THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this Offer or as to the action to be taken, you should consult a licensed securities dealer, registered institution in securities, a bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Hang Ten Group Holdings Limited, you should at once hand this Composite Document and the accompanying Form of Acceptance to the purchaser(s) or transferee(s) or to the bank, a licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s). This Composite Document should be read in conjunction with the accompanying Form of Acceptance, the contents of which form part of the terms and conditions of the Offer contained herein.

The Offer is not related to any of the publicly listed entities in which the privately held Li & Fung (1937) Limited has interests, including Li & Fung Limited (Stock Code: 00494), Trinity Limited (Stock Code: 00891) and Convenience Retail Asia Limited (Stock Code: 00831).

HANG TEN

PERFECT LEAD INVESTMENTS LIMITED
(a wholly-owned subsidiary of Li & Fung (Retailing) Limited)
(incorporated in the British Virgin Islands with limited liability)

HANG TEN GROUP HOLDINGS LIMITED
(incorporated in Bermuda with limited liability)
(Stock Code: 00448)

COMPOSITE DOCUMENT RELATING TO THE VOLUNTARY CONDITIONAL CASH OFFER BY CITIGROUP GLOBAL MARKETS ASIA LIMITED ON BEHALF OF PERFECT LEAD INVESTMENTS LIMITED TO ACQUIRE ALL THE ISSUED SHARES IN HANG TEN GROUP HOLDINGS LIMITED (OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE ACQUIRED BY PERFECT LEAD INVESTMENTS LIMITED AND ANY PARTIES ACTING IN CONCERT WITH IT)

Financial adviser to Perfect Lead Investments Limited and Li & Fung (Retailing) Limited

citi

Independent Financial Adviser to the Independent Board Committee

時富金融 CFSG

A letter from Citi containing, among other things, details of the terms of the Offer are set out on pages 6 to 16 of this Composite Document.

A letter from the Board is set out on pages 17 to 19 of this Composite Document.

A letter from the Independent Board Committee containing its recommendations to the Independent Shareholders on the Offer is set out on pages 20 to 21 of this Composite Document.

A letter from the IFA to the Independent Board Committee containing its advice in respect of the Offer is set out on pages 22 to 42 of this Composite Document.

The procedures for acceptance of the Offer and related information are set out in Appendix I to this Composite Document and in the accompanying Form of Acceptance. Acceptances of the Offer should be received by the Hong Kong Branch Registrar, Tricor Standard Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong, by no later than 4:00 p.m. (Hong Kong time) on 2 February 2012 or such later time(s) and/or date(s) as the Offeror may determine and announce in accordance with the requirements of the Takeovers Code.

Persons including, without limitation, custodians, nominees and trustees, who would, or otherwise intend to, forward this Composite Document and/or the accompanying Form of Acceptance to any jurisdiction outside Hong Kong should read the details in this regard which are contained in the paragraph headed "Overseas Shareholders" of Appendix I to this Composite Document before taking any action. It is the responsibility of each overseas shareholder wishing to accept the Offer to satisfy himself, herself or itself as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required and the compliance with other necessary formalities or legal requirements. Each overseas shareholder is advised to seek professional advice on deciding whether to accept the Offer.

12 January 2012

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	2012
Despatch date of this Composite Document and the accompanying Form of Acceptance and the commencement of the Offer *(Note 1)*	Thursday, 12 January
Latest time and date for acceptance of the Offer *(Note 2)*	4:00 p.m. on Thursday, 2 February
First Closing Date	Thursday, 2 February
Announcement of the results of the Offer, or as to whether the Offer has been extended or becomes unconditional, on the Stock Exchange's website and the Company's website	by 7:00 p.m. on Thursday, 2 February
Latest date for posting of remittances for the amounts due in respect of valid acceptances received under the Offer at or before 4:00 p.m. on the First Closing Date (assuming the Offer becomes or is declared unconditional on the First Closing Date) *(Note 3)*	Friday, 10 February
Latest time and date by which the Offer can become or be declared unconditional in all respects *(Note 4)*	7:00 p.m. on Monday, 2 April

Notes:

1. The Offer is made on 12 January 2012, the date of this Composite Document, and is capable of acceptance on and from that date until the close of the Offer Period. Acceptances of the Offer shall be irrevocable and not capable of being withdrawn except in the circumstances set out in Rule 19.2 of the Takeovers Code or in compliance with Rule 17 of the Takeovers Code.

2. The latest time and date for acceptances to be lodged under the Offer is 4:00 p.m. on 2 February 2012, being 21 days from the date of this Composite Document, unless the Offeror extends the Offer in accordance with the Takeovers Code. If the Offeror decides to extend the Offer, an announcement will be made on the website of the Stock Exchange and the website of the Company by 7:00 p.m. on the First Closing Date stating the results of the Offer and whether the Offer has been extended or has expired. In any announcement of an extension of the Offer, either the next closing day will be stated or, if the Offer becomes or is declared unconditional as to acceptances, a statement will be made that the Offer will remain open until further notice. In the latter case, at least 14 days' notice in writing will be given before the Offer is closed to those Shareholders who have not yet accepted the Offer before the Offer is closed.

3. Amounts due to each of the Shareholders who accepts the Offer will be paid by the Offeror as soon as possible but in any event within 10 days of the later of the date the Offer becomes, or is declared, unconditional in all respects and the date of receipt of the duly completed Form of Acceptance in accordance with the Takeovers Code.

4. In accordance with the Takeovers Code, except with consent of the Executive, the Offer (whether extended or not) may not become or be declared unconditional as to acceptances after 7:00 p.m. on Monday, 12 March 2012, being the 60th day after posting of this Composite Document. Assuming the Offer becomes unconditional as to acceptances on the 60th day after posting of this Composite Document, in the event that the Offer has not become or has not been declared unconditional in all respects by 7:00 p.m. on Monday, 2 April 2012, being the 81st day after posting of this Composite Document, the Offer will lapse unless the Executive consents to a later date.

Unless otherwise expressly stated, all time and date references contained in this Composite Document refer to Hong Kong times and dates. The timetable set out above is indicative only and further announcements will be made in the event of any changes to the timetable.

In this Composite Document, the following expressions have the meanings set out below unless the context requires otherwise:

"acting in concert"	the meaning ascribed to it in the Takeovers Code
"Additional Shares"	the meaning ascribed to it in the paragraph headed "Irrevocable Undertaking" in the letter from Citi set out on pages 6 to 16 of this Composite Document
"Announcement"	the joint announcement of the Offeror and the Company dated 19 December 2011
"Approvals"	the meaning ascribed to it in the paragraph headed "Conditions of the Offer" in the letter from Citi set out on pages 6 to 16 of this Composite Document
"associates"	has the same meanings ascribed to it in the Listing Rules and/or the Takeovers Code, as the case may be
"AWSL"	Asian Wide Services Limited, a company incorporated in the British Virgin Islands, the issued share capital of which is owned by DK's family members
"AWSL Parties"	AWSL, DK, KH, HPK and HCY
"Board"	the board of Directors
"business day"	a day on which banks in Hong Kong are generally open for business, other than (i) a Saturday or a Sunday; or (ii) a day on which a tropical cyclone warning signal no. 8 or above or a black rainstorm warning signal is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"Citi"	Citigroup Global Markets Asia Limited, a licensed corporation to carry on business in type 1 (Dealing in Securities), type 4 (Advising on Securities), type 6 (Advising on Corporate Finance) and type 7 (Providing Automated Trading Services) regulated activities under the SFO

"Companies Act"	the Companies Act 1981 of Bermuda, as amended from time to time
"Company"	Hang Ten Group Holdings Limited, an exempted company incorporated in Bermuda with limited liability, the Shares of which are listed on the main board of the Stock Exchange (Stock Code: 00448)
"Composite Document"	this composite document jointly issued by the Offeror and the Company to all Shareholders in connection with the Offer in accordance with the Takeovers Code containing, among other things, the terms and conditions of the Offer, the letter of recommendation of the Independent Board Committee to the Independent Shareholders in respect of the Offer and the letter of advice of the IFA to the Independent Board Committee in respect of the Offer
"Conditions"	the conditions of the Offer, as set out in the paragraph headed "Conditions of the Offer" in the letter from Citi set out on pages 6 to 16 of this Composite Document
"Director(s)"	director(s) of the Company
"DK"	Kung Ging Kong, Dennis
"Executive"	the Executive Director of the Corporate Finance Division of the SFC or any delegates of the Executive Director
"Final Closing Date"	the final closing date of the Offer as the Offeror may, subject to the Takeovers Code, decide and as may be announced by the Offeror and approved by the Executive
"First Closing Date"	2 February 2012, being the closing date of the Offer which is 21 days after the date on which this Composite Document is posted (or such later time(s) and/or date(s) as the Offeror may, subject to the Takeovers Code, decide and as may be announced by the Offeror and approved by the Executive)
"Form of Acceptance"	the form of acceptance and transfer of the Shares in respect of the Offer which accompanies this Composite Document

"Governmental Authorities"	any government (or political subdivision of it), whether on a state, provincial, municipal or local level and whether executive, legislative, administrative or judicial in nature, including (without limitation) any agency, authority, board, bureau, commission, court, department or any other instrumentality
"Group"	the Company and its subsidiaries
"HCY"	Hung Chung Yee, Pamela, daughter of DK
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"HKSCC"	Hong Kong Securities Clearing Company Limited
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong Branch Registrar"	Tricor Standard Limited, the Hong Kong branch share registrar and transfer office of the Company, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong
"HPK"	Hung Pui Kee, Peggy, daughter of DK
"IFA"	Celestial Capital Limited, a corporation licensed to carry out type 1 (Dealing in Securities) and type 6 (Advising on Corporate Finance) regulated activities under the SFO
"Independent Board Committee"	an independent committee of the Board, comprising all the independent non-executive Directors, namely Mr. Cheung Yat Hung Alton, Mr. Kwong Chi Keung and Mr. So Hon Cheung Stephen, established for the purpose of advising the Independent Shareholders in relation to the Offer
"Independent Shareholders"	Shareholders other than the Offeror and parties acting in concert with it
"Irrevocable Undertaking"	the irrevocable undertaking dated 15 December 2011 given by each of the Selling Shareholders in favour of the Offeror
"KH"	Hung, Kenneth, son of DK

"Last Trading Day"	15 December 2011, being the last trading day of the Shares prior to suspension in trading of the Shares on the Stock Exchange pending the publication of the Announcement
"Latest Practicable Date"	10 January 2012, being the latest practicable date prior to the printing of this Composite Document for the purpose of ascertaining certain information for inclusion in this Composite Document
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Long Stop Date"	the 47th business day from the publication of the Announcement (or any later date as the Offeror may designate)
"Offer"	the voluntary conditional cash offer made by Citi on behalf of the Offeror for all the issued Shares (other than those already owned by or agreed to be acquired by the Offeror and parties acting in concert with it) in accordance with the Takeovers Code
"Offer Period"	the period commencing from 19 December 2011, being the date of the Announcement, and as defined in the Takeovers Code
"Offer Price"	the price at which the Offer is made, being HK$2.70 per Share
"Offeror"	Perfect Lead Investments Limited, a company incorporated in the British Virgin Islands with limited liability
"Offeror Group"	King Lun Holdings Limited and its subsidiaries
"PRC"	the People's Republic of China, excluding, for the purpose of this Composite Document, Hong Kong, Macau and Taiwan
"Relevant Period"	the period from 19 June 2011 (being the date falling six months prior to 19 December 2011, the latter being the date of commencement of the Offer Period) to the Latest Practicable Date

"relevant securities"	has the meaning as defined in Note 4 to Rule 22 of the Takeovers Code
"Selling Shareholders"	AWSL, YGM, DK, KH, HPK and HCY
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong)
"Share(s)"	ordinary share(s) of HK$0.10 each in the issued share capital of the Company
"Shareholder(s)"	holder(s) of Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Takeovers Code"	the Hong Kong Code on Takeovers and Mergers
"YGM"	YGM Trading Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the main board of the Stock Exchange (Stock Code: 00375)
"YGM Affiliates"	subsidiaries of YGM, including without limitation YGM Subsidiary
"YGM Share(s)"	ordinary share(s) of HK$0.50 each in the issued share capital of YGM
"YGM Subsidiary"	Group Smart Management Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of YGM

Citigroup Global Markets Asia Limited
50th Floor
Citibank Tower, Citibank Plaza
3 Garden Road
Central
Hong Kong

12 January 2012

To the Shareholders

Dear Sir or Madam,

**VOLUNTARY CONDITIONAL CASH OFFER BY
CITIGROUP GLOBAL MARKETS ASIA LIMITED
ON BEHALF OF
PERFECT LEAD INVESTMENTS LIMITED
TO ACQUIRE ALL THE ISSUED SHARES IN
HANG TEN GROUP HOLDINGS LIMITED
(OTHER THAN THOSE ALREADY OWNED OR AGREED
TO BE ACQUIRED BY PERFECT LEAD INVESTMENTS LIMITED
AND PARTIES ACTING IN CONCERT WITH IT)**

INTRODUCTION

It was announced in the Announcement that Citi would make a voluntary conditional cash offer on behalf of the Offeror for all the issued Shares (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it) in accordance with the Takeovers Code.

This letter sets out, among other things, the details of the Offer, information on the Offeror and the intention of the Offeror regarding the Group. The terms of the Offer are set out in this letter, Appendix I to this Composite Document and in the Form of Acceptance.

VOLUNTARY CONDITIONAL CASH OFFER

The Offer

The consideration in respect of the Offer is as follows:

For every Share . . . . **HK$2.70 in cash**

The Offeror will not revise the Offer Price.

As at the Latest Practicable Date, there were 982,250,000 Shares in issue and the Company had no other shares, options, warrants, derivatives or other securities that are convertible or exchangeable into Shares or other types of equity interest.

The Shares to be acquired under the Offer shall be fully paid and shall be acquired free from all liens, charges, encumbrances, rights of pre-emption and any other third party rights of any nature and together with all rights attaching to them as at the First Closing Date or subsequently becoming attached to them, including the right to receive in full all dividends and other distributions, if any, declared, made or paid on or after the First Closing Date.

On 15 December 2011, pursuant to the terms of the Irrevocable Undertaking, each of the Selling Shareholders has severally and irrevocably undertaken in favour of the Offeror to accept or procure the acceptance of the Offer in respect of an aggregate of 678,430,000 Shares, representing approximately 69.06% of the issued share capital of the Company.

As at the Latest Practicable Date, 371,890,000 Shares were held by AWSL, 214,202,000 Shares were held by YGM and YGM Subsidiary, 18,650,000 Shares were held by DK, 36,800,000 Shares were held by KH, 18,532,000 Shares were held by HPK and 18,356,000 Shares were held by HCY, together representing approximately 69.06% of the issued share capital of the Company.

The terms of the Irrevocable Undertaking are described further in the paragraph headed "Irrevocable Undertaking" of this letter.

Value of the Offer

As at the Latest Practicable Date, there were 982,250,000 Shares in issue. On the basis of the Offer Price of HK$2.70 per Share, the entire issued share capital of the Company (which is the subject of the Offer) is valued at HK$2,652,075,000. In the event that the Offer is accepted in full, the aggregate amount payable by the Offeror under the Offer will be approximately HK$2,652,075,000.

Confirmation of financial resources

The Offeror will finance the cash required for the Offer by funds made available from loan facility provided by Citibank, N.A., Hong Kong Branch as lender, with Citi as arranger and Citicorp International Limited as facility agent. Citi is satisfied that sufficient financial resources are available to the Offeror to satisfy full acceptance of the Offer. The payment of interest on, repayment of, or security for any liability (contingent or otherwise) for, such loans will not depend to any significant extent on the business of the Group.

Comparison with market price

The Offer Price of HK$2.70 per Share represents:

– a premium of approximately 58.8% over the closing price of HK$1.70 per Share as quoted on the Stock Exchange on the Last Trading Day;

– a premium of approximately 62.7% over the average of the closing prices as quoted on the Stock Exchange for the 5 consecutive trading days up to and including the Last Trading Day of HK$1.66 per Share;

– a premium of approximately 59.8% over the average of the closing prices as quoted on the Stock Exchange for the 10 consecutive trading days up to and including the Last Trading Day of HK$1.69 per Share;

– a premium of approximately 54.3% over the average of the closing prices as quoted on the Stock Exchange for the 30 consecutive trading days up to and including the Last Trading Day of HK$1.75 per Share;

– a premium of approximately 0.7% over the closing price of HK$2.68 per Share as quoted on the Stock Exchange on the Latest Practicable Date;

– a premium of approximately 175.5% over the consolidated net asset value of the Company of approximately HK$0.98 per Share based on the audited consolidated net assets of approximately HK$959,152,000 as at 31 March 2011, being the date to which the latest audited consolidated financial results of the Group were made up, and 982,250,000 Shares in issue as at the Latest Practicable Date; and

– a premium of approximately 178.4% over the consolidated net asset value of the Company of approximately HK$0.97 per Share based on the unaudited consolidated net assets of approximately HK$955,740,000 as at 30 September 2011 and 982,250,000 Shares in issue as at the Latest Practicable Date.

Highest and lowest Share prices

The highest and lowest closing prices of the Shares quoted on the Stock Exchange during the Relevant Period were HK$2.68 per Share on 4 January 2012, 6 January 2012, 9 January 2012 and the Latest Practicable Date and HK$1.26 per Share on 4 October 2011 respectively.

Conditions of the Offer

The Offer will be conditional on the satisfaction or waiver of the following Conditions:

(a) valid acceptances of the Offer being received (and not, where permitted, withdrawn) by 4:00 p.m. on the First Closing Date (or such later time(s) and/or date(s) as the Offeror may, subject to the rules of the Takeovers Code, decide) in respect of such number of Shares (which shall include all the Shares owned by the Selling Shareholders) which will result in the Offeror and persons acting in concert with it holding at least 69.06% of the voting rights in the Company;

(b) the Shares remaining listed and traded on the main board of the Stock Exchange up to the First Closing Date (save for any temporary suspension of trading of the Shares pending any announcement in connection with the Irrevocable Undertaking and the

Offer) and no indication being received on or before the First Closing Date from the SFC and/or the Stock Exchange to the effect that the listing of the Shares on the Stock Exchange is or is likely to be withdrawn or suspended;

(c) the transactions contemplated under the Irrevocable Undertaking and the Offer having been approved by the shareholders of YGM as required by and in accordance with the Listing Rules and other applicable laws and regulations;

(d) (i) all approvals, authorisations, consents, licences, certificates, permits, concessions, agreements or other permissions of any kind of, from or by any Governmental Authority, regulatory body or other third party as are necessary for the consummation of the transactions contemplated in the Irrevocable Undertaking and the Offer and in connection with, including, without limitation, any change in the direct or indirect shareholder(s) or ultimate controlling shareholder(s) of any member of the Group, the concession rights or licences to carry out its operations (collectively, "**Approvals**") having been obtained and remaining in full force and effect without variation from all Governmental Authorities and all conditions (if any) to such consents having been fulfilled; (ii) each member of the Group possessing or having obtained all licences and permits from the Governmental Authorities that are necessary to carry on its business; and (iii) all mandatory consents from third parties in relation to the Offer required pursuant to any agreement to which any member of the Group is a party having been obtained for the Offer or waived by the relevant party(ies), unless any lack of such Approvals, consents, licences, permits or other permissions referred to in sub-paragraph (d)(i), (ii) or (iii) would not have a material adverse effect on the business of the Group taken as a whole;

(e) no event having occurred which would make the Offer void, unenforceable, illegal or prohibit the implementation of the Offer;

(f) no Governmental Authority or court, tribunal or arbitrator in any jurisdiction having taken or instituted any action, proceeding, suit, investigation or enquiry, or enacted or made or proposed, and there not continuing to be outstanding, any statute, regulation, demand or order that would make the Offer void, unenforceable or illegal or that would prohibit or restrict the implementation of, or which would impose any material conditions, limitations or obligations with respect to the Offer or the transactions contemplated under the Irrevocable Undertaking (other than such orders or decisions as would not have a material adverse effect on the legal ability of the Offeror to proceed with or consummate the Offer and the transactions contemplated under the Irrevocable Undertaking); and

(g) since 30 September 2011 but save as publicly disclosed by the Company prior to the date of the Irrevocable Undertaking, there having been no change, effect, fact, event or circumstance which has had or would reasonably be expected to have a material adverse effect on, or to cause a material adverse change in, the general operations, management, financial position, business, conditions (whether financial, operational or legal), earnings, solvency, shareholders' equity or results of operations of the Group taken as a whole, whether or not arising in the ordinary course of business.

The Offeror may, at its absolute discretion, waive any or all of the Conditions referred to above, save that Condition (a) may only be waived if the Offeror receives acceptances in respect of the Offer which would result in the Offeror and persons acting in concert with it holding more than 50% of the voting rights in the Company and Condition (c) cannot be waived. YGM shall use its reasonable endeavours to procure that a general meeting of YGM be convened to consider and approve the Irrevocable Undertaking and the transactions contemplated thereunder as required under the Listing Rules as soon as reasonably practicable and, to the extent that it is within the control of YGM, within 45 business days from the date of publication of the Announcement. Each of the Selling Shareholders shall use its reasonable endeavours to procure the fulfilment of the Conditions (other than Condition (c) which shall be the sole obligation of YGM, but not the other Selling Shareholders), in each case on or before the Long Stop Date.

Pursuant to Note 2 to Rule 30.1 of the Takeovers Code, the Offeror may only invoke any or all of the Conditions as a basis for not proceeding with the Offer if the circumstances which give rise to the right to invoke any of such Conditions are of material significance to the Offeror in the context of the Offer.

In addition, the Offer is made on the basis that acceptance of the Offer by any person will constitute a warranty by such person or persons to the Offeror that the Shares shall be fully paid and shall be acquired free from all liens, charges, encumbrances, rights of pre-emption and any other third party rights of any nature and together with all rights attaching to them as at the First Closing Date, including the right to receive in full all dividends and other distributions, if any, declared, made or paid on or after the First Closing Date.

The Offer will be made in compliance with the Takeovers Code, which is administered by the Executive.

No dividend or other distribution

The Company does not intend to declare or pay any dividend or other distribution on the Shares before the First Closing Date.

Irrevocable Undertaking

On 15 December 2011, pursuant to the terms of the Irrevocable Undertaking, each of the AWSL Parties has severally and irrevocably undertaken in favour of the Offeror to accept or procure the acceptance of the Offer (and shall not withdraw from any such acceptance) within 5 business days following the despatch of this Composite Document in respect of an aggregate of 464,228,000 Shares registered to and/or beneficially owned by them, representing approximately 47.26% of the issued share capital of the Company as at the Latest Practicable

Date; and YGM has irrevocably undertaken in favour of the Offeror to accept or procure the acceptance of the Offer (and shall not withdraw from any such acceptance) within 2 business days after it has obtained the approval by its shareholders as required by and in accordance with the Listing Rules or within 5 business days following the despatch of this Composite Document, whichever is later, in respect of the 214,202,000 Shares registered to and/or beneficially owned by YGM and YGM Subsidiary, representing approximately 21.81% of the issued share capital of the Company as at the Latest Practicable Date.

YGM also has the right to demand the return of 8,200,000 additional Shares ("**Additional Shares**") (representing approximately 0.83% of the issued share capital of the Company as at the Latest Practicable Date) from a law firm in Hong Kong. Accordingly, YGM has further irrevocably undertaken under the Irrevocable Undertaking that (i) if and to the extent YGM and/or any of the YGM Affiliates receives any Additional Shares no later than 3 business days before the Final Closing Date, YGM shall, within 3 business days after receipt of such Additional Shares by YGM or the relevant YGM Affiliate(s) and in any event on or prior to the Final Closing Date, accept or procure the acceptance of the Offer in respect of such Additional Shares; and (ii) if and to the extent that YGM and/or any of the YGM Affiliates receives any Additional Shares after the period mentioned in (i) above and if the Offeror has decided at its discretion to exercise its rights of compulsory acquisition of all Shares in respect of which the Offer has not then been accepted under the Takeovers Code and applicable laws and rules, YGM shall sell and transfer and procure the sale and transfer of such Additional Shares to the Offeror subject to and on the terms of the compulsory acquisition, and YGM shall not, and shall procure that none of the YGM Affiliates shall, apply to or initiate any proceedings in any court of Bermuda or other relevant jurisdictions to seek relief in connection with the compulsory acquisition or otherwise object to the compulsory acquisition or take any action which may result in the compulsory acquisition being frustrated.

