建設工程規劃許可證) and the Permit to Commence Construction (建築工程施工許可證) have not been obtained and the inspection procedures in respect of the construction and the fire prevention and acceptance of the quality thereof by the competent governmental authority in the PRC have not been completed. The 11 buildings are currently used by the Group as office, workshop, warehouse, canteen and dormitory and are not viewed by the Company as being, individually or collectively, crucial to the operation of its business. As advised by our PRC legal advisers, the construction of the 11 buildings should have been commenced

after all the aforesaid permits having been obtained and we should have used these buildings only after completion of the inspection and acceptance procedures. As advised by our PRC legal advisers, under the prevailing PRC laws, (i) the relevant land administrative authority may evict occupants of buildings held in violation of these requirements and confiscate the buildings erected thereon, (ii) the relevant planning authority may impose a fine of up to 10% of the construction cost of the relevant buildings for failure to obtain the Construction Planning Permit (建設工程規劃許可證) prior to commencing construction, (iii) the relevant construction administrative authority may impose a fine of up to 2% of the fees payable under the relevant construction contract for failure to obtain the Permit to Commence Construction (建築工程施工許可證) prior to commencing construction, and (iv) the relevant construction administrative authority may order us to rectify the situation and impose a fine of up to 4% of the fees payable under the relevant construction contract for occupying the buildings before completion of inspection and acceptance procedures. Due to the deficiency of all the requisite permits and inspection and acceptance procedures, it took much more time for us to obtain the Land Use Rights Certificates (國有土地使用權證) and the Planning Permit for Using Construction Usage Land (建設用地規劃許可證) after 2004, we have paid up fines of RMB954,801.60 and have obtained the property ownership certificates for 8 buildings thereof in August 2011, and we are still in the process of applying for the property ownership certificates for the remaining 3 buildings. As advised by our PRC legal advisers, according to the letter issued by the relevant offices of the People's Government of Dongguan Houjie Town (東莞市厚街鎮人民政府), there are no material legal impediments preventing Dongguan Sitoy from obtaining the property ownership certificates for the remaining 3 buildings. We currently expect to obtain the property ownership certificates for the remaining 3 buildings by early 2012 and do not expect any penalty received as a result of not holding such certificates to have a material impact on our business or results of operations.

As at the Latest Practicable Date, we owned and occupied 4-5th Floor, The Genplas Building, 56 Hoi Yuen Road, Kwun Tong, Kowloon, Hong Kong. We also owned an investment property at shop 125, Ground Floor, Yuet Wu Villa, 2 Wu Sau Street, Tuen Mun, New Territories, Hong Kong and no tenancy agreement was entered into in respect of such investment property as at the Latest Practicable Date.

Leases

We lease certain properties in the PRC for business purposes and have entered into a lease agreement with respect to each of the properties that we lease. Our PRC Legal Advisers have advised us that, except for eight of the lease agreements discussed below, all the other eight lease agreements are legal, valid and enforceable. Our PRC Legal Advisers have advised us that, except for those discussed below, the lessors under these eight lease agreements are the owner of or have the right or appropriate authorization to lease the relevant leased properties.

We lease in Dongguan a property of approximately 8,900 sq.m. for use as a manufacturing facility and dormitory, starting from September 2007 for a term of ten years, from Dongguan Houjie town Qiaotou village committee (東莞市厚街鎮橋頭村委會). We have not completed registration for the Dongguan tenancy agreement because Dongguan Houjie town Qiaotou village committee (東莞市厚街鎮橋頭村委會) has not obtained valid property ownership certificates which are requisite for the registration. The relevant construction (Housing Management) administrative authority may order us to rectify the situation and impose a fine because of the incomplete registration. Due to the lack of the relevant property ownership certificates, under the PRC laws, we cannot be certain that the landlord's ownership of these 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 lease agreement is legal, valid and enforceable, or our occupation and use of such leased properties will not be disrupted.

In September 2010, we entered into a lease agreement with Dongguan Trade and Educational Gifts Co, ltd, (東莞司貿文教贈品有限公司), in connection with the lease of the multi-use building of approximately 9,200 sq.m. located in Dongguan with a term of five years. We have not completed registration for this lease agreement because Dongguan Trade and Educational Gifts Co, ltd, (東莞司貿文教贈品有限公司) has not obtained valid property ownership certificates which are requisite for the registration. The relevant construction (Housing Management) administrative authority may order us to rectify the situation and impose a fine because of the incomplete registration. Due to the lack of the relevant property ownership certificates, under the PRC laws, we cannot be certain that the landlord's ownership of these properties is not subject to any dispute or that all requisite governmental approvals have been obtained in connection with the construction of such property, the lease agreement is legal, valid and enforceable, or our occupation and use of such leased properties will not be disrupted.

From June 2010 to June 2011, we entered into six lease agreements with different individuals, in connection with the lease of properties for warehouse and dormitary uses. We have not completed registration for these lease agreements because the landlords have not provided valid property ownership certificates to us, which are requisite for the registration. The relevant construction (Housing Management) administrative authority may order us to rectify the situation and impose a fine because of the incomplete registration. Due to the lack of the relevant property ownership certificates, under the PRC laws, we cannot be certain that the landlords'ownership of these properties is not subject to any dispute or that all requisite governmental approvals have been obtained in connection with the construction of such properties, that the lease agreement are legal, valid and enforceable, or that our occupation and use of such leased properties will not be disrupted. However, to the extent our occupation and use of such leased properties is disrupted, the Company does not expect the operations of the Group will be materially affected.

We also entered into other two lease agreements in 2011 in connection with the leases of retail stores located in Beijing and Jinan. We have not completed registration of these lease agreements, the timing of which depends on the relevant housing authority, but currently expect such registration to be completed around the end of 2011.

For all of the other six lease agreements, the lessor has registered the relevant leases with the competent housing departments as required by the relevant PRC laws and regulations.

Other property interests

As of the Latest Practicable Date, we did not have any owned property or other leased property save as disclosed herein. Please see "Property Valuation" in Appendix IV to this prospectus for more details of our owned properties and leased properties.

ENVIRONMENTAL MATTERS

We are subject to PRC national environmental laws and regulations as well as environmental regulations promulgated by local governments from time to time. Please see "Regulatory Overview" in this prospectus for more details on these environmental laws and regulations.

According to the Rules Relating to the Application for Pollutant Emission Certificate in Guangdong Province (廣東省排放污染物許可證實施細則), where our Dongguan and Yingde manufacturing facilities are located, industries which emit certain types of pollutants are required to apply for a Pollutant Emission Certificate (排放污染物許可證). Dongguan Environmental Protection Department (東莞市環境保護局) has confirmed that our manufacturing facilities in Dongguan are not allowed to emit polluted water and waste, while the Yingde Environmental Protection Department (英德市環境保護局) has issued our manufacturing facility in Yingde a Pollutant Emission Certificate (排放污染物許可證) permitting our manufacturing facility in Yingde to produce and emit air and noise pollutants within the scope as permitted by this certificate.

We seek to conduct our business in a manner that does not adversely affect the environment. We place emphasis on pollution management and control procedures, including plant operation and maintenance procedures, in the training of our personnel. We have an environmental management policy covering all waste streams and production cycles.

Solid wastes, which consist primarily of scraps from cutting and trimming of leather, fabric, PVC and PU are the primary wastes of the handbag and small leather goods manufacturing process. We segregate, measure and route the solid wastes and attempt to reduce, reuse or recycle such wastes where practicable.

We have complied with the guidelines imposed by our customers relating to environmental conditions. In addition, we have complied with the applicable PRC laws and regulations on environmental protection in all material respects and were not in breach of such laws and regulations during the Track Record Period. Although compliance involves continuing costs over the Track Record Period, the ongoing costs of compliance with customer environmental guidelines and existing environmental laws and regulations have not had, nor are they expected to have, a material effect upon our business, financial condition or results of operations. As of the Latest Practicable Date, we had not been subject to any material fines or legal action involving non-compliance with any relevant environmental regulations in the PRC. In addition, our Directors confirm that as at the Latest Practicable Date, there were no threatened or pending actions by any environmental regulatory authority known to the Directors to be against our Group in the PRC.

INSURANCE

We maintain insurance policies in respect of our offices, manufacturing facilities and inventories covering losses owing to fire, flood, earthquake and hurricane. One of our major customers requires our products to be covered by product liability insurance. In such case, our customer typically obtains product liability insurance for us and we reimburse the customer the amount of the insurance premium paid. Apart from the above, we do not maintain business interruption insurance and general product liability insurance on the basis that it is not an industry practice in the PRC and is not required by the applicable laws and regulations in the PRC.

We believe that our insurance coverage is adequate and conforms to insurance programs customary for manufacture operators in the PRC. However, we are subject to the risk that our insurance coverage for losses, damage and liabilities that may arise in our business operations is insufficient.

In Fiscal Year 2011, we had expenses of HK$2.4 million relating to insurance premiums. We have not made any material insurance claims on any insurance policy maintained by us beginning 1 July 2008 to the Latest Practicable Date.

LEGAL PROCEEDINGS

From time to time, we may be involved in litigation or other legal proceedings in the ordinary course of our business, which are primarily disputes with our customers over payment of amounts overdue.

The Directors confirm that as of the Latest Practicable Date, there were no legal, arbitration or administrative proceedings or any intellectual property rights disputes or claims existing or known to the Directors to be pending against us that may have a material adverse impact on our business or our results of operations.

LEGAL COMPLIANCE

During the Track Record Period, we held all the necessary certificates, permits and licenses for the operation of our business as currently conducted in the PRC. We have also complied with the applicable laws and regulations in all material respects in the jurisdictions in which we operate and were not in breach of such laws and regulations in all material respects during the Track Record Period. As of the Latest Practicable Date, we had not been subject to any material fines or legal action involving non-compliance with any PRC laws and regulations in the PRC. We are not currently aware of any threatened or pending action by any governmental authority in the PRC.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Immediately after completion of the Global Offering and the Capitalization Issue and taking no account of any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option and the options which may be granted under the Share Option Scheme, Mr. Yeung Michael Wah Keung and Mr. Yeung Wo Fai will be interested in approximately 49% and 26% of the issued share capital of our Company respectively. As Mr. Yeung Michael Wah Keung and Mr. Yeung Wo Fai are together entitled to exercise or control the exercise of 30% or more of the voting power at our general meetings, they are regarded as our Controlling Shareholders under the Listing Rules.

Neither Mr. Yeung Michael Wah Keung nor Mr. Yeung Wo Fai has any interest in a business, other than the Group's business, which competes or is likely to compete, either directly or indirectly, with the Group's business.

Our Directors consider that our Group is capable of carrying on our business independently of our Controlling Shareholders and their respective associates for the following reasons:

MANAGEMENT INDEPENDENCE

Our Board comprises five executive Directors and three independent non-executive Directors.

Each of our Directors is aware of his fiduciary duties as a Director of our Company which require, among other things, that he acts for the benefit and in the best interests of our Company and does not allow any conflict between his duties as a Director and his personal interest. In the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Group and our Directors or their respective associates, the interested Director(s) shall abstain from voting at the relevant board meetings of our Company in respect of such transactions and shall not be counted in the quorum. Moreover, our Board comprises eight Directors and three of them are independent non-executive Directors, which represents more than one-third of the members of the Board. This is in line with or better than current governance best practice in Hong Kong.

In addition, we have an independent senior management team to carry out the business decisions of our Group independently. Our Directors are satisfied that our senior management team is able to perform their roles in our Company independently, and our Directors are of the view that we are capable of managing our business independently from our Controlling Shareholders after the Global Offering.

OPERATIONAL INDEPENDENCE

Our Group has established our own organizational structure comprised of individual departments, each with specific areas of responsibilities. Our Group has independent access to source raw materials or supplies for production. Our Group has also established various internal control procedures to facilitate the effective operation of our business.

FINANCIAL INDEPENDENCE

Our Group has an independent financial system and makes financial decisions according to our Group's own business needs.

During the Track Record Period, several bank borrowings of our Group amounting to HK$118,419,000, HK$170,192,000 and HK$105,901,000 as of 30 June 2009, 2010 and 2011, respectively, were secured by unlimited guarantees granted by Mr. Yeung Michael Wah Keung and bank borrowings of our Group amounting to HK$12,000,000 as of 30 June 2010 were secured by a limited guarantee granted by Mr. Yeung Wo Fai up to HK$12,000,000. As of the Latest Practicable Date, consents for the release of personal guarantees given by Mr. Yeung Michael Wah Keung upon Listing have been obtained from the relevant banks and the limited guarantee given by Mr. Yeung Wo Fai has already been released by the relevant bank.

Amounts due from our Controlling Shareholders to our Group amounted to HK$6,147,000, HK$Nil and HK$Nil as of 30 June 2009, 2010 and 2011, respectively, and amounts due to our Controlling Shareholders from our Group amounted to HK$Nil, HK$59,192,000 and HK$Nil as of 30 June 2009, 2010 and 2011, respectively. As of the Latest Practicable Date, the balance of any outstanding amounts due from/to any of the Controlling Shareholders and/or their respective associates has been repaid and settled in full.

On the basis above, our Directors are of the view that the financial system of our Group is independent from our Controlling Shareholders and their respective associates.

CORPORATE GOVERNANCE MEASURES

Our Company will adopt the corporate governance measures with the following principles to avoid potential conflict of interests and safeguard the interests of our Shareholders:

(i) we will comply with the Listing Rules, in particular, strictly observe any proposed transactions between us and connected persons and comply with the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules where applicable. We have also appointed Guangdong Securities Limited as our compliance adviser to advise us on the compliance matters in respect of the Listing Rules and applicable laws and regulations;

(ii) we have appointed three independent non-executive Directors in order to achieve a balanced composition of executive and non-executive Directors in our Board. Our independent non-executive Directors have the character, integrity, independence and experience to fulfill their roles effectively. Please see "Directors and Senior Management" in this prospectus for more details of our independent non-executive Directors; and

(iii) except for certain circumstances as disclosed in the sub-paragraph headed "Summary of constitution of the Company and the Cayman Islands Companies Law — 2. Articles of Association — (b) Directors — (vi) Disclosure of interest in contracts with the Company or any of its subsidiaries" in Appendix V to this prospectus, according to the Articles, a Controlling Shareholder, also being the Director, shall not be entitled to attend any Board meetings in relation to any resolution in respect of any contract or arrangement or any other proposal in which the Controlling Shareholder or any of his associates has any material interest (unless expressly requested to attend by a majority of the independent non-executive Directors), and he shall not be entitled to vote for the resolution (nor shall he be counted in the quorum for the resolution).

CONTINUING CONNECTED TRANSACTIONS EXEMPT FROM INDEPENDENT SHAREHOLDERS' APPROVAL REQUIREMENT

The following transactions have been carried out by our Group and its connected persons during the Track Record Period and are expected to continue following Listing. These transactions will constitute continuing connected transactions upon Listing and will be subject to the reporting, annual review and announcement requirements but will be exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

BACKGROUND

Trandy Leather Goods Handbag Factory Limited ("Trandy Leather") is a company incorporated in Hong Kong primarily engaged in processing raw materials for the manufacturing of handbags. The total issued share capital of Trandy Leather is owned by Mr. Yeung Hok Yin as to 60% and by Mr. Yeung Hok Chung as to 40%, both being relatives of certain of our Directors. Trandy Leather is the sole investor of Dongguan Houjie Fengrong Leather Products Factory* (東莞厚街鋒榮皮具廠) ("Houjie Fengrong"), a processing factory located in Dongguan, Guangdong Province. As confirmed by our PRC legal advisers, Houjie Fengrong is not a separate legal entity and it has been operated in the form of "three types of processing plus compensation trades" in the PRC since its establishment on 20 May 2009. In view of the business that Trandy Leather is mainly engaged in, the Directors consider that there is no potential competition between the business of the Group and that of Trandy Leather.

Since 2003, Trandy Leather has by itself and through Houjie Fengrong provided processing services in respect of the raw materials used by our Group in the manufacture of handbags. The Group has engaged Trandy Leather to provide such processing services due to Trandy Leather's specialty in certain steps for processing raw materials. The historical transaction amounts during the Track Record Period for the transactions were HK$19.3 million, HK$10.9 million and HK$10.2 million for each of the three Fiscal Years 2009, 2010 and 2011, respectively.

As Houjie Fengrong is located in the same town as our manufacturing facilities in Dongguan Guangdong, the close proximity of the processing factory enables us to save freight and logistics costs, shorten delivery time of our processed materials, and closely and regularly monitor the processing quality and efficiency of the processing factory. Moreover, since Trandy Leather has been providing processing services to us for over seven years, the Directors believe that Trandy Leather is in a better position to understand our requirements and standards.

On 27 October 2011, Trandy Leather and Sitoy Handbag entered into a processing agreement (the "Processing Agreement") to formalise the major terms and arrangement of the above transactions.

PRINCIPAL TERMS

Pursuant to the Processing Agreement, Trandy Leather agreed to provide processing services by itself and through Houjie Fengrong to Sitoy Handbag or other subsidiaries of the Group for a term commencing from the Listing Date to 30 June 2014. The processing services provided under the Processing Agreement shall include processing of our raw materials, mainly leather, used in our handbag manufacturing process. The processing fee shall be determined by the parties from time to time with reference to, among other factors, the market price of processing the same raw materials with similar processing procedures and specifications provided by other processing factories. The processing fee and

other payment terms for the processing services shall be determined by the parties after arm's length negotiation and shall be no more favorable to Trandy Leather than the terms for similar services offered by independent third parties to the Group.

EXPECTED ANNUAL CAPS

Our Directors estimate that the annual processing fees payable by our Group to Trandy Leather pursuant to the Processing Agreement for the three Fiscal Years 2012, 2013 and 2014 will not exceed the annual caps of HK$12 million, HK$13.5 million and HK$15 million, respectively. The annual cap for the Fiscal Year 2012 is based on actual service commitment given by Trandy Leather and the annual caps for the Fiscal Years 2013 and 2014 have been mutually agreed between the parties. In arriving at the approximately 11% to 12% increment to the annual caps for Fiscal Years 2013 and 2014, our Directors have primarily taken into account (a) the estimated manufacturing capacity of Trandy Leather in the Fiscal Years 2013 and 2014 as indicated by Trandy Leather, (b) our Group's expected amount of products which will be required to be processed by Trandy Leather in the Fiscal Years 2013 and 2014; and (c) the estimated increase in processing fees due to inflation.

LISTING RULES IMPLICATIONS

Trandy Leather is owned as to 60% by Mr. Yeung Hok Yin and 40% by Mr. Yeung Hok Chung, both of them are nephews of Mr. Yeung Michael Wah Keung, the Chairman and an executive Director, and Mr. Yeung Wo Fai, the chief executive officer and an executive Director, and cousins of Mr. Yeung Andrew Kin, an executive Director. Trandy Leather is therefore an associate of Mr. Yeung Michael Wah Keung, Mr. Yeung Wo Fai and Mr. Yeung Andrew Kin and it will become a connected person of our Company upon Listing under Rule 14A.11(4)(c)(ii) of the Listing Rules.

As the relevant percentage ratios calculated in accordance with Rule 14.07 of the Listing Rules in respect of the annual caps exceed 0.1% but are less than 5%, upon Listing, the transactions under the Processing Agreement will constitute non-exempt continuing connected transactions and will be subject to the reporting, annual review and announcement requirements but will be exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules pursuant to Rule 14A.34 of the Listing Rules.

CONFIRMATION FROM THE DIRECTORS

Our Directors (including our independent non-executive Directors) are of the view that the continuing connected transactions described above have been and will be entered into on normal commercial terms and in the ordinary and usual course of business of our Group. In addition, our Directors (including our independent non-executive Directors) consider the terms of the Processing Agreement and the annual caps for such transactions are fair and reasonable and in the interests of our Company and its Shareholders as a whole.

CONFIRMATION FROM THE SOLE SPONSOR

Based on its review of the relevant documentation and historical figures provided by the Company and its discussions with the Company, the Sole Sponsor is of the view that (i) the transactions contemplated under the Processing Agreement are in the ordinary and usual course of business of our Group and on normal commercial terms; and (ii) the terms of the Processing Agreement and the annual caps for such transactions are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

APPLICATION FOR WAIVER FROM STRICT COMPLIANCE WITH THE LISTING RULES

As the above continuing connected transactions are expected to continue on a recurring basis, our Directors consider that strict compliance with the announcement requirement under Chapter 14A of the Listing Rules would be impractical and would add unnecessary administrative costs to our Group.

We have therefore applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver to our Company under Rule 14A.42(3) of the Listing Rules from strict compliance with the announcement requirement under Chapter 14A of the Listing Rules in respect of the Processing Agreement for the three Fiscal Years 2012, 2013 and 2014.

Our Company confirmed that we will comply with the relevant requirements under Chapter 14A of the Listing Rules as amended from time to time, including Rules 14A.35(1), 14A.35(2), 14A.36 to 14A.40 and 14A.45 of the Listing Rules, and will immediately inform the Stock Exchange and re-comply with the relevant requirements under Chapter 14A of the Listing Rules if any of the respective annual caps set out above is exceeded, or when the relevant agreement is renewed or when any term of the non-exempt continuing connected transactions is materially altered.

DIRECTORS

Our Board consists of eight Directors, of whom five are executive Directors and three are independent non-executive Directors. The information of our Directors is set out as follows:

Name	Age	Position/Title	Date of Appointment	Responsibilities within the Group
Mr. Yeung Michael Wah Keung (楊華強)	63	Chairman and executive Director	21 February 2008	Overall business development, strategic planning and corporate management
Mr. Yeung Wo Fai (楊和輝)	58	Chief executive officer and executive Director	21 February 2008	Overall daily operations of our Group's business, product development, marketing and administration of our Group
Mr. Yu Chun Kau (余振球)	39	Executive Director and chief financial officer	23 May 2011	Overall financial management and reporting, internal control and compliance, corporate finance, company secretarial matters and other day-to-day financial administration
Mr. Chan Ka Dig Adam (陳加廸)	42	Executive Director and head of sales and marketing	23 May 2011	Sales and marketing, merchandising and customer relationship with the international high-end and luxury brand companies
Mr. Yeung Andrew Kin (楊健)	38	Executive Director and head of retail	23 May 2011	Overall operations and strategic planning of the retail business, corporate management and business development of the retail business of our Group
Mr. Yeung Chi Tat (楊志達)	42	Independent non-executive Director	15 November 2011	Oversee management independently
Mr. Kwan Po Chuen, Vincent (關保銓)	52	Independent non-executive Director	15 November 2011	Oversee management independently
Mr. Lung Hung Cheuk (龍洪焯)	64	Independent non-executive Director	15 November 2011	Oversee management independently

EXECUTIVE DIRECTORS

Mr. Yeung Michael Wah Keung (楊華強)

Mr. Yeung Michael Wah Keung (楊華強), aged 63, is the Chairman and an executive Director of our Company. He was appointed as a Director on 21 February 2008. Mr. Yeung has been with our Group since its establishment in the 1970's and is one of our Founders. He is responsible for our Group's overall business development, strategic planning and corporate management.

Mr. Yeung has over 40 years of experience in the handbag and leather goods industry, and has focused on manufacturing luxury branded handbags and small leather goods for more than 10 years. Mr. Yeung is currently a director of each subsidiary of our Group. Mr. Yeung is the brother of Mr. Yeung Wo Fai, the chief executive officer and an executive Director of our Company. Mr. Yeung is also the father of Mr. Yeung Andrew Kin, an executive Director.

Mr. Yeung Wo Fai (楊和輝)

Mr. Yeung Wo Fai (楊和輝), aged 58, is the chief executive officer and an executive Director of our Company. He was appointed as a Director on 21 February 2008 and is also one of our Founders. Mr. Yeung has been with our Group since 1974. He is responsible for the overall daily operations of our Group's business. He is also responsible for product development, marketing and administration of our Group.

Mr. Yeung has over 35 years of experience in the handbag and leather goods industry, and has focused on manufacturing luxury branded handbags and small leather goods for more than 10 years. Mr. Yeung is currently a director of each subsidiary of our Group. Mr. Yeung is the brother of Mr. Yeung Michael Wah Keung, the Chairman and an executive Director of our Company. Mr. Yeung is also the uncle of Mr. Yeung Andrew Kin, an executive Director.

From the late 1990's to the early 2000's, Mr. Yeung was involved in legal proceedings with creditors stemming from amounts borrowed to finance personal real estate investments in Hong Kong. Mr. Yeung settled certain of these creditors' claims at or before the end of 2003. In July 2003, one of the creditors applied to the High Court of Hong Kong for a bankruptcy order against Mr. Yeung. In response, Mr. Yeung initiated an individual voluntary arrangement at the High Court of Hong Kong in respect of outstanding liabilities due to the petitioning creditor and certain other creditors in the aggregate amount of approximately HK$67.5 million. The individual voluntary arrangement, which was considered and approved by those creditors, resulted in the settlement of such liabilities through the payment of an aggregate amount of approximately HK$20.0 million by the end of 2004. Mr. Yeung financed the repayment under the individual voluntary arrangement through his own financial means. The bankruptcy petition, which had been stayed as a result of an interim order of the court made in January 2004 in connection with the initiation of the individual voluntary arrangement by Mr. Yeung and the subsequent approval of such arrangement by the creditors in March 2004, was deemed dismissed. The Asian financial crises that began in 1997 and its widespread effects in Asia precipitated and significantly impacted the events that led to the aforementioned legal proceedings. Mr. Yeung has not been involved in any legal proceedings subsequent to the settlement of these claims.

Having considered the information above and the background regarding the individual voluntary arrangement of Mr. Yeung, and that Mr. Yeung has not been involved in any legal proceedings subsequent to the settlement of these claims, and in view of his contribution to our Group for over 35 years and his solid relationship with our customers and suppliers, the Directors (including the independent non-executive Directors) confirm that Mr. Yeung is suitable to act as a Director pursuant to Rule 3.08 and 3.09 of the Listing Rules.

Mr. Yu Chun Kau (余振球)

Mr. Yu Chun Kau (余振球), aged 39, is an executive Director, the chief financial officer and the company secretary of our Company. Mr. Yu joined our Group in June 2010 and he was appointed as a Director on 23 May 2011. He is primarily responsible for our Group's overall financial management and reporting, internal control and compliance, corporate finance, company secretarial matters and other day-to-day financial administration. Mr. Yu graduated from the Chinese University of Hong Kong with a first class honors bachelor's degree of business administration in 1994, and obtained a master's degree in corporate governance from the Open University of Hong Kong in 2005.

Mr. Yu has more than 17 years of experience in financial management. He worked for KPMG from 1994 to 2002. From 2002 to 2003, he served as the financial controller of First Dragoncom Agro-Strategy Holdings Limited, now known as Ever Fortune International Holdings Limited (Stock Code: 875), a company listed on the Main Board of the Stock Exchange, and was responsible for overseeing its accounting and finance function. From 2003 to 2006, he worked for Kerry Beverages Limited as an assistant director of operations strategy and was involved in corporate strategy formulation and implementation. He served as the chief financial officer of Brigantine Services Limited from 2006 to 2008 where he was involved in financial management and financial reporting. Mr. Yu then served as a director and the chief financial officer of China Risun Coal Chemicals Group Limited from February 2008 to June 2010 and was responsible for its financial management and corporate finance.

Mr. Yu is a fellow member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants, an associate member of the Institute of Chartered Accountants in England and Wales, the Hong Kong Institute of Chartered Secretaries and the Institute of Chartered Secretaries and Administrators. Mr. Yu has been registered as a practicing certified public accountant with the Hong Kong Institute of Certified Public Accountants since October 2002 and he was admitted as a senior international finance manager with the International Financial Management Association in March 2007.

Mr. Chan Ka Dig Adam (陳加廸)

Mr. Chan Ka Dig Adam (陳加廸), aged 42, is an executive Director of our Company. Mr. Chan is in charge of the sales and marketing division of our Group. He joined our Group in May 1989 and was appointed as a Director on 23 May 2011. He is responsible for our Group's sales and marketing, merchandising and customer relationship with the international high-end and luxury brand companies.

Mr. Chan has over 22 years of experience in the handbag and leather goods industry, and has experience in sales and marketing with luxury brand companies for more than 10 years. He has held various positions in our Group in relation to sales and marketing and merchandising prior to becoming our head of sales and marketing in 2004.

Mr. Yeung Andrew Kin (楊健)

Mr. Yeung Andrew Kin (楊健), aged 38, is an executive Director of our Company. Mr. Yeung is in charge of the retail business of our Group. He joined our Group in September 1999 and was appointed as a Director on 23 May 2011. He is responsible for our Group's overall operations and strategic planning of the retail business. He is also responsible for the corporate management and business development of the retail business of our Group. Mr. Yeung graduated from Simon Fraser University, British Columbia, Canada with a bachelor's degree of science in 1999.

Mr. Yeung has over 12 years of experience in handbag and leather goods industry and has focused on strategic planning and business development for more than 7 years. Before Mr. Yeung started focusing on the development of our retail business, he had held various positions in our Group in relation to sales and marketing and merchandising. Mr. Yeung is currently a director of Sitoy Dongguan, Sitoy Yingde and Sitoy Guangzhou. Mr. Yeung is the son of Mr. Yeung Michael Wah Keung, the Chairman and an executive Director of our Company. Mr. Yeung is also the nephew of Mr. Yeung Wo Fai, the chief executive officer and an executive Director of our Company.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Yeung Chi Tat (楊志達)

Mr. Yeung Chi Tat (楊志達), aged 42, is an independent non-executive Director of our Company. Mr. Yeung joined our Group in November 2011 when he was appointed as an independent non-executive Director. Mr. Yeung graduated from the University of Hong Kong with a bachelor's degree of business administration in 1993 and obtained a master's degree in professional accounting with distinction from Hong Kong Polytechnic University in 2004.

Mr. Yeung possesses extensive experience in auditing, corporate restructuring and corporate finance. He worked for KPMG from 1993 to 2004 and is currently the financial controller and company secretary of Dynasty Fine Wines Group Limited (Stock Code: 828), a company listed on the Main Board of the Stock Exchange. Mr. Yeung is also an independent non-executive director of Ta Yang Group Holdings Limited (Stock Code: 1991), ANTA Sports Products Limited (Stock Code: 2020), Boer Power Holdings Limited (Stock Code: 1685) and Billion Industrial Holdings Limited (Stock Code: 2299), all of these companies are listed on the Main Board of the Stock Exchange. Mr. Yeung was an independent non-executive director of China Eco-Farming Limited (Stock Code: 8166), a company listed on the GEM Board of the Stock Exchange, from 30 September 2008 to 12 May 2010.

Mr. Yeung is the president of the International Financial Management Association Hong Kong headquarters and the vice-president of Hong Kong Wine Merchants' Chamber of Commerce. He is a fellow member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants and an associate member of the Institute of Chartered Accountants in England and Wales. Mr. Yeung has been registered as a practicing certified public accountant with the Hong Kong Institute of Certified Public Accountants since April 2006 and admitted as a senior international finance manager with the International Financial Management Association in January 2006. Mr. Yeung is not related to Mr. Yeung Michael Wah Keung, the Chairman and an executive Director of our Company, Mr. Yeung Wo Fai, the chief executive officer and an executive Director of our Company, or Mr. Yeung Andrew Kin, an executive Director.

Mr. Kwan Po Chuen, Vincent(關保銓)

Mr. Kwan Po Chuen, Vincent (關保銓), aged 52, is an independent non-executive Director of our Company. Mr. Kwan joined our Group in November 2011 when he was appointed as an independent non-executive Director. Mr. Kwan graduated from the University of Hong Kong with a bachelor's degree in social sciences in 1983, from the University of London with a bachelor's degree in laws in 1987, from the University of Hong Kong with a master's degree in laws in 1992, from the University of London with a master's degree of science in financial management in 1998 and from the University of South Australia with a master's degree in advanced business practice in 2006.

Mr. Kwan has over 25 years of experience in the legal and accounting profession with extensive experience in real estate, corporate finance and compliance matters. From 1983 to 1987, he worked as an accounting officer and later auditor of the Treasury and Audit departments of the Hong Kong government and from 1988 to 1993, he worked as trainee solicitor and associate of Deacons. From 1993 to 1996, he was an executive director of Chuang's Consortium International Limited (Stock Code: 367), a company listed on the Main Board of the Stock Exchange. Since 1997, Mr. Kwan is the general manager (legal and secretarial) of Sino Land Company Limited (Stock Code: 83), a company listed on the Main Board of the Stock Exchange.

Mr. Kwan is a solicitor qualified in Hong Kong since September 1990. He is also qualified to practice laws in England and Australia since 1991. He is a fellow member of the Hong Kong Institute of Certified Public Accountants and an associate member of the Institute of Chartered Accountants in England and Wales. He has also served as a member of the board of review (Inland Revenue Ordinance) since 2003 and as a member of the then insider dealing tribunal from 2005 to 2009 and as a member of the advisory group on company formation, registration, re-registration and company meeting and administration provisions of the rewrite of Companies Ordinance from 2006 to 2009. He is also a member of both the company law committee and revenue law committee of the Law Society of Hong Kong.

Mr. Lung Hung Cheuk (龍洪焯)

Mr. Lung Hung Cheuk (龍洪焯), aged 64, is an independent non-executive Director of our Company. Mr. Lung joined our Group in November 2011 when he was appointed as an independent non-executive Director. Mr. Lung is a retired chief superintendent of the Hong Kong Police Force. He joined the Hong Kong Police Force in 1966 as a probationary inspector at the age of 19. He was promoted to the rank of chief inspector in 1980, superintendent in 1986, senior superintendent in 1993 and chief superintendent in 1997. He had served in various police posts, namely Special Branch, Police Tactical Unit, Police Public Relations Branch and in a number of police divisions at management level. Prior to his retirement in April 2002, he was the commander of Sham Shui Po Police District.

Mr. Lung was also the secretary of the Superintendents' Association of the Hong Kong Police Force from 1993 and later the chairman from 1998 to 2001. The membership of the Superintendents' Association comprises the top management of the Hong Kong Police Force from superintendents to chief superintendents of the Hong Kong Police Force. He was awarded the Police Meritorious Service Medal by the Chief Executive of Hong Kong in 2000.

Mr. Lung is currently an independent non-executive director of Richfield Group Holdings Limited (Stock Code: 183) and iOne Holdings Limited (Stock Code: 982), both of these companies are listed on the Main Board of the Stock Exchange. He is also an independent non-executive director of FlexSystem Holdings Limited (Stock Code: 8050), a company listed on the GEM Board of the Stock Exchange. Mr. Lung was an independent non-executive director of Global Energy Resources International Group Limited (Stock Code: 8192), a company listed on the GEM Board of the Stock Exchange, from 19 September 2007 to 12 January 2010.

Please see "Statutory and General Information" for further information about the Directors in Appendix VI to this prospectus for details of the interest of the Directors in the Shares of our Company (within the meaning of Part XV of the SFO).

Save as disclosed herein, each of the Directors confirms with respect to him that: (i) he has not held any directorships during the three years preceding the date of this prospectus in any public companies the securities of which are listed on any securities market in Hong Kong or overseas; (ii) he does not have any relationship with any other Directors, senior management or substantial or Controlling Shareholders of our Company; (iii) he did not hold any positions in our Company or other members of the Group as of the date of this prospectus; (iv) he does not have any interests in the Shares within the meaning of Part XV of SFO; (v) there is no other information that should be disclosed for him pursuant to the requirements under Rules 13.51(2)(h) to (v) of the Listing Rules; and (vi) there are no other matters that need to be brought to the attention of holders of securities of our Company.

SENIOR MANAGEMENT

The information of our senior management is set out as follows:

Name	Age	Position/Title
Mr. Liu Liekui (劉烈奎)	46	General manager — manufacturing
Mr. Ip Wai Sum (葉偉深)	53	General manager — retail business
Mr. Chung Wai Ming (鍾偉明)	54	Financial controller
Mr. Chen Feihong (陳飛宏)	39	General manager of Sitoy Yingde
Mr. Luo Yufu (羅玉福)	37	General manager of Sitoy Dongguan
Mr. Lin Yuanbin (林元彬)	40	Head of creative center
Ms. Huang Xiaoli (黃小麗)	38	Head of corporate planning

Mr. Liu Liekui (劉烈奎)

Mr. Liu Liekui (劉烈奎), aged 46, is the general manager of manufacturing of our Group. Mr. Liu joined our Group in March 1988. He has held various positions in relation to our production at the management level, including the positions of senior manager of manufacturing from 2002 to 2009 and vice general manager of manufacturing from 2009 to 2011. He has been participating in the management of our overall production for over 9 years. He is primarily responsible for our Group's production strategies, supervision, quality control, administration and management. He has over 23 years of experience in the handbag and leather goods industry.

Mr. Ip Wai Sum (葉偉深)

Mr. Ip Wai Sum (葉偉深), aged 53, is the general manager of the retail business of our Group. Mr. Ip joined the Group in October 2010. He is primarily responsible for the overall daily operations, business development, management and administration of the retail business of our Group, in particular overseeing operations of the "TUSCAN'S" brand.

Mr. Ip has over 20 years of experience in retail chain management in the PRC. Prior to joining of the Group, Mr. Ip worked as general manager of retail division of Artini China Company Limited (Stock Code: 789), a company listed on the Main Board of the Stock Exchange, from 2007 to 2010. Mr. Ip holds a bachelor's degree of commerce from Concordia University, Montreal, Canada.

Mr. Chung Wai Ming (鍾偉明)

Mr. Chung Wai Ming (鍾偉明), aged 54, is the financial controller of our Group. Mr. Chung joined our Group in May 1992. He is primarily responsible for the financial and accounting management of our PRC operating subsidiaries. He has over 32 years of experience in accounting and financial management.

Mr. Chung started his career in the auditing and accounting field. He worked in a number of certified public accountants firms from 1979 to 1984, including Kwan Wong Tan & Fong, now known as Deloitte Touche Tohmatsu and worked as an accountant in Kerry Godown Holdings Limited from 1984 to 1991. From 1991 to 1992, Mr. Chung worked for Palm Top Limited as a financial controller.

Mr. Chen Feihong (陳飛宏)

Mr. Chen Feihong (陳飛宏), aged 39, is the general manager of Sitoy Yingde. Mr. Chen joined our Group in September 1999. He has held various positions in relation to our production at the management level, including the positions of manager of manufacturing from 2002 to 2009 and senior manager of Sitoy Yingde in 2010. He is primarily responsible for the overall daily operations, planning, general management and administration of Sitoy Yingde. He has over 12 years of experience in the handbag and leather goods industry.

Mr. Luo Yufu (羅玉福)

Mr. Luo Yufu (羅玉福), aged 37, is the general manager of Sitoy Dongguan. Mr. Luo joined our Group in May 1994. He has held various positions in relation to our production at the management level, including the positions of workshop manager from 2002 to 2010 and senior manager of Sitoy Dongguan in 2010. He is primarily responsible for the overall daily operations, planning, general management and administration of Sitoy Dongguan. He has over 17 years of experience in the handbag and leather goods industry.

Mr. Lin Yuanbin (林元彬)

Mr. Lin Yuanbin (林元彬), aged 40, is the head of the creative center of our Group. Mr. Lin joined our Group in March 1988 and he has been working in the creative center of our Group since then. He held the positions of manager of creative center from 2004 to 2010. He is primarily responsible for the daily operations, general management and administration of our creative center. He has over 23 years of experience in the handbag and leather goods industry.

Ms. Huang Xiaoli (黃小麗)

Ms. Huang Xiaoli (黃小麗), aged 38, is the head of the corporate planning department of our Group. Ms. Huang joined our Group in September 1995 and she has been working in the corporate planning department of our Group since then. She held the positions of manager of planning department from 2002 to 2011. She is primarily responsible for our Group's production, material control and procurement. Ms. Huang studied at the foreign language department of South China University of Technology (華南理工大學), majoring in Technological English. She has over 16 years of experience in handbag and leather goods industry.

COMPANY SECRETARY

Mr. Yu Chun Kau (余振球)

Mr. Yu Chun Kau (余振球), aged 39, is the company secretary of our Company and he is employed by our Group on a full-time basis. He is also our executive Director and our chief financial officer. For biographical details of Mr. Yu, please see "Directors and senior management — Executive Directors" in this prospectus.

BOARD COMMITTEES

Audit Committee

Our Company established an audit committee on 15 November 2011 with written terms of reference in compliance with the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules. The primary duties of the audit committee are to review and supervise the financial reporting process and internal control system of the Group. The audit committee comprises Mr. Yeung Chi Tat (acting as chairman of the audit committee), Mr. Kwan Po Chuen, Vincent and Mr. Lung Hung Cheuk, all of whom are independent non-executive Directors.

Remuneration Committee

Our Company established a remuneration committee on 15 November 2011 with written terms of reference in compliance with the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules. The primary duties of the remuneration committee are to make recommendations to our Board on the remuneration policies and structure of the remuneration for the Directors and senior management and to set up a formal and transparent procedure for determination of such remuneration policies. A member of the remuneration committee shall abstain from voting and shall not be counted in the quorum of a meeting in respect of the resolution regarding the remuneration payable to him. The remuneration committee comprises Mr. Yeung Michael Wah Keung, the Chairman and an executive Director (acting as chairman of the remuneration committee) and our independent non-executive Directors, Mr. Yeung Chi Tat and Mr. Lung Hung Cheuk.

Nomination Committee

Our Company established a nomination committee on 15 November 2011 with written terms of reference in compliance with the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules. The primary duties of the nomination committee are to make recommendations to our Board on the appointment of Directors. A member of the nomination committee shall abstain from voting and shall not be counted in the quorum of a meeting in respect of the resolution where he or any of his associates has any material interest, including the recommendation on appointment of such person as a Director. The nomination committee comprises Mr. Yeung Wo Fai, the chief executive officer and an executive Director (acting as chairman of the nomination committee) and our independent non-executive Directors, Mr. Kwan Po Chuen, Vincent and Mr. Lung Hung Cheuk.

Compliance Adviser

Our Company has appointed Guangdong Securities Limited as our compliance adviser pursuant to Rule 3A.19 of the Listing Rules. Pursuant to Rule 3A.23 of the Listing Rules, the compliance adviser will advise our Company in the following circumstances:

(1) before the publication of any regulatory announcement, circular or financial report;

(2) where a transaction, which might be a notifiable or connected transaction under the Listing Rules, is contemplated including share issues and share repurchases;

(3) where our Company proposes to use the proceeds of the Global Offering in a manner different from that detailed in this prospectus or where our business activities, developments or results of operation deviate from any forecast, estimate, or other information in this prospectus; and

(4) where the Stock Exchange makes an inquiry of our Company regarding unusual movements in the price or trading volume of the Shares.

The term of appointment will commence on the Listing Date and end on the date on which our Company complies with Rule 13.46 of the Listing Rules in respect of its financial results for the first full financial year commencing after the Listing Date.

Directors' Remuneration

The aggregate amounts of remuneration paid by our Group to the Directors, including fees, salaries and other allowances, benefits in kind (including contributions to the pension scheme on behalf of the Directors) for Fiscal Years 2009, 2010 and 2011 were HK$2.3 million, HK$2.8 million and HK$3.3 million, respectively.

The aggregate amount of fees, salaries, housing allowances, other allowances, benefits in kind (including our contributions to the pension scheme on behalf of our five highest paid individuals) or any bonuses paid by our Group to our five highest paid individuals for Fiscal Years 2009, 2010 and 2011 were HK$5.7 million, HK$6.1 million and HK$8.9 million respectively.

During the Track Record Period, no remuneration was paid by us to, or receivable by, our Directors or five highest paid individuals as an inducement to join or upon joining us. No compensation was paid by us to, or receivable by, our Directors, past Directors or five highest paid individuals for each of the past three years for the loss of any office in connection with the management of the affairs of any member of our Group. None of our Directors waived any emoluments for each of the past three years.

Save as disclosed above, no other payments have been paid or are payable, in respect of Fiscal Years 2009, 2010 and 2011, by our Company or any of our subsidiaries to our Directors and the five highest paid individuals.

Under arrangements currently in force, the aggregate remuneration of our Directors (excluding the independent non-executive Directors) payable in respect of Fiscal Year 2011 was HK$246,850.

Each of the executive Directors has entered into a service contract with our Company and each of the independent non-executive Directors has been appointed by a letter of appointment, further details of which are set out in "Further information about Directors and Shareholders — 11. Directors" in Appendix VI to this prospectus.

So far as our Directors are aware, immediately following completion of the Global Offering (assuming the Over-allotment Option is not exercised and the options which may be granted under the Share Option Scheme are not exercised) and the Capitalization Issue, without taking into account the Offer Shares which may be taken up under the Global Offering, the following persons will have an interest in the Shares which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or, will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company:

Name of Shareholders	Capacity/nature of Interest	Number of Shares	Percentage of shareholding
Yeung Michael Wah Keung	Beneficial owner	486,720,000	48.75%
Yeung Wo Fai.....	Beneficial owner	262,080,000	26.25%
Keen Achieve Limited	Beneficial owner	54,912,000[(1)]	5.5%
IDG — Accel China Capital L.P. ..	Interest of a controlled corporation	54,912,000[(1)]	5.5%

(1) 95.59% of the issued share capital of Keen Achieve Limited is owned by IDG-Accel China Capital L.P. IDG-Accel China Capital L.P. is deemed to be interested in the 54,912,000 Shares which will be beneficially owned by Keen Achieve Limited upon the Listing.

Save as disclosed herein, our Directors are not aware of any persons who will, immediately following completion of the Global Offering (assuming the Over-allotment Option is not exercised and the options which may be granted under the Share Option Scheme are not exercised) and the Capitalization Issue, without taking into account the Offer Shares which may be taken up under the Global Offering, have an interests or a short position in Shares or underlying Shares which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or, will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company.

Our Directors are not aware of any arrangement which may at a subsequent date result in a change of control of our Company.

Our Company's authorized and issued share capital immediately after completion of the Global Offering and the Capitalization Issue will be as follows:

	Shares	HK$
Authorized share capital	3,000,000,000	300,000,000
Shares in issue at the date of this prospectus	10,400	1,040
Shares to be issued pursuant to the Capitalization Issue	748,789,600	74,878,960
Shares to be issued pursuant to the Global Offering	249,600,000	24,960,000
Total	998,400,000	99,840,000

The above table assumes no exercise of the Over-allotment Option. Assuming the Over-allotment Option is exercised in full, our share capital immediately after completion of the Global Offering and the Capitalization Issue will increase by 37,440,000 Shares. The above table also does not take into account (a) any Shares issued upon exercise of options that may be granted under the Share Option Scheme or (b) any Shares which may be issued or repurchased under the general mandates given to our Directors to issue or repurchase Shares.

RANKING

The Offer Shares and the Shares which may be issued pursuant to the Over-allotment Option rank pari passu with all existing Shares in issue on the date of the allotment and issue of such Shares, and in particular will be entitled to all dividends or other distributions declared, made or paid after the date of this prospectus except for the entitlement under the Capitalization Issue.

SHARE OPTION SCHEME

Our Company has conditionally adopted the Share Option Scheme on 15 November 2011. A summary of the principal terms of the Share Option Scheme is set out in "Other Information — 14. Share Option Scheme" in Appendix VI to this prospectus.

GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES

Our Directors have been granted a general unconditional mandate to allot, issue and deal with Shares with an aggregate nominal value of not more than the sum of:

(i) 20% of the aggregate nominal value of the share capital of our Company in issue, excluding any Shares which may be issued pursuant to the Over-allotment Option, immediately following completion of the Global Offering and the Capitalization Issue; and

(ii) the aggregate nominal value of the share capital of our Company repurchased by our Company (if any) pursuant to the general mandate to repurchase Shares (as referred to below).

The aggregate nominal value of the Shares which our Directors are authorized to allot and issue under this mandate will not be reduced by the allotment and issue of Shares under a rights issue, scrip dividend scheme or similar arrangement in accordance with the Articles of Association, or pursuant to the exercise of options which may be granted under the Share Option Scheme or under the Global Offering or the Capitalization Issue or upon the exercise of the Over-allotment Option.

Our Directors have been granted a general unconditional mandate to exercise all the powers of our Company to repurchase Shares with an aggregate nominal value of not more than 10% of the aggregate nominal value of the share capital of our Company in issue immediately following completion of the Global Offering and the Capitalization Issue (excluding Shares which may be issued pursuant to the exercise of the Over-allotment Option).

This mandate only relates to repurchases made on the Stock Exchange, or any other stock exchange on which the Shares are listed (and which is recognized by the SFC and the Stock Exchange for this purpose), and which are made in accordance with all applicable laws and requirements of the Listing Rules. A summary of the relevant Listing Rules is set out in "Further Information about our Company — 7. Repurchase by our Company of our own securities" in Appendix VI to this prospectus.

These mandates will expire at the earliest of:

- the conclusion of our Company's next annual general meeting;
- the expiration of the period within which our Company is required by law or its Articles of Association to hold its next annual general meeting; or
- when varied, revoked or renewed by an ordinary resolution of our Shareholders in general meeting.

For further details of these general mandates, see "Further information about our Company — 3. Resolutions in writing of the Shareholders passed on 15 November 2011" in Appendix VI to this prospectus.

You should read the following discussion and analysis of our financial condition and results of operations together with our audited combined financial statements for Fiscal Years 2009, 2010 and 2011 and the accompanying notes set forth in the Accountants' Report in Appendix I to this prospectus. The audited combined financial statements were prepared in accordance with IFRS. Our Fiscal Year commences on 1 July and ends on 30 June of the next year, so all references to a particular Fiscal Year are to the twelve-month period ended 30 June of that year.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

We are a large-scale outsourced manufacturer of luxury handbags and small leather goods. We are principally engaged in developing and manufacturing handbags, small leather goods, and travel goods on behalf of leading international high-end and luxury brands, such as Coach, Fossil, Michael Kors, Lacoste and Prada, and high-end travel brands, such as Tumi, who then sell the products we develop and manufacture to their customers. We also research, develop, design and manufacture private label handbags and small leather goods for a well-known large department store chain in the United States. In addition, in order to build on our approximately 30 years of operating history, in February 2011 we introduced TUSCAN'S brand of handbags and small leather goods, our high-end fashion brand with Italian origins, and opened two retail stores in Guangzhou in the PRC in February and March 2011. As of 31 October 2011, we had seven stand-alone retail stores and nine department store concession counters in various cities in the PRC.

We particularly benefit from our 13-year relationship with Coach, which has resulted in us becoming Coach's largest supplier of handbags and Coach being our largest customer during the Track Record Period. Our revenues derived from Coach for Fiscal Years 2009, 2010 and 2011 were HK$562.0 million, HK$908.4 million and HK$1,327.6 million, respectively, which constituted 41.6%, 52.6% and 53.2% of our revenue, respectively. For these same periods, the aggregate revenues derived from our five largest customers, which are primarily international high-end and luxury brand customers based in the United States and Europe, were HK$1,020.8 million, HK$1,451.2 million and HK$2,055.6 million, constituting 75.6%, 84.1% and 82.4%, respectively, of our revenue. As of 30 June 2011, our remaining four largest customers included a U.S. listed global design, marketing and distribution company that specializes in consumer fashion accessories; a French provider of leather goods, travel bags and accessories; a U.S. listed large department store retailer in the United States and a U.S.-based handbag brand.

We have enjoyed rapid growth in revenue and net profit during the Track Record Period. For Fiscal Years 2009, 2010 and 2011, we generated revenue of HK$1,349.7 million, HK$1,726.3 million and HK$2,493.3 million, respectively, representing a CAGR of 35.9%. For these same periods, our net profit was HK$78.2 million, HK$151.8 million and HK$302.4 million, respectively, representing a CAGR of 96.7%. We believe our ability to have grown our revenues and profits through the recent financial crisis demonstrates the strength of our business model and the resiliency of our target markets.

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. Four of our manufacturing facilities are located in Dongguan, Guangdong Province, PRC, and one is located in Yingde, Guangdong Province, PRC. Our manufacturing facilities are strategically located in Guangdong Province in order to benefit from access to well-established transport and logistics infrastructure, as well as raw material suppliers. We significantly expanded our manufacturing capacity over the Track Record

Period. We manufactured and sold approximately 7.2 million products in Fiscal Year 2009, as compared to 9.0 million products in Fiscal Year 2010 and 12.3 million products in Fiscal Year 2011. As of 30 June 2009, 2010 and 2011, our estimated annual production capacity was approximately 10.5 million, 12.8 million and 16.1 million units of handbags, small leather goods and travel goods, respectively, while our estimated utilization rate for the corresponding Fiscal Years was approximately 69%, 73% and 76%, respectively. Our estimated annual production capacity is computed on the basis of the production month in which we recorded the highest production volume during the relevant Fiscal Year, assuming the same production volume would be achieved in every month during that Fiscal Year. The estimated utilization rate is the actual number of products manufactured divided by the estimated annual production capacity for the relevant Fiscal Year. The increase in our estimated annual production capacity was primarily due to the increase in the number of our production lines from 123 to 191 during the Track Record Period as a result of increased demand for our products from our customers. We believe this increase also improved our manufacturing flexibility and efficiency and allowed us to better meet the varying demands of our customers.

We plan to continue expanding our manufacturing capabilities. With respect to our manufacturing facilities, our current expansion plans include a second phase of expansion of our manufacturing facility in Yingde. We entered into a construction contract with respect to two buildings as part of the second expansion phase of our Yingde manufacturing facility in September 2010 and, according to our PRC legal advisers, we have obtained all necessary approvals and licences from the relevant PRC authorities in connection with the construction of these two buildings. We are in the process of negotiating construction contracts with respect to the remaining buildings and will proceed to obtain the requisite property ownership certificates for these buildings prior to commencement of production. Production at the first two buildings of the second phase of the facility is expected to commence in or around December 2011. Production of remaining buildings is currently expected to commence in Fiscal Year 2013, with approximately 50% production capacity available at the beginning of Fiscal Year 2013 and the remaining production capacity available at the end of Fiscal Year 2013. The second phase will increase the number of our production lines by 84 and our estimated annual production capacity by approximately 8.1 million units when fully complete. We expect that the expansion of our manufacturing facility in Yingde will enhance our technical standard as we expect to install in such facility machinery and equipment that are more technologically advanced than those in our existing manufacturing facilities.

However, unlike manufacturing facilities that have standard production requirements and production times for particular products, the production requirements and production times for our handbags, small leather goods and travel goods vary significantly due to a number of factors, such as differences between the styles and structures of the products, the number of workers that can be used in a production line for a particular product, and the high level of craftsmanship involved in the production of our products, which limits the number of the steps in our production process that can be automated. In addition, we may receive orders for the production of complex products with lower production volumes but with higher selling prices, as well as less complex products with higher production volumes but with lower selling prices. As a result, our estimated annual production capacity and utilization rate may not be an accurate indication of the use of our production capacity or meaningful in estimating our profitability.

We have an in-house creative center and an R&D Center that collaborate with our leading international high-end and luxury brand customers in their product development process. Our in-house creative center is responsible for the production of prototypes from design concepts, as well as sales samples, while our R&D Center, although not directly involved in the design and development of products, is responsible for researching and implementing manufacturing technology, such as introducing semi-automatic lacing machinery and embossing machinery into certain steps of the production process, when appropriate, to produce quality handbags and small leather goods efficiently, as well as for providing input on the production process for handbags and small leather goods with different designs. These two centers are involved in the production of each product we produce and work closely together to research, develop and design private label handbags and small leather goods for a well-known large department store chain in the United States.

In order to leverage on our long and in-depth experience in the luxury branded handbag and small leather goods manufacturing business and our well-established manufacturing platform, we recently expanded into the rapidly growing PRC handbag and small leather goods retail market with TUSCAN'S, our high-end fashion brand with Italian origins. As of 31 October 2011, we employed 93 retail employees and had seven stand-alone retail stores with two in each of Beijing and Guangzhou and one in each of Chongqing, Jinan and Shenzhen. We also had nine department store concession counters as of 31 October 2011, with five in Shanghai, and one in each of Hefei, Jinhua, Ningbo and Wuhu. We also propose to enter into a lease for an additional retail outlet in Hong Kong, which is expected to commence business in or around December 2011. We also have plans to open additional retail outlets in the PRC and Macau.

Basis of Presentation

Pursuant to the Reorganization, the Company became the holding company of the companies now comprising the Group on 13 July 2011. The companies now comprising our Group were under the common control of the Controlling Shareholders prior to the Reorganization and have continued to be under the common control of the Controlling Shareholders since the Reorganization. Our Group, comprised of the Company and its subsidiaries, resulting from the Reorganization is regarded as a continuing entity. Accordingly, the financial information of our Group for Fiscal Years 2009, 2010 and 2011 has been prepared on a combined basis as if the Reorganization had been completed at the beginning of the Track Record Period and the Company had always been the holding company of the companies comprising our Group throughout the Track Record Period, using the principles of merger accounting. However, the combined financial information presented in this prospectus does not purport to be indicative of what our actual financial and operational data would have been if our current structure had been in existence since 1 July 2008. See "Our History and Reorganization — Corporate Development" in this prospectus and Appendix VI "Statutory and General Information" to this prospectus.

The combined income statements, combined statements of comprehensive income, combined statements of changes in equity and combined statements of cash flows of the Group for Fiscal Years 2009, 2010 and 2011 include the results and cash flows of all companies now comprising the Group from the earliest date presented or since the date when the subsidiaries and/or businesses first came under the common control of the Controlling Shareholders, where this is a shorter period. The combined statements of financial position of the Group as at 30 June 2009, 2010 and 2011 have been prepared to present the assets and liabilities of the subsidiaries and/or businesses comprising our Group using the historical book values from the Controlling Shareholders' perspective. No adjustments are made to reflect fair values, or recognize any new assets or liabilities as a result of the Reorganization, and all intra-group transactions and balances have been eliminated on combination.

PRINCIPAL FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our business, financial position and results of operations, as well as the period-to-period comparability of our results of operations, are significantly affected by a number of factors, some of which are beyond our control, including:

Factors affecting our Customers and Customer Relationships

Our sales are made on the basis of individual purchase orders, and we have not entered into long-term purchase agreements with, and are not the exclusive supplier for, any of our customers. The volume of work we perform for specific customers may vary from year to year due to a number of factors affecting the demand for our customers' products, including the financial and operational success of our customers and the popularity of their brands. Sales of our customers' products and, as a result, the volume of work that we perform for them may also vary due to a number of factors affecting consumer spending patterns, including general 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. Similar factors will also impact the future growth of our TUSCAN'S branded products retail business, particularly as such factors relate to the PRC.

We have well established and long-term relationships with certain of our key customers. We particularly benefit from our 13-year relationship with Coach, which has resulted in us becoming Coach's largest supplier of handbags and Coach being our largest customer during the Track Record Period. In addition, our second and third largest customers have been our customers more than 13 and 5 years, respectively. In addition, as a result of these long-term relationships, we believe we will receive more business from our existing customers as demand in the global high-end and luxury branded handbag and small leather goods retail market continues to grow. We believe that our relationships with our key customers also enhance our reputation as one of the leading manufacturers of outsourced luxury branded handbags and small leather goods and provide us with a competitive advantage in attracting additional international high-end and luxury brands as customers. However, our future results of operation may be particularly impacted by changes in relationships with our key customers or by factors that affect the demand for their products by consumers.

Growth in the PRC Luxury Handbag and Small Leather Goods Manufacturing Industry

In the early 2000s, luxury branded handbag and small leather goods brands started to cooperate with outsourced handbag and small leather goods manufacturers in emerging regions, in particular the PRC, to reduce their manufacturing costs. Since then, the quality of the workforce, manufacturing technologies and quality control systems have improved significantly in the PRC, while labor costs have remained relatively low in comparison to more developed regions. In addition, improvements in the manufacturing efficiency of handbag and small leather goods manufacturers in the PRC have reduced manufacturing costs, while improvements in product quality have led to the 'Made in China' label gradually being more accepted by consumers of luxury handbags and small leather goods brands in developed regions. As a result, cooperation between luxury brands and manufacturers of outsourced handbags and small leather goods in the PRC is expected to continue to grow in the future to meet the growing consumer demand for luxury handbags and small leather goods. We believe that our market leading position will enable us to capture an increasing share of this anticipated growth; however, the continued growth of our business will depend on the continued acceptance of the 'Made in China' label and our ability to conduct our business under the current and future policies and laws of the PRC government as well as the political, economic and social conditions in the PRC.

Cost of Raw Materials

Our performance, and in particular our margins, depends on our ability to procure raw materials at low cost. For Fiscal Years 2009, 2010 and 2011, cost of raw materials accounted for 83.5%, 81.3% and 78.0%, respectively, of our total cost of sales. We have long-term and well established relationships with many of our suppliers, which has enabled us to maintain a stable supply of high-quality raw materials. In addition, many of our customers have designated suppliers of raw materials that we are mandated to use in manufacturing their products, which enables us to benefit from their pricing leverage and influence and gives us priority in obtaining supplies of high-quality raw materials. High-end cow leather is the primary raw material we use in manufacturing our products, and leather accounted for approximately half of our total cost of raw materials in Fiscal Years 2009, 2010 and 2011. Prices for certain of the raw materials we use, in particular leather, have risen in recent years and are likely to continue 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. We do not enter into long-term purchase agreements with our suppliers and our raw material supplies and prices are subject to a number of risks and uncertainties that could affect our ability to procure sufficient low cost, high quality raw materials to meet the needs of our business, which could affect our future results of operation and, in particular, our margins.

Labor Cost

The production of handbags, small leather goods and travel goods is labor intensive. Labor costs directly associated with the manufacture of our products amounted to 14.7%, 17.0% and 19.7% of our total cost of sales for Fiscal Years 2009, 2010 and 2011, respectively. We have sought to maintain competitive working conditions by investing in new employee programs, such as the establishment of an employee training center, and introducing certain benefits for our employees and their families, such as improved dormitory housing and recreational activities. As a result of government-mandated wage increases and increases in competition for employees with other manufacturers in Guangdong Province, PRC, where our manufacturing facilities are located, we have experienced labor cost increases over the past several years. Notwithstanding increases in the cost of labor in the PRC, we have been able to improve our margins, in part through steps to improve efficiency, including by automating certain manufacturing processes and introducing lean production practices to increase production efficiency and minimize waste. To the extent that we are not able to continue to do so, we may be required to bear such increase in labor costs in the future, which could affect our future results of operation and, in particular, our margins.

Expansion into New Markets

We have experienced significant growth during the Track Record Period. Our ability to continue to grow our business will increasingly depend on our ability to successfully broaden our current customer base while expanding into new market segments, such as high-end and luxury branded bags and small leather goods for men and travel goods for leisure and business travel, seeking opportunities to research, develop, design and manufacture products for large department stores in the United States and Europe, and establishing our TUSCAN'S brand in the PRC by building up our retail business. This will depend on, among other things, global economic conditions, customer and consumer preferences, our ability to continue to maintain close relationships with and meet the production requirements of our current customers, as well as the availability of management, financial, technical, operational and other resources.

Manufacturing Capabilities

As of 31 October 2011, we operated five manufacturing facilities with a total of 208 production lines and approximately 14,700 staff. Four of our manufacturing facilities are located in Dongguan, Guangdong Province, PRC and one is located in Yingde, Guangdong Province, PRC. We significantly expanded our manufacturing capabilities over the Track Record Period. In April 2009, we commenced production at our manufacturing facility in Yingde, which increased our number of production lines, and in 2010, we expanded our manufacturing capabilities further through the commencement of production at two new leased manufacturing facilities in Dongguan, which further increased our number of production lines. We also plan to complete the second expansion phase of our Yingde manufacturing facility, which is expected to commence production in 2012.

We are increasing our manufacturing capabilities to prepare for an increase in demand for our products that we currently anticipate and to minimize the risk of losing potential sales opportunities during peak production periods. Increasing the size of our manufacturing facilities also gives us the flexibility to adapt our production lines for the production of small, customized orders, such as for select luxury branded handbags and small leather goods, and larger volume production runs to meet the varying demands of our customers, which enables us to yield higher profit margins and maintain our relationships with our customers. However, our ability to profit from our recent expansion and any future expansions in our manufacturing capabilities will in turn be dependent on continued customer demand for the products that we manufacture.