Further, under the terms of the Irrevocable Undertaking, the Selling Shareholders shall not withdraw nor procure the withdrawal from any such acceptance, notwithstanding that they or the YGM Affiliates may become entitled to withdraw any such acceptance by virtue of laws and the Takeovers Code.

The Irrevocable Undertaking will be terminated and all obligations of the Selling Shareholders thereunder (save for certain obligations including but not limited to confidentiality obligations and save for antecedent breaches and accrued rights) shall forthwith lapse (i) if the Conditions are not satisfied or waived by the Long Stop Date; or (ii) on the withdrawal or lapsing of the Offer in accordance with the Takeovers Code.

DK has irrevocably and unconditionally guaranteed to the Offeror the due and punctual performance and observance by the other AWSL Parties of all their respective obligations, undertakings, warranties and indemnities under the Irrevocable Undertaking.

Protections to the Group

To protect the interests of the Offeror and the Group upon and after the date on which the Offer is declared unconditional ("**Relevant Date**"), each of AWSL, DK and KH has unconditionally and irrevocably undertaken with the Offeror under the Irrevocable Undertaking that, except with the prior written consent of the Offeror, it/he shall not, and shall procure that none of its/his associates (as defined in Rule 1.01 of the Listing Rules) will:

(a) for a period of 18 months from the Relevant Date, directly or indirectly, either on its/his own account or in conjunction with or on behalf of any person, firm or entity or otherwise howsoever, carry on, participate or be employed, interested or engaged in, or acquire, invest in or hold (in each case whether as a shareholder, partner, agent or otherwise), any businesses of design, marketing, retail and distribution of apparel, clothing and accessories and licensing of trademarks in respect of apparel, clothing and accessories in Taiwan, South Korea, Singapore and the PRC and other jurisdictions in which the Group conducted any business or activity on the Relevant Date ("**Restricted Businesses**"); provided that nothing shall preclude (i) it/him or its/his associates (as defined in Rule 1.01 of the Listing Rules) from having any interest in not more than 5% of the issued shares in any company engaging in any Restricted Business which is or whose holding company is listed on any stock exchange or (ii) KH from continuing to work for Michel Rene Enterprises Limited or (iii) AWSL from holding not more than 32% interest in Michel Rene Enterprises Limited; and

(b) solicit or endeavour to solicit business from any person or entity who, at the Relevant Date is, or during the 12 months prior to the Relevant Date was, a client of the Group in relation to the Restricted Business, or who is at the Relevant Date in the process of negotiating or contemplating to enter into business transaction or arrangement with the Group.

Each of the Selling Shareholders has undertaken with the Offeror (for itself and as trustee for the Company and each of its subsidiaries) that, except with the consent in writing of the Offeror, if, in connection with the business or affairs of any member of the Group, it shall have obtained trade secrets or other confidential information belonging to any third party under an agreement purporting to bind any member of the Group which contained restrictions on disclosure, it will not omit to do anything reasonably requested by the Offeror and it will not do anything that will cause any member of the Group which is so bound by the relevant restrictions to infringe or take any action which would or might result in an infringement of such restrictions.

Voting Undertakings

15 shareholders of YGM including certain directors of YGM and their affiliates (collectively "**Voting YGM Shareholders**"), being holders of an aggregate of 82,958,574 YGM Shares representing approximately 50.46% of the total issued YGM Shares, have each executed an undertaking on 15 December 2011 in favour of YGM and the Offeror pursuant to which, among other things, each of the Voting YGM Shareholders has severally, irrevocably and unconditionally undertaken to exercise its/his/her voting rights attaching to the YGM Shares beneficially owned by it/him/her at the extraordinary general meeting to be held by

YGM to vote in favour of the resolution(s) for approving the Irrevocable Undertaking, the acceptance of the Offer and any transactions contemplated thereunder unless it/he/she is required to abstain from voting at such meeting under the Listing Rules or by the Stock Exchange.

Compulsory acquisition or maintaining the listing status of the Company

Section 102(1) of the Companies Act provides that if, within four months after making the Offer, holders of not less than 90% in value of the Shares (excluding those Shares held by the Offeror, its nominee or subsidiary) approve the Offer, the Offeror may acquire the Shares of any dissenting Shareholder. The Offeror may, within two months beginning with the date on which such approval is obtained, give notice to any dissenting Shareholder that it desires to acquire that Shareholder's Shares ("**notice of compulsory acquisition**"). The Shares must be acquired on the same terms as those of the Offer. Dissenting Shareholders may apply to the Supreme Court of Bermuda to object to the proposed compulsory acquisition within one month of the notice of compulsory acquisition being given.

Pursuant to Rule 2.11 of the Takeovers Code, except with the consent of the Executive, where the Offeror seeks to acquire or privatise the Company by means of the Offer and the use of compulsory acquisition rights, such rights may only be exercised if, in addition to satisfying any requirements imposed by the Companies Act, acceptances of the Offer and purchases (in each case of the disinterested Shares) made by the Offeror and persons acting in concert with it during the period of 4 months after posting of this Composite Document total 90% of the disinterested Shares.

If the Offeror obtains the prescribed percentage of approval from holders of Shares approving the Offer as required by Section 102(1) of the Companies Act and is permitted to do so under Rule 2.11 of the Takeovers Code, the Offeror intends to consider availing itself of the powers of compulsory acquisition under Section 102(1) of the Companies Act.

According to Rule 15.6 of the Takeovers Code, since the Offeror intends to consider availing itself of the powers of compulsory acquisition under the Companies Act to compulsorily acquire those Shares not acquired by the Offeror under the Offer, the Offer may not remain open for acceptance for more than 4 months from the posting of this Composite Document, unless the Offeror has by that time become entitled to exercise such powers of compulsory acquisition available to it under the Companies Act, in which event the Offeror must do so without delay.

If the level of acceptances of the Offer reaches the prescribed level under Section 102(1) of the Companies Act and Rule 2.11 of the Takeovers Code permits a compulsory acquisition, and if the Offeror proceeds with the exercise of such compulsory acquisition rights and the privatisation of the Company, the Company will apply for the withdrawal of listing of the Shares from the Stock Exchange pursuant to Rule 6.15 of the Listing Rules and a suspension of dealings in the Shares from the close of the Offer up to the withdrawal of listing of the Shares from the Stock Exchange.

In the event that the Offeror does not effect the compulsory acquisition of the remaining Shares, whether by reason of not having acquired the prescribed percentage as required under the Companies Act or otherwise, the Offeror may take such steps as are necessary to ensure, or procure the Company to take such steps as are necessary to ensure, that the Company maintains an adequate public float so as to comply with the applicable requirements of the Listing Rules.

According to the Listing Rules, if, upon the close of the Offer, less than 25% of the issued Shares are held by the public, or if the Stock Exchange believes that a false market exists or may exist in the trading of the Shares or there are insufficient Shares in public hands to maintain an orderly market, then the Stock Exchange will consider exercising its discretion to suspend dealings in the Shares. In this connection, it should be noted that upon the close of the Offer, there may be insufficient public float for the Shares and therefore trading in the Shares may be suspended until a sufficient level of public float is attained, and each of the Offeror and the Company will undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares after closing of the Offer.

Reasons for the Offer

The Offeror is making the Offer with the intention to enter the growing segment of casual fashion apparel with mass appeal, and to increase its presence in key Asian markets including Taiwan, South Korea, Mainland China and South East Asia.

Intention of the Offeror with regard to the Company

The Offeror intends that the Group will continue its existing principal activities after closing of the Offer, subject to a continuing review of its operations and the development of a plan to realise synergies with the other operations of the Offeror Group. The Offeror does not intend to introduce any major changes to the existing operations and businesses of the Group. Subject to the result of the continuing review of the operations of the Group, the Offeror may explore other business opportunities and consider whether any acquisitions of assets and/or businesses or any other investments by the Group will be appropriate in order to enhance its growth. In view of the aforesaid, the Offeror is of the view that the Offer is in its long-term commercial interest. The Offeror has no intention to discontinue the employment of the employees of the Group (save for a change in the composition of the Board) or to dispose of or deploy the fixed assets of the Group other than those in its ordinary course of business.

INFORMATION ON THE OFFEROR

The Offeror is a company incorporated in the British Virgin Islands on 22 September 2011 with limited liability. As at the Latest Practicable Date, the Offeror is wholly and beneficially owned by Li & Fung (Retailing) Limited. Li & Fung (Retailing) Limited is an investment holding company for the retail businesses of its holding company, Li & Fung (1937) Limited, which in turn is a wholly-owned subsidiary of King Lun Holdings Limited. King Lun Holdings Limited is a company incorporated in the British Virgin Islands and is beneficially owned as to 50% by Dr. William Fung Kwok Lun and as to 50% by HSBC Trustee (C.I.) Limited as trustee of a trust established for the benefit of the family members of Dr. Victor Fung Kwok King. Dr. Victor Fung Kwok King and Dr. William Fung Kwok Lun are brothers.

As at the Latest Practicable Date, (i) the directors of the Offeror are Fung Kwok King, Victor, Fung Kwok Lun, William, Lau Butt Farn and Choi Yuk Shing, Danny; (ii) the directors of Li & Fung (Retailing) Limited are Fung Kwok King, Victor, Fung Kwok Lun, William, Lau Butt Farn, Yeung Lap Bun, Richard and Wong Yuk Nor, Louisa and (iii) the directors of King Lun Holdings Limited are Fung Kwok King, Victor and Fung Kwok Lun, William.

The Offer is not related to any of the publicly listed entities in which the privately held Li & Fung (1937) Limited has interests, including Li & Fung Limited (Stock Code: 00494), Trinity Limited (Stock Code: 00891) and Convenience Retail Asia Limited (Stock Code: 00831).

The principal activities of the Offeror Group are investment holding and the retailing of apparels in Hong Kong and the PRC and children's products in Hong Kong and South East Asia.

OVERSEAS HOLDERS OF THE SHARES

The making of the Offer to persons with a registered address in jurisdictions outside Hong Kong may be prohibited or affected by the laws of the relevant jurisdiction. Shareholders who are citizens or residents or nationals of jurisdictions outside Hong Kong should obtain appropriate legal advice on, or be informed themselves about and observe any applicable regulatory or legal requirement. It is the responsibility of each person who wishes to accept the Offer to satisfy himself, herself or itself as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required, the compliance with other necessary formalities, regulatory or legal requirements and the payment of any transfer or cancellation or other taxes or duties due in respect of such jurisdiction.

TAXATION AND INDEPENDENT ADVICE

The overseas holders of the Shares will be responsible for the payment of any transfer or cancellation or other taxes or duties due by such overseas holders of the Shares in respect of their respective jurisdictions. None of the Offeror, Citi, the Hong Kong Branch Registrar or any of their respective directors or any other parties involved in the Offer is in a position to advise the overseas holders of the Shares on their individual tax implications. The Shareholders are recommended to consult their own professional advisers as to the tax implications that may arise from accepting the Offer. None of the Company, the Offeror, the Directors, the respective professional adviser(s) to the Offeror and the Company or any other parties involved in the Offer accepts any responsibility for any tax effect on, or liabilities of, the relevant Shareholders.

ACCEPTANCE AND SETTLEMENT

Your attention is drawn to the further details regarding the procedures for acceptance and settlement and acceptance period in relation to the Offer as set out in Appendix I to this Composite Document and the accompanying Form of Acceptance.

EXTENSION OF THE OFFER PERIOD

If the Offer has not been declared or has not become unconditional as to acceptances at or before 7:00 pm on the 60th day after the posting of this Composite Document, and/or the Offer has not been declared or has not become unconditional in all respects on or before the 81st day after the posting of this Composite Document, the Offer will lapse unless the Offer period is extended with the consent of the Executive in accordance with the Takeovers Code.

HONG KONG STAMP DUTY

Seller's ad valorem stamp duty at a rate of 0.1% of the market value of the Shares or the consideration payable by the Offeror in respect of the relevant acceptances of the Offer, whichever is higher, will be deducted from the amount payable to the relevant Shareholder on acceptance of the Offer. The Offeror will arrange for payment of the stamp duty on behalf of accepting Shareholders in connection with the acceptance of the Offer and the transfer of the Shares.

PAYMENT

Provided that the Offer has become, or has been declared, unconditional in all respects, payment in respect of acceptances of the Offer will be made as soon as possible but in any event within 10 days of the later of the date on which the Offer becomes, or is declared, unconditional in all respects and the date of receipt of a duly completed acceptance.

Settlement of the consideration to which any Shareholder is entitled under the Offer will be implemented in full in accordance with the terms of the Offer without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such Shareholder.

GENERAL

All documents and remittances sent to the Shareholders by ordinary post will be sent to them at their own risk. Such documents and remittances will be sent to the Shareholders at their respective addresses as they appear in the register of members of the Company, and in the case of joint Shareholders, to the Shareholder whose name appears first in the register of members of the Company. None of the Company, the Offeror, Citi, the Hong Kong Branch Registrar or any of their respective directors or professional advisers or any other parties involved in the Offer will be responsible for any loss or delay in transmission or any other liabilities that may arise as a result thereof.

ADDITIONAL INFORMATION

Your attention is drawn to the "Letter from the Board", the "Letter from the Independent Board Committee" and the "Letter from the IFA" as set out in this Composite Document, the accompanying Form of Acceptance and the additional information set out in the appendices to, and which forms part of, this Composite Document.

Yours faithfully,
For and on behalf of
Citigroup Global Markets Asia Limited
Edward Lam
Managing Director

HANG TEN

HANG TEN GROUP HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 00448)

Executive Directors:
Chan Wing Sun
Kao Yu Chu
Wang Li Wen

Independent non-executive Directors:
Cheung Yat Hung Alton
Kwong Chi Keung *J.P.*
So Hon Cheung Stephen

Registered office:
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Principal place of business in Hong Kong:
Room 912, 9th Floor
Stanhope House
734 King's Road
Quarry Bay
Hong Kong

12 January 2012

To the Independent Shareholders

Dear Sir or Madam,

VOLUNTARY CONDITIONAL CASH OFFER BY CITIGROUP GLOBAL MARKETS ASIA LIMITED ON BEHALF OF PERFECT LEAD INVESTMENTS LIMITED TO ACQUIRE ALL THE ISSUED SHARES IN HANG TEN GROUP HOLDINGS LIMITED (OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE ACQUIRED BY PERFECT LEAD INVESTMENTS LIMITED AND ANY PARTIES ACTING IN CONCERT WITH IT)

INTRODUCTION

It was announced in the joint announcement dated 19 December 2011 issued by the Company and the Offeror that Citi will make a voluntary conditional cash offer on behalf of the Offeror for all the issued Shares (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it) in accordance with the Takeovers Code.

The Independent Board Committee, comprising all the independent non-executive Directors, namely Mr. Cheung Yat Hung Alton, Mr. Kwong Chi Keung and Mr. So Hon Cheung Stephen, has been established to make a recommendation (i) as to whether the Offer is, or is not, fair and reasonable and (ii) as to acceptance. Celestial Capital Limited ("**IFA**") has been appointed as the independent financial adviser to advise the Independent Board Committee in connection with the Offer.

The purpose of this Composite Document, of which this letter forms part, is to provide you with, among other things, information relation to the Group and the Offer as well as setting out the letter from the Independent Board Committee containing its recommendations to the Independent Shareholders in respect of the Offer and the letter from the IFA.

THE OFFER

It is stated in the "Letter from Citi" set out in this Composite Document that Citi will make a voluntary conditional cash offer on behalf of the Offeror for all the issued Shares (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it) in accordance with the Takeovers Code, and that the consideration in respect of the Offer is as follows:

For every Share . . . .**HK$2.70 in cash**

According to the "Letter from Citi", the Offeror will not revise the Offer Price.

As at the Latest Practicable Date, there were 982,250,000 Shares in issue, and the Company had no other shares, options, warrants, derivatives or other securities that are convertible or exchangeable into Shares or other types of equity interest. On the basis of the Offer Price of HK$2.70 per Share, the entire issued share capital of the Company (which is the subject of the Offer) is valued at HK$2,652,075,000. In the event that the Offer is accepted in full, the aggregate amount payable by the Offeror under the Offer will be approximately HK$2,652,075,000.

The procedure for acceptance and further terms of the Offer are set out in Appendix I to this Composite Document and the accompanying Form of Acceptance.

CONDITIONS OF THE OFFER

Conditions of the Offer are set out in the paragraph headed "Conditions of the Offer" in the "Letter from Citi" set out in this Composite Document.

IRREVOCABLE UNDERTAKING/VOTING UNDERTAKINGS

Your attention is drawn to the paragraphs headed "Irrevocable Undertaking" and "Voting Undertakings" respectively in the "Letter from Citi" set out in this Composite Document for the terms of the Irrevocable Undertaking given by the Selling Shareholders in favour of the Offeror to accept or procure the acceptance of the Offer and the Voting Undertakings given by certain shareholders of YGM to vote in favour of the resolution(s) for approving the Irrevocable Undertaking, the acceptance of the Offer and any transactions contemplated thereunder at the extraordinary general meeting to be held by YGM.

INTENTION OF THE OFFEROR WITH REGARD TO THE COMPANY

Your attention is drawn to the paragraphs headed "Intention of the Offeror with regard to the Company" and "Compulsory acquisition or maintaining the listing status of the Company" in the "Letter from Citi" set out in this Composite Document for the Offeror's intention on the Company.

INFORMATION ON THE OFFEROR

Your attention is drawn to the paragraph headed "Information on the Offeror" in the "Letter from Citi" set out in this Composite Document for the information of the Offeror.

INFORMATION ON THE GROUP

The Group is principally engaged in the design, marketing and retail and wholesale of apparel and accessories under various brand names including "Hang Ten" and licensing of its proprietary trade mark "Hang Ten" and associated marks.

RECOMMENDATIONS

Your attention is drawn to the "Letter from the Independent Board Committee" which sets out its recommendation to the Independent Shareholders in respect of the Offer, as set out on pages 20 to 21 of this Composite Document. Your attention is also drawn to the letter of advice from the IFA which contains, among other things, their advice to the Independent Board Committee in relation to the Offer, which is set out on pages 22 to 42 of this Composite Document.

ADDITIONAL INFORMATION

Your attention is drawn to the "Letter from Citi" as set out on pages 6 to 16 of this Composite Document, the appendices to this Composite Document and the accompanying Form of Acceptance which set out, among other things, details of the Offer, information of the Offeror and its intention regarding the Group and the procedures for acceptance of the Offer.

In considering what action to take in connection with the Offer, you should also consider your own tax positions, if any, and in case of any doubt, consult your professional advisers.

Yours faithfully,
For and on behalf of
HANG TEN GROUP HOLDINGS LIMITED
Wang Li Wen
Executive Director

HANG TEN

HANG TEN GROUP HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 00448)

12 January 2012

To the Independent Shareholders

Dear Sir or Madam,

VOLUNTARY CONDITIONAL CASH OFFER BY CITIGROUP GLOBAL MARKETS ASIA LIMITED ON BEHALF OF PERFECT LEAD INVESTMENTS LIMITED TO ACQUIRE ALL THE ISSUED SHARES IN HANG TEN GROUP HOLDINGS LIMITED (OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE ACQUIRED BY PERFECT LEAD INVESTMENTS LIMITED AND ANY PARTIES ACTING IN CONCERT WITH IT)

We refer to the composite offer document dated 12 January 2012 jointly issued by the Offeror and the Company to all Shareholders ("**Composite Document**"), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as defined in the Composite Document unless the context otherwise requires. We have been appointed by the Board as members of the Independent Board Committee to make a recommendation to the Independent Shareholders as to whether or not the terms of the Offer are fair and reasonable and as to acceptances of the Offer. The IFA has been appointed to advise us in respect of the Offer.

We wish to draw your attention to: (i) the "Letter from the Board" set out in the Composite Document; (ii) the "Letter from Citi" set out in the Composite Document; (iii) the "Letter from the IFA" which sets out the principal factors and reasons taken into account in arriving at its recommendation to us set out in the Composite Document; and (iv) the additional information set out in the appendices to the Composite Document.

Having taken into account the terms of the Offer and the advice of the IFA, in particular the factors, reasons and recommendations as set out in its letter in the Composite Document, we consider that the terms of the Offer are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we recommend the Independent Shareholders to accept the Offer.

Those Independent Shareholders who are not confident in the future prospects of the Group and/or who would like to dispose part or all of their Shares before the close of the Offer are advised to closely monitor the market prices and the liquidity of the Shares during the Offer Period and, if the market prices of the Shares exceed the Offer Price and the net proceeds from sale of Shares in the market exceed the amount receivable under the Offer, they should consider selling their Shares in the market rather than accepting the Offer. On the other hand, those Independent Shareholders who are confident in the future prospects of the Group following the close of the Offer may consider retaining part or all of their shareholding in the Company.

Yours faithfully,
For and on behalf of the
Independent Board Committee of
HANG TEN GROUP HOLDINGS LIMITED

Mr. Cheung Yat Hung Alton **Mr. Kwong Chi Keung** **Mr. So Hon Cheung Stephen**
Independent non-executive Directors

The following is the full text of the letter of advice from the IFA to the Independent Board Committee in relation to the Offer for the purpose of incorporation in this Composite Document.

Celestial Capital Limited
21st Floor, Low Block, Grand Millennium Plaza
181 Queen's Road Central, Hong Kong

12 January 2012

To the Independent Board Committee

Dear Sirs,

VOLUNTARY CONDITIONAL CASH OFFER BY CITIGROUP GLOBAL MARKETS ASIA LIMITED ON BEHALF OF PERFECT LEAD INVESTMENTS LIMITED TO ACQUIRE ALL THE ISSUED SHARES IN HANG TEN GROUP HOLDINGS LIMITED (OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE ACQUIRED BY PERFECT LEAD INVESTMENTS LIMITED AND ANY PARTIES ACTING IN CONCERT WITH IT)

INTRODUCTION

We refer to our appointment as the independent financial adviser to the Independent Board Committee in relation to the Offer. Details of the Offer are set out in the Composite Document, of which this letter forms part. Terms used herein shall have the same meanings as those defined in the Composite Document unless the context otherwise requires.

The Independent Board Committee, comprising all the independent non-executive Directors, namely Mr. Cheung Yat Hung Alton, Mr. Kwong Chi Keung and Mr. So Hon Cheung Stephen, has been established to advise the Independent Shareholders in relation to the Offer. We have been appointed as the independent financial adviser to give our advice and recommendation to the Independent Board Committee in respect of the fairness and reasonableness of the terms of the Offer and such appointment has been approved by the Independent Board Committee.

BASIS OF OUR OPINION

In formulating our opinion and recommendation, we have relied on the accuracy of the information, facts and representations contained or referred to in the Composite Document, and the information, facts and representations separately provided to us by, and the opinions separately expressed by the Company and its senior management. We have assumed that all information, facts and representations contained or referred to in the Composite Document, and all information, facts and representations separately provided by the Company and its senior management for which they are solely responsible, were true, accurate and complete at the time when they were made and continue to be so as at the date of the Composite Document and during the period up to the close of the Offer. Should there be any subsequent material changes which occurred during the Offer Period and would affect or alter our opinion, we will notify the Independent Board Committee and the Independent Shareholders as soon as possible. We have also assumed that all statements of belief, opinion and intention contained or referred to in the Composite Document, or otherwise provided, made or given by the Company and its senior management, including but not limited to those set out in the Composite Document, were reasonably made after due enquiries and considerations by the relevant parties. We have no reason to doubt the truth, accuracy and completeness of the information, facts, opinions and representations provided to us by the Company and its senior management, including but not limited to those set out in the Composite Document. The Company and its senior management have confirmed to us that no material facts have been omitted from the information and representations contained in the Composite Document and those separately expressed to us. We have no reason to doubt that any relevant material facts have been withheld or omitted from the information provided and referred to in the Composite Document and from those separately expressed to us, or the reasonableness of the opinions and representations contained in the Composite Document and those separately provided to us by the Company and its senior management.

We consider that we have reviewed sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent verification of the information provided by the Company and its senior management, including those contained or referred to in the Composite Document, nor have we conducted any form of in-depth investigation into the respective businesses and affairs, financial condition and future prospects of the Group and/or the Offeror.

In formulating our opinion, we have not considered the tax implications on the Independent Shareholders of their acceptances or non-acceptances of the Offer since these are particular to their own individual circumstances. In particular, the Independent Shareholders who are resident outside Hong Kong or subject to overseas taxes or Hong Kong taxation on securities dealings should consider their own tax positions with regard to the Offer and, if in any doubt, should consult their own professional advisers.

This letter is issued for the information of the Independent Board Committee solely in connection with its consideration of the terms of the Offer. Except for its inclusion in the Composite Document, this letter must not be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without our prior written consent.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion relating to the terms of the Offer, we have taken into consideration the following principal factors and reasons:

1. Background to and terms of the Offer

Background

On 19 December 2011, the Offeror and the Company jointly announced that Citi would make a voluntary conditional cash offer on behalf of the Offeror for all the issued Shares (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it) in accordance with the Takeovers Code.

As set out in Appendix IV to the Composite Document, Citi and entities controlling, controlled by or under the same control as Citi (except those entities in the capacity of an exempt principal trader and exempt fund manager), all of whom are presumed to be acting in concert with the Offeror, held 81 Shares, representing approximately 0.0000082% of the issued share capital of the Company as at the Latest Practicable Date.

Save as aforesaid, none of the Offeror, its directors and parties acting in concert with the Offeror owned or controlled any Shares or any options, warrants, derivatives or securities carrying conversion or subscription rights into Shares as at the Latest Practicable Date.

Terms of the Offer

The consideration in respect of the Offer is as follows:

For every Share .... HK$2.70 in cash

As at the Latest Practicable Date, there were 982,250,000 Shares in issue. The Company had no other shares, options, warrants, derivatives or other securities that are convertible or exchangeable into Shares or other types of equity interest. On the basis of the Offer Price of HK$2.70 per Share, the entire issued share capital of the Company (which is the subject of the Offer) is valued at HK$2,652,075,000. In the event that the Offer is accepted in full, the aggregate amount payable by the Offeror under the Offer will be approximately HK$2,652,075,000.

The Offeror will not revise the Offer Price.

Irrevocable Undertaking from Selling Shareholders

As at the Latest Practicable Date, the Selling Shareholders in aggregate held 678,430,000 Shares (amongst which 371,890,000 Shares were held by AWSL, 214,202,000 Shares were held by YGM and YGM Subsidiary, 18,650,000 Shares were held by DK, 36,800,000 Shares were held by KH, 18,532,000 Shares were held by HPK and 18,356,000 Shares were held by HCY), representing approximately 69.06% of the issued share capital of the Company.

On 15 December 2011, pursuant to the terms of the Irrevocable Undertaking, each of the AWSL Parties has severally and irrevocably undertaken in favour of the Offeror to accept or procure the acceptance of the Offer (and shall not withdraw from any such acceptance) within 5 business days following the despatch of the Composite Document in respect of an aggregate of 464,228,000 Shares registered to and/or beneficially owned by them, representing approximately 47.26% of the issued share capital of the Company as at the Latest Practicable Date; and YGM has irrevocably undertaken in favour of the Offeror to accept or procure the acceptance of the Offer (and shall not withdraw from any such acceptance) within 2 business days after it has obtained the approval by its shareholders as required by and in accordance with the Listing Rules or within 5 business days following the despatch of the Composite Document, whichever is later, in respect of the 214,202,000 Shares registered to and/or beneficially owned by YGM and YGM Subsidiary, representing approximately 21.81% of the issued share capital of the Company as at the Latest Practicable Date.

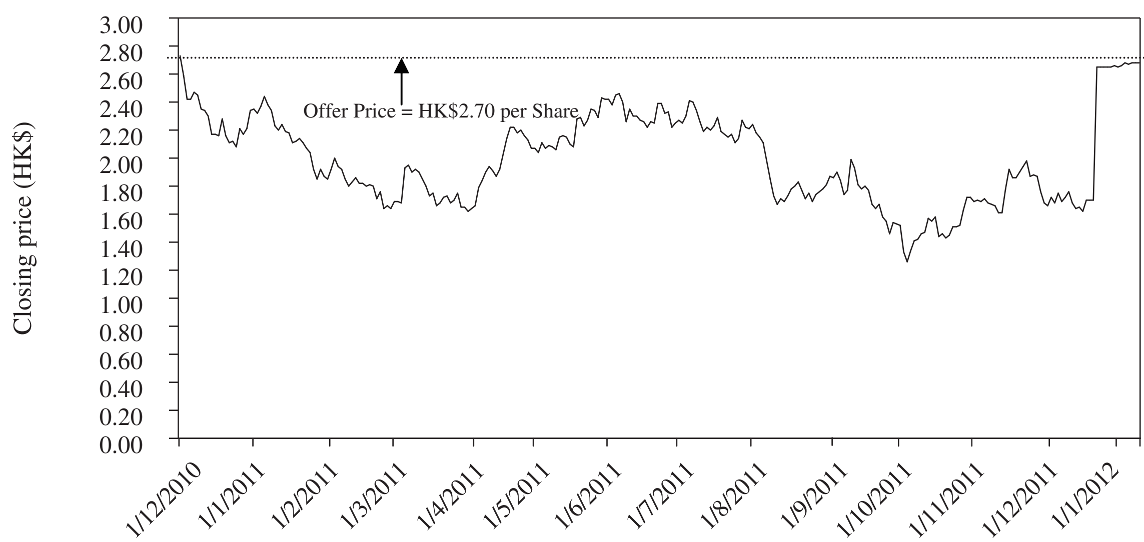
YGM also has the right to demand the return of 8,200,000 Additional Shares, representing approximately 0.83% of the issued share capital of the Company as at the Latest Practicable Date, from a law firm in Hong Kong. Accordingly, YGM has further irrevocably undertaken under the Irrevocable Undertaking that (i) if and to the extent YGM and/or any of the YGM Affiliates receives any Additional Shares no later than 3 business days before the Final Closing Date, YGM shall, within 3 business days after receipt of such Additional Shares by YGM or the relevant YGM Affiliate(s) and in any event on or prior to the Final Closing Date, accept or procure the acceptance of the Offer in respect of such Additional Shares; and (ii) if and to the extent that YGM and/or any of the YGM Affiliates receives any Additional Shares after the period mentioned in (i) above and if the Offeror has decided at its discretion to exercise its rights of compulsory acquisition of all Shares in respect of which the Offer has not then been accepted under the Takeovers Code and applicable laws and rules (details of which are mentioned in the sub-paragraph headed "Compulsory acquisition or maintaining the listing status of the Company" under the paragraph headed "6. Other Considerations" below), YGM shall sell and transfer and procure the sale and transfer of such Additional Shares to the Offeror subject to and on the terms of the compulsory acquisition, and YGM shall not, and shall procure that none of the YGM Affiliates shall, apply to or initiate any proceedings in any court of Bermuda or other relevant jurisdictions to seek relief in connection with the compulsory acquisition or otherwise object to the compulsory acquisition or take any action which may result in the compulsory acquisition being frustrated.

Further information on the Offer, including the terms and conditions of the Offer, and the procedures for acceptance, are set out in the Composite Document, including but not limited to the letter from Citi ("**Letter from Citi**") contained in the Composite Document and Appendices I and IV to the Composite Document.

2. Historical price performance and trading liquidity of the Shares

Historical price performance of the Shares

The following chart sets out the movement of the daily closing prices of the Shares as quoted on the Stock Exchange for the period from 1 December 2010 (being approximately 12 months before the date of the joint announcement published by the Company and the Offeror in relation to the Offer on 19 December 2011 ("**Joint Announcement**") to the Latest Practicable Date ("**Review Period**").



Source of data: Website of the Stock Exchange

Note: Trading in the Shares on the Stock Exchange was suspended on 16 December 2011 and 19 December 2011 pending the release of the Joint Announcement.

The table below sets out the highest and lowest closing prices, month-end/period-end closing prices and average daily closing prices per Share for each of the months/periods during the Review Period.

Month/Period	**Highest closing price**	**Lowest closing price**	**Month/ Period end closing price**	**Average daily closing price** *(Note 1)*
	HK$	*HK$*	*HK$*	*HK$*
2010				
December	2.73	2.08	2.35	2.30
2011				
January	2.44	1.85	1.85	2.14
February	2.00	1.64	1.64	1.81
March	1.95	1.62	1.64	1.75
April	2.22	1.66	2.07	2.01
May	2.43	2.04	2.42	2.20
June	2.46	2.22	2.27	2.32
July	2.41	2.11	2.21	2.24
August	2.24	1.67	1.87	1.84
September	1.99	1.46	1.52	1.72
October	1.72	1.26	1.72	1.49
November	1.98	1.61	1.66	1.77
December (from 1 December up to the Last Trading Day)	1.76	1.62	1.70	1.69
December (from 20 to 30 December 2011) *(Note 2)*	2.66	2.65	2.65	2.65
2012				
January (from 3 January 2012 to the Latest Practicable Date)	2.68	2.66	2.68	2.68
From 1 December 2010 to the Last Trading Day ("Pre Offer Period")	–	–	–	1.95
From 20 December 2011 to the Latest Practicable Date ("Early Offer Period")	–	–	–	2.66

Source of data: Website of the Stock Exchange

Notes:

1. Average daily closing price is calculated by dividing the sum of the closing prices of each trading day for the month/period by the number of trading days during the month/period.

2. Trading in the Shares on the Stock Exchange was suspended on 16 December 2011 and 19 December 2011 pending the release of the Joint Announcement.

As shown in the chart and table above, during the Review Period, the closing prices per Share ranged from the lowest of HK$1.26 (recorded on 4 October 2011) to the highest of HK$2.73 (recorded on 1 December 2010). The Offer Price represents a premium of approximately 114.29% over and a discount of approximately 1.10% to such lowest and highest closing prices per Share respectively during the Review Period.

We note that the Shares were in general traded below the Offer Price for a long period since 2 December 2010 up to the Last Trading Day, with daily closing prices ranged from HK$1.26 (recorded on 4 October 2011) to HK$2.59 per Share (recorded on 2 December 2010). Furthermore, the average daily closing prices of each month/period ranged from HK$1.49 to HK$2.32, with an overall average daily closing price of approximately HK$1.95 per Share, during the Pre Offer Period.

Trading in the Shares on the Stock Exchange was suspended on 16 December 2011 and 19 December 2011 pending the release of the Joint Announcement. The closing price on 20 December 2011, being the first trading day after resumption of trading in the Shares upon the publication of the Joint Announcement, was HK$2.65 per Share, representing a sharp increase of approximately 55.88% from the closing price of HK$1.70 per Share on the Last Trading Day. During the Early Offer Period from 20 December 2011 to the Latest Practicable Date, Shares were traded at a steady price range of HK$2.63 to HK$2.69 per Share. The performance of the Share prices during the Early Offer Period, in particular the sharp increase in the Share prices on 20 December 2011, was likely to be driven by the announcement of the Offer, as the Company did not issue any other announcement which is price-sensitive in nature after publication of the Joint Announcement and up to the Latest Practicable Date.

The Offer Price of HK$2.70 per Share represents:

(i) a premium of approximately 58.82% over the closing price of HK$1.70 per Share as quoted on the Stock Exchange on the Last Trading Day;

(ii) a premium of approximately 62.65% over the average of the closing prices as quoted on the Stock Exchange for the 5 consecutive trading days up to and including the Last Trading Day of HK$1.66 per Share;

(iii) a premium of approximately 59.76% over the average of the closing prices as quoted on the Stock Exchange for the 10 consecutive trading days up to and including the Last Trading Day of HK$1.69 per Share;

(iv) a premium of approximately 54.29% over the average of the closing prices as quoted on the Stock Exchange for the 30 consecutive trading days up to and including the Last Trading Day of HK$1.75 per Share;

(v) a premium of approximately 0.75% over the closing price of HK$2.68 per Share as quoted on the Stock Exchange on the Latest Practicable Date;

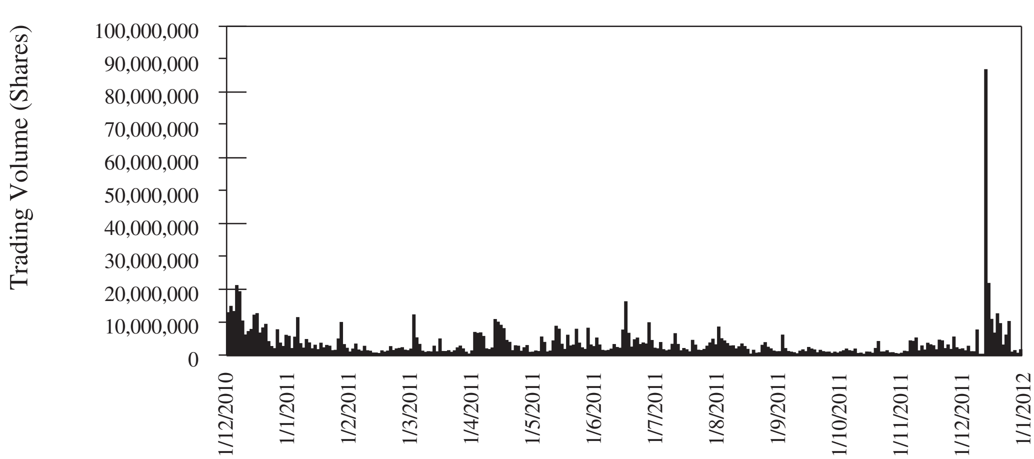
(vi) a premium of approximately 175.51% over the consolidated net asset value of the Company of approximately HK$0.98 per Share ("**NAV as at 31 March 2011**") based on the audited consolidated net assets of approximately HK$959,152,000 as at 31 March 2011, being the date to which the latest audited consolidated financial results of the Group were made up, and 982,250,000 Shares in issue as at the Latest Practicable Date; and

(vii) a premium of approximately 178.35% over the consolidated net asset value of the Company of approximately HK$0.97 per Share ("**NAV as at 30 September 2011**") based on the unaudited consolidated net assets of approximately HK$955,740,000 as at 30 September 2011 and 982,250,000 Shares in issue as at the Latest Practicable Date.

We would like to remind the Independent Shareholders that despite the recent increase in the Share prices after publication of the Joint Announcement on 19 December 2011, which was likely to be driven by the announcement of the Offer, there is no guarantee that the trading prices of the Shares will sustain and/or be higher than the Offer Price during and after the Offer period, or in the event that the Offer is withdrawn or lapse. Independent Shareholders, in particular those who wish to realise their investments in Shares, are thus reminded to closely monitor the market prices of the Shares during the Offer Period.

Trading liquidity of the Shares

The following chart sets out the daily trading volume of the Shares during the Review Period.



Source of data: Website of the Stock Exchange

The table below sets out the total trading volume and average daily trading volume of the Shares per month/period, as well as the respective percentages of average daily trading volume compared to the entire issued share capital of the Company and to the Shares held by the shareholders of the Company other than the Selling Shareholders ("**Non-Selling Shareholders**"), who have given the Irrevocable Undertaking in relation to the acceptance of the Offer, during the Review Period.

Month/Period	**Total trading volume** *Shares*	**Average daily trading volume** *(Note 1)* *Shares* *(approximately)*	**Percentage of average daily trading volume for the month/ period to total number of issued Shares** *(Note 2)* *%* *(approximately)*	**Percentage of average daily trading volume for the month/ period to number of Shares held by the Non-Selling Shareholders** *(Note 3)* *%* *(approximately)*
2010				
December	194,995,003	8,863,409	0.90	2.92
2011				
January	73,531,992	3,501,523	0.36	1.15
February	27,339,008	1,518,834	0.15	0.50
March	50,421,864	2,192,255	0.22	0.72
April	86,246,072	4,791,448	0.49	1.58
May	68,881,622	3,444,081	0.35	1.13
June	84,326,842	4,015,564	0.41	1.32
July	60,393,413	3,019,671	0.31	0.99
August	64,914,059	2,822,350	0.29	0.93
September	30,369,714	1,518,486	0.15	0.50
October	21,929,790	1,096,490	0.11	0.36
November	47,387,195	2,153,963	0.22	0.71
December (from 1 December up to the Last Trading Day)	29,242,627	2,658,421	0.27	0.87
December (from 20 to 30 December 2011) *(Note 4)*	150,971,236	21,567,319	2.20	7.10

Month/Period	Total trading volume	Average daily trading volume	Percentage of average daily trading volume for the month/ period to total number of issued Shares	Percentage of average daily trading volume for the month/ period to number of Shares held by the Non-Selling Shareholders
		(Note 1)	*(Note 2)*	*(Note 3)*
	Shares	*Shares*	*%*	*%*
		(approximately)	*(approximately)*	*(approximately)*
2012				
January (from 3 January 2012 to the Latest Practicable Date)	20,410,627	3,401,771	0.35	1.12
Pre Offer Period	839,979,201	3,243,163	0.33	1.07
Early Offer Period	171,381,863	13,183,220	1.34	4.34

Source of data: Website of the Stock Exchange

Notes:

1. Average daily trading volume is calculated by dividing the total trading volume for the month/period by the number of trading days during the month/period.

2. Based on the entire issued share capital of the Company of 982,250,000 Shares as at the Latest Practicable Date.

3. Based on a total of 303,820,000 issued Shares held by the Non-Selling Shareholders as at the Latest Practicable Date (assuming YGM has not received any of the 8,200,000 Additional Shares).

4. Trading in the Shares on the Stock Exchange was suspended on 16 December 2011 and 19 December 2011 pending the release of the Joint Announcement.

As shown in the chart and table above, during the Pre Offer Period from 1 December 2010 to the Last Trading Day, the average daily trading volume of the Shares for each month/period ranged from the lowest of 1,096,490 Shares (representing approximately 0.11% of the entire issued share capital of the Company and approximately 0.36% of the number of Shares held by the Non-Selling Shareholders) in October 2011 to the highest of 8,863,409 Shares (representing approximately 0.90% of the entire issued share capital of the Company and approximately 2.92% of the number of Shares held by the Non-Selling Shareholders) in December 2010. In addition, the average daily trading volume of the Shares for each month/period during the Pre Offer Period was lower than 1% of the total number of Shares, or lower than 2% of the total number of Shares held by the Non-Selling Shareholders (save for December 2010). On that basis, we consider that the liquidity of the Shares was consistently low during the Pre Offer Period.

The trading volume of the Shares increased substantially after the release of the Joint Announcement, comparing with the Pre Offer Period. The average daily trading volume of the Shares during the Early Offer Period from the day of resumption of trading in the Shares on the Stock Exchange amounted to approximately 13,183,220 Shares, representing approximately 1.34% of the total number of issued Shares and approximately 4.34% of the number of Shares held by the Non-Selling Shareholders. In particular, on the day of resumption of trading in the Shares on 20 December 2011, the trading volume of the Shares surged to 86,766,971 Shares, representing approximately 8.83% of the total number of issued Shares and approximately 28.56% of the number of Shares held by the Non-Selling Shareholders. Thereafter, (i) trading volume of the Shares dropped sharply by approximately 74.94% to 21,744,308 Shares on 21 December 2011, and dropped further by approximately 50.30% to 10,807,139 Shares on 22 December 2011; and (ii) from 22 December 2011 up to and including the Latest Practicable Date, daily trading volume of the Shares ranged from the lowest 502,123 Shares (representing approximately 0.05% of the total number of issued Shares and approximately 0.17% of the number of Shares held by the Non-Selling Shareholders) to 12,504,413 Shares (representing approximately 1.27% of the total number of issued Shares and approximately 4.12% of the number of Shares held by the Non-Selling Shareholders). We are of the view that the relatively high trading volume of the Shares during the Early Offer Period, when compared with that of the Pre Offer Period, could be attributable to the announcement of the Offer and the market speculation relating to the future prospects of the Group after the close of the Offer, and such level of trading volume may not be sustained in future. Although Non-Selling Shareholders may be able to sell part or all of their Shares in the market, there may be difficulties for the Independent Shareholders who hold relatively sizeable shareholdings to realise their entire holding of Shares in the market if they wish so in case the level of trading volume is not able to sustain in the future, and the disposal of a large volume of Shares by the Shareholders in the market during the same period may exert a downward pressure on the market price of the Shares.

3. Valuation of the Group

In assessing the fairness of the Offer Price, we have conducted a search of companies ("**Comparable Companies**") listed on the Stock Exchange with the following selection criteria: (i) the Comparable Companies' principal business includes manufacture, retail and wholesale of apparel and accessories under various brand names as described in their respective latest published annual reports or on the Stock Exchange's website; (ii) those listed companies who mainly engages in the manufacture and sale of apparels on an OEM basis are excluded as the Company's principal business on retail and wholesale of the apparel and accessories is not on an OEM basis; and (iii) those listed companies with a market capitalisation of less than HK$1,000,000,000 are excluded as they are relatively small in size by comparing to (a) the value of the Company of HK$2,652,075,000, being calculated based on the Offer Price of HK$2.70 per Share and 982,250,000 issued Shares as at the Latest Practicable Date; and (b) the market capitalisation of the Company of HK$2,632,430,000, being calculated based on the closing price of HK$2.68 per Share and 982,250,000 issued Shares as at the Latest Practicable Date. To the best of our knowledge, effort and endeavor and based on the above criteria and our search conducted on the website of the Stock Exchange, we consider the list of Comparable Companies is exhaustive and the Comparable Companies are fair and representative comparables to the Company. We have compared the respective valuation multiples, including price-to-earnings ratio ("**P/E Ratio**") and the price-to-book value ratio ("**P/B Ratio**") of the Comparable Companies, with the implied P/E Ratio and P/B Ratio of the Company at the Offer Price, details of which are set out in the table below:

Company Name	Stock Code	Principal activities	Market capitalisation	P/E Ratio	P/B Ratio
			(HK$ million) *(Note 1)*	*(times)* *(Note 2)*	*(times)* *(Note 3)*
Glorious Sun Enterprises Ltd.	393	Retailing, export and production of casual wear	2,648.54	7.29x	1.03x
Evergreen International Holdings Limited	238	Manufacturing and trading of clothing and clothing accessories	1,688.91	9.36x	0.98x
Esprit Holdings Ltd. *(Note 4)*	330	Wholesale and retail distribution and licensing of quality fashion and lifestyle products designed	14,014.15	177.39x	0.86x

Company Name	Stock Code	Principal activities	Market capitalisation *(HK$ million)* *(Note 1)*	P/E Ratio *(times)* *(Note 2)*	P/B Ratio *(times)* *(Note 3)*
Joyce Boutique Holdings Ltd.	647	Sales of designer fashion garments, cosmetics and accessories	1,153.04	8.69x	1.84x
Giordano International Ltd.	709	Retail and distribution of high quality, value-priced men's, women's and children's apparel and accessories	8,656.14	16.12x	3.59x
Trinity Ltd.	891	Retailing of high-end to luxury menswear and luxury fashion and accessories	9,242.39	27.12x	4.11x
I.T Ltd.	999	Sales of fashion wears and accessories	5,322.10	13.72x	2.72x
China Outfitters Holdings Ltd.	1146	Apparel design, manufacturing, marketing and sales company in the PRC with a focus on menswear including smart casual wear, outdoor casual wear, leisure wear and accessories	4,762.85	15.38x	5.57x
China Lilang Ltd.	1234	Design, source, manufacture and sell high-quality business and casual apparel for men	8,597.24	17.40x	3.92x

Company Name	Stock Code	Principal activities	Market capitalisation *(HK$ million)* *(Note 1)*	P/E Ratio *(times)* *(Note 2)*	P/B Ratio *(times)* *(Note 3)*
Goldlion Holdings Ltd.	533	Distribution and manufacturing of garments, leather goods and accessories and licensing of brand name; and investments in and development of properties in the PRC, Hong Kong and Singapore	2,848.13	7.11x	1.08x
Bosideng International Holdings Ltd	3998	Research, design and development, raw materials procurement, outsourced manufacturing, and marketing and distribution of branded down apparel products	19,217.64	12.71x	2.32x
Tristate Holdings Ltd	458	Garment manufacturing, garment trading and branded product distribution	1,080.54	5.49x	0.87x
Texwinca Holdings Ltd.	321	Production, dyeing and sale of knitted fabric and yarn, the retailing and distribution of casual apparel and accessory, the provision of franchise services, and the provision of repair and maintenance services for motor vehicles	12,251.21	9.74x	2.11x

Company Name	Stock Code	Principal activities	Market capitalisation *(HK$ million)* *(Note 1)*	P/E Ratio *(times)* *(Note 2)*	P/B Ratio *(times)* *(Note 3)*
Ports Design Ltd.	589	Design, manufacture and retail distribution of ladies' and men's fashion garments, and the sale of accessories in China and Hong Kong, under the brand name "PORTS INTERNATIONAL"	6,825.31	12.28x	3.29x
			Average *(Note 4)*	**12.49x**	**2.57x**
			Median	**12.28x**	**2.32x**
			Maximum *(Note 4)*	**27.12x**	**5.57x**
			Minimum *(Note 4)*	**5.49x**	**0.87x**
The Company	**Implied value of the Offer Price**		**2,652.08**	**11.09x**	**2.77x**

Source of data: Website of the Stock Exchange

Notes:

1. The market capitalisation of each Comparable Company was calculated based on the closing price per its share as at the Latest Practicable Date and the number of issued shares of such Comparable Company as at 31 December 2011, being the last update as quoted on the latest monthly return published by each Comparable Company on the website of the Stock Exchange before the Latest Practicable Date.