CRITICAL ACCOUNTING POLICIES

We have identified below the accounting policies that we believe are the most critical to our audited combined financial statements. These accounting policies require the most difficult, subjective or complex judgments of our management, often as a result of the need to make estimates about the effect of matters which are inherently uncertain. Certain accounting estimates are particularly sensitive because of their significance to our audited combined financial statements. The estimates and associated assumptions are based on historical experience and various other factors that we believe are reasonable under the circumstances, the results of which form the basis of making judgments about matters that are not readily apparent from other sources. Actual results may differ from these estimates.

We review our estimates and underlying assumptions on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. For additional details regarding our Group's critical accounting policies, please see note 4 "Summary of Significant Accounting Policies" and note 5 "Significant Accounting Judgments and Estimates" in the Accountants' Report in Appendix I to this prospectus.

Revenue Recognition

We recognize revenue when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

- from the sale of goods, when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold; and

- interest income, on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts through the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Under these criteria, revenue from the sale of our products is recognized net of allowances for returns, trade discounts and government surcharges, where applicable.

Our credit policy for our customers varies from customer to customer and includes telegraphic transfers before shipment, letters of credit at sight, and letters of credit and telegraphic transfers within 10 to 90 days after shipment. The payment period of individual customers is considered on a case-by-case basis, but most of our customer payment arrangements are pursuant to letters of credit at sight. We receive cash for the significant majority of our sales transactions after we have delivered our products (typically at the port of shipment). For customers to which we provide credit terms, we have assessed a number of factors to determine whether collection from them is probable, including past transaction history with them and their creditworthiness. If we determine that collection is not reasonably assured, we defer the recognition of revenue until collection becomes reasonably assured, which is generally upon receipt of payment.

Inventories

We state inventories at the lower of cost and net realizable value. Cost is determined on the weighted average basis and, in the case of finished goods, comprises direct materials, direct labor and an appropriate proportion of overheads. Net realizable value of inventory is the estimated selling price in the ordinary course of business, less estimated costs to be incurred to completion and disposal. We record adjustments to write down the cost of obsolete or excess inventory to the estimated net realizable value based on historical and forecasted demand. These estimates are based on the current market condition and the historical experience of selling products of a similar nature and could change significantly as a result of changes in customer preferences or changes in consumer product industry cycles. Our management reassesses these estimates at the end of each reporting period.

Depreciation of Property, Plant and Equipment

We depreciate our property, plant and equipment, other than construction in progress, at rates sufficient to write off their costs less accumulated impairment losses and estimated residual values over their estimated useful lives on a straight-line basis. We review the useful lives periodically to ensure that the method and rates of depreciation are consistent with the expected pattern of economic benefits from fixed assets. We estimate the useful lives and the residual values of the fixed assets based on our historical experience with similar assets, taking into account anticipated technological changes. The depreciation expense in future periods will change if there are significant changes from previous estimates. An item of property, plant or equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognized in our combined income statement in the year/period the asset is derecognized is the difference between the net sale proceeds and the carrying amount of the relevant asset.

Construction in progress represents buildings, plant and machinery under construction or installation and testing which are stated at cost less any impairment losses, and are not depreciated. Cost comprises the direct costs of construction or installation and testing and capitalized borrowing costs on related borrowed funds during the period of construction or installation and testing. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

COMBINED RESULTS OF OPERATIONS

Selected Combined Financial Information

The following table sets forth, for the periods indicated, selected income statement data as a percentage of revenue.

	For Fiscal Year Ended 30 June		
	2009	2010	2011
Revenue	**100.0%**	**100.0%**	**100.0%**
Cost of sales	(83.1)%	(80.3)%	(77.8)%
Gross profit	**16.9%**	**19.7%**	**22.2%**
Other income and gains	0.7%	0.6%	1.1%
Selling and distribution costs	(2.9)%	(2.5)%	(2.3)%
Administrative expenses	(7.2)%	(6.2)%	(6.3)%
Other expenses	(0.2)%	(0.2)%	(0.0)%
Finance costs	(0.2)%	(0.2)%	(0.2)%
Profit before tax	7.1%	11.2%	14.5%
Income tax expense	(1.3)%	(2.4)%	(2.4)%
Profit for the year	**5.8%**	**8.8%**	**12.1%**

Description of Certain Income Statement Line Items

Revenue

We generate revenue primarily from sales of high-end and luxury handbags, small leather goods and travel goods, with most of our revenue being generated from the sale of luxury handbags and small leather goods, and, since February 2011, from the sale of our TUSCAN'S branded products through our retail stores in the PRC. Our business is currently organized into two operating segments: Manufacturing, comprising sales of handbags, small leather goods and travel goods to high-end and luxury brand customers and private label customers, and Retail, comprising sales of our TUSCAN'S branded products through our retail stores in the PRC. Our Manufacturing segment represented substantially all of our revenue in the Track Record Period. For more information on our operating segments, please see note 6 in the Accountants' Report in Appendix I of this prospectus.

The following table sets forth, for the periods indicated, our revenue and sales volume by operating segment and product type and the revenue for each product type as a percentage of revenue.

	For Fiscal Year Ended 30 June								
	2009			2010			2011		
	Sales Volume	Revenue		Sales Volume	Revenue		Sales Volume	Revenue	
	(Units '000)	(HK$'000)	(percentage)	(Units '000)	(HK$'000)	(percentage)	(Units '000)	(HK$'000)	(percentage)
Manufacturing									
Handbags	6,029.1	1,223,465	90.7%	7,396.1	1,565,586	90.7%	9,934.9	2,242,933	90.0%
Small leather goods	1,184.3	126,063	9.3%	1,623.0	155,069	9.0%	2,293.6	224,047	9.0%
Travel goods	0.5	160	0.0%	10.3	5,662	0.3%	50.1	25,563	1.0%
Subtotal	**7,213.9**	**1,349,688**	**100.0%**	**9,029.4**	**1,726,317**	**100.0%**	**12,278.6**	**2,492,543**	**100.0%**
Retail	**–**	**–**	**–**	**–**	**–**	**–**	**0.8**	**729**	**0.0%**
Total	**7,213.9**	**1,349,688**	**100.0%**	**9,029.4**	**1,726,317**	**100.0%**	**12,279.4**	**2,493,272**	**100.0%**

For Fiscal Year 2011, the average price range of our products charged to our customers was HK$80 to HK$640 for handbags, HK$40 to HK$140 for small leather goods and HK$450 to HK$670 for travel goods.

For each of Fiscal Years 2009, 2010 and 2011, 71.1%, 72.8% and 68.0%, respectively, of our revenue was derived from sales to customers that required the products we manufactured for them to be shipped to distribution centers in North America, primarily in the United States, while for the same periods, 1.7%, 2.3% and 8.8%, respectively, of our revenue was derived from sales of products shipped to the PRC, Hong Kong, Macau and Taiwan. The 6.5% increase in revenue derived from such sales to customers from Fiscal Year 2010 to Fiscal Year 2011 resulted from an increase in customer orders from this region primarily due to growing demand for high-end and luxury products in the PRC. The following table sets forth, for the periods indicated, a breakdown of our revenue by region of the customer distribution centers to which our products were shipped and the revenue generated from each region as a percentage of our revenue. The location of our customers' distribution centers may not necessarily correspond to the region in which the products are ultimately sold by our customers.

	For Fiscal Year Ended 30 June					
	2009		2010		2011	
	(HK$'000, except percentages)					
North America	960,166	71.1%	1,255,661	72.8%	1,694,261	68.0%
Europe	286,750	21.2%	323,133	18.7%	424,505	17.0%
The PRC, Hong Kong, Macau and Taiwan	22,749	1.7%	39,953	2.3%	219,756	8.8%
Other Asian countries	74,908	5.6%	106,818	6.2%	151,695	6.1%
Others	5,115	0.4%	752	0.0%	3,055	0.1%
Total	**1,349,688**	**100.0%**	**1,726,317**	**100.0%**	**2,493,272**	**100.0%**

Cost of Sales

Cost of sales primarily consists of cost of raw materials, direct labor costs, manufacturing overhead expenses (which includes primarily utility expenses, rental fees, amortization and depreciation and net value-added tax payables). The following table sets forth, for the periods indicated, the components of our cost of sales and the cost of sales for each component as a percentage of revenue.

	For Fiscal Year Ended 30 June					
	2009		2010		2011	
	(HK$'000, except percentages)					
Cost of Raw Materials	936,342	69.4%	1,127,096	65.3%	1,513,944	60.7%
Direct Labor Costs	164,179	12.2%	235,998	13.7%	382,406	15.3%
Manufacturing Overhead Expenses	20,471	1.5%	22,684	1.3%	43,802	1.8%
Total	**1,120,992**	**83.1%**	**1,385,778**	**80.3%**	**1,940,152**	**77.8%**

Cost of raw materials includes provision for slow moving or obsolete inventory.

Other Income and Gains

Other income and gains primarily consists of payments received from customers for change of work orders relating to changes or additions to product designs and reimbursement payments from suppliers for defects in purchased materials, PRC government grants for the compliance with social welfare regulations by our Dongguan manufacturing facility, based on recommendations of the Social Security Bureau of Dongguan (廣東省東莞市社會保障局), Guangdong Province, and the export production achievements of our manufacturing facilities, based on their export rankings in Dongguan and Qingyuan, Guangdong Province, as well as net currency exchange gains on trade receivables and trade payables. The PRC government grants that we have received to date have typically been awarded on an annual basis and, although the grants are not automatically recurring by nature and there can be no assurance that the Group will be awarded such grants in the future, it cannot be excluded that the Group will continue to receive such grants from time to time in the future based on its achievements.

Selling and Distribution Costs

Selling and distribution costs primarily consist of marketing and promotion expenses, sales and marketing staff remuneration and benefits, transportation costs for transporting finished goods to their port of shipment and supplies from our suppliers, customs clearance fees and other selling expenses. The following table sets forth, for the periods indicated, the components of our selling and distribution costs and the selling and distribution costs for each component as a percentage of revenue.

	For Fiscal Year Ended 30 June					
	2009		2010		2011	
	(HK$'000, except percentages)					
Marketing and promotion	2,053	0.2%	2,047	0.1%	1,878	0.1%
Sales and marketing staff remuneration and benefits	17,606	1.3%	18,715	1.1%	19,726	0.8%
Transportation	14,644	1.1%	16,848	1.0%	24,850	1.0%
Customs clearance fee	3,277	0.2%	4,029	0.2%	6,320	0.3%
Other selling expenses[(1)]	2,034	0.1%	1,774	0.1%	3,150	0.1%
Total	39,614	2.9%	43,413	2.5%	55,924	2.3%

(1) Other selling expenses includes expenses for travelling, office expenses, operating lease rentals and depreciation of property, plant and equipment.

Administrative Expenses

Administrative expenses primarily consist of office and administrative expenses, administrative staff remuneration and benefits, directors remuneration, proposed initial public offering expenses, depreciation of office equipment and buildings, bank charges and other administrative expenses. The following table sets forth, for the periods indicated, the components of our administrative expenses and the administrative expenses for each component as a percentage of revenue.

	For Fiscal Year Ended 30 June					
	2009		2010		2011	
	(HK$'000, except percentages)					
Office and administrative expenses	11,373	0.9%	13,869	0.8%	22,334	0.9%
Administrative staff remuneration and benefits	66,519	4.9%	63,708	3.7%	89,559	3.6%
Directors remuneration	2,311	0.2%	2,795	0.2%	3,336	0.1%
Proposed initial public offering expenses	–	–	–	–	10,855	0.5%
Depreciation	5,932	0.4%	9,708	0.6%	8,350	0.3%
Bank charges	3,168	0.2%	6,055	0.3%	8,085	0.3%
Other administrative expenses[(1)]	7,369	0.6%	10,098	0.6%	14,994	0.6%
Total	96,672	7.2%	106,233	6.2%	157,513	6.3%

(1) Others includes expenses for rental fees; professional fees; entertainment expenses; real estate tax, stamp duty and surcharge; and other expenses.

Other Expenses

Other expenses consist of net currency exchange losses on trade receivables and trade payables and losses on the disposal of property, plant and equipment.

Finance Costs

Finance costs consist of interest on bank borrowings fully repayable within five years.

Income Tax Expense

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

Cayman Islands and British Virgin Islands Tax

Under the current laws of the Cayman Islands and the British Virgin Islands, we are not subject to tax on our income or capital gains. In addition, our payments of dividends are not subject to withholding tax in the Cayman Islands or the British Virgin Islands.

Hong Kong Tax

Hong Kong profits tax as applicable to the Group was 16.5% in Fiscal Years 2009, 2010 and 2011 on the estimated assessable profits arising in Hong Kong during the relevant year or period.

In 1987, as a way of carrying out manufacturing operations in the PRC, Sitoy Company entered into a processing agreement with Dongguan External Processing and Assembly Services Company* (東莞市對外加工裝配服務公司), and Dongguan Houjie Qiaotou Sitoy Handbag Factory (東莞厚街橋頭時代手袋廠) (previously known as Dongguan Nanwu Sitoy Handbag Factory) in respect of the operation of Dongguan Houjie Qiaotou Sitoy Handbag Factory (東莞厚街橋頭時代手袋廠) in Dongguan, Guangdong Province, and its undertaking of our Group's manufacturing activities. Pursuant to such processing agreement and its supplements and subsequent renewals, the PRC party agreed, among other things, to provide factory premises, labor and electricity while our Group agreed, among other things, to provide machinery, equipment, raw materials, ancillary materials and packaging materials required in the manufacturing process of the manufacturing facility. Our Group had to pay a processing fee for the processing services provided by Dongguan Houjie Qiaotou Sitoy Handbag Factory (東莞厚街橋頭時代手袋廠). As confirmed by our PRC legal advisers, Dongguan Houjie Qiaotou Sitoy Handbag Factory (東莞厚街橋頭時代手袋廠) was not a separate legal entity and it had operated in the form of "three types of processing plus compensation trades" under the processing agreement and its supplements and subsequent renewals. Under such arrangement, our Group supplied raw materials and machinery to Dongguan Houjie Qiaotou Sitoy Handbag Factory (東莞厚街橋頭時代手袋廠) for processing, upon completion of which Dongguan Houjie Qiaotou Sitoy Handbag Factory (東莞厚街橋頭時代手袋廠) would return the processed materials to our Group. As a result of concessionary tax treatment that our Group received under Hong Kong tax law in connection with this arrangement, only 50% of the profit we derived from the contract processing arrangement was subject to Hong Kong profits tax, provided that certain criteria as set out in the Departmental Interpretation and Practice Notes No. 21 (revised) issued by the Hong Kong Inland Revenue Department were fulfilled. In addition, Dongguan Houjie Qiaotou Sitoy Handbag Factory was subject to PRC corporate income tax at a rate of 25% on the deemed profit generated in the PRC. The deemed profit was calculated at a rate of 7% during the Track Record Period on

the total deemed revenue which was determined by applying a 7% gross up on the total processing costs incurred by Dongguan Houjie Qiaotou Sitoy Handbag Factory. Dongguan Houjie Qiaotou Sitoy Handbag Factory (東莞厚街橋頭時代手袋廠) ceased operations in 2011 for the purpose of consolidating its manufacturing facility into Sitoy Dongguan.

PRC Corporate Income Tax

During the Track Record Period, PRC corporate income tax was based on a statutory rate of 25% of the assessable profit of our PRC subsidiaries as determined in accordance with the CIT Law, which was approved and became effective on 1 January 2008. Certain foreign invested enterprises, or FIEs, that were established prior to the promulgation of the CIT Law and enjoyed lower tax rates according to the provisions of the previous tax laws and regulations are exempt from paying income tax for a period of two years starting from the year when the FIEs begin to make a profit or 1 January 2008, whichever is earlier, and thereafter enjoy a 50% reduced tax rate for the following three years. Our subsidiary, Sitoy Yingde, is an FIE that qualifies for this 50% reduced tax rate until 31 December 2012. For Fiscal Years 2009 and 2010, Sitoy Yingde was loss making and did not have sufficient tax liabilities to take advantage of the preferential tax treatment. For Fiscal Year 2011, Sitoy Yingde was able to take advantage of the preferential tax treatment to the extent of HK$2.9 million. To the extent we are unable to offset the expiration of this preferential tax treatment, which will not be renewed, with new tax exemptions, incentives or other tax benefits, Sitoy Yingde's effective tax rate in the PRC will increase to 25% thereafter.

Additional Provision for Transfer Pricing

All of our manufacturing activities in the PRC are undertaken by Sitoy Dongguan and Sitoy Yingde, our PRC manufacturing subsidiaries, while the sales, marketing and other administrative activities with respect to the products they manufacture are undertaken by their Hong Kong holding companies, Sitoy Handbag and Sitoy Company, respectively. When our Sitoy Dongguan manufactures a product, it invoices Sitoy Handbag, which then invoices our customers. When Sitoy Yingde manufactures a product, it invoices Sitoy Company, which then sells the products to, and invoices, Sitoy Handbag, which then in turn invoices our customers. We have used Sitoy Handbag to invoice our customers since its incorporation in 1982. Under PRC tax regulations, the sales by our PRC subsidiaries to Sitoy Handbag, in the case of Sitoy Dongguan, and to Sitoy Company, in the case of Sitoy Yingde, may expose our PRC subsidiaries to tax liabilities. As required by PRC tax regulations, when filing annual tax returns, we have prepared and submitted the "PRC Annual Related Party Transaction Reporting Form" to the local tax authorities in Dongguan and Yingde during the Track Record Period, and for each taxable year since 2009 we have also prepared and maintained relevant contemporaneous documents regarding related party transactions, which included a transfer pricing study on our pricing policy we prepared in consultation with PRC tax consultants. Under PRC tax regulations, we are required to submit the contemporaneous documents based on the PRC tax authorities' request, and the PRC tax authorities have the right to select the target enterprises for a transfer pricing audit, applying a transfer pricing adjustment or reaching a positive transfer pricing audit conclusion after the audit. During the Track Record Period and up to and including the Latest Practicable Date, the PRC tax authorities have not made such a request, or informed us that they have selected any of our PRC subsidiaries for a transfer pricing audit and adjustment, or challenged our pricing policy in other ways, and the Company duly considers the tax provisions to be sufficient for such periods.

PRC Tax Levied on Hong Kong Entities

Under the CIT Law, the exemption from the withholding tax on dividends distributed by foreign-invested enterprises to their foreign investors under the previous tax laws is no longer available. A Hong Kong incorporated company that has a direct interest in at least 25% of the capital of a PRC company and is considered non-resident enterprises by the PRC tax authority is subject to a PRC withholding tax at a rate of 5%. During the Track Record Period, PRC tax levied on HK entities in this regard was primarily contributed by Dongguan Houjie Qiaotou Sitoy Handbag Factory (東莞厚街橋頭時代手袋廠).

REVIEW OF HISTORICAL RESULTS OF OPERATIONS

Fiscal Year 2011 Compared to Fiscal Year 2010

Revenue

Our revenue increased by 44.4% to HK$2,493.3 million in Fiscal Year 2011 from HK$1,726.3 million in Fiscal Year 2010. This increase was primarily due to an increase in the sales volumes of our products to 12.3 million units in Fiscal Year 2011 from 9.0 million units in Fiscal Year 2010 resulting from a significant increase in the number of units of handbags and small leather goods we sold to high-end and luxury brand customers in Fiscal Year 2011 as a result of growing demand in the markets in which our customers sell their products. The increase in the sales volumes was made possible by an increase in our manufacturing capabilities during Fiscal Year 2011 as a result of the expansion of our manufacturing facilities in Dongguan and Yingde in Fiscal Year 2011.

Cost of Sales

Cost of sales increased by 40.0% to HK$1,940.2 million in Fiscal Year 2011 from HK$1,385.8 million in Fiscal Year 2010. This increase was primarily due to an increase in sales volume in Fiscal Year 2011 compared to Fiscal Year 2010, which resulted in a HK$386.8 million increase in cost of raw materials and a HK$146.4 million increase in direct labor costs. As a percentage of revenue, costs of sales decreased to 77.8% in Fiscal Year 2011 from 80.3% in Fiscal Year 2010 primarily due to a decrease in our cost of raw materials as a percentage of revenue to 60.7% in Fiscal Year 2011 from 65.3% in Fiscal Year 2010, notwithstanding the steady increase in the prices of the raw materials we use, in particular leather, in recent years. This decrease in our cost of raw materials as a percentage of revenue was primarily a result of continued improvements in our product design and development capabilities, which enabled us to successfully implement our strategy of targeting luxury brand customers to whom we sell more complex products at higher agreed per unit margins. Direct labor costs increased as a percentage of revenue to 15.3% in Fiscal Year 2011 from 13.7% in Fiscal Year 2010, primarily as a result of higher wages and an increase in head count in connection with the expansion of our manufacturing capabilities in Fiscal Year 2011, contributing to the decrease in our cost of raw materials as a percentage of revenue. Our manufacturing overhead expenses increased as a percentage of revenue to 1.8% in Fiscal Year 2011 from 1.3% in Fiscal Year 2010.

Gross Profit

As a result of the foregoing, our gross profit increased by 62.4% to HK$553.1 million in Fiscal Year 2011 from HK$340.5 million in Fiscal Year 2010, and our gross profit margin increased to 22.2% from 19.7%.

Other Income and Gains

Other income and gains increased to HK$27.4 million in Fiscal Year 2011 from HK$10.1 million in Fiscal Year 2010. This increase was primarily due to a HK$11.6 million increase in net exchange gains on trade receivables and trade payables as a result of fluctuations between the Euro and the Hong Kong dollar, HK$4.3 million received in additional PRC government grants compared to Fiscal Year 2010 for compliance with social welfare regulations and export production achievements by our manufacturing facilities and a HK$0.9 million increase in payments received from customers for change of work orders relating to changes or additions to their product designs.

Selling and Distribution Costs

Our selling and distribution costs increased by 28.8% to HK$55.9 million in Fiscal Year 2011 from HK$43.4 million in Fiscal Year 2010. This increase was primarily due to increased sales volumes, which resulted in a HK$8.0 million increase in transportation costs for transporting finished goods to their port of shipment and raw materials from our suppliers, as well as a HK$2.3 million increase in customs clearance fees and a HK$1.0 million increase in sales and marketing staff remuneration and benefits. As a percentage of our revenue, selling and distribution costs decreased slightly to 2.3% in Fiscal Year 2011 from 2.5% in Fiscal Year 2010.

Administrative Expenses

Administrative expenses increased by 48.3% to HK$157.5 million in Fiscal Year 2011 from HK$106.2 million in Fiscal Year 2010. This increase was primarily due to a HK$25.9 million increase in administrative staff remuneration and benefits relating primarily to an increase in administrative staff head count in connection with the expansion of our manufacturing capabilities and higher wages and related benefits in Fiscal Year 2011; expenses of HK$10.9 million incurred in connection with our proposed initial public offering in Fiscal Year 2011; a HK$8.5 million increase in office and administrative expenses, which included a HK$6.2 million increase in office administrative expenses resulting from the expansion of our manufacturing capabilities, the commencement of our retail operations and increased sales volumes and a HK$2.1 million increase in travel and fuel expenses for our administrative staff; and a HK$2.0 million increase in bank charges primarily relating to transactional charges for trade payment arrangements resulting from increased business activity. As a percentage of our revenue, administrative expenses increased slightly to 6.3% in Fiscal Year 2011 from 6.2% in Fiscal Year 2010.

Other Expenses

Other expenses decreased to HK$0.4 million in Fiscal Year 2011 from HK$3.7 million in Fiscal Year 2010, primarily due to a HK$2.5 million decrease in net exchange losses on trade receivables and trade payables relating to fluctuations between the Euro and the Hong Kong dollar and a HK$1.0 million decrease in loss on the disposal of property, plant and equipment.

Finance Costs

Finance costs decreased to HK$3.8 million in Fiscal Year 2011 from HK$4.1 million in Fiscal Year 2010. This decrease was primarily due to a decrease in our bank borrowings in 2011 as a result of our strategy to reduce our bank borrowings to the extent conducive to our business.

Profit before Tax

Profit before tax increased to HK$362.9 million in Fiscal Year 2011 from HK$193.1 million in Fiscal Year 2010. As a percentage of revenue, profit before tax increased to 14.5% in Fiscal Year 2011 from 11.2% in Fiscal Year 2010, as a result of the cumulative effect of the foregoing factors.

Income Tax Expense

Income tax expense increased to HK$60.4 million in Fiscal Year 2011 from HK$41.3 million in Fiscal Year 2010, primarily due to a HK$15.5 million increase in taxes payable on our profits generated in Hong Kong due to the increase in the profits we generated from the increase in our sales volumes. Our effective income tax rate decreased to 16.7% in Fiscal Year 2011 from 21.4% in Fiscal Year 2010 primarily as a result of a reversal of income tax provisions for previous periods in the amount of HK$5.7 million resulting from the closure of Dongguan Houjie Qiaotou Sitoy Handbag Factory (東莞厚街橋頭時代手袋廠), our former "three types of processing plus compensation trades" entity in the PRC, in May 2011, as well as tax losses from previous periods utilized by our PRC subsidiaries in the amount of HK$3.1 million and Sitoy Yingde being able to take advantage of preferential tax treatment as an FIE under the CIT Law to the extent of HK$2.9 million. Please see "— Income Tax Expense — PRC Corporate Income Tax" above.

Profit for the Year

Profit for the year increased by 99.2% to HK$302.4 million in Fiscal Year 2011 from HK$151.8 million in Fiscal Year 2010. As a percentage of revenue, profit increased to 12.1% in Fiscal Year 2011 from 8.8% in Fiscal Year 2010, as a result of the cumulative effect of the foregoing factors.

Fiscal Year 2010 Compared to Fiscal Year 2009

Revenue

Our revenue increased by 27.9% to HK$1,726.3 million in Fiscal Year 2010 from HK$1,349.7 million in Fiscal Year 2009. This increase was primarily due to an increase in the sales volumes of our products to 9.0 million units in Fiscal Year 2010 from 7.2 million units in Fiscal Year 2009 resulting from a significant increase in the number of units of handbags and small leather goods we sold to high-end and luxury brand customers in Fiscal Year 2010 as a result of growing demand in the markets in which our customers sell their products. The increase in the sales volumes was made possible by an increase in our manufacturing capabilities during Fiscal Year 2010 as a result of the expansion of our manufacturing facilities in Dongguan and Yingde in Fiscal Year 2010.

Cost of Sales

Cost of sales increased by 23.6% to HK$1,385.8 million in Fiscal Year 2010 from HK$1,121.0 million in Fiscal Year 2009. This increase was primarily due to an increase in sales volume in Fiscal Year 2010 compared to Fiscal Year 2009, which resulted in a HK$190.8 million increase in cost of raw materials and a HK$71.8 million increase in direct labor costs. As a percentage of revenue, costs of sales decreased to 80.3% in Fiscal Year 2010 from 83.1% in Fiscal Year 2009 primarily due to a decrease in our cost of raw materials as a percentage of revenue to 65.3% in Fiscal Year 2010 from 69.4% in Fiscal Year 2009, notwithstanding the steady increase in the prices of the raw materials we use, in particular leather, in recent years. This decrease in our cost of raw materials as a percentage of revenue was primarily a

result of our improved product design and development capabilities, which enabled us to successfully implement our strategy of targeting luxury brand customers to whom we sell more complex products at higher agreed per unit margins. Direct labor costs increased as a percentage of revenue to 13.7% in Fiscal Year 2010 from 12.2% in Fiscal Year 2009, primarily as a result of higher wages and an increase in head count in connection with the expansion of our manufacturing capabilities in Fiscal Year 2010, contributing to the decrease in our cost of raw materials as a percentage of revenue. Our manufacturing overhead expenses decreased slightly as a percentage of revenue to 1.3% in Fiscal Year 2010 from 1.5% in Fiscal Year 2009.

Gross Profit

As a result of the foregoing, our gross profit increased by 48.9% to HK$340.5 million in Fiscal Year 2010 from HK$228.7 million in Fiscal Year 2009, and our gross profit margin increased to 19.7% from 16.9%.

Other Income and Gains

Other income and gains increased by 13.5% to HK$10.1 million in Fiscal Year 2010 from HK$8.9 million in Fiscal Year 2009. This increase was primarily due to HK$1.0 million received in PRC government grants for compliance with social welfare regulations and export production achievements by our manufacturing facilities and a HK$0.7 million increase in payments received from customers for change of work orders relating to changes or additions to their product designs, which partially offset by a decrease in interest income and other income received.

Selling and Distribution Costs

Our selling and distribution costs increased by 9.6% to HK$43.4 million in Fiscal Year 2010 from HK$39.6 million in Fiscal Year 2009. This increase was primarily due to increased sales volumes, which resulted in a HK$2.2 million increase in transportation costs for transporting finished goods to their port of shipment and raw materials from our suppliers, as well as a HK$1.1 million increase sales and marketing staff salary, bonus and benefit expense and a HK$0.7 million increase in customs clearance fees. As a percentage of our revenue, selling and distribution costs decreased to 2.5% in Fiscal Year 2010 from 2.9% in Fiscal Year 2009.

Administrative Expenses

Administrative expenses increased by 9.8% to HK$106.2 million in Fiscal Year 2010 from HK$96.7 million in Fiscal Year 2009. This increase was primarily due to a HK$3.8 million increase in depreciation of office equipment and buildings; a HK$2.5 million increase in office and administrative expenses, which included a HK$2.9 million increase in office administrative expenses resulting from the expansion of our manufacturing capabilities and increased sales volumes, which was partially offset by a HK$1.5 million decrease in office maintenance expenses; a HK$2.9 million increase in bank charges primarily relating to transactional charges for trade payment arrangements resulting from increased business activity; and a HK$1.4 million in increased professional fees primarily for accounting services and trademark registration services, which were offset by a HK$2.8 million decrease in administrative staff remuneration and benefits primarily due to cost savings realized from changes in staff administrative policies. As a percentage of our revenue, administrative expenses decreased to 6.2% in Fiscal Year 2010 from 7.2% in Fiscal Year 2009.

Other Expenses

Other expenses increased to HK$3.7 million in Fiscal Year 2010 from HK$2.6 million in Fiscal Year 2009, primarily due to a HK$0.9 million increase in loss on disposal of property, plant and equipment.

Finance Costs

Finance costs increased to HK$4.1 million in Fiscal Year 2010 from HK$3.0 million in Fiscal Year 2009. This increase was primarily due to an increase in our bank borrowings in 2010 as a result of our increased financing requirements resulting from the increase in our business activities.

Profit before Tax

Profit before tax increased to HK$193.1 million in Fiscal Year 2010 from HK$95.8 million in Fiscal Year 2009. As a percentage of revenue, profit before tax increased to 11.2% in Fiscal Year 2010 from 7.1% in Fiscal Year 2009, as a result of the cumulative effect of the foregoing factors.

Income Tax Expense

Income tax expense increased to HK$41.3 million in Fiscal Year 2010 from HK$17.6 million in Fiscal Year 2009, primarily due to a HK$25.6 million increase in taxes payable on our profits generated in Hong Kong due to the increase in the profits we generated as a result of the increase in our sales volumes and a decrease in income not subject to tax in that jurisdiction in Fiscal Year 2010 as a result of the gradual transfer of manufacturing activities from our former "three types of processing plus compensation trades" entity, Dongguan Houjie Qiaotou Sitoy Handbag Factory (東莞厚街橋頭時代手袋廠), with which Sitoy Handbag had a contract processing arrangement and, as a result, received concessionary tax treatment in Hong Kong, to Sitoy Dongguan. Our effective income tax rate increased to 21.4% in Fiscal Year 2010 from 18.4% in Fiscal Year 2009 primarily as a result of the decrease in tax benefits enjoyed by Sitoy Handbag, which in Fiscal Year 2010 amounted to HK$2.0 million compared to HK$6.2 million in Fiscal Year 2009.

Profit for the Year

Profit for the year increased by 94.1% to HK$151.8 million in Fiscal Year 2010 from HK$78.2 million in Fiscal Year 2009. As a percentage of revenue, profit increased to 8.8% in Fiscal Year 2010 from 5.8% in Fiscal Year 2009, as a result of the cumulative effect of the foregoing factors.

LIQUIDITY AND CAPITAL RESOURCES

Prior to the Listing, we funded our operations principally from the proceeds from sales of our products and bank borrowings. Our principal liquidity and capital requirements relate to the following:

- costs and expenses related to the operation of our business, including our operation of our manufacturing facilities; and

- capital expenditures for the expansion of existing manufacturing facilities and construction of new manufacturing facilities and the continued rollout of our TUSCAN'S brand and retail stores.

After the Listing Date, we expect to fund our liquidity needs through cash flow from our operations, bank borrowings, and the net proceeds of the Global Offering. We may consider additional debt or equity financing, depending on market conditions, our financial performance and other relevant factors. No assurance can be given that we will be able to raise additional capital, should that become necessary, on terms acceptable to us or at all. Please see "Future Plans and Use of Proceeds — Use of Proceeds"

Our Directors are of the opinion that after taking into account the existing financial resources available to us, as described above, we have sufficient working capital for at least the next 12 months from the date of this prospectus.

Cash Flows

The following table sets forth, for the periods indicated, selected cash flow data from our combined statements of cash flows.

	For Fiscal Year Ended 30 June		
	2009	2010	2011
		(HK$'000)	
Operating cash flows before movements in working capital	111,869	226,455	389,164
Net cash inflow/(outflow) from operating activities	91,125	110,523	294,613
Net cash inflow/(outflow) from investing activities	(61,124)	(88,351)	(108,269)
Net cash inflow/(outflow) from financing activities	(17,109)	(3,098)	(157,300)
Net increase/(decrease) in cash and cash equivalents	12,892	19,074	29,044
Cash and cash equivalents at end of the year	31,745	50,146	80,390

Operating Activities

Net cash generated from operating activities in Fiscal Year 2011 was HK$294.6 million, while operating cash flows before movement in working capital was HK$389.2 million. The difference of HK$94.6 million was primarily due to a HK$78.9 million increase in trade receivables, a HK$50.4 million increase in inventories, and a HK$20.7 million increase in prepayments, deposits and other receivables. The increase in trade receivables was due to increased sales volumes. The increase in inventories was due to an increase in work in progress and raw materials resulting from increased sales volumes made possible by an increase in our manufacturing capabilities during Fiscal Year 2011. The increase in prepayments, deposits and other receivables was related to an increase in value-added tax refund receivables, arising from our recovery of input value-added tax on the raw materials we buy in order to manufacture our products, from the increased procurement of raw materials, reimbursement of stamp duty overcharges and capitalized expenses in connection with our proposed initial public offering.

These effects were partially offset by a HK$36.2 million increase in other payables and accruals and a HK$42.6 million increase in trade payables. The increase in other payables and accruals was related to an increase in payroll payables due to an increase in staff head count as a result of the expansion of our manufacturing capabilities, accrued expenses related to our proposed initial public offering and other tax provision and payables and staff housing fund payables. The increase in trade payables was related to the increase in sales volumes in Fiscal Year 2011.

Operating cash flows before movement in working capital in Fiscal Year 2011 consisted primarily of HK$362.9 million in profit before tax and HK$19.7 million of depreciation for property, plant and equipment, relating primarily to buildings, which are depreciated at a lower rate than other categories of property, plant and equipment. Most of the building's constructed during the Fiscal Year were completed in the second half of the Fiscal Year, contributing to lower depreciation for the period.

Net cash generated from operating activities in Fiscal Year 2010 was HK$110.5 million, while operating cash flows before movement in working capital was HK$226.5 million. The difference of HK$116.0 million was primarily due to:

- a HK$154.7 million increase in inventories related to an increase in work in progress and raw materials resulting from increased sales volumes made possible by an increase in our manufacturing capabilities in Fiscal Year 2010;

- a HK$15.5 million increase in trade receivables related to the increase in sales volume; and

- a HK$13.5 million increase in prepayments, deposits and other receivables related to an increase in value-added tax refund receivables from the increased procurement of raw materials, prepayments to suppliers and an increase in sample fee receivables for increased samples produced for customers, each as a result of the increase in sales volumes.

These effect were partially offset by:

- a HK$49.0 million increase in trade payables related to the increase in sales volumes in Fiscal Year 2010; and

- a HK$23.2 million increase in other payables and accruals related to an increase in payroll payables due to an increase in staff head count as a result of the expansion of our manufacturing facilities.

Operating cash flows before movement in working capital in Fiscal Year 2010 consisted primarily of HK$193.1 million of profit before tax, HK$15.8 million in write-downs of inventories to net realizable value, and HK$13.3 million of depreciation of property, plant and equipment, relating primarily to buildings, which are depreciated at a lower rate than other categories of property, plant and equipment. Most of the building's constructed during the Fiscal Year were completed in the second half of the Fiscal Year, contributing to lower depreciation of the period.

Net cash generated from operating activities in Fiscal Year 2009 was HK$91.1 million, while operating cash flows before movement in working capital was HK$111.9 million. The difference of HK$20.8 million was primarily due to a HK$60.2 million increase in trade receivables and a HK$9.3 million increase in prepayments, deposits and other receivables. The increase in trade receivables was

related to the increase in sales volumes in Fiscal Year 2009. The increase in prepayments, deposits and other receivables was related to value-added tax refund receivables for increased procurement of raw materials and an increase in sample fee receivables for increased samples produced for customers, each as a result of the increase in sales volume.

These effect were partially offset by a decrease of HK$45.7 million in inventories and an increase of HK$16.1 million in other payables and accruals. The decrease in inventories related to an accelerated delivery of inventory due to increased sales volume resulting from the economic recovery in markets in which our products are sold. The increase in other payables and accruals was related to an increase in wage expenses due to an increase in staff as a result of the expansion of our Dongguan manufacturing facility and the commencement of operations of our Yingde manufacturing facility in April 2009.

Operating cash flows before movement in working capital in Fiscal Year 2009 consisted primarily of HK$95.8 million in profit before taxation and HK$10.5 million of depreciation of property, plant and equipment, relating in part to buildings, which are depreciated at a lower rate than other categories of property, plant and equipment. Most of the buildings constructed during the Fiscal Year were completed in the second half of the Fiscal Year, contributing to lower depreciation for the period.

Investing Activities

Net cash used in investing activities in Fiscal Year 2011 was HK$108.3 million. The cash outflows related primarily to purchases of items of property, plant and equipment in the amount of HK$96.2 million related to equipment and machinery for our Dongguan and Yingde manufacturing facilities and in connection with ongoing construction in progress for the expansion of our Yingde manufacturing facility and the purchase of available-for-sale investments consisting of floating interest rate notes in the amount of HK$10.0 million, which were pledged as security for our interest-bearing bank borrowings.

Net cash used in investing activities in Fiscal Year 2010 was HK$88.4 million. The cash outflows related primarily to purchases of items of property, plant and equipment in the amount of HK$88.5 million related to the purchase of equipment and machinery for our Dongguan and Yingde manufacturing facilities and in connection with ongoing construction in progress for the expansion of our Yingde manufacturing facility.

Net cash used in investing activities in Fiscal Year 2009 was HK$61.1 million. The cash outflows related primarily to purchases of property, plant and equipment to increase our manufacturing capabilities, which included the purchase of equipment and machinery for our manufacturing facility at Yingde, which commenced initially operations in April 2009, as well as construction costs for the Yingde facility.

Financing Activities

Net cash used in financing activities in Fiscal Year 2011 was HK$157.3 million, which consisted primarily of dividends paid in the amount of HK$99.2 million and net repayments of bank and other borrowings of HK$64.3 million, which were partially offset by a decrease in pledged time deposits in the amount of HK$10.0 million. Net cash used in financing activities in Fiscal Year 2010 was HK$3.1 million, which resulted from net new bank and other borrowings of HK$51.8 million, which was partially offset by dividends paid to our shareholders in the amount of HK$50.8 million and interest paid on bank and other borrowings of HK$4.1 million. Net cash used in financing activities in Fiscal Year 2009 was

HK$17.1 million, which consisted primarily of dividends paid to our shareholders of HK$34.2 million, an increase in pledged time deposits of HK$10.0 million, which was partially offset by net new bank and other borrowings of HK$30.0 million.

DISCUSSION OF SELECTED STATEMENT OF FINANCIAL POSITION ITEMS

Net Current Assets/(Liabilities)

The following table sets forth, as of the balance sheet dates indicated, our net current assets/(liabilities).

	As of 30 June			As of 30 September
	2009	2010	2011	2011
	(HK$'000)			(unaudited)
Current Assets				
Inventories	104,750	243,643	291,837	386,087
Trade receivables	145,496	160,978	239,860	217,963
Prepayments, deposits and other receivables	16,000	29,541	50,271	58,427
Amounts due from shareholders	6,147	–	–	–
Amount due from a related company	–	–	540	551
Available-for-sale investment	–	–	9,609	9,657
Pledged deposits	10,000	10,000	–	–
Cash and cash equivalents	31,745	50,146	80,390	105,474
Total	**314,138**	**494,308**	**672,507**	**778,159**
Current Liabilities				
Trade payables	106,330	155,379	197,972	181,045
Other payables and accruals	34,655	55,409	96,495	88,963
Interest-bearing bank borrowings[(1)]	118,419	170,192	105,901	139,825
Tax payable	24,929	55,172	96,324	114,604
Amounts due to shareholders	–	59,192	–	–
Amount due to a related company	589	–	–	–
Total	**284,922**	**495,344**	**496,692**	**524,437**
Net Current Assets/(Liabilities)	**29,216**	**(1,036)**	**175,815**	**253,722**

(1) Includes amounts outstanding of HK$18.8 million, HK$67.4 million and HK$48.8 million as of 30 June 2009, 2010 and 2011, respectively under our credit facilities that have been classified as current liabilities as a result of repayment on demand clauses in the loan agreements governing our credit facilities, of which HK$18.8 million and HK$55.4 million as of 30 June 2009 and 2010, respectively, would have nonetheless been reclassified as current liabilities as a result of our subsidiary, Sitoy Handbag, inadvertently being in breach of certain financial covenants in the loan agreements governing our credit facilities. Please see "Indebtedness".

The change from net current assets of HK$29.2 million as of 30 June 2009 to net current liabilities of HK$1.0 million as of 30 June 2010 was primarily due to an increase in trade payables due to increased procurement of raw materials as a result of the increase in sales volumes in Fiscal Year 2010, an increase in our interest-bearing bank borrowings as a result of an increase in our financing requirements resulting from the increase in our business activities and an increase in amounts due to shareholders. The change from net current liabilities of HK$1.0 million as of 30 June 2010 to net current assets of HK$175.8 million as of 30 June 2011 was primarily due to an increase in trade receivables due to the increase in sales volumes in Fiscal Year 2011 and an increase in inventories due to increased procurement of raw materials as a result of the increased sales volumes and a decrease in a provision against inventories, as well as a decrease in interest-bearing bank borrowings as a result of our strategy to reduce our bank borrowings to the extent conducive to our business.

Inventories, Receivables and Payables

The following table sets forth, for the periods indicated, certain information relating to our inventories, trade receivables and trade payables.

	For Fiscal Year Ended 30 June		
	2009	**2010**	**2011**
Average inventory turnover days[(1)]	44	48	52
Average trade receivables turnover days[(2)] ...	31	32	29
Average trade payables turnover days[(3)]	42	42	43

(1) Calculated as the average of the beginning and ending inventory balances for the period before provisions against inventories, divided by the cost of sales for the period, multiplied by 365 days.

(2) Calculated as the average of the beginning and ending trade receivables balances for the period, divided by revenue for the period, multiplied by 365 days.

(3) Calculated as the average of the beginning and ending trade payables balances for the period, divided by the cost of raw materials and components in the period, multiplied by 365 days.

Inventories

Our average inventory turnover days increased to 52 days in Fiscal Year 2011 compared with 48 days in Fiscal Year 2010 and 44 days in Fiscal Year 2009. The increase of 4 average inventory turnover days in Fiscal Year 2010 compared to Fiscal Year 2009 and the increase of 4 average inventory days in Fiscal Year 2011 compared to Fiscal Year 2010 were due to an increase in advanced planning with respect to our utilization of the raw materials we procure to fill customer purchase orders.

Our inventories increased from HK$107.0 million as of 30 June 2009 to HK$259.5 million as of 30 June 2010, and increased to HK$295.6 million as of 30 June 2011. The increase in inventories in Fiscal Year 2010 was due to an increase in work in progress and raw materials in connection with the expansion of our Dongguan manufacturing facility and the commencement of operations at our Yingde manufacturing facility. The increase in inventories in Fiscal Year 2011 was due to an increase in work in progress and raw materials resulting from increased sales volumes made possible by an increase in our manufacturing capabilities during Fiscal Year 2011.

The following table sets forth, as of the balance sheet dates indicated, our inventory positions.

	As of 30 June		
	2009	2010	2011
		(HK$'000)	
Raw materials	41,678	75,841	96,441
Work in progress	55,524	137,520	150,170
Finished goods	9,837	46,111	48,962
Subtotal	**107,039**	**259,472**	**295,573**
Provision against inventories	(2,289)	(15,829)	(3,736)
Total	**104,750**	**243,643**	**291,837**

As of 31 October 2011, being the latest practicable date such information was available to us, HK$282.5 million, representing 96.8%, of our inventories as of 30 June 2011 had been consumed or sold.

According to the provision policy of the Group, for inventory aged under six months, the Group reviews the net realizable value of inventories on a case-by-case basis and recognizes a provision when the net realizable value of the inventories is below the original cost. Inventory aged over six months will generally be recognized as provision against inventories. The increase in provision against inventories from HK$2.3 million as of 30 June 2009 to HK$15.8 million as of 30 June 2010 was primarily attributable to a build up of leather inventories resulting from negotiated cancellations of customer purchase orders with certain existing customers as a result of decisions by such customers to adjust their product ranges in response to the 2009 financial crisis. Provision against inventories decreased from HK$15.8 million as of 30 June 2010 to HK$3.7 million as of 30 June 2011 as a result of the build up of inventories relating to the customer cancellations in Fiscal Year 2010 becoming obsolete and being written off in Fiscal Year 2011.

Trade Receivables

We generate trade receivables related to sales to our customers. Our average trade receivable turnover days decreased to 29 days in Fiscal Year 2011 compared with 32 days in Fiscal Year 2010 and 31 days in Fiscal Year 2009. The decrease of 3 average trade receivable turnover days in Fiscal Year 2011 compared to Fiscal Year 2010 was a result of the Company's ability to negotiate better payment terms with its customers in Fiscal Year 2011.

Our trade receivables increased from HK$145.5 million as of 30 June 2009 to HK$161.0 million as of 30 June 2010, and to HK$239.9 million as of 30 June 2011. These increases were primarily due to increases in sales volume. 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.

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. Our payment arrangements with our customers include telegraphic transfers before shipment, letters of credit at sight, and letters of credit and telegraphic transfers generally between 10 and 90 days. The payment period of individual customers is considered on a case-by-case basis, but most of our customer payment arrangements are pursuant to letters of credit at sight. The Group seeks to maintain strict control over its outstanding receivables and closely monitors them to minimize credit risk. Overdue balances are reviewed regularly

by senior management. Our management specifically analyzes factors such as feasibility of collection, customer creditworthiness, change in customer payment patterns and current economic situation to assess whether impairment allowance is necessary. The following table sets forth an aging analysis of our trade receivables that are not individually or collectively considered to be impaired, based on the payment terms of the invoices.

	As of 30 June		
	2009	2010	2011
		(HK$'000)	
Neither past due nor impaired	114,623	149,980	214,497
Past due but not impaired (less than 90 days)	30,873	10,998	25,363
	145,496	160,978	239,860

Receivables that were neither past due nor impaired relate to a large number of diversified customers for whom there was no recent history of default. Receivables that were past due but not impaired relate to a number of customers that have a good track record with the Group. Based on this policy, we believe that, as of the Latest Practicable Date, no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. We assess regularly on a case-by-case basis whether trade receivables are uncollectible or unlikely to be collected. As of the Latest Practicable Date, none of our trade receivables were impaired. Trade receivables are unsecured and non-interest-bearing.

We receive the majority of proceeds within 30 days from the invoice date on which the sales are made. The following table sets forth an aging analysis of our trade receivables, including outstanding balances for each period as a percentage of total outstanding balances, based on invoice dates as of the dates indicated.

	As of 30 June					
	2009		2010		2011	
	(HK$'000, except for percentages)					
Days outstanding						
Within 30 days	105,482	72.5%	114,474	71.1%	205,765	85.8%
31 to 60 days	33,294	22.9%	26,862	16.7%	26,690	11.1%
61 to 90 days	6,449	4.4%	14,981	9.3%	7,306	3.1%
Over 90 days	271	0.2%	4,661	2.9%	99	0.0%
Total	**145,496**	**100.0%**	**160,978**	**100.0%**	**239,860**	**100.0%**

As of 31 October 2011, being the latest practicable date such information was available to us, all of our trade receivables as of 30 June 2011 had been settled.

Deposits and Other Receivables

Deposits and other receivables primarily include sample fee receivables from customers for sample orders, reimbursements for stamp duty overcharges, value-added tax refund receivables, arising from our recovery of input value-added tax on the raw materials we buy in order to manufacture our products, and tenancy deposits.

Deposits and other receivables increased by 50.7% to HK$11.3 million as of 30 June 2010 from HK$7.5 million as of 30 June 2009. This increase was primarily due to an increase in sample fee receivables for increased samples produced for customers as a result of the increase in sales volume and an increase in value-added tax refund receivables for increased procurement of raw materials as a result of increased sales volume. Deposits and other receivables increased to HK$15.1 million as of 30 June 2011 from HK$11.3 million as of 30 June 2010. This increase was primarily due to reimbursements for stamp duty overcharges and a tenancy deposit made in connection with our retail stores.

Trade Payables

Our trade payables are generated from the purchase of raw materials from our suppliers. Our average trade payable turnover days increased to 43 days in Fiscal Year 2011 compared with 42 days in Fiscal Year 2010 and 42 days in Fiscal Year 2009. Our trade payables increased from HK$106.3 million as of 30 June 2009 to HK$155.4 million as of 30 June 2010 primarily due to increased procurement of raw materials from suppliers as a result of the increase in our sales volumes in Fiscal Year 2010, and increased from HK$155.4 million as of 30 June 2010 to HK$198.0 million as of 30 June 2011 primarily due to increased procurement of raw materials from suppliers as a result of the increase in our sales volumes in Fiscal Year 2011.

Our trade payables are non-interest-bearing and are generally settled within 90 days. Our payment arrangements with our suppliers primarily include telegraphic transfers before shipment, cash on delivery and telegraphic transfers after shipment. The payment period of individual suppliers is agreed on a case-by-case basis. The following table sets forth an aging analysis of our trade payables, including outstanding balances for each period as a percentage of total outstanding balances, based on invoice dates as of the dates indicated.

	As of 30 June					
	2009		2010		2011	
	(HK$'000, except for percentages)					
Days outstanding						
Within 30 days	73,744	69.4%	96,508	62.1%	145,956	73.7%
31 to 60 days	14,332	13.5%	28,892	18.6%	30,415	15.4%
61 to 90 days	12,102	11.3%	23,391	15.1%	15,046	7.6%
Over 90 days	6,152	5.8%	6,588	4.2%	6,555	3.3%
Total	**106,330**	**100.0%**	**155,379**	**100.0%**	**197,972**	**100.0%**

As of 31 October 2011, being the latest practicable date such information was available to us, HK$196.1 million, representing 99.1%, of the trade payables as of 30 June 2011 had been fully settled.

Other Payables and Accruals

Other payables and accruals primarily include payroll payables, payables for construction fees in connection with the expansion of our manufacturing facilities, tax provisions and payables, payables for equipment and machinery, advances from customers, payables relating to customer claims, and accruals relating to rental expenses, utilities and office and administrative expenses.

Other payables and accruals increased by 59.7% to HK$55.4 million as of 30 June 2010 from HK$34.7 million as of 30 June 2009. This increase was primarily due to an increase in payroll payables and payables for equipment and machinery in connection with the expansion of our manufacturing facilities. Other payables and accruals increased by 74.2% to HK$96.5 million as of 30 June 2011 from HK$55.4 million as of 30 June 2010. This increase was primarily due to an increase in staff head count as a result of the expansion of our manufacturing capabilities, accrued expenses related to our proposed initial public offering and construction payables related to the expansion of our Yingde manufacturing facility.

Capital Expenditures

Our capital expenditures amounted to HK$69.8 million, HK$101.2 million and HK$114.6 million in Fiscal Years 2009, 2010 and 2011, respectively. During the Track Record Period, our capital expenditure related primarily to the expansion of our manufacturing capabilities through the construction of our new manufacturing facility in Yingde in 2009 and two new leased manufacturing facilities in Dongguan in 2010, including the purchase of machinery for those facilities and the purchase of land use rights, as well as the further expansion of our Yingde manufacturing facility. In addition, with respect to our TUSCAN'S brand, we made capital expenditures of HK$2.8 million on our retail business from the commencement of operations in February 2011 until 30 June 2011, and expended EUR200,000 as an initial installment payment for our acquisition of the right, title and interest in the TUSCAN'S trademark in certain jurisdictions. After Listing, we expect to incur capital expenditure of approximately HK$152 million in Fiscal Year 2012.

Of our current principal expected capital expenditures in Fiscal Year 2012, approximately HK$66 million is expected to relate to the second phase of expansion of our manufacturing facilities in Yingde, approximately HK$74 million is expected to relate to the purchase of new manufacturing equipment and machinery for our existing manufacturing facilities. It is possible that due to unforeseen circumstances, our current expansion plans with respect to our Yingde manufacturing facility may be postponed or costs of these projects may either increase or decrease, depending on a number of economic and other factors.

With respect to our TUSCAN'S brand, for the period 1 July 2011 to 30 September 2011, we incurred HK$2.0 million; we currently expect to make a further estimated HK$2.0 million in capital expenditures on our retail business from 1 October 2011 to 31 December 2011, and expend a further EUR400,000 in connection with further installment payments for our acquisition of the right, title and interest in the TUSCAN'S trademark in certain jurisdictions.

No assurance can be given that any of these planned capital expenditures will proceed as planned. The actual amounts of capital expenditures incurred in connection with these projects may vary for a variety of reasons, including, among others, our ability to generate sufficient cash flow from operations to finance capital expenditures and investments and our ability to finance any shortfall. We expect to fund the capital expenditures described above principally through cash flow from our operations, bank borrowings and the net proceeds of the Global Offering. In the future, we may consider additional debt or equity financing, depending on market conditions, our financial performance and other relevant factors. No assurance can be given that we will be able to raise additional capital, should that become necessary, on terms acceptable to us or at all. With respect to our plans for the use of proceeds from the Global Offering, please see "Future Plans and Use of Proceeds — Use of Proceeds".

Contractual Obligations

The following table sets out our contractual obligations (other than with respect to our indebtedness) as of 30 September 2011.

	Payment Due			
	Within 1 Year	Within 2 to 5 Years	After 5 Years	Total
	(HK$'000)			
Contractual Obligations				
Operating lease obligations	15,547	27,226	1,965	44,738
Capital commitments[(1)]	8,730	–	–	8,730
Total	**24,277**	**27,226**	**1,965**	**53,468**

(1) Includes HK$4,235,000 relating to payment obligations with respect to our purchase of the TUSCAN'S brand trademark in certain jurisdictions and HK$4,495,000 with respect to payments for properties and prepaid land lease payments.

We lease certain of our office and manufacturing properties under operating lease arrangements, which are negotiated for terms ranging from one to ten years. Our operating leases include leases with respect to our manufacturing facilities in Dongguan, as well as office space and retail stores in Guangzhou.

Our capital commitments, all of which may become payable within one year, relate to payment obligations with respect to our purchase of the TUSCAN'S brand trademark in certain jurisdictions from TUSCAN'S Europe and property with respect to our Yingde manufacturing facilities.

Pursuant to a trademark assignment agreement we entered into in February 2011 with TUSCAN'S Europe, TUSCAN'S Europe agreed to assign right, title and interest in the TUSCAN'S trademark in certain jurisdictions to us for a total consideration of EUR600,000 separated into three equal payments, the first of which amounting to EUR200,000 having already been paid in advance by us upon our entering into a license agreement in January 2011 under which TUSCAN'S Europe granted us a license to use the TUSCAN'S brand in the PRC, Singapore, South Korea, Malaysia, Japan, the United Arab Emirates, Hong Kong, Macau, Taiwan, Thailand and the United States. As of the Latest Practicable Date, the remaining conditions applicable to the second installment payment of EUR200,000 is the completion of the assignment in Macau and the registration of the assignments with the relevant authorities with respect to the registered trademarks in Hong Kong and Macau. The third installment payment is conditioned on completion of the registration of the TUSCAN'S trademark in each of Taiwan, Thailand, Malaysia, the United Arab Emirates, the United States, Singapore and South Korea, the execution of assignments of the resulting registered trademarks in such jurisdictions and the subsequent registration of such assignments with the relevant authorities. In the event that TUSCAN'S Europe fails to register any of the trademarks that have yet to be registered in the relevant jurisdictions, the third installment payment shall be reduced by an agreed amount applicable to the trademark in such jurisdiction. As of 30 June 2011, the advanced payment of EUR200,000 (HK$2.1 million) was recognized as a prepayment on intangible asset on our combined statements of financial position, while our commitment to pay the second and third installment payments of EUR200,000 each were recognized as capital commitments payable within one year in the amount of HK$4.5 million. We expect that the trademark will be recorded as an other intangible asset on our statements of financial position in accordance with IFRS.

For a description of our indebtedness, please see "— Indebtedness" below.

INDEBTEDNESS

As of 30 September 2011, we had HK$139.8 million of outstanding borrowings and HK$150.9 million of unutilized borrowing capacity under our credit facilities. Our aggregate bank borrowings as of 30 June 2009, 2010, 2011 and 30 September 2011 are set forth below:

	As of 30 June			As of 30 September
	2009	2010	2011	2011
	(HK$'000)			
Current				
Bank loans — secured[(1)]	99,619	102,837	57,086	95,332
Current portion of long-term bank loans — secured[(2)]	18,800	67,355	48,815	44,493
Total	**118,419**	**170,192**	**105,901**	**139,825**

(1) Represents amounts outstanding under our credit facilities for each of the periods presented that had contractual maturities of one year or less.

(2) Represents amounts outstanding under our credit facilities for each of the periods presented that had contractual maturities of more than one year, which have been classified as current liabilities as result of repayment on demand clauses contained in the loan agreements governing our credit facilities. Of these amounts, HK$18.8 million and HK$55.4 million as of 30 June 2009 and 2010, respectively, would have nonetheless been reclassified as current liabilities as a result of our subsidiary, Sitoy Handbag, inadvertently being in breach of certain financial covenants in the loan agreements governing our credit facilities. For an analysis of the repayment schedule of our interest — bearing bank borrowings based on our loan agreements, without considering the breach of covenants and the repayment on demand clauses contained in such loan agreements, see note 28 "Interest — Bearing Bank Borrowings" in the Accountants' Report in Appendix I to this Prospectus.

As of 30 September 2011, we had two secured credit facilities in the aggregate nominal amount of HK$374.5 million, which include certain trading facilities, term loans and treasury facilities. Amounts borrowed under these credit facilities are subject to interest rates ranging from 1.5% to 2.25% per annum over 3-month HIBOR or from 2.0% to 1.0% below the relevant bank's best lending rate and contained standard financial covenants and other provisions that are customary of loan agreements in Hong Kong. Our credit facilities are reviewed annually for renewal. As of 30 September 2011, an aggregate amount of HK$112.6 million outstanding under our credit facilities had contractual maturities of one year or less and HK$27.2 million had contractual maturities of two to five years.

Our credit facilities are secured by, among other things, a HK$9.7 million available-for-sale investment and a fixed legal charge for HK$4.6 million over certain of our real property. In addition, certain companies of our Group have provided unlimited corporate guarantees, as well as certain other undertakings and indemnities, in support of our credit facilities and the Chairman and an executive Director, Mr. Yeung Michael Wah Keung, has provided unlimited personal guarantees in support of our credit facilities. The guarantees of Mr. Yeung Michael Wah Keung shall be released upon Listing.

Both of our credit facilities contain clauses that give the lenders the right, at their sole discretion, to demand immediate repayment at any time, regardless of our compliance with applicable covenants and scheduled repayment obligations. As a result, in accordance with IAS 1 "Presentation of Financial Statements — Current/non-current classification of a callable term loan", even our borrowings for which the maturity date is more than one year have been classified, and will continue to be classified, as current liabilities (Current portion of long-term bank loans — secured). As of 30 September 2011, HK$44.5 million outstanding under our credit facilities was classified in this manner.

In addition, as of 30 June 2009 and 2010, our subsidiary, Sitoy Handbag, was inadvertently in breach of certain financial covenants in the loan agreements governing our credit facilities relating to its tangible net worth, limitations on amounts due to it from related companies and certain ongoing reporting requirements. The breach arose primarily as a result of intercompany transfers from Sitoy Handbag to Sitoy Company for purposes of making investments in the expansion of our Yingde manufacturing facility, which resulted in restrictions set out in such covenants being exceeded. If our borrowings for which the maturity date is more than one year had not already been classified as current liabilities, the amounts outstanding that became immediately repayable under our credit facilities as a result of the breach would have nonetheless been reclassified as current liabilities in accordance with IAS 1. In June 2011, all of the lending banks renewed the relevant credit facilities with appropriate amendments to the covenants that supersede the covenants that Sitoy Handbag had breached. In the opinion of our Directors, Sitoy Handbag has met all of the financial covenants stated therein as of 30 June 2011.

Save as disclosed in "Indebtedness" of this section, and apart from intra-group liabilities, we did not have outstanding mortgages, charges, debentures, loan capital, bank overdrafts, loans, debt securities or other similar indebtedness, finance leases or hire purchase commitments, liabilities under acceptances or acceptance credits or any guarantees or other material contingent liabilities outstanding as of 30 September 2011.

As of the Latest Practicable Date, we had two foreign exchange forward contracts to purchase US$1,348,500 and US$271,600, respectively, using Euro and no other financial derivatives outstanding. The contracted exchange rates of our foreign exchange forward contracts were US$1.3485 and US$1.358, respectively, to one Euro, and the expiration dates of these contracts are 22 February 2012 and 28 February 2012, respectively.

The Directors confirm that there has not been any material change in the indebtedness and contingent liabilities of our Group since 30 September 2011.

PROPERTY INTERESTS

Savills Valuation and Professional Services Limited, an independent qualified professional surveyor, has valued our property interests, including land use rights accounted for as prepaid land lease payments, as at 31 August 2011 at approximately HK$293.3 million. The text of its letter, summary of values and valuation certificate are set out in Appendix IV to this prospectus. A reconciliation of the net book value of the relevant property interests, including land use rights accounted for as prepaid land lease payments, as at 30 June 2011 to their fair value as at 31 August 2011 is as follows:

	HK$'000
Valuation as at 31 August 2011 set out in the property valuation report in Appendix IV	293,277
Net book value of property interests of our Group as at 30 June 2011	205,831
Valuation surplus	87,446

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As of 30 September 2011, we did not have any material off-balance sheet arrangements or contingencies.