2. The P/E Ratio was calculated based on the market capitalisation of each Comparable Company as at the Latest Practicable Date as calculated in Note 1 above and its net profit attributable to shareholders for the latest financial year as extracted from its latest published annual report.

3. The P/B Ratio was calculated based on the market capitalisation of each Comparable Company as at the Latest Practicable Date as calculated in Note 1 above and its net assets as at the latest financial year end date/half year-end date as extracted from its latest published annual/interim report.

4. The calculation of the average, median, maximum and minimum P/E Ratio and P/B Ratio of the Comparable Companies excluded Esprit Holdings Ltd. as its P/E Ratio is exceptionally high due to a significant drop in the net profit attributable to its shareholders in relation to the closure of retail stores and the divestment of operations.

P/E Ratios and P/B Ratios analysis

As the Group is principally engaged in the design, marketing and retail and wholesale of apparel and accessories under various brand names and licensing of its proprietary trade mark and associated marks, we consider that the analysis of P/E Ratios is more meaningful than the analysis of P/B Ratios as P/B Ratios do not always take into account a company's certain intangible assets such as its brand name and other in-house created intellectual property. However, we include herewith the analysis of P/B Ratio for additional reference.

As set out in the above table, as at the Latest Practicable Date, the P/E Ratios of the Comparable Companies (excluding Esprit Holdings Ltd.) ranged from approximately 5.49 times to approximately 27.12 times ("**Comparable P/E Range**"), with an average and a median of approximately 12.49 times and 12.28 times respectively. In addition, the P/B Ratios of the Comparable Companies ranged from approximately 0.87 times to approximately 5.57 times ("**Comparable P/B Range**"), with an average and a median of approximately 2.57 times and 2.32 times respectively. The Offer Price of HK$2.70 per Share implies a P/E Ratio of 11.09 times for the Company, which is in line with the average and the median of the P/E Ratios of the Comparable Companies (excluding Esprit Holdings Ltd.) and lies within the Comparable P/E Range as at the Latest Practicable Date. Meanwhile, the implied P/B Ratio of the Company of 2.77 times is higher than the average and the median of the P/B Ratios of the Comparable Companies (excluding Esprit Holdings Ltd.) and lies within the Comparable P/B Range as at the Latest Practicable Date.

4. Financial performance and prospects of the Group

The Group is principally engaged in the design, marketing and retail and wholesale of apparel and accessories under various brand names including "Hang Ten" and licensing of its proprietary trade mark "Hang Ten" and associated marks.

A summary of the Group's financial information, comprising (i) a financial summary of the Group for each of the three years ended 31 March 2011 and the six months ended 30 September 2011; (ii) the Group's unaudited interim results for the six months ended 30 September 2011; and (iii) the Group's audited consolidated financial statements for the year ended 31 March 2011, is set out in Appendix II to the Composite Document.

As set out in the Company's annual report for the year ended 31 March 2011 ("**Annual Report**"), the turnover for the year ended 31 March 2011 increased by approximately 14.93% from approximately HK$2,056.44 million for the year ended 31 March 2010 to approximately HK$2,363.52 million. The gross profit also increased by approximately 17.41% to approximately HK$1,357.41 million in the same year. The profit attributable to the Shareholders for the year ended 31 March 2011 amounted to approximately HK$239.13 million, representing an increase of approximately 67.23% from approximately HK$143.00 million in the previous year. The Company considered that the improvement in the Group's operating results was mainly attributable to the economic conditions in the markets where the Group operates continued to improve and the Group had also strengthened its product design and adjusted its product mix during the year.

In addition, as set out in the Company's interim report for the six months ended 30 September 2011 ("**Interim Report**"), the turnover increased to approximately HK$1,175.60 million, representing an increase of approximately 13.23% comparing to the corresponding period of the previous year, as the sales generated from retail and distribution of apparel increased. The gross profit also increased by approximately 14.59% to approximately HK$679.25 million during the same period. The profit attributable to the Shareholders for the six months ended 30 September 2011 amounted to approximately HK$114.01 million, representing an increase of approximately 33.16% as compared to the corresponding period in the previous year.

The management of the Group further set out in the Annual Report that the Group will continue to expand its network and enhance its product design and development in order to provide attractive merchandise to its customers as well as allocate effort to strengthen the position of its brands and fine tune the product mix to improve the margins. In addition, the management of the Group considered that the major markets of the Group's products are Taiwan, South Korea, Singapore, Malaysia, the PRC, Hong Kong and Macau. Therefore, it was set out in the Interim Report that, with the intention to continue to benefit from the steady economic growth in Taiwan and South Korea, the Group will continue to expand its operation and penetrate further in these two markets. The Group will also continue to develop the PRC market in view of its vigorous consumer demand and undertake measures to improve the sales and efficiency of the Group's other markets, including Singapore, Malaysia, Hong Kong and Macau.

We also noted from the Letter from Citi that the Offeror is making the Offer with the intention to enter the growing segment of casual fashion apparel with mass appeal, and to increase its presence in key Asian markets including Taiwan, South Korea, the Mainland China and South East Asia. The Offeror intends to continue the Group's existing principal activities after closing of the Offer, subject to a continuing review of its operations and the development of a plan to realise synergies with the other operations of the Offeror Group, being the retailing of apparels in Hong Kong and the PRC and children's products in Hong Kong and South East Asia. Accordingly, if these synergies were realised after the Offer, there may be a positive impact on the enlarged group on their business going forward.

As the Group's business plan and the synergies effect mentioned above may or may not be realised in the future, those Independent Shareholders who are not confident in the future prospects of the Group following the close of the Offer are advised to consider realising part or all of their investments in the Shares by accepting the Offer, or by disposing of their Shares in the market if the market prices of the Shares exceed the Offer Price and the net proceeds from sale of Shares in the market exceed the amount receivable the Offer. Otherwise, Independent Shareholder who are confident in the future prospects of the Group may consider retaining part or all of their shareholding in the Company.

5. Information on the Offeror and its intention on the Group

As set out in the Letter from Citi, the Offeror is a company incorporated in the British Virgin Islands on 22 September 2011 with limited liability. As at the Latest Practicable Date, the Offeror is wholly and beneficially owned by Li & Fung (Retailing) Limited. Li & Fung (Retailing) Limited is an investment holding company for the retail businesses of its holding company, Li & Fung (1937) Limited, which in turn is a wholly-owned subsidiary of King Lun Holdings Limited. King Lun Holdings Limited is a company incorporated in the British Virgin Islands and is beneficially owned as to 50% by Dr. William Fung Kwok Lun and as to 50% by HSBC Trustee (C.I.) Limited as trustee of a trust established for the benefit of the family members of Dr. Victor Fung Kwok King. Dr. Victor Fung Kwok King and Dr. William Fung Kwok Lun are brothers.

The Offer is not related to any of the publicly listed entities in which the privately held Li & Fung (1937) Limited has interests, including Li & Fung Limited (Stock Code: 494), Trinity Limited (Stock Code: 891) and Convenience Retail Asia Limited (Stock Code: 831).

The principal activities of the Offeror Group are investment holding and the retailing of apparels in Hong Kong and the PRC and children's products in Hong Kong and South East Asia.

The Offeror is making the Offer with the intention to enter the growing segment of casual fashion apparel with mass appeal, and to increase its presence in key Asian markets including Taiwan, South Korea, Mainland China and South East Asia. In addition, the Offeror intends that the Group will continue its existing principal activities after closing of the Offer, subject to a continuing review of its operations and the development of a plan to realise synergies with the other operations of the Offeror Group. The Offeror does not intend to introduce any major changes to the existing operations and businesses of the Group. Subject to the result of the continuing review of the operations of the Group, the Offeror may explore other business opportunities and consider whether any acquisitions of assets and/or businesses or any other investments by the Group will be appropriate in order to enhance its growth. In view of the aforesaid, the Offeror is of the view that the Offer is in its long term commercial interest. The Offeror has no intention to discontinue the employment of the employees of the Group (save for a change in the composition of the Board) or to dispose of or deploy the fixed assets of the Group other than those in its ordinary course of business.

Since the Offeror's plan to synergise the respective businesses and operations of the Group and the Offeror Group may or may not be realised successfully in future, those Independent Shareholders who are not confident in the future prospects of the Group following the close of the Offer are advised to consider realising part or all of their investments in the Shares by accepting the Offer, or by disposing of their Shares in the market if the market prices of the Shares exceed the Offer Price and the net proceeds from sale of Shares in the market exceed the amount receivable the Offer. Otherwise, Independent Shareholder who are confident in the future prospects of the Group may consider retaining part or all of their shareholding in the Company.

6. Other Considerations

Compulsory acquisition or maintaining the listing status of the Company

Independent Shareholders shall note that as set out in the Letter from Citi, the Offeror intends to consider availing itself of the powers of compulsory acquisition under Section 102(1) of the Companies Act if the Offeror obtains the prescribed percentage of approval from holders of Shares approving the Offer as required by Section 102(1) of the Companies Act and is permitted to do so under Rule 2.11 of the Takeovers Code.

If the level of acceptances of the Offer reaches the prescribed level under Section 102(1) of the Companies Act and Rule 2.11 of the Takeovers Code permits a compulsory acquisition, and if the Offeror proceeds with the exercise of such compulsory acquisition rights and the privatisation of the Company, the Company will apply for the withdrawal of listing of the Shares from the Stock Exchange pursuant to Rule 6.15 of the Listing Rules and a suspension of dealings in the Shares from the close of the Offer up to the withdrawal of listing of Shares from the Stock Exchange.

In the event that the Offeror does not effect the compulsory acquisition of the remaining Shares, whether by reason of not having acquired the prescribed percentage as required under the Companies Act or otherwise, the Offeror may take such steps as are necessary to ensure, or procure the Company to take such steps as are necessary to ensure, that the Company maintains an adequate public float so as to comply with the applicable requirements of the Listing Rules.

However, Independent Shareholders shall note that upon the close of the Offer, there may be insufficient public float for the Shares, or if the Stock Exchange believes that a false market exists or may exist in the trading of the Shares or there are insufficient Shares in public hands to maintain an orderly market, then the Stock Exchange will consider exercising its discretion to suspend dealings in the Shares. In view of the sufficient public float requirement under the Listing Rules, each of the Offeror and the Company will undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares after closing of the Offer.

For further information about the compulsory acquisition or maintaining the listing status of the Company, please refer to the paragraph headed "Compulsory acquisition or maintaining the listing status of the Company" in the Letter from Citi in the Composite Document.

Given the Offeror's intention to consider availing itself of the powers of compulsory acquisition as set out above, and if the Offeror proceeds with the exercise of such compulsory acquisition rights and the privatisation of the Company pursuant to applicable rules and regulations, the Company will apply for withdrawal of listing of the Shares from the Stock Exchange and a suspension of dealings in the Shares from the close of the Offer up to the withdrawal of listing of Shares from the Stock Exchange, Independent Shareholders shall note that their Shares (in case they do not consider to accept the Offer) may be subject to compulsory acquisition and/or may not be able to deal on the Stock Exchange after close of the Offer in case there is a suspension of dealings as mentioned in the aforesaid circumstance.

Hong Kong Stamp duty

Independent Shareholders shall note that by accepting the Offer, they will be subject to seller's ad valorem stamp duty at a rate of 0.1% of the market value of the Shares or consideration payable by the Offeror in respect of the relevant acceptances of the Offer, whichever is higher. Such amount will be deducted from the amount payable to the relevant Shareholder on acceptance of the Offer.

RECOMMENDATION

Having considered the abovementioned principal factors and reasons, in particular that:

(i) during the Review Period, in particular during the Pre Offer Period, the Shares were in general traded at prices lower than the Offer Price for most of the time (the average daily closing prices of each month/period ranged from HK$1.49 to HK$2.32, with an overall average daily closing price of approximately HK$1.95 per Share, during the Pre Offer Period);

(ii) the Offer Price HK$2.70 per Share represents (i) a premium of approximately 58.82% over the closing price of HK$1.70 per Share as quoted on the Stock Exchange as at Last Trading Day, (ii) premiums of over 50% over the average closing prices of the Shares for the last 5, 10 and 30 consecutive trading days up to and including the Last Trading Day respectively, (iii) a premium of approximately 0.75% over the closing price of HK$2.68 per Share as quoted on the Stock Exchange on the Latest Practicable Date; and (iv) premiums of approximately 175.51% and 178.35% over the NAV as at 31 March 2011 and NAV as at 30 September 2011 respectively;

(iii) the low liquidity of the Shares during the Pre Offer Period (as demonstrated by the fact that the average daily trading volume of the Shares for each month/period during the Pre Offer Period was lower than 1% of the total number of Shares, or lower than 2% of the total number of Shares held by the Non-Selling Shareholders (save for December 2010)), while the relatively high level of the trading volume of the Shares during the Early Offer Period may be driven by the announcement of the Offer and may not be able to sustain in future after close or withdrawal or lapse of the Offer;

(iv) the Offer Price of HK$2.70 per Share implies a P/E Ratio of 11.09 times for the Company, which is in line with the average and the median of the P/E Ratios of the Comparable Companies (excluding Esprit Holdings Ltd.) and lies within the Comparable P/E Range as at the Latest Practicable Date; and

(v) the possible synergy effect that may or may not result with regard to the future development plan of the Group and the Offeror's intention to continue the Group's existing principal activities after closing of the Offer, subject to a continuing review to realise synergies with the other operations of the Offeror Group,

we are of the opinion that the terms of the Offer are fair and reasonable so far as the Independent Shareholders are concerned as a whole as the Offer provides the Independent Shareholders with an opportunity to realise part or all of their investment in the Shares at the Offer Price if they wish so. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to accept the Offer.

Those Independent Shareholders who are not confident in the future prospects of the Group and/or who would like to dispose part or all of their Shares before the close of the Offer are advised to closely monitor the market prices and the liquidity of the Shares during the Offer Period and, if the market prices of the Shares exceed the Offer Price and the net proceeds from sale of Shares in the market exceed the amount receivable under the Offer, they should consider selling their Shares in the market rather than accepting the Offer. On the other hand, those Independent Shareholders who are confident in the future prospects of the Group following the close of the Offer may consider retaining part or all of their shareholding in the Company.

Yours faithfully,
For and on behalf of
Celestial Capital Limited

Benson Chan	**Daphne Ng**	**Michael Lam**
Managing Director	*Managing Director*	*Executive Director*

1. PROCEDURES FOR ACCEPTANCE

To accept the Offer, you should complete and sign the Form of Acceptance in accordance with the instructions thereon, which instructions form part of the terms of the Offer.

If the Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title in respect of your Shares are in your name, and you wish to accept the Offer, you must send the duly completed relevant Form of Acceptance together with the relevant Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of the Shares which is/are in your name which you intend to accept the Offer by post or by hand, marked "Hang Ten Group Holdings Limited – Offer" on the envelope, to the Hong Kong Branch Registrar, Tricor Standard Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong as soon as possible, but in any event so as to reach the Hong Kong Branch Registrar not later than 4:00 p.m. on the First Closing Date or such later time and/or date as the Offeror may determine and announce in accordance with the Takeovers Code.

If the Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title in respect of your Shares is/are in the name of a nominee company or some name other than your own and you wish to accept the Offer whether in full or in respect of part of your holding of Shares, you must either:

(a) lodge your Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof), with the nominee company, or other nominee, and with instructions authorising it to accept the Offer on your behalf and requesting it to deliver the relevant Form of Acceptance duly completed together with the relevant Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Hong Kong Branch Registrar; or

(b) arrange for the Shares to be registered in your name by the Company through the Hong Kong Branch Registrar and send the relevant Form of Acceptance duly completed and signed together with the relevant Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Hong Kong Branch Registrar; or

(c) if your Shares have been lodged with your licensed securities dealer/custodian bank through CCASS, instruct your licensed securities dealer/custodian bank to authorise HKSCC Nominees Limited to accept the Offer on your behalf on or before the deadline set by HKSCC Nominees Limited. In order to meet the deadline set by HKSCC Nominees Limited, you should check with your licensed securities dealer/custodian bank for the timing on processing of your instruction, and submit your instruction to your licensed securities dealer/custodian bank as required by them; or

(d) if your Shares have been lodged with your Investor Participant's Account with CCASS, authorise your instruction via the CCASS Phone System or CCASS Internet System on or before the deadline set by HKSCC Nominees Limited.

If the Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are not readily available and/or is/are lost, as the case may be, and you wish to accept the Offer, the Form of Acceptance should nevertheless be completed and delivered to the Hong Kong Branch Registrar together with a letter stating that you have lost one or more of your Share certificate(s) and/or transfer receipts and/or other document(s) of title or that it/they is/are not readily available. If you find such document(s) or if it/they become available, it/they should be forwarded to the Hong Kong Branch Registrar as soon as possible thereafter. If you have lost your Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title, you should also write to the Hong Kong Branch Registrar a letter of indemnity which, when completed in accordance with the instruction given, should be returned to the Hong Kong Branch Registrar.

If you have lodged transfer(s) of any of your Shares for registration in your name and have not yet received your Share certificate(s), and you wish to accept the Offer, you should nevertheless complete the Form of Acceptance and deliver it to the Hong Kong Branch Registrar together with the transfer receipt(s) duly signed by yourself. Such action will be deemed to be an irrevocable authority to any of Citi and/or, the Offeror or their respective agent(s) to collect from the Company or the Hong Kong Branch Registrar on your behalf the relevant Share certificate(s) when issued and to deliver such Share certificates to the Hong Kong Branch Registrar and to authorise and instruct the Hong Kong Branch Registrar to hold such Share certificate(s), subject to the terms and conditions of the Offer, as if it/they was/were delivered to the Hong Kong Branch Registrar with the relevant Form of Acceptance.

Acceptance of the Offer may not be counted as valid unless:

(a) it is received by the Hong Kong Branch Registrar on or before the latest time for acceptance on the First Closing Date at 4:00 p.m. (or such later time and/or date as the Offeror may determine and announce with the consent of the Executive) and the Hong Kong Branch Registrar has recorded that the acceptance and any relevant documents required under paragraph (b) below have been so received; and

(b) the Form of Acceptance is duly completed and is: (i) accompanied by Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of the relevant Shares and, if that/those Share certificate(s) is/are not in your name, such other documents (e.g. a duly stamped transfer of the relevant Shares in blank or in favour of the acceptor executed by the registered holder) in order to establish your right to become the registered holder of the relevant Shares; or (ii) from a registered Shareholder or his personal representatives (but only up to the amount of the registered holding and only to the extent that the acceptance relates to the Shares which are not taken into account under the other subparagraph of this paragraph (b)); or (iii) certified by the Hong Kong Branch Registrar or the Stock Exchange.

If the Form of Acceptance is executed by a person other than the registered Shareholder, appropriate documentary evidence of authority (e.g. grant of probate or certified copy of a power of attorney) to the satisfaction of the Hong Kong Branch Registrar must be produced.

No acknowledgement of receipt of any Form of Acceptance, Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) will be given.

The address of the Hong Kong Branch Registrar is Tricor Standard Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong.

2. SETTLEMENT

Provided that the Form of Acceptance and relevant Share certificate(s) and/or transfer receipt(s) and/or any document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) are in complete and good order and have been received by the Hong Kong Branch Registrar by not later than 4:00 p.m. on the First Closing Date being the latest time for acceptance of the Offer (or such later time and/or date as the Offeror may determine and announce with the consent of the Executive) and the Offer has become or been declared unconditional in all respects, a cheque for the amount due to the accepting Shareholders in respect of the Shares tendered by them under the Offer, less seller's ad valorem stamp duty payable by them, will be despatched to the accepting Shareholders to the addresses specified on the Form of Acceptance by ordinary post at their own risk as soon as possible but in any event within 10 days of the later of the date on which the Offer becomes or is declared unconditional in all respects and the date on which all the relevant documents are received by the Hong Kong Branch Registrar to render such acceptance under the Offer complete and valid.

Settlement of the consideration to which any accepting Shareholder(s) is/are entitled under the Offer will be implemented in full in accordance with the terms of the Offer, without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such accepting Shareholder(s).

3. ACCEPTANCE PERIOD AND REVISIONS

Unless the Offer has previously been revised, the latest time and date for acceptance will be 4:00 p.m. on the First Closing Date. The Offeror reserves the right to revise the Offer after the despatch of this Composite Document until such day as it may determine and in accordance with the Takeovers Code. If the Offeror revises its terms, all Shareholders, whether or not they have already accepted the Offer, will be entitled to accept the revised Offer under the revised terms.

If the Offer is revised, the announcement of such revision will state the next closing date. If the Offer is revised, it will remain open for acceptance for a period of not less than 14 days from the posting of the revised offer document.

In order to be valid, the Form of Acceptance for the Offer must be received by the Hong Kong Branch Registrar in accordance with the instructions printed thereon by 4:00 p.m. on the First Closing Date.

If the First Closing Date is extended, any reference in this Composite Document and in the Form of Acceptance to the First Closing Date shall, except where the context otherwise requires, be deemed to refer to the First Closing Date of the Offer as so extended.

4. ANNOUNCEMENTS

By 6:00 p.m. on the First Closing Date of the Offer, or such later time and/or date as the Executive may in exceptional circumstances permit, the Offeror must inform the Executive and the Stock Exchange of its decisions in relation to revision, extension, expiry or unconditionality of the Offer. The Offeror shall publish an announcement to be posted on the Stock Exchange's website by 7:00 p.m. on the First Closing Date stating whether the Offer has been revised or extended, or has expired or has become or been declared unconditional (and, in such case, whether as to acceptances or in all respects). The announcement shall specify the number of Shares and rights over Shares, (a) for which valid acceptances have been received; (b) held, controlled or directed by the Offeror or persons acting in concert with it before the Offer Period; and (c) acquired or agreed to be acquired by the Offeror or any person acting in concert with it during the Offer Period. The announcement must include details of any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company which the Offeror or any person acting in concert with it has borrowed or lent, save for any borrowed Shares which have been either on-lent or sold.