RELATED PARTY TRANSACTIONS

The table below sets out the amounts from/to related parties as at 30 June 2009, 2010 and 2011:

	As of 30 June		
	2009	2010	2011
	HK$'000	HK$'000	HK$'000
Group			
Amounts due from Shareholders	6,147	–	–
Amounts due to Shareholders	–	59,192	–
Amount due from a related company: Trandy Leather	–	–	540
Amount due to a related company: Trandy Leather	589	–	–
Company			
Amounts due from Subsidiaries	–	–	397,551
Amount due to a Subsidiary	60	86	–

Amounts due from/to a related company

Since 2003, Trandy Leather has by itself and through Houjie Fengrong provided processing services in respect of the raw materials used by our Group in the manufacture of handbags. The Group has engaged Trandy Leather to provide such processing services due to Trandy Leather's specialty in certain steps for processing raw materials. The historical transaction amounts during the Track Record Period for the transactions were HK$19.3 million, HK$10.9 million and HK$10.2 million for each of the three Fiscal Years 2009, 2010 and 2011, respectively. On 27 October 2011, Trandy Leather and Sitoy Handbag entered into the Processing Agreement to formalise the major terms and arrangement of the above transactions. The transactions relating to Trandy Leather will continue after the listing of the Company's Shares on the Stock Exchange. The amounts due from/to Trandy Leather were unsecured, interest-free and repayable on demand. All of these balances were trade-related in nature.

Amounts due from/to a Shareholders and Subsidiaries

The amounts due from/to Shareholders and Subsidiaries of the Company were unsecured, interest-free and repayable on demand. All of these balances were non-trade-related in nature, and the Directors confirm that the amounts due from subsidiaries will be settled prior to the Listing of the Company's shares on the Stock Exchange.

With respect to the above related party transactions, details of which has also been set out in the Accountants'Report in Appendix I to this prospectus, our Directors confirm that such transactions were carried out in the ordinary course of business, on normal commercial terms and mutally agreed by the respective parties.

QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISKS

We are exposed to various types of market risks, including interest rate risk, foreign currency risk, credit risk and liquidity risk. For additional details regarding our Group's risk management policies, please see note 38 "Financial Risk Management Objectives and Policies" of our audited combined financial statements in the Accountants' Report.

Interest Rate Risk

Our exposure to interest rate risk primarily relates to our bank borrowings with floating interest rates. As of 30 June 2009, 2010 and 2011, all of our interest-bearing borrowings bore interest at floating rates and, in our management's opinion, we did not have significant exposure to interest rate risk. During the Track Record Period, we did not use any derivative financial instruments to manage our interest risk exposure. Currently, we do not have a specific policy to manage our interest rate risk, but closely monitor our exposure to interest rates and may consider hedging interest rate risk should the need arise.

Foreign Currency Risk

The operating subsidiaries of our Group sell products and purchase raw materials in currencies other than their respective functional currencies, the RMB and the Hong Kong dollar. For Fiscal Years 2009, 2010 and 2011, almost all of the sales by our operating subsidiaries were denominated in U.S. dollars, while 7.4%, 25.8% and 37.9% of the costs they incurred were in their respective functional currencies. Although we generally place orders for the raw materials relating to a particular purchase order immediately after receiving the purchase order, the exchange rates between the functional currencies of our operating subsidiaries and the currency in which they place orders with suppliers may be substantially different from those at the time when they are paid by our customers with respect to those orders. As a result, we are exposed to foreign exchange fluctuations and movements in the exchange rate between the functional currencies of our operating subsidiaries and other currencies, in particular the U.S. dollar. In particular, these foreign exchange rates may be impacted by a number of measures the PRC government has recently implemented to prevent the economy from overheating and to control inflation. Although the exchange rate fluctuations between the U.S. dollar and the RMB have been closely managed by the PRC government in recent years, if inflation in the PRC continues to rise, the PRC government may allow the RMB to appreciate relative to other currencies, such as the U.S. dollar, which could have a material adverse effect on our profitability. Please see "Risk Factors — Risks Relating to Conducting Business in the PRC — Fluctuation in the value of the Renminbi may adversely affect our business and have a material and adverse effect on your investment."

While we generally do not hedge our exposure to the U.S. dollar, we use forward exchange contracts to hedge our exposure to currency risk on sales of our products denominated in Euro against the primary currency in which we generate cash flows, the U.S. dollar. As of the Latest Practicable Date, we had two foreign exchange forward contracts to purchase US$1,348,500 and US$271,600, respectively, using Euro and no other financial derivatives outstanding. The contracted exchange rates of our foreign exchange forward contracts were US$1.3485 and US$1.358, respectively, to one Euro, and the expiration dates of these contracts are 22 February 2012 and 28 February 2012, respectively.

Credit Risk

Our trading terms with our customers are primarily through letters of credit. Our payment arrangements with our customers include telegraphic transfers before shipment, letters of credit at sight, and letters of credit and telegraphic transfers generally between 10 and 90 days. The payment period of individual customers is considered on a case-by-case basis, but most of our customer payment arrangements are pursuant to letters of credit at sight. The Group seeks to maintain strict control over its outstanding receivables and closely monitors them to minimize credit risk. Overdue balances are

reviewed regularly by senior management. Our management specifically analyzes factors such as the collectibility of individual customer, customer creditworthiness, change in customer payment pattern and current economic situation, to assess whether impairment allowance is necessary.

The credit risk of the Group's financial assets, including trade receivables, cash and cash equivalents, pledged deposits, available-for-sale investment, amounts due from a related company, amounts due from shareholders and other receivables, arises from the potential default of the relevant counterparty, with a maximum exposure equal to the carrying amounts of these instruments as set forth in our audited combined financial statements in the Accountants' Report.

Liquidity Risk

We regularly review our major funding positions to ensure that we have adequate resources to meet our financial obligations. We use a liquidity risk management framework to monitor the maturity of our financial instruments and financial assets, as well as the projected and actual cash flows from our operations. As of 30 June 2009, 2010 and 2011, our financial liabilities payable upon demand or in less than a year were HK$259.6 million, HK$439.9 million and HK$399.9 million, respectively.

Capital Management

The primary objective of the Group's capital management is to ensure that it maintains strong credit and a healthy capital ratio in order to support its business and increase shareholder value. The Group manages and makes adjustments to its capital structure in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the Track Record Period.

The Group monitors capital using a gearing ratio, which is net debt divided by total equity plus net debt. The Group's net debt consists of interest-bearing bank and other borrowings, amounts due to shareholders less cash and cash equivalents. Capital includes total equity. As of 30 June 2011, the Group's strategy was to maintain the net borrowings to equity ratio at a healthy capital level in order to support its businesses. The principal strategies adopted by the Group include, without limitation, reviewing future cash flow requirements and the ability to meet debt repayment schedules when they fall due, maintaining a reasonable level of available banking facilities and adjusting investment plans and financing plans, if necessary, to ensure that the Group has a reasonable level of capital to support its business. The following table sets forth the gearing ratio as of the dates indicated.

	As of 30 June		
	2009	2010	2011
	(HK$'000, except percentages)		
Interest-bearing bank and other borrowings	118,419	170,192	105,901
Amounts due to shareholders	–	59,192	–
Less: Cash and cash equivalents	(31,745)	(50,146)	(80,390)
Net debt	**86,674**	**179,238**	**25,511**
Total equity	171,106	217,302	493,437
Total equity and net debt	**257,780**	**396,540**	**518,948**
Gearing ratio	**33.6%**	**45.2%**	**4.9%**

DISCLOSURE REQUIRED UNDER THE LISTING RULES

Our Directors confirm that, save as disclosed in note 31 of the Accountants' Report in Appendix I to this prospectus, as of the Latest Practicable Date, there are no circumstances that would give rise to a disclosure requirement under the Listing Rules 13.13 to 13.19.

UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

The following table of our unaudited pro forma adjusted combined net tangible assets was prepared in accordance with Rule 4.29 of the Listing Rules is for illustrative purposes only and is set out below to illustrate the effect of the Global Offering on our net tangible assets as at 30 June 2011 as if it had taken place on that date.

The table of unaudited pro forma adjusted combined net tangible assets of our Group has been prepared for illustrative purpose only and, because of their hypothetical nature, they may not give a true picture of our net tangible assets had the Global Offering been completed as of 30 June 2011 or at any subsequent date.

The unaudited pro forma adjusted combined net tangible assets set out below are calculated based on our audited combined net assets attributable to owners of our Company of HK$493,437,000 as of 30 June 2011, as shown in the Accountants' Report in Appendix I of this prospectus, and is adjusted as described below.

	Audited combined net tangible assets of our Group attributable to the owners of our Company as of 30 June 2011	**Estimated net proceeds from the Global Offering[(1)]**	**Unaudited pro forma adjusted net tangible assets attributable to the owners of the Company**	**Unaudited pro forma adjusted net tangible assets per Share[(2)]**
	HK$'000	**HK$'000**	**HK$'000**	**HK$**
Based on an Offer Price of HK$2.95 per share	493,437	677,174	1,170,611	1.17
Based on an Offer Price of HK$3.95 per share	493,437	919,286	1,412,723	1.41

(1) The estimated net proceeds from the Global Offering are based on the Offer Price of HK$2.95 and HK$3.95 per Share, after deduction of the underwriting fees and other related expenses payable by us. No account has been taken for Shares which may be issued upon the exercise of the Over-allotment Option.

(2) The unaudited pro forma adjusted net tangible assets per Share is arrived at after the adjustment for the estimated net proceeds from the Global Offering payable to us as described in note (1) and on the basis that a total of 998,400,000 Shares were in issue as of 30 June 2011 (including Shares in issue as of the date of this Prospectus and those Shares to be issued pursuant to the Global Offering).

PROFIT FORECAST FOR THE SIX MONTHS ENDING 31 DECEMBER 2011

Forecast consolidated profit attributable to the owners of the Company for the six months ending 31 December 2011[(1)] . . . . Not less than HK$175 million

(1) The forecast consolidated profit attributable to the owners of the Company for the six months ending 31 December 2011 has been prepared based on the unaudited consolidated results of the Group for the three months ended 30 September 2011 and a forecast of the consolidated results of the Group for the remaining three months ending 31 December 2011. The profit forecast has been prepared on a basis consistent in all material respects with the accounting policies presently adopted by the Group as set out in Section II of the Accountants' Report, the text of which is set out in Appendix I to this prospectus.

Pursuant to Rule 11.18 of the Listing Rules, we have given an undertaking to the Stock Exchange that the interim report for the six months ending 31 December 2011 will be audited.

Sensitivity analysis for the profit forecast

The Board of Directors of the Company considers that the forecast consolidated profit attributable to the owners of the Company for the six months ending 31 December 2011 is mainly affected by the sales price of the leather products and the purchase price of raw materials. The following table demonstrates the sensitivity of the forecast consolidated profit attributable to the owners of the Company to a movement in the sales price of each product sold by the Group during the Forecast Period, with all other variables held constant:

	Increase/(decrease)	For the six months ending 31 December 2011 Increase/(decrease)
	%	HK$'000
Indictors:		
If sales price increases	5	34,756
If sales price decreases	(5)	(34,756)
If sales price increases	10	69,512
If sales price decreases	(10)	(69,512)

We generally negotiate and establish raw material costs, including high-end cow leather, the primary raw material we use in manufacturing our products, 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. The following table demonstrates the sensitivity in the forecast consolidated profit attributable to the owners of the Company

to a movement in the average purchase price of high-end cow leather purchased by the Group during the Forecast Period, with all other variables held constant, on the assumption that we were no longer able to continue to pass on such increases to our customers:

	Increase/(decrease)	For the six months ending 31 December 2011 Increase/(decrease)
	%	HK$'000
Indictors:		
If purchase price increases	5	(9,714)
If purchase price decreases	(5)	9,714
If purchase price increases	10	(19,428)
If purchase price decreases	(10)	19,428

DIVIDENDS AND DIVIDEND POLICY

During Fiscal Years 2009, 2010 and 2011, one of our subsidiaries, Sitoy Handbag, declared dividends to its then shareholders in the amount of HK$30 million, HK$110 million and HK$440 million, respectively. For the purpose of the Reorganization, on 28 May 2011 Sitoy Handbag declared special dividends of HK$400 million to its then shareholders who assigned such dividends payable to our Company. Other than these dividends, no other dividends were declared or paid by us or any of our subsidiaries during the Track Record Period. For more information about our historical dividends, see note 14 in the Accountants' Report in Appendix I of this prospectus.

The declaration of dividends is subject to the discretion of our Directors, and, if necessary, the approval of our Shareholders. The amount of dividends actually declared and paid will also depend upon our Group's earnings and cash flow, financial condition, capital requirements, investment requirements, contractual restriction and any other conditions that our Directors may deem relevant. Any declaration and payment as well as the amount of dividends will also be subject to our Articles of Association and the Companies Law. Our future declarations of dividends may or may not reflect our historical declarations of dividends. Subject to the above factors, our Directors currently plan to pay dividends of no less than 30% of our distributable profit attributable to Shareholders of our Company for the financial year ending 30 June 2012. Such intention does not amount to any guarantee or representation or indication that we must or will declare and pay dividends in such manner or declare and pay any dividends at all.

DISTRIBUTABLE RESERVES

As of 30 June 2011, our Company had no distributable reserves available for distribution to our Shareholders.

NO MATERIAL ADVERSE CHANGE

The Directors confirm that there has been no material adverse change in our financial or trading position or prospects since 30 June 2011, which is the date at which our latest audited financial statements were prepared.

FUTURE PLANS

We intend to grow our business by leveraging our core expertise in handbag and small leather goods research, development, design and manufacturing with a view to (i) maintaining and strengthening our position as one of the leading manufacturers of outsourced luxury branded handbags and small leather goods and (ii) enhancing our own brand. To achieve these goals, we are pursuing the following principal strategies:

- broaden our customer base and expand into new segments;
- enhance and expand value-added services and product range to our existing customers;
- further enhance our operational efficiency and strengthen our lean management system;
- continue to expand and improve on our manufacturing capacities; and
- continue to enhance brand recognition for our "TUSCAN'S" brand and expand our retail business.

With respect to our TUSCAN'S brand, we currently plan to expand our retail network in the PRC by increasing our total number of retail outlets in the PRC to approximately 100 over the next three years. In addition, with respect to our manufacturing facilities, our current expansion plans include a second phase of expansion of our manufacturing facility in Yingde. We entered into a construction contract with respect of two buildings of the second expansion phase of our Yingde manufacturing facility in September 2010 and, according to our PRC legal advisers, we have obtained all necessary approvals and licences from the relevant PRC authorities in connection with the construction of these two buildings of the second phase. We are in the process of negotiating construction contracts with respect of the remaining buildings and will proceed to obtain the requisite property ownership certificates for these buildings prior to commencement of production. Production at the first two buildings of the second phase of the facility is expected to commence in or around December 2011. Production of remaining buildings are currently expected to commence in Fiscal Year 2013, with approximately 50% production capacity available at the beginning of Fiscal Year 2013 and the remaining production capacity available at the end of Fiscal Year 2013. The second phase will increase the number of production lines by 84 and our estimated annual production capacity by approximately 8.1 million units when fully complete. We expect that the expansion of our manufacturing facility in Yingde will enhance our technical standard as we expect to install in such facility machinery and equipment which are more technologically advanced than those in our existing manufacturing facilities.

Please see "Business — Strategies" in this prospectus for a more detailed description of our future plans.

USE OF PROCEEDS

We estimate that we will receive net proceeds from the Global Offering of approximately HK$798.2 million (assuming an Offer Price of HK$3.45 per Share, being the mid-point of the proposed Offer Price range), after deducting underwriting fees and commissions and estimated expenses

payable by us in relation to the Global Offering and not taking into account any exercise of the Over-allotment Option. We intend to use the net proceeds from the Global Offering as follows:

- approximately HK$279.4 million (or approximately 35% of the net proceeds) for the expansion of our manufacturing capacities through the completion of the second phase of our Yingde manufacturing facility;

- approximately HK$159.6 million (or approximately 20% of the net proceeds) for the upgrading of machinery and tooling in our existing manufacturing facilities;

- approximately HK$279.4 million (or approximately 35% of the net proceeds) for the expansion of our retail business including, among other things, the development of our "TUSCAN'S" brand, potential brand acquisitions or other mergers and acquisitions activities, which are consistent with our business strategies; and

- approximately HK$79.8 million (or approximately 10% of the net proceeds) for general corporate purposes.

In the event that the Offer Price is set at the high-end or low-end of the proposed Offer Price range and the Over-allotment Option is not exercised at all, the net proceeds of the Global Offering will increase or decrease by approximately HK$121 million. Under such circumstances we will adjust our allocation of the net proceeds for the above purposes on a pro rata basis.

With respect to our TUSCAN'S brand, for the period 1 July 2011 to 30 September 2011, we incurred HK$2.0 million; we currently expect to make a further estimated HK$2.0 million in capital expenditures on our retail business from 1 October 2011 to 31 December 2011, and expend a further EUR400,000 in connection with further installment payments for our acquisition of the right, title and interest in the TUSCAN'S trademark in certain jurisdictions.

With respect to potential brand acquisitions or other mergers and acquisitions activities, as of the Latest Practicable Date we had not identified any acquisition targets that we have plans to acquire. However, to the extent we do engage in any mergers or acquisition activities in the foreseeable future, we expect an acquisition target to have the following characteristics:

- focus on brands with a foreign origin;

- be in the mid-to-high-end handbag market as opposed to the luxury handbag market in order to avoid competition with end customers;

- be complementary to our existing TUSCAN's brand in order to minimize competition between our own brands; and

- have a product portfolio with designs and styles that would allow us to leverage on our manufacturing platform in producing the relevant products.

To the extent the net proceeds are not immediately applied to the above purposes, we intend to deposit the proceeds into interest-bearing bank accounts with financial institutions in Hong Kong.

THE CORNERSTONE INVESTMENTS

As part of the International Placing, we and the Sole Global Coordinator have entered into cornerstone investment agreements with (i) Prada Far East B.V. ("Prada"), pursuant to which Prada has agreed to subscribe at the Offer Price for an amount of Offer Shares equal to 4.9% of the total issued and outstanding share capital of the Company following the completion of the Global Offering and (ii) Keen Achieve Limited ("KAL"), pursuant to which KAL has agreed to subscribe at the Offer Price for an amount of Offer Shares equal to 5.5% of the total issued and outstanding share capital of the Company following the completion of the Global Offering, in each case assuming no exercise of the Over-Allotment Option and not taking into account any Shares which may be issued upon exercise of any options granted under the Share Option Scheme. Based on the Global Offering of 249,600,000 Offer Shares and assuming an Offer Price of HK$3.45, being the mid-point of the indicative Offer Price range set out in this prospectus and exclusive of brokerage, transaction levy and trading fee, the Offer Shares to be subscribed for by Prada will consist of 48,921,000 Offer Shares and will represent a HK$168.8 million investment and the Offer Shares to be subscribed for by KAL will consist of 54,912,000 Offer Shares and will represent a HK$189.4 million investment.

Together, the amount of Offer Shares to be subscribed for by Prada and KAL (the "Cornerstone Investors") will be equal to approximately (i) 10.4% of the total issued and outstanding share capital of the Company following the completion of the Global Offering and (ii) 41.6% of the total number of Offer Shares, in each case assuming no exercise of the Over-Allotment Option and not taking into account any Shares which may be issued upon exercise of any options granted under the Share Option Scheme. Based on the Global Offering of 249,600,000 Offer Shares and assuming an Offer Price of HK$3.45, being the mid-point of the indicative Offer Price range set out in this prospectus, the total subscriptions by the Cornerstone Investors will consist of 103,833,000 Offer Shares and represent a HK$358.2 million investment.

The Cornerstone Investors and their respective beneficial owners are Independent Third Parties and none of the Cornerstone Investors are related to each other. Immediately following the completion of the Global Offering, no Cornerstone Investor will have any Board representation in our Company or become a substantial shareholder (as defined in the Listing Rules) of the Company. The Shares to be subscribed for by the Cornerstone Investors will rank *pari passu* in all respects with the fully paid Shares in issue or to be issued as described above and will be counted towards the public float. The percentages of Shares subscribed for by the Cornerstone Investors will not be affected by any reallocation of the Offer Shares between the International Placing and the Hong Kong Public Offering as described in "Structure of the Global Offering — The Hong Kong Public Offering" or in the event the International Placing is undersubscribed.

CORNERSTONE INVESTORS

We and the Sole Global Coordinator have entered into cornerstone investment agreements with the following Cornerstone Investors. The information about our Cornerstone Investors has been provided by each of the relevant Cornerstone Investors.

Prada

Prada, a company incorporated in the Netherlands, is a wholly owned subsidiary of Prada S.p.A., one of the world's most prestigious fashion and luxury goods groups. It designs, manufactures, promotes and sells high-end leather goods, ready-to-wear and footwear through the Prada, Miu Miu, Church's and Car Shoe brands. Prada S.p.A. and the Group have had a strategic customer and vendor relationship since 2004. Prada S.p.A. (Stock code: 1913) is a company listed on the Main Board. We and the Sole Global Coordinator entered into a cornerstone investment agreement with Prada on 9 November 2011.

KAL

KAL, an exempted company incorporated in the Cayman Islands with limited liability, is jointly owned by IDG-Accel China Capital L.P. ("KAL Parent"), a limited partnership established in the Cayman Islands, and IDG-Accel China Capital Investors L.P., a limited partnership established in the Cayman Islands (collectively, the "IDG-Accel China Funds"). The IDG-Accel China Funds, that have a combined fund size of over US$600 million, are managed by IDG Capital Partners, which has over 17 years of investment experience in China-related projects and focuses on investing in a broad range of sectors such as internet and wireless applications, new media, health care, new energy, clean technology, consumer products and advanced manufacturing sectors. We and the Sole Global Coordinator entered into a cornerstone investment agreement with KAL and KAL Parent on 12 November 2011.

CONDITIONS PRECEDENT

The obligation of each Cornerstone Investor to subscribe for the Offer Shares under its cornerstone investment agreement is subject to, among others, the Hong Kong Underwriting Agreement and the International Placing Agreement being entered into, having become effective and unconditional and not having been terminated and the Listing Committee of the Stock Exchange having granted the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Global Offering.

RESTRICTIONS ON DISPOSAL BY THE CORNERSTONE INVESTORS

Each of the Cornerstone Investors has agreed that, without the prior written consent of the Sole Global Coordinator and us, it will not, whether directly or indirectly, at any time during the period of six months following the Listing Date dispose of any Shares acquired by it pursuant to its respective cornerstone investment agreement other than to certain of the relevant Cornerstone Investor's affiliated entities and subject to the undertaking that such affiliate will abide by the terms and restrictions on disposal imposed on such Cornerstone Investor.

HONG KONG UNDERWRITERS

Sole Lead Manager

Merrill Lynch Far East Limited

Co-Managers

China Everbright Securities (HK) Limited

Kingston Securities Limited

Oriental Patron Securities Limited

President Securities (Hong Kong) Limited

Sun Hung Kai Investment Services Limited

HONG KONG PUBLIC OFFERING

Hong Kong Underwriting Agreement

Pursuant to the Hong Kong Underwriting Agreement, the Company is initially offering 24,960,000 Hong Kong Offer Shares (subject to adjustment) for subscription under the Hong Kong Public Offering on the terms and subject to the conditions set out in this prospectus and the related Application Forms.

Subject to (i) the Listing Committee of the Stock Exchange granting listing of, and permission to deal in, the existing issued Shares and the Shares to be issued pursuant to the Global Offering (including the additional Shares which may be sold pursuant to the exercise of the Over-allotment Option), the Shares to be issued pursuant to the Capitalization Issue and of the Shares issuable on the exercise of any options which may be granted under the Share Option Scheme and (ii) certain other conditions set out in the Hong Kong Underwriting Agreement (including, among others, the Sole Global Coordinator (on behalf of the Underwriters) and the Company agreeing on the Offer Price), the Hong Kong Underwriters have severally but not jointly agreed to subscribe or procure subscribers for their respective applicable proportions (set out in the Hong Kong Underwriting Agreement) of the Hong Kong Offer Shares now being offered and which are not taken up under the Hong Kong Public Offering, on the terms and subject to the conditions set out in this prospectus, the related Application Forms and the Hong Kong Underwriting Agreement.

The Hong Kong Underwriting Agreement is conditional upon and subject to the International Placing Agreement having been signed, becoming unconditional and not having been terminated.

Grounds for Termination

Merrill Lynch (on behalf of itself and the other Hong Kong Underwriters) may in its absolute discretion terminate the Hong Kong Underwriting Agreement with immediate effect by written notice to the Company at any time at or prior to 8:00 a.m. on the Listing Date if:

(A) there shall develop, occur, exist or come into effect:

(1) any change or prospective change (whether or not permanent) in the business or in the earnings, operations, financial or trading position or prospects of the Group or any change in capital stock or long-term debt of the Company or any other member of the Group, which (in any such case) is not set forth or contemplated in this prospectus; or

(2) any change or development involving a prospective change or development, or any event or series of events resulting or representing or likely to result in any change or development involving a prospective change or deterioration (whether or not permanent) in local, national, regional or international financial, political, military, industrial, economic, legal framework, regulatory, fiscal, currency, credit or market conditions (including, without limitation, conditions in stock and bond markets, money and foreign exchange markets and inter-bank markets) in or affecting any of Hong Kong, the PRC, the Cayman Islands, the United States, any member of the European Union, Singapore, Japan or any other jurisdictions where any member of the Group is incorporated (collectively, the "Relevant Jurisdictions"); or

(3) any deterioration of any pre-existing local, national, regional or international financial, economic, political, military, industrial, fiscal, regulatory, currency, credit or market conditions in or affecting any of the Relevant Jurisdictions; or

(4) any new law or any change (whether or not forming part of a series of changes) or development involving a prospective change in existing laws or any change or development involving a prospective change in the interpretation or application thereof by any court or governmental authority in or affecting any of the Relevant Jurisdictions; or

(5) a change or development or event involving a prospective change in taxation or exchange control (or the implementation of any exchange control) or foreign investment regulations in or affecting any of the Relevant Jurisdictions adversely affecting an investment in shares; or

(6) any local, national, regional or international outbreak or escalation of hostilities (whether or not war is or has been declared) or other state of emergency or crisis involving or affecting any of the Relevant Jurisdictions; or

(7) any event, act or omission which gives rise to or is likely to give rise to any liability of any of the Controlling Shareholders and the Company pursuant to the indemnity contained in the Hong Kong Underwriting Agreement; or

(8) the imposition or declaration of (i) any suspension or restriction on dealings in shares or securities generally on the New York Stock Exchange, the NASDAQ Stock Market, the London Stock Exchange, the Shanghai Stock Exchange, the Shenzhen Stock Exchange, the Tokyo Stock Exchange, the Singapore Stock Exchange or the Stock Exchange or (ii) any moratorium on commercial banking activities or disruption in commercial banking activities or foreign exchange trading or securities settlement or clearance services in or affecting any of the Relevant Jurisdictions; or

(9) the imposition of economic or other sanctions, in whatever form, directly or indirectly, in or affecting any of the Relevant Jurisdictions; or

(10) any event, or series of events, in the nature of force majeure (including without limitation, any acts of God, acts of government, declaration of a national or international emergency or war, acts or threat of war, calamity, crisis, economic sanction, riot, public disorder, civil commotion, fire, flooding, explosion, earthquake, volcanic eruption, epidemic (including but not limited to severe acute respiratory syndrome or avian flu), pandemic, outbreak of disease, terrorism, strike or lockout) in or affecting any of the Relevant Jurisdictions; or

(11) any change or development or event involving a prospective change, or a materialization of, any of the risks set out in the section headed "Risk Factors" of this prospectus; or

(12) any change in the system under which the value of the Hong Kong dollar or is linked to that of the U.S. dollar or the value of the Renminbi is determined with reference to a basket of world currencies or a material devaluation of Hong Kong dollars or the Renminbi against any foreign currency; or

(13) any demand by any creditor for repayment or payment of any indebtedness of any member of the Group or in respect of which any member of the Group is liable prior to its stated maturity; or

(14) save as disclosed in this prospectus, the Application Forms and the preliminary and final offering memoranda in connection with the International Placing (collectively, the "Offering Memoranda"), a contravention by any member of the Group of the Listing Rules or applicable laws; or

(15) a prohibition on the Company for whatever reason from offering, allotting, issuing or selling any of the Shares (including the Over-allotment Shares) pursuant to the terms of the Global Offering; or

(16) non-compliance of any of the Offering Memoranda or any aspect of the Global Offering with the Listing Rules or any other applicable law; or

(17) the issue or requirement to issue by the Company of a supplementary prospectus (or any other documents used in connection with the contemplated subscription and sale of the Shares) pursuant to the Companies Ordinance or the Listing Rules or any requirement or request of the Stock Exchange and/or the SFC; or

(18) an order is made or a petition is presented for the winding-up or liquidation of any member of the Group or any member of the Group makes any composition or arrangement with its creditors or entering into a scheme of arrangement or any resolution is passed for the winding-up of any member of the Group or a provisional liquidator, receiver or manager is appointed over all or part of the assets or undertaking of any member of the Group or anything analogous thereto in respect of any member of the Group; or

(19) any litigation or claim of any third party being threatened or instigated against any member of the Group; or

(20) a Director being charged with an indictable offence or prohibited by operation of law or is otherwise disqualified from taking part in the management of a company; or

(21) the chairman or chief executive officer of the Company vacating his office; or

(22) the commencement by any governmental, regulatory, political or judicial body or organization of any action against a Director or an announcement by any governmental, regulatory or judicial body or organization that it intends to take any such action,

which in the sole opinion of Merrill Lynch:

(a) is or will or may, individually or in the aggregate, have a material adverse effect on the business, financial, trading or other condition or prospects of the Group taken as a whole and/or to any present or prospective shareholder in its capacity as such; or

(b) has or will or may have a material adverse effect on the success of the Hong Kong Public Offering, the International Placing and/or the Global Offering or the level of Offer Shares being applied for or accepted or the distribution of Offer Shares; or

(c) is or will or may make it impracticable, inadvisable or inexpedient (i) for any material part of the Hong Kong Underwriting Agreement, the International Placing Agreement, the Hong Kong Public Offering, the International Placing and/or the Global Offering to be performed or implemented in accordance with its terms or (ii) to proceed with or to market the Hong Kong Public Offering, the International Placing and/or the Global Offering on the terms and in the manner contemplated in the Offering Memoranda; or

(B) any of the Hong Kong Underwriters shall become aware of the fact that, or have reasonable cause to believe that:

(1) any of the Warranties given by the Controlling Shareholders and the Company pursuant to the Hong Kong Underwriting Agreement is untrue, inaccurate, misleading or breached in any respect when given or as repeated as determined by Merrill Lynch in its sole and absolute discretion, or has been declared or determined by any court or governmental authorities to be illegal, invalid or unenforceable in any material respect; or

(2) any statement contained in the Offering Memoranda or the web-proof information pack required to be uploaded to the website of the Stock Exchange (the "WPIP") was or is untrue, incorrect or misleading in any material respect, or any matter arises or is discovered which would, if the Offering Memoranda or the WPIP were to be issued at that time, constitute a material omission therefrom as determined by Merrill Lynch in its sole and absolute discretion, or that any forecasts, expressions of opinion, intention or expectation expressed in the Offering Memoranda and/or any announcements issued by the Company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto) are not fair and honest and based on reasonable assumptions, when taken as a whole, which, as determined by Merrill Lynch in its sole and absolute discretion, to be material in the context of the Global Offering; or

(3) there has been a breach on the part of any of the Controlling Shareholders and the Company of any of the provisions of the Hong Kong Underwriting Agreement or the International Placing Agreement as determined by Merrill Lynch in its sole and absolute discretion.

Undertakings

Pursuant to Rule 10.08 of the Listing Rules, except pursuant to the Capitalization Issue and the Global Offering (including the Over-allotment Option and any options which may be granted under the Share Option Scheme) or any issue of Shares or securities in compliance with Rule 10.08(1) to (4) of the Listing Rules, no further shares or securities convertible into equity securities of the Company (whether or not of a class already listed) may be issued or form the subject of any agreement to such an issue within six months from the Listing Date (whether or not such issue of shares or securities will be completed within six months from the Listing Date).

Pursuant to the Hong Kong Underwriting Agreement, the Company has undertaken to the Sole Global Coordinator and the other Hong Kong Underwriters that the Company will not, and each of the Controlling Shareholders has undertaken to the Sole Global Coordinator and the other Hong Kong Underwriters to procure that the Company will not, during the period commencing on the Latest Practicable Date up to and including the date falling six months after the Listing Date (the "Lock-up Period"), except pursuant to the Global Offering (including the Over-allotment Option and the Capitalization Issue) and the exercise of options which may be granted under the Share Option Scheme, without the prior written consent of the Sole Global Coordinator (on its behalf and on behalf of the Hong Kong Underwriters), and subject always to the provisions of the Listing Rules:

(a) offer, allot, issue or sell, or agree to allot, issue or sell, hedge, grant or agree to grant any option, right or warrant over, or otherwise dispose of (or enter into any transaction which is designed to, or might reasonably be expected to, result in the disposition (whether by actual disposition or effective economic disposition due to cash settlement or otherwise) by the Company of), either directly or indirectly, conditionally or unconditionally, any Shares or any securities convertible into or exchangeable for such Shares; or

(b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of subscription or ownership of Shares or such securities, whether any of the foregoing transactions is to be settled by delivery of Shares or such securities, in cash or otherwise; or

(c) offer or agree to do any of the foregoing transactions and announce any intention to effect any such transaction,

whether or not such issue of Shares or securities will be completed within the Lock-up Period.

Pursuant to Rule 10.07(1) of the Listing Rules, each of the Controlling Shareholders has undertaken to the Company and the Stock Exchange that he shall not and shall procure that the relevant registered shareholder(s) shall not:

(a) during the period commencing from the date of this prospectus and ending on the date which is six months from the Listing Date, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares or securities of the Company in respect of which he is shown by this prospectus to be the beneficial owner; and

(b) within the period of six months commencing on the date on which the period referred to in the immediate preceding paragraph (a) above expires (the "Second Six Month Period"), dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares or securities referred to in the immediately preceding paragraph (a) above if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, he would cease to be a Controlling Shareholder.

Note 2 to Rule 10.07 of the Listing Rules provides that such rule does not prevent a Controlling Shareholder from using the Shares beneficially owned by him as security (including a charge or a pledge) in favor of an authorized institution (as defined in the Banking Ordinance, Chapter 155 of the Laws of Hong Kong) for a bona fide commercial loan.

Each of the Controlling Shareholders has further undertaken to the Company and the Stock Exchange that he will, within a period of 12 months from the Listing Date, immediately inform us and the Stock Exchange of:

(a) any pledges or charges of any Shares or securities of our Company beneficially owned by him in favor of any authorized institution as permitted under the Listing Rules, and the number of such Shares or securities of our Company so pledged or charged; and

(b) any indication received by him, either verbal or written, from any pledgee or chargee of any Shares or other securities of our Company pledged or charged that any of such Shares or other share capital will be sold transferred or disposed of.

We will also inform the Stock Exchange as soon as we have been informed of the above matters (if any) by any of the Controlling Shareholders and disclose such matters by way of an announcement which is published on the website of the Stock Exchange as soon as possible after being so informed by any of the Controlling Shareholders.

Pursuant to the Hong Kong Underwriting Agreement, each of the Controlling Shareholders has undertaken to each of the Hong Kong Underwriters and the Company that, except pursuant to the Stock Borrowing Agreement, he will not, without the prior written consent of the Sole Global Coordinator, on behalf of the Hong Kong Underwriters, and will procure that none of his associates or companies controlled by him or any nominee or trustee holding in trust for him shall, directly or indirectly, (a) offer, pledge, sell, mortgage, assign, charge, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant or agree to grant any option, right, or warrant to purchase or subscribe for, lend or otherwise transfer or dispose of, either directly or indirectly, conditionally or unconditionally, any of the share capital or other securities of the Company or any interest therein, beneficially owned by him or through such associates, companies, nominees or trustee as of the Listing Date (including, without limitation, any securities that are convertible into or exercisable or exchangeable for, or that represent the right to receive, any such share capital or other securities of the Company or any interest therein) immediately following the completion of the Global Offering and the Capitalization Issue, (b) enter into any swap, derivative or other arrangement that transfers to another, in whole or in part, directly or indirectly, any of the economic consequences of subscription or ownership of any such share capital or securities or any interest therein, (c) enter into any transaction with the same economic effect as any transaction described in (a) and (b) above or (d) offer to or agree to contract to, or publicly announce any intention to enter into, any of the foregoing transactions described in (a) through (c) above whether any of the foregoing transactions described in (a), (b) or (c) above is to be settled by delivery of share capital or such other securities, in cash or otherwise, at any time during the Lock-Up Period; he will not, and will procure that such associate, companies, nominee or trustee will not, without the prior written consent of the Sole Global Coordinator, dispose of or otherwise create any options, rights, interests or encumbrances in respect of any Shares, or any interest therein at any time during the Second Six Month Period, such that immediately following such disposal or upon exercise or enforcement of such options, rights, interests or encumbrances shall result in the Controlling Shareholders in aggregate, directly or indirectly, ceasing to be a controlling shareholder (as defined in the Listing Rules) of the Company at any time during the Second Six Month Period; and he shall take all steps to ensure that any such act, if done, will not create a disorderly or false market for any Shares or other securities of the Company or any interest therein.

Each of the Company and the Controlling Shareholders has agreed to indemnify the Hong Kong Underwriters for certain losses which they may suffer, including losses arising from their performance of their obligations under the Hong Kong Underwriting Agreement and any breach by the Company of the Hong Kong Underwriting Agreement.

Commission

The Hong Kong Underwriters will receive a commission of 3.0% of the aggregate Offer Price of all the Hong Kong Offer Shares less any unsubscribed Hong Kong Offer Shares reallocated to the International Placing and ignoring for this purpose any Hong Kong Offer Shares reallocated from the International Placing due to over-subscription, out of which the Hong Kong Underwriters will pay any sub-underwriting commission. The underwriting commission for such reallocated Shares in each case will be payable to the International Underwriters in accordance with the International Placing Agreement. In addition, the Company may, in its sole discretion, pay the Sole Global Coordinator an

additional aggregate incentive fee of up to 1.0% on the Offer Price of the total Offer Shares and any additional Shares pursuant to the Over-allotment Option.

INTERNATIONAL PLACING

International Placing Agreement

In connection with the International Placing, it is expected that the Company will enter into the International Placing Agreement with, among others, the International Underwriters. Under the International Placing Agreement, it is expected that the International Underwriters would, subject to certain conditions, severally but not jointly, agree to subscribe for or purchase, or to procure subscribers to subscribe for or purchase, their respective applicable proportions (set out in the International Placing Agreement) of the International Placing Shares being offered pursuant to the International Placing.

Under the International Placing Agreement, the Company intends to grant to the International Underwriters the Over-allotment Option, exercisable by the Sole Global Coordinator on behalf of the International Underwriters for up to 30 days from the last day for the lodging of applications under the Hong Kong Public Offering, to require the Company to issue up to 37,440,000 additional Shares, representing 15% of the number of Offer Shares initially available under the Global Offering. These Shares will be issued and sold at the Offer Price per Share (plus brokerage of 1%, SFC transaction levy of 0.003% and Stock Exchange trading fee of 0.005% of the Offer Price) and will be for the purpose of, among other things, covering over-allocations, if any, in the International Placing.

TOTAL COMMISSIONS AND EXPENSES

Assuming an Offer Price of approximately HK$3.45 per Share (being the midpoint of the indicative Offer Price range of HK$2.95 to HK$3.95 per Offer Share), the aggregate commissions and fees, together with the Stock Exchange listing fee, SFC transaction levy and Stock Exchange trading fee, legal and other professional fees, printing and other expenses relating to the Global Offering, are estimated to amount in aggregate to be approximately HK$62.9 million (assuming that the Over-allotment Option is not exercised) in total.

SOLE SPONSOR'S INDEPENDENCE

The Sole Sponsor satisfies the independence criteria applicable to sponsors as set out in Rule 3A.07 of the Listing Rules.

HONG KONG UNDERWRITERS' INTERESTS IN OUR COMPANY

Save for their respective obligations under the Hong Kong Underwriting Agreement, none of the Hong Kong Underwriters has any shareholding interests in our Company or any of our subsidiaries or any right or options (whether legally enforceable or not) to subscribe to or to nominate persons to subscribe to securities in our Company or any of our subsidiaries.

THE GLOBAL OFFERING

This prospectus is published in connection with the Hong Kong Public Offering which forms part of the Global Offering. The Global Offering comprises (assuming the Over-allotment Option is not exercised):

(i) the Hong Kong Public Offering of an initial 24,960,000 Shares to be offered by the Company (subject to adjustment as mentioned below) (representing 10% of the total number of Offer Shares initially available under the Global Offering) in Hong Kong as described in "The Hong Kong Public Offering" below; and

(ii) the International Placing of an initial 224,640,000 Shares to be offered by the Company (subject to adjustment as mentioned below and the Over-allotment Option) (representing 90% of the total number of Offer Shares initially available under the Global Offering) (a) in the United States to QIBs in accordance with Rule 144A or another available exemption from registration requirement under the U.S. Securities Act; and (b) outside the United States in offshore transactions in reliance on Regulation S.

Merrill Lynch International is the sole global coordinator and sole bookrunner of the Global Offering. Merrill Lynch Far East Limited is the sole lead manager of the Hong Kong Public Offering, and Merrill Lynch International is the sole lead manager of the International Placing.

The number of Offer Shares to be offered under the Hong Kong Public Offering and the International Placing, respectively, may be subject to reallocation and, in the case of the International Placing only, the Over-allotment Option as described in "Over-Allocation and Stabilization" below.

The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms of the Hong Kong Underwriting Agreement and is subject to the Company, the Sole Sponsor (on behalf of the Hong Kong Underwriters) and the Sole Global Coordinator (on behalf of the International Underwriters) agreeing on the Offer Price. The Company expects to enter into the International Placing Agreement relating to the International Placing on the Price Determination Date. These underwriting arrangements, and the respective Underwriting Agreements, are summarized in "Underwriting".

THE HONG KONG PUBLIC OFFERING

Number of Shares Initially Offered

Under the Hong Kong Public Offering, the Company is initially offering 24,960,000 Shares at the Offer Price for subscription by the public in Hong Kong, representing 10% of the total number of Offer Shares initially available under the Global Offering. Subject to the reallocation of Shares between (i) the International Placing and (ii) the Hong Kong Public Offering, the Hong Kong Offer Shares will represent 2.5% of the Company's issued share capital immediately after completion of the Global Offering and the Capitalization Issue, assuming that the Over-allotment Option is not exercised.

Completion of the Hong Kong Public Offering is subject to the conditions as set out in "Conditions of the Hong Kong Public Offering" below.

Conditions of the Hong Kong Public Offering

Acceptance of all applications for the Offer Shares in the Hong Kong Public Offering will be conditional on, among other things:

(i) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the existing issued Shares, the Offer Shares to be issued pursuant to the Global Offering (including any Shares which may be issued pursuant to the exercise of the Over-allotment Option), the Shares to be issued pursuant to the Capitalization Issue, and of the Shares issuable on the exercise of any options which may be granted under the Share Option Scheme;

(ii) the Offer Price having been determined on the Price Determination Date;

(iii) the execution and delivery of the International Placing Agreement on the Price Determination Date; and

(iv) the obligations of the Underwriters under each of the respective Underwriting Agreements becoming and remaining unconditional and not having been terminated in accordance with the terms of the respective agreements,

in each case on or before the dates and times specified in the respective Underwriting Agreements (unless and to the extent such conditions are validly waived on or before such dates and times) and in any event not later than 24 December 2011, being the 30th day after the date of this prospectus.

If, for any reason, the Offer Price is not agreed among the Company, the Sole Sponsor (on behalf of the Hong Kong Underwriters) and the Sole Global Coordinator (on behalf of the International Underwriters) on or before Monday, 5 December 2011, the Global Offering will not proceed.

The consummation of each of the Hong Kong Public Offering and the International Placing is conditional upon, among other things, the other offering becoming unconditional and not having been terminated in accordance with its terms.

If the above conditions are not fulfilled or waived before the times and dates specified, the Global Offering will lapse and the Stock Exchange will be notified immediately. Notice of the lapse of the Hong Kong Public Offering will be published by us in the South China Morning Post and the Hong Kong Economic Times on the next day following such lapse. In such eventuality, all application monies will be returned, without interest, on the terms set out in "How to Apply for Hong Kong Offer Shares". In the meantime, all application monies will be held in (a) separate bank account(s) with the receiving banks or other licensed bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) (as amended).

Share certificates for the Offer Shares will only become valid certificates of title at 8:00 a.m. on Tuesday, 6 December 2011 provided that (i) the Global Offering has become unconditional in all respects and (ii) neither of the Underwriting Agreements has been terminated in accordance with its terms.

Allocation

Allocation of Hong Kong Offer Shares to investors under the Hong Kong Public Offering will be based solely on the level of valid applications received under the Hong Kong Public Offering. The basis of allocation may vary, depending on the number of Hong Kong Offer Shares validly applied for by applicants. Such allocation could, where appropriate, consist of balloting, which would mean that certain applications may receive a higher allocation than others who have applied for the same number of Hong Kong Offer Shares, and those applicants who are not successful in the ballot may not receive any Hong Kong Offer Shares.

The total number of Offer Shares available under the Hong Kong Public Offering (after taking account of any reallocation referred to below) is to be divided equally into two pools for allocation purposes: pool A and pool B. The Hong Kong Offer Shares in pool A will be allocated on an equitable basis to applicants who have applied for the Hong Kong Offer Shares with an aggregate price of HK$5 million (excluding the brokerage, SFC transaction levy and Stock Exchange trading fee payable) or less. The Hong Kong Offer Shares in pool B will be allocated on an equitable basis to applicants who have applied for the Hong Kong Offer Shares with an aggregate price of more than HK$5 million (excluding the brokerage, SFC transaction levy and Stock Exchange trading fee payable). Investors should be aware that applications in pool A and applications in pool B may receive different allocation ratios. If the Hong Kong Offer Shares in one (but not both) of the pools are under-subscribed, the surplus Hong Kong Offer Shares will be transferred to the other pool to satisfy demand in this other pool and be allocated accordingly. For the purpose of this paragraph only, the "price" for Hong Kong Offer Shares means the price payable on application therefor (without regard to the Offer Price as finally determined). Applicants can only receive an allocation of the Hong Kong Offer Shares from either pool A or pool B but not from both pools. Multiple or suspected multiple applications and any application for more than 50% of the 24,960,000 Hong Kong Offer Shares initially comprised in the Hong Kong Public Offering (that is, 12,480,000 Hong Kong Offer Shares) are liable to be rejected.

Reallocation

The allocation of the Offer Shares between (i) the Hong Kong Public Offering and (ii) the International Placing is subject to adjustment. If the number of Offer Shares validly applied for under the Hong Kong Public Offering represents (i) 15 times or more but less than 50 times, (ii) 50 times or more but less than 100 times, and (iii) 100 times or more of the number of Offer Shares initially available under the Hong Kong Public Offering, then Offer Shares will be reallocated to the Hong Kong Public Offering from the International Placing. As a result of such reallocation, the total number of Offer Shares available under the Hong Kong Public Offering will be increased to 74,880,000 Offer Shares (in the case of (i)), 99,840,000 Offer Shares (in the case of (ii)) and 124,800,000 Offer Shares (in the case of (iii)) representing 30%, 40% and 50% of the Shares initially available under the Global Offering, respectively (before any exercise of the Over-allotment Option). In each case, the additional Offer Shares reallocated to the Hong Kong Public Offering will be allocated between pool A and pool B and the number of Offer Shares allocated to the International Placing will be correspondingly reduced in such manner as the Sole Global Coordinator deems appropriate. In addition, the Sole Global Coordinator at its absolute discretion may allocate Offer Shares from the International Placing to the Hong Kong Public Offering to satisfy valid applications under the Hong Kong Public Offering.

The Offer Shares to be offered in the Hong Kong Public Offering and the International Placing may, in certain circumstances, be reallocated as between these offerings at the discretion of the sole global coordinator.

Applications

Each applicant under the Hong Kong Public Offering will also be required to give an undertaking and confirmation in the application submitted by him that he and any person(s) for whose benefit he is making the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the International Placing, and such applicant's application is liable to be rejected if the said undertaking and/or confirmation is breached and/or untrue (as the case may be) or if he has been or will be placed or allocated Offer Shares under the International Placing.

Applicants under the Hong Kong Public Offering are required to pay, on application, the maximum price of HK$3.95 per Share in addition to any brokerage, SFC transaction levy and Stock Exchange trading fee payable on each Offer Share. If the Offer Price, as finally determined in the manner described in "Pricing of the Global Offering" below, is less than the maximum price of HK$3.95 per Offer Share, appropriate refund payments (including the brokerage, SFC transaction levy and Stock Exchange trading fee attributable to the surplus application monies) will be made to successful applicants, without interest. Further details are set out in "How to Apply for Hong Kong Offer Shares" in this prospectus.

References in this prospectus to applications, Application Forms, application monies or the procedure for application relate solely to the Hong Kong Public Offering.

THE INTERNATIONAL PLACING

Number of Shares Offered

Subject to reallocation as described above, the International Placing will consist of 224,640,000 Offer Shares (subject to adjustment and the Over-allotment Option) to be issued by the Company, assuming that the Over-allotment Option is not exercised.

Allocation

The International Placing will include selective marketing of Offer Shares to institutional and professional investors and other investors anticipated to have a sizeable demand for such Offer Shares. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities. Allocation of Offer Shares pursuant to the International Placing will be effected in accordance with the "book-building" process described in "Pricing of the Global Offering" below and based on a number of factors, including the level and timing of demand, the total size of the relevant investor's invested assets or equity assets in relevant sector and whether or not it is expected that the relevant investor is likely to buy further Shares, and/or hold or sell its Shares, after the Listing. Such allocation is intended to result in a distribution of the Shares on a basis which would lead to the establishment of a solid professional and institutional shareholder base to the benefit of the Company and the Shareholders as a whole.

The Sole Sponsor (on behalf of the Hong Kong Underwriters) and the Sole Global Coordinator (on behalf of the International Underwriters) may require any investor who has been offered Offer Shares under the International Placing, and who has made an application under the Hong Kong Public Offering to provide sufficient information to the Sole Global Coordinator so as to allow it to identify the relevant application under the Hong Kong Public Offering and to ensure that it is excluded from any application for Shares under the Hong Kong Public Offering.

Over-allotment Option

In connection with the Global Offering, the Company is expected to grant an Over-allotment Option to the International Underwriters exercisable by the Sole Global Coordinator on behalf of the International Underwriters.

Pursuant to the Over-allotment Option, the Sole Global Coordinator has the right, exercisable at any time from the date of the International Placing Agreement until 30 days after the last day for the lodging of applications under the Hong Kong Public Offering, to require the Company to issue up to an aggregate of 37,440,000 additional Shares, representing no more than 15% of the initial Offer Shares, at the same price per Offer Share under the International Placing to, among other things, cover over-allocations in the International Placing, if any. If the Over-allotment Option is exercised in full, the additional Shares will represent approximately 3.6% of our enlarged share capital immediately following the completion of the Global Offering and the exercise of the Over-allotment Option. In the event that the Over-allotment Option is exercised, a press announcement will be made.

PRICING OF THE GLOBAL OFFERING

The International Underwriters will be soliciting from prospective investors indications of interest in acquiring Offer Shares in the International Placing. Prospective professional and institutional investors will be required to specify the number of Shares under the International Placing they would be prepared to acquire either at different prices or at a particular price. This process, known as "book-building", is expected to continue up to, and to cease on or around, the last day for lodging applications under the Hong Kong Public Offering.

Pricing for the Shares for the purpose of the offerings under the Global Offering will be fixed on the Price Determination Date, which is expected to be on or around Wednesday, 30 November 2011, and in any event on or before Monday, 5 December 2011, by agreement among the Sole Global Coordinator (on behalf of the International Underwriters), the Sole Sponsor (on behalf of the Hong Kong Underwriters) and the Company, and the number of Shares to be allocated under the offerings will be determined shortly thereafter.

The Offer Price will not be more than HK$3.95 per Offer Share and is expected to be not less than HK$2.95 per Offer Share unless otherwise announced, as further explained below, not later than the morning of the last day for lodging applications under the Hong Kong Public Offering. **Prospective investors should be aware that the Offer Price to be determined on the Price Determination Date may be, but is not expected to be, lower than the indicative offer price range stated in this prospectus.**

The Sole Sponsor (on behalf of the Hong Kong Underwriters) and the Sole Global Coordinator (on behalf of the International Underwriters), may, where considered appropriate, based on the level of interest expressed by prospective professional and institutional investors during the book-building process, and with the consent of the Company reduce the number of Offer Shares being offered under the Global Offering and/or the indicative offer price range below that stated in this prospectus at any time on or before the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, the Company will, as soon as practicable following the decision to make any such reduction, and in any event not later than the morning of the last day for lodging applications under the Hong Kong Public Offering, cause there to be published in the South China Morning Post and the Hong Kong Economic Times a notice of any such reduction. Such notice will also be available at the websites of the

Stock Exchange at **www.hkexnews.hk** and the Company at **www.sitoy.com**. Upon issue of a notice in the reduction of the Offer Price, the revised Offer Price range will be final and conclusive and the Offer Price, if agreed upon by the Sole Global Coordinator (on behalf of the Underwriters) and the Company, will be fixed within such revised Offer Price range. Applicants should have regard to the possibility that any announcement of any such reduction in the number of Offer Shares being offered under the Global Offering and/or the indicative offer price range may not be made until the day which is the last day for lodging applications under the Hong Kong Public Offering. Such notice will also include confirmation or revision, as appropriate, of the working capital statement and the profit forecast for the six months ending 31 December 2011 and the Global Offering statistics as currently set out in this prospectus, and any other financial information which may change as a result of such reduction. **Applicants under the Hong Kong Public Offering should note that in no circumstances can applications be withdrawn once submitted, even if the number of Offer Shares being offered under the Global Offering and/or the offer price range is so reduced.** In the absence of any notice published in relation to the reduction in the Offer Price, the Offer Price, if agreed upon among the Company and the Sole Sponsor (on behalf of the Hong Kong Underwriters) and the Sole Global Coordinator (on behalf of the International Underwriters), will under no circumstances be set outside the offer price range as stated in this prospectus.

The net proceeds of the Global Offering accruing to the Company (assuming that no additional Shares will be issued by the Company pursuant to the Over-allotment Option and after deduction of underwriting fees and estimated expenses payable by the Company in relation to the Global Offering) are estimated to be approximately HK$677.2 million, assuming an Offer Price per Offer Share of HK$2.95, or approximately HK$919.3 million, assuming an Offer Price per Offer Share of HK$3.95.

The final Offer Price, the indications of interest in the Global Offering, the results of applications and the basis of allocation of Shares available under the Hong Kong Public Offering, are expected to be announced on Monday, 5 December 2011, in the manner set out in "X. Results of Allocation" under "How to Apply for Hong Kong Offer Shares" in this prospectus.

OVER-ALLOCATION AND STABILIZATION

Stabilization is a practice used by underwriters in certain markets to facilitate the distribution of securities. To stabilize, the underwriters may bid for, or purchase, the newly issued securities in the secondary market, during a specified period of time, to retard and, if possible, prevent a decline in the market price of the securities below the offer price. In Hong Kong, the price at which stabilization is effected is not permitted to exceed the offer price.

In connection with the Global Offering, Merrill Lynch, as stabilizing manager (the "Stabilizing Manager"), its affiliates or any person acting for it, on behalf of the Underwriters, may over-allocate and/or effect transactions with a view to stabilizing or maintaining the market price of the Shares at a level higher than that which might otherwise prevail for a limited period after the Listing Date. Such transactions may be effected in all jurisdictions where it is permissible to do so, in each case in compliance with all applicable laws and regulatory requirements. However, there is no obligation on the Stabilizing Manager, its affiliates or any person acting for it to do this. Such stabilization, if commenced, will be conducted at the absolute discretion of the Stabilizing Manager, its affiliates or any person acting for it, and may be discontinued at any time, and must be brought to an end after a limited period. The number of Shares that may be over-allocated will not be greater than the maximum number of Shares which may be allotted and issued upon exercise of the Over-allotment Option, being 37,440,000 Shares, which is 15% of the number of Offer Shares initially available under the Global Offering.

The Stabilizing Manager, its affiliates or any person acting for it may take all or any of the following stabilizing actions in Hong Kong during the stabilization period:

(i) purchase, or agree to purchase, any of the Shares or offer or attempt to do so for the sole purpose of preventing or minimizing any reduction in the market price of the Shares;

(ii) in connection with any action described in paragraph (i) above;

(A) (1) over-allocate the Shares; or

(2) sell or agree to sell the Shares so as to establish a short position in them,

for the sole purpose of preventing or minimizing any reduction in the market price of the Shares;

(B) exercise the Over-allotment Option and purchase or subscribe for or agree to purchase or subscribe for the Shares in order to close out any position established under paragraph (A) above;

(C) sell or agree to sell any of the Shares acquired by it in the course of the stabilizing action referred to in paragraph (i) above in order to liquidate any position that has been established by such action; or

(D) offer or attempt to do anything as described in paragraphs (ii)(A)(2), (ii)(B) or (ii)(C) above.

The Stabilizing Manager, its affiliates or any person acting for it, may, in connection with the stabilizing action, maintain a long position in the Shares, and there is no certainty as to the extent to which and the time period for which it will maintain such a position. Investors should be warned of the possible impact of any liquidation of the long position by the Stabilizing Manager, its affiliates or any person acting for it, which may include a decline in the market price of the Shares.

Stabilization cannot be used to support the price of the Shares for longer than the stabilization period, which begins on the day on which trading of the Shares commences on the Stock Exchange and ends on the 30th day after the last day for lodging of applications under the Hong Kong Public Offering. The stabilization period is expected to expire on Thursday, 29 December 2011, after which an announcement will be made pursuant to section 9 of, and schedule 3 to, the Securities and Futures (Price Stabilization) Rules. After this date, when no further stabilizing action may be taken, demand for the Shares, and therefore the market price, could fall.

Any stabilizing action taken by the Stabilizing Manager, its affiliates or any person acting for it, may not necessarily result in the market price of the Shares staying at or above the Offer Price either during or after the stabilization period. Stabilizing bids or market purchases effected in the course of the stabilization action may be made at any price at or below the Offer Price and can therefore be done at a price below the price the investor has paid in acquiring the Shares.

STOCK BORROWING ARRANGEMENT

In order to facilitate the settlement of over-allocations in connection with the Global Offering, the Stabilizing Manager may choose to borrow, whether on its own or through its affiliates, up to 37,440,000 Shares, representing 15% of the Offer Shares, from Mr. Yeung Michael Wah Keung to cover over-allocations (being the maximum number of additional Shares which may be allotted and issued upon exercise of the Over-allotment Option), or acquire Shares from other sources, including exercising the Over-allotment Option.

If the Stock Borrowing Agreement is entered into, it will only be effected by the Stabilizing Manager or its agent for settlement of over-allocations in the International Placing and such arrangement is not subject to the restrictions of Rule 10.07(1)(a) of the Listing Rules provided that the requirements set out in Rule 10.07(3) of the Listing Rules are complied with. The same number of Shares so borrowed must be returned to Mr. Yeung Michael Wah Keung or its nominees on or before the third business day following the earlier of (a) the last day on which the Over-allotment Option may be exercised, or (b) the day on which the Over-allotment Option is exercised in full and the relevant Offer Shares subject to the Over-allotment Option have been issued and sold. The Stock Borrowing Agreement will be effected in compliance with all applicable laws, rules and regulatory requirements. No payment will be made to Mr. Yeung Michael Wah Keung in relation to the Stock Borrowing Agreement.

DEALINGS

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on Tuesday, 6 December 2011, it is expected that dealings in the Shares on the Stock Exchange will commence at 9:00 a.m. on Tuesday, 6 December 2011.

I. CHANNELS OF APPLICATION

There are three channels to make an application for the Hong Kong Offer Shares. You may apply for the Hong Kong Offer Shares by either (i) using a **WHITE** or **YELLOW** Application Form; (ii) applying online through the designated website of the White Form eIPO Service Provider, referred herein as the "**White Form eIPO service**", or (iii) giving **electronic application instructions** to HKSCC to cause HKSCC Nominees to apply for Hong Kong Offer Shares on your behalf. Except where you are a nominee and provide the required information in your application, you or you and your joint applicant(s) may not make more than one application (whether individually or jointly) by applying on a **WHITE** or **YELLOW** Application Form or applying online through **White Form eIPO** service or by giving **electronic application instructions** to HKSCC.

II. WHO CAN APPLY FOR HONG KONG OFFER SHARES

You can apply for the Hong Kong Offer Shares available for subscription by the public on a **WHITE** or **YELLOW** Application Form if you or any person(s) for whose benefit you are applying, are an individual, and:

- are 18 years of age or older;
- have a Hong Kong address;
- are not a U.S. person (as defined in Regulation S);
- are outside the United States and will be acquiring the Hong Kong Offer Shares in an offshore transaction (as defined in Regulation S); and
- are not a legal or natural person of the PRC (except qualified domestic institutional investors).

If you wish to apply for Hong Kong Offer Shares online through the **White Form eIPO** service, in addition to the above you must also:

- have a valid Hong Kong identity card number, and
- be willing to provide a valid email address and a contact telephone number.

You may only apply by means of the **White Form eIPO** service if you are an individual applicant. Corporations or joint applicants may not apply by means of **White Form eIPO**.

If the applicant is a firm, the application must be in the names of the individual members, not the firm's name. If the applicant is a body corporate, the Application Form must be signed by a duly authorized office, who must state his representative capacity.

If an application is made by a person duly authorized under a valid power of attorney, the Sole Global Coordinator (or its agents or nominees) may accept the application at its discretion, and subject to any conditions it thinks fit, including production of evidence of the authority of the attorney.

The number of joint applicants may not exceed four.

We, the Sole Global Coordinator or the designated **White Form eIPO** Service Provider (where applicable) or our or their respective agents have full discretion to reject or accept any application, in full or in part, without assigning any reason.

The Hong Kong Offer Shares are not available to existing beneficial owners of Shares, or Directors or chief executives of the Company or any of its subsidiaries, or their respective associates (as defined in the Listing Rules) or any other connected persons (as defined in the Listing Rules) of the Company or its subsidiaries.

You may apply for Hong Kong Offer Shares under the Hong Kong Public Offering or indicate an interest for International Placing Shares under the International Placing, but may not do both.

III. APPLYING BY USING AN APPLICATION FORM

Which Application Form to Use

Use a **WHITE** Application Form if you want the Hong Kong Offer Shares to be issued in your own name.

Use a **YELLOW** Application Form if you want the Hong Kong Offer Shares issued in the name of HKSCC Nominees and deposited directly into CCASS for credit to your CCASS Investor Participant stock account or your designated CCASS Participant's stock account.

Where to Collect the Application Forms

You can collect a **WHITE** Application Form and a prospectus during normal business hours from 9:00 a.m. on Thursday, 24 November 2011 until 12:00 noon on Tuesday, 29 November 2011 from:

Merrill Lynch Far East Limited
15th Floor, Citibank Tower
3 Garden Road
Hong Kong

China Everbright Securities (HK) Limited
36/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

Kingston Securities Limited
Suite 2801, 28th Floor
One International Finance Centre
1 Harbour View Street, Central
Hong Kong

Oriental Patron Securities Limited
27/F, Two Exchange Square
8 Connaught Place, Central
Hong Kong

President Securities (Hong Kong) Limited
Units 2603-06, 26/F
Infinitus Plaza, No. 199 Des Voeux Road
Central
Hong Kong

Sun Hung Kai Investment Services Limited
42/F, The Lee Gardens
33 Hysan Avenue
Causeway Bay
Hong Kong

or any of the following branches of **The Hongkong and Shanghai Banking Corporation Limited**:

	Branch name	Branch address
Hong Kong Island:	Hong Kong Office	Level 3, 1 Queen's Road Central
	Aberdeen Centre Branch	Shop 2, G/F, Site I, Aberdeen Centre, Aberdeen
	Cityplaza Branch	Unit 065, Cityplaza I, Taikoo Shing
Kowloon:	Kwun Tong Branch	No. 1, Yue Man Square, Kwun Tong
	Kowloon City Branch	1/F, 18 Fuk Lo Tsun Road, Kowloon City
	Tsim Sha Tsui Branch	Basement & 1/F, 82–84 Nathan Road, Tsim Sha Tsui
New Territories:	Tuen Shing Street Branch	Shop No. 1225, 1/F, Tuen Mun Town Plaza Phase 1, 1 Tuen Shing Street, Tuen Mun, NT
	Tai Po Branch	54–62 Kwong Fuk Road, Tai Po

or any of the following branches of **Hang Seng Bank Limited**:

	Branch Name	Branch address
Hong Kong Island:	Head Office	83 Des Voeux Road Central
	Des Voeux Road West Branch	52 Des Voeux Road West
	North Point Branch	335 King's Road, North Point
	Wanchai Branch	200 Hennessy Road, Wanchai
Kowloon:	Kowloon Main Branch	618 Nathan Road, Mongkok
	Hung Hom Branch	21 Ma Tau Wai Road, Hunghom
New Territories:	Shatin Branch	Shop 18, Lucky Plaza, Wang Pok Street, Shatin
	Tsuen Wan Branch	289 Sha Tsui Road, Tsuen Wan

You can collect a **YELLOW** Application Form and a prospectus during normal business hours from 9:00 a.m. on Thursday, 24 November 2011 until 12:00 noon on Tuesday, 29 November 2011 from:

(i) The Depository Counter of HKSCC at 2nd Floor, Infinitus Plaza, 199 Des Voeux Road Central, Hong Kong; or

(ii) Your stockbroker, who may have such Application Forms and this prospectus available.