The announcement must specify the percentages of the relevant classes of share capital, and the percentages of voting rights of the Company, represented by these numbers of Shares.

5. RIGHT OF WITHDRAWAL

(a) Acceptance of the Offer tendered by the Shareholders shall be irrevocable and cannot be withdrawn, except in the circumstances set out in (b) below or in compliance with Rule 17 of the Takeovers Code which provides that an acceptor shall be entitled to withdraw his/her/its acceptance after 21 days from the First Closing Date if the Offer has not by then become unconditional as to acceptances.

(b) If the Offeror is unable to comply with the requirements set out in the paragraph headed "Announcements" in this Appendix I, the Executive may require that the Shareholders who have tendered acceptances to the Offer be granted a right of withdrawal on terms that are acceptable to the Executive until the requirements set out in that paragraph are met.

(c) If an accepting Shareholder withdraws his/her/its acceptance, the Offeror shall, as soon as possible but in any event within 10 days thereof, return to the relevant Shareholder, by ordinary post and at the risk of the Shareholder, the Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of the Shares lodged with the Form of Acceptance.

6. STAMP DUTY

Seller's ad valorem stamp duty (as prescribed under the Stamp Duty Ordinance, Chapter 117 of the Laws of Hong Kong) at a rate of 0.1% of the market value of the Shares or the consideration payable by the Offeror in respect of the relevant acceptances of the Offer, whichever is higher, will be deducted from the amount payable to the relevant Shareholder on acceptance of the Offer. The Offeror will arrange for payment of the stamp duty on behalf of accepting Shareholders in connection with the acceptance of the Offer and the transfer of the Shares.

7. TAXATION

The Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the tax implications of their accepting the Offer. It is emphasised that none of the Offeror, Citi or any of their respective directors or any persons involved in the Offer accepts any responsibility for any tax effects on, or liabilities of, any person or persons as a result of their acceptances of the Offer.

8. OVERSEAS HOLDERS OF THE SHARES

The making of the Offer to persons with a registered address in jurisdictions outside Hong Kong may be prohibited or affected by the laws of the relevant jurisdiction. Shareholders who are citizens or residents or nationals of jurisdictions outside Hong Kong should obtain appropriate legal advice on, or be informed themselves about and observe any applicable regulatory or legal requirement. It is the responsibility of each person who wishes to accept the Offer to satisfy himself, herself or itself as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required, the compliance with other necessary formalities, regulatory or legal requirements and the payment of any transfer or cancellation or other taxes or duties due in respect of such jurisdiction.

9. GENERAL

(i) Acceptance of the Offer by any person or persons holding Shares will be deemed to constitute a warranty by such person or persons to the Offeror that the Shares acquired under the Offer are sold by any such person or persons free from all liens, charges, encumbrances, rights of pre-emption and any other third party rights of any nature and together with all rights attaching to them as at the First Closing Date or subsequently becoming attached to them, including the right to receive in full all dividends and other distributions, if any, declared, made or paid on or after the First Closing Date.

(ii) All communications, notices, Form of Acceptance, Share certificates, transfer receipts, other documents of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and remittances to be delivered by or sent to or from the Shareholders will be delivered by or sent to or from them, or their designated agents, through post at their own risk, and none of the Offeror, the Company, Citi or the Hong Kong Branch Registrar or any of their respective agents or any person involved in the Offer, accepts any liability for any loss in postage or any other liabilities that may arise as a result thereof.

(iii) The provisions set out in the Form of Acceptance form part of the terms of the Offer.

(iv) The accidental omission to despatch this Composite Document and/or the Form of Acceptance to any person to whom the Offer are made will not invalidate the Offer in any way.

(v) The Offer and all acceptances will be governed by and construed in accordance with the laws of Hong Kong.

(vi) Due execution of a Form of Acceptance in accordance with Note 1 to Rule 30.2 of the Takeovers Code will constitute an authority to the Offeror, any director of the Offeror, Citi or such person or persons as the Offeror may direct, to complete and execute any document on behalf of the person or persons accepting the Offer and to do any other act that may be necessary or expedient for the purposes of vesting in the Offeror, or such person or persons as it may direct, the Shares in respect of which such person or persons has/have accepted the Offer.

(vii) References to the Offer in this Composite Document and in the Form of Acceptance shall include any revision thereof.

(viii) The English text of this Composite Document and of the Form of Acceptance shall prevail over their respective Chinese text.

1. FINANCIAL SUMMARY FOR THE THREE YEARS ENDED 31 MARCH 2009, 2010, 2011 AND THE SIX MONTHS ENDED 30 SEPTEMBER 2011

The following is a summary of the financial results of the Group extracted from the annual reports of the Company for each of the three years ended 31 March 2009, 2010, 2011 and the interim report of the Company for the six months ended 30 September 2011. There was no extraordinary nor exceptional item due to size, nature or incidence for the three years ended 31 March 2009, 2010 and 2011 and the six months ended 30 September 2011. The auditor's reports issued by KPMG in respect of the Group's consolidated financial statements for each of the three years ended 31 March 2009, 2010 and 2011 did not contain any qualification.

(i) Results

	Six months ended 30 September	Year ended 31 March		
	2011	**2011**	**2010**	**2009**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Turnover	1,175,596	2,363,515	2,056,440	2,008,025
Profit before taxation	132,695	283,701	181,747	103,172
Income tax	(18,682)	(44,638)	(40,590)	(23,195)
Profit for the period/ year	114,013	239,063	141,157	79,977
Profit attributable to:				
Equity shareholders of the Company	114,013	239,133	142,995	82,947
Non-controlling interests	–	(70)	(1,838)	(2,970)
	114,013	239,063	141,157	79,977
Dividends	24,556	98,225	54,024	39,290
Dividends per share	2.50 cents	10.00 cents	5.50 cents	4.00 cents
Earnings per share (basic and diluted)	11.61 cents	24.35 cents	14.56 cents	8.44 cents

(ii) Assets and Liabilities

	As at 30 September 2011	As at 31 March 2011	2010	2009
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Total assets	1,408,795	1,409,430	1,255,154	1,061,708
Total liabilities	(453,055)	(450,278)	(492,838)	(464,502)
Net assets	955,740	959,152	762,316	597,206

2. AUDITED FINANCIAL STATEMENTS

The following is the audited consolidated financial statements of the Group for the year ended 31 March 2011 as extracted from the annual report of the Company for the year ended 31 March 2011.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2011
(Expressed in Hong Kong dollars)

	Note	**2011** *$'000*	**2010** *$'000*
Turnover	*3*	2,363,515	2,056,440
Cost of sales		(1,006,103)	(900,293)
Gross profit		1,357,412	1,156,147
Other revenue	*4*	32,319	36,731
Other net income	*4*	21,958	65,844
Selling expenses		(973,540)	(875,935)
Administrative expenses		(140,745)	(120,024)
Other operating expenses		(5,312)	(72,090)
Profit from operations		292,092	190,673
Finance costs	*5(a)*	(8,391)	(8,926)
Profit before taxation	*5*	283,701	181,747
Income tax	*6(a)*	(44,638)	(40,590)
Profit for the year		239,063	141,157
Attributable to:			
Equity shareholders of the Company	*9*	239,133	142,995
Non-controlling interests		(70)	(1,838)
Profit for the year		239,063	141,157
Earnings per share	*10*		
Basic and diluted		24.35 cents	14.56 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2011
(Expressed in Hong Kong dollars)

	2011	2010
	$'000	*$'000*
Profit for the year	239,063	141,157
Other comprehensive income for the year		
Exchange differences on translation of financial statements of subsidiaries	32,598	63,243
Reserves realised on disposal of subsidiaries	(1,156)	–
Total comprehensive income for the year	270,505	204,400
Attributable to:		
Equity shareholders of the Company	273,126	206,075
Non-controlling interests	(2,621)	(1,675)
Total comprehensive income for the year	270,505	204,400

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2011

(Expressed in Hong Kong dollars)

	Note	2011 $'000	2010 $'000
Non-current assets			
Fixed assets	11		
– Investment properties		54,138	50,873
– Other property, plant and equipment		87,810	125,421
		141,948	176,294
Goodwill	12	71,940	74,038
Intangible assets	14	114,867	115,309
Other receivables	17	39,302	44,140
Deferred tax assets	24(b)	25,328	23,536
		393,385	433,317
Current assets			
Investments	15	105,957	84,475
Inventories	16	307,804	245,360
Trade and other receivables	17	219,226	216,638
Amounts due from related companies	23	147	248
Cash and cash equivalents	19	382,911	275,116
		1,016,045	821,837
Current liabilities			
Bank loans	20	17,154	17,123
Loans from shareholders	25	127,182	–
Trade and other payables	21	209,734	255,845
Amounts due to shareholders	23	12,757	8,631
Current taxation	24(a)	60,062	49,942
		426,889	331,541
Net current assets		589,156	490,296
Total assets less current liabilities		982,541	923,613

	Note	2011 $'000	2010 $'000
Non-current liabilities			
Loans from shareholders	*25*	–	127,182
Loan from a non-controlling shareholder	*26*	–	3,048
Deferred income	*27*	18,302	27,453
Employee benefits	*22(a)*	5,087	3,614
		23,389	161,297
NET ASSETS		959,152	762,316
CAPITAL AND RESERVES			
Share capital	*28(c)*	98,225	98,225
Reserves		860,927	661,470
Total equity attributable to equity shareholders of the Company		959,152	759,695
Non-controlling interests		–	2,621
TOTAL EQUITY		959,152	762,316

STATEMENT OF FINANCIAL POSITION

At 31 March 2011

(Expressed in Hong Kong dollars)

	Note	2011 $'000	2010 $'000
Non-current assets			
Investments in subsidiaries	13	236,644	236,644
Current assets			
Trade and other receivables	17	129	132
Amount due from subsidiary	18	124,080	58,163
Cash and cash equivalents	19	119	101
		124,328	58,396
Current liabilities			
Trade and other payables	21	1,241	1,233
Amount due to subsidiary	18	30,074	10,694
		31,315	11,927
Net current assets		93,013	46,469
NET ASSETS		329,657	283,113
CAPITAL AND RESERVES	28(a)		
Share capital		98,225	98,225
Reserves		231,432	184,888
TOTAL EQUITY		329,657	283,113

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2011

(Expressed in Hong Kong dollars)

	Attributable to equity shareholders of the Company								
	Share capital *(note 28(c))* $'000	Share premium *(note 28(d)(i))* $'000	Contributed surplus *(note 28(d)(ii))* $'000	Exchange reserve *(note 28(d)(iii))* $'000	Legal reserve *(note 28(d)(iv))* $'000	Retained profits $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
Balance at 1 April 2009	98,225	11,920	44,538	(72,849)	8,269	502,807	592,910	4,296	597,206
Changes in equity:									
Profit for the year	–	–	–	–	–	142,995	142,995	(1,838)	141,157
Other comprehensive income	–	–	–	63,080	–	–	63,080	163	63,243
Total comprehensive income	–	–	–	63,080	–	142,995	206,075	(1,675)	204,400
Dividends approved in respect of the previous year *(note 28(b)(ii))*	–	–	–	–	–	(39,290)	(39,290)	–	(39,290)
Transfer to legal reserve	–	–	–	–	946	(946)	–	–	–
Balance at 31 March 2010	98,225	11,920	44,538	(9,769)	9,215	605,566	759,695	2,621	762,316
Balance at 1 April 2010	98,225	11,920	44,538	(9,769)	9,215	605,566	759,695	2,621	762,316
Changes in equity:									
Profit for the year	–	–	–	–	–	239,133	239,133	(70)	239,063
Other comprehensive income	–	–	–	33,993	–	–	33,993	(2,551)	31,442
Total comprehensive income	–	–	–	33,993	–	239,133	273,126	(2,621)	270,505
Dividends approved in respect of the previous year *(note 28(b)(ii))*	–	–	–	–	–	(54,024)	(54,024)	–	(54,024)
Dividends declared in respect of the current year *(note 28(b)(i))*	–	–	–	–	–	(19,645)	(19,645)	–	(19,645)
Transfer to legal reserve	–	–	–	–	1,382	(1,382)	–	–	–
Balance at 31 March 2011	98,225	11,920	44,538	24,224	10,597	769,648	959,152	–	959,152

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 March 2011

(Expressed in Hong Kong dollars)

	Note	2011 *$'000*	2010 *$'000*
Operating activities			
Cash generated from operations	*19(b)*	210,091	226,847
Overseas tax paid		(36,488)	(20,799)
Net cash generated from operating activities		173,603	206,048
Investing activities			
Payment for the purchase of property, plant and equipment		(32,153)	(27,675)
Proceeds from disposal of property, plant and equipment		39,667	10,970
Proceeds from disposal of intangible assets		–	22,633
Payment for the purchase of listed funds		(75,611)	(93,890)
Proceeds from disposal of listed funds		61,831	74,712
Proceeds from disposals of subsidiaries, net of cash disposed of $520,000		3,147	–
Interest received		6,911	5,980
Net cash generated from/(used in) investing activities		3,792	(7,270)
Financing activities			
Interest paid		(8,391)	(8,926)
Proceeds from new bank loans		19,088	12,089
Repayment of bank loans		(19,264)	(30,871)
Dividends paid to equity shareholders of the Company		(73,669)	(39,290)
Net cash used in financing activities		(82,236)	(66,998)
Net increase in cash and cash equivalents		95,159	131,780
Cash and cash equivalents at the beginning of the year		275,116	131,998
Effect of foreign exchange rate changes		12,636	11,338
Cash and cash equivalents at the end of the year	*19(a)*	382,911	275,116

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

1 SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("the Listing Rules"). A summary of the significant accounting policies adopted by the Group is set out below.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group and the Company. Note 2 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 March 2011 comprise the Company and its subsidiaries (together referred to the "Group").

The measurement basis used in the preparation of the financial statements is the historical cost basis except that the financial instruments classified as financial assets through profit or loss are stated at their fair values as explained in note 1(e).

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised 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.

Judgements made by management in the application of HKFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 37.

(c) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances and transactions and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Non-controlling interests (previously known as "minority interests") represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at their proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated income statement and the consolidated statement of comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity shareholders of the Company. Loans from holders of non-controlling interests and other contractual obligations towards these holders are presented as financial liabilities in the consolidated statement of financial position in accordance with notes 1(m) or (n) depending on the nature of the liability.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset or, when appropriate, the cost on initial recognition of an investment in an associate or jointly controlled entity.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see note 1(j)).

(d) Goodwill

Goodwill represents the excess of

(i) the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the Group's previously held equity interest in the acquiree; over

(ii) the net fair value of the acquiree's identifiable assets and liabilities measured as at the acquisition date.

When (ii) is greater than (i), then this excess is recognised immediately in profit or loss as a gain on a bargain purchase.

Goodwill is stated at cost less accumulated impairment losses. Goodwill arising on a business combination is allocated to each cash-generating unit, or groups of cash-generating units, that is expected to benefit from the synergies of the combination and is tested annually for impairment (see note 1(j)).

On disposal of a cash-generating unit during the year, any attributable amount of purchased goodwill is included in the calculation of the profit or loss on disposal.

(e) Investments in equity securities

Investments in equity securities classified as financial assets through profit or loss are classified as current assets and initially stated at fair value, which is their transaction price. Any attributable transaction costs are recognised in profit or loss as incurred. At the end of each reporting period, the fair value is remeasured, with any resultant gain or loss being recognised in profit or loss. The net gain or loss recognised in profit or loss does not include any dividends or interest earned on these investments as these are recognised in accordance with the policies set out in notes 1(s)(v) and (vi).

Investments are recognised/derecognised on the date the Group commits to purchase/sell the investments or they expire.

(f) Investment properties

Investment properties are land and/or buildings which are owned or held under a leasehold interest to earn rental income and/or for capital appreciation. These include land held for a currently undetermined future use and property that is being constructed or developed for future use as investment property.

Investment properties are stated at cost less accumulated depreciation and impairment losses (see note 1(j)).

Depreciation is calculated to write off the cost of investment properties, less their estimated residual value, if any, using straight-line method over the shorter of the unexpired term of lease and their estimated useful lives, being no more than 50 years.

Both the useful life of an investment property and its residual value, if any, are reviewed annually.

Gains or losses arising from the retirement or disposal of an investment property is determined as the difference between the net disposal proceeds and the carrying amount of the investment properties and are recognised in profit or loss on the date of retirement or disposal.

Rental income from investment properties is accounted for as described in note 1(s)(iii).

(g) Other property, plant and equipment

Other property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see note 1(j)).

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight-line method over their estimated useful lives as follows:

– Freehold land is not depreciated.

– Buildings situated on freehold land are depreciated over their estimated useful lives of 40 to 55 years after the date of completion.

– Leasehold improvements	2 to 5 years
– Motor vehicles	5 years
– Furniture, fixtures and other property, plant and equipment	2 to 5 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

(h) Intangible assets (other than goodwill)

Intangible assets that are acquired by the Group are stated at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses (see note 1(j)).

Amortisation of intangible assets with finite useful lives is charged to profit or loss on a straight-line basis over the assets' estimated useful lives. Retail network with finite useful life is amortised from the date it is available for use over its estimated useful life of 6.5 years.

Both the period and method of amortisation are reviewed annually.

Intangible assets are not amortised while their useful lives are assessed to be indefinite. Any conclusion that the useful life of an intangible asset is indefinite is reviewed annually to determine whether events and circumstances continue to support the indefinite useful life assessment for that asset. If they do not, the change in the useful life assessment from indefinite to finite is accounted for prospectively from the date of change and in accordance with the policy for amortisation of intangible assets with finite useful lives as set out above.

(i) Operating lease charges

Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases.

Where the Group has the use of assets held under operating leases, payments made under the leases are charged to profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

(j) Impairment of assets

(i) Impairment of investments in subsidiaries and receivables

Investments in subsidiaries that are stated at cost in the Company's statement of financial position and other current and non-current receivables that are stated at cost or amortised cost are reviewed at the end of each reporting period to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to the attention of the Group about one or more of the following loss events:

– significant financial difficulty of the debtor;

– a breach of contract, such as a default or delinquency in interest or principal payments;

– it becoming probable that the debtor will enter bankruptcy or other financial reorganisation; and

– significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor.

If any such evidence exists, any impairment loss is determined and recognised as follows:

– For investments in subsidiaries, the impairment loss is measured by comparing the recoverable amount of the investment with its carrying amount in accordance with note 1(j)(ii). The impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount in accordance with note 1(j)(ii).

– For trade and other receivables carried at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material. This assessment is made collectively where financial assets carried at amortised cost share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for financial assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective group.

If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognised in respect of trade debtors and royalty receivables included within trade and other receivables, whose recovery is considered doubtful but not remote. In this case, the impairment losses for doubtful debts are recorded using an allowance account. When the Group is satisfied that recovery is remote, the amount considered irrecoverable is written off against trade debtors and royalty receivables directly and any amounts held in the allowance account relating to that debt are reversed.

Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

(ii) Impairment of other assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or, except in the case of goodwill, an impairment loss previously recognised no longer exists or may have decreased:

– investment properties;

– other property, plant and equipment;

– intangible assets; and

– goodwill.

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill and intangible assets that have indefinite useful lives, the recoverable amount is estimated annually whether or not there is any indication of impairment.

– *Calculation of recoverable amount*

The recoverable amount of an asset is the greater of its fair value less costs to sell and value in use. 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. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

– *Recognition of impairment losses*

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs to sell, or value in use, if determinable.

– *Reversals of impairment losses*

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

(iii) Interim financial reporting and impairment

Under the Listing Rules, the Group is required to prepare an interim financial report in compliance with HKAS 34, *Interim financial reporting*, in respect of the first six months of the financial year. At the end of the interim period, the Group applies the same impairment testing, recognition, and reversal criteria as it would at the end of the financial year (see notes 1(j)(i) and (ii)).

Impairment losses recognised in an interim period in respect of goodwill are not reversed in a subsequent period. This is the case even if no loss, or a smaller loss, would have been recognised had the impairment been assessed only at the end of the financial year to which the interim period relates.

(k) Inventories

Inventories are carried at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost formula and comprises all costs of purchase and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

(l) Trade and other receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost less allowance for impairment of doubtful debts (see note 1(j)), except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of doubtful debts.

(m) Interest-bearing borrowings (including loans from shareholders)

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in profit or loss over the period of the borrowings, together with any interest and fees payable, using the effective interest method.

(n) Trade and other payables (including loan from a non-controlling shareholder)

Trade and other payables are initially recognised at fair value. Except for financial guarantee liabilities measured in accordance with note 1(r)(i), trade and other payables are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(o) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition.

(p) Employee benefits

(i) Short term employee benefits and contributions to defined contribution retirement plans

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(ii) Defined benefit retirement plan obligations

Prior to 1 July 2005, the Group's Taiwan subsidiaries participated in a central pension scheme ("Old Scheme") providing benefits to all of their employees in accordance with the Labour Standards Law. With effect from 1 July 2005, certain employees of the Taiwan subsidiaries may choose to and have been transferred to a defined contribution scheme ("New Scheme") governed by the Labour Pension Act.

Under the Old Scheme, the Group has an obligation to ensure that there are sufficient funds in the scheme to pay the benefits earned for the service years of all employees covered before transfer to the New Scheme and the subsequent service period of employees that chose to continue to participate in the Old Scheme. The Group currently contributes at 2% of the total salaries of participating employees as determined and approved by the relevant government authorities. The contributions are placed with the Central Trust of China, a government institution.

The Group's net obligation in respect of the Old Scheme is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine the present value and the fair value of any plan assets is deducted. The calculation is performed by a qualified actuary using the projected unit credit method.

When the benefits of the Old Scheme are improved, the portion of the increased benefit relating to past service by employees is recognised as an expense in profit or loss on a straight-line basis over the average period until the benefits become vested. If the benefits vest immediately, the expense is recognised immediately in profit or loss.

In calculating the Group's obligation in respect of the Old Scheme, if any cumulative unrecognised actuarial gain or loss exceeds ten percent of the greater of the present value of the pension scheme obligation and the fair value of plan assets, that portion is recognised in profit or loss over the expected average remaining working lives of the employees participating in the Old Scheme. Otherwise, the actuarial gain or loss is not recognised.

Where the calculation of the Group's net obligation results in a negative amount, the asset recognised is limited to the net total of any cumulative unrecognised net actuarial losses and past service costs and the present value of any future refunds from the scheme or reductions in future contributions to the scheme.

Under the New Scheme, the Taiwan subsidiaries contribute at 6% of the total salaries of participating employees that chose to participate in the New Scheme, deposited into individual pension accounts at the Bureau of Labour Insurance.

(q) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

– in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

– in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

  – the same taxable entity; or

  – different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

(r) Financial guarantees issued, provisions and contingent liabilities

(i) Financial guarantees issued

Financial guarantees are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee ("the holder") for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Where the Group issues a financial guarantee, the fair value of the guarantee (being the transaction price, unless the fair value can otherwise be reliably estimated) is initially recognised as deferred income within trade and other payables. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Group's policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in profit or loss on initial recognition of any deferred income.

The amount of the guarantee initially recognised as deferred income is amortised in profit or loss over the term of the guarantee as income from financial guarantees issued. In addition, provisions are recognised in accordance with note 1(r)(ii) if and when (i) it becomes probable that the holder of the guarantee will call upon the Group under the guarantee, and (ii) the amount of that claim on the Group is expected to exceed the amount currently carried in trade and other payables in respect of that guarantee i.e. the amount initially recognised, less accumulated amortisation.

(ii) Other provisions and contingent liabilities

Provisions are recognised for other liabilities of uncertain timing or amount when the Group or the Company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(s) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

(i) Sale of goods

Revenue is recognised when goods are delivered to the customers which is taken to be the point in time when the customer has accepted the goods and the related risks and rewards of ownership. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

(ii) Royalty income

Royalty income is recognised in accordance with the substance of the relevant agreements.