How to Complete the Application Form

There are detailed instructions on each Application Form. You should read these instructions carefully. If you do not follow the instructions your application may be rejected and returned by ordinary post together with the accompanying cheque or banker's cashier order to you (or the first-named applicant in the case of joint applicants) at your own risk at the address stated in the Application Form.

You should note that by completing and submitting the Application Form, among other things, you:

(i) **agree** with the Company and each Shareholder of the Company, and the Company agrees with each of its Shareholders, to observe and comply with the Companies Law, the Companies Ordinance, the Memorandum of Association and the Articles of Association;

(ii) **agree** with the Company and each Shareholder of the Company that the Shares in the Company are freely transferable by the holders thereof;

(iii) **authorize** the Company to enter into a contract on your behalf with each Director and officer of the Company whereby each such Director and officer undertakes to observe and comply with his obligations to Shareholders as stipulated in the Articles of Association;

(iv) **confirm** that you have only relied on the information and representations in this prospectus in making your application and will not rely on any other information and representations save as set out in any supplement to this prospectus;

(v) **agree** that the Company, the Directors, the Sole Global Coordinator, the Underwriters, their respective directors, and any other parties involved in Global Offering are liable only for the information and representations contained in this prospectus and any supplement thereto;

(vi) **undertake and confirm** that, you (if the application is made for your benefit) or the person(s) for whose benefit you have made the application have not applied for or taken up, or indicated an interest for, and will not apply for, take up or indicate an interest for, any Offer Shares under the International Placing;

(vii) **agree** to disclose to the Company and/or the Hong Kong Share Registrar, receiving banks, the Sole Global Coordinator and their respective advisers and agents personal data and any information which they require about you or the person(s) for whose benefit you have made the application.

In order for the **YELLOW** Application Forms to be valid:

(i) If the application is made through a designated CCASS Participant (other than a CCASS Investor Participant):

(a) the designated CCASS Participant must endorse the form with its company chop (bearing its company name) and insert its participant I.D. in the appropriate box.

(ii) If the application is made by an individual CCASS Investor Participant:

(a) the Application Form must contain the CCASS Investor Participant's name and Hong Kong Identity Card number; and

(b) the CCASS Investor Participant must insert its participant I.D. in the appropriate box in the Application Form.

(iii) If the application is made by a joint individual CCASS Investor Participant:

(a) the Application Form must contain all joint CCASS Investor Participants' names and the Hong Kong Identity Card numbers; and

(b) the participant I.D. must be inserted in the appropriate box in the Application Form.

(iv) If the application is made by a corporate CCASS Investor Participant:

(a) the Application Form must contain the CCASS Investor Participant's company name and Hong Kong Business Registration number; and

(b) the participant I.D. and the company chop (bearing its company name) must be inserted in the appropriate box in the Application Form.

Incorrect or incomplete details of the CCASS Participant or the omission or inadequacy of participant I.D. or other similar matters may render the application invalid.

Nominees who wish to submit separate applications in their names on behalf of different beneficial owners are requested to designate on each Application Form in the box marked "For nominees" account numbers or other identification codes for each beneficial owner or, in the case of joint beneficial owners, for each joint beneficial owner.

If your application is made through a duly authorized attorney, the Company and the Sole Global Coordinator as its agents may accept it at their discretion, and subject to any conditions they think fit, including evidence of the authority of your attorney. The Company and the Sole Global Coordinator, in their capacity as the Company's agent, will have full discretion to reject or accept any application, in full or in part, without assigning any reason.

IV. APPLYING THROUGH WHITE FORM eIPO

General

(i) You may apply through **White Form eIPO** by submitting an application through the designated website at **www.eipo.com.hk** if you satisfy the relevant eligibility criteria for this as set out in "II. Who can apply for Hong Kong Offer Shares" above and on the same website. If you apply through **White Form eIPO**, the Shares will be issued in your own name.

(ii) Detailed instructions for application through the **White Form eIPO** service are set out on the designated website at **www.eipo.com.hk**. You should read these instructions carefully. If you do not follow the instructions, your application may be rejected by the designated **White Form eIPO** Service Provider and may not be submitted to our Company.

(iii) If you give **electronic application instructions** through the designated website at **www.eipo.com.hk**, you will have authorized the designated **White Form eIPO** Service Provider to apply on the terms and conditions set out in this prospectus, as supplemented and amended by the terms and conditions applicable to the **White Form eIPO** service.

(iv) In addition to the terms and conditions set out in this prospectus, the designated **White Form eIPO** Service Provider may impose additional terms and conditions upon you for the use of the **White Form eIPO** service. Such terms and conditions are set out on the designated website at **www.eipo.com.hk**. You will be required to read, understand and agree to such terms and conditions in full before making any application.

(v) By submitting an application to the designated **White Form eIPO** Service Provider through the **White Form eIPO** service, you are deemed to have authorized the designated **White Form eIPO** Service Provider to transfer the details of your application to our Company and the Hong Kong Share Registrar.

(vi) You may submit an application through the **White Form eIPO** service in respect of a minimum of 1,000 Hong Kong Offer Shares. Each electronic application instruction in respect of more than 1,000 Hong Kong Offer Shares must be in one of the numbers set out in the table in the Application Forms, or as otherwise specified on the designated website at **www.eipo.com.hk**.

(vii) You should give **electronic application instructions** through **White Form eIPO** at the times set out in "VI. When may applications be made" below.

(viii) You should make payment for your application made by **White Form eIPO** service in accordance with the methods and instructions set out in the designated website at **www.eipo.com.hk. If you do not make complete payment of the application monies (including any related fees) on or before 12:00 noon on Tuesday, 29 November 2011, or such later time as described under "Effect of Bad Weather on the Opening of the Application Lists" below, the designated White Form eIPO Service Provider will reject**

your application and your application monies will be returned to you in the manner described in the designated website at www.eipo.com.hk.

(ix) Once you have completed payment in respect of any **electronic application instruction** given by you or for your benefit to the designated **White Form eIPO** Service Provider to make an application for Hong Kong Offer Shares, an actual application shall be deemed to have been made. For the avoidance of doubt, giving an **electronic application instruction** under **White Form eIPO** more than once and obtaining different application reference numbers without effecting full payment in respect of a particular application reference number will not constitute an actual application.

(x) Warning: The application for Hong Kong Offer Shares through the **White Form eIPO** service is only a facility provided by the designated **White Form eIPO** Service Provider to public investors. **Our Company, our Directors, the Sole Global Coordinator and the Underwriters take no responsibility for such applications, and provide no assurance that applications through the White Form eIPO service will be submitted to our Company or that you will be allotted any Hong Kong Offer Shares.**

Environmental Protection

The obvious advantage of White Form eIPO is to save the use of papers via the self-serviced and electronic application process. Computershare Hong Kong Investor Services Limited being the designated **White Form eIPO** Service Provider, will contribute HK$2.00 per "SITOY GROUP HOLDINGS LIMITED" **White Form eIPO** application submitted via **www.eipo.com.hk** to support the funding of "Source of DongJiang — Hong Kong Forest" project initiated by Friends of the Earth (HK).

Please note that Internet services may have capacity limitations and/or be subject to service interruptions from time to time. To ensure that you can submit your applications through the White Form eIPO service, you are advised not to wait until the last day for submitting applications in the Hong Kong Public Offering to submit your electronic application instructions. In the event that you have problems connecting to the designated website for the **White Form eIPO** service, you should submit a **WHITE** Application Form. However, once you have submitted **electronic application instructions** and completed payment in full using the application reference number provided to you on the designated website, you will be deemed to have made an actual application and should not submit a **WHITE** or **YELLOW** Application Form.

Conditions of the White Form eIPO service

In using the **White Form eIPO** service to apply for the Hong Kong Offer Shares, you shall be deemed to have accepted the following conditions:

That you:

- **apply** for the desired number of Hong Kong Offer Shares on the terms and conditions of this prospectus and **White Form eIPO** designated website at **www.eipo.com.hk** subject to the Articles of Association;

- **undertake** and agree to accept the Hong Kong Offer Shares applied for, or any lesser number allotted to the applicant on such application;

- **declare** that this is the only application made and the only application you intend to make whether on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or to the **White Form eIPO** Service Provider under the **White Form eIPO** service, to your benefit or the person for whose benefit you are applying;

- **undertake and confirm** that you and the person for whose benefit you are applying have not applied for or taken up, or indicated an interest for, or received or been placed or allocated (including conditionally and/or provisionally) and will not apply for or take up, or indicate an interest for, any Offer Shares under the International Placing, nor otherwise participate in the International Placing;

- **understand** that this declaration and representation will be relied upon by the Company in deciding whether or not to make any allocation of Hong Kong Offer Shares in response to such application;

- **authorize** the Company to place your name on the register of members of the Company as the holder of any Hong Kong Offer Shares to be allotted to you, and (subject to the terms and conditions set out in this prospectus) to send any share certificates by ordinary post at your own risk to the address given on the **White Form eIPO** Application except where you have applied for 1,000,000 or more Hong Kong Offer Shares and you collect any share certificate(s) in person in accordance with the procedures prescribed in the **White Form eIPO** designated website at **www.eipo.com.hk** and this prospectus;

- **request** that e-Refund payment instructions (if any) will be despatched to application payment account, if the applicant paid the application monies from a single bank account;

- **request** that refund cheque (if any) will be despatched to the address specified in application instructions to the designated **White Form eIPO** Service Provider by ordinary post and at applicant's own risk, if the applicant used multi-bank accounts to pay the application monies;

- **have read** the terms and conditions and application procedures set out on in the **White Form eIPO** designated website at **www.eipo.com.hk** and this prospectus and agree to be bound by them;

- **represent, warrant and undertake** that you, and any persons for whose benefit you are applying are non-U.S. person(s) outside the United States (as defined in Regulation S), when completing and submitting this Application Form or is a person described in paragraph (h)(3) of Rule 902 of Regulation S or the allocation of or the application for the Hong Kong Offer Shares to or by whom or for whose benefit this application is made would not require the Company to comply with any requirements under any law or regulation (whether nor not having the force of law) of any territory outside Hong Kong; and

- **agree** that such application, any acceptance of it and the resulting contract, will be governed by and construed in accordance with the laws of Hong Kong.

Supplemental Information

If any supplement to this prospectus is issued, applicant(s) who have already submitted **electronic application instructions** through the **White Form eIPO** service may or may not (depending on the information contained in the supplement) be notified that they can withdraw their applications. If applicant(s) have not been so notified, or if applicant(s) have been notified but have not withdrawn their applications in accordance with the procedure to be notified, all applications through the **White Form eIPO** service that have been submitted remain valid and may be accepted. Subject to the above and below, an application once made through the **White Form eIPO** service is irrevocable and applicants shall be deemed to have applied on the basis of this prospectus as supplemented.

Effect of completing and submitting an application through the White Form eIPO service

By completing and submitting an application through the **White Form eIPO** service, you for yourself or as agent or nominee and on behalf of any person for whom you act as agent or nominee shall be deemed to:

- **instruct and authorize** the Company and/or the Sole Global Coordinator as an agent for the Company (or their respective agents or nominees) to do on your behalf all things necessary to register any Hong Kong Offer Shares allotted to you in your name as required by the Articles of Association and otherwise to give effect to the arrangements described in this prospectus and the **White Form eIPO** designated website at **www.eipo.com.hk**;

- **confirm** that you have only relied on the information and representations in this prospectus in making your application and will not rely on any other information and representations save as set out in any supplement to this prospectus;

- **agree** that the Company and the Directors, are liable only for the information and representations contained in this prospectus and any supplement thereto;

- **agree** (without prejudice to any other rights which you may have) that once your application has been accepted, you may not rescind it because of an innocent misrepresentation;

- (if the application is made for your own benefit) **warrant** that this is the only application which will be made for your benefit on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or to the White Form elPO Service Provider via the **White Form eIPO** service;

- (if you are an agent for another person) **warrant** reasonable enquiries have been made of that other person that this is the only application which will be made for the benefit of that other person on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or to the **White Form eIPO** Service Provider via the **White Form eIPO** service, and that you are duly authorized to submit the application as that other person's agent;

- **undertake and confirm** that you (if the application is made for your benefit) or the person(s) for whose benefit you have made this application have not applied for or taken up, or indicated an interest for, and will not apply for, take up or indicate an interest for, any Offer Shares under the International Placing;

- **agree** that your application, any acceptance of it and the resulting contract will be governed by and construed in accordance with the laws of Hong Kong;

- **agree** to disclose to the Company, and/or the Hong Kong Share Registrar, receiving banks, the Sole Global Coordinator and their respective advisers and agents personal data and any information which they require about you or the person(s) for whose benefit you have made this application;

- **agree** with the Company and each Shareholder, and the Company agrees with each of its Shareholders, to observe and comply with the Companies Law, the Companies Ordinance, the Memorandum of Association and the Articles of Association;

- **agree** with the Company and each Shareholder that the Shares in the Company are freely transferable by the holders thereof;

- **authorize** the Company to enter into a contract on your behalf with each Director and officer of the Company whereby each such Director and officer undertakes to observe and comply with his obligations to Shareholders as stipulated in the Memorandum of Association and Articles of Association;

- **represent, warrant and undertake** that you are not, and none of the other person(s) for whose benefit you are applying is, a U.S. person (as defined in Regulation S) when completing the application;

- **represent and warrant** that you understand that the Shares have not been and will not be registered under the U.S. Securities Act and you are outside the United States (as defined in Regulation S) when completing the application or are a person described in paragraph (h)(3) of Rule 902 of Regulation S;

- **confirm** that you have read the terms and conditions and application procedures set out in this prospectus, the **White Form eIPO** designated website at **www.eipo.com.hk** and the **White Form eIPO** website and agree to be bound by them;

- **undertake and agree** to accept the Shares applied for, or any lesser number allocated to you under your application; and

- if the laws of any place outside Hong Kong are applicable to your application, **agree and warrant** that you have complied with all such laws and none of the Company, the Sole Global Coordinator and the Hong Kong Underwriters nor any of their respective officers or advisers will infringe any laws outside Hong Kong as a result of the acceptance of your offer to purchase, or any actions arising from your rights and obligations under the terms and conditions contained in this prospectus, the **White Form eIPO** application and the **White Form eIPO** designated website at **www.eipo.com.hk**.

The Company, the Sole Global Coordinator, the Underwriters and their respective directors, officers, employees, partners, agents, advisers, and any other parties involved in the Global Offering are entitled to rely on any warranty, representation or declaration made by you in such application.

Power of attorney

If your application is made by a duly authorized attorney, the Company or the Sole Global Coordinator, as its agent, may accept it at their discretion and subject to any conditions as any of them may think fit, including evidence of the authority of your attorney.

Additional Information

For the purposes of allocating Hong Kong Offer Shares, each applicant giving **electronic application instructions** through **White Form eIPO** service to the **White Form eIPO** Service Provider through the designated website at **www.eipo.com.hk** will be treated as an applicant.

If your payment of application monies is insufficient, or in excess of the required amount, having regard to the number of Hong Kong Offer Shares for which you have applied, or if your application is otherwise rejected by the designated **White Form eIPO** Service Provider, the designated **White Form eIPO** Service Provider may adopt alternative arrangements for the refund of monies to you. Please refer to the additional information provided by the designated **White Form eIPO** Service Provider on the designated website at **www.eipo.com.hk**.

Otherwise, any monies payable to you due to a refund for any of the reasons set out in "X. Results of Allocation — Despatch/collection of share certificates and refund monies" below.

V. APPLYING BY GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC

General

CCASS Participants may give **electronic application instructions** to HKSCC to apply for the Hong Kong Offer Shares and to arrange payment of the monies due on application and payment of refunds. This will be in accordance with their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures in effect from time to time.

If you are a CCASS Investor Participant, you may give **electronic application instructions** through the CCASS Phone System by calling 2979 7888 or through the CCASS Internet System (https://ip.ccass.com) (using the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time).

HKSCC can also input **electronic application instructions** for you if you go to:

Hong Kong Securities Clearing Company Limited
Customer Service Centre
2/F Infinitus Plaza
199 Des Voeux Road Central
Hong Kong

and complete an input request form.

Prospectuses are available for collection from the above address.

If you are not a CCASS Investor Participant, you may instruct your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Hong Kong Offer Shares on your behalf.

You are deemed to have authorized HKSCC and/or HKSCC Nominees to transfer the details of your application, whether submitted by you or through your broker or custodian, to the Company and the Hong Kong Share Registrar.

Giving electronic application instructions to HKSCC to apply for Hong Kong Offer Shares by HKSCC Nominees on your behalf

Where a **WHITE** Application Form is signed by HKSCC Nominees on behalf of persons who have given **electronic application instructions** to apply for the Hong Kong Offer Shares:

(i) HKSCC Nominees is only acting as a nominee for those persons and shall not be liable for any breach of the terms and conditions of the **WHITE** Application Form or this prospectus;

(ii) HKSCC Nominees does the following things on behalf of each such person:

- **agrees** that the Hong Kong Offer Shares to be allocated shall be issued in the name of HKSCC Nominees and deposited directly into CCASS for the credit of the stock account of the CCASS Participant who has inputted **electronic application instructions** on that person's behalf or that person's CCASS Investor Participant stock account;

- **undertakes and agrees** to accept the Hong Kong Offer Shares in respect of which that person has given **electronic application instructions** or any lesser number;

- **undertakes and confirms** that that person has not applied for or taken up any Offer Shares under the International Placing nor otherwise participated in the International Placing;

- (if the **electronic application instructions** are given for that person's own benefit) **declares** that only one set of **electronic application instructions** has been given for that person's benefit;

- (if that person is an agent for another person) **declares** that that person has only given one set of **electronic application instructions** for the benefit of that other person and that that person is duly authorized to give those instructions as that other person's agent;

- **understands** that the above declaration will be relied upon by the Company, the Directors and the Sole Global Coordinator in deciding whether or not to make any allocation of Hong Kong Offer Shares in respect of the **electronic application instructions** given by that person and that that person may be prosecuted if he makes a false declaration;

- **authorizes** the Company to place the name of HKSCC Nominees on the register of members of the Company as the holder of the Hong Kong Offer Shares allocated in respect of that person's **electronic application instructions** and to send share certificate(s) and/or refund monies in accordance with the arrangements separately agreed between the Company and HKSCC;

- **confirms** that that person has read the terms and conditions and application procedures set out in this prospectus and agrees to be bound by them;

- **confirms** that that person has only relied on the information and representations in this prospectus in giving that person's **electronic application instructions** or instructing that person's broker or custodian to give **electronic application instructions** on that person's behalf;

- **agrees** that the Company, the Directors, the Sole Global Coordinator, the Underwriters, their respective directors, and any other parties involved in Global Offering are liable only for the information and representations contained in this prospectus;

- **agrees** to disclose that person's personal data to the Company, the Sole Global Coordinator and/or their respective agents any information which they may require about that person;

- **agrees** (without prejudice to any other rights which that person may have) that once the application of HKSCC Nominees has been accepted, the application cannot be rescinded for innocent misrepresentation;

- **agrees** that any application made by HKSCC Nominees on behalf of that person pursuant to the **electronic application instructions** given by that person is irrevocable before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is not a business day), such agreement to take effect as a collateral contract with the Company and to become binding when that person gives the instructions and such collateral contract to be in consideration of the Company agreeing that it will not offer any Hong Kong Offer Shares to any person before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is not a business day), except by means of one of the procedures referred to in this prospectus. However, HKSCC Nominees may revoke the application before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is not a business day), if a person responsible for this prospectus under section 40 of the Companies Ordinance gives a public notice under that section which excludes or limits the responsibility of that person for this prospectus;

- **agrees** that once the application of HKSCC Nominees is accepted, neither that application nor that person's **electronic application instructions** can be revoked, and that acceptance of that application will be evidenced by the announcement of the results of the Hong Kong Public Offering published by the Company;

- **agrees** to the arrangements, undertakings and warranties specified in the participant agreement between that person and HKSCC, read with the General Rules of CCASS and the CCASS Operational Procedures, in respect of the giving of **electronic application instructions** relating to Hong Kong Offer Shares;

- **agrees** with the Company, for itself and for the benefit of each of its Shareholders (and so that the Company will be deemed by its acceptance in whole or in part of the application by HKSCC Nominees to have agreed, for the Company and on behalf of each of its Shareholders, with each CCASS Participant giving **electronic application instructions**) to observe and comply with the Companies Ordinance, the Memorandum of Association and the Articles of Association;

- **agrees** with the Company (for itself and for the benefit of each of its Shareholders) that Shares in the Company are freely transferable by the holders thereof;

- **authorizes** the Company to enter into a contract on your behalf with each Directors and officers of the Company whereby each such Director and officer undertakes to observe and comply with their obligations to Shareholders stipulated in the Articles of Association; and

- **agrees** that that person's application, any acceptance of it and the resulting contract will be governed by and construed in accordance with the laws of Hong Kong.

Effect of Giving Electronic application instructions to HKSCC

By giving **electronic application instructions** to HKSCC or instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give such instructions to HKSCC, you (and if you are joint applicants, each of you jointly and severally) are deemed to have done the following things. Neither HKSCC nor HKSCC Nominees shall be liable to the Company or any other person in respect of the things mentioned below:

- **instructed and authorized** HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for Hong Kong Offer Shares on your behalf;

- **instructed and authorized** HKSCC to arrange payment of the maximum offer price, brokerage, SFC transaction levy, and Stock Exchange trading fee by debiting your designated bank account and, in the case of a wholly or partially unsuccessful application and/or if the Offer Price is less than the offer price per Share initially paid on application, refund of the application monies, in each case including brokerage, SFC transaction levy, and Stock Exchange trading fee by crediting your designated bank account; and

- **instructed and authorized** HKSCC to cause HKSCC Nominees to do on your behalf all the things which it is stated to do on your behalf in the **WHITE** Application Form.

Multiple Applications

If you are suspected of having made multiple applications or if more than one application is made for your benefit, the number of Hong Kong Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Hong Kong Offer Shares in respect of which you have given such instructions and/or in respect of which such instructions have been given for your benefit. Any **electronic application instructions** to make an application for the Hong Kong Offer Shares given by you or for your benefit to HKSCC shall be deemed to be an actual application for the purpose of considering whether multiple applications have been made.

Minimum Subscription Amount and Permitted Numbers

You may give or cause your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** in respect of a minimum of 1,000 Hong Kong Offer Shares. Such instructions in respect of more than 1,000 Hong Kong Offer Shares must be in one of the numbers set out in the table in the Application Forms. No application for any other number of Hong Kong Offer Shares will be considered and any such application is liable to be rejected.

Allocation of Hong Kong Offer Shares

For the purposes of allocating Hong Kong Offer Shares, HKSCC Nominees will not be treated as an applicant. Instead, each CCASS Participant who gives **electronic application instructions** or each person for whose benefit such instructions are given will be treated as an applicant.

Section 40 of the Companies Ordinance

For the avoidance of doubt, the Company and all other parties involved in the preparation of this prospectus acknowledge that each CCASS Participant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under section 40 of the Companies Ordinance.

Refund of your money

All refunds of your application monies (including brokerage, transaction levy and trading fee) will be credited to your designated bank account or the designated bank account of your broker or custodian on Monday, 5 December 2011.

Personal Data

The section of the Application Form entitled "Personal Data" applies to any personal data held by the Company and the Hong Kong Share Registrar about you in the same way as it applies to personal data about applicants other than HKSCC Nominees.

Warning

The subscription for Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC is only a facility provided to CCASS Participants. The Company, the Directors, the Sole Global Coordinator and the Underwriters take no responsibility for the application and provide no assurance that any CCASS Participant will be allocated any Hong Kong Offer Shares.

To ensure that CCASS Investor Participants can give their **electronic application instructions** to HKSCC through the CCASS Phone System or the CCASS Internet System, CCASS Investor Participants are advised not to wait until the last minute to input their **electronic application instructions** to the systems. In the event that CCASS Investor Participants have problems connecting to the CCASS Phone System or the CCASS Internet System to submit their **electronic application instructions**, they should either: (i) submit a **WHITE** or **YELLOW** Application Form; or (ii) go to HKSCC's Customer Service Centre to complete an input request form for **electronic application instructions** before 12:00 noon on Tuesday, 29 November 2011.

VI. WHEN MAY APPLICATIONS BE MADE

Applications on WHITE or YELLOW Application Forms

Completed **WHITE** or **YELLOW** Application Forms, together with payment attached, must be lodged by 12:00 noon on Tuesday, 29 November 2011, or, if the application lists are not open on that day, by the time and date stated in "Effect of Bad Weather on the Opening of the Application Lists" below. Check(s) or banker's cashier order(s) should be crossed "Account Payee Only" and made payable to "HSBC Nominees (Hong Kong) Limited — Sitoy Group Public Offer".

Your completed Application Form, together with payment attached, should be deposited in the special collection boxes provided at any of the branches of The Hongkong and Shanghai Banking Corporation Limited or Hang Seng Bank Limited, listed in the paragraph headed "III. Applying by using an Application Form — where to collect the Application Form" above at the following times:

Thursday, 24 November 2011	**—**	**9:00 a.m. to 4:30 p.m.**
Friday, 25 November 2011	**—**	**9:00 a.m. to 4:30 p.m.**
Saturday, 26 November 2011	**—**	**9:00 a.m. to 1:00 p.m.**
Monday, 28 November 2011	**—**	**9:00 a.m. to 4:30 p.m.**
Tuesday, 29 November 2011	**—**	**9:00 a.m. to 12:00 noon**

The application lists will be open from 11:45 a.m. to 12:00 noon on Tuesday, 29 November 2011.

No proceedings will be taken on applications for the Shares and no allotment of any such Shares will be made until after the closing of the application lists. No allotment of any of the Shares will be made later than Saturday, 24 December 2011.

White Form eIPO

You may submit your application to the designated **White Form eIPO** Service Provider through the designated website at **www.eipo.com.hk** from 9:00 a.m. on Thursday, 24 November 2011 until 11:30 a.m. on Tuesday, 29 November 2011 or such later time as described under "Effect of Bad Weather on the Opening of the Application Lists" below (24 hours daily, except on the last application day). The latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Tuesday, 29 November 2011, the last application day, or, if the application lists are not open on that day, then by the time and date stated in "Effect of Bad Weather on the Opening of the Application Lists" below.

You will not be permitted to submit your application to the designated White Form eIPO Service Provider through the designated website at www.eipo.com.hk after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained an application reference number from the website before 11:30 a.m., you will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day for submitting applications, when the application lists close.

Electronic application instructions to HKSCC via CCASS

CCASS Clearing/Custodian Participants can input **electronic application instructions** at the following times on the following dates:

Thursday, 24 November 2011	**–**	**9:00 a.m. to 8:30 p.m.[1]**
Friday, 25 November 2011	**–**	**8:00 a.m. to 8:30 p.m.[1]**
Saturday, 26 November 2011	**–**	**8:00 a.m. to 1:00 p.m.[1]**
Monday, 28 November 2011	**–**	**8:00 a.m. to 8:30 p.m.[1]**
Tuesday, 29 November 2011	**–**	**8:00 a.m.[1] to 12:00 noon**

Note:

1 These times are subject to change as HKSCC may determine from time to time with prior notification to CCASS Clearing/Custodian Participants.

CCASS Investor Participants can input **electronic application instructions** from 9:00 a.m. on Thursday, 24 November 2011 until 12:00 noon on Tuesday, 29 November 2011 (24 hours daily, except the last application day).

The latest time for inputting **electronic application instructions** via CCASS will be 12:00 noon on Tuesday, 29 November 2011, the last application day, or if the application lists are not open on that day, by the time and date stated in "Effect of Bad Weather on the Opening of the Application Lists" below.

Effect of Bad Weather on the Opening of the Application Lists

The application lists will not open if there is:

- a tropical cyclone warning signal number 8 or above; or
- a "black" rainstorm warning signal,

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Tuesday, 29 November 2011. Instead, they will open between 11:45 a.m. and 12:00 noon on the next Business Day which does not have either of those warning signals in force in Hong Kong at anytime between 9:00 a.m. and 12:00 noon.

If the application lists of the Hong Kong Offer do not open and close on Tuesday, 29 November 2011 or if there is a tropical cyclone warning signal number 8 or above or a "black" rainstorm warning signal in force in Hong Kong on the other dates mentioned in "Expected Timetable" in this prospectus, such dates mentioned in "Expected Timetable" in this prospectus may be affected. A press announcement will be made in such event.

VII. HOW MANY APPLICATIONS YOU MAY MAKE

Multiple applications or suspected multiple applications are liable to be rejected.

You may make more than one application for Hong Kong Offer Shares if and only if:

You are a nominee, in which case you may both give **electronic application instructions** to HKSCC (if you are a CCASS Participant) and lodge more than one Application Form in your own name if each application is made on behalf of different beneficial owners. In the box on the Application Form marked "For nominees" you must include:

- an account number; or
- some other identification code

for each beneficial owner. If you do not include this information, the application will be treated as being made for your benefit.

Otherwise, multiple applications are not allowed.

If you apply by means of **White Form eIPO**, once you complete payment in respect of any **electronic application instruction** given by you or for your benefit to the designated **White Form eIPO** Service Provider to make an application for Hong Kong Offer Shares, an actual application shall be deemed to have been made. For the avoidance of doubt, giving an electronic application instruction under **White Form eIPO** more than once and obtaining different application reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

If you are suspected of submitting more than one application through the **White Form eIPO** service by giving **electronic application instructions** through the designated website at **www.eipo.com.hk** and completing payment in respect of such **electronic application instructions**, or of submitting one application through the **White Form eIPO** service and one or more applications by any other means, all of your applications are liable to be rejected.

If you have made an application by giving **electronic application instructions** to HKSCC and you are suspected of having made multiple applications or if more than one application is made for your benefit, the number of Hong Kong Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Hong Kong Offer Shares in respect of which you have given such instructions and/or in respect of which such instructions have been given for your benefit. Any **electronic application instructions** to make an application for the Hong Kong Offer Shares given by you or for your benefit to HKSCC shall be deemed to be an actual application for the purposes of considering whether multiple applications have been made. No application for any other number of Hong Kong Offer Shares will be considered any such application is liable to be rejected.

It will be a term and condition of all applications that by completing and delivering an Application Form or submitting an **electronic application instruction**, you:

- (if the application is made for your own benefit) **warrant** that this is the only application which will be made for your benefit on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or to the designated **White Form eIPO** Service Provider through **White Form eIPO** service; or

- (if you are an agent for another person) **warrant** that reasonable enquiries have been made of that other person that this is the only application which will be made for the benefit of that other person on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or to the designated **White Form eIPO** Service Provider through **White Form eIPO** service and that you are duly authorized to sign the Application Form or give **electronic application instructions** as that other person's agent.

Save as referred to above, all of your applications will be rejected as multiple applications if you, or you and your joint applicant(s) together:

- make more than one application (whether individually or jointly) on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or to the designated **White Form eIPO** Service Provider through **White Form eIPO** service;

- both apply (whether individually or jointly) on one **WHITE** Application Form and one **YELLOW** Application Form or on one **WHITE** or **YELLOW** Application Form and give **electronic applications instructions** to HKSCC or to the designated **White Form eIPO** Service Provider through **White Form eIPO** service;

- apply on one **WHITE** or **YELLOW** Application Form (whether individually or jointly) or by giving **electronic application instructions** to HKSCC or to the designated **White Form eIPO** Service Provider through **White Form eIPO** service for more than 12,480,000 Shares, being 50% of the Share initially being offered for public subscription under the Hong Kong Public Offering, as more particularly described in "The Hong Kong Public Offering" under "Structure of the Global Offering"; or

- have applied for or taken up, or indicated an interest for, or have been or will be placed (including conditionally and/or provisionally) Offer Shares under the International Placing.

All of your applications will also be rejected as multiple applications if more than one application is made for **your benefit** (including the part of the application made by HKSCC Nominees acting on your **electronic application instructions**). If an application is made by an unlisted company and

- the principal business of that company is dealing in securities; and

- you exercise statutory control over that company,

then the application will be treated as being for your benefit.

Unlisted company means a company with no equity securities listed on the Stock Exchange.

Statutory control means you:

- control the composition of the board of directors of the company; or
- control more than half of the voting power of the company; or
- hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

VIII. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOTTED HONG KONG OFFER SHARES

Full details of the circumstances in which you will not be allotted the Hong Kong Offer Shares are set out in the notes attached to the Application Forms, and you should read them carefully. You should note in particular the following situations in which Hong Kong Offer Shares will not be allotted to you:

- **If your application is revoked**

  By completing and submitting an Application Form or submitting **electronic application instructions** to HKSCC or the designated **White Form eIPO** Service Provider through **White Form eIPO** service, you agree that your application or the application made by HKSCC Nominees or the **White Form eIPO** Service Provider on your behalf cannot be revoked before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is not a business day). This agreement will take effect as a collateral contract with the Company, and will become binding when you lodge your Application Form or submit your **electronic application instructions** to HKSCC and an application has been made by HKSCC Nominees on your behalf accordingly. This collateral contract will be in consideration of the Company agreeing that it will not offer any Hong Kong Offer Shares to any person before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is not a business day) except by means of one of the procedures referred to in this prospectus.

  Your application or the application made by HKSCC Nominees or the White Form eIPO Service Provider on your behalf may be revoked before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is not a business day) if a person responsible for this prospectus under section 40 of the Companies Ordinance gives a public notice under that section which excludes or limits the responsibility of that person for this prospectus.

  If any supplement to this prospectus is issued, applicant(s) who have already submitted an application may or may not (depending on the information contained in the supplement) be notified that they can withdraw their applications. If applicant(s) have not been so notified, or if applicant(s) have been notified but have not withdrawn their applications in accordance with the procedure to be notified, all applications that have been submitted remain valid and may be accepted. Subject to the above, an application once made is irrevocable and applicants shall be deemed to have applied on the basis of this prospectus as supplemented.

  If your application or the application made by HKSCC Nominees or the White Form eIPO Service Provider on your behalf has been accepted, it cannot be revoked. For this purpose,

acceptance of applications which are not rejected will be constituted by notification in the announcement of the results of allocation, and where such basis of allocation is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to the satisfaction of such conditions or results of the ballot respectively.

- **Full discretion of the Company, the Sole Global Coordinator or the designated White Form eIPO Service Provider (where applicable) or their respective agents and nominees to reject or accept your application:**

  The Company, and the Sole Global Coordinator (as an agent for the Company) or the designated **White Form eIPO** Service Provider (where applicable), or their respective agents and nominees, have full discretion to reject or accept any application, or to accept only part of any application.

  The Company, the Sole Global Coordinator and the Hong Kong Underwriters, in their capacity as the Company's agents, and their respective agents and nominees do not have to give any reason for any rejection or acceptance.

- **If the allocation of Hong Kong Offer Shares is void:**

  The allocation of Hong Kong Offer Shares to you or to HKSCC Nominees (if you give **electronic application instructions** to HKSCC or apply using a **YELLOW** Application Form) will be void if the Listing Committee of the Stock Exchange does not grant permission to list the Shares either:

  – within three weeks from the closing of the application lists; or

  – within a longer period of up to six weeks if the Listing Committee of the Stock Exchange notifies the Company of that longer period within three weeks after the closing date of the application lists.

- **You will not receive any allocation if:**

  – you make multiple applications or suspected multiple applications;

  – you or the person for whose benefits you apply for have applied for or taken up, or indicated an interest for, or have been or will be placed or allocated (including conditionally and/or provisionally) Offer Shares in the International Placing. By filling in any of the Application Forms or applying by giving **electronic application instructions**, you agree not to apply for Hong Kong Offer Shares as well as Offer Shares in the International Placing. Reasonable steps will be taken to identify and reject applications in the Hong Kong Public Offering from investors who have received Offer Shares in the International Placing, and to identify and reject indications of interest in the International Placing from investors who have received Hong Kong Offer Shares in the Hong Kong Public Offering;

  – your **electronic application instructions** through the **White Form eIPO** service are not completed in accordance with the instructions, terms and conditions set out in the designated website at **www.eipo.com.hk**;

– your payment is not made correctly or you pay by cheque or banker's cashier order and the cheque or banker's cashier order is dishonored upon its first presentation;

– your Application Form is not completed in accordance with the instructions stated in the Application Form (if you apply by an Application Form);

– the Underwriting Agreements do not become unconditional; or

– the Underwriting Agreements are terminated in accordance with their respective terms.

You should also note that you may apply for Hong Kong Offer Shares under the Hong Kong Public Offering or indicate an interest for Offer Shares under the International Placing, but may not do both.

IX. HOW MUCH ARE THE HONG KONG OFFER SHARES

The maximum offer price is HK$3.95 per Offer Share. You must also pay a brokerage fee of 1%, SFC transaction levy of 0.003% and Stock Exchange trading fee of 0.005% in full. This means that for one board lot of 1,000 Shares you will pay HK$3,989.82. The Application Forms have tables showing the exact amount payable for numbers of Hong Kong Offer Shares.

You must pay the amount payable upon application for the Shares by one cheque or one banker's cashier order in accordance with the terms set out in the Application Form (if you apply by an Application Form).

If your application is successful, brokerage is paid to participants of the Stock Exchange or the Stock Exchange (as the case may be), the SFC transaction levy and the Stock Exchange trading fee are paid to the Stock Exchange (in the case of the SFC transaction levy, collected on behalf of the SFC).

X. RESULTS OF ALLOCATION

Announcement of the results of allocation in the Hong Kong Public Offering, including the Offer Price, the level of applications in the Hong Kong Public Offering, the level of indications of interest in the International Placing, the basis of allocation of Hong Kong Offer Shares and the number of Hong Kong Offer Shares successfully applied for under **WHITE** and **YELLOW** Application Forms, or by giving **electronic application instructions** to HKSCC via CCASS or the designated **White Form eIPO** Service Provider through the designated **White Form eIPO** website, will be made available in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) on Monday, 5 December 2011.

The results of allocation and the Hong Kong identity card/passport/Hong Kong Business Registration numbers of successful applicants under the Hong Kong Public Offering will be available at the times and date and in the manner specified below:

- Results of allocation for the Hong Kong Public Offering will be available from the Stock Exchange's website at **www.hkexnews.hk**;

- Results of allocation for the Hong Kong Public Offering will be available from our Hong Kong Public Offering results of allocation website at **www.iporesults.com.hk** on a 24-hour basis from 8:00 a.m. on Monday, 5 December 2011 to 12:00 midnight on Sunday, 11 December 2011. The user will be required to key in the Hong Kong identity card/passport/Hong Kong business registration number provided in his/its application to search for his/its own allocation result. The Company's website (**www.sitoy.com**) will also publish a hyper-link to the aforesaid website during the same period;

- Results of allocation will be available from our Hong Kong Public Offering allocation results telephone enquiry line. Applicants may find out whether or not their applications have been successful and the number of Hong Kong Offer Shares allocated to them, if any, by calling **2862 8669** between 9:00 a.m. and 10:00 p.m. from Monday, 5 December 2011 to Thursday, 8 December 2011; and

- Special allocation results booklets setting out the results of allocation will be available for inspection during opening hours of individual locations from Monday, 5 December 2011 to Wednesday, 7 December 2011 at all the receiving banks' locations at the addresses set out in "III. Applying by Using an Application Form — Where to collect the Application Form".

Despatch/Collection of Share Certificates and Refund Monies

If an application is rejected, not accepted or accepted in part only, or if the Offer Price as finally determined is less than the Offer Price of HK$3.95 per Offer Share (excluding brokerage, SFC transaction levy and Stock Exchange trading fee thereon) initially paid on application, or if the conditions of the Hong Kong Public Offering are not fulfilled in accordance with "Structure of the Global Offering — The Hong Kong Public Offering — Conditions of the Hong Kong Public Offering" or if any application is revoked or any allocation pursuant thereto has become void, the application monies, or the appropriate portion thereof, together with the related brokerage fee, SFC transaction levy and Stock Exchange trading fee, will be refunded, without interest. It is intended that special efforts will be made to avoid any undue delay in refunding application monies where appropriate.

No temporary documents of title will be issued in respect of the Shares. No receipt will be issued for sums paid on application. Share certificates will only become valid certificates of title at 8:00 a.m. on Tuesday, 6 December 2011 provided that the Hong Kong Public Offering has become unconditional in all respects and the right of termination described in the section headed "Underwriting — Grounds for Termination" has not been exercised.

If you apply by **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** through **White Form eIPO** service, subject as mentioned below, in due course, there will be sent to you (or, in the case of joint applicants, to the first-named applicant) by ordinary post, at your own risk, to the address specified on your Application Form:

(i) (a) share certificate(s) for all the Hong Kong Offer Shares applied for, if the application is wholly successful; or (b) share certificate(s) for the number of Hong Kong Offer Shares successfully applied for, if the application is partially successful (for wholly successful and partially successful applicants on **YELLOW** Application Forms: Share certificates for their Shares successfully applied for will be deposited into CCASS as described below); and/or

(ii) refund cheque(s) crossed "Account Payee Only" in favor of the applicant (or, in the case of joint applicants, the first-named applicant) for (a) the surplus application monies for the Hong Kong Offer Shares unsuccessfully applied for, if the application is partially unsuccessful; or (b) all the application monies, if the application is wholly unsuccessful; and/or (c) the difference between the Offer Price and the maximum offer price per Share paid on application in the event that the Offer Price is less than the offer price per Share initially paid on application, in each case including the brokerage fee of 1%, SFC transaction levy of 0.003% and Stock Exchange trading fee of 0.005%, attributable to such refund/ surplus monies but without interest.

Part of your Hong Kong identity card number/passport number, or, if you are joint applicants, part of the Hong Kong identity card number/passport number of the first-named applicant, provided by you may be printed on your refund cheque, if any. Such data would also be transferred to a third party for refund purposes. Your banker may require verification of your Hong Kong identity card number/passport number before encashment of your refund cheque. Inaccurate completion of your Hong Kong identity card number/passport number may lead to delay in encashment of or may invalidate your refund cheque.

Subject as mentioned below, refund cheques for surplus application monies (if any) in respect of wholly and partially unsuccessful applications under **WHITE** and **YELLOW** Application Forms and share certificates for successful applicants under **WHITE** Application Forms and **White Form eIPO** are expected to be posted on or before Monday, 5 December 2011. The right is reserved to retain any share certificates and any surplus application monies pending clearance of cheque(s).

If you apply by giving electronic application instructions to HKSCC, and your application is wholly or partially successful:

(i) your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit of the stock account of the CCASS Participant which you have instructed to give **electronic application instructions** on your behalf or your CCASS Investor Participant stock account on Monday, 5 December 2011 or, in the event of a contingency, on any other date as shall be determined by HKSCC or HKSCC Nominees; and

(ii) refund of your application monies (if any) in respect of wholly and partially unsuccessful applications and/or difference between the Offer Price and the offer price per Offer Share initially paid on application, in each case including the related brokerage fee of 1%, SFC transaction levy of 0.003%, and Stock Exchange trading fee of 0.005%, will be credited to your designated bank account or the designated bank account of your broker or custodian on Monday, 5 December 2011. No interest will be paid thereon.

If you apply using a WHITE Application Form

If you apply for 1,000,000 Hong Kong Offer Shares or more on a **WHITE** Application Form and have indicated your intention in your Application Form to collect your refund cheque(s) (where applicable) and/or share certificate(s) (where applicable), to which they are entitled, in person from the Hong Kong Share Registrar and have provided all information required by your Application Form, you may collect your refund cheque(s) (where applicable) and share certificate(s) from the Hong Kong Share Registrar at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong

Kong from 9:00 a.m. to 1:00 p.m. on Monday, 5 December 2011 or such other date as notified by the Company in the newspapers as the date of collection/despatch of e-Refund payment instructions/refund cheques/share certificates. If you are an individual who opt for personal collection, you must not authorize any other person to make collection on your behalf. If you are a corporate applicant which opt for personal collection, you must attend by your authorized representative bearing a letter of authorization from your corporation stamped with your corporation's chop. Both individuals and authorized representatives (if applicable) must produce, at the time of collection, evidence of identity acceptable to the Hong Kong Share Registrar. If you do not collect your refund cheque(s) (where applicable) and/or share certificate(s) (where applicable) personally within the time specified for collection, they will be sent to the address as specified in your Application Form promptly thereafter by ordinary post and at your own risk.

If you apply for less than 1,000,000 Hong Kong Offer Shares or if you apply for 1,000,000 Hong Kong Offer Shares or more but have not indicated on your Application Form that you will collect your refund cheque(s) (where applicable) and/or share certificate(s) (where applicable) in person, your refund cheque(s) (where applicable) and/or share certificate(s) (where applicable) will be sent to the address on your Application Form on Monday, 5 December 2011, by ordinary post and at your own risk.

If you apply using a YELLOW Application Form

If you apply for 1,000,000 Hong Kong Offer Shares or more and you have elected on your **YELLOW** Application Form to collect your refund cheques (where applicable) in person, please follow the same instructions as those for **WHITE** Application Form applicants as described above.

If you have applied for 1,000,000 Public Offer Shares or above and have not indicated on your Application Form that you will collect your refund cheque(s) (if any) in person, or if you have applied for less than 1,000,000 Public Offer Shares, your refund cheque(s) (if any) will be sent to the address on your Application Form on the date of dispatch, which is expected to be on Monday, 5 December 2011, by ordinary post and at your own risk.

If you apply for Hong Kong Offer Shares using a **YELLOW** Application Form and your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for credit to your CCASS Investor Participant stock account or the stock account of your designated CCASS Participant as instructed by you in your Application Form on Monday, 5 December 2011, or under contingent situation, on any other date as shall be determined by HKSCC or HKSCC Nominees.

If you are applying through a designated CCASS Participant (other than a CCASS Investor Participant):

- for Hong Kong Offer Shares credited to the stock account of your designated CCASS Participant (other than a CCASS Investor Participant), you can check the number of Hong Kong Offer Shares allocated to you with that CCASS Participant.

If you are applying as a CCASS Investor Participant:

- the Company expects to publish the results of CCASS Investor Participants' applications together with the results of the Hong Kong Public Offering in accordance with the details set out in "X. Results of Allocation". You should check the results published by the Company and report any discrepancies to HKSCC before 5:00 p.m. on Monday, 5 December 2011 or such other date as shall be determined by HKSCC or HKSCC Nominees. Immediately after the credit of the Hong Kong Offer Shares to your stock account, you can check your new account balance via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time). HKSCC will also make available to you an activity statement showing the number of Hong Kong Offer Shares credited to your stock account.

If you apply through White Form eIPO

If you apply for 1,000,000 Hong Kong Offer Shares or more through the **White Form eIPO** service by submitting an electronic application to the designated **White Form eIPO** Service Provider through the designated website at **www.eipo.com.hk** and your application is wholly or partially successful, you may collect your share certificate(s) in person from the Hong Kong Share Registrar at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Monday, 5 December 2011, or such other date as notified by our company in the newspapers as the date of despatch/collection of share certificates/e-Refund payment instructions/refund cheques.

If you do not collect your share certificate(s) personally within the time specified for collection, they will be sent to the address specified in your application instructions to the designated **White Form eIPO** Service Provider promptly thereafter, by ordinary post and at your own risk.

If you apply for less than 1,000,000 Hong Kong Offer Shares, your share certificate(s) will be sent to the address specified in your application instructions to the designated **White Form eIPO** Service Provider through the designated website at **www.eipo.com.hk** on Monday, 5 December 2011 by ordinary post and at your own risk.

If you have applied through the **White Form eIPO** service by paying the application monies through a single bank account, e-Refund payment instructions (if any) will be despatched to the application payment account.

If you have applied through the **White Form eIPO** service by paying the application monies through multiple bank accounts, refund cheque(s) (if any) will be sent to the address specified in your application instructions to the designated **White Form eIPO** Service Provider by ordinary post and at your own risk.

Please also note the additional information relating to refund of application monies overpaid, application money underpaid or applications rejected by the designated **White Form eIPO** Service Provider set out in "IV. Applying Through **White Form eIPO** — Additional information" above.

If you apply by giving electronic application instructions to HKSCC via CCASS

If you apply by giving **electronic application instructions** to HKSCC, the Company will publish the **application results of CCASS Participants** (and where the CCASS Participant is a broker or custodian, the Company shall include information relating to the beneficial owner, if supplied), your Hong Kong Identity Card/passport number or other identification code (Hong Kong Business Registration number for corporations) and the basis of allotment of the public offer, on Monday, 5 December 2011. You should check the results published by us in accordance with the details set out in this paragraph headed ''— Results of Allocations'' and report any discrepancies to HKSCC before 5:00 p.m. on Monday, 5 December 2011 or such other date as shall be determined by HKSCC or HKSCC Nominees.

If you have instructed your broker or custodian to give **electronic application instructions** on your behalf, you can also check the number of Hong Kong Offer Shares allotted to you and the amount of refund monies (if any) payable to you with that broker or custodian.

If you have applied as a CCASS Investor Participant, you can also check the number of Hong Kong Offer Shares allotted to you and the amount of refund monies (if any) payable to you via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time) on Monday, 5 December 2011. Immediately following the credit of the public offer shares to your stock account and the credit of the refund monies to your bank account, HKSCC will also make available to you an activity statement showing the number of Hong Kong Shares credited to your CCASS Investor Participant stock account and the amount of refund monies (if any) credited to your designated bank account.

XI. REFUND OF APPLICATION MONIES

If you do not receive any Hong Kong Offer Shares for any reason, the Company will refund your application monies, including brokerage fee of 1%, SFC transaction levy of 0.003% and Stock Exchange trading fee of 0.005%. No interest will be paid thereon. All interest accrued on such monies before the date of despatch of refund cheques will be retained for the benefit of the Company.

If your application is accepted only in part, the Company will refund the appropriate portion of your application monies, including the related brokerage fee of 1%, SFC transaction levy of 0.003% and Stock Exchange trading fee of 0.005%, without interest.

If the Offer Price as finally determined is less than the offer price per Offer Share (excluding brokerage fee, SFC transaction levy and Stock Exchange trading fee thereon) initially paid on application, the Company will refund the surplus application monies, together with the related brokerage fee of 1%, SFC transaction levy of 0.003% and Stock Exchange trading fee of 0.005%, without interest.

In a contingency situation involving a substantial over-subscription, at the discretion of the Company and the Sole Global Coordinator, cheques for applications for certain small denominations of Hong Kong Offer Shares (apart from successful applications) may not be cleared.

Refund of your application monies (if any) will be made on Monday, 5 December 2011 in accordance with the various arrangements as described above.

XII. DEALINGS AND SETTLEMENT

Commencement of Dealings in the Shares

Dealings in the Shares on the Stock Exchange are expected to commence on Tuesday, 6 December 2011.

The Shares will be traded in board lots of 1,000 each. The stock code of the Shares is 1023.

Shares will be Eligible for Admission into CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the Shares and the Company complies with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares on the Stock Exchange or any other date HKSCC chooses. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second business day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Investors should seek the advice of their stockbroker or other professional adviser for details of the settlement arrangement as such arrangements may affect their rights and interests. All necessary arrangements have been made enabling the Shares to be admitted into CCASS.



18th Floor
Two International Finance Centre
8 Finance Street
Central
Hong Kong

24 November 2011

The Directors
Sitoy Group Holdings Limited
Merrill Lynch Far East Limited

Dear Sirs,

We set out below our report on the financial information of Sitoy Group Holdings Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") comprising the combined income statements, combined statements of comprehensive income, combined statements of changes in equity and combined statements of cash flows of the Group for each of the years ended 30 June 2009, 2010 and 2011 (the "Relevant Periods"), and the combined statements of financial position of the Group and the statements of financial position of the Company as at 30 June 2009, 2010 and 2011, together with the notes thereto (the "Financial Information"), prepared on the basis of presentation set out in note 2.1 of Section II below, for inclusion in the prospectus of the Company dated 24 November 2011 (the "Prospectus") in connection with the listing of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 21 February 2008. Pursuant to a group reorganization (the "Reorganization") as set out in note 1 of Section II below, which was completed on 13 July 2011, the Company became the holding company of the other subsidiaries comprising the Group.

As at the date of this report, no statutory financial statements have been prepared for the Company, as it is not subject to statutory audit requirements under the relevant rules and regulations in its jurisdiction of incorporation.

As at the end of the Relevant Periods, the Company had direct and indirect interests in the subsidiaries as set out in note 1 of Section II below. Except for the Company's subsidiaries established in the Mainland China which adopted 31 December as their financial year end date, the Company and its subsidiaries have adopted 30 June as their financial year end date. The statutory financial statements of the companies now comprising the Group were prepared in accordance with the relevant accounting principles applicable to these companies in the countries in which they were incorporated and/or established. Details of their statutory auditors during the Relevant Periods are set out in note 1 of Section II below.

For the purpose of this report, the directors of the Company (the "Directors") have prepared the combined financial statements of the Group (the "Underlying Financial Statements") in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board (the "IASB"). The Underlying Financial Statements for each of the years ended 30 June 2009, 2010 and 2011 were audited by us in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

The Financial Information set out in this report has been prepared from the Underlying Financial Statements with no adjustments made thereon.

DIRECTORS' RESPONSIBILITY

The Directors are responsible for the preparation of the Underlying Financial Statements and the Financial Information that give a true and fair view in accordance with IFRSs, and for such internal control as the Directors determine is necessary to enable the preparation of the Underlying Financial Statements and the Financial Information that are free from material misstatement, whether due to fraud or error.

REPORTING ACCOUNTANTS' RESPONSIBILITY

It is our responsibility to form an independent opinion on the Financial Information and to report our opinion thereon to you.

For the purpose of this report, we have carried out procedures on the Financial Information in accordance with Auditing Guideline 3.340 *Prospectuses and the Reporting Accountant* issued by the HKICPA.

OPINION IN RESPECT OF THE FINANCIAL INFORMATION OF THE RELEVANT PERIODS

In our opinion, for the purpose of this report and on the basis of presentation set out in note 2.1 of Section II below, the Financial Information gives a true and fair view of the state of affairs of the Group and the Company as at 30 June 2009, 2010 and 2011 and of the combined results and cash flows of the Group for each of the Relevant Periods.

I. FINANCIAL INFORMATION

Combined income statements

	Notes	Year ended 30 June		
		2009	2010	2011
		HK$'000	HK$'000	HK$'000
REVENUE	7	1,349,688	1,726,317	2,493,272
Cost of sales		(1,120,992)	(1,385,778)	(1,940,152)
Gross profit		228,696	340,539	553,120
Other income and gains	7	8,921	10,057	27,404
Selling and distribution costs		(39,614)	(43,413)	(55,924)
Administrative expenses		(96,672)	(106,233)	(157,513)
Other expenses		(2,558)	(3,743)	(414)
Finance costs	9	(2,971)	(4,063)	(3,817)
PROFIT BEFORE TAX	8	95,802	193,144	362,856
Income tax expense	12	(17,648)	(41,342)	(60,436)
PROFIT FOR THE YEAR		78,154	151,802	302,420
Attributable to:				
Owners of the parent	13	78,154	151,802	302,420

Details of the dividends for the Relevant Periods are disclosed in note 14 to the Financial Information.

Combined statements of comprehensive income

	Notes	Year ended 30 June		
		2009	2010	2011
		HK$'000	HK$'000	HK$'000
PROFIT FOR THE YEAR		78,154	151,802	302,420
OTHER COMPREHENSIVE INCOME				
Available-for-sale investment:				
Changes in fair value		–	–	(414)
Exchange differences on translation of foreign operations		(508)	4,394	14,129
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		(508)	4,394	13,715
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		77,646	156,196	316,135
Attributable to:				
Owners of the parent	13	77,646	156,196	316,135

Combined statements of financial position

	Notes	As at 30 June 2009	2010	2011
		HK$'000	HK$'000	HK$'000
NON-CURRENT ASSETS				
Property, plant and equipment	16	103,584	183,411	284,003
Prepaid land lease payments	17	6,479	14,564	20,327
Deferred tax assets	18	10,103	11,335	10,360
Prepayments	22	24,609	14,210	3,176
Total non-current assets		144,775	223,520	317,866
CURRENT ASSETS				
Inventories	20	104,750	243,643	291,837
Trade receivables	21	145,496	160,978	239,860
Prepayments, deposits and other receivables	22	16,000	29,541	50,271
Amounts due from shareholders	25	6,147	–	–
Amount due from a related company	25	–	–	540
Available-for-sale investment	23	–	–	9,609
Pledged deposits	24	10,000	10,000	–
Cash and cash equivalents	24	31,745	50,146	80,390
Total current assets		314,138	494,308	672,507
CURRENT LIABILITIES				
Trade payables	26	106,330	155,379	197,972
Other payables and accruals	27	34,655	55,409	96,495
Interest-bearing bank borrowings	28	118,419	170,192	105,901
Tax payable		24,929	55,172	96,324
Amounts due to shareholders	25	–	59,192	–
Amount due to a related company	25	589	–	–
Total current liabilities		284,922	495,344	496,692
NET CURRENT ASSETS/(LIABILITIES)		29,216	(1,036)	175,815
TOTAL ASSETS LESS CURRENT LIABILITIES		173,991	222,484	493,681
NON-CURRENT LIABILITIES				
Deferred tax liabilities	18	2,885	5,182	244
Total non-current liabilities		2,885	5,182	244
Net assets		171,106	217,302	493,437
EQUITY				
Equity attributable to owners of the parent				
Issued capital	29	1	1	1
Reserves	30	171,105	217,301	493,436
Total equity		171,106	217,302	493,437

Combined statements of changes in equity

	Attributable to owners of the parent							
	Issued capital	Share premium account*	Merger reserve*	Statutory reserve fund*	Available-for-sale investment revaluation reserve*	Exchange fluctuation reserve*	Retained profits*	Total
	HK$'000 (note 29)	HK$'000 (note 30)	HK$'000 (note 30)	HK$'000 (note 30)	HK$'000	HK$'000	HK$'000	HK$'000
At 1 July 2008	1	–	4,030	–	–	958	118,471	123,460
Profit for the year	–	–	–	–	–	–	78,154	78,154
Other comprehensive income for the year:								
Exchange differences on translation of foreign operations	–	–	–	–	–	(508)	–	(508)
Total comprehensive income for the year	–	–	–	–	–	(508)	78,154	77,646
Final 2009 dividend declared (note 14)	–	–	–	–	–	–	(30,000)	(30,000)
At 30 June 2009 and 1 July 2009	1	–	4,030	–	–	450	166,625	171,106
Profit for the year	–	–	–	–	–	–	151,802	151,802
Other comprehensive income for the year:								
Exchange differences on translation of foreign operations	–	–	–	–	–	4,394	–	4,394
Total comprehensive income for the year	–	–	–	–	–	4,394	151,802	156,196
Final 2010 dividend declared (note 14)	–	–	–	–	–	–	(110,000)	(110,000)
At 30 June 2010 and 1 July 2010	1	–	4,030	–	–	4,844	208,427	217,302
Profit for the year	–	–	–	–	–	–	302,420	302,420
Other comprehensive income for the year:								
Changes in fair value of available-for-sale investment, net of tax	–	–	–	–	(414)	–	–	(414)
Exchange differences on translation of foreign operations	–	–	–	–	–	14,129	–	14,129

Combined statements of changes in equity *(continued)*

	Attributable to owners of the parent							
	Issued capital	Share premium account*	Merger reserve*	Statutory reserve fund*	Available-for-sale investment revaluation reserve*	Exchange fluctuation reserve*	Retained profits*	Total
	HK$'000 (note 29)	HK$'000 (note 30)	HK$'000 (note 30)	HK$'000 (note 30)	HK$'000	HK$'000	HK$'000	HK$'000
Total comprehensive income for the year	–	–	–	–	(414)	14,129	302,420	316,135
Interim 2011 dividend declared (note 14)	–	–	–	–	–	–	(40,000)	(40,000)
Special dividend declared (note 14)	–	–	–	–	–	–	(400,000)	(400,000)
Issue of shares	–	400,000	–	–	–	–	–	400,000
Transfer from retained profits	–	–	–	4,742	–	–	(4,742)	–
At 30 June 2011	1	400,000	4,030	4,742	(414)	18,973	66,105	493,437

* These reserve accounts comprise the combined reserves of HK$493,436,000 (2010: HK$217,301,000, 2009: HK$171,105,000) in the combined statements of financial position.

Combined statements of cash flows

	Notes	Year ended 30 June 2009	2010	2011
		HK$'000	HK$'000	HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax		95,802	193,144	362,856
Adjustments for:				
Finance costs	9	2,971	4,063	3,817
Loss on disposal of items of property, plant and equipment	8	108	1,033	20
Depreciation	8	10,494	13,288	19,726
Amortization of prepaid land lease payments	8	99	201	371
Write-down of inventories to net realizable value	8	2,289	15,829	2,254
Write-off of long term lease payment		–	–	120
Exchange loss/(gain)		106	(1,103)	–
		111,869	226,455	389,164
Increase in trade receivables		(60,176)	(15,482)	(78,882)
Increase in prepayments, deposits and other receivables		(9,339)	(13,541)	(20,730)
Decrease/(increase) in inventories		45,748	(154,722)	(50,448)
(Increase)/decrease in amounts due from shareholders		(2,087)	6,147	–
Increase in amount due from a related company		–	–	(540)
(Decrease)/increase in trade payables		(2,727)	49,049	42,593
Increase in other payables and accruals		16,102	23,240	36,221
Increase/(decrease) in amount due to a related company		589	(589)	–
CASH GENERATED FROM OPERATIONS		99,979	120,557	317,378
Hong Kong profits tax paid		(7,508)	(8,364)	(9,041)
Mainland China tax paid		(1,346)	(1,670)	(13,724)
NET CASH FLOWS FROM OPERATING ACTIVITIES		91,125	110,523	294,613

Combined statements of cash flows (continued)

	Year ended 30 June		
	2009	2010	2011
	HK$'000	HK$'000	HK$'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment	(62,942)	(88,485)	(96,174)
Additions to prepaid land lease payments	–	(137)	–
Purchases of other intangible assets	–	–	(2,072)
Purchase of available-for-sale investment	–	–	(10,023)
Return of a prepayment in respect of prepaid land lease payments	1,818	–	–
Proceeds from disposal of items of property, plant and equipment	–	271	–
NET CASH FLOWS USED IN INVESTING ACTIVITIES	(61,124)	(88,351)	(108,269)
CASH FLOWS FROM FINANCING ACTIVITIES			
New bank and other borrowings	37,023	73,765	20,000
Repayment of bank and other borrowings	(6,990)	(21,992)	(84,291)
(Increase)/decrease in pledged time deposits	(10,000)	–	10,000
Dividends paid	(34,171)	(50,808)	(99,192)
Interest paid	(2,971)	(4,063)	(3,817)
NET CASH FLOWS USED IN FINANCING ACTIVITIES	(17,109)	(3,098)	(157,300)
NET INCREASE IN CASH AND CASH EQUIVALENTS	12,892	19,074	29,044
Cash and cash equivalents at beginning of year	19,427	31,745	50,146
Effect of foreign exchange rate changes, net	(574)	(673)	1,200
CASH AND CASH EQUIVALENTS AT END OF YEAR	31,745	50,146	80,390

Statements of financial position of the Company

	Notes	As at 30 June		
		2009	2010	2011
		HK$'000	HK$'000	HK$'000
CURRENT ASSETS				
Trade receivables	21	–	–	92
Prepayments	22	–	–	3,415
Amounts due from subsidiaries	25	–	–	397,551
Cash and cash equivalents	24	–	–	629
Total current asset		–	–	401,687
CURRENT LIABILITIES				
Other payables and accruals	27	–	–	11,326
Amount due to a subsidiary	25	60	86	–
Total current liabilities		60	86	11,326
NET CURRENT (LIABILITIES)/ASSETS		(60)	(86)	390,361
TOTAL ASSETS LESS CURRENT LIABILITIES		(60)	(86)	390,361
Net (liabilities)/assets		(60)	(86)	390,361
EQUITY				
Issued capital	29	1	1	1
Reserves	30	(61)	(87)	390,360
Total equity		(60)	(86)	390,361

II. NOTES TO FINANCIAL INFORMATION

1. CORPORATE INFORMATION

Sitoy Group Holdings Limited (the "Company") was incorporated as an exempted company with limited liability in the Cayman Islands on 21 February 2008 under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The registered office of the Company is located at Scotia Centre, 4th Floor, P.O. Box 2804, George Town, Grand Cayman, KY1-1112, Cayman Islands. In the opinion of the Directors, the Company's ultimate controlling shareholders are Mr. Yeung Michael Wah Keung and Mr. Yeung Wo Fai.