(iii) Rental income from operating leases

Rental income receivable under operating leases is recognised in profit or loss in equal instalments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable. Contingent rentals are recognised as income in the accounting period in which they are earned.

(iv) Management fee income

Management fee income is recognised when the services are rendered.

(v) Dividends

Dividend income from unlisted investments is recognised when the shareholder's right to receive payment is established.

Dividend income from listed investments is recognised when the share price of the investment goes ex-dividend.

(vi) Interest income

Interest income is recognised as it accrues using the effective interest method.

(t) Translation of foreign currencies

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's subsidiaries are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The presentation and functional currency of the Company are Hong Kong dollars and the United States dollars respectively.

(ii) Translation

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates.

The results of foreign operations are translated into Hong Kong dollars at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Statement of financial position items, including goodwill arising on consolidation of foreign operations acquired on or after 1 April 2005, are translated into Hong Kong dollars at the foreign exchange rates ruling at the end of the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve. Goodwill arising on consolidation of a foreign operation acquired before 1 April 2005 is translated at the foreign exchange rate that applied at the date of acquisition of the foreign operation.

On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation is reclassified from equity to profit or loss when the profit or loss on disposal is recognised.

(u) Borrowing costs

Borrowing costs are expensed in the period in which they are incurred.

(v) Related parties

For the purposes of these financial statements, a party is considered to be related to the Group if:

(i) the party has the ability, directly or indirectly through one or more intermediaries, to control the Group or exercise significant influence over the Group in making financial and operating policy decisions, or has joint control over the Group;

(ii) the Group and the party are subject to common control;

(iii) The party is an associate of the Group or a joint venture in which the Group is a venturer;

(iv) the party is a member of key management personnel of the Group or the Group's parent, or a close family member of such an individual, or is an entity under the control, joint control or significant influence of such individuals;

(v) the party is a close family member of a party referred to in (i) or is an entity under the control, joint control or significant influence of such individuals; or

(vi) the party is a post-employment benefit plan which is for the benefit of employees of the Group or of any entity that is a related party of the Group.

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

(w) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

2 CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued two revised HKFRSs, a number of amendments to HKFRSs and two new Interpretations that are first effective for the current accounting period of the Group and the Company. Of these, the following developments are relevant to the Group's financial statements:

– HKFRS 3 (revised 2008), *Business combinations*

– Amendments to HKAS 27, *Consolidated and separate financial statements*

– Improvements to HKFRSs (2009)

– HK (Int) 5, *Presentation of Financial Statements – Classification by the Borrower of a Term Loan that contains a Repayment on Demand Clause*

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

The issuance of HK (Int) 5 has had no material impact on the Group's financial statements as the Interpretation's conclusion was consistent with the policy already adopted by the Group. The other developments resulted in changes in accounting policy but none of these changes in policy have a material impact on the current or comparative periods, for the following reason:

– The impact of the amendments to HKFRS 3 (in respect of recognition of acquiree's deferred tax assets) and HKAS 27 (in respect of allocation of losses to non-controlling interests (previously known as minority interests) in excess of their equity interest) have had no material impact as there is no requirement to restate amounts recorded in previous periods.

Other change in accounting policy which is relevant to the Group's financial statements is as follow:

– As a result of the amendments to HKAS 27, as from 1 April 2010 any losses incurred by a non-wholly owned subsidiary will be allocated between the controlling and non-controlling interests in proportion to their interests in that entity, even if this results in a deficit balance within consolidated equity being attributed to the non-controlling interests. Previously, if the allocation of losses to the non-controlling interests would have resulted in a deficit balance, the losses were only allocated to the non-controlling interests if the non-controlling interests were under a binding obligation to make good the losses. In accordance with the transitional provisions in HKAS 27, this new accounting policy is being applied prospectively and therefore previous periods have not been restated.

3 TURNOVER

The principal activities of the Group are designing, marketing and sale of apparel and accessories under the brand name of "Hang Ten" and other brands and licensing of trademarks.

Turnover represents the sales value of goods supplied to customers and royalty income from licensing of trademarks. The amount of each significant category of revenue recognised in turnover during the year is as follows:

	2011	**2010**
	$'000	*$'000*
Sales of apparel and accessories	2,341,459	2,036,696
Royalty income	22,056	19,744
	2,363,515	2,056,440

4 OTHER REVENUE AND NET INCOME

	2011	2010
	$'000	*$'000*
Other revenue		
Gross rentals from investment properties	1,551	1,791
Other rental income	2,029	1,528
Management fee income	6,460	5,909
Bank interest income	6,911	5,980
Claims receivable from suppliers	540	1,226
Other royalty income*	8,932	9,566
Others	5,896	10,731
	32,319	36,731
Other net income		
Net gain/(loss) on disposal of property, plant and equipment	4,653	(600)
Net gain on disposal of intangible assets *(note 14)*	–	47,740
Net foreign exchange gain	11,927	16,124
Net realised and unrealised gains on listed funds	155	791
Net loss on disposal of subsidiaries *(note 12)*	(307)	–
Others	5,530	1,789
	21,958	65,844

* Other royalty income represents royalty income received from certain Taiwanese manufacturers who were granted the rights to use the trademark "Hang Ten" in Taiwan.

5 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging/(crediting):

	2011	2010
	$'000	*$'000*
(a) Finance costs		
Interest on bank advances wholly repayable within five years	752	1,287
Interest on loans from shareholders	7,639	7,639
	8,391	8,926
(b) Staff costs		
Contributions to defined contribution retirement schemes	11,429	10,648
Expenses recognised in respect of defined benefit retirement schemes *(note 22(a)(v))*	915	644
Total retirement costs	12,344	11,292
Salaries and staff benefits	238,773	210,036
	251,117	221,328

	2011	2010
	$'000	*$'000*
(c) Other items		
Impairment losses/(reversal of impairment losses):		
– trade debtors and royalty receivables	2,171	(737)
– other receivables	–	5,188
– intangible assets *(note 14)*	–	2,862
– goodwill *(note 12)*	–	1,179
	2,171	8,492
Operating lease charges (including retail shops and department store counters):		
– minimum lease payments	193,650	182,655
– contingent rentals	325,632	283,879
	519,282	466,534
Amortisation of intangible assets	442	458
Depreciation	39,574	33,843
Commission to franchisees	116,534	119,091
Accrual for additional value added tax and penalties *(note 36(b))*	–	60,272
Auditors' remuneration	2,364	2,216
Cost of inventories *(note 16(b))*	1,006,103	900,293

6 INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT

(a) Taxation in the consolidated income statement represents:

	2011	2010
	$'000	*$'000*
Current tax – Overseas		
Provision for the year	46,693	33,982
(Over)/under-provision in respect of prior years	(85)	39
	46,608	34,021
Deferred tax		
Origination and reversal of temporary differences	(2,513)	5,452
Effect on deferred tax balances at the beginning of the year resulting from a decrease in tax rate	543	1,117
	(1,970)	6,569
	44,638	40,590

No provision for Hong Kong Profits Tax has been made in the financial statements for the years ended 31 March 2011 and 2010 as tax losses brought forward from previous years exceed the estimated assessable profit for the respective year.

Taxation for subsidiaries is charged at the appropriate current rates of taxation ruling in the relevant countries. During the year ended 31 March 2011, the applicable tax rate for subsidiaries domiciled in Taiwan and South Korea is 17% (2010: 25%) and 24.2% (2010: 24.2%) respectively.

In June 2010, the Taiwan Government announced that the income tax rate for the Group's subsidiaries operated in Taiwan for the year ended 31 March 2011 would be reduced to 17%. The decrease is taken into account in the preparation of the Group's 2011 financial statements and the opening balance of deferred tax assets has been re-estimated accordingly.

(b) Reconciliation between tax expense and accounting profit at applicable tax rates:

	2011	**2010**
	$'000	*$'000*
Profit before taxation	283,701	181,747
Notional tax on profit before taxation, calculated at the rates applicable to profits in the countries concerned	52,300	29,275
Tax effect of non-deductible expenses	1,387	17,310
Tax effect of non-taxable income	(5,025)	(7,058)
Tax effect of utilisation of tax losses and other temporary differences not recognised in prior years	(6,506)	(3,032)
Tax effect of tax losses and other temporary differences not recognised	2,024	2,939
Effect on deferred tax balances at the beginning of the year resulting from a decrease in tax rate	543	1,117
(Over)/under-provision in respect of prior years	(85)	39
Actual tax expense	44,638	40,590

7 DIRECTORS' REMUNERATION

Directors' remuneration disclosed pursuant to section 161 of the Hong Kong Companies Ordinance is as follows:

	Directors' fees	**Salaries, allowances and benefits in kind**	**Discretionary bonuses**	**Retirement scheme contributions**	**2011 Total**
	$'000	*$'000*	*$'000*	*$'000*	*$'000*
Executive directors					
Chan Wing Sun	1,000	–	–	–	1,000
Wang Li Wen	10	1,838	1,275	56	3,179
Kao Yu Chu	10	2,009	1,304	56	3,379
Independent non-executive directors					
So Hon Cheung Stephen	240	–	–	–	240
Kwong Chi Keung	240	–	–	–	240
Cheung Yat Hung Alton	120	–	–	–	120
	1,620	3,847	2,579	112	8,158

	Directors' fees *$'000*	Salaries, allowances and benefits in kind *$'000*	Discretionary bonuses *$'000*	Retirement scheme contributions *$'000*	2010 Total *$'000*
Executive directors					
Chan Wing Sun	1,000	–	–	–	1,000
Hung Kenneth*	10	7,024	–	23	7,057
Wang Li Wen	10	1,660	742	44	2,456
Kao Yu Chu	10	1,852	769	44	2,675
Independent non-executive directors					
So Hon Cheung Stephen	240	–	–	–	240
Kwong Chi Keung	240	–	–	–	240
Cheung Yat Hung Alton	120	–	–	–	120
	1,630	10,536	1,511	111	13,788

* Mr Kenneth Hung resigned as the chief executive officer and executive director on 26 March 2010.

8 INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, two (2010: three) are directors whose emoluments are disclosed in note 7. The aggregate of the emoluments in respect of the other three (2010: two) individuals are as follows:

	2011 *$'000*	2010 *$'000*
Salaries and other emoluments	17,159	5,802
Retirement scheme contributions	50	53
Discretionary bonuses	3,006	1,581
	20,215	7,436

The emoluments of the three (2010: two) individuals with the highest emoluments are within the following bands:

	2011 *Number of individuals*	2010 *Number of individuals*
$2,500,001 – $3,000,000	–	1
$4,000,001 – $4,500,000	1	–
$4,500,001 – $5,000,000	–	1
$6,000,001 – $6,500,000	1	–
$9,500,001 – $10,000,000	1	–
	3	2

9 PROFIT ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY

The consolidated profit attributable to equity shareholders of the Company includes a loss of $3,867,000 (2010: $3,530,000) which has been dealt with in the financial statements of the Company.

Reconciliation of the above amount to the Company's profit for the year:

	2011	**2010**
	$'000	*$'000*
Amount of loss for the year dealt with in the Company's financial statements	(3,867)	(3,530)
Final dividends from subsidiaries attributable to the profits of the previous financial year, approved and paid during the year	124,080	58,167
Company's profit for the year *(note 28(a))*	120,213	54,637

10 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company of $239,133,000 (2010: $142,995,000) and 982,250,000 (2010: 982,250,000) ordinary shares in issue during the year.

(b) Diluted earnings per share

The calculation of diluted earnings per share is the same as the basic earnings per share as the Company did not have any dilutive potential ordinary shares outstanding during the years ended 31 March 2011 and 2010.

11 FIXED ASSETS

The Group

	Land and buildings held for own use	Leasehold improvements	Motor vehicles	Furniture, fixtures and other property, plant and equipment	Sub-total	Investment properties	Total
	$'000	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*
For the year ended 31 March 2011							
Cost:							
At the beginning of the year	83,040	36,284	4,459	69,049	192,832	51,617	244,449
Exchange adjustments	3,280	4,557	465	2,632	10,934	3,715	14,649
Additions	–	10,997	667	20,489	32,153	–	32,153
Disposals							
– through disposal of subsidiaries	–	(15,743)	–	(6,979)	(22,722)	–	(22,722)
– others	(34,455)	(19,325)	(380)	(15,316)	(69,476)	–	(69,476)
At the end of the year	51,865	16,770	5,211	69,875	143,721	55,332	199,053
Accumulated depreciation and impairment loss:							
At the beginning of the year	2,000	15,010	3,459	46,942	67,411	744	68,155
Exchange adjustments	124	3,287	372	2,056	5,839	54	5,893
Charge for the year	1,124	16,301	442	21,311	39,178	396	39,574
Written back on disposals							
– through disposal of subsidiaries	–	(15,355)	–	(6,700)	(22,055)	–	(22,055)
– others	(558)	(19,139)	(380)	(14,385)	(34,462)	–	(34,462)
At the end of the year	2,690	104	3,893	49,224	55,911	1,194	57,105
Net book value:							
At the end of the year	49,175	16,666	1,318	20,651	87,810	54,138	141,948

	Land and buildings held for own use	Leasehold improvements	Motor vehicles	Furniture, fixtures and other property, plant and equipment	Sub-total	Investment properties	Total
	$'000	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*
For the year ended 31 March 2010							
Cost:							
At the beginning of the year	73,029	31,540	3,691	59,628	167,888	52,982	220,870
Exchange adjustments	8,949	6,778	512	10,197	26,436	5,203	31,639
Additions	1,062	10,762	256	15,595	27,675	–	27,675
Disposals	–	(12,796)	–	(16,371)	(29,167)	(6,568)	(35,735)
At the end of the year	83,040	36,284	4,459	69,049	192,832	51,617	244,449
Accumulated depreciation and impairment loss:							
At the beginning of the year	713	5,770	2,691	34,719	43,893	248	44,141
Exchange adjustments	178	4,494	419	9,082	14,173	163	14,336
Charge for the year	1,109	17,224	349	14,789	33,471	372	33,843
Written back on disposals	–	(12,478)	–	(11,648)	(24,126)	(39)	(24,165)
At the end of the year	2,000	15,010	3,459	46,942	67,411	744	68,155
Net book value:							
At the end of the year	81,040	21,274	1,000	22,107	125,421	50,873	176,294

(i) In accordance with the accounting policy set out in note 1(f), the Group's investment properties are stated at cost less accumulated depreciation and impairment losses. Had these properties been carried at fair value, the carrying amount would have been $62,621,000 (2010: $52,838,000).

(ii) All land and buildings and investment properties are located outside Hong Kong. All land is freehold land.

(iii) The Group leases out investment properties under operating leases. The leases typically run for an initial period of one to three years. None of the leases includes contingent rentals.

All properties held under operating leases that would otherwise meet the definition of investment property are classified as investment property.

The Group's total future minimum lease payments under non-cancellable operating leases are receivable as follows:

	The Group	
	2011	**2010**
	$'000	*$'000*
Within 1 year	213	985
After 1 year but within 5 years	–	209
	213	1,194

12 GOODWILL

	The Group 2011 $'000	2010 $'000
At the beginning of the year	74,038	75,217
Disposals through disposal of subsidiaries	(2,098)	–
Impairment loss	–	(1,179)
At the end of the year	71,940	74,038

On 30 September 2010, the Group entered into a sale and purchase agreement with an independent third party to dispose of its entire 55% equity interest in a subsidiary, Hang Ten Phils., Corp at a cash consideration of PHP21,500,000 (equivalent to HK$3,667,000). A loss on disposal of $3,587,000 (net of goodwill of $2,098,000) was recognised in the income statement during the year ended 31 March 2011.

On 26 January 2011, the Group entered into a sale and purchase agreement with a non-controlling shareholder of a subsidiary to dispose of its entire 100% equity interest in and receivable from a subsidiary, Han Tone Enterprises Limited which is engaged in catering management business, at a cash consideration of US$1 (equivalent to HK$8). A gain on disposal of $3,280,000 was recognised in the income statement during the year ended 31 March 2011. Goodwill which arose from the acquisition of Han Tone Enterprises Limited and its subsidiaries amounting to $1,179,000 was fully impaired during the year ended 31 March 2010.

Impairment tests for cash-generating units containing goodwill

Goodwill is allocated to the Group's cash-generating units ("CGU") identified according to country of operation as follows:

	The Group 2011 $'000	2010 $'000
Taiwan operations	44,171	44,171
Korea operations	15,428	15,428
	59,599	59,599
Multiple operations without significant goodwill	12,341	14,439
	71,940	74,038

The Group completed its annual impairment test for goodwill by comparing its recoverable amount to its carrying amount as at 31 March 2011. The recoverable amount is determined based on value-in-use calculations.

The Group appointed an independent professional valuer to conduct a valuation of the goodwill using cashflow projections covering a five-year period, based on the following principal financial estimates:

	2011	2010
Discount rate of cashflow	17.38%	16.87%

	2011	2010
Annual growth rate	14% to 17%	10% to 12%

During the year ended 31 March 2010, a full impairment loss of $1,179,000 was recognised for the goodwill arising from the acquisition of the catering management business (included under multiple operations) as management considered the carrying amount of this goodwill was no longer recoverable due to unfavourable economic conditions. The catering management business was disposed of during the year ended 31 March 2011.

13 INVESTMENTS IN SUBSIDIARIES

	The Company 2011	2010
	$'000	*$'000*
Unlisted shares or capital contribution, at cost	236,644	236,644

The particulars of principal subsidiaries are set out in note 33.

14 INTANGIBLE ASSETS

The Group

	Retail network	Trademarks	Total
	$'000	*$'000*	*$'000*
For the year ended 31 March 2011			
Cost:			
At the beginning and the end of the year	2,947	113,479	116,426
Accumulated amortisation:			
At the beginning of the year	1,117	–	1,117
Charge for the year	442	–	442
At the end of the year	1,559	–	1,559
Net book value:			
At the end of the year	1,388	113,479	114,867

	Retail network	Trademarks	Total
	$'000	*$'000*	*$'000*
For the year ended 31 March 2010			
Cost:			
At the beginning of the year	2,947	137,155	140,102
Disposals	–	(20,814)	(20,814)
Impairment loss	–	(2,862)	(2,862)
At the end of the year	2,947	113,479	116,426
Accumulated amortisation:			
At the beginning of the year	659	–	659
Charge for the year	458	–	458
At the end of the year	1,117	–	1,117
Net book value:			
At the end of the year	1,830	113,479	115,309

The amortisation charge of retail network for the year is included in "other operating expenses" in the consolidated income statement.

During the year ended 31 March 2010, full impairment loss on trademarks relating to the catering management business amounting to $2,862,000 was recognised as the management considered the carrying amount of the trademarks was no longer recoverable due to unfavourable economic conditions. The trademark was disposed of through disposal of subsidiaries which carry out catering management business during the year ended 31 March 2011 (see note 12).

The Group reassessed the useful life of other trademarks as at 31 March 2011 and reached a conclusion that the acquired trademarks of "Hang Ten" continued to be regarded as having an indefinite useful life. The assessment is based on the future financial performance of the Group being a well known and long established fashion brand, which generates net cash inflows indefinitely. This view is supported by an independent professional appraiser appointed by the Group to assess the useful life of trademarks in accordance with the requirements of HKAS 38. Having considered the factors specific to the Group, the appraiser opined that the "Hang Ten" trademarks should be regarded as intangible assets with an indefinite useful life.

The Group completed its annual impairment test for the trademarks of "Hang Ten" by comparing its recoverable amount to its carrying amount and concluded that there is no impairment as at 31 March 2011. The impairment test is based on a valuation conducted by the above independent professional appraiser using cashflow projections covering a five-year period with the following principal financial estimates:

	2011	**2010**
Expected royalty rates from trademarks	0.1% to 2.3%	0.1% to 2.3%
Discount rate of cashflow	17.38%	16.87%

During the year ended 31 March 2010, the Group sold the interest in trademarks of "Hang Ten" in the territories of the United States and Canada with carrying value of $20,814,000 to a third party for a consideration of $80,652,000 (including a commission of $12,098,000 paid to a third party), resulting in a gain on disposal of $47,740,000 being recognised in the consolidated income statement.

15 INVESTMENTS

	The Group	
	2011	**2010**
	$'000	*$'000*
Listed funds in Taiwan stated at fair value	105,957	84,475

16 INVENTORIES

(a) Inventories in the statement of financial position comprise:

	The Group	
	2011	**2010**
	$'000	*$'000*
Finished goods	307,579	245,275
Goods in transit	225	85
	307,804	245,360

(b) The analysis of the amount of inventories recognised as an expense and included in profit or loss is as follows:

	The Group	
	2011	**2010**
	$'000	*$'000*
Carrying amount of inventories sold	1,002,358	897,967
Write down of inventories	3,776	6,321
Reversal of write-down of inventories	(31)	(3,995)
	1,006,103	900,293

The reversal of write-down of inventories made in prior years arose as a result of an increase in the estimated net realisable value of certain apparel.

17 TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2011	**2010**	**2011**	**2010**
	$'000	*$'000*	*$'000*	*$'000*
Trade debtors	105,622	107,034	–	–
Royalty receivables	7,003	4,133	–	–
Less: allowance for doubtful debts *(note 17(a))*	(3,373)	(1,202)	–	–
	109,252	109,965	–	–
Rental deposits	80,047	81,668	–	–
Prepayments and other receivables	69,229	69,145	129	132
	258,528	260,778	129	132
Less: Non-current portion – other receivables	(39,302)	(44,140)	–	–
	219,226	216,638	129	132

Prepayments and other receivables as at 31 March 2011 included a promissory note receivable amounting to $47,146,000 (2010: $50,362,000), which will be fully repaid by June 2013, in relation to the disposal of intangible assets during the year ended 31 March 2010 (see note 14). This promissory note receivable bears interest at 6% per annum, compounded on a quarterly basis and is settled by instalment on a quarterly basis. In accordance with the term of the promissory note, $39,302,000 (2010: $44,140,000) will be settled by the note issuer after one year from 31 March 2011 and accordingly it is classified as non-current assets at the end of the reporting period.

Except for the rental deposits, all of the current portion of trade and other receivables are expected to be recovered or recognised as an expense within one year.

(a) Impairment of trade debtors and royalty receivables

Impairment losses in respect of trade debtors and royalty receivables are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade debtors and royalty receivables directly (see note 1(j)(i)).

The movement in the allowance for doubtful debts during the year, including both specific and collective loss components, is as follows:

	The Group	
	2011	**2010**
	$'000	*$'000*
At the beginning of the year	1,202	3,373
Impairment loss recognised/(reversed)	2,171	(737)
Uncollectible amounts written off	–	(1,434)
At the end of the year	3,373	1,202

At 31 March 2011, the Group's trade debtors and royalty receivables of $3,373,000 (2010: $1,202,000) were individually determined to be impaired. The individually impaired receivables related to a number of customers and management assessed that the receivables are not recoverable. Consequently, specific allowances for doubtful debts were recognised. The Group occasionally requests cash deposits as collateral from customers.

(b) Trade debtors and royalty receivables that are not impaired

Trade debtors and royalty receivables are generally due within 30 to 60 days from the date of billing. Further details on the Group's credit policy are set out in note 29(a).

The ageing analysis of trade debtors and royalty receivables that are neither individually nor collectively considered to be impaired are as follows:

	The Group	
	2011	**2010**
	$'000	*$'000*
Neither past due nor impaired	97,465	96,131
1 to 3 months past due	7,406	11,213
3 months to 1 year past due	3,257	1,413
1 year to 2 years past due	1,124	1,208
Amounts past due	11,787	13,834
	109,252	109,965

Receivables that were neither past due nor impaired relate to a wide range of 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, management believes 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.

18 AMOUNT DUE FROM/TO SUBSIDIARY

The amount due from/to subsidiary is unsecured, interest-free and recoverable/repayable on demand.

19 CASH AND CASH EQUIVALENTS

(a) Cash and cash equivalents comprise:

	The Group		The Company	
	2011	**2010**	**2011**	**2010**
	$'000	*$'000*	*$'000*	*$'000*
Cash at bank and in hand	382,911	275,116	119	101

(b) Reconciliation of profit before taxation to cash generated from operations:

	Note	2011 $'000	2010 $'000
Profit before taxation		283,701	181,747
Adjustments for:			
Interest income	*4*	(6,911)	(5,980)
Net (gain)/loss on disposal of property, plant and equipment	*4*	(4,653)	600
Net gain on disposal of intangible assets	*4*	–	(47,740)
Net realised and unrealised gains on listed funds	*4*	(155)	(791)
Net loss on disposals of subsidiaries	*4*	307	–
Finance costs	*5(a)*	8,391	8,926
Amortisation of intangible assets	*5(c)*	442	458
Depreciation	*5(c)*	39,574	33,843
Impairment of intangible assets	*5(c)*	–	2,862
Impairment of goodwill	*5(c)*	–	1,179
Foreign exchange loss		3,338	33,803
Changes in working capital:			
(Increase)/decrease in inventories		(67,167)	9,151
Increase in trade and other receivables		(4,396)	(21,525)
Decrease in amounts due from related companies		101	171
(Decrease)/increase in trade and other payables		(38,929)	34,951
Increase in amounts due to shareholders		4,126	3,528
Decrease in non-current deferred income		(9,151)	(9,151)
Increase in employee benefits		1,473	815
Cash generated from operations		210,091	226,847

20 BANK LOANS

At 31 March 2011, the bank loans were secured as follows:

	The Group 2011 $'000	2010 $'000
Bank loans		
– secured	–	13,711
– unsecured	17,154	3,412
	17,154	17,123

At 31 March 2011 and 2010, the bank loans were repayable within one year or on demand.

The bank loan of $13,711,000 as at 31 March 2010 was secured by mortgage over certain land and buildings and an investment property and it had been fully repaid during the year ended 31 March 2011 (see note 32).

21 TRADE AND OTHER PAYABLES

	The Group		The Company	
	2011	2010	2011	2010
	$'000	*$'000*	*$'000*	*$'000*
Trade creditors	81,365	71,281	–	–
Bills payable	1,613	1,791	–	–
	82,978	73,072	–	–
Interest on loans from shareholders *(note 25)*	7,639	7,639	–	–
Accrued charges	53,005	111,096	1,241	1,233
Deferred income *(note 27)*	9,151	9,151	–	–
Deposits received	27,445	26,328	–	–
Others	29,516	28,559	–	–
	209,734	255,845	1,241	1,233

Credit terms obtained by the Group range from 30 to 45 days. All of the trade and other payables are expected to be settled or recognised as income within one year, except for the deposits received.

Included in accrued charges of the Group as at 31 March 2010 was an accrual for additional value added tax and penalty amounting to a total of $64,182,000 (see note 36(b)) which accrual had been paid to the Taiwan Tax Authority during the year ended 31 March 2011.

Included in trade and other payables are trade creditors and bills payable with the following ageing analysis as of the end of the reporting period:

	The Group 2011 $'000	2010 $'000
Due within 1 month or on demand	76,387	63,909
Due after 1 month but within 3 months	6,312	7,561
Due after 3 months but within 6 months	279	1,602
	82,978	73,072

22 EMPLOYEE RETIREMENT BENEFITS

(a) Defined benefit retirement schemes

The Group's Taiwan subsidiaries participate in a central pension scheme providing benefits to participating employees in accordance with the Labour Standards Law (as amended) in Taiwan. The Group has an obligation to ensure that there are sufficient funds in the scheme to pay the benefits earned. The Group currently contributes at 2% of the total salaries of participating employees as determined and approved by the relevant government authorities. The contributions are placed with the Central Trust of China, a government institution.

The central pension scheme is funded by contributions from the Group in accordance with an independent actuary's recommendation based on annual actuarial valuation. The latest independent actuarial valuation of the scheme at 31 March 2011 was performed by Dr Lin, who is a Fellow of Actuarial Institute of Republic of China, using the projected unit credit method. The actuarial valuation indicates that the Group's obligations under the defined benefit retirement scheme are 50% (2010: 56%) covered by the plan assets placed with the government institution.

(i) The amount recognised in the consolidated statement of financial position is as follows:

	The Group	
	2011	**2010**
	$'000	*$'000*
Present value of wholly or partly funded obligations	29,857	24,545
Fair value of scheme assets	(15,037)	(13,734)
Present value of net obligations	14,820	10,811
Unrecognised transitional liabilities	(295)	(287)
Unrecognised actuarial losses	(9,702)	(6,910)
Unrecognised past service cost	264	–
	5,087	3,614

A portion of the above liability is expected to be settled after more than one year. However, it is not practicable to segregate this amount from the amounts payable in the next twelve months, as future contributions will also relate to future services rendered and future changes in actuarial assumptions and market conditions. The Group expects to pay $1,199,000 in contributions to defined benefit retirement schemes in the coming year.

(ii) Scheme assets consist of the following:

	The Group	
	2011	**2010**
	$'000	*$'000*
Cash deposits	15,037	13,734

(iii) Movements in the present value of the defined benefit obligations

	The Group 2011 $'000	2010 $'000
At the beginning of the year	24,545	18,216
Exchange adjustments	2,155	1,373
Current service cost	295	256
Interest cost	504	427
Actuarial losses	2,358	4,273
At the end of the year	29,857	24,545

(iv) Movements in scheme assets

	The Group 2011 $'000	2010 $'000
At the beginning of the year	13,734	12,586
Exchange adjustments	1,125	884
Group's contributions paid to the schemes	39	47
Actuarial expected return on scheme assets	279	132
Actuarial (losses)/gains	(140)	85
At the end of the year	15,037	13,734

(v) Expense recognised in consolidated income statement is as follows:

	The Group 2011 $'000	2010 $'000
Current service cost	295	256
Interest on obligations	504	427
Actuarial expected return on scheme assets	(279)	(132)
Amortisation of actuarial losses and transitional liabilities	395	93
	915	644

The expenses are recognised in the following line items in the consolidated income statement:

	The Group 2011 $'000	2010 $'000
Selling expenses	884	605
Administrative expenses	31	39
	915	644
Actual return on scheme assets	139	217

(vi) The principal actuarial assumptions used as at 31 March 2011 (expressed as weighted averages) are as follows:

	The Group	
	2011	**2010**
Discount rate	2%	2%
Expected rate of return on scheme assets	2%	2%
Future salary increases	2.5% – 2.8%	2.5% – 2.8%

The expected long-term rate of return on scheme assets is based on the return of scheme assets (i.e. cash deposits), which is based exclusively on historical returns, without adjustments.

Historical information

			The Group		
	2011	**2010**	**2009**	**2008**	**2007**
	$'000	*$'000*	*$'000*	*$'000*	*$'000*
Present value of the defined benefit obligations	29,857	24,545	18,216	17,146	13,897
Fair value of scheme assets	(15,037)	(13,734)	(12,586)	(13,726)	(12,113)
Deficit in the scheme	14,820	10,811	5,630	3,420	1,784
Experience adjustments arising on scheme liabilities	2,358	4,273	2,264	1,117	85
Experience adjustments arising on scheme assets	(140)	85	(62)	85	23

(b) Defined contribution retirement scheme

With effect from 1 July 2005, certain employees of the Taiwan subsidiaries who were previously covered in the above defined benefit retirement plans may choose to and have been transferred to a defined contribution scheme governed by the Labour Pension Act. The Taiwan subsidiaries contribute at 6% of the total salaries of participating employees that chose to participate in the defined contribution scheme, deposited into individual pension accounts at the Bureau of Labour Insurance in Taiwan. Contributions to the defined contribution scheme are charged to profit or loss when incurred.

The Group also operates a Mandatory Provident Fund Scheme ("the MPF scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK$20,000. Contributions to the plan vest immediately.

For other subsidiaries, contributions to the defined contribution retirement schemes are recognised as an expense in profit or loss as incurred.

23 BALANCES WITH RELATED COMPANIES/SHAREHOLDERS

The balances are unsecured, interest-free and repayable on demand. Details of related party transactions are set out in note 34.

24 INCOME TAX IN THE STATEMENT OF FINANCIAL POSITION

(a) Current taxation in the statement of financial position represents:

	The Group 2011	2010
	$'000	*$'000*
Provision for overseas profits tax	46,693	33,982
Provisional profits tax paid	(12,455)	(9,864)
	34,238	24,118
Balance of profits tax provision relating to prior years	25,824	25,824
	60,062	49,942

The Group operates mainly in Taiwan, South Korea, Singapore, the People's Republic of China ("the PRC"), Hong Kong and other countries in Asia and Europe. The directors have reviewed the Group's worldwide operations and consider that adequate provision for taxation has been made in the consolidated financial statements.

(b) Deferred tax assets recognised

The Group

The components of deferred tax assets recognised in the consolidated statement of financial position and the movements during the year are as follows:

	Depreciation in excess of the related depreciation allowances	Inventory write-down	Operating revenue	Others	Total
	$'000	*$'000*	*$'000*	*$'000*	*$'000*
Deferred tax arising from:					
For the year ended 31 March 2010					
At the beginning of the year	124	9,120	6,290	12,268	27,802
Exchange adjustments	15	1,109	1,155	24	2,303
Charged to profit or loss	(85)	(1,520)	(3,063)	(1,901)	(6,569)
At the end of the year	54	8,709	4,382	10,391	23,536

	Depreciation in excess of the related depreciation allowances	Inventory write-down	Operating revenue	Others	Total
	$'000	*$'000*	*$'000*	*$'000*	*$'000*
For the year ended 31 March 2011					
At the beginning of the year	54	8,709	4,382	10,391	23,536
Exchange adjustments	62	566	93	(201)	520
Credited/(charged) to profit or loss	1,543	(442)	140	729	1,970
Disposals through disposal of subsidiaries	–	–	–	(698)	(698)
At the end of the year	1,659	8,833	4,615	10,221	25,328

(c) Deferred tax assets not recognised

In accordance with the accounting policy set out in note 1(q), the Group has not recognised deferred tax assets on the following deductible temporary differences as it is not probable that future taxable profits will be available against which the assets can be utilised:

	The Group 2011	2010
	$'000	*$'000*
Future benefit of cumulative tax losses	45,421	76,123
Others	2,761	11,291
	48,182	87,414

At 31 March 2011, the Group has not recognised deferred tax assets in respect of cumulative tax losses, whose expiry dates are:

	The Group 2011	2010
	$'000	*$'000*
In March 2012	–	3,691
In March 2013	–	667
In December 2013	11,664	13,494
In December 2014	3,180	8,468
In December 2015	7,817	–
Do not expire under current tax legislation	22,760	49,803
	45,421	76,123

(d) Deferred tax liabilities not recognised

At 31 March 2011, temporary differences relating to the undistributed profits of subsidiaries amounted to $887,312,000 (2010: $766,979,000). Deferred tax liabilities of $147,913,000 (2010: $128,303,000) have not been recognised in respect of the withholding tax that would be payable on distribution of these retained profits as the Company controls the dividend policy of these subsidiaries and it has been determined that it is probable that profits will not be distributed in the foreseeable future.

25 LOANS FROM SHAREHOLDERS

The loans from shareholders represented loans from Hang Ten International Holdings Limited ("Hang Ten (BVI)") for financing the acquisition of ILC International Corporation ("ILC") in December 2001. The loans are unsecured, interest bearing at 6% (2010: 6%) per annum and due for repayment in November 2011 or earlier if an event of default occurs under the terms of the loan agreements. Accordingly, the loans are classified as current liabilities as at 31 March 2011. Accrued interest of $7,639,000 (2010: $7,639,000) is included under trade and other payables in note 21.

26 LOAN FROM A NON-CONTROLLING SHAREHOLDER

The loan from a non-controlling shareholder as at 31 March 2010 was unsecured, interest-free and not expected to be repaid within the next twelve months from the end of the reporting period. The loan was disposed of through disposal of subsidiaries during the year ended 31 March 2011.

27 DEFERRED INCOME

A subsidiary of the Group entered into an agreement with Itochu Corporation ("Itochu") on 7 May 2004 for the lease of exclusive rights in respect of "Hang Ten" in Japan territory for a period of 10 years ending on 31 March 2014 for a fee of $92,040,000 (net of tax at $82,836,000). An option was granted to Itochu under this agreement to purchase the exclusive rights at a price of $10,730,000 upon expiry of the 10-years lease period.

Deferred income represents the unearned portion of royalty income and is analysed as follows:

	The Group	
	2011	**2010**
	$'000	*$'000*
Total deferred income	27,453	36,604
Less: current portion included in trade and other payables *(note 21)*	(9,151)	(9,151)
	18,302	27,453

28 CAPITAL, RESERVES AND DIVIDENDS

(a) Movements in component of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

The Company

	Share capital *(note 28(c))* *$'000*	**Share premium** *(note 28(d)(i))* *$'000*	**Contributed surplus** *(note 28(d)(ii))* *$'000*	**Exchange reserve** *(note 28(d)(iii))* *$'000*	**Retained profits** *$'000*	**Total** *$'000*
Balance at 1 April 2009	98,225	11,920	113,584	(212)	44,249	267,766
Changes in equity:						
Dividends approved in respect of previous year *(note 28(b)(ii))*	–	–	–	–	(39,290)	(39,290)
Total comprehensive income for the year	–	–	–	–	54,637	54,637
Balance at 31 March 2010	98,225	11,920	113,584	(212)	59,596	283,113
Balance at 1 April 2010	98,225	11,920	113,584	(212)	59,596	283,113
Changes in equity:						
Dividends approved in respect of previous year *(note 28(b)(ii))*	–	–	–	–	(54,024)	(54,024)
Total comprehensive income for the year	–	–	–	–	120,213	120,213
Dividends declared in respect of the current year *(note 28(b)(i))*	–	–	–	–	(19,645)	(19,645)
Balance at 31 March 2011	98,225	11,920	113,584	(212)	106,140	329,657

(b) Dividends

(i) Dividends payable to equity shareholders of the Company attributable to the year

	2011	**2010**
	$'000	*$'000*
Interim dividend declared and paid of 2.0 cents (2010: $Nil) per ordinary share	19,645	–
Final dividend proposed after the end of the reporting period of 8.0 cents (2010: 5.5 cents) per ordinary share	78,580	54,024
	98,225	54,024

The final dividend proposed after the end of the reporting period has not been recognised as a liability at the end of the reporting period.

(ii) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the year

	2011	**2010**
	$'000	*$'000*
Final dividend in respect of the previous financial year, approved and paid during the year, of 5.5 cents (2010: 4.0 cents) per ordinary share	54,024	39,290

(c) Share capital

Authorised and issued share capital

	2011					**2010**				
	Number of ordinary shares	**Amount**	**Number of convertible preference shares**	**Amount**	**Total**	**Number of ordinary shares**	**Amount**	**Number of convertible preference shares**	**Amount**	**Total**
	'000	*$'000*		*$'000*	*$'000*	*'000*	*$'000*		*$'000*	*$'000*
Authorised:										
Ordinary shares of $0.10 each	2,500,000	250,000	–	–	250,000	2,500,000	250,000	–	–	250,000
Convertible preference shares ("CPS") of $10,000 each	–	–	7,307	73,070	73,070	–	–	7,307	73,070	73,070
	2,500,000	250,000	7,307	73,070	323,070	2,500,000	250,000	7,307	73,070	323,070
Issued and fully paid:										
At 1 April 2009, 31 March 2010, 1 April 2010 and 31 March 2011	982,250	98,225	–	–	98,225	982,250	98,225	–	–	98,225

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

(d) Nature and purpose of reserves

(i) Share premium

The application of the share premium account is governed by section 40 of the Bermuda Companies Act 1981.

(ii) Contributed surplus

The excess of the consolidated net assets of Hang Ten (BVI) acquired over the nominal value of the shares issued by the Company pursuant to the reorganisation completed prior to its listing on the HKSE in January 2003 is credited to contributed surplus. Contributed surplus is available for distribution to shareholders in accordance with the Bermuda Companies Act 1981 subject to certain conditions.

(iii) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policy set out in note 1(t).

(iv) Legal reserve

According to the Company Act in Taiwan, the Group's Taiwan subsidiary shall provide 10% of net profit as legal reserve until the legal reserve balance equals authorised capital. The legal reserve may be used at any time to offset deficits. No cash dividends shall be paid from the legal reserve. However, the shareholders of the subsidiary may elect to increase the subsidiary's share capital by an amount up to 50% of the reserve when the legal reserve has reached 50% of paid-in capital.

(e) Distributability of reserves

At 31 March 2011, the aggregate amount of reserves available for distribution to equity shareholders of the Company amounted to $219,512,000 (2010: $172,968,000). After the end of the reporting period the directors proposed a final dividend of 8.0 cents (2010: 5.5 cents) per ordinary share, amounting to $78,580,000 (2010: $54,024,000) (note 28(b)). This dividend has not been recognised as a liability at the end of the reporting period.

(f) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group manages its capital structure and make adjustments to it, in light of changes in economic conditions. The Group reviews the capital structure on a regular basis and considers the cost of capital and the associated risks, and balances its overall capital structure through adjusting the amount of dividends paid to shareholders, issuing new shares or raising new debt financing. No changes were made in the objectives, policies or processes during the years ended 31 March 2011 and 2010.

The Group monitors capital with reference to its debt position. The Group's strategy is to maintain a solid base to support the operations and development of its business in the long term. The Group's gearing ratio, being the Group's bank borrowings over its equity attributable to equity shareholders, as at 31 March 2011 was 1.8% (2010: 2.3%).

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements in either the current or prior year.

29 FINANCIAL RISK MANAGEMENT AND FAIR VALUES

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business. The Group is also exposed to equity price risk arising from its equity investments in other entities.

The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

The Group's credit risk is primarily attributable to receivables arising from wholesale of goods and royalty receivables as retail sales to customers are made in cash or through credit cards. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

Credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are generally due within 30 to 60 days from the date of billing. The Group occasionally requests cash deposits as collateral from customers.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. The Group does not have a concentration of credit risk at 31 March 2011 and 2010. The maximum exposure to credit risk without taking into account of any collateral held is represented by the carrying amount of each financial asset in the statement of financial position after deducting any impairment allowance. Except for disclosed in note 31(b), the Group does not provide any guarantees which would expose the Group to credit risk.

Further quantitative discloses in respect of the Group's exposure to credit risk arising from trade and other receivables are set out in note 17.

(b) Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the short term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to approval by the Company's management. The Group's policy is to regularly monitor current and expected liquidity requirements, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following tables show the remaining contractual maturities at the end of the reporting period of the Group's and the Company's non-derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group and the Company can be required to pay.

The Group

	2011				2010			
	Contractual undiscounted cash flow				Contractual undiscounted cash flow			
	Within 1 year or on demand	More than 1 year but less than 2 years	Total	Carrying amount at 31 March	Within 1 year or on demand	More than 1 year but less than 2 years	Total	Carrying amount at 31 March
	$'000	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*
Bank loans	17,400	–	17,400	17,154	17,154	–	17,154	17,123
Trade and other payables	200,583	–	200,583	200,583	239,055	–	239,055	239,055
Amounts due to shareholders	12,757	–	12,757	12,757	8,631	–	8,631	8,631
Loans from shareholders	131,623	–	131,623	127,182	7,639	131,623	139,262	127,182
Loan from a non-controlling shareholder	–	–	–	–	–	3,048	3,048	3,048
	362,363	–	362,363	357,676	272,479	134,671	407,150	395,039

The Company

	2011				2010			
	Contractual undiscounted cash flow				Contractual undiscounted cash flow			
	Within 1 year or on demand	More than 1 year but less than 2 years	Total	Carrying amount at 31 March	Within 1 year or on demand	More than 1 year but less than 2 years	Total	Carrying amount at 31 March
	$'000	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*
Trade and other payables	1,241	–	1,241	1,241	1,233	–	1,233	1,233
Financial guarantee issued:								
– Maximum amount guaranteed *(note 31(b))*	17,154	–	17,154	–	31,366	–	31,366	–

(c) Interest rate risk

The Group's interest rate risk arises primarily from the Group's cash and cash equivalents, bank loans and loans from shareholders. Borrowings issued at variable rates and at fixed rates expose the Group to cash flow interest rate risk and fair value interest rate risk respectively. The Group does not use financial derivatives to hedge against the interest rate risk. The Group defines "net borrowings" as being interest-bearing financial liabilities less interest-bearing investments (excluding cash held for short-term working capital purposes). The Group's interest rate profile as monitored by management is set out in note (i) below.

(i) Interest rate profile

The following table details the interest rate profile for the Group's net borrowings at the end of the reporting period:

The Group

	2011		2010	
	Effective interest rate	*$'000*	**Effective interest rate**	*$'000*
Fixed rate borrowings:				
Secured bank loans	–	–	4.97%	13,711
Loans from shareholders	6%	127,182	6%	127,182
		127,182		140,893
Variable rate borrowings:				
Unsecured bank loans	6.16% to 7.45%	17,154	5.35%	3,412
Total net borrowings		144,336		144,305
Fixed rate borrowings as a percentage of total net borrowings		88%		98%

(ii) Sensitivity analysis

At 31 March 2011, it is estimated that a general increase/decrease of one percent in interest rates, with all other variables held constant, would have decreased/increased the Group's profit after tax and retained profits by approximately $1,400,000 (2010: $1,443,000).

The sensitivity analysis above indicates the instantaneous change in the Group's profit after tax that would arise assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to re-measure those financial instruments held by the Group which expose the Group to fair value interest rate risk at the end of the reporting period. In respect of the exposure to cash flow interest rate risk arising from floating rate non-derivative instruments held by the Group at the end of the reporting period, the impact on the Group's profit after tax (and retained profits) is estimated as an annualised impact on interest expense or income of such a change in interest rates. The analysis is performed on the same basis for 2010.

(d) Currency risk

The Group operates in a number of countries and is exposed to foreign exchange risk arising from various currency transactions.

The Group is exposed to foreign currency risk primarily through purchases that are denominated in a currency other than the functional currency of the operation to which they relate.

The Group did not use financial derivatives to hedge against currency risk during the years ended 31 March 2011 and 2010.

The inter-group transactions are normally denominated in United States dollars.

(i) Recognised assets and liabilities and net investment in foreign operations

In respect of recognised assets and liabilities held in currencies other than the functional currency of the entities to which they relate, and certain investment in foreign operations whose net assets are exposed to foreign currency translation risk, the Group ensures that the net exposure is kept to an acceptable level. All the Group's borrowings are denominated in either the functional currency of the entity taking out the loan or United States dollars. Management considers the risk of movements in exchange rates between United States dollars and Hong Kong dollars to be insignificant as the Hong Kong dollars is pegged to the United States dollars.

(ii) Exposure to currency risk

The following table details the Group's exposure at the end of the reporting period to currency risk arising from recognised assets and liabilities denominated in United States dollars ("USD"). Difference resulting from the translation of the financial statements of foreign operations into the Group's presentation currency is excluded. For presentation purposes, the amounts of the exposure are shown in Hong Kong dollars ("HKD"), translated using the spot rate at the year end date.

The Group

	Exposure to foreign currencies (expressed in HKD)	
	2011	**2010**
	$'000	*$'000*
Trade and other payables	11,749	5,731

(iii) Sensitivity analysis

No sensitivity analysis is presented as it is assumed that the pegged rate between the HKD and the USD would be materially unaffected by any changes in movement in value of the USD against other currencies.

(e) Equity price risk

The Group is exposed to equity price changes arising from investments classified as financial assets through profit or loss (see note 15). All the Group's investments are listed funds in Taiwan. The investments have been chosen based on their long term growth potential and are monitored regularly for performance against expectations.