The principal activities of the Company and its subsidiaries (together, the "Group") are the manufacture and sale of handbags, small leather goods and travel goods.

The Company and its subsidiaries now comprising the Group underwent the Reorganization as set out in paragraph headed "Reorganization" in the section headed "Our History and Reorganization" to the Prospectus.

As at the date of this report, the Company had direct and indirect interests in its subsidiaries, all of which are private limited liability companies (or, if incorporated outside Hong Kong, have substantially similar characteristics to a private company incorporated in Hong Kong), the particulars of which are set out below:

Name of company	Place and date of incorporation/ registration and operations	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
			%	%	
Subsidiaries					
Sitoy International Limited[1]	The British Virgin Islands ("BVI") 10 September 2010	United States dollar ("US$")1	100	–	Investment holding
Sitoy Handbag Factory Limited[1]	BVI 23 May 2011	US$100	100	–	Investment holding
Sitoy Investment International Limited[1]	BVI 23 May 2011	US$100	100	–	Investment holding
Sitoy (Hong Kong) Handbag Factory Limited[2] ("Sitoy Handbag")	Hong Kong 9 July 1982	HK$4,000,000	–	100	Manufacture and sale of handbags, small leather goods and travel goods
Sitoy Company Limited[3]	Hong Kong 29 July 1986	HK$30,000	–	100	Trading of handbags, small leather goods and travel goods

Name of company	Place and date of incorporation/ registration and operations	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
			%	%	
Sitoy Retailing Limited[4]	Hong Kong 21 September 2010	HK$5,000,000	–	100	Investment holding and trading of handbags, small leather goods and travel goods
Sitoy (Yingde) Leather Products Co., Ltd.[5] ("Sitoy Yingde")	The People's Republic of China ("PRC")/ Mainland China 11 December 2006	HK$220,000,000	–	100	Manufacture and sale of handbags, small leather goods and travel goods
Dongguan Shidai Leather Products Factory Co., Ltd.[5]	PRC/Mainland China 13 July 1992	HK$60,000,000	–	100	Manufacture and sale of handbags, small leather goods and travel goods
Guangzhou Sitoy Leather Goods Company Limited*[4]	PRC/Mainland China 18 January 2011	HK$25,000,000	–	100	Retail of handbags, small leather goods and travel goods

Notes:

(1) No audited financial statements have been prepared for these entities for the years ended 30 June 2009, 2010 and 2011 (or since their respective dates of incorporation, where later than the beginning of the Relevant Periods), as the entities were not subject to any statutory audit requirements under the relevant rules and regulations in their jurisdictions of incorporation.

(2) The statutory financial statements of this entity for the year ended 30 June 2009 prepared under Hong Kong Financial Reporting Standards was audited by Armando Y.C. Chung & Co., Certified Public Accountants registered in Hong Kong. The statutory financial statements of this entity for the year ended 30 June 2010 prepared under Hong Kong Financial Reporting Standards were audited by us.

(3) The statutory financial statements of this entity for the years ended 30 June 2009 and 2010 prepared under Hong Kong Financial Reporting Standards were audited by us.

(4) No audited financial statements have been prepared for the entity since its date of incorporation.

(5) These entities are registered as wholly-foreign-owned enterprises under PRC Law. The financial year end of these entities is 31 December. The statutory financial statements for the years ended 31 December 2008, 2009 and 2010 prepared under PRC Generally Accepted Accounting Principles ("PRC GAAP") were audited by Daxin Certified Public Accountants Co., Ltd. Guangdong Branch (大信會計師事務有限公司廣東分所) (formerly known as "Dongguan Hualian Certified Public Accountants Co., Ltd." (東莞市華聯會計師事務所有限公司)), Certified Public Accountants registered in Mainland China.

The English names of the auditors registered in Mainland China represent the best efforts made by the Directors to translate the auditors' Chinese names as there are no official English names.

* The English name of the Company's subsidiary represents the translated name of the company as no English name has been registered.

2.1 BASIS OF PRESENTATION

Pursuant to the Reorganization as more fully explained in the paragraph headed "Reorganization" in the section headed "Our History and Reorganization" to the Prospectus, the Company became the holding company of all subsidiaries now comprising the Group subsequent to the end of the Relevant Periods on 13 July 2011. The companies now comprising the Group were under the common control of the controlling shareholders, Mr. Yeung Michael Wah Keung and Mr. Yeung Wo Fai, before and after the Reorganization. Accordingly, for the purpose of this report, the Financial Information has been prepared on a combined basis by applying the principles of merger accounting as if the Reorganization had been completed at the beginning of the Relevant Periods.

The combined income statements, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group for the Relevant Periods include the results and cash flows of all companies now comprising the Group from the earliest date presented or since the date when the subsidiaries and/or businesses first came under the common control of the controlling shareholders, where this is a shorter period. The combined statements of financial position of the Group as at 30 June 2009, 2010 and 2011 have been prepared to present the assets and liabilities of the subsidiaries and/or businesses using the existing book values from the controlling shareholders' perspective. No adjustments are made to reflect fair values, or recognize any new assets or liabilities as a result of the Reorganization.

Equity interests in subsidiaries and/or businesses held by parties other than the controlling shareholders, and changes therein, prior to the Reorganization are presented as non-controlling interests in equity in applying the principles of merger accounting.

All intra-group transactions and balances have been eliminated on combination.

2.2 BASIS OF PREPARATION

The Financial Information has been prepared in accordance with IFRSs, which comprise all standards and interpretations approved by the IASB. All IFRSs effective for the accounting periods commencing from 1 July 2010, together with the relevant transitional provisions, have been early adopted by the Group in the preparation of the Financial Information throughout the Relevant Periods.

The Financial Information has been prepared under the historical cost convention, except for available-for-sale investment which has been measured at fair value. The Financial Information is presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest thousand except when otherwise indicated.

3. ISSUED BUT NOT YET EFFECTIVE IFRSs

The Group has not applied the following new and revised IFRSs, that have been issued but are not yet effective, in the Financial Information:

IFRS 1 Amendment	Amendment to IFRS 1 *First-time Adoption of International Financial Reporting Standards — Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters*[2]
IFRS 7 Amendments	Amendments to IFRS 7 *Financial Instruments: Disclosures — Transfers of Financial Assets*[2]
IFRS 9	*Financial Instruments*[5]
IFRS 10	*Consolidated Financial Statements*[5]
IFRS 11	*Joint Arrangements*[5]
IFRS 12	*Disclosure of Interests in Other Entities*[5]
IFRS 13	*Fair Value Measurement*[5]
IAS 1 Amendments	Amendments to IAS 1 *Presentation of Financial Statements — Presentation of Items of Other Comprehensive Income*[4]
IAS 12 Amendments	Amendments to IAS 12 *Income Taxes — Deferred Tax: Recovery of Underlying Assets*[3]
IAS 19 (Revised)	*Employee Benefits*[5]
IAS 24 (Revised)	*Related Party Disclosures*[1]
IAS 27 (Revised)	*Separate Financial Statements*[5]
IAS 28 (Revised)	*Investments in Associates and Joint Ventures*[5]
IFRIC 14 Amendments	Amendments to IFRIC 14 *Prepayments of a Minimum Funding Requirement*[1]
IFRIC 20	*Stripping Costs in the Production Phase of a Surface Mine*[5]

Apart from the above, IASB has issued *Improvements to IFRSs 2010* which sets out amendments to a number of IFRSs primarily with a view to removing inconsistencies and clarifying wording. The amendments to IFRS 1, IFRS 7, IAS 1, IAS 34 and IFRIC 13 are effective for annual periods beginning on or after 1 January 2011 although there are separate transitional provisions for each standard.

1 Effective for annual periods beginning on or after 1 January 2011
2 Effective for annual periods beginning on or after 1 July 2011
3 Effective for annual periods beginning on or after 1 January 2012
4 Effective for annual periods beginning on or after 1 July 2012
5 Effective for annual periods beginning on or after 1 January 2013

The Group is in the process of making an assessment of the impact of these new and revised IFRSs upon initial application. So far, the Group considers that the new and revised IFRSs are unlikely to have any significant impact on the Group's results of operations and financial position.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of combination

This Financial Information incorporates the financial statements of the Company and its subsidiaries for the Relevant Periods. As explained in note 2.1 above, the acquisition of subsidiaries

under common control has been accounted for using the merger method of accounting. The acquisition of all other subsidiaries during the Relevant Periods is accounted for using the acquisition method.

The merger method of accounting involves incorporating the financial statement items of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling party. No amount is recognized in respect of goodwill or the excess of the acquirers' interest in the net fair value of acquirees' identifiable assets, liabilities and contingent liabilities over the cost of investment at the time of common control combination. The combined income statements include the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under common control, where this is a shorter period, regardless of the date of the common control combination.

Under the acquisition method, the cost of an acquisition is measured as the aggregate of the consideration transferred, measured at the acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value as at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognized in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it shall not be remeasured until it is finally settled within equity.

All income, expenses and unrealized gains and losses resulting from intercompany transactions and intercompany balances within the Group are eliminated on combination.

Non-controlling interest represents the equity in a subsidiary not attributable, directly or indirectly, to a parent. Losses are attributed to the non-controlling interest even if that results in a deficit balance.

Subsidiaries

A subsidiary is an entity whose financial and operating policies the Company controls, directly or indirectly, so as to obtain benefits from its activities.

The results of subsidiaries are included in the Company's income statement to the extent of dividends received and receivable. The Company's interests in subsidiaries are stated at cost less any impairment losses.

Impairment of non-financial assets

When an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, financial assets and deferred tax assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs to sell, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognized only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the combined income statement in the period in which it arises, unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

An assessment is made at the end of each reporting period as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognized impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of depreciation/amortization) had no impairment loss been recognized for the asset in prior years. A reversal of such an impairment loss is credited to the combined income statement in the period in which it arises, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

Related parties

A party is considered to be related to the Group if:

(a) the party, directly, or indirectly through one or more intermediaries, (i) controls, is controlled by, or is under common control with, the Group; (ii) has an interest in the Group that gives it significant influence over the Group; or (iii) has joint control over the Group;

(b) the party is an associate;

(c) the party is a jointly controlled entity;

(d) the party is a member of the key management personnel of the Group or its parent;

(e) the party is a close member of the family of any individual referred to in (a) or (d); or

(f) the party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e).

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the combined income statement in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalized in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognizes such parts as individual assets with specific useful lives and depreciation.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The estimated useful lives of property, plant and equipment are as follows:

Buildings	20 to 50 years
Leasehold improvements	The shorter of the lease terms and their useful lives
Plant and machinery	3 to 10 years
Office equipment	4 to 10 years
Motor vehicles	5 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately.

Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognized in the combined income statement in the year the asset is derecognized is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress represents buildings, plant and machinery under construction or installation and testing which are stated at cost less any impairment losses, and are not depreciated. Cost comprises the direct costs of construction or installation and testing and capitalized borrowing costs on related borrowed funds during the period of construction or installation and testing. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value as at the date of acquisition. The useful lives of intangible assets are assessed to be finite. Intangible assets with finite lives are subsequently amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Research and development costs

All research costs are charged to the combined income statement as incurred.

Expenditure incurred on projects to develop new products is capitalized and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

Leases

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets, and rentals receivable under the operating leases are credited to the combined income statement on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under operating leases, net of any incentives received from the lessor are charged to the combined income statement on the straight-line basis over the lease terms.

Prepaid land lease payments under operating leases are initially stated at cost and subsequently recognized on the straight-line basis over the lease terms.

Investments and other financial assets

Initial recognition and measurement

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial investments, as appropriate. The Group determines the classification of its financial assets at initial recognition. When financial assets are recognized initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

All regular way purchases and sales of financial assets are recognized on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

The Group's financial assets include cash and bank balances, pledged deposits, trade and other receivables, amounts due from shareholders, amount due from a related company and available-for-sale investment.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortized cost using the effective interest rate method less any allowance for impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortization is included in finance income in the combined income statement. The loss arising from impairment is recognized in the combined income statement in other expenses.

Available-for-sale financial investments

Available-for-sale financial investments are non-derivative financial assets in listed and unlisted equity securities. Equity investments classified as available for sale are those which are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in market conditions.

After initial recognition, available-for-sale financial investments are subsequently measured at fair value, with unrealized gains or losses recognized as other comprehensive income in the available-for-sale investment valuation reserve until the investment is derecognized or until the investment is determined to be impaired, at which time the cumulative gain or loss is recognized in other income and gains in the combined income statement and removed from the available-for-sale investment valuation reserve. Interest and dividends earned are reported as interest income and dividend income, respectively and are recognized in the combined income statement as "Other income and gains" in accordance with the policies set out for "Revenue recognition" below.

When the fair value of unlisted equity securities cannot be reliably measured because (a) the variability in the range of reasonable fair value estimates is significant for that investment or (b) the probabilities of the various estimates within the range cannot be reasonably assessed and used in estimating fair value, such securities are stated at cost less any impairment losses.

The Group evaluates its available-for-sale financial investments to assess whether the ability and intention to sell them in the near term are still appropriate. When the Group is unable to trade these financial assets due to inactive markets and management's intent to do so significantly changes in the foreseeable future, the Group may elect to reclassify these financial assets in rare circumstances. Reclassification to loans and receivables is permitted when the financial assets meet the definition of loans and receivables and the Group has the intent and ability to hold these assets for the foreseeable future or to maturity. Reclassification to the held-to-maturity category is permitted only when the Group has the ability and intent to hold until the maturity date of the financial asset.

For a financial asset reclassified out of the available-for-sale category, any previous gain or loss on that asset that has been recognized in equity is amortized to profit or loss over the remaining life of the investment using the effective interest rate. Any difference between the new amortized cost and the expected cash flows is also amortized over the remaining life of the asset using the effective interest rate. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the combined income statement.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- the rights to receive cash flows from the asset have expired; or

- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortized cost

For financial assets carried at amortized cost, the Group first assesses individually whether objective evidence of impairment exists for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the impairment loss is recognized in the combined income statement. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realized or has been transferred to the Group.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to the combined income statement.

Assets carried at cost

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Impairment losses on these assets are not reversed.

Available-for-sale financial investments

For available-for-sale financial investments, the Group assesses at the end of each reporting period whether there is objective evidence that an investment or a group of investments is impaired.

If an available-for-sale asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortization) and its current fair value, less any impairment loss previously recognized in the combined income statement, is removed from other comprehensive income and recognized in the combined income statement.

In the case of equity investments classified as available for sale, objective evidence would include a significant or prolonged decline in the fair value of an investment below its cost. The determination of what is "significant" or "prolonged" requires judgment. "Significant" is evaluated against the original cost of the investment and "prolonged" against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss — measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognized in the combined income statement — is removed from other comprehensive income and recognized in the combined income statement. Impairment losses on equity instruments classified as available for sale are not reversed through the combined income statement. Increases in their fair value after impairment are recognized directly in other comprehensive income.

Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, or loans and borrowings, as appropriate. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.

The Group's financial liabilities include trade payables, other payables and accruals, interest-bearing bank borrowings, amounts due to a related company and amounts due to shareholders.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost, using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognized in the combined income statement when the liabilities are derecognized as well as through the effective interest rate method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortization is included in finance costs in the combined income statement.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognized in the combined income statement.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

Fair value of financial instruments

The fair value of financial instruments that are traded in active markets is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs. For financial instruments where there is no active market, the fair value is determined using appropriate valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument which is substantially the same; and a discounted cash flow analysis.

Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined on the weighted average basis and, in the case of finished goods, comprises direct materials, direct labor and an appropriate proportion of overheads. Net realizable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

For the purpose of the combined statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired.

For the purpose of the statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, which are not restricted as to use.

Provisions

A provision is recognized when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognized for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the combined income statement.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognized outside profit or loss is recognized outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carryforward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilized, except:

- where the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognized to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at the end of each reporting period and are recognized to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Government grants

Government grants are recognized at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognized as income over the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

Revenue recognition

Revenue is recognized when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

(a) from the sale of goods, when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold; and

(b) interest income, on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts through the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Pension schemes

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for all of its Hong Kong employees. Contributions are made based on a percentage of the employees' basic salaries and are charged to the income statement as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

The employees of the Group's subsidiaries which operate in Mainland China are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute 10% to 14% of their payroll costs to the central pension scheme. The contributions are charged to the income statement as they become payable in accordance with the rules of the central pension scheme.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalized as part of the cost of those assets. The capitalization of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalized. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Dividends

Final dividends proposed by the Directors are classified as a separate allocation of retained profits within the equity section of the statement of financial position, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognized as a liability.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the Directors the authority to declare interim dividends. Consequently, interim dividends are recognized immediately as a liability when they are proposed and declared.

Foreign currencies

The functional currency of the Company and non-Mainland China incorporated subsidiaries is HK$. The functional currency of the subsidiaries incorporated in Mainland China is Renminbi ("RMB"). The Financial Information is presented in HK$, which is the Group's presentation currency.

Foreign currency transactions recorded by the entities within the Group are initially recorded using their respective functional currency rates of exchange ruling at the dates of transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rates of exchange ruling at the end of the reporting period. All differences are taken to the combined income statement. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

The functional currency of the Company's subsidiaries incorporated in Mainland China is RMB. As at the end of the reporting period, the assets and liabilities of this entity are translated into HK$ at the exchange rates ruling at the end of the reporting period and its income statement is translated into HK$ at the weighted average exchange rates for the year. The resulting exchange differences are recognized in other comprehensive income and accumulated in a separate component of equity. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognized in the combined income statement.

For the purpose of the combined statement of cash flows, the cash flows of these entities are translated into HK$ at the exchange rates ruling at the dates of the cash flows. Frequent recurring cash flows of these entities which arise throughout the year are translated into HK$ at the weighted average exchange rates for the reporting period.

5. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the Group's Financial Information requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that could require material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Impairment of property, plant and equipment

Items of property, plant and equipment are tested for impairment if there is any indication that the carrying value of these assets may not be recoverable and the assets are subject to an impairment loss. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. The value-in-use calculation requires the Group to estimate the future cash flows expected to arise from the relevant cash-generating unit and a suitable discount rate is used in order to calculate the present value.

(ii) Useful lives of property, plant and equipment

The Group determines the estimated useful lives and related depreciation charges for its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. It could change significantly as a result of technical innovations, or competitor actions in response to severe industry cycles. Management will increase the depreciation charge where useful lives are less than previously estimated lives, or it will write off or write down technically obsolete or non-strategic assets that have been abandoned or sold.

(iii) Deferred tax assets

Deferred tax assets are recognized for all deductible temporary differences, and carryforward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

(iv) Net realizable value of inventories

Net realizable value of an inventory is the estimated selling price in the ordinary course of business, less estimated costs to be incurred to completion and disposal. These estimates are based on the current market condition and the historical experience of selling products of a similar nature which could change significantly as a result of changes in customer taste or competitor actions in response to severe consumer product industry cycles. Management reassesses these estimates at the end of the reporting period.

(v) Income tax

The Group is subject to income taxes in various regions. As a result of the fact that certain matters relating to the income taxes have not been confirmed by the local tax bureau, objective estimates and judgements based on currently enacted tax laws, regulations and other related policies are required in determining the provision of corporate income taxes. Where the final tax outcome of these matters is different from the amounts originally recorded, the differences will impact the corporate income tax and tax provisions in the period in which the differences are realized. Further details are contained in note 12 to the Financial Information.

6. SEGMENT INFORMATION

For management purposes, the Group is organized into business units based on their products and services and has two reportable operating segments as follows:

(a) Manufacturing: produces handbags, small leather goods and travel goods for branding and resale by others; and

(b) Retail: manufactures and retails handbags, small leather goods and travel goods for the brand owned by the Group.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit, which is a measure of adjusted profit before tax. The adjusted profit before tax is measured consistently with the Group's profit before tax except corporate and unallocated expenses are excluded from such measurement.

Segment assets exclude unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

	Year ended 30 June 2009		
	Manufacturing	Retail	Total
	HK$'000	HK$'000	HK$'000
Segment revenue:			
Sales to external customers	1,349,688	–	1,349,688
Segment results	95,820	–	95,820
Reconciliation:			
Corporate and other unallocated expenses			(18)
Profit before tax			95,802
Segment assets	458,913	–	458,913
Segment liabilities	287,807	–	287,807
Other segment information:			
Depreciation of items of property, plant and equipment	10,494	–	10,494
Amortization of prepaid land lease payments	99	–	99
Write-down of inventories to net realizable value	2,289	–	2,289
Loss on disposal of items of property, plant and equipment	108	–	108
Operating lease rentals	5,825	–	5,825
Capital expenditure*	69,825	–	69,825

	Year ended 30 June 2010		
	Manufacturing	Retail	Total
	HK$'000	HK$'000	HK$'000
Segment revenue:			
Sales to external customers	1,726,317	–	1,726,317
Segment results	193,170	–	193,170
Reconciliation:			
Corporate and other unallocated expenses			(26)
Profit before tax			193,144
Segment assets	717,828	–	717,828
Segment liabilities	500,526	–	500,526
Other segment information:			
Depreciation of items of property, plant and equipment	13,288	–	13,288
Amortization of prepaid land lease payments	201	–	201
Write-down of inventories to net realizable value	15,829	–	15,829
Loss on disposal of items of property, plant and equipment	1,033	–	1,033
Operating lease rentals	5,054	–	5,054
Capital expenditure*	101,217	–	101,217

	Year ended 30 June 2011		
	Manufacturing	Retail	Total
	HK$'000	HK$'000	HK$'000
Segment revenue:			
Sales to external customers	2,492,543	729	2,493,272
Intersegment sales	834	–	834
	2,493,377	729	2,494,106
Reconciliation:			
Elimination of intersegment sales			(834)
Total revenue			2,493,272
Segment results	377,766	(5,253)	372,513
Reconciliation:			
Corporate and other unallocated expenses			(9,657)
Profit before tax			362,856
Segment assets	978,846	14,594	993,440
Reconciliation:			
Elimination of intersegment receivables			(7,203)
Corporate and other unallocated assets			4,136
Total assets			990,373
Segment liabilities	483,887	8,926	492,813
Reconciliation:			
Elimination of intersegment payables			(7,203)
Corporate and other unallocated liabilities			11,326
Total liabilities			496,936
Other segment information:			
Depreciation of items of property, plant and equipment	19,474	252	19,726
Amortization of prepaid land lease payments	371	–	371
Write-down of inventories to net realizable value	2,254	–	2,254
Operating lease rentals	5,663	2,645	8,308
Capital expenditure*	111,804	2,801	114,605

* Capital expenditure consists of additions to property, plant and equipment and prepaid land lease payments during the year.

Geographical information

(a) Revenue from external customers

	Year ended 30 June		
	2009	2010	2011
	HK$'000	HK$'000	HK$'000
North America	960,166	1,255,661	1,694,261
Europe	286,750	323,133	424,505
Mainland China, Hong Kong, Macau and Taiwan	22,749	39,953	219,756
Other Asian countries	74,908	106,818	151,695
Others	5,115	752	3,055
	1,349,688	1,726,317	2,493,272

The revenue information above is based on the region of the customers' distribution centers to which the products were shipped.

(b) Non-current assets

	30 June		
	2009	2010	2011
	HK$'000	HK$'000	HK$'000
Mainland China, Hong Kong, Macau and Taiwan	134,672	212,185	307,506

The non-current asset information above is based on the location of assets and excludes financial instruments and deferred tax assets.

Information about major customers

For the year ended 30 June 2009, revenue derived from sales by the manufacturing activities segment to two major customers amounting to HK$562,002,000 and HK$224,810,000 had accounted for over 10% of the Group's revenue, including sales to a group of entities which are known to be under common control of these customers. For the year ended 30 June 2010, revenue derived from sales by the manufacturing activities segment to three major customers amounting to HK$908,376,000, HK$181,573,000 and HK$173,723,000 had accounted for over 10% of the Group's revenue, including sales to a group of entities which are known to be under common control of these customers. For the year ended 30 June 2011, revenue derived from sales by the manufacturing activities segment to two major customers amounting to HK$1,327,559,000 and HK$300,707,000 had accounted for over 10% of the Group's revenue, including sales to a group of entities which are known to be under common control of these customers.

7. REVENUE, OTHER INCOME AND GAINS

Revenue represents the net invoiced value of goods sold after allowances for returns, trade discounts and various types of government surcharges, where applicable.

An analysis of revenue, other income and gains is as follows:

	Year ended 30 June		
	2009	2010	2011
	HK$'000	HK$'000	HK$'000
Revenue			
Sale of goods	1,349,688	1,726,317	2,493,272
Other income and gains			
Exchange gains, net	–	–	11,645
Compensations from customers and suppliers	8,252	8,956	9,818
Government grants	–	993	5,259
Interest income	220	34	194
Others	449	74	488
	8,921	10,057	27,404

8. PROFIT BEFORE TAX

The Group's profit for the Relevant Periods is arrived at after charging/(crediting):

	Year ended 30 June		
	2009	2010	2011
	HK$'000	HK$'000	HK$'000
Cost of inventories sold	1,120,992	1,385,778	1,940,152
Employee benefit expense (including Directors' remuneration as set out in note 10)			
Wages and salaries	220,448	290,688	468,230
Pension scheme contributions	6,655	8,017	10,974
	227,103	298,705	479,204
Depreciation of items of property, plant and equipment (note 16)	10,494	13,288	19,726
Amortization of prepaid land lease payments (note 17)	99	201	371
Operating lease rentals	5,825	5,054	8,308
Write-down of inventories to net realizable value	2,289	15,829	2,254
Loss on disposal of items of property, plant and equipment	108	1,033	20
Auditors' remuneration	341	862	999
Exchange losses/(gains), net	2,415	2,456	(11,645)

9. FINANCE COSTS

An analysis of finance costs is as follows:

	Year ended 30 June		
	2009	2010	2011
	HK$'000	HK$'000	HK$'000
Interest on bank borrowings wholly repayable within five years	2,971	4,063	3,817

10. DIRECTORS' REMUNERATION

Directors' remuneration during the Relevant Periods, disclosed pursuant to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and Section 161 of the Hong Kong Companies Ordinance, is as follows:

	Year ended 30 June		
	2009	2010	2011
	HK$'000	HK$'000	HK$'000
Fees	–	–	–
Salaries, allowances and benefits in kind	2,291	2,777	3,298
Pension scheme contributions	20	18	38
	2,311	2,795	3,336

Executive Directors

The remuneration paid to each of the executive Directors were as follows:

	Fees	Salaries, allowances and benefits in kind	Pension scheme contributions	Total remuneration
	HK$'000	HK$'000	HK$'000	HK$'000
Year ended 30 June 2009				
Yeung Michael Wah Keung	–	1,584	10	1,594
Yeung Wo Fai	–	707	10	717
	–	2,291	20	2,311
Year ended 30 June 2010				
Yeung Michael Wah Keung	–	1,714	9	1,723
Yeung Wo Fai	–	1,063	9	1,072
	–	2,777	18	2,795
Year ended 30 June 2011				
Yeung Michael Wah Keung	–	1,819	9	1,828
Yeung Wo Fai	–	1,063	9	1,072
Yu Chun Kau (i)	–	169	8	177
Chan Ka Dig Adam (i)	–	127	6	133
Yeung Andrew Kin (i)	–	120	6	126
	–	3,298	38	3,336

(i) Mr. Yu Chun Kau, Mr. Chan Ka Dig Adam and Mr. Yeung Andrew Kin were appointed as executive Directors of the Company on 23 May 2011.

There was no arrangement under which a Director waived or agreed to waive any remuneration during the Relevant Periods.

As at 30 June 2011, the remuneration payable of the executive Directors amounted to HK$247,000 (30 June 2009: HK$16,000, 30 June 2010: HK$16,000) was recorded as payroll payable in other payables and accruals.

11. FIVE HIGHEST PAID EMPLOYEES

An analysis of the five highest paid employees within the Group during the Relevant Periods is as follows:

	Number of employees		
	Year ended 30 June		
	2009	2010	2011
Directors	1	2	4
Non-Directors	4	3	1
	5	5	5*

* Three of the five highest paid employees were appointed as executive Directors ("Newly Appointed Directors") of the Company on 23 May 2011.

Details of Directors' remuneration are set out in note 10 above.

Details of the remuneration of the above non-Director, highest paid employees are as follows:

	Year ended 30 June		
	2009	2010	2011
	HK$'000	HK$'000	HK$'000
Salaries, allowances and benefits in kind	3,908	3,184	6,278
Pension scheme contributions	184	159	313
	4,092	3,343	6,591

For the year ended 30 June 2011, the remuneration above includes the remuneration paid to the Newly Appointed Directors before their appointment as executive Directors. Except for the Newly Appointed Directors, salaries, allowances and benefits in kind and pension scheme contributions paid to a non-Director, who is the highest paid employee were amounted to HK$1,184,000 and HK$59,000, respectively.

The number of non-Director, highest paid employees whose remuneration fell within the following bands is as follows:

	Number of employees		
	Year ended 30 June		
	2009	2010	2011
Nil to HK$1,000,000	2	–	–
HK$1,000,001 to HK$1,500,000	2	3	1
	4	3	1

During the Relevant Periods, no Directors or highest paid individuals waived or agreed to waive any emoluments and no emoluments were paid by the Group to the non-Director and highest paid individuals as an inducement to join or upon joining the Group, or as compensation for loss of office.

12. INCOME TAX EXPENSE

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

Pursuant to the rules and regulations of the Cayman Islands and BVI, the Group is not subject to any income tax in the Cayman Islands and BVI.

Hong Kong profits tax has been provided at the rate of 16.5% (2010: 16.5%, 2009: 16.5%) on the estimated assessable profits arising in Hong Kong during the Relevant Periods.

The provision for PRC corporate income tax ("CIT") is based on a statutory rate of 25% (2010: 25%, 2009: 25%) of the assessable profit of the subsidiaries in Mainland China as determined in accordance with the PRC Corporate Income Tax Law (the "New Corporate Income Tax Law") which was approved and became effective on 1 January 2008.

In accordance with the relevant income tax laws and regulations of the PRC for manufacturing enterprises, Sitoy Yingde was entitled to a 50% reduction in the CIT for the three years from 1 January 2010 to 31 December 2012. According to the New Corporate Income Tax Law, Foreign Investment Enterprise (the "FIE") that was set up prior to 16 March 2007 may continue to enjoy preferential tax treatments for up to five years starting from 1 January 2008. Therefore, the applicable income tax rate of Sitoy Yingde is 12.5% from 1 January 2010 to 31 December 2012.

Sitoy Handbag, a subsidiary of the Group incorporated in Hong Kong, performs manufacturing activities under contract processing arrangement with a contract processing factory in the Mainland China. According, there is a concessionary tax treatment that only 50% of the profit derived from the contract processing arrangement is subject to Hong Kong profits tax, provided that various criteria as set out in the Departmental Interpretation and Practice Notes No. 21 (revised) issued by the Hong Kong Inland Revenue Department are fulfilled. In addition, the contract processing factory is subject to CIT at a rate of 25% on the deemed profit generated in Mainland China. The deemed profit is calculated at a rate of 7% in the Relevant Periods, on the total deemed revenue which is determined by applying 7% gross up on the total processing costs incurred by the contract processing factory.

The major components of income tax expense are as follows:

	Year ended 30 June		
	2009	2010	2011
	HK$'000	HK$'000	HK$'000
Group:			
Current – Hong Kong			
Charge for the year	10,452	36,047	51,501
Overprovision in prior years	–	(6)	–
Current – Mainland China			
Charge for the year	14,108	4,152	18,152
Overprovision in prior years	–	–	(5,736)
Deferred tax (note 18)	(6,912)	1,149	(3,481)
Total tax charge for the year	17,648	41,342	60,436

A reconciliation of the tax expense applicable to profit before tax at the statutory rates for the jurisdictions in which the Company and the subsidiaries are domiciled to the tax expense at the effective tax rates, and a reconciliation of the applicable rates to the effective tax rates, are as follows:

	Year ended 30 June 2009			
	Hong Kong	Mainland China	Cayman Islands	Total
	HK$'000	HK$'000	HK$'000	HK$'000
Profit/(loss) before tax	115,942	(20,122)	(18)	95,802
Tax/(tax credit) at the statutory tax rate	19,130	(5,031)	–	14,099
Adjustments in respect of current tax of previous periods	–	213	–	213
CIT levied on a Hong Kong entity	–	4,463	–	4,463
Income not subject to tax	(6,166)	–	–	(6,166)
Expenses not deductible for tax	–	331	–	331
Additional provision for transfer pricing	–	1,069	–	1,069
Tax losses not recognized in current year	40	3,599	–	3,639
Tax charge at the Group's effective rate	13,004	4,644	–	17,648

	Year ended 30 June 2010			
	Hong Kong	Mainland China	Cayman Islands	Total
	HK$'000	HK$'000	HK$'000	HK$'000
Profit/(loss) before tax	239,102	(45,932)	(26)	193,144
Tax/(tax credit) at the statutory tax rate	39,452	(11,483)	–	27,969
Adjustments in respect of current tax of previous periods	(6)	–	–	(6)
CIT levied on a Hong Kong entity	–	2,293	–	2,293
Income not subject to tax	(1,971)	–	–	(1,971)
Expenses not deductible for tax	289	377	–	666
Additional provision for transfer pricing	–	1,515	–	1,515
Deductible temporary differences not recognized, net	277	–	–	277
Tax losses not recognized in current year	32	6,643	–	6,675
Lower tax rate enacted by local authority	–	3,924	–	3,924
Tax charge at the Group's effective rate	38,073	3,269	–	41,342

	year ended 30 June 2011			
	Hong Kong	Mainland China	Cayman Islands	Total
	HK$'000	HK$'000	HK$'000	HK$'000
Profit/(loss) before tax	276,954	95,455	(9,553)	362,856
Tax at the statutory tax rate	45,697	23,864	–	69,561
Adjustments in respect of current tax of previous periods	–	(5,736)	–	(5,736)
CIT levied on a Hong Kong entity	–	146	–	146
Income not subject to tax	(576)	–	–	(576)
Expenses not deductible for tax	792	662	–	1,454
Tax losses from previous periods utilized	(364)	(3,069)	–	(3,433)
Deductible temporary differences not recognized, net	630	–	–	630
Tax losses not recognized in current year	126	1,123	–	1,249
Lower tax rate enacted by local authority	–	(2,859)	–	(2,859)
Tax charge at the Group's effective rate	46,305	14,131	–	60,436

13. PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT

The combined profit attributable to owners of the parent included the following amount, which has been dealt with in the Financial Information of the Company.

	Year ended 30 June		
	2009	2010	2011
	HK$'000	HK$'000	HK$'000
Loss (note 30)	(18)	(26)	(9,553)

14. DIVIDENDS

No dividend has been paid or declared by the Company since its date of incorporation.

The dividends declared by the Company's subsidiary to its then shareholders during the Relevant Periods were as follows:

	Year ended 30 June		
	2009	2010	2011
	HK$'000	HK$'000	HK$'000
Declared final dividend	30,000	110,000	–
Declared interim dividend	–	–	40,000
Declared special dividend	–	–	400,000
	30,000	110,000	440,000

The final dividend for the year ended 30 June 2009 of HK$30,000,000 proposed by the Board of Directors of Sitoy Handbag to its then shareholders was approved on 30 June 2009. The final dividend for the year ended 30 June 2010 of HK$110,000,000 proposed by the Board of Directors of Sitoy Handbag to its then shareholders was approved on 30 June 2010.

The interim dividend of HK$40,000,000 proposed by the Board of Directors of Sitoy Handbag to its then shareholders was approved on 31 December 2010. As part of the Reorganization, a special dividend of HK$400,000,000 proposed by the Board of Directors of Sitoy Handbag to its then shareholders was approved on 28 May 2011. Further details of the special dividend are set out in the paragraph headed "Dividends and dividend policy" in the section headed "Summary" to the Prospectus.

15. EARNINGS PER SHARE

Earnings per share information is not presented as its inclusion, for the purpose of this report, is not considered meaningful due to the Reorganization.

16. PROPERTY, PLANT AND EQUIPMENT

Group

	Buildings	Leasehold improvements	Plant and machinery	Office equipment	Motor vehicles	Construction in progress	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Cost:							
At 1 July 2008	3,129	11,231	34,722	24,289	5,626	20,279	99,276
Additions	–	905	3,726	3,822	2,402	52,393	63,248
Transfers	43,062	–	–	391	–	(43,453)	–
Disposals	–	–	(291)	(93)	(957)	–	(1,341)
Exchange realignment	(97)	(8)	(35)	(4)	(2)	(109)	(255)
At 30 June 2009 and 1 July 2009	46,094	12,128	38,122	28,405	7,069	29,110	160,928
Additions	–	597	9,924	4,916	3,642	73,961	93,040
Transfers	77,411	–	24,510	1,230	–	(103,151)	–
Disposals	–	(2,244)	(6,899)	(14,193)	(5,086)	–	(28,422)
Exchange realignment	855	45	359	64	13	152	1,488
At 30 June 2010 and 1 July 2010	124,360	10,526	66,016	20,422	5,638	72	227,034
Additions	29,867	9,235	26,745	4,072	709	38,678	109,306
Transfers	23,930	–	4,012	71	–	(28,013)	–
Disposals	–	(190)	(202)	(2,297)	–	–	(2,689)
Exchange realignment	7,336	525	3,423	557	110	191	12,142
At 30 June 2011	185,493	20,096	99,994	22,825	6,457	10,928	345,793
Accumulated depreciation:							
At 1 July 2008	1,299	4,511	21,515	16,098	4,673	–	48,096
Charge for the year	711	1,680	4,735	2,913	455	–	10,494
Disposals	–	–	(223)	(83)	(927)	–	(1,233)
Exchange realignment	(1)	(1)	(9)	(1)	(1)	–	(13)
At 30 June 2009 and 1 July 2009	2,009	6,190	26,018	18,927	4,200	–	57,344
Charge for the year	2,243	1,706	3,586	4,401	1,352	–	13,288
Disposals	–	(2,244)	(6,802)	(14,174)	(3,898)	–	(27,118)
Exchange realignment	19	13	66	10	1	–	109
At 30 June 2010 and 1 July 2010	4,271	5,665	22,868	9,164	1,655	–	43,623
Charge for the year	6,352	2,225	6,275	3,662	1,212	–	19,726
Disposals	–	(190)	(202)	(2,277)	–	–	(2,669)
Exchange realignment	294	125	549	118	24	–	1,110
At 30 June 2011	10,917	7,825	29,490	10,667	2,891	–	61,790
Net carrying amount:							
At 30 June 2009	44,085	5,938	12,104	9,478	2,869	29,110	103,584
At 30 June 2010	120,089	4,861	43,148	11,258	3,983	72	183,411
At 30 June 2011	174,576	12,271	70,504	12,158	3,566	10,928	284,003

The Group's land included in property, plant and equipment is situated in Hong Kong and is held under a medium term lease.

The net carrying amount of property, plant and equipment pledged as security for interest-bearing bank borrowings granted to the Group is as follows:

	30 June		
	2009	2010	2011
	HK$'000	HK$'000	HK$'000
Buildings (note 28)	1,772	1,714	1,656

As at 30 June 2011, the Group has not obtained certificates of real estate ownership from the relevant PRC government authorities for certain buildings with a net carrying amount of HK$30,026,000. Until the receipt of the certificates, the Group has no right to assign or pledge these buildings. The Group is in the process of obtaining the certificates.

17. PREPAID LAND LEASE PAYMENTS

Group

	30 June		
	2009	2010	2011
	HK$'000	HK$'000	HK$'000
Cost:			
At beginning of year	–	6,578	14,866
Additions	6,577	8,177	5,299
Exchange realignment	1	111	860
At end of year	6,578	14,866	21,025
Accumulated amortization:			
At beginning of year	–	99	302
Charge for the year	99	201	371
Exchange realignment	–	2	25
At end of year	99	302	698
Net carrying amount:			
At end of year	6,479	14,564	20,327

The leasehold lands are held under long term leases and are situated in Mainland China.

18. DEFERRED TAX

The movements in deferred tax assets and liabilities during the Relevant Periods are as follows:

Deferred tax assets

Group

	Losses available for offsetting against future taxable profit	Accruals and provisions	Accelerated tax depreciation	Provision against inventories	Temporary differences on prepaid land lease payments	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1 July 2008	–	133	203	–	–	336
Deferred tax credited to the income statement during the year (note 12)	1,329	121	344	–	7,973	9,767
Gross deferred tax assets at 30 June 2009 and 1 July 2009	1,329	254	547	–	7,973	10,103
Deferred tax credited/(charged) to the income statement during the year (note 12)	(1,329)	50	265	2,327	(165)	1,148
Exchange realignment	–	–	–	–	84	84
Gross deferred tax assets at 30 June 2010 and 1 July 2010	–	304	812	2,327	7,892	11,335
Deferred tax credited/(charged) to the income statement during the year (note 12)	–	455	(104)	(1,636)	(172)	(1,457)
Exchange realignment	–	21	–	74	387	482
At 30 June 2011	–	780	708	765	8,107	10,360

The amount of unrecognized tax losses was HK$6,777,000, HK$39,877,000 and HK$34,275,000 as at 30 June 2009, 2010 and 2011, respectively.

Deferred tax liabilities

Group

	Unrealized loss arising from intra-group transactions
	HK$'000
At 1 July 2008	30
Deferred tax charged to the income statement during the year (note 12)	2,855
Gross deferred tax liabilities at 30 June 2009 and 1 July 2009	2,885
Deferred tax charged to the income statement during the year (note 12)	2,297
Gross deferred tax liabilities at 30 June 2010 and 1 July 2010	5,182
Deferred tax credited to the income statement during the year (note 12)	(4,938)
Gross deferred tax liabilities at 30 June 2011	244

19. INVESTMENT IN A SUBSIDIARY

Company

	30 June		
	2009	2010	2011
	HK$	HK$	HK$
Unlisted investment, at cost	–	–	8

Investment in a subsidiary represented the cost of the investment in Sitoy International Limited.

20. INVENTORIES

Group

	30 June		
	2009	2010	2011
	HK$'000	HK$'000	HK$'000
Raw materials	41,678	75,841	96,441
Work in progress	55,524	137,520	150,170
Finished goods	9,837	46,111	48,962
	107,039	259,472	295,573
Less: Provision against inventories	(2,289)	(15,829)	(3,736)
	104,750	243,643	291,837

21. TRADE RECEIVABLES

	30 June		
	2009	2010	2011
	HK$'000	HK$'000	HK$'000
Group			
Trade receivables	145,496	160,978	239,860
Impairment	–	–	–
	145,496	160,978	239,860
Company			
Trade receivables	–	–	92
Impairment	–	–	–
	–	–	92

The Group's trading terms with its customers are mainly on credit. The Group grants different credit periods to customers. The credit period of individual customers is considered on a case-by-case basis. The Group seeks to maintain strict control over its outstanding receivables and closely monitors them to minimize credit risk. Overdue balances are reviewed regularly by senior management. Trade receivables are unsecured and non-interest-bearing. The carrying amounts of trade receivables approximate to their fair values.

An aged analysis of the trade receivables as at the end of each of the Relevant Periods based on the invoice date and net of provisions, is as follows:

	30 June		
	2009	2010	2011
	HK$'000	HK$'000	HK$'000
Group			
Within 90 days	145,225	156,317	239,761
91 to 180 days	271	4,661	99
	145,496	160,978	239,860
Company			
Within 90 days	–	–	92
91 to 180 days	–	–	–
	–	–	92

An aged analysis of the trade receivables that are not individually nor collectively considered to be impaired is as follows:

	30 June		
	2009	2010	2011
	HK$'000	HK$'000	HK$'000
Group			
Neither past due nor impaired	114,623	149,980	214,497
Past due but not impaired			
Less than 90 days	30,873	10,998	25,363
	145,496	160,978	239,860
Company			
Neither past due nor impaired	–	–	92
Past due but not impaired			
Less than 90 days	–	–	–
	–	–	92

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

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the Directors believe that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

22. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	30 June		
	2009	2010	2011
	HK$'000	HK$'000	HK$'000
Group			
Non-current portion:			
Prepayments for prepaid land lease payments and property, plant and equipment	24,609	14,090	1,104
Prepayment for other intangible asset	–	–	2,072
Long term lease payment	–	120	–
	24,609	14,210	3,176
Current portion:			
Prepayments	2,469	6,041	10,220
Deposits and other receivables	7,549	11,342	15,084
Value added tax	5,982	12,158	24,967
	16,000	29,541	50,271
Total	40,609	43,751	53,447
Company			
Current portion:			
Prepayments	–	–	3,415

None of the above assets is either past due or impaired. The financial assets included in the above balances relate to receivables for which there was no recent history of default.

The carrying amounts of other receivables approximate to their fair values.

23. AVAILABLE-FOR-SALE INVESTMENT

	30 June		
	2009	2010	2011
	HK$'000	HK$'000	HK$'000
Unlisted debt investment, at fair value	–	–	9,609

During the year ended 30 June 2011, the loss in respect of the Group's available-for-sale investment recognized in other comprehensive income amounted to HK$414,000.

The available-for-sale investment was pledged as security for interest-bearing bank borrowings granted to the Group (note 28).

24. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	30 June		
	2009	2010	2011
	HK$'000	HK$'000	HK$'000
Group			
Cash and bank balances	31,745	50,146	79,190
Time deposits	10,000	10,000	1,200
	41,745	60,146	80,390
Less: Pledged time deposits:			
Pledged for bank loans (note 28)	(10,000)	(10,000)	–
Cash and cash equivalents	31,745	50,146	80,390
Company			
Cash and bank balances	–	–	629
Time deposits	–	–	–
Cash and cash equivalents	–	–	629

The cash and bank balances of the Group denominated in RMB is as follows:

	30 June		
	2009	2010	2011
	HK$'000	HK$'000	HK$'000
Group			
Denominated in RMB	9,422	11,012	11,728
Company			
Denominated in RMB	–	–	–

The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorized to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default.

The carrying amounts of the cash and cash equivalents and pledged time deposits approximate to their fair values.

25. BALANCES WITH RELATED PARTIES AND SUBSIDIARIES

	Notes	30 June 2009	30 June 2010	30 June 2011
		HK$'000	HK$'000	HK$'000
Group				
Amounts due from shareholders	(i)	6,147	–	–
Amounts due to shareholders	(ii)	–	59,192	–
Amount due from a related company: Trandy Leather Goods Handbag Factory Limited	(iii)	–	–	540
Amount due to a related company: Trandy Leather Goods Handbag Factory Limited	(iii)	589	–	–
Company				
Amounts due from subsidiaries	(i)	–	–	397,551
Amount due to a subsidiary	(i)	60	86	–

Notes:

(i) The balances due from shareholders and due from subsidiaries/due to a subsidiary are non-trade in nature. The balances are unsecured, interest-free and repayable on demand.

The balances due from shareholders, disclosed pursuant to Section 161B of the Hong Kong Companies Ordinance, is as follows:

	Year ended 30 June 2009	Year ended 30 June 2010	Year ended 30 June 2011
	HK$'000	HK$'000	HK$'000
Maximum amount outstanding during the year	24,915	40,524	–

The Directors confirmed that the amounts due from subsidiaries will be settled prior to the listing of the Company's shares on the Stock Exchange.

(ii) The balances due to shareholders are dividend payables, which are unsecured, interest-free and repayable on demand.

(iii) The balances due from/to a related company are trade in nature. The balances are unsecured, interest-free and repayable on demand.

The carrying amounts of the balances with related parties and subsidiaries approximate to their fair values.

26. TRADE PAYABLES

	30 June		
	2009	2010	2011
	HK$'000	HK$'000	HK$'000
Group			
Trade payables	106,330	155,379	197,972

An aged analysis of the outstanding trade payables as at the end of each of the Relevant Periods based on the invoice date, is as follows:

	30 June		
	2009	2010	2011
	HK$'000	HK$'000	HK$'000
Group			
Within 90 days	100,178	148,791	191,417
91 to 180 days	4,694	4,034	3,441
181 to 365 days	126	1,924	3,114
1 to 2 years	1,332	630	–
	106,330	155,379	197,972

The trade payables are non-interest-bearing and are normally settled within 90 days' terms. The carrying amounts of the trade payables approximate to their fair values.

27. OTHER PAYABLES AND ACCRUALS

	30 June		
	2009	2010	2011
	HK$'000	HK$'000	HK$'000
Group			
Payroll payable	23,439	37,245	48,332
Advances from customers	441	291	490
Accruals	1,553	2,423	15,544
Other payables	9,222	15,450	32,129
	34,655	55,409	96,495
Company			
Payroll payable	–	–	127
Accruals	–	–	11,185
Other payables	–	–	14
	–	–	11,326

The carrying amounts of other payables and accruals approximate to their fair values.

28. INTEREST-BEARING BANK BORROWINGS

Group

	30 June 2009		30 June 2010		30 June 2011	
	Maturity	HK$'000	Maturity	HK$'000	Maturity	HK$'000
Current						
Bank loans – secured	On demand	99,619	On demand	102,837	On demand	57,086
Current portion of long term bank loans – secured	On demand	18,800	On demand	67,355	On demand	48,815
		118,419		170,192		105,901
The bank loans bear interest at rates per annum in the range of	BLR-1.5% to BLR		BLR-2% to BLR or HIBOR+1.5% to HIBOR+2.25%		BLR-2% to BLR-1% or HIBOR+1.5% to HIBOR+2.25%	

* BLR represents Best Lending Rate of the banks; HIBOR represents 3-month Hong Kong Interbank Offered Rate.

The carrying amounts of the Group's bank loans approximate to their fair values.

At the end of each of the Relevant Periods, the Group's bank loans were denominated in the following currencies:

	30 June		
	2009	2010	2011
	HK$'000	HK$'000	HK$'000
HK$	31,136	77,482	50,873
US$	65,535	68,555	55,028
Euro ("EUR")	21,748	24,155	–
	118,419	170,192	105,901

Certain banking facilities of the Group are subject to the fulfilment of covenants. As at 30 June 2009 and 2010, such covenants include:

(i) maintain tangible net worth of not less than HK$100 million;

(ii) amounts due from related companies for not more than HK$75 million;

(iii) provide to the bank a certified copy of its annual audited financial statements within 180 days after the end of each financial year.

As at 30 June 2009 and 2010, Sitoy Handbag breached certain financial covenants in the loan agreements. According to the loan agreements, the loans became immediately due and payable, and/or all or parts of the loans are repayable on demand in the case of breach.

As a result, the following long term bank loans are reclassified as current liabilities:

	30 June		
	2009	2010	2011
	HK$'000	HK$'000	HK$'000
Aggregate carrying amount	18,800	55,355	–

In 2011, the Directors renegotiated the loan covenants with the banks under the new banking facilities. In the opinion of the Directors, Sitoy Handbag has met all the financial covenants as stated therein as of 30 June 2011.

In addition, certain of the term loan agreements contain clauses which give the banks the right at their sole discretion to demand immediate repayment at any time irrespective of whether Sitoy Handbag has complied with the covenants and met the scheduled repayment obligations. The aggregate carrying amounts of long term bank loans that contain a repayment on demand clause, which have been reclassified as current liabilities, are as follows:

	30 June		
	2009	2010	2011
	HK$'000	HK$'000	HK$'000
Aggregate carrying amount	18,800	67,355	48,815

The Directors are of the opinion that the reclassification of the bank borrowings from non-current liabilities to current liabilities will not adversely affect the Group's financial and working capital position.

Without considering the breach of covenants and the banks' sole discretion to demand immediate repayment, the repayment schedule of the interest-bearing bank borrowings, based on the loan agreements, is as follows:

Group

	30 June 2009		30 June 2010		30 June 2011	
	Maturity	HK$'000	Maturity	HK$'000	Maturity	HK$'000
Current						
Bank loans – secured	2009	99,619	2010	102,837	2011	57,086
Current portion of long term bank loans – secured	2009-2013	18,800	2010-2014	67,355	2011-2014	48,815
		118,419		170,192		105,901
Analyzed into:						
Bank loans repayable:						
Within one year or on demand		107,414		123,341		74,376
In the second year		7,880		16,354		17,290
In the third to fifth years, inclusive		3,125		30,497		14,235
		118,419		170,192		105,901

The Group regularly monitors its compliance with these covenants and does not consider it probable that the bank will exercise its discretion to demand repayment for so long as the Group continues to meet these requirements. Further details of the Group's management of liquidity risk are set out in note 38.

Certain of the bank loans are secured by:

(i) A registered security over available-for-sale investment of HK$9,609,000 (2010 and 2009: registered security over deposits of HK$10,000,000);

(ii) A letter of undertaking from Sitoy Handbag not to create any debenture in favor of other banks without the bank's prior consent;

(iii) Various counter indemnities from Sitoy Handbag for issuance of a standby documentary credit;

(iv) A fixed amount first legal charge for HK$4,600,000 over certain buildings of the Group with net carrying amount of HK$1,772,000, HK$1,714,000 and HK$1,656,000 as at 30 June 2009, 2010 and 2011, respectively (note 16); and

(v) The Company's shareholder, Mr. Yeung Michael Wah Keung, has provided an unlimited guarantee of the bank loans amounting to HK$118,419,000, HK$170,192,000 and HK$105,901,000 as at 30 June 2009, 2010 and 2011, respectively. The Company's shareholder, Mr. Yeung Wo Fai, has provided a limited guarantee up to HK$12,000,000 (2009 and 2011: nil) of the bank loans amounting to HK$12,000,000 (2009 and 2011: nil) as at 30 June 2010, which was fully repaid by 30 June 2011 (note 35(b)).

Pursuant to the agreements reached by Sitoy Handbag and the banks on 30 June 2011 and 19 August 2011, respectively, the unlimited guarantee provided by Mr. Yeung Michael Wah Keung for the loans will be released with immediate effect upon successful listing of the shares of the Company on the Stock Exchange.

29. SHARE CAPITAL

Group and Company

(i) Prior to the Reorganization

Shares

	Nominal value of ordinary shares	Equivalent nominal value of ordinary shares
	US$	HK$
Authorized:		
50,000 ordinary shares of US$1 each as at 30 June 2009 and 2010	50,000	390,000
Issued and fully paid:		
100 ordinary shares of US$1 each issued and allotted upon incorporation on 21 February 2008	100	780
As at 30 June 2009 and 2010	100	780

The Company was incorporated in the Cayman Islands on 21 February 2008 with an authorized share capital of US$50,000 (equivalent to HK$390,000) divided into 50,000 ordinary shares of US$1 each.

(ii) Reorganization

Shares

Authorized:

Pursuant to the Board resolution dated 28 May 2011, the Company re-denominated its existing authorized share capital of US$50,000 divided into 50,000 shares of US$1 each to HK$388,000 divided into 3,880,000 shares of HK$0.10 each.

Issued and fully paid:

Pursuant to the Board resolution dated 28 May 2011, the Company allotted and issued 10,000 new shares to its then shareholders of HK$0.10 each for cash at par value to repurchase the 100 issued shares of US$1 at par value held by its then shareholders. Upon completion of the transaction, the issued and fully paid share capital of the Company was HK$1,000 divided into 10,000 shares of HK$0.10 each.

Pursuant to the Board resolution dated 28 May 2011, Mr. Yeung Michael Wah Keung and Mr. Yeung Wo Fai assigned their respective portion of dividends declared by Sitoy Handbag to the Company, respectively. In consideration of such assignments, the Company allotted and issued 200 new shares of HK$0.10 each of which 130 shares were issued to Mr. Yeung Michael Wah Keung for his portion of the special dividend declared by Sitoy Handbag amounting to HK$260,000,000 and 70 shares were issued to Mr. Yeung Wo Fai for his portion of the special dividends declared by Sitoy Handbag amounting to HK$140,000,000, all credited as full paid. The share premium arising from the 200 newly issued shares amounted to HK$399,999,980. These transactions were accounted for as major non-cash transactions during the year ended 30 June 2011.

A summary of the Company's authorized and issued share capital as at 30 June 2011 is as follows:

Shares

	Equivalent nominal value of ordinary shares
	HK$
Authorized:	
3,880,000 ordinary shares of HK$0.10 each	388,000
Issued and fully paid:	
10,200 ordinary shares of HK$0.10 each issued and allotted as at 30 June 2011	1,020

30. RESERVES

Group

The amounts of the Group's reserves and the movements therein for the Relevant Periods are presented in the combined statements of changes in equity of the Financial Information.

Share premium

A share premium of HK$399,999,980 was recorded arising from the increase of the issued shares on 28 May 2011.

Merger reserve

The merger reserve represents the difference between the nominal value of shares of the subsidiaries acquired pursuant to the Reorganization, over the nominal value of the Company's shares issued in exchange therefor.

Statutory reserve fund

In accordance with the relevant PRC regulations applicable to wholly-foreign-owned companies, certain entities within the Group are required to allocate certain portion (not less than 10%), as determined by their Board of Directors, of their profit after tax in accordance with PRC GAAP to the statutory reserve fund (the "SRF") until such reserve reaches 50% of the registered capital.

The SRF is non-distributable other than in the event of liquidation and, subject to certain restrictions set out in the relevant PRC regulations, can be used to offset accumulated losses or be capitalized as issued capital.

Company

	Share premium account	Accumulated losses	Total
	HK$'000	HK$'000	HK$'000
At 1 July 2008	–	(43)	(43)
Total comprehensive income for the year	–	(18)	(18)
At 30 June 2009 and 1 July 2009	–	(61)	(61)
Total comprehensive income for the year	–	(26)	(26)
At 30 June 2010 and 1 July 2010	–	(87)	(87)
Total comprehensive income for the year	–	(9,553)	(9,553)
Issue of shares	400,000	–	400,000
At 30 June 2011	400,000	(9,640)	390,360

31. CONTINGENT LIABILITIES

At the end of each of the Relevant Periods, contingent liabilities not provided for in the financial statements were as follows:

Company

	30 June		
	2009	2010	2011
	HK$'000	HK$'000	HK$'000
Guarantee given to a bank in connection with facilities granted to:			
Subsidiary	–	–	328,815

As at 30 June 2011, the banking facilities granted to a subsidiary subject to guarantees given to banks by the Company were utilized to the extent of HK$105,901,000 (2010: nil, 2009: nil).

32. PLEDGE OF ASSETS

Details of the Group's bank loans which are secured by the assets of the Group are included in notes 16, 23, 24 and 28 to the Financial Information.

33. OPERATING LEASE ARRANGEMENTS

The Group leases certain of its office properties under operating lease arrangements. Leases for properties are negotiated for terms ranging from one to ten years.

At the end of each of the Relevant Periods, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	30 June		
	2009	2010	2011
	HK$'000	HK$'000	HK$'000
Group			
Within one year	4,615	5,981	10,874
In the second to fifth years, inclusive	13,352	18,480	25,606
After five years	5,908	2,815	1,543
	23,875	27,276	38,023

34. COMMITMENTS

In addition to the operating lease commitments detailed in note 33 above, the Group had the following capital commitments at the end of each of the Relevant Periods:

	30 June		
	2009	2010	2011
	HK$'000	HK$'000	HK$'000
Group			
Contracted, but not provided for:			
Properties and prepaid land lease payments	59,563	24,653	4,308
Other intangible asset	–	–	4,503
	59,563	24,653	8,811

35. RELATED PARTY TRANSACTIONS

(a) The Group had the following transactions with related parties during the Relevant Periods:

	Year ended 30 June		
	2009	2010	2011
	HK$'000	HK$'000	HK$'000
Processing fee:			
Trandy Leather Goods Handbag Factory Limited	19,304	10,845	10,185

In the opinion of the Directors, the above related party transactions were carried out in the ordinary course of business and on normal commercial terms mutually agreed by the respective parties.

The above transactions will continue after the listing of the Company's shares on the Stock Exchange.

(b) Other transactions with related parties:

The Company's shareholder, Mr. Yeung Michael Wah Keung, has provided an unlimited guarantee of the bank loans amounting to HK$118,419,000, HK$170,192,000 and HK$105,901,000 as at 30 June 2009, 2010 and 2011, respectively. The Company's shareholder, Mr. Yeung Wo Fai, has provided a limited guarantee up to HK$12,000,000 (2009 and 2011: nil) of the bank loans amounting to HK$12,000,000 (2009 and 2011: nil) as at 30 June 2010, which was fully repaid by 30 June 2011. Details of the bank loans are set out in note 28 to the Financial Information.

In the opinion of the Directors, the related party transactions were conducted on normal commercial terms and in the ordinary course of the Group's business.

Pursuant to the agreements reached by Sitoy Handbag and the banks on 30 June 2011, the unlimited guarantee provided by Mr. Yeung Michael Wah Keung for the loans will be released with immediate effect upon the successful listing of the shares of the Company on the Stock Exchange.

(c) Outstanding balances with related parties:

Details of the Group's balances with its related parties at the end of each of the Relevant Periods are disclosed in note 25 to the Financial Information.

(d) Compensation of key management personnel of the Group:

	30 June		
	2009	2010	2011
	HK$'000	HK$'000	HK$'000
Short term employee benefits	4,403	4,915	8,392
Post-employment benefits	113	125	292
Total compensation paid to key management personnel	4,516	5,040	8,684

Further details of Directors' emoluments are included in note 10 to the Financial Information.

36. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of each of the Relevant Periods are as follows:

Group

Financial assets

	30 June				
	2009	2010	2011		
	Loans and receivables	Loans and receivables	Loans and receivables	Available-for-sale financial assets	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Trade receivables	145,496	160,978	239,860	–	239,860
Financial assets included in prepayments, deposits and other receivables	7,549	11,342	15,084	–	15,084
Amounts due from shareholders	6,147	–	–	–	–
Amount due from a related company	–	–	540	–	540
Available-for-sale investment	–	–	–	9,609	9,609
Pledged deposits	10,000	10,000	–	–	–
Cash and cash equivalents	31,745	50,146	80,390	–	80,390
	200,937	232,466	335,874	9,609	345,483

Financial liabilities

	30 June		
	2009	2010	2011
	Financial liabilities at amortized cost	Financial liabilities at amortized cost	Financial liabilities at amortized cost
	HK$'000	HK$'000	HK$'000
Trade payables	106,330	155,379	197,972
Financial liabilities included in other payables and accruals	34,214	55,118	96,005
Interest-bearing bank borrowings	118,419	170,192	105,901
Amounts due to shareholders	–	59,192	–
Amount due to a related company	589	–	–
	259,552	439,881	399,878

Company

Financial asset

	30 June		
	2009	2010	2011
	Loans and receivables	Loans and receivables	Loans and receivables
	HK$'000	HK$'000	HK$'000
Trade receivables	–	–	92
Amount due from subsidiaries	–	–	397,551
Cash and cash equivalents	–	–	629
	–	–	398,272

Financial liabilities

	30 June		
	2009	2010	2011
	Financial liabilities at amortized cost	Financial liabilities at amortized cost	Financial liabilities at amortized cost
	HK$'000	HK$'000	HK$'000
Financial liabilities included in other payables and accruals	–	–	11,326
Amount due to a subsidiary	60	86	–
	60	86	11,326

37. FAIR VALUE HIERARCHY

The Group uses the following hierarchy for determining and disclosing the fair values of financial instruments:

Level 1: fair values measured based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: fair values measured based on valuation techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: fair values measured based on valuation techniques for which all inputs which have a significant effect on the recorded fair value are not based on observable market data (unobservable inputs)

Assets measured at fair value:

Group

	As at 30 June 2011			
	Level 1	**Level 2**	**Level 3**	**Total**
	HK$'000	**HK$'000**	**HK$'000**	**HK$'000**
Available-for-sale investment:				
Debt investment	9,609	–	–	9,609

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise interest-bearing bank borrowings, amounts due to shareholders and cash and cash equivalents. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various financial assets such as trade receivables and other receivables, which arise directly from its operations. The particular recognition methods adopted are disclosed in the accounting policy associated with each item in note 4 to the Financial Information.

It is, and has been during the Relevant Periods, the Group's policy that no trading in financial instruments should be undertaken.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The Board of Directors reviews and agrees policies for managing each of the risks which are summarized below:

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long term debt obligations with floating interest rates.

The Group's policy is to manage its interest cost using variable rate debts. At the end of each of the Relevant Periods, 100% of the Group's interest-bearing borrowings bore interest at floating rates.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variable held constant, of the Group's profit before tax (through the impact on floating rate borrowings).

Group:

	Increase/(decrease) in basis points	Increase/(decrease) in profit before tax
		HK$'000
2009	100	(97)
	(100)	97
2010	100	(493)
	(100)	493
2011	100	(550)
	(100)	550

Foreign currency risk

The Group has transactional currency exposures. Such exposures arise from sales or purchases by operating units in currencies other than the units' functional currency. During the year ended 30 June 2011, 99.94% (2010: 99.97%, 2009: 99.92%) of the Group's sales were denominated in currencies other than the functional currency of the operating units making the sale, whilst approximately 38% (2010: 26%, 2009: 7%) of costs were denominated in the units' functional currency.

As at 30 June 2011, total notional amount of outstanding forward foreign exchange contracts that the Group has committed are EUR1,700,000 (2010: nil, 2009: nil), and their fair values are estimated to be nil (2010: nil, 2009: nil). The contracts mainly related to buying of US$ with maturities in first half year subsequent to 30 June 2011.

The following table demonstrates the sensitivity at the end of each of the Relevant Periods to a reasonably possible change in the US$, EUR and RMB exchange rates, with all other variables held constant, of the Group's profit before tax (due to changes in the fair value of monetary assets and liabilities).

Group:

	Increase/(decrease) in US$/EUR/RMB	Increase/(decrease) in profit before tax
	%	HK$'000
2009		
If HK$ weakens against US$	5	1,443
If HK$ strengthens against US$	(5)	(1,443)
If HK$ weakens against EUR	5	202
If HK$ strengthens against EUR	(5)	(202)
If HK$ weakens against RMB	5	1,664
If HK$ strengthens against RMB	(5)	(1,664)
2010		
If HK$ weakens against US$	5	615
If HK$ strengthens against US$	(5)	(615)
If HK$ weakens against EUR	5	1,030
If HK$ strengthens against EUR	(5)	(1,030)
If HK$ weakens against RMB	5	8,080
If HK$ strengthens against RMB	(5)	(8,080)
2011		
If HK$ weakens against US$	5	8,445
If HK$ strengthens against US$	(5)	(8,445)
If HK$ weakens against EUR	5	365
If HK$ strengthens against EUR	(5)	(365)
If HK$ weakens against RMB	5	7,795
If HK$ strengthens against RMB	(5)	(7,795)

Credit risk

The Group trades only with recognized and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis, and therefore, the Group's exposure to bad debts is not significant.

The credit risk of the Group's other financial assets, which comprise cash and cash equivalents, pledged deposits, available-for-sale investment, amounts due from shareholders, amount due from a related company and other receivables, arises from the default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

As at 30 June 2011, the Group had certain concentrations of credit risk as 21% (2010: 41%, 2009: 14%) and 57% (2010: 75%, 2009: 56%) of the Group's trade receivables were due from the Group's largest customer and the five largest customers, respectively.

Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets and projected cash flows from operations.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank and other borrowings. In addition, banking facilities have been put in place for contingency purposes.

The maturity profile of the Group's financial liabilities as at the end of each of the Relevant Periods is as follows:

Group

30 June 2009	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Trade payables	28,505	77,825	–	–	106,330
Other payables and accruals	34,214	–	–	–	34,214
Interest-bearing bank borrowings (note)	118,419	–	–	–	118,419
Amount due to a related company	589	–	–	–	589
	181,727	77,825	–	–	259,552

30 June 2010	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Trade payables	67,950	87,429	–	–	155,379
Other payables and accruals	55,118	–	–	–	55,118
Interest-bearing bank borrowings (note)	170,192	–	–	–	170,192
Amounts due to shareholders	59,192	–	–	–	59,192
	352,452	87,429	–	–	439,881

30 June 2011	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Trade payables	56,527	141,445	–	–	197,972
Other payables and accruals	96,005	–	–	–	96,005
Interest-bearing bank borrowings (note)	105,901	–	–	–	105,901
	258,433	141,445	–	–	399,878

Note: The related loan agreements contain repayment on demand clauses which give the banks at their sole discretion to demand immediate repayment at any time, and therefore, for the purpose of the above maturity profile, the total amounts are classified as "on demand". Based on the original repayment schedule, the maturity profile of the contractual undiscounted payments of the Group's interest-bearing bank borrowings at the end of each of the Relevant Periods are as follows:

30 June 2009	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Interest-bearing bank borrowings subject to repayment on demand clauses: scheduled repayments	–	97,899	10,178	11,410	119,487

30 June 2010	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Interest-bearing bank borrowings subject to repayment on demand clauses: scheduled repayments	–	104,639	20,593	49,081	174,313

30 June 2011	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Interest-bearing bank borrowings subject to repayment on demand clauses: scheduled repayments	–	61,719	13,721	32,318	107,758

Company

30 June 2009	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Amount due to a subsidiary	60	–	–	–	60

30 June 2010	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Amount due to a subsidiary	86	–	–	–	86

30 June 2011	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Other payables and accruals	11,326	–	–	–	11,326

Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and a healthy capital ratio in order to support its business and maximize shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the Relevant Periods.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's net debt consists of interest-bearing bank borrowings, amounts due to shareholders less cash and cash equivalents. Capital includes total equity.

At the end of each of the Relevant Periods, the Group's strategy was to maintain the net borrowings to equity ratio at a healthy capital level in order to support its businesses. The principal strategies adopted by the Group include, without limitation, reviewing future cash flow requirements and the ability to meet debt repayment schedules when they fall due, maintaining a reasonable level of available banking facilities and adjusting investment plans and financing plans, if necessary, to ensure that the Group has a reasonable level of capital to support its business. The gearing ratio at the end of each of the Relevant Periods are as follows:

Group

	30 June		
	2009	2010	2011
	HK$'000	HK$'000	HK$'000
Interest-bearing bank borrowings	118,419	170,192	105,901
Amounts due to shareholders	–	59,192	–
Less: Cash and cash equivalents	(31,745)	(50,146)	(80,390)
Net debt	86,674	179,238	25,511
Total equity	171,106	217,302	493,437
Capital and net debt	257,780	396,540	518,948
Gearing ratio	34%	45%	5%

39. EVENTS AFTER THE REPORTING PERIOD

On 13 July 2011, the Reorganization as more fully explained in the paragraph headed "Reorganization" in the section headed "Our History and Reorganization" to the Prospectus was completed and the Company became the holding company of all subsidiaries now comprising the Group.

Pursuant to the agreement reached by Sitoy Handbag and one of the banks on 19 August 2011, the unlimited guarantee provided by Mr. Yeung Michael Wah Keung for the loans of the bank will be released with immediate effect upon successful listing of the shares of the Company on the Stock Exchange.

On 15 November 2011, the Company increased its authorized share capital from HK$388,000 divided into 3,880,000 shares to HK$300,000,000 divided into 3,000,000,000 shares.

III. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Group or any of its subsidiaries in respect of any period subsequent to 30 June 2011.

Yours faithfully,
Ernst & Young
Certified Public Accountants
Hong Kong

The information set forth in this Appendix does not form part of the Accountants' Report prepared by the reporting accountants, Ernst & Young, Certified Public Accountants, Hong Kong, as set forth in Appendix I to this prospectus, and is included herein for illustrative purposes only.

The unaudited pro forma financial information should be read in conjunction with "Financial Information" and "Appendix I — Accountants' Report".

For illustrative purpose only, the unaudited pro forma financial information prepared in accordance with Rule 4.29 of the Listing Rules is set out herein to provide prospective investors with further financial information about how the proposed listing might have affected the combined net tangible assets of the Group after the completion of the Global Offering as if the Global Offering had taken place on 30 June 2011.

The accompanying unaudited pro forma financial information of the Group is based on currently available information along with a number of assumptions, estimates and uncertainties. As a result of these assumptions, estimates and uncertainties, the accompanying unaudited pro forma financial information of the Group does not purport to predict the Group's future financial position or results of operations.

Although reasonable care has been exercised in preparing the said information, prospective investors should bear in mind that these figures are inherently subject to adjustments and may not give a true picture of the Group's financial results and position of the financial periods concerned.

A. UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

The following unaudited pro forma adjusted combined net tangible assets have been prepared based on the combined net tangible assets as of 30 June 2011 as extracted from the Accountants' Report, the text of which is set out in Appendix I to this prospectus, and is adjusted as described below.

The following unaudited pro forma adjusted combined net tangible assets have been prepared to show the effect on the combined net tangible assets as of 30 June 2011 as if the Global Offering had occurred on 30 June 2011.

	Audited combined net tangible assets of our Group attributable to the owners of our Company as of 30 June 2011	**Estimated net proceeds from the Global Offering[(1)]**	**Unaudited pro forma adjusted net tangible assets attributable to the owners of the Company**	**Unaudited pro forma adjusted net tangible assets per Share[(2)]**
	HK$'000	**HK$'000**	**HK$'000**	**HK$**
Based on an Offer Price of HK$2.95 per share	493,437	677,174	1,170,611	1.17
Based on an Offer Price of HK$3.95 per share	493,437	919,286	1,412,723	1.41

(1) The estimated net proceeds from the Global Offering are based on the Offer Price of HK$2.95 and HK$3.95 per Share, after deduction of the underwriting fees and other related expenses payable by us. No account has been taken for Shares which may be issued upon the exercise of the Over-allotment Option.

(2) The unaudited pro forma adjusted net tangible assets per Share is arrived at after the adjustment for the estimated net proceeds from the Global Offering payable to us as described in note (1) and on the basis that a total of 998,400,000 Shares were in issue as of 30 June 2011 (including Shares in issue as of the date of this Prospectus and those Shares to be issued pursuant to the Global Offering).

B. LETTER FROM THE REPORTING ACCOUNTANTS ON THE UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a letter, received from the independent reporting accountants of the Company, Ernst & Young, Certified Public Accountants, Hong Kong, prepared for inclusion in this Prospectus, in respect of the Group's unaudited pro forma financial information.



18th Floor
Two International Finance Centre
8 Finance Street
Central
Hong Kong

24 November 2011

The Directors
Sitoy Group Holdings Limited
Merrill Lynch Far East Limited

Dear Sirs,

We report on the unaudited pro forma adjusted combined net tangible assets (the "Unaudited Pro Forma Financial Information") of Sitoy Group Holdings Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group"), which have been prepared by the directors of the Company (the "Directors") for illustrative purposes only, to provide information about how the global offering of 249,600,000 shares of HK$0.10 each in the capital of the Company might have affected the financial information presented, for inclusion in Appendix II to the prospectus of the Company dated 24 November 2011 (the "Prospectus"). The basis of preparation of the Unaudited Pro Forma Financial Information is set out in Appendix II to the Prospectus.

Respective Responsibilities of the Directors and Reporting Accountants

It is the responsibility solely of the Directors to prepare the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

It is our responsibility to form an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

Basis of Opinion

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 300 "Accountants' Reports on Pro Forma Financial Information in Investment Circulars" issued by the HKICPA. Our work consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments, and discussing the Unaudited Pro Forma Financial Information with the Directors. This engagement did not involve independent examination of any of the underlying financial information.

Our work did not constitute an audit or a review made in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA, and accordingly, we do not express any such audit or review assurance on the Unaudited Pro Forma Financial Information.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Unaudited Pro Forma Financial Information has been properly compiled by the Directors on the bases stated, that such bases are consistent with the accounting policies of the Group and that the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Our work has not been carried out in accordance with the auditing standards or other standards and practices generally accepted in the United States of America or auditing standards of the Public Company Accounting Oversight Board (United States) and accordingly should not be relied upon as if it had been carried out in accordance with those standards.

The Unaudited Pro Forma Financial Information is for illustrative purposes only, based on the judgements and assumptions of the Directors, and, because of its hypothetical nature, does not provide any assurance or indication that any event will take place in the future and may not be indicative of the financial position of the Group as at 30 June 2011 or any future dates.

Opinion

In our opinion:

(a) the Unaudited Pro Forma Financial Information has been properly compiled by the Directors on the bases stated;

(b) such bases are consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Yours faithfully,
Ernst & Young
Certified Public Accountants
Hong Kong

The forecast of the consolidated profit attributable to the owners of the Company for the six months ending 31 December 2011 is set out in the section headed "Financial Information — Profit Forecast for the six months ending 31 December 2011" in this prospectus.

(1) BASES AND ASSUMPTIONS

The forecast of the consolidated profit attributable to the owners of the Company for the six months ending 31 December 2011 prepared by the Directors is based on the unaudited consolidated results of the Group for the three months ended 30 September 2011 and a forecast of the consolidated results of our Group for the three months ending 31 December 2011. The Directors are not aware of any extraordinary items which have arisen or are likely to arise during the six months ending 31 December 2011. The forecast has been prepared on the basis of the accounting policies consistent in all material aspects with those currently adopted by our Group as summarized in the Accountants' Report, the text of which is set out in Appendix I to this prospectus and is based on the following principal assumptions:

(a) there will be no material changes in existing government policies or political, legal (including changes in legislation or regulations or rules), fiscal or economic conditions in Hong Kong, the PRC or any other places in which any member of our Group is incorporated or carries on business;

(b) there will be no material changes in the bases or rates of taxation or duties applicable to the activities of our Group in Hong Kong, in the PRC, or any other place in which our Group operates or in which any member of our Group is incorporated;

(c) there will be no material adverse changes in the foreign currency exchange rates and interest rates from those currently prevailing;

(d) our Group's operations, results and financial position will not be materially and adversely affected by any of the risk factors set out in the section headed "Risk Factors" in the Prospectus;

(e) there will be no wars, military incidents, acts of terrorism, pandemic diseases, natural disasters, or force majeure events, unforeseeable factors or reasons that are beyond our control, which would have a material impact on our Group's business and operating activities; and

(f) the operation of our Group will not be adversely affected by occurrences such as labor shortages and disputes, or any other factors outside the control of the management of our Group. In addition, our Group will be able to recruit enough employees to meet its operating requirements.

(2) LETTERS

Set out below are texts of letters received by the Directors from (i) Ernst & Young, the reporting accountants of our Company and (ii) the Sole Sponsor prepared for the purpose of incorporation in this prospectus in connection with the profit forecast of our Group for the six months ending 31 December 2011.

(i) Letter from the reporting accountants

The following is the text of a letter from our reporting accountants, Ernst & Young, Certified Public Accountants, Hong Kong, prepared for the purpose of incorporation in this prospectus, in respect of the profit forecast of our Group for the six months ending 31 December 2011.



18th Floor
Two International Finance Centre
8 Finance Street
Central
Hong Kong

24 November 2011

The Directors
Sitoy Group Holdings Limited
Merrill Lynch Far East Limited

Dear Sirs,

We have reviewed the calculations of and the accounting policies adopted in arriving at the forecast of the consolidated profit attributable to owners of Sitoy Group Holdings Limited (the "Company", together with its subsidiaries, hereinafter collectively referred to as the "Group") for the six months ending 31 December 2011 (the "Profit Forecast") as set out in the paragraph headed "Profit Forecast for the six months ending 31 December 2011" under the section headed "Financial Information" in the prospectus of the Company dated 24 November 2011 (the "Prospectus") for which the directors of the Company (the "Directors") are solely responsible.

We conducted our work with reference to Auditing Guideline 3.341 "Accountants' Report on Profit Forecasts" issued by the Hong Kong Institute of Certified Public Accountants.

The Profit Forecast has been prepared by the Directors based on the unaudited consolidated results of the Group for the three months ended 30 September 2011 and a forecast of the consolidated results of the Group for the remaining three months ending 31 December 2011.

In our opinion, so far as the accounting policies and calculations are concerned, the Profit Forecast has been properly compiled in accordance with the bases and assumptions made by the Directors as set out in Part (1) of Appendix III to the Prospectus, and is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group as set out in our accountants' report dated 24 November 2011, the text of which is set out in Appendix I to the Prospectus.

Yours faithfully,
Ernst & Young
Certified Public Accountants
Hong Kong

(ii) Letter from the Sole Sponsor

Merrill Lynch Far East Limited
15/F Citibank Tower
3 Garden Road
Hong Kong

Mr John C. Lee
Managing Director

The Directors
Sitoy Group Holdings Limited

24 November 2011

Dear Sirs,

We refer to the forecast consolidated profit attributable to the owners of Sitoy Group Holdings Limited (the "Company", together with its subsidiaries hereinafter collectively referred to as the "Group") for the six months ending 31 December 2011 (the "Forecast") as set out in the prospectus issued by the Company dated 24 November 2011 (the "Prospectus").

The Forecast, for which the Directors of the Company are solely responsible, has been prepared by them based on the unaudited consolidated results of the Group for the three months ended 30 September 2011 and a forecast of the consolidated results of the Group for the three months ending 31 December 2011.

We have discussed with you the bases and assumptions made by the Directors of the Company as set out in Appendix III to the Prospectus upon which the Forecast has been made. We have also considered the letter dated 24 November 2011 addressed to yourselves and ourselves from Ernst & Young regarding the accounting policies and calculations upon which the Forecast has been made.

On the basis of the information comprising the Forecast and on the basis of the accounting policies and calculations adopted by you and reviewed by Ernst & Young, we are of the opinion that the Forecast, for which you as Directors of the Company are solely responsible, has been made after due and careful enquiry.

For and on behalf of
Merrill Lynch Far East Limited
John C. Lee
Managing Director

The following is the text of a letter, summary of values and valuation certificate prepared for the purpose of incorporation in this prospectus received from Savills Valuation and Professional Services Limited, in connection with their opinion of values of the properties of the Group as at 31 August 2011.



Savills Valuation and
Professional Services Limited
23/F Two Exchange Square
Central, Hong Kong

T: (852) 2801 6100
F: (852) 2530 0756

EA LICENCE: C-023750
savills.com

24 November 2011

The Directors
Sitoy Group Holdings Limited
4-5th Floor
Genplas Factory Building
No.56 Hoi Yuen Road
Kwun Tong
Kowloon
Hong Kong

Dear Sirs,

In accordance with your instructions for us to value the properties situated in Hong Kong and the People's Republic of China (the "PRC") in which Sitoy Group Holdings Limited (hereinafter referred to the "Company") and its subsidiaries and associated companies (hereinafter together referred to as the "Group") have interests, we confirm that we have carried out inspections, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of values of the properties as at 31 August 2011 (the "date of valuation") for the purpose of incorporation in a Public Offering Document.

Our valuation of each of the properties is our opinion of its market value which we would define as intended to mean "the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently, and without compulsion".

The market value is the best price reasonably obtainable in the market by the seller and the most advantageous price reasonably obtainable in the market by the buyer. This estimate specifically excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, joint ventures, management agreements, special considerations or concessions granted by anyone associated with the sale, or any element of special value. The market value of a property is also estimated without regard to costs of sale and purchase, and without offset for any associated taxes.

In the course of our valuation of the properties in the PRC, unless otherwise stated, we have assumed that transferable land use rights in respect of the properties for their respective specific terms at nominal annual land use fees have been granted and that any land grant premium payable has already been fully paid. We have also assumed that, unless otherwise stated, the grantees have enforceable titles to the properties and have free and uninterrupted rights to use, occupy or assign the properties for the whole of the unexpired terms as granted.

In valuing the properties in Group I, which are held for owner-occupation by the Group in the PRC, due to the specific purposes for which the buildings of the properties have been constructed, there are no readily available market comparables of the same kind of the properties and thus the properties cannot be valued on the basis of direct comparison. They have been valued on the basis of the depreciated replacement cost ("DRC"). We would define "DRC" for these purposes to be our opinion of the land value in its existing use and an estimate of the new replacement costs of the buildings, including fees and finance charges, from which deductions are then made to allow for physical, functional and environmental obsolescences. While in valuing the land, we have adopted the Direct Comparison Approach by making reference to the comparable market transactions as available in the relevant market assuming sales with vacant possession. In valuing Property 1, we have also taken into account the rental income generated from portion of the property, and the construction cost incurred and the outstanding construction cost to be expended to complete the portion which was under construction as at the date of valuation. The DRC is subject to adequate potential profitability of the business.

In valuing the properties in Group II and III, which are held for future development by the Group in the PRC and for owner-occupation by the Group in Hong Kong, we have valued the properties by reference to comparable market transactions assuming sale with the benefit of vacant possession.

In valuing the property in Group IV, which is held for investment by the Group in Hong Kong, we have made reference to the comparable market transactions as available in the market.

In valuing the properties in Group V, which are rented by the Group in the PRC, we have assigned no commercial values to such properties due mainly to the prohibitions against assignment or sub-letting otherwise due to the lack of substantial profit rents.

We have caused searches to be made at the Land Registry for the properties in Hong Kong. However, we have been provided with extracts of documents relating to the properties in the PRC. However, we have not searched the original documents to verify the ownership or to ascertain the existence of any amendments which may not appear on the copies provided to us. In the course of our valuation, we relied to a very considerable extent on the information given by the Group and its legal adviser, King & Wood PRC Lawyers, regarding the titles to the properties in the PRC. We have also accepted information and advice from the Group on such matters as planning approvals or statutory notices, easements, tenure, particulars of occupancy, development proposal, site and floor areas and all other relevant matters. Dimensions, measurements and areas included in the valuation certificate are based on information contained in the documents provided by the Group to us and are therefore only approximations. No on-site measurements have been taken. We have had no reason to doubt the truth and accuracy of the information provided to us by the Group, which is material to our valuation. We are also advised by the Group that no material facts have been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view.

We have inspected the exterior and where possible, the interior of the properties. During the course of our inspections, we did not note any serious defects. However, no structural survey has been made, we are therefore unable to report whether the properties are free from rot, infestation or any other defects. No tests were carried out on any of the services. We have also not carried out investigations on site to determine the suitability of the ground conditions and the services for any future development.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on any property interests nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property interests are free from encumbrances, restrictions and outgoings of an onerous nature which could affect their values.

In valuing the properties, we have complied with the requirements set out in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Valuation Standards on Properties (First Edition 2005) published by the Hong Kong Institute of Surveyors.

Unless otherwise stated, all monetary amounts stated in Renminbi ("RMB") for the properties in the PRC and Hong Kong dollars ("HK$") for the properties in Hong Kong.

We enclose herewith our summary of values and valuation certificate.

Yours faithfully,
For and on behalf of
Savills Valuation and Professional Services Limited

Anthony C K Lau
MHKIS MRICS RPS(GP)
Director

Note: Anthony C K Lau is a qualified valuer and has over 19 years' experience in the valuation of properties in Hong Kong and the PRC.

SUMMARY OF VALUES

Group I — Properties held for owner-occupation by the Group in the PRC

No.	Property	Capital value in existing state as at 31 August 2011
1.	Yingde Factory (portion for owner-occupation) located at Dongbao Industrial District, Donghua Town, Yingde, Guangdong Province, PRC	RMB155,200,000
2.	Main Factory (Dongguan) located at the 3rd Industrial District, Qiaotou Village, Houjie Town, Dongguan, Guangdong Province, PRC	RMB49,000,000
	Group I Sub-total:	RMB204,200,000

Group II — Property held by the Group for future development in the PRC

3.	Yingde Factory (portion for future development) located at Dongbao Industrial District, Donghua Town, Yingde, Guangdong Province, PRC	RMB16,400,000
	Group II Sub-total:	RMB16,400,000

Group III — Property held by the Group for owner occupation in Hong Kong

4.	4th Floor and 5th Floor, Genplas Factory Building, No. 56 Hoi Yuen Road, Kwun Tong, Kowloon, Hong Kong	HK$22,600,000
	Group III Sub-total:	HK$22,600,000

Group IV — Property held by the Group for investment in Hong Kong

5.	Shop 125 on Ground Floor, Yuet Wu Villa, No. 2 Wu Sau Street, Tuen Mun, New Territories, Hong Kong	HK$1,400,000
	Group IV Sub-total:	HK$1,400,000

Group V — Properties rented by the Group in the PRC

No.	Property	Capital value in existing state as at 31 August 2011
6.	Room 1006 (portion), Level 10, Tower South of G.T. Land Plaza, No. 8 Zhu Jiang Xi Road, Zhu Jiang New Town, Tianhe District, Guangzhou, Guangdong Province, PRC	No commercial value
7.	Room B119, Basement Level 1 of G.T. Land Plaza, Nos. 85 and 87 Hua Cheng Da Dao Road, Zhu Jiang New Town, Tianhe District, Guangzhou, Guangdong Province, PRC	No commercial value
8.	Rooms 1D141-1D142, 1st Floor, Grandview Mall, No. 228 Tian He Road, Tianhe District, Guangzhou, Guangdong Province, PRC	No commercial value
9.	Qiaotou Branch (Dongguan) Facilities located at the 3rd Industrial District, Qiaotou Village, Houjie Town, Dongguan, Guangdong Province, PRC	No commercial value
10.	Xiabian Branch (Dongguan) Facilities located at Xiabian Industrial District, Houjie Town, Dongguan, Guangdong Province, PRC	No commercial value
11.	Qiaonan Branch (Dongguan) Facilities located at the 3rd Industrial District, Qiaotou Village, Houjie Town, Dongguan, Guangdong Province, PRC	No commercial value
12.	Chongxincunwei Tian Xin Village (a parcel of land including a fish pond) Donghua Town, Yingde, Guangdong Province, PRC	No commercial value

No.	Property	Capital value in existing state as at 31 August 2011
13.	Shop No. 17, Level 1, Ginza Mall, No. 48 Dongzhimen Waidajie, Dongcheng District, Beijing, PRC	No commercial value
14.	Shop 203A, Level 2, U-Town Shopping Center, No.5 Sanfengbeili, Chaoyang District, Beijing, PRC	No commercial value
15.	Shop No. 101C of a shopping centre located at No. 22799 Jingshi Road, Jinan, Shandong Province, PRC	No commercial value
16.	Shop 01-50/51, Level 1, SCP Plaza, Nonglin Road, Futian District, Shenzhen, Guangdong Province, PRC	No commercial value
17.	Room 1702, Dehe Building, Lie De Garden, No. 3 Haiwen Road, Zhu Jiang New Town, Tianhe District, Guangzhou, Guangdong Province, PRC	No commercial value
18.	Room 1003, Block D of Gao De Zhi De Apartment, No. 16 Xiancun Road, Tianhe District, Guangzhou, Guangdong Province, PRC	No commercial value
19.	3th to 8th Floors of a dormitory building located at Bo Lan Avenue, Qiaotou Village, Houjie Town, Dongguan, Guangdong Province, PRC	No commercial value

No.	Property	Capital value in existing state as at 31 August 2011
20.	Levels 1 to 4 of a building located at No. 148 Qiaotou South Road, Qiaotou Village, Houjie Town, Dongguan, Guangdong Province, PRC	No commercial value
21.	Level 1 of a building located at No. 124 Qiaotou South Road, the 3rd Industrial District, Qiaotou Village, Houjie Town, Dongguan, Guangdong Province, PRC	No commercial value
22.	Level 1 of a building located at No. 126 Qiaotou South Road, the 3rd Industrial District, Qiaotou Village, Houjie Town, Dongguan, Guangdong Province, PRC	No commercial value
	Group V Sub-total:	Nil

VALUATION CERTIFICATE

Group I — Properties held for owner-occupation by the Group in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 August 2011
1.	Yingde Factory (portion for owner-occupation) located at Dongbao Industrial District, Donghua Town, Yingde, Guangdong Province, PRC	Yingde Factory ("the Development") comprises a parcel of land with a site area of approximately 191,741.49 sq.m. (2,063,905 sq.ft.). The property comprises portion of land of the Development with a site area of approximately 98,409.49 sq.m. (1,059,280 sq.ft.) on which 12 single to 6-storey buildings with a total gross floor area of 78,694.92 sq.m. (847,027 sq.ft) completed in between 2009 and 2010 are erected and two 2 to 4-storey buildings with a total gross floor area of 9,300.21 sq.m. (100,107 sq.ft.) which are under construction and scheduled to be completed in Q4 2011. The land use rights of the property have been granted for a term expiring on 15 October 2058 for industrial use.	Portion of the property with a total gross floor area of approximately 373.00 sq.m. is subject to four tenancy agreements at a total monthly rental of RMB3,600 whilst the remaining portion of the property is occupied by the Group for office, workshop, warehouse, dormitory and canteen uses.	RMB155,200,000

Notes:

1. Pursuant to the State-owned Land Use Rights Certificate No. Yingde Guo Yong (2008) 1210 issued by the Yingde People's Government on 28 October 2008, the land use rights of the Development with a site area of approximately 191,741.49 sq.m. have been granted to Sitoy (Yingde) Leather Products Co., Ltd. ("Sitoy Yingde"), a wholly-owned subsidiary of the Company, for a term expiring on 15 October 2058 for industrial use.

2. Pursuant to the Construction Land Planning Permit No. 2007087 issued by Donghua Yingde City Donghua Town Construction Planning Management Office on 19 October 2007, the construction works of the property with a site area of approximately 42,824.90 sq.m. has been approved for construction on the land of the property.

3. Pursuant to the Construction Works Planning Permit No. 2007087 issued by Donghua Yingde City Donghua Town Construction Planning Management Office on 19 October 2007, the construction works with a construction scale of approximately 143,033.10 sq.m. has been approved for construction.

4. Pursuant to the Construction Works Commencement Permit No. [2010] (086) Buban issued by Yingde City Housing and Urban-rural Construction Bureau on 25 January 2011, the construction works of the property with a construction scale of approximately 9,300.21 sq.m. have been approved to commence construction.

5. According to the 12 Building Ownership Certificates issued by Yingde Real Estate Bureau, the building ownership of the property with a total gross floor area of approximately 78,694.92 sq.m. is vested in Sitoy Yingde. Details of the certificates are as follows:

Building Ownership Certificate No.	Use	Number of Storey	Approximate Gross Floor Area	Issuance Date
			(sq.m.)	
Yue Fang Di Zheng Zi No.C6845811 (粵房地證字第C6845811號) ...	Residential	6	7,174.99	24 April 2009
Yue Fang Di Quan Zheng Ying De Zi No. 0800100141 (粵房地權證英德字第0800100141號)	Dormitory	6	8,771.64	2 July 2010
Yue Fang Di Quan Zheng Ying De Zi No. 0800100143 (粵房地權證英德字第0800100143號)	Dormitory	6	8,771.64	2 July 2010
Yue Fang Di Quan Zheng Ying De Zi No. 0800100148 (粵房地權證英德字第0800100148號)	Dormitory	6	8,771.64	2 July 2010
Yue Fang Di Zheng Zi No.C5964242 (粵房地證字第C 5964242號) ..	Canteen	4	5,420.20	24 April 2009
Yue Fang Di Quan Zheng Ying De Zi No. 0800100146 (粵房地權證英德字第0800100146號)	Workshop	1	3,232.48	2 July 2010
Yue Fang Di Zheng Zi No.C5964245 (粵房地證字第C 5964245號) ..	Workshop	4	9,514.22	24 April 2009

Building Ownership Certificate No.	Use	Number of Storey	Approximate Gross Floor Area (sq.m.)	Issuance Date
Yue Fang Di Zheng Zi No. C5964244 (粵房地證字第C 5964244號) ..	Workshop	4	9,689.08	24 April 2009
Yue Fang Di Quan Zheng Ying De Zi No. 0800100145 (粵房地權證英德字第0800100145號)	Workshop	3	5,745.34	2 July 2010
Yue Fang Di Quan Zheng Ying De Zi No. 0800100144 (粵房地權證英德字第0800100144號)	Workshop	3	5,745.34	2 July 2010
Yue Fang Di Quan Zheng Ying De Zi No. 0800100147 (粵房地權證英德字第0800100147號)	Workshop	3	5,502.35	2 July 2010
Yue Fang Di Zheng Zi No. 5964243 (粵房地證字第C 5964243號) ..	Office	1	356.00	24 April 2009
		Total:	**78,694.92**	

6. Pursuant to a tenancy agreement, the top floor of a dormitory of the property with a gross floor area of approximately 26.00 sq.m. is leased to an independent third party for a term of 10 years commencing on 31 March 2010 and expiring on 30 March 2020 at an annual rent of RMB8,400.

7. Pursuant to a tenancy agreement, portion of the property with a gross floor area of approximately 140.00 sq.m. is leased to an independent third party for a term commencing on 1 October 2009 and expiring on 31 March 2014 at a monthly rent of RMB1,400.

8. Pursuant to a tenancy agreement, portion of the property with a gross floor area of approximately 50.00 sq.m. is leased to an independent third party for a term commencing on 1 November 2009 and expiring on 31 October 2011 at a monthly rent of RMB600.

9. Pursuant to a tenancy agreement, portion of the property with a gross floor area of approximately 150.00 sq.m. is leased to an independent third party for a term commencing on 1 October 2010 and expiring on 31 March 2014 at a monthly rent of RMB900.

10. As advised by the Group, the estimated total construction cost for completion of the portion of the property under construction is approximately RMB8,663,000 in which RMB8,000,000 was spent as at the date of valuation. We have taken into account the said amounts in our valuation.

11. In our opinion, the capital value of the portion of the property which is under construction as if completed as at the date of valuation is approximately RMB11,400,000.

12. We have been provided with a legal opinion on the title of the property issued by the Group's PRC legal adviser, which contains, inter-alia, the following information:

    i. Sitoy Yingde has legally obtained the land use rights of the property;

    ii. Regarding the portion of the property which is leased, the rights for Sitoy Yingde to occupy, use, lease, transfer or dispose of such portion of the property is subject to the restriction of the tenancy agreements;

    iii. Apart from the leased portion of the property, Sitoy Yingde has the rights to occupy, use, lease, transfer or dispose of the remaining portion of the property;

    iv. Regarding the portion of the property which is under construction, Sitoy Yingde has obtained all necessary permits according to the actual construction progress;

    v. According to confirmation from the Group, the land of the property is not subject to any mortgage; and

    vi. The tenancy agreements stated in Notes 6, 7, 8 and 9 have been registered, and are valid and legally binding.

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 August 2011
2.	Main Factory (Dongguan) located at the 3rd Industrial District, Qiaotou Village, Houjie Town, Dongguan, Guangdong Province, PRC	The property comprises three parcels of land with a total site area of approximately 34,138.00 sq.m. (367,461 sq.ft.) on which 11 buildings and ancillary facilities completed in between 1996 and 2003 are erected. As advised by the Group, the total gross floor area of the property is approximately 42,485.77 sq.m. (457,317 sq.ft.), the breakdown of which is as follows: **Use** / **Approximate Gross Floor Area** (sq.m.) / (sq.ft.) Office 3,498.22 / 37,655 Workshop 6,666.32 / 71,756 Dormitory 20,646.75 / 222,242 Warehouse 9,466.60 / 101,898 Composite building 2,207.88 / 23,766 **Total: 42,485.77 / 457,317** The land use rights of the property have been granted for terms expiring on 18 June 2059 and 17 March 2055 respectively for industrial use.	The property is occupied by the Group for office, workshop, warehouse, canteen and dormitory uses.	RMB49,000,000 (Please see Note 3)

Notes:

1. Pursuant to three State-owned Land Use Certificates issued by the People's Government of Dongguan on 23 February 2010 and 24 January 2011, the land use rights of the property with a total site area of approximately 34,138.00 sq.m. have been granted to Dongguan Shidai Leather Products Factory Co., Ltd. (東莞時代皮具製品廠有限公司) ("Sitoy Dongguan"), a wholly-owned subsidiary of the Company. Details of the certificates are as follows:

No.	Certificate No.	Site Area	Use	Expiry Date
		(sq.m.)		
1	Dong Fu Guo Yong (2010) Di Te 56	9,102.20	Industrial	18 June 2059
2	Dong Fu Guo Yong (2010) Di Te 57	8,646.40	Industrial	18 June 2059
3	Dong Fu Guo Yong (2011) Di Te 11	16,389.40	Industrial	17 March 2055
	Total:	**34,138.00**		

2. Pursuant to 8 Building Ownership Certificates Yue Fang Di Quan Zheng Guan Zi Di Nos. 1600298394, 1600298397, 1600298395, 1600298396 1600298398, 1600298399, 1600298400 and 1600298401 all issued by Dongguan Real Estate Administration Bureau on 29 August 2011, the building ownership of portion of the property with a total gross floor area of 28,614.79 is legally vested in Sitoy Dongguan.

3. In the course of our valuation, we have ascribed no commercial value to the buildings of the property with a total gross floor area of approximately 13,870.98 sq.m. as the Group has not obtained any valid title documents regarding such buildings of the property as at the date of valuation. For reference purpose, the depreciated replacement cost of such buildings of the property as at the date of valuation was approximately RMB13,000,000.

4. We have been provided with a legal opinion on the title of the property issued by the Group's PRC legal adviser, which contains, inter-alia, the following information:

   i. Sitoy Dongguan has legally obtained the land use rights of the property and is entitled to occupy, use, lease, transfer or dispose of the land use rights of the property;

   ii. The three buildings of the property as mentioned in Note 3 have been constructed without obtaining the Construction Works Planning Permits and Construction Works Commencement Permit and they are occupied and used without Final Examination of Construction Works and Fire Safety Examination, there is a risk that Sitoy Dongguan may be penalized under relevant PRC laws when they apply for the Building Ownership Certificate;

   iii. Sitoy Dongguan has obtained the Building Ownership Certificates for eight buildings and is applying for the Building Ownership Certificates for the remaining three buildings. According to the letter issued by relevant offices of the People's Government of Dongguan Houjie Town, there exist no material legal impediments for Dongguan Sitoy to obtain the Building Ownership Certificates; and

   iv. According to confirmation from the Group, the land of the property is not subject to any mortgage.

Group II — Property held by the Group for future development in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 August 2011
3.	Yingde Factory (portion for future development) located at Dongbao Industrial District, Donghua Town, Yingde, Guangdong Province, PRC	Yingde Factory ("the Development") comprises a parcel of land with a site area of approximately 191,741.49 sq.m. (2,063,905 sq.ft.). The property comprises a portion of land of the Development with a site area of approximately 93,332.00 sq.m. (1,004,626 sq.ft.) for future development. The land use rights of the property have been granted for a term expiring on 15 October 2058 for industrial use.	The property is a vacant site.	RMB16,400,000

Notes:

1. Pursuant to the State-owned Land Use Rights Certificate No. Yingde Guo Yong (2008) 1210 issued by the Yingde People's Government on 28 October 2008, the land use rights of the Development with a site area of approximately 191,741.49 sq.m. have been granted to Sitoy (Yingde) Leather Products Co., Ltd. ("Sitoy Yingde"), a wholly-owned subsidiary of the Company, for a term expiring on 15 October 2058 for industrial use.

2. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter-alia, the following information:

   i. Sitoy Yingde has legally obtained the land use rights of the property; and

   ii. According to confirmation from the Group, the land of the property is not subject to any mortgage.

Group III — Property held by the Group for owner occupation in Hong Kong

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 August 2011
4.	4th Floor and 5th Floor, Genplas Factory Building, No. 56 Hoi Yuen Road, Kwun Tong, Kowloon, Hong Kong 4/34th shares of and in Kwun Tong Inland Lot No. 58	Genplas Factory Building is a 12-storey industrial building completed in 1965. The property comprises the entire 4th Floor and 5th Floor of the building with a total saleable area of approximately 836.31 sq.m. (9,002 sq.ft.). Kwun Tong Inland Lot No.58 is held under a Government Lease for a term which expired on 27 June 1997 and had been extended to 30 June 2047 without premium but at an annual Government rent at 3% of the rateable value for the time being of the lot.	The property is occupied by the Group for storage and ancillary office uses.	HK$22,600,000

Notes:

1. The registered owner of the property is Sitoy (Hong Kong) Handbag Factory Limited, a wholly-owned subsidiary of the Company.

2. The property is subject to a legal charge, a further charge and a deed of variation and further charge in favour of Hang Seng Bank Limited.

3. The property lies within an area zoned "Other Specified uses (Business)" under the approved Kwun Tong (South) Outline Zoning Plan No. S/K14S/16 dated 15 July 2008.

Group IV — Property held by the Group for investment in Hong Kong

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 August 2011
5.	Shop 125 on Ground Floor, Yuet Wu Villa, No. 2 Wu Sau Street, Tuen Mun, New Territories, Hong Kong 478/24,515th of 5,172/ 202,883rd shares of and in Tuen Mun Town Lot No. 360	Yuet Wu Villa comprises 15 residential towers and a commercial block completed in 1993. The property comprises a shop on the Ground Floor of the commercial block with a saleable area of approximately 23.88 sq.m. (257 sq.ft.). Tuen Mun Town Lot No.360 is held under New Grant No. 2988 for a term from 13 March 1992 to 30 June 2047 at an annual Government rent at 3% of the rateable value for the time being of the lot.	The property is vacant.	HK$1,400,000

Notes:

1. The registered owner of the property is Sitoy (Hong Kong) Handbag Factory Limited, a wholly-owned subsidiary of the Company.

2. The property lies within an area zoned "Residential (Group A)" under the approved Tuen Mun Outline Zoning Plan No. S/TM/28 dated 3 May 2011.

Group V — Properties rented by the Group in the PRC

No.	Property	Description and tenancy particulars	Particulars of occupancy	Capital value in existing state as at 31 August 2011
6.	Room 1006 (portion), Level 10, Tower South of G.T. Land Plaza, No. 8 Zhu Jiang Xi Road, Zhu Jiang New Town, Tianhe District, Guangzhou, Guangdong Province, PRC	The property comprises portion of an office unit on Level 10 of a 20-storey commercial building completed in 2010. The gross floor area of the property is approximately 400.79 sq.m. (4,314.07 sq.ft.). The property is leased to Guangzhou Sitoy Leather Goods Company Limited ("Sitoy Guangzhou"), a wholly-owned subsidiary of the Company, from an independent third party for a term commencing on 1 November 2010 and expiring on 31 December 2013.	The property is occupied by the Group for office use.	No commercial value

Notes:

1. Pursuant to a tenancy agreement and supplemental agreement (the "Tenancy Agreements"), the property is leased to Sitoy Retailing Limited ("Sitoy Retailing") from an independent third party (the "Lessor") for a term commencing on 1 November 2010 and expiring on 31 December 2013 at a monthly rental of approximately RMB64,126.4 exclusive of management fee.

2. Pursuant to the Agreement for Transfer of Tenancy Agreement entered into between the Lessor, Sitoy Retailing Limited and Sitoy Guangzhou on 2 June 2011, all parties agreed that the rights and obligation stated in the Tenancy Agreements in Note 1 to be transferred from Sitoy Retailing Limited to Sitoy Guangzhou starting from 1 February 2011.

3. We have been provided with a legal opinion on the title of the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

   i. The Lessor has obtained the authorization from the owner of the property and is entitled to lease the property; and

   ii. The tenancy agreement has been registered, and is valid and legally binding.

No.	Property	Description and tenancy particulars	Particulars of occupancy	Capital value in existing state as at 31 August 2011
7.	Room B119, Basement Level 1 of G.T. Land Plaza, Nos. 85 and 87 Hua Cheng Da Dao Road, Zhu Jiang New Town, Tianhe District, Guangzhou, Guangdong Province, PRC	The property comprises a retail unit on Basement Level 1 of a 7-storey commercial building completed in 2010. The gross floor area of the property is approximately 212.98 sq.m. (2,292.49 sq.ft.). The property is leased to Guangzhou Sitoy Leather Goods Company Limited ("Sitoy Guangzhou"), a wholly-owned subsidiary of the Company, from an independent third party for a term commencing on 15 December 2010 and expiring on 14 January 2014.	The property is occupied by the Group for retail use.	No commercial value

Notes:

1. Pursuant to the tenancy agreement and supplemental agreement (the "Tenancy Agreements"), the property is leased to Sitoy Retailing Limited ("Sitoy Retailing") from an independent third party (the "Lessor") for a term commencing on 15 December 2010 and expiring on 14 January 2014 at a monthly rental of approximately RMB63,894 from 15 January 2011 to 14 January 2013 and RMB69,006 from 15 January 2013 to 14 January 2014 exclusive of management fee.

2. Pursuant to the Agreement for Transfer of Tenancy Agreement entered into between the Lessor, Sitoy Retailing Limited and Sitoy Guangzhou on 24 June 2011, all parties agreed that the rights and obligation stated in the Tenancy Agreements in Note 1 to be transferred from Sitoy Retailing Limited to Sitoy Guangzhou starting from 4 January 2011.

3. We have been provided with a legal opinion on the title of the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

   i. The owner of the property has not obtained the Building Ownership Certificate but has obtained the Construction Works Planning Permit. According to relevant interpretation by the Supreme People's Court, the tenancy agreement is deemed to be valid; and

   ii. The tenancy agreement has been registered, and is valid and legally binding.

No.	Property	Description and tenancy particulars	Particulars of occupancy	Capital value in existing state as at 31 August 2011
8.	Rooms 1D141-1D142, 1st Floor, Grandview Mall, No. 228 Tian He Road, Tianhe District, Guangzhou, Guangdong Province, PRC	The property comprises a retail unit on 1st Floor of a 9-storey commercial building completed in 2004. As advised by the Group, the gross floor area of the property is approximately 188.00 sq.m. (2,023.62 sq.ft.). The property is leased to Guangzhou Sitoy Leather Goods Company Limited ("Sitoy Guangzhou"), a wholly-owned subsidiary of the Company, from an independent third party for a term commencing on 1 March 2011 and expiring on 28 February 2014.	The property is occupied by the Group for retail use.	No commercial value

Notes:

1. Pursuant to a tenancy agreement, the property is leased to Sitoy Guangzhou from an independent third party (the "Lessor") for a term commencing on 1 March 2011 and expiring on 28 February 2014 at either a fixed monthly rental or a turnover rental, which ever is greater. The rental details are as follows:

Year	Fixed Monthly Rent	Turnover Monthly Rent
	(RMB)	(%)
1	188,000	Based on 22% of the turnover
2	203,040	Based on 23% of the turnover
3	219,208	Based on 24% of the turnover

2. We have been provided with a legal opinion on the title of the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

   i. The Lessor has obtained the Building Ownership Certificate and is entitled to lease the property; and

   ii. The tenancy agreement has been registered, and is valid and legally binding.

No.	Property	Description and tenancy particulars	Particulars of occupancy	Capital value in existing state as at 31 August 2011
9.	Qiaotou Branch (Dongguan) Facilities located at the 3rd Industrial District, Qiaotou Village, Houjie Town, Dongguan, Guangdong Province, PRC	The property comprises a 3-storey workshop, a 5-storey dormitory and canteen mixed-use building and a 3-storey office and workshop mixed-use building. As advised by the Group, the total gross floor area of the property is approximately 8,962.00 sq.m. (96,467 sq.ft.). The property is leased to Dongguan Shidai Leather Products Factory Co., Ltd. ("Sitoy Dongguan"), a wholly-owned subsidiary of the Company, from an independent third party for a term commencing on 1 September 2007 and expiring on 30 August 2017.	The property is occupied by the Group for workshop, canteen, dormitory, warehouse and office uses.	No commercial value

Notes:

1. Pursuant to a tenancy agreement, the property is leased to Sitoy Dongguan from an independent third party (the "Lessor") for a term commencing on 1 September 2007 and expiring on 30 August 2017 at a monthly rental of approximately RMB83,346.60, with rental review every 5 years at an increment of 10%.

2. We have been provided with a legal opinion on the title of the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

   i. The Lessor is unable to provide the Building Ownership Certificate to prove his ownership of the property;

   ii. If the Lessor is not the owner of the property, there is a risk that the tenancy is deemed to be invalid; and

   iii. According to the Law for Management of Tenancy for Commodity Housing, Dongguan Sitoy may be subject to a fine for the non-registration of the tenancy agreement.

No.	Property	Description and tenancy particulars	Particulars of occupancy	Capital value in existing state as at 31 August 2011
10.	Xiabian Branch (Dongguan) Facilities located at Xiabian Industrial District, Houjie Town, Dongguan, Guangdong Province, PRC	The property comprises a 4-storey workshop and warehouse mixed-use building, a 4-storey canteen and dormitory mixed-use building and a 5-storey office and dormitory mixed-use building. The total gross floor area of the property is approximately 9,325.50 sq.m. (100,380 sq.ft.). The property is leased to Dongguan Shidai Leather Products Factory Co., Ltd. ("Sitoy Dongguan"), a wholly-owned subsidiary of the Company, from an independent third party for a term commencing on 1 June 2011 and expiring on 30 June 2015.	The property is occupied by the Group for workshop, warehouse, canteen, dormitory and office uses.	No commercial value

Notes:

1. Pursuant to a tenancy agreement, the property is leased to Sitoy Dongguan from an independent third party (the "Lessor") for a term commencing on 1 June 2011 and expiring on 30 June 2015 at monthly rentals of approximately RMB70,000 until 30 June 2013 and RMB75,000 starting from 1 July 2013 until the expiry of the lease.

2. We have been provided with a legal opinion on the title of the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

   i. The Lessor has obtained the Building Ownership Certificate of the property and is entitled to lease the property; and

   ii. The tenancy agreement has been registered, and is valid and legally binding.

No.	Property	Description and tenancy particulars	Particulars of occupancy	Capital value in existing state as at 31 August 2011
11.	Qiaonan Branch (Dongguan) Facilities located at the 3rd Industrial District, Qiaotou Village, Houjie Town, Dongguan, Guangdong Province, PRC	The property comprises a 6-storey warehouse, office and workshop mixed-use building. The gross floor area of the property is approximately 9,225.00 sq.m. (99,298 sq.ft.). The property is leased to Dongguan Shidai Leather Products Factory Co., Ltd. ("Sitoy Dongguan"), a wholly-owned subsidiary of the Company, from an independent third party for a term commencing on 15 September 2010 and expiring on 31 October 2015.	The property is occupied by the Group for warehouse, workshop and office uses.	No commercial value

Notes:

1. Pursuant to a tenancy agreement, the property is leased to Sitoy Dongguan from an independent third party (the "Lessor") for a term commencing on 15 September 2010 and expiring on 31 October 2015 at a monthly rental of approximately RMB60,000.

2. We have been provided with a legal opinion on the title of the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

   i. The Lessor is unable to provide the Building Ownership Certificate to prove his ownership of the property;

   ii. If the Lessor is not the owner of the property, there is a risk that the tenancy is deemed to be invalid; and

   iii. According to the Law for Management of Tenancy for Commodity Housing, Dongguan Sitoy may be subject to a fine for the non-registration of the tenancy agreement.

No.	Property	Description and tenancy particulars	Particulars of occupancy	Capital value in existing state as at 31 August 2011
12.	Chongxincunwei Tian Xin Village (a parcel of land including a fish pond) Donghua Town, Yingde, Guangdong Province, PRC	The property comprises a parcel of land including a fish pond with a site area of approximately 4,662.00 sq.m. (50,182 sq.ft). The property is leased to Sitoy (Yingde) Leather Products Co., Ltd. ("Sitoy Yingde"), a wholly-owned subsidiary of the Company, from an independent third party for a term commencing on 28 November 2009 and expiring on 27 November 2029.	The property is occupied by the Group for fishery use.	No commercial value

Notes:

1. Pursuant to a tenancy agreement, the property is leased to Sitoy Yingde from an independent third party (the "Lessor") for a term commencing on 28 November 2009 and expiring on 27 November 2029 at an annual rental of RMB3,500.

2. We have been provided with a legal opinion on the title of the property issued by the Group's PRC legal advisers, which contains, inter alia, the following information:

   i. The Lessor is unable to provide any title documents to prove his ownership of property; and

   ii. If the Lessor is not the owner of the property, there is a risk that the tenancy is deemed to be invalid.

No.	Property	Description and tenancy particulars	Particulars of occupancy	Capital value in existing state as at 31 August 2011
13.	Shop No. 17, Level 1, Ginza Mall, No. 48 Dongzhimen Waidajie, Dongcheng District, Beijing, PRC	The property comprises a retail unit on Level 1 of a 5-storey retail mall. The gross floor area of the property is approximately 129.00 sq.m. (1,389 sq.ft.). The property is leased to Guangzhou Sitoy Leather Goods Company Limited ("Sitoy Guangzhou"), a wholly-owned subsidiary of the Company, from an independent third party for a term commencing on 20 August 2011 and expiring on 19 August 2014.	The property is occupied by the Group for retail use.	No commercial value

Notes:

1. Pursuant to a tenancy agreement, the property is leased to Sitoy Guangzhou from an independent third party (the "Lessor") for a term commencing on 20 August 2011 and expiring on 19 August 2014 with 40 days rent free period at either a fixed monthly rental or a turnover rental, whichever is greater. The rental details are as follows:

Year	Fixed Monthly Rental	Turnover Monthly Rental
	(RMB)	(%)
1	129,000	Based on 18% of the turnover before tax
2	135,450	Based on 18% of the turnover before tax
3	141,900	Based on 18% of the turnover before tax

2. We have been provided with a legal opinion on the title of the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

   i. The Lessor has obtained the authorization from the owner of the property and is entitled to lease the property; and

   ii. The tenancy agreement has been registered, and is valid and legally binding.

No.	Property	Description and tenancy particulars	Particulars of occupancy	Capital value in existing state as at 31 August 2011
14.	Shop 203A, Level 2, U-Town Shopping Center, No.5 Sanfengbeili, Chaoyang District, Beijing, PRC	The property comprises a retail unit on Level 2 of a 6-storey retail mall. The gross floor area of the property is approximately 111.00 sq.m. (1,195 sq.ft.). The property is leased to Guangzhou Sitoy Leather Goods Company Limited ("Sitoy Guangzhou"), a wholly-owned subsidiary of the Company, from an independent third party for a term commencing on 1 August 2011 and expiring on 31 July 2013.	The property is occupied by the Group for retail use.	No commercial value

Notes:

1. Pursuant to a tenancy agreement, the property is leased to Sitoy Guangzhou from an independent third party (the "Lessor") for a term commencing on 1 August 2011 and expiring on 31 July 2013 with 30 days rent free period at either a fixed monthly rental or a turnover rental, whichever is greater. The rental details are as follows:

Year	Fixed Monthly Rental	Turnover Monthly Rental
	(RMB/sq.m.)	(%)
1	420	Based on 18% of the turnover before tax
2	460	Based on 18% of the turnover before tax

2. We have been provided with a legal opinion on the title of the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

   i. The Lessor has obtained the Building Ownership Certificate of the property and is entitled to lease the property;

   ii. The tenancy agreement is valid and legally binding; and

   iii. The tenancy agreement has not been registered but non-registration of the tenancy agreement will not affect its validity. However, according to the Law for Management of Tenancy for Commodity Housing, Sitoy Guangzhou may be subject to a fine for non-registration of the tenancy agreement.

No.	Property	Description and tenancy particulars	Particulars of occupancy	Capital value in existing state as at 31 August 2011
15.	Shop No. 101C of a shopping centre located at No. 22799 Jingshi Road, Jinan, Shandong Province, PRC	The property comprises a retail unit on Level 1 of a proposed 8-storey shopping mall including a basement which is scheduled to be completed in Q3 of 2011. The gross floor area of the property is approximately 102.00 sq.m. (1,098 sq.ft.). The property is leased to Guangzhou Sitoy Leather Goods Company Limited ("Sitoy Guangzhou), a wholly-owned subsidiary of the Company, from an independent third party for a term of 3 years since the open day of the shopping mall.	The property is under construction.	No commercial value

Notes:

1. Pursuant to a tenancy agreement, the property is leased to Sitoy Guangzhou from an independent third party (the "Lessor") for a term of 3 years since the open day of the shopping mall with 60 days rent free period at either a fixed monthly rental of RMB420 per sq.m. or a turnover rental based on 15% of the turnover before tax, whichever is greater.

2. We have been provided with a legal opinion on the title of the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

   i. The owner of the property has not obtained the Building Ownership Certificate but has obtained the Construction Works Planning Permit. According to relevant interpretation by the Supreme People's Court, the tenancy agreement is deemed to be valid;

   ii. The tenancy agreement is valid and legally binding; and

   iii. The tenancy agreement has not been registered but non-registration of the tenancy agreement will not affect its validity. However, according to the Law for Management of Tenancy for Commodity Housing, Sitoy Guangzhou may be subject to a fine for non-registration of the tenancy agreement.

No.	Property	Description and tenancy particulars	Particulars of occupancy	Capital value in existing state as at 31 August 2011
16.	Shop 01-50/51, Level 1, SCP Plaza, Nonglin Road, Futian District, Shenzhen, Guangdong Province, PRC	The property comprises a retail unit on Level 1 of a 4-storey retail mall including a basement completed in 2007. The gross floor area of the property is approximately 89.84 sq.m. (967 sq.ft.). The property is leased to Guangzhou Sitoy Leather Goods Company Limited ("Sitoy Guangzhou"), a wholly-owned subsidiary of the Company, from an independent third party for a term commencing on 10 July 2011 and expiring on 9 July 2013.	The property is occupied by the Group for retail use.	No commercial value

Notes:

1. Pursuant to a tenancy agreement, the property is leased to Sitoy Guangzhou from an independent third party (the "Lessor") for a term commencing on 10 July 2011 and expiring on 09 July 2013 with 30 days rent free period at either a fixed monthly rental or a turnover rental, whichever is greater. The rental details are as follows:

Year	Fixed Monthly Rental	Turnover Monthly Rental
	(RMB)	(%)
1	85,348	Based on 24% of the turnover
2	93,883	Based on 24% of the turnover

2. We have been provided with a legal opinion on the title of the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

   i. The Lessor has obtained the Building Ownership Certificate of the property and is entitled to lease the property; and

   ii. The tenancy agreement has been registered, and is valid and legally binding.

No.	Property	Description and tenancy particulars	Particulars of occupancy	Capital value in existing state as at 31 August 2011
17.	Room 1702, Dehe Building, Lie De Garden No.3 Haiwen Road, Zhu Jiang New Town, Tianhe District, Guangzhou, Guangdong Province, PRC	The property comprises a residential unit on 17th Floor of a 32-storey residential building completed in 2009. As advised by the Group, the gross floor area of the property is approximately 100.00 sq.m. (1,076 sq.ft.). The property is leased to Guangzhou Sitoy Leather Products Company Limited ("Sitoy Guangzhou"), a wholly-owned subsidiary of the Company, from an independent third party for a term commencing on 1 May 2011 and expiring on 30 April 2012.	The property is occupied by the Group as staff quarter.	No commercial value

Notes:

1. Pursuant to a tenancy agreement, the property is leased to Sitoy Guangzhou from an independent third party (the "Lessor") for a term commencing on commencing on 1 May 2011 and expiring on 30 April 2012 at a monthly rental of RMB4,200 exclusive of management fee.

2. We have been provided with a legal opinion on the title of the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

   i. The Lessor is unable to provide the Building Ownership Certificate to prove his ownership of the property;

   ii. If the Lessor is not the owner of the property, there is a risk that the tenancy is deemed to be invalid; and

   iii. According to the Law for management of Tenancy for Commodity Housing, Sitoy Guangzhou may be subject to a fine for the non-registration of the tenancy agreement.

No.	Property	Description and tenancy particulars	Particulars of occupancy	Capital value in existing state as at 31 August 2011
18.	Room 1003, Block D of Gao De Zhi De Apartment, No.16 Xiancun Road, Tianhe District, Guangzhou, Guangdong Province, PRC	The property comprises a residential unit on 10th Floor of a residential building completed in 2009. As advised by the Group, the gross floor area of the property is approximately 64.01 sq.m. (689 sq.ft.). The property is leased to Guangzhou Sitoy Leather Products Company Limited ("Sitoy Guangzhou"), a wholly-owned subsidiary of the Company, from an independent third party for a term commencing on 1 February 2011 and expiring on 31 January 2012.	The property is occupied by the Group as staff quarter.	No commercial value

Notes:

1. Pursuant to a tenancy agreement, the property is leased to Sitoy Guangzhou from an independent third party (the "Lessor") for a term commencing on commencing on 1 February 2011 and expiring on 31 January 2012 at a monthly rental of RMB5,800.

2. We have been provided with a legal opinion on the title of the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

   i. The Lessor is unable to provide the Building Ownership Certificate to prove his ownership of the property;

   ii. If the Lessor is not the owner of the property, there is a risk that the tenancy is deemed to be invalid; and

   iii. According to the Law for management of Tenancy for Commodity Housing, Sitoy Guangzhou may be subject to a fine for the non-registration of the tenancy agreement.

No.	Property	Description and tenancy particulars	Particulars of occupancy	Capital value in existing state as at 31 August 2011
19.	3th to 8th Floors of a dormitory building located at Bo Lan Avenue, Qiaotou Village, Houjie Town, Dongguan, Guangdong Province, PRC	The property comprises a dormitory on 3th to 8th floors of an 8-storey dormitory building completed in 2000s. As advised by the Group, the gross floor area of the property is approximately 4,552 sq.m. (48,998 sq.ft.). The property is leased to Dongguan Shidai Leather Products Factory Co., Ltd. ("Sitoy Dongguan"), a wholly-owned subsidiary of the Company, from an independent third party for a term commencing on 1 June 2010 and expiring on 9 October 2013.	The property is occupied by the Group as staff quarter.	No commercial value

Notes:

1. Pursuant to a tenancy agreement, the property is leased to Sitoy Dongguan from an independent third party (the "Lessor") for a term commencing on commencing on 1 June 2010 and expiring on 9 October 2013 at a monthly rental of RMB58,129 until 31 October 2011 and RMB62,754 starting from 1 November 2011.

2. We have been provided with a legal opinion on the title of the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

   i. The Lessor is unable to provide the Building Ownership Certificate to prove his ownership of the property;

   ii. If the Lessor is not the owner of the property, there is a risk that the tenancy is deemed to be invalid; and

   iii. According to the Law for management of Tenancy for Commodity Housing, Sitoy Dongguan may be subject to a fine for the non-registration of the tenancy agreement.

No.	Property	Description and tenancy particulars	Particulars of occupancy	Capital value in existing state as at 31 August 2011
20.	Levels 1 to 4 of a building located at No. 148 Qiaotou South Road, Qiaotou Village, Houjie Town, Dongguan, Guangdong Province, PRC	The property comprises Levels 1 to 4 of a 6-storey warehouse completed in 2000s. As advised by the Group, the gross floor area of the property is approximately 1,200 sq.m. (12,917 sq.ft.). The property is leased to Dongguan Shidai Leather Products Factory Co., Ltd. ("Sitoy Dongguan"), a wholly-owned subsidiary of the Company, from an independent third party for a term commencing on 1 April 2011 and expiring on 31 March 2021.	The property is occupied by the Group for warehouse use.	No commercial value

Notes:

1. Pursuant to a tenancy agreement, the property is leased to Sitoy Dongguan from an independent third party (the "Lessor") for a term commencing on commencing on 1 April 2011 and expiring on 31 March 2021 at a monthly rental of RMB10,000 until 31 March 2012 and RMB11,000 starting from 1 April 2012 until 31 March 2014. The monthly rental starting from 1 April 2014 is subject to negotiation between two parties.

2. We have been provided with a legal opinion on the title of the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

   i. The Lessor is unable to provide the Building Ownership Certificate to prove his ownership of the property;

   ii. If the Lessor is not the owner of the property, there is a risk that the tenancy is deemed to be invalid; and

   iii. According to the Law for management of Tenancy for Commodity Housing, Sitoy Dongguan may be subject to a fine for the non-registration of the tenancy agreement.

No.	Property	Description and tenancy particulars	Particulars of occupancy	Capital value in existing state as at 31 August 2011
21.	Level 1 of a building located at No. 124 Qiaotou South Road, the 3rd Industrial District, Qiaotou Village, Houjie Town, Dongguan, Guangdong Province, PRC	The property comprises a warehouse on Level 1 of a 3-storey building completed in 2003. As advised by the Group, the gross floor area of the property is approximately 300 sq.m. (3,229 sq.ft.). The property is leased to Dongguan Shidai Leather Products Factory Co., Ltd. ("Sitoy Dongguan"), a wholly-owned subsidiary of the Company, from an independent third party for a term commencing on 1 July 2011 and expiring on 30 June 2014.	The property is occupied by the Group for warehouse use.	No commercial value

Notes:

1. Pursuant to a tenancy agreement, the property is leased to Sitoy Dongguan from an independent third party (the "Lessor") for a term commencing on commencing on 1 July 2011 and expiring 30 June 2014 at a monthly rental of RMB5,500 until 30 June 2012. The monthly rental starting from 1 July 2012 is subject to negotiation between two parties.

2. We have been provided with a legal opinion on the title of the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

   i. The Lessor is unable to provide the Building Ownership Certificate to prove his ownership of the property;

   ii. If the Lessor is not the owner of the property, there is a risk that the tenancy is deemed to be invalid; and

   iii. According to the Law for management of Tenancy for Commodity Housing, Sitoy Dongguan may be subject to a fine for the non-registration of the tenancy agreement.

No.	Property	Description and tenancy particulars	Particulars of occupancy	Capital value in existing state as at 31 August 2011
22.	Level 1 of a building located at No. 126 Qiaotou South Road, the 3rd Industrial District, Qiaotou Village, Houjie Town, Dongguan, Guangdong Province, PRC	The property comprises a warehouse on Level 1 of a 3-storey building completed in 2003. As advised by the Group, the gross floor area of the property is approximately 300 sq.m. (3,229 sq.ft.). The property is leased to Dongguan Shidai Leather Products Factory Co., Ltd. ("Sitoy Dongguan"), a wholly-owned subsidiary of the Company, from an independent third party for a term commencing on 1 July 2011 and expiring on 30 June 2014.	The property is occupied by the Group for warehouse use.	No commercial value

Notes:

1. Pursuant to a tenancy agreement, the property is leased to Sitoy Dongguan from an independent third party (the "Lessor") for a term commencing on commencing on 1 July 2011 and expiring 30 June 2014 at a monthly rental of RMB5,500 until 30 June 2012. The monthly rental starting from 1 July 2012 is subject to negotiation between two parties.

2. We have been provided with a legal opinion on the title of the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

   i. The Lessor is unable to provide the Building Ownership Certificate to prove his ownership of the property;

   ii. If the Lessor is not the owner of the property, there is a risk that the tenancy is deemed to be invalid; and

   iii. According to the Law for management of Tenancy for Commodity Housing, Sitoy Dongguan may be subject to a fine for the non-registration of the tenancy agreement.

SUMMARY OF THE CONSTITUTION OF THE COMPANY

1. Memorandum Of Association

The Memorandum of Association was adopted on 15 November 2011 and states, *inter alia*, that the liability of members of the Company is limited, that the objects for which the Company is established are unrestricted and the Company shall have full power and authority to carry out any object not prohibited by the Companies Law or any other law of the Cayman Islands.

The Memorandum of Association is available for inspection at the address specified in Appendix VII in "Documents Delivered to the Registrar of the Companies and Available for Inspection".

2. Articles Of Association

The Articles of Association were adopted on 15 November 2011 and include provisions to the following effect:

(a) Classes of Shares

The share capital of the Company consists of ordinary shares. The capital of the Company at the date of adoption of the Articles of Association is HK$300,000,000 divided into 3,000,000,000 shares of par value HK$0.10 each.

(b) Directors

(i) Power to allot and issue Shares

Subject to the provisions of the Companies Law and the Memorandum and Articles of Association, the unissued shares in the Company (whether forming part of its original or any increased capital) shall be at the disposal of the Directors, who may offer, allot, grant options over or otherwise dispose of them to such persons, at such times and for such consideration, and upon such terms, as the Directors shall determine.

Subject to the provisions of the Articles of Association and to any direction that may be given by the Company in general meeting and without prejudice to any special rights conferred on the holders of any existing shares or attaching to any class of shares, any share may be issued with or have attached thereto such preferred, deferred, qualified or other special rights or restrictions, whether in regard to dividend, voting, return of capital or otherwise, and to such persons at such time and for such consideration as the Directors may determine. Subject to the Companies Law and to any special rights conferred on any shareholders or attaching to any class of shares, any share may, with the sanction of a special resolution, be issued on terms that it is, or at the option of the Company or the holder thereof, liable to be redeemed.

(ii) Power to dispose of the assets of the Company or any subsidiary

The management of the business of the Company shall be vested in the Directors who, in addition to the powers and authorities by the Articles of Association expressly conferred upon them, may exercise all such powers and do all such acts and things as may be exercised or done or approved by the Company and are not by the Articles of Association or the Companies Law expressly directed or required to be exercised or done by the Company in general meeting, but subject nevertheless to the provisions of the Companies Law and of the Articles of Association and to any regulation from time to time made by the Company in general meeting not being inconsistent with such provisions or the Articles of Association, provided that no regulation so made shall invalidate any prior act of the Directors which would have been valid if such regulation had not been made.

(iii) Compensation or payment for loss of office

Payment to any Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually entitled) must first be approved by the Company in general meeting.

(iv) Loans to Directors

There are provisions in the Articles of Association prohibiting the making of loans to Directors and associates which are equivalent to the restrictions imposed by the Companies Ordinance.

(v) Financial assistance to purchase Shares

Subject to all applicable laws, the Company may give financial assistance to Directors and employees of the Company, its subsidiaries or any holding company or any subsidiary of such holding company in order that they may buy shares in the Company or any such subsidiary or holding company. Further, subject to all applicable laws, the Company may give financial assistance to a trustee for the acquisition of shares in the Company or shares in any such subsidiary or holding company to be held for the benefit of employees of the Company, its subsidiaries, any holding company of the Company or any subsidiary of any such holding company (including salaried Directors).

(vi) Disclosure of interest in contracts with the Company or any of its subsidiaries

No Director or proposed Director shall be disqualified by his office from contracting with the Company either as vendor, purchaser or otherwise nor shall any such contract or any contract or arrangement entered into by or on behalf of the Company with any person, company or partnership of or in which any Director shall be a member or otherwise interested be capable on that account of being avoided, nor shall any Director so contracting or being any member or so interested be liable to account to the Company for any profit so realized by any such contract or arrangement by reason only of such Director holding that office or the fiduciary relationship thereby established, provided that such Director shall, if his interest in such contract or arrangement is material, declare the nature of his interest at the earliest meeting of the board of Directors at which it is practicable for him to do so, either specifically or by way of a general notice stating that, by reason of the facts specified in the notice, he is to be regarded as interested in any contracts of a specified description which may be made by the Company.

A Director shall not be entitled to attend any meeting of the board of Directors in relation to any resolution of the Directors in respect of any contract or arrangement or any other proposal in which the Director or any of his associates has any material interest (unless expressly requested to attend by a majority of the independent non-executive Directors), and he shall not be entitled to vote for the resolution (nor shall he be counted in the quorum for the resolution), but this prohibition shall not apply to any of the following matters, namely:

A. the giving to such Director or any of his associates of any security or indemnity in respect of money lent or obligations incurred by him or any of them at the request of or for the benefit of the Company or any of its subsidiaries;

B. the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or any of his associates has himself/themselves assumed responsibility in whole or in part and whether alone or jointly under a guarantee or indemnity or by the giving of security;

C. any proposal concerning an offer of shares, debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase where the Director or any of his associates is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;

D. any proposal concerning any other company in which the Director or any of his associates is/are interested only, whether directly or indirectly, as an officer, executive or shareholder or in which the Director or any of his associates is/are beneficially interested in shares of that company, provided that the Director and any of his associates, are not in aggregate beneficially interested in 5% or more of the issued shares of any class of such company (or of any third company through which his interest or that of any of his associates is derived) or of the voting rights;

E. any proposal or arrangement concerning the benefit of employees of the Company or any of its subsidiaries including:

   i. the adoption, modification or operation of any employees' share scheme or any share incentive scheme or share option scheme under which the Director or any of his associates may benefit;

   ii. the adoption, modification or operation of a pension or provident fund or retirement, death or disability benefits scheme which relates both to Directors, their associates and employees of the Company or any of its subsidiaries and does not provide in respect of any Director or any of his associates as such any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates; and

F. any contract or arrangement in which the Director or any of his associates is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company.

(vii) Remuneration

The Directors shall be entitled to receive by way of remuneration for their services such sum as shall from time to time be determined by the Directors, or the Company in general meeting, as the case may be, such sum (unless otherwise directed by the resolution by which it is determined) to be divided amongst the Directors in such proportions and in such manner as they may agree, or failing agreement, equally, except that in such event any Director holding office for less than the whole of the relevant period in respect of which the remuneration is paid shall only rank in such division in proportion to the time during such period for which he has held office. Such remuneration shall be in addition to any other remuneration to which a Director who holds any salaried employment or office in the Company may be entitled by reason of such employment or office.

The Directors shall also be entitled to be paid all expenses, including travel expenses, reasonably incurred by them in or in connection with the performance of their duties as Directors including their expenses of traveling to and from board meetings, committee meetings or general meetings or otherwise incurred whilst engaged on the business of the Company or in the discharge of their duties as Directors.

The Directors may grant special remuneration to any Director who shall perform any special or extra services at the request of the Company. Such special remuneration may be made payable to such Director in addition to or in substitution for his ordinary remuneration as a Director, and may be made payable by way of salary, commission or participation in profits or otherwise as may be agreed.

The remuneration of an executive Director or a Director appointed to any other office in the management of the Company shall from time to time be fixed by the Directors and may be by way of salary, commission, or participation in profits or otherwise or by all or any of those modes and with such other benefits (including share option and/or pension and/or gratuity and/or other benefits on retirement) and allowances as the Directors may from time to time decide. Such remuneration shall be in addition to such remuneration as the recipient may be entitled to receive as a Director.

(viii) Retirement, appointment and removal

The Directors shall have power at any time and from time to time to appoint any person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors. Any Director so appointed shall hold office only until the next annual general meeting of the Company and shall then be eligible for re-election at that meeting.

The Company may by ordinary resolution remove any Director (including a Managing Director or other executive Director) before the expiration of his period of office notwithstanding anything in the Articles of Association or in any agreement between the Company and such Director (but without prejudice to any claim for compensation or damages payable to him in respect of the termination of his appointment as Director or of any other appointment or office as a result of the termination of his appointment as Director). The Company may by ordinary resolution appoint another person in his place. Any Director so appointed shall hold office during such time only as the Director in whose place he is appointed would have held the same if he had not been removed. The Company may also by ordinary resolution elect any person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors. Any Director so appointed shall hold office only until the next following annual general

meeting of the Company and shall then be eligible for re-election. No person shall, unless recommended by the Directors, be eligible for election to the office of Director at any general meeting unless, during the period, which shall be at least seven days, commencing no earlier than the day after the despatch of the notice of the meeting appointed for such election and ending no later than seven days prior to the date of such meeting, there has been given to the Secretary of the Company notice in writing by a member of the Company (not being the person to be proposed) entitled to attend and vote at the meeting for which such notice is given of his intention to propose such person for election and also notice in writing signed by the person to be proposed of his willingness to be elected.

There is no shareholding qualification for Directors nor is there any specified age limit for Directors.

The office of a Director shall be vacated:

A. if he resigns his office by notice in writing to the Company at its registered office or its principal office in Hong Kong;

B. if an order is made by any competent court or official on the grounds that he is or may be suffering from mental disorder or is otherwise incapable of managing his affairs and the Directors resolve that his office be vacated;

C. if, without leave, he is absent from meetings of the Directors (unless an alternate Director appointed by him attends) for 12 consecutive months, and the Directors resolve that his office be vacated;

D. if he becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors generally;

E. if he ceases to be or is prohibited from being a Director by law or by virtue of any provision in the Articles of Association;

F. if he is removed from office by notice in writing served upon him signed by not less than three-fourths in number (or, if that is not a round number, the nearest lower round number) of the Directors (including himself) for the time being then in office; or

G. if he shall be removed from office by an ordinary resolution of the members of the Company under the Articles of Association.

At every annual general meeting of the Company one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to, but not less than, one-third, shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. A retiring Director shall retain office until the close of the meeting at which he retires and shall be eligible for re-election thereat. The Company at any annual general meeting at which any Directors retire may fill the vacated office by electing a like number of persons to be Directors.

(ix) Borrowing powers

The Directors may from time to time at their discretion exercise all the powers of the Company to raise or borrow or to secure the payment of any sum or sums of money for the purposes of the Company and to mortgage or charge its undertaking, property and assets (present and future) and uncalled capital or any part thereof.

The rights of the Directors to exercise these powers may only be varied by a special resolution.

(x) Proceedings of the Board

The Directors may meet together for the despatch of business, adjourn and otherwise regulate their meetings and proceedings as they think fit in any part of the world. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have a second or casting vote.

(c) Alteration to constitutional documents

No alteration or amendment to the Memorandum or Articles of Association may be made except by special resolution.

(d) Variation of rights of existing shares or classes of shares

If at any time the share capital of the Company is divided into different classes of shares, all or any of the rights attached to any class of shares for the time being issued (unless otherwise provided for in the terms of issue of the shares of that class) may, subject to the provisions of the Companies Law, be varied or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate meeting of the holders of the shares of that class. To every such separate meeting all the provisions of the Articles of Association relating to general meetings shall mutatis mutandis apply, but so that the quorum for the purposes of any such separate meeting and of any adjournment thereof shall be a person or persons together holding (or representing by proxy or duly authorized representative) at the date of the relevant meeting not less than one-third in nominal value of the issued shares of that class.

The special rights conferred upon the holders of shares of any class shall not, unless otherwise expressly provided in the rights attaching to or the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking pari passu therewith.

(e) Alteration of Capital

The Company in general meeting may, from time to time, whether or not all the shares for the time being authorized shall have been issued and whether or not all the shares for the time being issued shall have been fully paid up, by ordinary resolution, increase its share capital by the creation of new shares, such new capital to be of such amount and to be divided into shares of such respective amounts as the resolution shall prescribe.

The Company may from time to time by ordinary resolution:

(i) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares. On any consolidation of fully paid shares and division into shares of larger amount, the Directors may settle any difficulty which may arise as they think expedient and in particular (but without prejudice to the generality of the foregoing) may as between the holders of shares to be consolidated determine which particular shares are to be consolidated into each consolidated share, and if it shall happen that any person shall become entitled to fractions of a consolidated share or shares, such fractions may be sold by a person appointed by the Directors for that purpose and the person so appointed may transfer the shares so sold to the purchaser thereof and the validity of such transfer shall not be questioned, and so that the net proceeds of such sale (after deduction of the expenses of such sale) may either be distributed among the persons who would otherwise be entitled to a fraction or fractions of a consolidated share or shares rateably in accordance with their rights and interests or may be paid to the Company for the Company's benefit;

(ii) cancel any shares which at the date of the passing of the resolution have not been taken or agreed to be taken by any person, and diminish the amount of its share capital by the amount of the shares so cancelled subject to the provisions of the Companies Law; and

(iii) sub-divide its shares or any of them into shares of smaller amount than is fixed by the Memorandum of Association, subject nevertheless to the provisions of the Companies Law, and so that the resolution whereby any share is sub-divided may determine that, as between the holders of the shares resulting from such sub-division, one or more of the shares may have any such preferred or other special rights, over, or may have such deferred rights or be subject to any such restrictions as compared with the others as the company has power to attach to unissued or new shares.

The Company may by special resolution reduce its share capital or any capital redemption reserve in any manner authorized and subject to any conditions prescribed by the Companies Law.

(f) Special resolution — majority required

A "special resolution" is defined in the Articles of Association to have the meaning ascribed thereto in the Companies Law, for which purpose, the requisite majority shall be not less than three-fourths of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of corporations, by their duly authorized representatives or, where proxies are allowed, by proxy at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been duly given and includes a special resolution approved in writing by all of the members of the Company entitled to vote at a general meeting of the Company in one or more instruments each signed by one or more of such members, and the effective date of the special resolution so adopted shall be the date on which the instrument or the last of such instruments (if more than one) is executed.

In contrast, an "ordinary resolution" is defined in the Articles of Association to mean a resolution passed by a simple majority of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of corporations, by their duly authorized representatives or, where proxies are allowed, by proxy at a general meeting held in accordance with the Articles of Association and includes an ordinary resolution approved in writing by all the members of the Company aforesaid.

(g) Voting rights

Subject to any special rights, privileges or restrictions as to voting for the time being attached to any class or classes of shares, at any general meeting on a poll every member present in person (or, in the case of a member being a corporation, by its duly authorized representative) or by proxy shall have one vote for each share registered in his name in the register of members of the Company.

Where any member of the Company is, under the Listing Rules, required to abstain from voting on any particular resolution or is restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such member in contravention of such requirement or restriction shall not be counted.

In the case of joint registered holders of any share, any one of such persons may vote at any meeting, either personally or by proxy, in respect of such share as if he were solely entitled thereto; but if more than one of such joint holders be present at any meeting personally or by proxy, that one of the said persons so present being the most or, as the case may be, the more senior shall alone be entitled to vote in respect of the relevant joint holding and, for this purpose, seniority shall be determined by reference to the order in which the names of the joint holders stand on the register in respect of the relevant joint holding.

A member of the Company in respect of whom an order has been made by any competent court or official on the grounds that he is or may be suffering from mental disorder or is otherwise incapable of managing his affairs may vote by any person authorized in such circumstances to do so and such person may vote by proxy.

Save as expressly provided in the Articles of Association or as otherwise determined by the Directors, no person other than a member of the Company duly registered and who shall have paid all sums for the time being due from him payable to the Company in respect of his shares shall be entitled to be present or to vote (save as proxy for another member of the Company), or to be counted in a quorum, either personally or by proxy at any general meeting.

At any general meeting a resolution put to the vote of the meeting is to be decided by way of a poll.

If a recognized clearing house (or its nominee) is a member of the Company it may authorize such person or persons as it thinks fit to act as its proxy(ies) or representative(s) at any general meeting of the Company or at any general meeting of any class of members of the Company provided that, if more than one person is so authorized, the authorization shall specify the number and class of shares in respect of which each such person is so authorized. A person authorized pursuant to this provision shall be entitled to exercise the same rights and powers on behalf of the recognized clearing house (or its nominee) which he represents as that recognized clearing house (or its nominee) could exercise as if it were an individual member of the Company holding the number and class of shares specified in such authorization.

(h) Annual general meetings

The Company shall in each year hold a general meeting as its annual general meeting in addition to any other general meeting in that year and shall specify the meeting as such in the notice calling it; and not more than 15 months (or such longer period as the Stock Exchange may authorize) shall elapse between the date of one annual general meeting of the Company and that of the next.

(i) Accounts and audit

The Directors shall cause to be kept such books of account as are necessary to give a true and fair view of the state of the Company's affairs and to show and explain its transactions and otherwise in accordance with the Companies Law.

The Directors shall from time to time determine whether, and to what extent, and at what times and places and under what conditions or regulations, the accounts and books of the Company, or any of them, shall be open to the inspection of members of the Company (other than officers of the Company) and no such member shall have any right of inspecting any accounts or books or documents of the Company except as conferred by the Companies Law or any other relevant law or regulation or as authorized by the Directors or by the Company in general meeting.

The Directors shall, commencing with the first annual general meeting, cause to be prepared and to be laid before the members of the Company at every annual general meeting a income statement for the period, in the case of the first account, since the incorporation of the Company and, in any other case, since the preceding account, together with a statement of financial position as at the date at which the income statement is made up and a Director's report with respect to the profit or loss of the Company for the period covered by the income statement and the state of the Company's affairs as at the end of such period, an auditor's report on such accounts and such other reports and accounts as may be required by law. Copies of those documents to be laid before the members of the Company at an annual general meeting shall not less than 21 clear days before the date of the meeting, be sent in the manner in which notices may be served by the Company as provided in the Articles of Association to every member of the Company and every holder of debentures of the Company provided that the Company shall not be required to send copies of those documents to any person of whose address the Company is not aware or to more than one of the joint holders of any shares or debentures.

The Company shall at any annual general meeting appoint an auditor or auditors of the Company who shall hold office until the next annual general meeting. The remuneration of the auditors shall be fixed by the Company at the annual general meeting at which they are appointed provided that in respect of any particular year the Company in general meeting may delegate the fixing of such remuneration to the Directors.

(j) Notice of meetings and business to be conducted thereat

An annual general meeting and any extraordinary general meeting called for the passing of a special resolution shall be called by notice of not less than 21 clear days and any other extraordinary general meeting shall be called by not less than 14 clear days. The notice shall be inclusive of the day on which it is served or deemed to be served and of the day for which it is given, and shall specify the time, place and agenda of the meeting, particulars of the resolutions to be considered at the meeting and, in the case of special business, the general nature of that business. The notice convening an annual general

meeting shall specify the meeting as such, and the notice convening a meeting to pass a special resolution shall specify the intention to propose the resolution as a special resolution. Notice of every general meeting shall be given to the auditors and all members of the Company (other than those who, under the provisions of the Articles of Association or the terms of issue of the shares they hold, are not entitled to receive such notice from the Company).

Notwithstanding that a meeting of the Company is called by shorter notice than that mentioned above, it shall be deemed to have been duly called if it is so agreed:

(a) in the case of a meeting called as an annual general meeting, by all members of the Company entitled to attend and vote thereat or their proxies; and

(b) in the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting, being a majority together holding not less than 95% in nominal value of the shares giving that right.

All business shall be deemed special that is transacted at an extraordinary general meeting and also all business shall be deemed special that is transacted at an annual general meeting with the exception of the following, which shall be deemed ordinary business:

(a) the declaration and sanctioning of dividends;

(b) the consideration and adoption of the accounts and statement of financial position and the reports of the Directors and the auditors and other documents required to be annexed to the statement of financial position;

(c) the election of Directors in place of those retiring;

(d) the appointment of auditors;

(e) the fixing of, or the determining of the method of fixing of, the remuneration of the Directors and of the auditors;

(f) the granting of any mandate or authority to the Directors to offer, allot, grant options over or otherwise dispose of the unissued shares of the Company representing not more than 20% (or such other percentage as may from time to time be specified in the Listing Rules) in nominal value of its then existing issued share capital and the number of any securities repurchased pursuant to sub-paragraph (g) below; and

(g) the granting of any mandate or authority to the Directors to repurchase securities of the Company.

(k) Transfer of Shares

Transfers of shares may be effected by an instrument of transfer in the usual common form or in such other form as the Directors may approve which is consistent with the standard form of transfer as prescribed by the Stock Exchange.

The instrument of transfer shall be executed by or on behalf of the transferor and, unless the Directors otherwise determine, the transferee, and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members of the Company in respect thereof. All instruments of transfer shall be retained by the Company.

The Directors may refuse to register any transfer of any share which is not fully paid up or on which the Company has a lien. The Directors may also decline to register any transfer of any shares unless:

(a) the instrument of transfer is lodged with the Company accompanied by the certificate for the shares to which it relates (which shall upon the registration of the transfer be cancelled) and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer;

(b) the instrument of transfer is in respect of only one class of shares;

(c) the instrument of transfer is properly stamped (in circumstances where stamping is required);

(d) in the case of a transfer to joint holders, the number of joint holders to whom the share is to be transferred does not exceed four;

(e) the shares concerned are free of any lien in favor of the Company; and

(f) a fee of such maximum as the Stock Exchange may from time to time determine to be payable (or such lesser sum as the Directors may from time to time require) is paid to the Company in respect thereof.

If the Directors refuse to register a transfer of any share they shall, within two months after the date on which the instrument of transfer was lodged with the Company, send to each of the transferor and the transferee notice of such refusal.

The registration of transfers may, on 14 days' notice being given by advertisement published on the Stock Exchange's website, or, subject to the Listing Rules, by electronic communication in the manner in which notices may be served by the Company by electronic means as provided in the Articles of Association or by advertisement published in the newspapers, be suspended and the register of members of the Company closed at such times for such periods as the Directors may from time to time determine, provided that the registration of transfers shall not be suspended or the register closed for more than 30 days in any year (or such longer period as the members of the Company may by ordinary resolution determine provided that such period shall not be extended beyond 60 days in any year).

(l) Power of the Company to purchase its own Shares

The Company is empowered by the Companies Law and the Articles of Association to purchase its own shares subject to certain restrictions and the Directors may only exercise this power on behalf of the Company subject to the authority of its members in general meeting as to the manner in which they do so and to any applicable requirements imposed from time to time by the Stock Exchange and the Securities

and Futures Commission of Hong Kong. Shares which have been repurchased will be treated as cancelled upon the repurchase, unless the Directors resolve prior to the repurchase that upon the repurchase the shares shall be held in the name of the Company as treasury shares.

(m) Power of any subsidiary of the Company to own Shares

There are no provisions in the Articles of Association relating to the ownership of shares by a subsidiary.

(n) Dividends and other methods of distributions

Subject to the Companies Law and Articles of Association, the Company in general meeting may declare dividends in any currency but no dividends shall exceed the amount recommended by the Directors. No dividend may be declared or paid other than out of profits and reserves of the Company lawfully available for distribution, including share premium.

Unless and to the extent that the rights attached to any shares or the terms of issue thereof otherwise provide, all dividends shall (as regards any shares not fully paid throughout the period in respect of which the dividend is paid) be apportioned and paid pro rata according to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. For these purposes no amount paid up on a share in advance of calls shall be treated as paid up on the share.

The Directors may from time to time pay to the members of the Company such interim dividends as appear to the Directors to be justified by the profits of the Company. The Directors may also pay half-yearly or at other intervals to be selected by them at a fixed rate if they are of the opinion that the profits available for distribution justify the payment.

The Directors may retain any dividends or other moneys payable on or in respect of a share upon which the Company has a lien, and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists. The Directors may also deduct from any dividend or other monies payable to any member of the Company all sums of money (if any) presently payable by him to the Company on account of calls, installments or otherwise.

No dividend shall carry interest against the Company.

Whenever the Directors or the Company in general meeting have resolved that a dividend be paid or declared on the share capital of the Company, the Directors may further resolve: (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up on the basis that the shares so allotted are to be of the same class as the class already held by the allottee, provided that the members of the Company entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment; or (b) that the members of the Company entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the Directors may think fit on the basis that the shares so allotted are to be of the same class as the class already held by the allottee. The Company may upon the recommendation of the Directors by ordinary resolution resolve in respect of any one particular dividend of the Company that notwithstanding the foregoing a dividend may be satisfied wholly in the form of an allotment of shares credited as fully paid without offering any right to members of the Company to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, interest or other sum payable in cash to a holder of shares may be paid by cheque or warrant sent through the post addressed to the registered address of the member of the Company entitled, or in the case of joint holders, to the registered address of the person whose name stands first in the register of members of the Company in respect of the joint holding or to such person and to such address as the holder or joint holders may in writing direct. Every cheque or warrant so sent shall be made payable to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first on the register of members of the Company in respect of such shares, and shall be sent at his or their risk and the payment of any such cheque or warrant by the bank on which it is drawn shall operate as a good discharge to the Company in respect of the dividend and/or bonus represented thereby, notwithstanding that it may subsequently appear that the same has been stolen or that any endorsement thereon has been forged. The Company may cease sending such cheques for dividend entitlements or dividend warrants by post if such cheques or warrants have been left uncashed on two consecutive occasions. However, the Company may exercise its power to cease sending cheques for dividend entitlements or dividend warrants after the first occasion on which such a cheque or warrant is returned undelivered. Any one of two or more joint holders may give effectual receipts for any dividends or other moneys payable or property distributable in respect of the shares held by such joint holders.

Any dividend unclaimed for six years from the date of declaration of such dividend may be forfeited by the Directors and shall revert to the Company.

The Directors may, with the sanction of the members of the Company in general meeting, direct that any dividend be satisfied wholly or in part by the distribution of specific assets of any kind, and in particular of paid up shares, debentures or warrants to subscribe securities of any other company, and where any difficulty arises in regard to such distribution the Directors may settle it as they think expedient, and in particular may disregard fractional entitlements, round the same up or down or provide that the same shall accrue to the benefit of the Company, and may fix the value for distribution of such specific assets and may determine that cash payments shall be made to any members of the Company upon the footing of the value so fixed in order to adjust the rights of all parties, and may vest any such specific assets in trustees as may seem expedient to the Directors.

(o) Proxies

Any member of the Company entitled to attend and vote at a meeting of the Company shall be entitled to appoint another person who must be an individual as his proxy to attend and vote instead of him and a proxy so appointed shall have the same right as the member to speak at the meeting. A proxy need not be a member of the Company.

Instruments of proxy shall be in common form or in such other form as the Directors may from time to time approve provided that it shall enable a member to instruct his proxy to vote in favor of or against (or in default of instructions or in the event of conflicting instructions, to exercise his discretion in respect of) each resolution to be proposed at the meeting to which the form of proxy relates. The instrument of proxy shall be deemed to confer authority to vote on any amendment of a resolution put to the meeting for which it is given as the proxy thinks fit. The instrument of proxy shall, unless the contrary is stated therein, be valid as well for any adjournment of the meeting as for the meeting to which it relates provided that the meeting was originally held within 12 months from such date.

The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney authorized in writing, or if the appointor is a corporation either under its seal or under the hand of an officer, attorney or other person authorized to sign the same.

The instrument appointing a proxy and (if required by the Directors) the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority, shall be delivered at the registered office of the Company (or at such other place as may be specified in the notice convening the meeting or in any notice of any adjournment or, in either case, in any document sent therewith) not less than 48 hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote or, in the case of a poll taken subsequently to the date of a meeting or adjourned meeting, not less than 48 hours before the time appointed for the taking of the poll and in default the instrument of proxy shall not be treated as valid. No instrument appointing a proxy shall be valid after the expiration of 12 months from the date named in it as the date of its execution. Delivery of any instrument appointing a proxy shall not preclude a member of the Company from attending and voting in person at the meeting or poll concerned and, in such event, the instrument appointing a proxy shall be deemed to be revoked.

(p) Calls on Shares and forfeiture of Shares

The Directors may from time to time make calls upon the members of the Company in respect of any moneys unpaid on their shares (whether on account of the nominal amount of the shares or by way of premium or otherwise) and not by the conditions of allotment thereof made payable at fixed times and each member of the Company shall (subject to the Company serving upon him at least 14 days' notice specifying the time and place of payment and to whom such payment shall be made) pay to the person at the time and place so specified the amount called on his shares. A call may be revoked or postponed as the Directors may determine. A person upon whom a call is made shall remain liable on such call notwithstanding the subsequent transfer of the shares in respect of which the call was made.

A call may be made payable either in one sum or by installments and shall be deemed to have been made at the time when the resolution of the Directors authorizing the call was passed. The joint holders of a share shall be jointly and severally liable to pay all calls and installments due in respect of such share or other moneys due in respect thereof.

If a sum called in respect of a share shall not be paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest on the sum from the day appointed for payment thereof to the time of actual payment at such rate, not exceeding 15% per annum, as the Directors may determine, but the Directors shall be at liberty to waive payment of such interest wholly or in part.

If any call or installment of a call remains unpaid on any share after the day appointed for payment thereof, the Directors may at any time during such time as any part thereof remains unpaid serve a notice on the holder of such shares requiring payment of so much of the call or installment as is unpaid together with any interest which may be accrued and which may still accrue up to the date of actual payment.

The notice shall name a further day (not being less than 14 days from the date of service of the notice) on or before which, and the place where, the payment required by the notice is to be made, and shall state that in the event of non-payment at or before the time and at the place appointed, the shares in respect of which such call was made or installment is unpaid will be liable to be forfeited.

If the requirements of such notice are not complied with, any share in respect of which such notice has been given may at any time thereafter, before payment of all calls or installments and interest due in respect thereof has been made, be forfeited by a resolution of the Directors to that effect. Such forfeiture shall include all dividends and bonuses declared in respect of the forfeited shares and not actually paid before the forfeiture. A forfeited share shall be deemed to be the property of the Company and may be sold, re-allotted or otherwise disposed of.

A person whose shares have been forfeited shall cease to be a member of the Company in respect of the forfeited shares but shall, notwithstanding the forfeiture, remain liable to pay to the Company all moneys which at the date of forfeiture were payable by him to the Company in respect of the shares, together with (if the Directors shall in their discretion so require) interest thereon at such rate not exceeding 15% per annum as the Directors may prescribe from the date of forfeiture until payment, and the Directors may enforce payment thereof without being under any obligation to make any allowance for the value of the shares forfeited, at the date of forfeiture.

(q) Inspection of register of members

The register of members of the Company shall be kept in such manner as to show at all times the members of the Company for the time being and the shares respectively held by them. The register may, on 14 days' notice being given by advertisement published on the Stock Exchange's website, or subject to the Listing Rules, by electronic communication in the manner in which notices may be served by the Company by electronic means as provided in the Articles of Association or by advertisement published in the newspapers, be closed at such times and for such periods as the Directors may from time to time determine either generally or in respect of any class of shares, provided that the register shall not be closed for more than 30 days in any year (or such longer period as the members of the Company may by ordinary resolution determine provided that such period shall not be extended beyond 60 days in any year).

Any register of members kept in Hong Kong shall during normal business hours (subject to such reasonable restrictions as the Directors may impose) be open to inspection by any member of the Company without charge and by any other person on payment of such fee not exceeding HK$2.50 (or such higher amount as may from time to time be permitted under the Listing Rules) as the Directors may determine for each inspection.

(r) Quorum for meetings and separate class meetings

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, but the absence of a quorum shall not preclude the appointment, choice or election of a chairman which shall not be treated as part of the business of the meeting.

Two members of the Company present in person or by proxy shall be a quorum provided always that if the Company has only one member of record the quorum shall be that one member present in person or by proxy.

A corporation being a member of the Company shall be deemed for the purpose of the Articles of Association to be present in person if represented by its duly authorized representative being the person appointed by resolution of the directors or other governing body of such corporation or by power of attorney to act as its representative at the relevant general meeting of the Company or at any relevant general meeting of any class of members of the Company.

The quorum for a separate general meeting of the holders of a separate class of shares of the Company is described in sub-paragraph 2.4 above.

(s) Rights of minorities in relation to fraud or oppression

There are no provisions in the Articles of Association concerning the rights of minority shareholders in relation to fraud or oppression.

(t) Procedure on liquidation

If the Company shall be wound up, and the assets available for distribution amongst the members of the Company as such shall be insufficient to repay the whole of the paid up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members of the Company in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up on the shares held by them respectively. And if in a winding up the assets available for distribution amongst the members of the Company shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed amongst the members of the Company in proportion to the capital paid up at the commencement of the winding up on the shares held by them respectively. The foregoing is without prejudice to the rights of the holders of shares issued upon special terms and conditions.

If the Company shall be wound up, the liquidator may with the sanction of a special resolution of the Company and any other sanction required by the Companies Law, divide amongst the members of the Company in specie or kind the whole or any part of the assets of the Company (whether they shall consist of property of the same kind or not) and may, for such purpose, set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members of the Company. The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the members of the Company as the liquidator, with the like sanction and subject to the Companies Law, shall think fit, but so that no member of the Company shall be compelled to accept any assets, shares or other securities in respect of which there is a liability.

(u) Untraceable members

The Company shall be entitled to sell any shares of a member of the Company or the shares to which a person is entitled by virtue of transmission on death or bankruptcy or operation of law if: (i) all cheques or warrants, not being less than three in number, for any sums payable in cash to the holder of such shares have remained uncashed for a period of 12 years; (ii) the Company has not during that time or before the expiry of the three month period referred to in (iv) below received any indication of the whereabouts or existence of the member; (iii) during the 12 year period, at least three dividends in respect of the shares in question have become payable and no dividend during that period has been claimed by the

member; and (iv) upon expiry of the 12 year period, the Company has caused an advertisement to be published in the newspapers or subject to the Listing Rules, by electronic communication in the manner in which notices may be served by the Company by electronic means as provided in the Articles of Association, giving notice of its intention to sell such shares and a period of three months has elapsed since such advertisement and the Stock Exchange has been notified of such intention. The net proceeds of any such sale shall belong to the Company and upon receipt by the Company of such net proceeds it shall become indebted to the former member for an amount equal to such net proceeds.

SUMMARY OF CAYMAN ISLANDS COMPANY LAW AND TAXATION

1. Introduction

The Companies Law is derived, to a large extent, from the older Companies Acts of England, although there are significant differences between the Companies Law and the current Companies Act of England. Set out below is a summary of certain provisions of the Companies Law, although this does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of corporate law and taxation which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar.

2. Incorporation

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 21 February 2008 under the Companies Law. As such, its operations must be conducted mainly outside the Cayman Islands. The Company is required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the size of its authorized share capital.

3. Share capital

The Companies Law permits a company to issue ordinary shares, preference shares, redeemable shares or any combination thereof.

The Companies Law provides that where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the value of the premia on those shares shall be transferred to an account called the "share premium account". At the option of a company, these provisions may not apply to premia on shares of that company allotted pursuant to any arrangement in consideration of the acquisition or cancellation of shares in any other company and issued at a premium. The Companies Law provides that the share premium account may be applied by a company, subject to the provisions, if any, of its memorandum and articles of association, in such manner as the company may from time to time determine including, but without limitation:

(i) paying distributions or dividends to members;

(ii) paying up unissued shares of the company to be issued to members as fully paid bonus shares;

(iii) in the redemption and repurchase of shares (subject to the provisions of section 37 of the Companies Law);

(iv) writing-off the preliminary expenses of the company;

(v) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company; and

(vi) providing for the premium payable on redemption or purchase of any shares or debentures of the company.

No distribution or dividend may be paid to members out of the share premium account unless immediately following the date on which the distribution or dividend is proposed to be paid the company will be able to pay its debts as they fall due in the ordinary course of business.

The Companies Law provides that, subject to confirmation by the Grand Court of the Cayman Islands, a company limited by shares or a company limited by guarantee and having a share capital may, if so authorized by its articles of association, by special resolution reduce its share capital in any way.

Subject to the detailed provisions of the Companies Law, a company limited by shares or a company limited by guarantee and having a share capital may, if so authorized by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a shareholder. In addition, such a company may, if authorized to do so by its articles of association, purchase its own shares, including any redeemable shares. The manner of such a purchase must be authorized either by the articles of association or by an ordinary resolution of the company. The articles of association may provide that the manner of purchase may be determined by the directors of the company. At no time may a company redeem or purchase its shares unless they are fully paid. A company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any member of the company holding shares. A payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

There is no statutory restriction in the Cayman Islands on the provision of financial assistance by a company for the purchase of, or subscription for, its own or its holding company's shares. Accordingly, a company may provide financial assistance if the directors of the company consider, in discharging their duties of care and to act in good faith, for a proper purpose and in the interests of the company, that such assistance can properly be given. Such assistance should be on an arm's-length basis.

4. Dividends and distributions

With the exception of section 34 of the Companies Law, there are no statutory provisions relating to the payment of dividends. Based upon English case law which is likely to be persuasive in the Cayman Islands in this area, dividends may be paid only out of profits. In addition, section 34 of the Companies Law permits, subject to a solvency test and the provisions, if any, of the company's memorandum and articles of association, the payment of dividends and distributions out of the share premium account (see 3 above for further details).

5. Shareholders' suits

The Cayman Islands courts can be expected to follow English case law precedents. The rule in Foss v. Harbottle (and the exceptions thereto which permit a minority shareholder to commence a class action against or derivative actions in the name of the company to challenge (a) an act which is ultra vires the company or illegal, (b) an act which constitutes a fraud against the minority where the wrongdoers are themselves in control of the company, and (c) an action which requires a resolution with a qualified (or special) majority which has not been obtained) has been applied and followed by the courts in the Cayman Islands.

6. Protection of minorities

In the case of a company (not being a bank) having a share capital divided into shares, the Grand Court of the Cayman Islands may, on the application of members holding not less than one fifth of the shares of the company in issue, appoint an inspector to examine into the affairs of the company and to report thereon in such manner as the Grand Court shall direct.

Any shareholder of a company may petition the Grand Court of the Cayman Islands which may make a winding up order if the court is of the opinion that it is just and equitable that the company should be wound up.

Claims against a company by its shareholders must, as a general rule, be based on the general laws of contract or tort applicable in the Cayman Islands or their individual rights as shareholders as established by the company's memorandum and articles of association.

The English common law rule that the majority will not be permitted to commit a fraud on the minority has been applied and followed by the courts of the Cayman Islands.

7. Disposal of assets

The Companies Law contains no specific restrictions on the powers of directors to dispose of assets of a company. As a matter of general law, in the exercise of those powers, the directors must discharge their duties of care and to act in good faith, for a proper purpose and in the interests of the company.

8. Accounting and auditing requirements

The Companies Law requires that a company shall cause to be kept proper books of account with respect to:

(i) all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place;

(ii) all sales and purchases of goods by the company; and

(iii) the assets and liabilities of the company.

Proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

9. Register of members

An exempted company may, subject to the provisions of its articles of association, maintain its principal register of members and any branch registers at such locations, whether within or without the Cayman Islands, as its directors may, from time to time, think fit. There is no requirement under the Companies Law for an exempted company to make any returns of members to the Registrar of Companies in the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection.

10. Inspection of books and records

Members of a company will have no general right under the Companies Law to inspect or obtain copies of the register of members or corporate records of the company. They will, however, have such rights as may be set out in the company's articles of association.

11. Special resolutions

The Companies Law provides that a resolution is a special resolution when it has been passed by a majority of not less than two-thirds (or such greater number as may be specified in the articles of association of the company) of such members as, being entitled to do so, vote in person or, where proxies are allowed, by proxy at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been duly given. Written resolutions signed by all the members entitled to vote for the time being of the company may take effect as special resolutions if this is authorized by the articles of association of the company.

12. Subsidiary owning shares in parent

The Companies Law does not prohibit a Cayman Islands company acquiring and holding shares in its parent company provided its objects so permit. The directors of any subsidiary making such acquisition must discharge their duties of care and to act in good faith, for a proper purpose and in the interests of the subsidiary.

13. Mergers and Consolidations

The Companies Law permits mergers and consolidations between Cayman Islands companies and between Cayman Islands companies and non-Cayman Islands companies. For these purposes, (a) "merger" means the merging of two or more constituent companies and the vesting of their undertaking, property and liabilities in one of such companies as the surviving company and (b) a "consolidation" means the combination of two or more constituent companies into a consolidated company and the vesting of the undertaking, property and liabilities of such companies to the consolidated company. In order to effect such a merger or consolidation, the directors of each constituent company must approve a written plan of merger or consolidation, which must then be authorized by either (a) a special resolution of each constituent company or (b) such other authorization, if any, as may be specified in such constituent company's articles of association. The written plan of merger or consolidation must be filed with the Registrar of Companies together with a declaration as to the solvency of the consolidated or

surviving company, a list of the assets and liabilities of each constituent company and an undertaking that a copy of the certificate of merger or consolidation will be given to the members and creditors of each constituent company and that notification of the merger or consolidation will be published in the Cayman Islands Gazette. Dissenting shareholders have the right to be paid the fair value of their shares (which, if not agreed between the parties, will be determined by the Cayman Islands court) if they follow the required procedures, subject to certain exceptions. Court approval is not required for a merger or consolidation which is effected in compliance with these statutory procedures.

14. Reconstructions

There are statutory provisions which facilitate reconstructions and amalgamations approved by a majority in number representing 75% in value of shareholders or creditors, depending on the circumstances, as are present at a meeting called for such purpose and thereafter sanctioned by the Grand Court of the Cayman Islands. Whilst a dissenting shareholder would have the right to express to the Grand Court his view that the transaction for which approval is sought would not provide the shareholders with a fair value for their shares, the Grand Court of the Cayman Islands is unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management and if the transaction were approved and consummated the dissenting shareholder would have no rights comparable to the appraisal rights (i.e. the right to receive payment in cash for the judicially determined value of his shares) ordinarily available, for example, to dissenting shareholders of United States corporations.

15. Take-overs

Where an offer is made by a company for the shares of another company and, within four months of the offer, the holders of not less than 90 per cent. of the shares which are the subject of the offer accept, the offeror may at any time within two months after the expiration of the said four months, by notice require the dissenting shareholders to transfer their shares on the terms of the offer. A dissenting shareholder may apply to the Grand Court of the Cayman Islands within one month of the notice objecting to the transfer. The burden is on the dissenting shareholder to show that the Grand Court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority shareholders.

16. Indemnification

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the Cayman Islands courts to be contrary to public policy (e.g. for purporting to provide indemnification against the consequences of committing a crime).

17. Liquidation

A company is placed in liquidation either by an order of the court or by a special resolution (or, in certain circumstances, an ordinary resolution) of its members. A liquidator is appointed whose duties are to collect the assets of the company (including the amount (if any) due from the contributories (shareholders)), settle the list of creditors and discharge the company's liability to them, rateably if insufficient assets exist to discharge the liabilities in full, and to settle the list of contributories and divide the surplus assets (if any) amongst them in accordance with the rights attaching to the shares.

18. Stamp duty on transfers

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands.

19. Taxation

Pursuant to section 6 of the Tax Concessions Law (1999 Revision) of the Cayman Islands, the Company has applied for, and expects to receive, an undertaking from the Governor in Cabinet:

(i) that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits or income or gains or appreciation shall apply to the Company or its operations; and

(ii) in addition, that no tax to be levied on profits, income gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable by the Company:

(iii) on or in respect of the shares, debentures or other obligations of the Company; or

(iv) by way of withholding in whole or in part of any relevant payment as defined in Section 6(3) of the Tax Concession Law (1999 Revision).

The undertaking when received, will be for a period of twenty years commencing from the date of the certificate evidencing such underlying.

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands save certain stamp duties which may be applicable, from time to time, on certain instruments executed in or brought within the jurisdiction of the Cayman Islands. The Cayman Islands are not party to any double tax treaties.

20. Exchange control

There are no exchange control regulations or currency restrictions in the Cayman Islands.

21. General

Maples and Calder the Company's legal advisers on Cayman Islands law, have sent to the Company a letter of advice summarizing aspects of Cayman Islands company law. This letter, together with a copy of the Companies Law, is available for inspection as referred to in "Documents Delivered to the Registrar of the Companies and Available for Inspection" in Appendix VII to this prospectus. Any person wishing to have a detailed summary of Cayman Islands company law or advice on the differences between it and the laws of any jurisdiction with which he/she is more familiar is recommended to seek independent legal advice.

FURTHER INFORMATION ABOUT OUR COMPANY

1. Incorporation of our Company

Our Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on 21 February 2008.

Our Company has been registered in Hong Kong under Part XI of the Companies Ordinance as a non-Hong Kong company since 5 July 2010 and our principal place of business in Hong Kong is at 4-5th Floor, The Genplas Building, 56 Hoi Yuen Road, Kwun Tong, Kowloon, Hong Kong. In compliance with the requirements of the Companies Ordinance, Mr. Yeung Michael Wah Keung and Mr. Yeung Wo Fai have been appointed as the agents for the acceptance of service of process and any notice required to be served on us in Hong Kong. The address of Mr. Yeung Michael Wah Keung for service of process and notice is No.7, Kadoorie Avenue, Kowloon, Hong Kong and that of Mr. Yeung Wo Fai is House 8, Celestial Heights Phase 2, 80 Sheung Shing Street, Ho Man Tin, Kowloon, Hong Kong.

Our Company was incorporated in the Cayman Islands and is subject to Cayman Islands law. Our constitution comprises a Memorandum of Association and Articles of Association. A summary of certain relevant parts of our constitution and certain relevant aspects of Companies Law is set out in Appendix V to this prospectus.

2. Changes in the share capital of our Company

(a) As of the date of incorporation of our Company, the authorized share capital was US$50,000 divided into 50,000 shares having a par value of US$1 each. On 21 February 2008, one subscriber share of US$1 was transferred by its subscriber to Mr. Yeung Michael Wah Keung at a consideration of US$1 and an aggregate of 99 shares were allotted and issued as fully paid up at par value by our Company, as to (i) 64 shares to Mr. Yeung Michael Wah Keung; and (ii) 35 shares to Mr. Yeung Wo Fai.

(b) On 28 May 2011, our Company re-denominated its authorized share capital of US$50,000 divided into 50,000 shares of US$1 each to HK$388,000 divided into 3,880,000 Shares of HK$0.10 each. Following the re-denomination, 10,000 Shares were allotted and issued as fully paid up at par value by our Company, as to (i) 6,500 Shares to Mr. Yeung Michael Wah Keung; and (ii) 3,500 Shares to Mr. Yeung Wo Fai, and our Company repurchased at par value from Mr. Yeung Michael Wah Keung and Mr. Yeung Wo Fai the 100 issued shares having a par value of US$1 each.

(c) On 28 May 2011, in consideration of the assignments by Mr. Yeung Michael Wah Keung and Mr. Yeung Wo Fai of the accounts receivables owed by Sitoy Company to each of them and dividends declared by Sitoy Handbag payable to Mr. Yeung Michael Wah Keung and Mr. Yeung Wo Fai, the Company allotted and issued 130 new Shares to Mr. Yeung Michael Wah Keung and 70 new Shares to Mr. Yeung Wo Fai, credited as fully paid.

(d) On 13 July 2011, in consideration of the transfer of the entire issued shares of each of Sitoy Factory and Sitoy Investment, the Company allotted and issued 130 new Shares to Mr. Yeung Michael Wah Keung and 70 new Shares to Mr. Yeung Wo Fai, credited as fully paid.

(e) On 15 November 2011, the authorized share capital of the Company was increased from HK$388,000 divided into 3,880,000 Shares to HK$300,000,000 divided into 3,000,000,000 Shares.

Assuming that the Global Offering becomes unconditional and the issues of the Shares pursuant to the Global Offering and the Capitalization Issue mentioned herein are made, but taking no account of any Shares which may be issued upon the exercise of the Over-allotment Option or upon exercise of options which may be granted under the Share Option Scheme, the issued share capital of our Company will be HK$99,840,000 divided into 998,400,000 Shares fully paid or credited as fully paid. Other than pursuant to the Over-allotment Option and the options which may be granted under the Share Option Scheme or the exercise of the general mandate to issue Shares referred to in "Resolutions in writing of the Shareholders passed on 15 November 2011" in this appendix, there is no present intention to issue any part of the authorized but unissued share capital of our Company and, without prior approval of the Shareholders in general meeting, no issue of Shares will be made which would effectively alter the control of our Company.

3. Resolutions in writing of the Shareholders passed on 15 November 2011

Written resolutions were passed by the Shareholders on 15 November 2011 pursuant to which, among other matters:

(a) the authorized share capital of our Company was increased from HK$388,000 to HK$300,000,000 by the creation of an additional 2,996,120,000 Shares;

(b) the Memorandum and Articles of Association were approved and adopted;

(c) conditional on (aa) the Listing Committee granting the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus, (bb) the Offer Price having been determined; (cc) the execution and delivery of the International Placing Agreement on or before the date as mentioned in this prospectus; and (dd) the obligations of the Underwriters under the Underwriting Agreements becoming unconditional and not being terminated in accordance with the terms of the Underwriting Agreements or otherwise, in each case on or before the date determined in accordance with the terms of the Underwriting Agreements:

(i) the Global Offering and the grant of the Over-allotment Option by our Company were approved and our Directors were authorized to allot and issue the Offer Shares pursuant to the Global Offering and such number of Shares as may be required to be allotted and issued upon the exercise of the Over-allotment Option;

(ii) the rules of the Share Option Scheme, the principal terms of which are set out in "Other Information — 14. Share Option Scheme" of this appendix, were approved and adopted and our Directors were authorized to, at their absolute discretion, to grant options to subscribe for Shares thereunder and to allot, issue and deal with Shares pursuant to the exercise of options which may be granted under the Share Option Scheme and to take all such steps as may be necessary or desirable to implement the Share Option Scheme; and

(iii) conditional on the share premium account of our Company being credited as a result of the Global Offering, our Directors were authorized to capitalize HK$74,878,960 standing to the credit of the share premium account of our Company by applying such sum in paying up in full at par 748,789,600 Shares for allotment and issue to the holders of Shares whose names appear on the register of members of our Company at the close of business on 15 November 2011 (or as they may direct) in proportion (as nearly as possible without involving fractions so that no fraction of a share shall be allotted and issued) to their then existing respective shareholdings in our Company and so that the Shares to be allotted and issued pursuant to this resolution shall rank pari passu in all respects with the then existing issued Shares and our Directors were authorized to give effect to such capitalization;

(d) a general unconditional mandate was given to our Directors to exercise all powers of our Company to allot, issue and deal with (otherwise than by way of rights issue or an issue of shares upon the exercise of the Over-allotment Option or any subscription or conversion rights attaching to any warrants or any securities which are convertible into Shares or pursuant to the exercise of any options which may be granted under the Share Option Scheme, any other option scheme or similar arrangement for the time being adopted for the grant or issue to officers and/or employees of our Company and/or any of its subsidiaries or any other person of share or rights to acquire Shares or any scrip dividend schemes or similar arrangements providing for the allotment and issue of Shares in lieu of the whole or part of a dividend on Shares in accordance with the Articles or a specific authority granted by the Shareholders in general meeting) Shares with an aggregate nominal amount of not exceeding the sum of 20% of the aggregate nominal amount of the share capital of our Company in issue immediately following completion of the Global Offering and the Capitalization Issue but excluding any Shares which may be issued pursuant to the exercise of the Over-allotment Option until the conclusion of the next annual general meeting of our Company, or the date by which the next annual general meeting of our Company is required by the Articles of Association, the Companies Law or any applicable Cayman Islands law to be held, or the passing of an ordinary resolution by the Shareholders renewing, revoking or varying the authority given to our Directors, whichever occurs first (the "Relevant Period"), and to make or grant offers, agreements and options (including but not limited to warrants, bonds and debentures convertible into Shares) during the Relevant Period which might require the exercise of such power to issue Shares either during or after the end of the Relevant Period;

(e) a general unconditional mandate (the "Repurchase Mandate") was given to our Directors to exercise all powers of our Company to purchase Shares on the Stock Exchange or any other stock exchange on which the securities of our Company may be listed and recognized by the SFC and the Stock Exchange for this purpose, with an aggregate nominal amount of not exceeding 10% of the aggregate nominal amount of the share capital of our Company in issue immediately following completion of the Global Offering and the Capitalization Issue but excluding any Shares which may be issued pursuant to the exercise of the Over-allotment Option until the conclusion of the next annual general meeting of our Company, or the date by which the next annual general meeting of our Company is required by the Articles of Association, the Companies Law or any applicable Cayman Islands law to be held, or the passing of an ordinary resolution by the Shareholders renewing, revoking or varying the authority given to our Directors, whichever occurs first; and

(f) the extension of the general mandate to allot, issue and deal with Shares pursuant to paragraph (d) above to include the aggregate nominal amount of the share capital of our Company which may be repurchased by our Company pursuant to paragraph (e) above, provided that such extended amount shall not exceed 10% of the aggregate nominal amount of the share capital of our Company in issue immediately following completion of the Global Offering and the Capitalization Issue but excluding any Shares that may be issued upon exercise of the Over-allotment Option.

4. Group Reorganization

The companies comprising our Group underwent the Reorganization to rationalize our Group's structure in preparation for the Listing which involved the following:

(a) establishment of Sitoy Factory and Sitoy Investment on 23 May 2011 by Mr. Yeung Michael Wah Keung and Mr. Yeung Wo Fai which were owned by them in the ratio of 65% and 35%, to reflect their percentage shareholdings in Sitoy Handbag and Sitoy Company;

(b) transfer of 260,000 shares in Sitoy Handbag by Mr. Yeung Michael Wah Keung and of 140,000 shares in Sitoy Handbag by Mr. Yeung Wo Fai to Sitoy Factory on 20 June 2011, in consideration of the issue and allotment of 65 new shares in Sitoy Factory to Mr. Yeung Michael Wah Keung and 35 new shares in Sitoy Factory to Mr. Yeung Wo Fai in the ratio of 65% and 35%;

(c) transfer of 1,950 shares in Sitoy Company by Mr. Yeung Michael Wah Keung and of 1,050 shares in Sitoy Company by Mr. Yeung Wo Fai to Sitoy Investment on 20 June 2011, in consideration of the issue and allotment of 65 new shares in Sitoy Investment to Mr. Yeung Michael Wah Keung and 35 new shares in Sitoy Investment to Mr. Yeung Wo Fai in the ratio of 65% and 35%; and

(d) the acquisition of the entire issued shares in each of Sitoy Factory and Sitoy Investment by the Company from Mr. Yeung Michael Wah Keung and Mr. Yeung Wo Fai on 13 July 2011, in consideration of the issue and allotment of 130 new Shares to Mr. Yeung Michael Wah Keung and of 70 new Shares to Mr. Yeung Wo Fai, all credited as fully paid up.

5. Changes in share capital of subsidiaries

The subsidiaries of our Company are listed in the accountants' report set out in Appendix I to this prospectus.

In addition to the alterations disclosed in paragraph 4 of this appendix, the following alterations in the share capital of subsidiaries of our Company took place within two years immediately preceding the date of this prospectus:

(a) On 14 July 2010, the registered capital of Sitoy Dongguan was increased from HK$15.2 million to HK$60 million.

(b) On 10 September 2010, Sitoy International was incorporated in the BVI with an authorized share capital of US$50,000 divided into 50,000 shares of US$1 each, of which one share was issued and allotted to our Company.

(c) On 21 September 2010, Sitoy Retailing was incorporated in Hong Kong with an authorized share capital of HK$5,000,000 divided into 5,000,000 shares of HK$1 each, of which one share was issued and allotted to Sitoy International on its date of incorporation. On 25 October 2010, 4,999,999 shares were issued and allotted to Sitoy International; and

(d) On 25 November 2010, the registered capital of Sitoy Yingde was increased from HK$170 million to HK$220 million. HK$194.2 million of the registered capital had been fully-paid as at the Latest Practicable Date. The remaining unpaid amount of registered capital of HK$25.8 million shall be paid up by 25 November 2012.

(e) On 18 January 2011, Sitoy Guangzhou was established as a wholly-foreign owned enterprise in the PRC with a registered capital of HK$25 million and a total investment of HK$50 million wholly-owned by Sitoy Retailing. HK$15 million of the registered capital had been fully-paid as at the Latest Practicable Date. The remaining unpaid amount of registered capital of HK$10 million shall be paid up by 18 January 2013.

Save as disclosed herein, there has been no alteration in the share capital of any of the subsidiaries of our Company within the two years immediately preceding the date of this prospectus.

6. Further information about our Group's PRC establishments

Our Group has interest in the registered capital of three wholly foreign-owned enterprises in the PRC. A summary of the corporate information of these enterprises as at the Latest Practicable Date are set out as follows:

(a) Sitoy Dongguan

(i)	Name of the enterprise:	東莞時代皮具製品廠有限公司 (Dongguan Shidai Leather Products Factory Co., Ltd.)
(ii)	Date of establishment:	13 July 1992
(iii)	Economic nature:	Wholly foreign-owned enterprise
(iv)	Registered owner:	Sitoy Handbag
(v)	Total investment capital:	HK$60 million
(vi)	Registered capital:	HK$60 million
(vii)	Attributable interest to our Group:	100%
(viii)	Term of operation:	From 13 July 1992 to 12 July 2017
(ix)	Scope of business:	Manufacture and sale of various types of handbags and leather products, establishment of research and development institutions to research and develop on leather products, clothing and suitcases

(b) Sitoy Yingde

(i)	Name of the enterprise:	時代(英德)皮具製品有限公司 (Sitoy (Yingde) Leather Products Co., Ltd.)
(ii)	Date of establishment:	11 December 2006
(iii)	Economic nature:	Wholly foreign-owned enterprise
(iv)	Registered owner:	Sitoy Company
(v)	Total investment capital:	HK$220 million
(vi)	Registered capital:	HK$220 million
(vii)	Attributable interest to our Group:	100%
(viii)	Term of operation:	From 11 December 2006 to 11 December 2056
(ix)	Scope of business:	Manufacture and sale of handbags

(c) Sitoy Guangzhou

(i)	Name of the enterprise:	廣州美樂時皮具有限公司 (Guangzhou Sitoy Leather Goods Company Limited*)
(ii)	Date of establishment:	18 January 2011
(iii)	Economic nature:	Wholly foreign-owned enterprise
(iv)	Registered owner:	Sitoy Retailing
(v)	Total investment capital:	HK$50 million
(vi)	Registered capital:	HK$25 million
(vii)	Attributable interest to our Group:	100%
(viii)	Term of operation:	From 18 January 2011 to 18 January 2041

(ix)	Scope of business:	Commissioned agency (excluding auction), wholesale, retail (limited to be operated by branch office), import and export of leather products, handbags, suitcases, shoes and hats, clothing, accessories and jewelry (gold and diamond excluded) and provision of related ancillary services (business prohibited by law and regulations shall not be conducted, commodities involving quota permit management and specific regulation management shall be handled in accordance with the relevant regulations of PRC).

7. Repurchase by our Company of our own securities

This paragraph includes information required by the Stock Exchange to be included in this prospectus concerning the repurchase by our Company of its own securities.

(a) Shareholders' approval

All proposed repurchases of securities (which must be fully paid up in the case of shares) by a company listed on the Stock Exchange must be approved in advance by an ordinary resolution of the shareholder, either by way of general mandate or by specific approval of a particular transaction.

Note: Pursuant to a resolution in writing passed by the Shareholders on 15 November 2011, the Repurchase Mandate was given to our Directors authorizing any repurchase by our Company of Shares on the Stock Exchange or any other stock exchange on which the securities of our Company may be listed and which is recognized by the SFC and the Stock Exchange for this purpose, of up to 10% of the aggregate nominal amount of the share capital of our Company in issue immediately following completion of the Global Offering and the Capitalization Issue but excluding any Shares which may be issued pursuant to the exercise of the Over-allotment Option, such mandate to expire at the conclusion of the next annual general meeting of our Company, or the date by which the next annual general meeting of our Company is required by the Articles of Association, the Companies Law or applicable Cayman Islands law to be held, or the passing of an ordinary resolution by Shareholders in general meeting renewing, revoking or varying the authority given to our Directors, whichever occurs first.

(b) Source of funds

Repurchases must be funded out of funds legally available for the purpose in accordance with the Memorandum, Articles of Association and the applicable laws and regulations of the Cayman Islands. A listed company may not repurchase its own securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange. Under the Cayman Islands laws, any repurchases by us may be made out of our profits or out of the proceeds of a fresh issue of Shares made for the purpose of the repurchase or, if so authorized by the Articles of Association and subject to the Companies Law, out of our capital. Any premium payable on a redemption or purchase over the par value of the Shares to be repurchased must be provided for out of our profits or from sums standing to the credit of our share premium account or, if authorized by the Articles of Association and subject to the Companies Law, out of our capital.

(c) Reasons for repurchases

Our Directors believe that it is in the best interests of our Company and the Shareholders for our Directors to have general authority from the Shareholders to enable our Company to repurchase Shares in the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share and will only be made if our Directors believe that such repurchases will benefit our Company and the Shareholders.

(d) Funding of repurchases

In repurchasing securities, we may only apply funds legally available for such purpose in accordance with the Articles of Association, the Listing Rules and the applicable laws of the Cayman Islands.

On the basis of the current financial position of our Group as disclosed in this prospectus and taking into account our current working capital position, our Directors consider that, if the Repurchase Mandate was to be exercised in full, it might have a material adverse effect on the working capital and/or the gearing position of our Group as compared to the position disclosed in this prospectus. However, our Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of our Group or the gearing levels which in the opinion of our Directors are from time to time appropriate for our Group.

The exercise in full of the Repurchase Mandate, on the basis of 998,400,000 Shares in issue immediately after the completion of the Global Offering and the Capitalization Issue but excluding any Shares which may be issued pursuant to the exercise of the Over-allotment Option and options which may be granted under the Share Option Scheme, would result in up to 99,840,000 Shares being repurchased by us during the period in which the Repurchase Mandate remains in force.

(e) General

None of our Directors nor any of their associates currently intends to sell any Shares to our Company or our subsidiaries.

Our Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the Listing Rules and the applicable laws of the Cayman Islands.

If, as a result of a securities repurchase, a Shareholder's proportionate interest in the voting rights of our Company is increased, such increase will be treated as an acquisition for the purpose of the Code on Takeovers and Mergers of Hong Kong (the "Takeovers Code"). Accordingly, a Shareholder or a group of Shareholders acting in concert could obtain or consolidate control of our Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code. Save as aforesaid, our Directors are not aware of any consequences which would arise under the Takeovers Code as a consequence of any repurchases pursuant to the Repurchase Mandate.

Our Directors will not exercise the Repurchase Mandate if the repurchase would result in the number of Shares which are in the hands of the public falling below 25% of the total number of Shares in issue (or such other percentage as may be prescribed as the minimum public shareholding under the Listing Rules).

No connected person (as defined in the Listing Rules) of our Company has notified us that he/she/it has a present intention to sell Shares to our Company, or has undertaken not to do so if the Repurchase Mandate is exercised.

FURTHER INFORMATION ABOUT THE BUSINESS OF OUR COMPANY

8. Summary of material contracts

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by the members of our Group within the two years preceding the date of this prospectus and are or may be material:

(a) a trademark license agreement dated 10 January 2011 and entered into between TUSCAN'S Europe and our Company, pursuant to which TUSCAN'S Europe, in consideration of an advance payment of EUR200,000, being the first installment payment of the Acquisition Price (as defined below), granted to our Company and/or other person which is controlled by, controls, or is under common control with our Company, an exclusive license to use the "TUSCAN'S" trademark to design, manufacture, distribute and promote products under the classes and in the territories as specified therein and for all purposes in relation thereto, until the assignment of the trademark to our Company and/or other person which is controlled by, controls, or is under common control with our Company;

(b) a trademark assignment agreement dated 16 February 2011 and entered into between TUSCAN'S Europe and Sitoy Retailing, pursuant to which TUSCAN'S Europe agreed to assign the "TUSCAN'S" trademark in Hong Kong, Macau, Taiwan, Thailand, Malaysia, the United Arab Emirates, the United States, the PRC, Japan, Singapore and South Korea at a total consideration of EUR600,000 (the "Acquisition Price"), upon registrations of the trademark in their respective jurisdictions, to Sitoy Retailing and/or any of its designated person which is controlled by, controls, or is under common control with Sitoy Retailing;

(c) an assignment dated 16 February 2011 and entered into between TUSCAN'S Europe and Sitoy Guangzhou in pursuance of the trademark assignment agreement stated in paragraph (b) above, pursuant to which TUSCAN'S Europe assigned to Sitoy Guangzhou right, title and interest in and goodwill relating to the "TUSCAN'S" trademark registered in the PRC and Japan as designated countries under international trademark registration;

(d) a deed of assignment dated 28 May 2011 and entered into among Sitoy Company, Sitoy Handbag, Mr. Yeung Wah Keung and Mr. Yeung Wo Fai in relation to the assignments by Sitoy Handbag of account receivables owing to Sitoy Handbag by Sitoy Company (being an amount due for the funding of Sitoy Company's investment in Sitoy Yingde by Sitoy Handbag) (the "Account Receivables") in the amount of HK$230,000,000 to Mr. Yeung Wah Keung and Mr. Yeung Wo Fai;

(e) a deed of assignment dated 28 May 2011 and entered into among Mr. Yeung Wah Keung, our Company and Sitoy Company, pursuant to which Mr. Yeung Wah Keung assigned the Account Receivables in the amount of HK$149,500,000 owed by Sitoy Company to our Company, and in consideration of such assignment, our Company issued and allotted 65 Shares to Mr. Yeung Wah Keung credited as fully paid;

(f) a deed of assignment dated 28 May 2011 and entered into among Mr. Yeung Wo Fai, our Company and Sitoy Company, pursuant to which Mr. Yeung Wo Fai assigned the Account Receivables in the amount of HK$80,500,000 owed by Sitoy Company to our Company, and in consideration of such assignment, the Company issued and allotted 35 Shares to Mr. Yeung Wo Fai credited as fully paid;

(g) a deed of assignment dated 28 May 2011 and entered into among Mr. Yeung Wah Keung, our Company and Sitoy Handbag, pursuant to which Mr. Yeung Wah Keung assigned the interim dividend payable by Sitoy Handbag in the amount HK$110,500,000 to our Company, and in consideration of such assignment, our Company issued and allotted 65 Shares to Mr. Yeung Wah Keung credited as fully paid; and

(h) a deed of assignment dated 28 May 2011 and entered into among Mr. Yeung Wo Fai, our Company and Sitoy Handbag, pursuant to which Mr. Yeung Wo Fai assigned the interim dividend payable by Sitoy Handbag in the amount of HK$59,500,000 to our Company, and in consideration of such assignment, the Company issued and allotted 35 Shares to Mr. Yeung Wo Fai credited as fully paid;

(i) a deed for sale and purchase dated 20 June 2011 and entered into among Sitoy Factory, Mr. Yeung Wah Keung and Mr. Yeung Wo Fai, pursuant to which Sitoy Factory acquired the entire issued share capital of Sitoy Handbag in consideration of which Sitoy Factory issued and allotted 65 shares in Sitoy Factory to Mr. Yeung Wah Keung and 35 shares in Sitoy Factory to Mr. Yeung Wo Fai, credited as fully paid up;

(j) a deed for sale and purchase dated 20 June 2011 and entered into among Sitoy Investment, Mr. Yeung Wah Keung and Mr. Yeung Wo Fai, pursuant to which Sitoy Investment acquired the entire issued share capital of Sitoy Company in consideration of which Sitoy Investment issued and allotted 65 shares in Sitoy Investment to Mr. Yeung Wah Keung and 35 shares in Sitoy Investment to Mr. Yeung Wo Fai, credited as fully paid up;

(k) a deed for sale and purchase dated 13 July 2011 and entered into among our Company, Mr. Yeung Wah Keung and Mr. Yeung Wo Fai, pursuant to which our Company acquired the entire issued shares of Sitoy Factory in consideration of which our Company issued and allotted 65 new Shares to Mr. Yeung Wah Keung and 35 new Shares to Mr. Yeung Wo Fai, credited as fully paid up;

(l) a deed for sale and purchase dated 13 July 2011 and entered into between our Company, Mr. Yeung Wah Keung and Mr. Yeung Wo Fai, pursuant to which our Company acquired the entire issued shares of Sitoy Investment in consideration of which our Company issued and allotted 65 new Shares to Mr. Yeung Wah Keung and 35 new Shares to Mr. Yeung Wo Fai, credited as fully paid up;

(m) an assignment dated 30 August 2011 and entered into between TUSCAN'S Europe and Sitoy Retailing in pursuance of the trademark assignment agreement stated in paragraph (b) above, under which TUSCAN'S Europe assigned to Sitoy Retailing right, title and interest in and goodwill relating to the "TUSCAN'S" trademark registered in Hong Kong;

(n) an assignment dated 10 October 2011 and entered into between TUSCAN'S Europe and Sitoy Retailing in pursuance of the trademark assignment agreement stated in paragraph (b) above, under which TUSCAN'S Europe assigned to Sitoy Retailing right, title and interest in and goodwill relating to the "TUSCAN'S" trademark registered in Macau;

(o) a cornerstone investment agreement dated 9 November 2011 and entered into between our Company, Prada Far East B.V. ("Prada") and Merrill Lynch International, pursuant to which Prada agreed to subscribe at the Offer Price for an amount of Offer Shares equal to approximately 4.9% of the total issued and outstanding share capital of our Company immediately following the completion of the Global Offering, not taking into account any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option and upon exercise of any option granted under the Share Option Scheme;

(p) a cornerstone investment agreement dated 12 November 2011 and entered into between our Company, Keen Achieve Limited, IDG-Accel China Capital L.P. and Merrill Lynch International, pursuant to which Keen Achieve Limited agreed to subscribe at the Offer Price for an amount of Offer Shares equal to 5.5% of the total issued and outstanding share capital of our Company immediately following the completion of the Global Offering, not taking into account any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option and any Shares which may be issued upon exercise of any option granted under the Share Option Scheme;

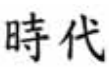
(q) a deed of indemnity dated 23 November 2011 and executed by Mr. Yeung Michael Wah Keung and Mr. Yeung Wo Fai in favor of our Company (for itself and as trustee for each of our subsidiaries stated therein), pursuant to which Mr. Yeung Michael Wah Keung and Mr. Yeung Wo Fai agreed to give the indemnities more particularly referred to in "Estate duty, tax and other indemnities" of this appendix; and

(r) the Hong Kong Underwriting Agreement.

9. Intellectual property rights of our Group

Trademarks

As at the Latest Practicable Date, our Group was the registered proprietor and beneficial owner of the following trademarks which are material to the business of our Group:

No.	Trademark	Registered owner	Place of registration	Class	Registration number	Duration of validity
1.		The Company	Hong Kong	14, 18, 25, 26 (Note b1)	301736307	14-10-2010 – 13-10-2020
2.		The Company	Hong Kong	14, 18, 25, 26 (Note b1)	301736299	14-10-2010 – 13-10-2020
3.		Sitoy Retailing	Hong Kong	14, 18, 25, 26 (Note b1)	301782702	07-12-2010 – 06-12-2020
4.		The Company	Hong Kong	14, 18, 26 (Note b1)	301737036	15-10-2010 – 14-10-2020
5.		The Company	Hong Kong	14, 18, 25, 26 (Note b1)	301736280	14-10-2010 – 13-10-2020
6.		Sitoy Company	Hong Kong	18 (Note b2)	199708880	07-10-1996 – 07-10-2013
7.		Sitoy Retailing	Hong Kong	14, 25, 26 (Note b1)	301846099	01-03-2011– 28-02-2021
8.		The Company	United Kingdom	14, 18, 25, 26 (Note e)	2567951	24-12-2010 – 24-12-2020
9.		The Company	United Kingdom	14, 18, 25, 26 (Note e)	2567961	24-12-2010 – 24-12-2020
10.		The Company	United Kingdom	14, 18, 25, 26 (Note e)	2567952	24-12-2010 – 24-12-2020
11.		Sitoy Retailing	Macau	14, 25, 26 (Note c1)	N/55010 N/55011 N/55012	24-06-2011 – 24-06-2018
12.		Sitoy Guangzhou	PRC (as a designated country under the International Trademark Registration)	18, 25 (Notes a, d)	Designated under International Trademark Registration no. 731038A	10-03-2000 – 10-03-2020
13.		Sitoy Dongguan	PRC	14, 18, 25, 26 (Note e)	8734237 8734252 8734338 8734345	21-10-2011 – 20-10-2021
14.		Sitoy Dongguan	PRC	14, 18, 26 (Note e)	8738096 8734309 8738106	21-10-2011 – 20-10-2021

No.	Trademark	Registered owner	Place of registration	Class	Registration number	Duration of validity
15.	美乐时	Sitoy Dongguan	PRC	14, 18, 25 (Note e)	8760462 8760475 8760486	28-10-2011 – 27-10-2021
16.	Fashion & Joy	Sitoy Dongguan	PRC	14 (Note e)	8775497	07-11-2011 – 06-11-2021
17.	TUSCAN'S	Sitoy Guangzhou	Japan (as a designated country under the International Trademark Registration)	18,25 (Notes a, f)	Designated under International Trademark Registration no. 731038A	10-03-2000 – 10-03-2020
18.	SITOY	The Company	Taiwan	14, 18, 25, 26 (Note e)	01472452	01-09-2011 – 31-08-2021
19.	SITOY	The Company	Taiwan	14, 18, 25, 26 (Note e)	01472453	01-09-2011 – 31-08-2021
20.	SITOY	The Company	Taiwan	14, 18, 25, 26 (Note e)	01472454	01-09-2011 – 31-08-2021

As at the Latest Practicable Date, applications had been made by our Group for the registration of the following trademarks:

No.	Trademark	Applicant	Place of application	Class	Application number	Application Date
1.		The Company	Hong Kong	14, 18, 25, 26 (Note b1)	302043765	28-09-2011
2.		Sitoy Dongguan	PRC	25 (Note e)	8734323	12-10-2010
3.	Fashion & Joy	Sitoy Dongguan	PRC	18, 25 (Note e)	8775530 8775568	25/10/2010
4.	SITOY	Sitoy Dongguan	PRC	14, 18, 25 (Note e)	8823027 8823053 8823071	08-11-2010
5.	SITOY	The Company	Italy	14, 18, 25, 26 (Note e)	MC2011C000051	28-01-2011
6.	SITOY	The Company	Italy	14, 18, 25, 26 (Note e)	MC2011C000050	28-01-2011
7.	SITOY	The Company	Italy	14, 18, 25, 26 (Note e)	MC2011C000052	28-01-2011
8.	TUSCAN'S	Sitoy Guangzhou	Japan	14, 26 (Note d)	2011-25978	13-04-2011
9.	SITOY	The Company	United States	14, 18, 25, 26 (Note g)	85/201,928	20-12-2010
10.	SITOY	The Company	United States	14, 18, 25, 26 (Note g)	85/202,004	20-12-2010
11.	SITOY	The Company	United States	14, 18, 25, 26 (Note g)	85/202,047	20-12-2010

As at the Latest Practicable Date, the right, title and interest in the following trademarks were assigned to us and applications for record of assignment to the relevant government trademark office/registry were in progress:

No.	Trademark	Assignee	Place of registration	Class	Registration number	Expiry date
1.		Sitoy Retailing	Hong Kong	18 (Notes a, b3)	301734192	11-10-2020
2.		Sitoy Retailing	Macau	18 (Notes a, c2)	N/52930	25-03-2018
3.		Sitoy Company	Italy	18 (Note e)	754194	23-10-2016

Notes:

(a) "TUSCAN'S" trademark assigned to us pursuant to our trademark assignment agreement with TUSCAN'S Europe.

(b1)

Class	Specification of Goods in Hong Kong
14	Precious metals and their alloys and goods in precious metals or coated therewith, not included in other classes; jewellery, precious stones; horological and chronometric instruments.
18	Leather and imitations of leather, and goods made of these materials and not included in other classes; animal skins, hides; trunks and travelling bags; umbrellas, parasols and walking sticks; whips, harness and saddlery.
25	Clothing, footwear, headgear.
26	Lace and embroidery, ribbons and braid; buttons, hooks and eyes, pins and needles; artificial flowers.

(b2)

Class	Specification of Goods in Hong Kong
18	Leather and imitations of leather, and goods made of these materials and not included in other classes; bags, wallets and trunks; all included in Class 18.

(b3)

Class	Specification of Goods in Hong Kong
18	Bags, shoulder bags, briefcases, duffle bags, clutch bags, attaché-cases, suitcases, garment bags, backpacks, trunks, travelling bags, wallets, purses, business card cases of leather, credit card cases leather goods, key cases made of leather, cosmetic bags sold empty, waist packs, umbrellas, parasols, walking sticks.

(c1)

Class	Specification of Goods in Macau
14	Precious metals and their alloys and goods in precious metals or coated therewith, not included in other classes; jewellery, precious stones; horological and chronometric instruments.
25	Clothing, footwear, headgear.
26	Lace and embroidery, ribbons and braid; buttons, hooks and eyes, pins and needles; artificial flowers.

(c2)	**Class**	**Specification of Goods in Macau**
	18	Shoulder bags, handbags, briefcases, duffle bags, attaché-cases, suitcases, backpacks, travelling bags, wallets, purses, key cases, cosmetic bags sold empty, waist packs, umbrellas, walking sticks.
(d)	**Class**	**Specification of Goods in the PRC (under international trademark registration) and Japan (under local registration)**
	14	Precious metals and their alloys and goods in precious metals or coated therewith, not included in other classes; jewellery, precious stones; horological and chronometric instruments.
	18	Leather and imitations of leather, and goods made of these materials and not included in other classes; animal skins, hides; trunks and travelling bags; umbrellas, parasols and walking sticks; whips, harness and saddlery.
	25	Clothing, footwear, headgear.
	26	Lace and embroidery, ribbons and braid; buttons, hooks and eyes, pins and needles; artificial flowers.
(e)	**Class**	**Specification of Goods in the United Kingdom, the PRC (under local registration), Italy and Taiwan**
	14	Silver ornaments; bracelets (jewellery); charms (jewellery); brooches (jewellery); chains (jewellery); necklaces (jewellery); tie clips; rings (jewellery) earrings; cuff links; pins (jewellery); pins (tie-); key rings (trinkets or fobs).
	18	Purses; school bags; card cases (notecases); travelling trunks; backpacks; pocket wallets; shopping bags; attaché cases; vanity cases; briefcases; valises; handles (suitcase-); shoulder belts (straps), of leather.
	25	Footwear; boots; half-boots; lace boots; gaiters; slippers; sandals; shoes; sports shoes; sports boots.
	26	Shoes fasteners; dress fastenings; buttons; belts clasps; shoes hooks; zippers; slide locks for bags; shoes buckles.
(f)	**Class**	**Specification of Goods in Japan (under international trademark registration)**
	18	Leather and imitation leather, goods made of these materials not included in other classes; animal skins, pelts and hides; trunks and suitcases; umbrellas, parasols and walking sticks; whips and saddlery, all these products originating from Italy.
	25	Clothing, footwear, headgear, all these products originating from Italy.
(g)	**Class**	**Specification of Goods in the United States**
	14	Ornaments of precious metal, bracelets, charms, brooches, jewelry chains, necklaces, tie clips, rings, earrings, cuff links, pins being jewelry, tie pins, key rings of precious metal.
	18	Purses, school bags, business cards cases, travelling trunks, backpacks, pocket wallets, reusable shopping bags, attaché cases, vanity cases sold empty, briefcases, valises, handles for suitcases, shoulder straps.
	25	Footwear, boots, booties, lace boots, gaiters, slippers, sandals, shoes, sports shoes, boots for sports.
	26	Fasteners for shoes, fastenings for dresses, namely, buttons, belt clasps, shoe hooks, zippers, shoe buckles.

Domain Name

As at the Latest Practicable Date, our Group had registered the following domain name which is being used in the business of our Group:

No.	Domain name	Registrant	Expiry date
1.	sitoy.hk	Sitoy Handbag	12-12-2011[(1)]
2.	tuscans.net	Sitoy Guangzhou	22-02-2021
3.	tuscans.hk	Sitoy Guangzhou	22-02-2016
4.	tuscan.cn	Sitoy Guangzhou	04-03-2021
5.	tuscan.com.cn	Sitoy Guangzhou	04-03-2021
6.	tuscan.net.cn	Sitoy Guangzhou	04-03-2021
7.	sitoychina.com	Sitoy Dongguan	09-04-2016
8.	sitoy.com	Sitoy Handbag	27-10-2014
9.	sitoygroup.com	Sitoy Handbag	14-06-2012
10.	sitoygroup.hk	The Company	15-06-2012
11.	tuscans.asia	The Company	15-06-2012
12.	tuscans.co	The Company	15-06-2012
13.	tuscans.com.hk	The Company	17-06-2012
14.	sitoygroup.cn	Sitoy Dongguan	02-07-2012

Note: None of the contents in our Group's websites at the above domain names form any part of this prospectus. In addition, our Company intends to apply for renewal of registration of the domain name "sitoy.hk" before its expiry date and we are not aware of any obstacles or impediments to such renewal application.

10. Related party transactions

Our Group entered into the related party transactions as disclosed in note 35 to our combined financial statements included in the Accountants' Report, the text of which is set out in Appendix I to this prospectus, during the two years immediately preceding the date of this prospectus.

FURTHER INFORMATION ABOUT DIRECTORS AND SHAREHOLDERS

11. Directors

(a) Disclosure of interests of the Directors

(i) Each of Mr. Yeung Michael Wah Keung and Mr. Yeung Wo Fai is interested in the Reorganization.

(ii) Save as disclosed in "Our History and Reorganization", "Connected Transactions", Appendix I to this prospectus and in this appendix, none of our Directors or their associates was engaged in any dealings with our Group during the two years preceding the date of this prospectus.

(b) Particulars of Directors' service contracts

Executive Directors

Each of our executive Directors has entered into a service contract with our Company pursuant to which they agreed to act as executive Directors for an initial term of three years commencing from the Listing Date. Either the Company or the executive Director may give at least six months' written notice to the other party for early termination of the service contract.

Each of our executive Directors is entitled to a basic salary under their respective service contracts with our Company as set out below (subject to any annual increment to be determined by the remuneration committee of our Company after the first year of the appointment):

(i) Name	(ii) Annual salary
	(HK$)
Mr. Yeung Michael Wah Keung	50,000
Mr. Yeung Wo Fai	50,000
Mr. Yu Chun Kau	50,000
Mr. Chan Ka Dig Adam	50,000
Mr. Yeung Andrew Kin	50,000

Independent non-executive Directors

None of the independent non-executive Directors has entered into any service contract with the Group. Pursuant to the letter of appointment entered into between the Company and each of our independent non-executive Directors, each of our independent non-executive Directors has been appointed for an initial term of three years commencing from the Listing Date. Either the Company or the independent non-executive Director may give a three months' written notice to the other party for early termination of appointment, provided that the written notice shall not be given less than three months before the expiry of the period of appointment.

Each of our independent non-executive Directors is entitled to a remuneration of HK$200,000 per annum. Save for such remuneration, none of our independent non-executive Directors is expected to receive any other remuneration for holding their office as an independent non-executive Director.

The appointment of each of the Directors is subject to removal provisions and provisions on retirement by rotation of Directors set out in the Articles. None of our Directors has or is proposed to have a service contract with our Company or any of our subsidiaries other than contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation).

(c) Remuneration of Directors

(i) The aggregate remuneration paid and benefits in kind granted by our Group to our Directors in respect of the year ended 30 June 2011 were HK$3.3 million.

(ii) Under the arrangements currently in force, the aggregate remuneration (excluding discretionary bonus) payable by our Group to and benefits in kind receivable by our Directors (including our independent non-executive Directors) for the year ending 30 June 2012 are expected to be approximately HK$10.0 million.

(iii) None of our Directors or any past directors of any member of our Group has been paid any sum of money for each of the three Fiscal Years 2009, 2010 and 2011 as (i) an inducement to join or upon joining our Group; or (ii) for loss of office as a director of any member of our Group or of any other office in connection with the management of the affairs of any member of our Group.

(iv) There has been no arrangement under which a Director has waived or agreed to waive any remuneration for each of the three Fiscal Years 2009, 2010 and 2011.

(d) Interests and short positions of our Directors in the shares, underlying shares or debentures of our Company and our associated corporations

Immediately following completion of the Global Offering and the Capitalization Issue and taking no account of any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option and the options which may be granted under the Share Option Scheme, the interests and short positions of our Directors and a chief executive of our Company in the shares, underlying shares or debentures of our Company and our associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they are taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required to notify our Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, once the Shares are listed, will be as follows:

Name of Director	Name of Group member/ associated corporation	Capacity/nature of interest	Number and class of securities	Percentage of shareholding
Yeung Michael Wah Keung . .	our Company	Beneficial owner	486,720,000 Shares	48.75%
Yeung Wo Fai	our Company	Beneficial owner	262,080,000 Shares	26.25%

12. Interests discloseable under the SFO and substantial shareholders

So far as our Directors are aware, immediately following the completion of the Global Offering and the Capitalization Issue (but without taking into account of any Shares which may be taken up or acquired under the Global Offering and any Shares which may be allotted and issued upon the exercise of the Over-allotment Option and the options which may be granted under the Share Option Scheme), other than a Director or chief executive of our Company whose interests are disclosed under "Interests and short positions of our Directors in the shares, underlying shares or debentures of our Company and our associated corporations" above, the following persons will have an interest or short position in the shares or underlying shares of our Company which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of our Group:

Name of Shareholders	Name of Group member/ associated corporation	Capacity/nature of Interest	Number and class of securities	Percentage of shareholding
Keen Achieve Limited	our Company	Beneficial owner	54,912,000 Shares *(Note)*	5.5%
IDG – Accel China Capital L.P.	our Company	Interest of a controlled corporation	54,912,000 Shares *(Note)*	5.5%

Note:

(1) 95.59% of the issued share capital of Keen Achieve Limited is owned by IDG-Accel China Capital L.P. IDG-Accel China Capital L.P. is deemed to be interested in the 54,912,000 Shares which will be beneficially owned by Keen Achieve Limited upon the Listing.

13. Disclaimers

(a) Save as disclosed in "Interest discloseable under the SFO and substantial shareholders" in this appendix, and taking no account of any Shares which may be taken up or acquired under the Global Offering or upon the exercise of the Over-allotment Option and any options which may be granted under the Share Option Scheme, our Directors are not aware of any person (not being a Director or chief executive of our Company) who will, immediately following the completion of the Global Offering and the Capitalization Issue, have an interest or a short position in the shares and underlying shares of our Company which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who will, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group;

(b) save as disclosed in "Interests and short positions of our Directors in the shares, underlying shares or debentures of our Company and our associated corporations" in this appendix, none of our Directors has any interest or short position in any of the shares, underlying shares or debentures of our Company or any associated corporations within the meaning of Part XV of the SFO, which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which any of them is taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which will be required to notify our Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, in each case once the Shares are listed;

(c) none of our Directors nor any of the parties listed in the paragraph 21 below has been interested in the promotion of, or has any direct or indirect interest in any assets which have been, within the two years immediately preceding the date of this prospectus, acquired or disposed of by or leased to our Company or any of the subsidiaries of our Company, or are proposed to be acquired or disposed of by or leased to our Company or any other member of us;

(d) save as disclosed in the "Connected Transactions" and the paragraphs headed "Summary of material contracts" in this appendix, none of our Directors nor any of the parties listed in paragraph 21 below is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to our business; and

(e) save in connection with the Underwriting Agreements, none of the parties listed in paragraph 21 below:

(i) is interested legally or beneficially in any securities of any member of us; or

(ii) has any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of us.

OTHER INFORMATION

14. Share Option Scheme

(a) Summary of terms

The following is a summary of the principal terms of the Share Option Scheme conditionally approved and adopted in compliance with Chapter 17 of the Listing Rules by a resolution in writing passed by all Shareholders on 15 November 2011. The following summary does not form, nor is intended to be, part of the Share Option Scheme nor should it be taken as affecting the interpretation of the rules of the Share Option Scheme.

(i) Purposes of the scheme

The purpose of the Share Option Scheme is to provide our Company with a flexible means of giving incentive to, rewarding, remunerating, compensating and/or providing benefits to the Participants (as defined in paragraph (ii) below) and for such other purposes as the Board may approve from time to time.

(ii) Who may join

The Board may, at its discretion, invite any directors (excluding independent non-executive Directors), any senior managers or any employees (whether full-time or part-time) of each member of the Group provided that the Board shall have absolute discretion to determine whether or not one falls within the above categories; (together, the "Participants" and each a "Participant"), to take up options to subscribe for Shares at a price determined in accordance with paragraph (vi) below.

In determining the basis of eligibility of each Participant, the Board would take into account such factors as the Board may at its discretion consider appropriate.

(iii) Conditions

The Share Option Scheme shall take effect subject to the passing of an ordinary resolution approving the adoption of the Share Option Scheme by the Shareholders and authorizing the Directors to grant options to subscribe for Shares thereunder and to allot and issue Shares pursuant to the exercise of any options granted under the Share Option Scheme, and is conditional upon:

(aa) the Listing Committee granting approval of the listing of, and permission to deal in, (i) the Shares in issue and to be issued as mentioned in this prospectus and (ii) any Shares to be issued pursuant to the exercise of options under the Share Option Scheme;

(bb) the obligations of the Underwriters under the Underwriting Agreements becoming unconditional (including, if relevant, as a result of the waiver of any condition(s) by the Underwriters) and not being terminated in accordance with the terms of the Underwriting Agreements or otherwise; and

(cc) the commencement of dealings in the Shares on the Stock Exchange.

If the above conditions are not satisfied on or before the date which is the 60th day after the date of this prospectus, the Share Option Scheme shall forthwith determine and no person shall be entitled to any rights or benefits or be under any obligations under or in respect of the Share Option Scheme.

(iv) Duration and Administration

(aa) Subject to the fulfillment of the conditions in paragraph (iii) above and the termination provisions in paragraph (xvi) below, the Share Option Scheme shall be valid and effective for a period of 10 years commencing on 15 November 2011, after which period no further options will be issued but in all other respects, subject to the compliance with the provisions of Chapter 17 under the Listing Rules, the provisions of the Share Option Scheme shall remain in full force and effect, and options which are granted during the life of the Share Option Scheme may continue to be exercisable in accordance with their terms of issue.

(bb) The Share Option Scheme shall be subject to the administration of the Board whose decision as to all matters arising in relation to the Share Option Scheme or its interpreter or effect (save as otherwise provided in the Share Option Scheme) shall be final and binding on all parties.

(cc) Subject to compliance with the requirements of the Listing Rules and the provisions of the Share Option Scheme, the Board shall have the right (i) to interpret and construe the provisions of the Share Option Scheme; (ii) to determine the persons who will be awarded options under the Share Option Scheme and the number of Shares to be issued under the option; (iii) to determine the price per Share at which a Grantee (as defined in paragraph (v) below) may subscribe for Shares on the exercise of an option (the "Subscription Price"); (iv) to make such appropriate and equitable adjustments to the terms of options granted under the Share Option Scheme as it deems necessary; and (v) to make such other decisions, determinations or regulations as it shall deem appropriate in the administration of the Share Option Scheme.

(v) Grant of options

(aa) On and subject to the requirements of the Listing Rules and the terms of the Share Option Scheme, the Board shall be entitled at any time, within 10 years after 15 November 2011 to make an offer of the grant of an option (the "Offer") to any Participant as the Board may in its absolute discretion select and subject to any such conditions as the Board may at its absolute discretion think fit, to subscribe for such number of Shares as the Board may (subject to paragraphs (ix) and (x) below) determine at the Subscription Price.

(bb) No Offer shall be made after a price sensitive event has occurred or a price sensitive matter has been the subject of a decision, until such price sensitive information has been published pursuant to the requirements of the Listing Rules. In particular, during the period commencing one month immediately preceding the earlier of (i) the date of the meeting of the Board (as such date is first notified by our Company to the Stock Exchange in accordance with the Listing Rules) for the approval of our Company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and (ii) the deadline for our Company to publish an announcement of its results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules), and ending on the date of the results announcement, no option may be granted.

(cc) An Offer shall be made to a Participant by letter in such form as the Board may from time to time determine (the "Offer Letter") specifying the number of Shares under the option and the Option Period (as defined in paragraph (vii) below) and requiring the Participant to undertake to hold the option on the terms on which it is to be granted and to be bound by the provisions of the Share Option Scheme. An Offer must be made on a day on which the Stock Exchange is open for business of dealing in securities and shall remain open for acceptance by the Participant concerned for a period (the "Acceptance Period") from the date on which an Offer is made to a Participant (the "Offer Date") to such date as the Board may determine and specify in the Offer Letter (both dates inclusive), provided that no such Offer shall be open for acceptance after the 10th anniversary from 15 November 2011 or after the Share Option Scheme has been terminated in accordance with the provisions hereof, whichever is earlier.

(dd) An Offer shall be deemed to have been accepted by any Participant who accepts the Offer in accordance with the terms of the Share Option Scheme (the "Grantee") and the option to which the Offer relates shall be deemed to have been granted and to have taken effect when the duplicate of the Offer Letter comprising acceptance of the Offer duly signed by the Grantee together with a remittance in favor of our Company of HK$1.00 by way of consideration for the granting thereof is received by our Company within the period as stipulated in sub-paragraph (cc) above. Such remittance shall in no circumstances be refundable or be considered as part of the Subscription Price.

(ee) Any Offer may be accepted in respect of less than the number of Shares for which it is offered provided that it is accepted in respect of such number of Shares as representing board lot for dealing in Shares on the Stock Exchange or an integral multiple thereof and the number of Shares in respect of which the Offer is accepted is clearly stated in the duplicate of the Offer Letter received by our Company as mentioned in sub-paragraph (dd) above. To the extent that the Offer is not accepted within the Acceptance Period and in the manner stipulated in sub-paragraph (dd) above, it will be deemed to have been irrevocably declined and will automatically lapse.

(ff) Subject to the provisions of the Share Option Scheme and the Listing Rules, the Board may when making the Offer impose any conditions, restrictions or limitations in relation to the option as it may at its absolute discretion think fit.

(vi) Subscription Price

Subject to any adjustments made pursuant to paragraph (xi) below, the Subscription Price in respect of each Share issued pursuant to the exercise of the options granted under the Share Option Scheme shall be a price solely determined by the Board and notified to a Participant and shall be at least the highest of:

(aa) the closing price of the Shares as stated in the Stock Exchange's daily quotation sheet on the Offer Date;

(bb) a price being the average of the closing prices of the Shares as stated in the Stock Exchange's daily quotation sheets for the 5 business days immediately preceding the Offer Date (provided that the new issue price shall be used as the closing price for any business day falling within the period before the Listing where our Company has been listed for less than 5 business days as at the Offer Date); and

(cc) the nominal value of a Share.

(vii) Exercise of options

(aa) An option shall be personal to the Grantee and shall not be assignable or transferable. No Grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interests (whether legal or beneficial) in favor of any third party over or in relation to any option or attempt to do so. Where the Grantee is a company, any change of its controlling shareholder or any substantial change in its management (which is to be determined by the Board at its

absolute discretion) will be deemed to be a sale or transfer of interest aforesaid. Any breach of the foregoing of a Grantee shall render all outstanding options of such Grantee automatically cancelled in accordance with sub-paragraph (viii) (ff) below.

(bb) Unless otherwise determined by the Board and specified in the Offer Letter at the time of the Offer, there is neither any performance target that needs to be achieved by the Grantee before an option can be exercised nor any minimum period for which an option must be held before the option can be exercised. An option may be exercised in whole or in part in the manner as set out in the Offer Letter and the sub-paragraph (cc) below by the Grantee (or his personal representative(s)) giving notice in writing to our Company stating that the option is thereby exercised and the number of Shares in respect of which it is exercised. Each such notice must be accompanied by a remittance for the full amount of the total Subscription Price for the Shares in respect of which the notice is given. Within 28 days after receipt of the notice and where appropriate, receipt of the certificate of the independent financial adviser or the auditors for the time being of the Company pursuant to paragraph (xi) below, our Company shall allot and issue the relevant Shares to the Grantee (or his personal representative(s)) credited as fully paid and shall instruct the share registrar of the Company to issue to the Grantee (or his personal representative(s)) a share certificate in respect of the Shares so allotted.

(cc) Subject to as hereinafter provided and subject to the terms and conditions upon which such option was granted, an option may be exercised by the Grantee at any time during a period to be determined by the Board at its absolute discretion and notified by the Board to each Grantee as being the period during which an option may be exercised and in any event, such period shall not be longer than 10 years from the Offer Date (the "Option Period") provided that:

(i) in the event the Grantee ceases to be a Participant for any reason other than on the Grantee's death or the termination of the Grantee's employment, directorship, office or appointment on one or more of the grounds specified in sub-paragraph (viii) (dd) below, the Grantee may exercise the option up to the Grantee's entitlement at the date of cessation (to the extent which has become exercisable and not already exercised) within the period of 1 months (or such longer period as the Board may determine) following the date of such cessation, which date shall be the last actual working day with the relevant company whether salary is paid in lieu of notice or not, or the last date of office or appointment as director of the relevant company, as the case may be, in the event of which, the date of cessation as determined by a resolution of the board of directors or governing body of the relevant company shall be conclusive;

(ii) in the event the Grantee dies before exercising the option in full and none of the events which would be a ground for termination of the Grantee's employment, directorship, office or appointment under sub-paragraph (viii) (dd) below arises, the personal representative(s) of the Grantee shall be entitled within a period of 6 months or such longer period as the Board may determine from the date of death, to exercise the option up to the entitlement of such Grantee at the date of death (to the extent which has become exercisable and not already exercised) or, if appropriate, make an election pursuant to the sub-paragraphs (iii), (iv) or (v) below;

(iii) if a general offer (other than by way of scheme of arrangement pursuant to sub-paragraph (iv) below) is made to all the holders of Shares (or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror (the "Dissenting Shareholders")) and if such offer becomes or is declared unconditional and the offeror is entitled to and does give notice pursuant to the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands to acquire Shares held by the Dissenting Shareholders prior to the expiry of the relevant Option Period, the Grantee (or his personal representative(s)) may by notice in writing to the Company within 21 days of the notice of the offeror exercise the Option (to the extent which has become exercisable on the date of the notice of the offeror and not already exercised) to its full extent or to the extent specified in such notice;

(iv) if a general offer by way of scheme of arrangement is made to all the holders of Shares and has been approved by the necessary number of holders of Shares at the requisite meetings, the Grantee (or his personal representative(s)) may thereafter (but only until such time as shall be notified by our Company, after which it shall lapse) exercise the option (to the extent which has become exercisable and not already exercised) to its full extent or to the extent specified in such notice;

(v) other than a general offer contemplated in sub-paragraph (iii) or (iv) above, if a compromise or arrangement between our Company and the Shareholders or creditors is proposed for the purposes of or in connection with a scheme for the reconstruction of our Company or its amalgamation with any other company or companies, our Company shall give notice thereof to the Grantee on the same date as it dispatches the notice which is sent to each Shareholder or creditor of our Company summoning the meeting to consider such a compromise or arrangement, and thereupon the Grantee (or his personal representative(s)) may forthwith and until the expiry of the period commencing with such date and ending with the earlier of 2 months thereafter and the date on which such compromise or arrangement is sanctioned by the court of competent jurisdiction, exercise any of his options (to the extent which has become exercisable and not already been exercised) whether in full or in part, but the exercise of an option as aforesaid shall be conditional upon such compromise or arrangement being sanctioned by the court of competent jurisdiction and becoming effective. Upon such compromise or arrangement becoming effective, all options shall lapse except insofar as previously exercised under the Share Option Scheme. Our Company may thereafter require the Grantee (or his personal representative(s)) to transfer or otherwise deal with the Shares issued as a result of the exercise of options in these circumstances so as to place the Grantee in the same position as nearly as would have been the case had such Shares been subject to such compromise or arrangement; and

(vi) in the event of a notice is given by our Company to the Shareholders to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind-up our Company, other than for the purposes of a reconstruction, amalgamation or scheme of arrangement, our Company shall on the same date as or soon after it dispatches such notice to convene the shareholders' meeting, give notice thereof to all Grantees and thereupon, the Grantees (or their

legal personal representative(s)) may, subject to the provisions of all applicable laws, by notice in writing to our Company (such notice to be received by our Company not later than 2 business days prior to the proposed general meeting) exercise the option (to the extent which has become exercisable and not already been exercised) either to its full extent or to the extent specified in such notice, such notice to be accompanied by a payment for the full amount of the aggregate Subscription Price for the Shares in respect of which the notice is given, whereupon our Company shall as soon as possible and, in any event, no later than the business day immediately prior to the date of the proposed general meeting referred to above, allot the relevant Shares to the Grantee credited as fully paid. If such resolution is duly passed, all options shall, to the extent that they have not been exercised, there upon cease and determine.

(dd) The Shares to be allotted upon the exercise of an option will be subject to all the provisions of the Memorandum and the Articles for the time being in force and will rank pari passu in all respects with the fully paid Shares in issue on the date of their allotment and issue, and accordingly will entitle the holders to participate in all dividends or other distributions paid or made on or after the date of allotment and issue other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor shall be before the date of allotment and issue, provided always that when the date or exercise of the option falls on a date upon which the register of Shareholders is closed then the exercise of the option shall become effective on the first day on which the Stock Exchange is open for business of dealing in securities in Hong Kong on which the register of Shareholders is re-opened.

(viii) Lapse of options

An option shall lapse automatically and not be exercisable (to the extent it has not already been exercised) on the earliest of:

(aa) the expiry of the Option Period (subject to provisions of sub-paragraph (iv) (aa) and (xiv));

(bb) the expiry of the periods referred to in the above sub-paragraphs (vii) (cc) (i), (ii) or (iii) above, where applicable;

(cc) subject to the scheme of compromise and arrangement becoming effective, the expiry of the period referred to in the above sub-paragraph (vii) (cc) (iv) or (v) above;

(dd) subject to the expiry of the period of extension (if any) referred to in paragraph (vii) (cc) (i), the date on which the Grantee ceases to be a Participant by reason of the termination of his employment, directorship, office or appointment on one or more of the following grounds, namely, that he has been guilty of misconduct, or has been in breach of material term of the relevant employment contract or service contract or engagement contract (as the case may be), or appears either to be unable to pay or have no reasonable prospect to be able to pay debts within the meaning of any applicable legislation in relation to bankruptcy or insolvency, or has become bankrupt or insolvent, or has been served a petition for bankruptcy or winding-up, or has made any arrangements or composition with his creditors generally, or has been convicted of any criminal offence involving his integrity or honesty or (if so determined by the Board or the board of the relevant company, as the case may be) on

any other ground on which an employer, a sourcing party or an engaging party would be entitled to terminate his employment, directorship, office or appointment at common law or pursuant to any applicable laws or under the Grantee's employment contract, service contract or engagement contract (as the case may be) with the relevant company (as the case may be), in the event of which a resolution of the board of directors or governing body of the relevant company or substantial shareholder of the Company (as the case may be) to the effect that the employment, directorship, office or appointment of a Grantee has or has not been terminated on one or more of the above grounds shall be conclusive;

(ee) subject to sub-paragraph (vii) (cc) (vi) above, the date of the commencement of the winding-up of our Company;

(ff) the date on which the Grantee commits a breach of sub-paragraph (vii) (aa) above; or

(gg) the date on which the option is cancelled by the Board as provided in paragraph (xv) below.

Our Company shall owe no liability to any Grantee for the lapse of any option under this paragraph (viii).

(ix) Maximum number of Shares available for subscription

(aa) Subject to sub-paragraph (bb) below:

(i) The total number of Shares, which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option scheme of our Company shall not in aggregate exceed 10% of the total number of Shares in issue immediately following completion of the Global Offering and the Capitalization Issue, unless our Company obtains an approval from its Shareholders pursuant to sub-paragraph (ii) below. The options lapsed in accordance with the terms of the Share Option Scheme will not be counted for the purpose of calculating such 10% limit.

(ii) Our Company may seek approval of its Shareholders in general meeting for refreshing the 10% limit set out in sub-paragraph (i) above under the Share Option Scheme such that the total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of our Company (or its subsidiary) under the limit as refreshed shall not exceed 10% of the total number of Shares in issue as at the date of approval to refresh such limit. Options previously granted under the Share Option Scheme and any other share option schemes (including those outstanding, cancelled, lapsed in accordance with the Share Option Scheme or any other share option schemes or exercised options) will not be counted for the purpose of calculating such limit as refreshed. In such a case, our Company shall send a circular to its Shareholders containing the information required under the Listing Rules.

(iii) Our Company may seek separate approval by its Shareholders in general meeting for granting options beyond the 10% limit provided the options in excess of such limit are granted only to Participants specifically identified by our Company before such approval is sought. In such a case, our Company shall send a circular to its Shareholders containing, among other terms, a generic description of the specified Participant(s) who may be granted such options, the number of Shares subject to the options to be granted, the terms of the options to be granted, the purpose of granting options to the specified Participant(s), an explanation as to how the terms of the options serve such purpose and such other information as required under the Listing Rules.

(bb) Notwithstanding any provision in sub-paragraph (aa) above and subject to paragraph (xi), the limit on the number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of our Company must not exceed 30% of total number of the Shares in issue from time to time. No options may be granted under the Share Option Scheme and any other share option schemes of our Company (or its subsidiary) if this will result in such limit being exceeded.

(x) Maximum entitlement of Shares of each Participant

(aa) (i) Subject to sub-paragraph (ii) below, the total number of Shares issued and to be issued upon exercise of the options granted to each Participant (including both exercised and outstanding options) in any 12-month period shall not exceed 1% of the total number of Shares in issue.

(ii) Notwithstanding sub-paragraph (i) above, where any further grant of options to a Participant would result in the Shares issued and to be issued upon exercise of all options granted and to be granted to such Participant under the Share Option Scheme and any other share option schemes of our Company (including exercised, cancelled and outstanding options) in the 12-month period up to and including the date of such further grant representing in aggregate over 1% of the total number of Shares in issue, such further grant must be separately approved by the Shareholders in general meeting with such Participant and his associates abstaining from voting. The number and terms (including the Subscription Price) of the options to be granted to such Participant shall be fixed before shareholders' approval and the date of Board meeting for proposing such further grant should be taken as the date of grant for the purpose of calculating the Subscription Price. In such a case, our Company shall send a circular to its Shareholders containing, among other terms, the identity of such Participant, the number and the terms of the options to be granted (and options previously granted to such Participant) and such other information as required under the Listing Rules.

(iii) In addition to the above paragraph (ix) and sub-paragraphs (i) and (ii) above, any grant of options to a Participant who is a director, chief executive or substantial shareholder of our Company or their respective associates must be approved by the independent non-executive Directors of our Company (excluding independent non-executive Director who is a Grantee).

(iv) In addition to the above paragraph (ix) and sub-paragraphs (i) and (ii) above, where the Board proposes to grant any option to a Participant who is a substantial shareholder or an independent non-executive Director of our Company, or any of their respective associates, would result in the Shares issued and to be issued upon exercise of all options already granted and to be granted under the Share Option Scheme and any other share option schemes of our Company (including options exercised, cancelled and outstanding) to him in the 12-month period up to and including the proposed Offer Date of such grant (the "Relevant Date"):

(aaa) representing in aggregate more than 0.1% of the total number of Shares in issue on the Relevant Date; and

(bbb) having an aggregate value, based on the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the Relevant Date in excess of HK$5,000,000,

such proposed grant of options must be approved by the Shareholders in general meeting. In such a case, our Company shall send a circular to its Shareholders containing all those terms as required under the Listing Rules. All connected persons of our Company must abstain from voting in favor of the resolution at such general meeting. Any vote taken at the meeting to approve the grant of such options must be taken on a poll.

(bb) Subject to the above sub-paragraphs (ix) (aa), (ix) (bb) and (x) (aa), in the event of any alteration in the capital structure of our Company whether by way of capitalization issue, rights issue, consolidation, subdivision or reduction of the share capital of our Company or otherwise howsoever (other than as a result of an issue of Shares as consideration in a transaction), the maximum number of Shares referred to in the above sub-paragraphs (ix) (aa), (ix) (bb) and (x) (aa) will be adjusted in such manner as an independent financial adviser or the auditors for the time being of our Company (acting as experts and not as arbitrators) shall confirm to the directors of our Company in writing to be fair and reasonable and in compliance with the requirements under the Listing Rules.

(xi) Alternation of capital structure

In the event of any alteration in the capital structure of our Company whilst any option remains exercisable, whether by way of capitalization issue, rights issue, subdivision, consolidation, or reduction of the share capital of our Company or otherwise howsoever in accordance with legal requirements and requirements of the Stock Exchange (excluding any alteration in the capital structure of our Company as a result of an issue of Shares as consideration in respect of a transaction to which our Company is a party) at any time after the date on which dealings in the Shares first commence on the Stock Exchange, such corresponding alterations (if any) shall be made to:

(i) the number or nominal amount of Shares subject to the option so far as unexercised; and/or

(ii) the Subscription Price; and/or

(iii) the method of exercise of the option (if applicable);

as an independent financial adviser or the auditors for the time being of our Company shall at the request of the Board certify in writing to the directors of our Company, either generally or as regards any particular Grantee, to be in their opinion fair and reasonable and that any such alterations shall satisfy the requirements set out in the note to Rule 17.03(13) of the Listing Rules, the supplemental guidance issued by the Stock Exchange dated 5 September 2005 and such other guidelines or supplementary guidance as may be issued by the Stock Exchange from time to time, and shall give a Grantee the same proportion of the issued share capital of our Company as that to which the Grantee was previously entitled, provided that no such alterations shall be made the effect of which would be to enable a Share to be issued at less than its nominal value. The capacity of the independent financial adviser or the auditors for the time being of our Company in this paragraph is that of experts and not of arbitrators and their certification shall, in the absence of manifest error, be final and binding on our Company and the Grantees. The costs of the independent financial adviser or the auditors for the time being of our Company shall be borne by our Company. Notice of such alteration(s) shall be given to the Grantees by our Company.

(xii) Share Capital

The exercise of any option shall be subject to the Shareholders in a general meeting approving any necessary increase in the authorized share capital of our Company. Subject thereto, the Board shall make available sufficient authorized but unissued share capital of our Company to meet subsisting requirements on the exercise of options.

(xiii) Disputes

Any dispute arising in connection with the Share Option Scheme (whether as to the number of Shares the subject of an option, the amount of the Subscription Price or otherwise) shall be referred to the decision of the independent financial adviser or the auditors appointed by our Company who shall act as experts and not as arbitrators and whose decision shall be final, conclusive and binding.

(xiv) Alternation of the Share Option Scheme

(aa) The provisions of the Share Option Scheme may be altered in any respect by resolution of the Board except that the provisions of the Share Option Scheme as to:

(i) the definitions of "Participant", "Grantee" and "Option Period" in paragraph (ii), sub-paragraphs (v) (dd) and (vii) (cc);

(ii) the provisions of the above sub-paragraphs (iv) (aa), (v) (aa), (bb) and (cc), paragraphs (vi), (vii), (viii), (ix), (x) and (xi) and this paragraph (xiv); and

(iii) all such other matters set out in Rule 17.03 of the Listing Rules,

shall not be altered to the advantage of the Participants except with the prior approval of the Shareholders in general meeting, provided that no such alteration shall operate to affect adversely the terms of issue of any option granted or agreed to be granted prior to such alteration except with the consent or sanction of such majority of the affected Grantees as would be required of the Shareholders under the Articles for a variation of the rights attached to the Shares.

(bb) Any alterations to the terms and conditions of the Share Option Scheme which are of a material nature or any change to the terms of the options granted must be approved by the Shareholders in general meeting, except where the alterations take effect automatically under the existing terms of the Share Option Scheme.

(cc) The amended terms of the Share Option Scheme or the options must still comply with the relevant requirements of Chapter 17 of the Listing Rules.

(dd) Any change to the authority of the directors of our Company or scheme administrators in relation to any alteration to the terms of the Share Option Scheme must be approved by the Shareholders in general meeting.

(xv) Cancellation of the options granted

The Board may, with the consent of the relevant Grantee, at any time at its absolute discretion cancel any option granted but not exercised. Where our Company cancels options and makes an Offer of the grant of new options to the same option holder, the Offer of the grant of such new options may only be made, under the Share Option Scheme with available options (to the extent not yet granted and excluding the cancelled options) within the limit approved by the Shareholders as mentioned in the above paragraph (ix).

(xvi) Termination of the Share Option Scheme

Our Company by ordinary resolution in general meeting or the Board may at any time terminate the operation of the Share Option Scheme and in such event no further options will be offered but in all other respects the provisions of the Share Option Scheme shall remain in full force and effect. Upon such termination, details of the options granted (including options exercised or outstanding) under the Share Option Scheme are required under the Listing Rules to be disclosed in the circular to Shareholders seeking approval of the first new scheme established thereafter.

(b) Present status of the Share Option Scheme

(i) Application for approval

Application has been made to the Listing Committee for the listing of and permission to deal in any Shares which may fall to be issued pursuant to the exercise of any options which may be granted under the Share Option Scheme.

(ii) Grant of option

As at the date of this prospectus, no options have been granted or agreed to be granted under the Share Option Scheme.

(iii) Value of options

Our Directors consider it inappropriate to disclose the value of options which may be granted under the Share Option Scheme as if they had been granted as at the Latest Practicable Date. Any such valuation will have to be made on the basis of certain option pricing model or other methodology, which depends on various assumptions including, the exercise price, the exercise period, interest rate, expected volatility and other variables. As no options have been granted, certain variables are not available for calculating the value of options. Our Directors believe that any calculation of the value of options as at the Latest Practicable Date based on a number of speculative assumptions would not be meaningful and would be misleading to investors.

15. Estate duty, tax and other indemnities

Mr. Yeung Michael Wah Keung and Mr. Yeung Wo Fai (together, the "Indemnifiers") have entered into a deed of indemnity with and in favor of our Company (for itself and as trustee for each of our present subsidiaries) (being the material contract (q) referred to in paragraph 8 above) to give indemnities on a joint and several basis, in respect of, among other matters:

(i) certain estate duty which might be payable by or recovered against our Group or any member of our Group by virtue of or under the provisions of the Estate Duty Ordinance (Chapter 111 of the Laws of Hong Kong);

(ii) tax liabilities (whenever created or imposed, and including estate duty and stamp duty, and any fines, penalties, costs, charges, expenses and interests incidental or relating to such tax liabilities) which might be payable by any member of our Group in respect of any income, profits, gains, transactions, events, matters or things earned, accrued, received, entered into or occurring on or before the Listing Date, whether alone or in conjunction with any other circumstances whenever occurring and whether or not such tax liabilities are chargeable against or attributable to any other person, firm, company or corporation, provided that the indemnity given under the deed of indemnity shall not apply:

(a) to the extent that provision has been made for such taxation in the audited accounts of our Group or any member of our Group for the three years ended 30 June 2011 (the "Accounts");

(b) to the extent that such taxation falling on any of the members of our Group in respect of any accounting period commencing on or after 30 June 2011 and ended on the Listing Date, unless such tax liability would not have arisen but for an act or omission of, or transaction voluntarily entered into by, the Indemnifiers, our Group or any member of our Group (whether alone or in conjunction with some other act, omission or transaction, whenever occurring) without the prior written consent or agreement of the Indemnifiers, otherwise than any such act, omission or transaction carried out or effected in the ordinary course of business or in the ordinary course of acquiring and disposing of capital assets after 1 July 2011 (other than pursuant to a legally binding commitment created on or before 30 June 2011 or pursuant to any statement of intention made in the prospectus);

(c) to the extent that such taxation liabilities or claim arises or are incurred as a result of the imposition of taxation as a consequence of any retrospective change in the law, rules and regulations or the interpretation thereof by the Hong Kong Inland Revenue Department or the taxation authority of the PRC, or any other relevant authority (whether in Hong Kong or the PRC or any other part of the world) coming into force after the date of the deed of indemnity or to the extent such claim arises or is increased by an increase in rates of taxation or claim after the date of the deed of indemnity with retrospective effect; or

(d) to the extent that provision or reserve made for taxation in the Accounts is established to be an over-provision or an excessive reserve.

16. Litigation

As of the Latest Practicable Date, no member of our Group was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to our Directors to be pending or threatened against our Company or any of our subsidiaries, that would have a material adverse effect on the results of operations or financial condition of our Company.

17. Preliminary expenses

The preliminary expenses of our Company paid by our Company was HK$42,198.

18. Promoter

(a) Our Company does not have any promoter.

(b) Within the two years preceding the date of this prospectus, no amount or benefit has been paid or given to any promoters of our Company in connection with the Global Offering or the related transactions described in this prospectus.

19. Agency fees or commissions received

The Hong Kong Underwriters will receive a commission of 3.0% of the aggregate Offer Price of all the Hong Kong Offer Shares less any unsubscribed Hong Kong Offer Shares reallocated to the International Placing and ignoring for this purpose any Hong Kong Offer Shares reallocated from the International Placing due to over-subscription, out of which the Hong Kong Underwriters will pay any sub-underwriting commission. The underwriting commission for such reallocated Shares in each case will be payable to the International Underwriters in accordance with the International Placing Agreement. In addition, the Company may, in its sole discretion, pay the Sole Global Coordinator an additional aggregate incentive fee of up to 1.0% on the Offer Price of the total Offer Shares and any additional Shares pursuant to the Over-allotment Option.

Assuming an Offer Price of approximately HK$3.45 per Share (being the midpoint of the indicative Offer Price range of HK$2.95 to HK$3.95 per Offer Share), the aggregate commissions and fees, together with the Stock Exchange listing fee, SFC transaction levy and Stock Exchange trading fee, legal and other professional fees, printing and other expenses relating to the Global Offering payable by us, are estimated to amount to approximately HK$62.9 million (assuming that the Over-allotment Option is not exercised) in total.

20. Application for listing of the Shares

The Sole Sponsor has made an application on behalf of our Company to the Listing Committee for listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus and any Shares which may be issued upon the exercise of the Over-allotment Option and any additional Shares up to 10% of the issued share capital of our Company as at the Listing Date which may fall to be issued pursuant to the exercise of the options which may be granted under the Share Option Scheme on the Stock Exchange. All necessary arrangements have been made to enable the securities to be admitted into CCASS.

21. Qualifications of experts

The qualifications of the experts who have given opinions and/or whose names are included in this prospectus are as follows:

Name	Qualification
Merrill Lynch	registered under the SFO to carry on Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
Ernst & Young	Certified public accountants
Maples and Calder	Cayman Islands attorneys-at-law
King & Wood PRC Lawyers	Qualified PRC lawyers
Savills Valuation and Professional Services Limited	Professional property valuers

22. Consents of experts

Each of Merrill Lynch, Ernst & Young, Maples and Calder, King & Wood PRC Lawyers and Savills Valuation and Professional Services Limited has given and has not withdrawn its written consent to the issue of this prospectus with the inclusion of its report and/or letter and/or summary of valuation and/or legal opinion (as the case may be) and the references to its name or summaries of opinions included herein in the form and context in which they respectively appear.

23. Binding effect

This prospectus shall have the effect, if an application is made in pursuance of it, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of sections 44A and 44B of the Companies Ordinance so far as applicable.

24. Taxation of holders of Shares

(a) Hong Kong

Dealings in Shares registered on our Company's Hong Kong register of members will be subject to Hong Kong stamp duty. The sale, purchase and transfer of Shares are subject to Hong Kong stamp duty, the current rate of which is 0.2% of the consideration or, if higher, the value of the Shares being sold or transferred.

Profits from dealings in the Shares arising in or derived from Hong Kong may also be subject to Hong Kong profits tax.

(b) The Cayman Islands

Under present Cayman Islands law, transfers and other dispositions of Shares are exempt from Cayman Islands stamp duty.

(c) Consultation with professional advisers

Intended holders of Shares are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding or disposing of or dealing in Shares or exercising any rights attaching to them. It is emphasized that none of our Company, the Directors or the other parties involved in the Global Offering can accept responsibility for any tax effect on, or liabilities of, holders of Shares resulting from their subscription for, purchase, holding or disposal of or dealing in Shares or exercising any rights attaching to them.

25. Miscellaneous

Save as disclosed in "Our History and Reorganization", "Share Capital", "Underwriting", "Structure of the Global Offering" and in this appendix:–

(a) Within two years preceding the date of this prospectus:

(i) no share or loan capital of our Company or of any of our subsidiaries was issued, agreed to be issued or was proposed to be issued fully or partly paid either for cash or for a consideration other than cash;

(ii) no commissions, discounts, brokerages or other special terms was granted in connection with the issue or sale of any share or loan capital of our Company or any of our subsidiaries; and

(iii) no commission was paid or payable for subscribing or agreeing to subscribe, or procuring or agreeing to procure the subscriptions, for any shares in our Company or any of our subsidiaries.

(b) No share or loan capital of our Company or any of our subsidiaries is under option or is agreed conditionally or unconditionally to be put under option.

(c) Our Directors confirm that there has been no material adverse change in the financial or trading position or prospects of our Group since 30 June 2011 (being the date to which the latest audited combined financial statements of our Group were made up).

(d) Our Directors confirm that there has not been any interruption in the business of our Group which may have or has had a significant effect on the financial position of our Group in the 12 months preceding the date of this prospectus.

(e) Our Company has not issued or agreed to issue any founder share, management shares or deferred shares.

26. Bilingual prospectus

The English language and Chinese language versions of this prospectus are being published separately, in reliance upon the exemption provided under section 4 of the Companies Ordinance (Exemption of Companies and Prospectuses for Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to a copy of this prospectus and delivered to the Registrar of Companies in Hong Kong for registration were:

(a) copies of the **WHITE**, **YELLOW** and **GREEN** Application Forms;

(b) the written consents referred to in "Consents of experts" in "Other information" in Appendix VI to this prospectus; and

(c) copies of the material contracts referred to in "Summary of material contracts" in "Further information about the business of our Company" in Appendix VI to this prospectus.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the office of Woo, Kwan, Lee & Lo at 26th Floor, Jardine House, 1 Connaught Place, Central, Hong Kong during normal business hours up to and including the date which is 14 days from the date of this prospectus:

(a) the Memorandum of Association and the Articles of Association;

(b) the accountants' report prepared by Ernst & Young, the text of which is set out in Appendix I to this prospectus;

(c) the audited financial statements of companies comprising our Group for Fiscal Years 2009, 2010 and 2011 (or the period since their respective dates of incorporation of the relevant member of our Group where it is shorter), if any;

(d) the letter prepared by Ernst & Young on unaudited pro forma financial information, the text of which is set out in Appendix II to this prospectus;

(e) the letters from Merrill Lynch and Ernst & Young in relation to the profit forecast for the six months ending 31 December 2011, the text of which are set out in Appendix III to this prospectus;

(f) the letter, summary of values and the valuation certificate prepared by Savills Valuation and Professional Services Limited relating to the property interests of our Group, the texts of which are set out in Appendix IV to this prospectus;

(g) the Companies Law;

(h) the letter of advice prepared by Maples and Calder summarizing certain aspects of Cayman Islands company law as referred to in Appendix V to this prospectus;

(i) the legal opinions prepared by King & Wood PRC Lawyers in respect of certain aspects of our Group and the property interests of our Group in the PRC;

(j) the material contracts referred to in "Further Information about the Business of our Company — 8. Summary of material contracts" in Appendix VI to this prospectus;

(k) the service contracts referred to in "Further Information about Directors and Shareholders — 11(b) Particulars of Directors' service contracts" in Appendix VI to this prospectus;

(l) the rules of the Share Option Scheme; and

(m) the written consents referred to in "Consents of experts" under "Other information" in Appendix VI to this prospectus.

時代集團控股有限公司
SITOY GROUP HOLDINGS LIMITED