At 31 March 2011, it is estimated that an increase/decrease of 5% (2010: 5%) in Taiwan stock market index would have increased/decreased the Group's profit after tax (and retained profits) as follows:

The Group

	2011		2010	
		Effect on profit after tax and retained profits		**Effect on profit after tax and retained profits**
	%	*$'000*	*%*	*$'000*
Change in Taiwan TAIEX Index – listed funds				
Increase	5	5,298	5	4,224
Decrease	(5)	(5,298)	(5)	(4,224)

The sensitivity analysis indicates the instantaneous change in the Group's profit after tax (and retained profits) that would arise assuming that the changes in the stock market index had occurred at the end of the reporting period and had been applied to re-measure those financial instruments held by the Group which expose the Group to equity price risk at the end of the reporting period. It is also assumed that the fair values of the Group's equity investments would change in accordance with the historical correlation with the relevant stock market index and that all other variables remain constant. The analysis is performed on the same basis for 2010.

(f) Fair values

(i) Financial instruments carried at fair value

The amendments to HKFRS 7, *Financial Instruments: Disclosures* require disclosures relating to fair value measurements across the three levels of a "fair value hierarchy". The fair value of each financial instruments is categorised in its entirety based on the lowest level of input that is significant to that fair value measurement. The levels are defined as follows:

- Level 1 (highest level): fair values measured using quoted prices (unadjusted) in active markets for identical financial instruments

- Level 2: fair values measured using quoted prices in active markets for similar financial instruments, or using valuation techniques in which all significant inputs are directly or indirectly based on observable market data

- Level 3 (lowest level): fair values measured using valuation techniques in which any significant input is not based on observable market data

At 31 March 2011 and 2010, the only financial instruments of the Group carried at fair value were listed funds classified as financial assets through profit or loss amounting to $105,957,000 (2010: $84,475,000) which are listed outside Hong Kong (see note 15). These instruments fall into Level 1 of the fair value hierarchy described above.

(ii) Fair values of financial instruments carried at other than fair value

The fair values of cash and cash equivalents, trade and other receivables, amounts due from related companies, amounts due from/to subsidiary, trade and other payables and amounts due to shareholders are not materially different from their carrying amounts because of the immediate or short term maturity of these financial instruments. The carrying amounts of bank loans and interest-bearing loans from shareholders approximate their fair values.

The Group had a loan from a non-controlling shareholder which is interest-free as at 31 March 2010 (see note 26). It was not practical to estimate the fair value of the amount due to the related party nature of the instruments.

(g) Estimation of fair values

The following summarises the major methods and assumptions used in estimating the fair values of the following financial instruments.

(i) Listed funds

Fair value is based on quoted market prices at the end of the reporting period without any deduction for transaction costs.

(ii) Interest-bearing loans and borrowings

The fair value is estimated as the present value of future cash flows, discounted at current market interest rates for similar financial instruments.

30 OPERATING LEASE COMMITMENTS

At 31 March 2011, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	The Group	
	2011	**2010**
	$'000	*$'000*
Within 1 year	173,323	168,279
After 1 year but within 5 years	191,944	180,481
After 5 years	2,117	2,606
	367,384	351,366

The Group is the lessee in respect of a number of properties held under short-term operating leases. The leases typically run for an initial period of two to six years, with an option to renew the lease when all terms are renegotiated. The monthly rentals of the leases are either fixed or contingent based on an agreed percentage of the turnover of the respective months. The disclosure on commitments above includes the fixed rentals only.

31 CONTINGENT LIABILITIES

(a) Letters of credit

At 31 March 2011, outstanding letters of credit of the Group for the purchase of goods amounted to $39,395,000 (2010: $30,888,000).

(b) Financial guarantees issued

As at the end of the reporting period, the Company has issued financial guarantees on behalf of its subsidiaries in respect of certain banking facilities. Due to the related party nature of these instruments, the directors considered it is not meaningful and practicable to estimate the fair values of the financial guarantees and therefore they have not been recognised in the Company's financial statements.

32 PLEDGE OF ASSETS

At 31 March 2010, a bank loan of $13,711,000 was secured by certain land and buildings and an investment property with carrying values of $30,120,000 and $7,995,000 respectively. The bank loan was fully repaid during the year ended 31 March 2011 (see note 20).

33 PARTICULARS OF SUBSIDIARIES

The following list contains only the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group. The class of shares held is ordinary shares unless otherwise stated.

All of these subsidiaries have been consolidated into the consolidated financial statements.

Name of company	Place of incorporation and operation	Particulars of issued and paid up capital	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by a subsidiary	Principal activities
Hang Ten (BVI)	British Virgin Islands ("BVI")	US$103,821	100%	100%	–	Investment holding
ILC	BVI	US$639,830	100%	–	100%	Investment holding
Hang Ten Enterprises Limited	BVI	US$50,000	100%	–	100%	Retail and wholesale of apparel
Yangtze Apparel Taiwan Enterprise Limited	Taiwan	NT$100,000,000	100%	–	100%	Retail and wholesale of apparel
Hang Ten (Phils) Holdings Corporation	BVI	US$50,000	100%	–	100%	Investment holding
Hang Ten Phils., Corp *(note (i))*	Philippines	PHP50,000,000	55%	–	55%	Retail and wholesale of apparel
Hang Ten Enterprises (Pte) Ltd.	Singapore	SGD1,000,000	100%	–	100%	Retail and wholesale of apparel
Hang Ten Korea Corp.	South Korea	KRW50,000,000	100%	–	100%	Retail and wholesale of apparel
Hang Ten Enterprises (M) Sdn Bhd	Malaysia	RM500,000	100%	–	100%	Retail and wholesale of apparel
Precise Delta Limited	Hong Kong	$1	100%	–	100%	Inactive
HTEL (Macau) Limited	Macau	MOP25,000	100%	–	100%	Retail and wholesale of apparel
HTEL (Hong Kong) Limited	Hong Kong	$2,000,000	100%	–	100%	Retail and wholesale of apparel
Hang Ten (China) Group Limited	BVI	US$20,000	100%	–	100%	Investment holding
Guangzhou Hang Ten Trading Limited	The PRC	RMB500,000	100%	–	100%	Retail and wholesale of apparel
Hang Ten Trading (Shanghai) Limited	The PRC	US$2,000,000	100%	–	100%	Retail and wholesale of apparel
ILC Trademark Corporation	BVI	US$50,000	100%	–	100%	Trademark ownership and licensing
ILC (Cyprus) Limited	Cyprus	Cypriot pounds 1,000	100%	–	100%	Investment holding
HTIL Holdings Corporation N.V.	Netherlands Antilles	US$6,000	100%	–	100%	Investment holding
HTIL Corporation, B.V.	The Netherlands	NLG40,000	100%	–	100%	Trademark licensing
International Licensing (California) Corp	United States of America	US$10,000	100%	–	100%	Trademark licensing and management

Name of company	Place of incorporation and operation	Particulars of issued and paid up capital	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by a subsidiary	Principal activities
Han Tone Enterprises Limited *(note (i))*	BVI	US$1	100%	–	100%	Investment holding
Merry King Investment Limited *(note (i))*	BVI	US$1,200	70%	–	70%	Investment holding
Ever Brave Holdings Limited *(note (i))*	BVI	US$160,000	56.88%	–	81.25%	Investment holding
Ever Brave Catering (Shanghai) Management Co., Ltd *(notes (i) and (ii))* (恒勇餐飲(上海)管理有限公司)	The PRC	US$1,800,000	56.88%	–	100%	Trademark licensing and provision of catering management service
Hang Ten Enterprises Limited Mid-East FZE	United Arab Emirates	AED1,000,000	100%	–	100%	Wholesale of apparel

Notes:

(i) These subsidiaries were disposed of during the year ended 31 March 2011. Details of the disposal are disclosed in note 12.

(ii) The English Translation of the company name is for reference only. The official name of the company is in Chinese.

34 MATERIAL RELATED PARTY TRANSACTIONS

During the year, the Group entered into the following material related party transactions:

(a) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors as disclosed in note 7 and certain of the highest paid employees as disclosed in note 8, is as follows:

	2011 *$'000*	2010 *$'000*
Short-term employee benefits	28,211	21,060
Post-employment benefits	162	164
	28,373	21,224

Total remuneration is included in "staff costs" (see note 5(b)).

(b) (i) Transactions with Michel Rene Enterprises Limited, a subsidiary of YGM Trading Limited, a substantial shareholder of the Company

	2011	**2010**
	$'000	*$'000*
Rental income from leasing of retail stores and equipment	768	830
Service fee income in respect of provision of maintenance services for retail stores	109	140
Rental expenses in respect of retail stores	558	938

(ii) Amount due from Michel Rene Enterprises Limited

	2011	**2010**
	$'000	*$'000*
Amount due from Michel Rene Enterprises Limited	147	170

Details of the terms are set out in note 23.

(c) (i) Transactions with shareholders of the Company

	2011	**2010**
	$'000	*$'000*
Executive remuneration paid to shareholders	15,865	11,781
Interest on loans from shareholders	7,639	7,639

(ii) Balances with shareholders and a non-controlling shareholder of a non-wholly owned subsidiary

	2011	**2010**
	$'000	*$'000*
Amounts due to shareholders	12,757	8,631
Loans from shareholders	127,182	127,182
Loan from a non-controlling shareholder	–	3,048
Accrued interest on loans from shareholders *(note 21)*	7,639	7,639

Details of the terms are set out in notes 23, 25 and 26.

(d) (i) Transactions with non-controlling shareholders of non-wholly owned subsidiaries of the Company and their associates

	2011	**2010**
	$'000	*$'000*
Sales of goods to Chua and company	–	2,381
Royalty income from Avon Dale Garments, Inc.	–	462

(ii) Balance with an associate of the non-controlling shareholders of non-wholly owned subsidiaries of the Company

	2011	**2010**
	$'000	*$'000*
Amount due from Avon Dale Garments, Inc.	–	78

Details of the terms are set out in note 23.

35 SEGMENT REPORTING

The Group manages its businesses in terms of apparel business by geographical location and licensing business. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following reportable segments. No operating segments have been aggregated to form the following reportable segments.

- Sale of apparel: Taiwan
- Sale of apparel: South Korea
- Sale of apparel: Philippines
- Sale of apparel: Singapore
- Sale of apparel: Malaysia
- Sale of apparel: Hong Kong and Macau
- Sale of apparel: the PRC
- Licensing

(a) Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets include all tangible, intangible assets and current assets with the exception of goodwill and other corporate assets. Segment liabilities include current taxation, creditors, intercompany payables, other payables and accrued expenses attributable to the activities of the individual segments and borrowings managed directly by the segments.

Revenue and expenses are allocated to the reportable segments with reference to revenue generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments. The measure used for reporting segment profit is operating profit before finance costs and taxes and excludes other head office or corporate administration costs.

In addition to receiving segment information concerning operating profit before finance costs and taxes, management is provided with segment information concerning revenue (including inter-segment revenue), interest income and expense from cash balances and borrowings managed directly by the segments, depreciation and amortisation, impairment losses on trade debtors and royalty receivables and additions to non-current segment assets used by the segments in their operations.

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purpose of resource allocation and assessment of segment performance for the years ended 31 March 2011 and 2010 is set out below.

2011

	Sale of apparel									
	Taiwan	South Korea	Philippines	Singapore	Hong Kong and Macau	Malaysia	The PRC	Sub-total	Licensing	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Revenue from external customers	1,087,702	890,475	–	152,680	83,165	25,940	101,497	2,341,459	22,056	2,363,515
Inter-segment revenue	16,339	–	–	–	8,174	–	–	24,513	16,852	41,365
Reportable segment revenue	1,104,041	890,475	–	152,680	91,339	25,940	101,497	2,365,972	38,908	2,404,880
Reportable segment profit/(loss)	142,010	95,076	–	23,249	6,289	1,241	(6,165)	261,700	35,487	297,187
Interest income	530	3,505	–	–	–	–	–	4,035	2,876	6,911
Interest expense	–	(23)	–	(16)	–	(8)	(705)	(752)	–	(752)
Depreciation and amortisation for the year	(12,276)	(19,031)	–	(2,613)	(1,155)	(1,288)	(3,568)	(39,931)	(85)	(40,016)
Impairment losses on trade debtors and royalty receivables	–	(326)	–	–	–	–	–	(326)	(1,845)	(2,171)
Reportable segment assets	844,752	477,755	–	36,069	31,478	7,235	39,395	1,436,684	321,197	1,757,881
Additions to non-current segment assets during the year	7,770	15,479	–	1,102	2,187	8	5,599	32,145	–	32,145
Reportable segment liabilities	395,078	90,470	–	46,677	55,696	10,880	53,719	652,520	27,693	680,213

2010

	Sale of apparel									
	Taiwan	South Korea	Philippines	Singapore	Hong Kong and Macau	Malaysia	The PRC	Sub-total	Licensing	Total
	$'000	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*
Revenue from external customers	913,950	766,465	29,128	131,207	69,733	25,398	100,815	2,036,696	19,744	2,056,440
Inter-segment revenue	32,392	–	–	–	2,373	–	–	34,765	14,634	49,399
Reportable segment revenue	946,342	766,465	29,128	131,207	72,106	25,398	100,815	2,071,461	34,378	2,105,839
Reportable segment profit/(loss)	46,941	71,075	(3,823)	10,966	1,086	1,652	(1,846)	126,051	79,287	205,338
Interest income	559	1,551	8	–	16	–	–	2,134	3,846	5,980
Interest expense	–	(736)	(16)	(16)	–	(8)	(511)	(1,287)	–	(1,287)
Depreciation and amortisation for the year	(12,346)	(11,439)	(845)	(2,978)	(915)	(1,505)	(4,157)	(34,185)	–	(34,185)
Reversal of impairment losses on trade debtors and royalty receivables	–	202	–	–	–	–	–	202	535	737
Reportable segment assets	1,035,153	381,042	12,679	29,267	20,613	8,453	36,146	1,523,353	295,093	1,818,446
Additions to non-current segment assets during the year	12,120	8,499	23	2,869	1,466	364	2,334	27,675	–	27,675
Reportable segment liabilities	457,545	75,952	5,995	61,924	51,113	12,982	43,537	709,048	36,991	746,039

(b) Reconciliation of reportable segment revenue, profit, assets and liabilities

	2011	**2010**
	$'000	*$'000*
Revenue		
Reportable segment revenue	2,404,880	2,105,839
Elimination of inter-segment revenue	(41,365)	(49,399)
Consolidated turnover	2,363,515	2,056,440
Profit		
Reportable segment profit	297,187	205,338
Elimination of inter-segment profits	(46)	(1,652)
	297,141	203,686
Finance costs	(8,391)	(8,926)
Unallocated head office and corporate income and expenses	(5,049)	(13,013)
Consolidated profit before taxation	283,701	181,747

	2011	**2010**
	$'000	*$'000*
Assets		
Reportable segment assets	1,757,881	1,818,446
Elimination of inter-segment receivables	(423,841)	(638,765)
	1,334,040	1,179,681
Goodwill	71,940	74,038
Unallocated head office and corporate assets	3,450	1,435
Consolidated total assets	1,409,430	1,255,154
Liabilities		
Reportable segment liabilities	680,213	746,039
Elimination of inter-segment payables	(366,083)	(393,419)
	314,130	352,620
Unallocated head office and corporate liabilities	136,148	140,218
Consolidated total liabilities	450,278	492,838

(c) Geographic information

The following table sets out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's fixed assets, goodwill, intangible assets and deferred tax assets ("specified non-current assets"). The geographical location of customers is based on the location at which the goods were delivered. The geographical location of the specified non-current assets is based on the physical location of the asset, in the case of fixed assets, and the location of the operation to which they are allocated, in the case of goodwill, intangible assets and deferred tax assets.

	Revenue from external customers		**Specified non-current assets**	
	2011	**2010**	**2011**	**2010**
	$'000	*$'000*	*$'000*	*$'000*
Taiwan	1,087,702	913,950	135,817	168,104
South Korea	892,151	768,039	79,980	81,167
Singapore	152,680	131,207	9,467	9,703
The PRC	101,497	100,815	9,174	7,297
Hong Kong & Macau	83,165	69,733	2,466	1,442
Philippines	318	29,593	–	3,277
Malaysia	25,940	25,398	3,700	4,708
Japan	9,151	9,151	–	–
Africa	3,722	3,443	–	–
The Netherlands	–	–	113,479	113,479
Other countries	7,189	5,111	–	–
	2,363,515	2,056,440	354,083	389,177

36 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

(a) Final dividend proposed after the end of reporting period

After the end of the reporting period the directors proposed a final dividend. Further details are disclosed in note 28(b).

(b) Tax exposure in relation to the co-operative arrangement

In December 2003, the Group received a notice of claim from Taiwan Tax Authority ("TTA") for additional value added tax ("VAT") and penalties in respect of sales made through certain retail shops which are operated under co-operative arrangements with third parties. The TTA considers that the Group has excluded a portion of the sales value during the period from January 1999 to December 2002 for the purpose of VAT filings. Further to the appeal made to the Supreme Administrative Court in February 2009, the appeal was rejected in September 2009.

Based on the result of the appeal, the directors made an accrual for the additional VAT and penalties in the financial statements during the year ended 31 March 2010 amounting to a total of $60,272,000. The Group paid additional VAT and penalties amounting to a total of $64,182,000 (see note 21) during the year ended 31 March 2011. In March 2011, the Group obtained a Constitution Interpretation by the Grand Justice and subsequently in April 2011, the Group obtained an advice from TTA which stated that the penalties imposed in respect of the co-operative arrangements may be reduced subject to the approval of the Supreme Administrative Court. The Group has further filed an appeal to the Supreme Administrative Court in respect of the additional VAT charged under the co-operative arrangements in April 2011 and the case is now pending. In the opinion of the directors, certain amount of additional VAT paid during the year ended 31 March 2011 might be refunded to the Group if the appeal to the Supreme Administrative Court succeeds.

37 ACCOUNTING JUDGEMENTS AND ESTIMATES

Critical accounting judgements in applying the Group's accounting policies and sources of estimation uncertainty

Notes 22 and 29 contain information about the assumptions and their risk factors relating to defined benefit retirement obligation and valuation of financial instruments. Other key sources of estimation uncertainty are as follows:

(i) Goodwill and intangible assets

Notes 12 and 14 contain information about the assumptions relating to the impairment tests on goodwill and intangible assets. In addition, note 14 contains information relating to the assessment of the indefinite life of intangible assets.

(ii) Income tax provisions

The Group is subject to income taxes in numerous jurisdictions. Determining income tax provisions involves judgement on the future tax treatment of certain transactions. The Group carefully evaluates tax implications of transactions and tax provisions are set up accordingly. The tax treatment of such transactions is reconsidered periodically to take into account all changes in tax legislations in the respective jurisdictions.

(iii) Write-down of inventories

Inventories are reviewed periodically to assess whether any write-down or reversal of write-down is required. The estimate is based on historical experience relating to the sales performance subsequent to respective seasons. Uncertainty exists in these estimates and the policy is reviewed regularly and adjusted if necessary.

38 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 MARCH 2011

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments and Interpretations and one new standard which are not yet effective for the year ended 31 March 2011 and which have not been adopted in these financial statements. These include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Revised HKAS 24, *Related party disclosures*	1 January 2011
HKFRS 9, *Financial instruments*	1 January 2013
Improvements to HKFRSs 2010	1 July 2010 or 1 January 2011
Amendments to HKAS 12, *Income taxes*	1 January 2012

The Group is in the process of making an assessment of what the impact of these amendments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Group's or the Company's results of operations and financial position.

3. UNAUDITED FINANCIAL STATEMENTS

The following financial information is extracted from the interim report of the Company for the six months ended 30 September 2011.

CONDENSED CONSOLIDATED INCOME STATEMENT

For the Six Months Ended 30 September 2011
(Expressed in Hong Kong dollars)

		Six months ended 30 September	
		2011	**2010**
	Note	*HK$'000*	*HK$'000*
		(unaudited)	(unaudited)
Turnover	*3*	1,175,596	1,038,199
Cost of sales		(496,351)	(445,429)
Gross profit		679,245	592,770
Other revenue	*4*	16,037	10,433
Other net income	*4*	40,806	8,368
Selling expenses		(503,586)	(442,820)
Administrative expenses		(94,409)	(62,796)
Other operating expenses		(1,109)	(929)
Profit from operations		136,984	105,026
Finance costs	*6*	(4,289)	(4,078)
Profit before taxation	*6*	132,695	100,948
Taxation	*7*	(18,682)	(15,381)
Profit for the period		114,013	85,567
Attributable to:			
Owners of the Company		114,013	85,621
Non-controlling interests		–	(54)
		114,013	85,567
Earnings per share	*8*		
– Basic		11.61 cents	8.72 cents
– Diluted		11.61 cents	8.72 cents

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the Six Months Ended 30 September 2011

(Expressed in Hong Kong dollars)

	Six months ended 30 September	
	2011	**2010**
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Profit for the period	114,013	85,567
Other comprehensive income for the period:		
Exchange differences on translation of financial statements of subsidiaries	(38,845)	1,177
Reserve realised on disposal of a subsidiary	–	2,141
	(38,845)	3,318
Total comprehensive income for the period	75,168	88,885
Attributable to:		
Owners of the Company	75,168	88,256
Non-controlling interests	–	629
	75,168	88,885

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2011

(Expressed in Hong Kong dollars)

	Note	At 30 September 2011 HK$'000 (unaudited)	At 31 March 2011 HK$'000 (audited)
Non-current assets			
Fixed assets	*10*		
– Investment properties		51,811	54,138
– Other property, plant and equipment		83,413	87,810
		135,224	141,948
Goodwill		71,940	71,940
Intangible assets	*11*	112,091	114,867
Other receivable	*13*	35,937	39,302
Deferred tax assets		24,576	25,328
		379,768	393,385
Current assets			
Investments	*12*	43,668	105,957
Inventories		332,108	307,804
Trade and other receivables	*13*	267,385	219,226
Amount due from a related company		287	147
Cash and bank balances		385,579	382,911
		1,029,027	1,016,045
Current liabilities			
Bank loans	*14*	6,716	17,154
Loans from shareholders	*15*	127,182	127,182
Trade and other payables	*16*	257,900	209,734
Amount due to shareholders	*17*	–	12,757
Current taxation		42,878	60,062
		434,676	426,889
Net current assets		594,351	589,156
Total assets less current liabilities		974,119	982,541

	Note	At 30 September 2011 HK$'000 (unaudited)	At 31 March 2011 HK$'000 (audited)
Non-current liabilities			
Deferred income	*18*	13,726	18,302
Employee benefits		4,653	5,087
		18,379	23,389
NET ASSETS		955,740	959,152
CAPITAL AND RESERVES			
Share capital	*19*	98,225	98,225
Reserves		857,515	860,927
TOTAL EQUITY		955,740	959,152

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Six Months Ended 30 September 2011 – unaudited

(Expressed in Hong Kong dollars)

	Attributable to owners of the Company								
	Share capital	Share premium	Contributed surplus	Exchange reserve	Legal reserve	Retained profits	Total	Non-controlling interests	Total equity
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Balance at 1 April 2010	98,225	11,920	44,538	(9,769)	9,215	605,566	759,695	2,621	762,316
Changes in equity for the six months ended 30 September 2010:									
Profit for the period	–	–	–	–	–	85,621	85,621	(54)	85,567
Other comprehensive income	–	–	–	2,635	–	–	2,635	(2,939)	(304)
Dividend approved in respect of previous year	–	–	–	–	–	(54,024)	(54,024)	–	(54,024)
Balance at 30 September 2010 and 1 October 2010	98,225	11,920	44,538	(7,134)	9,215	637,163	793,927	(372)	793,555
Changes in equity for the six months ended 31 March 2011:									
Profit for the period	–	–	–	–	–	153,512	153,512	(16)	153,496
Other comprehensive income	–	–	–	31,358	–	–	31,358	388	31,746
Transfer to legal reserve	–	–	–	–	1,382	(1,382)	–	–	–
Dividends declared in respect of previous period	–	–	–	–	–	(19,645)	(19,645)	–	(19,645)
Balance at 31 March 2011 and 1 April 2011	98,225	11,920	44,538	24,224	10,597	769,648	959,152	–	959,152
Changes in equity for the six months ended 30 September 2011:									
Profit for the period	–	–	–	–	–	114,013	114,013	–	114,013
Other comprehensive income	–	–	–	(38,845)	–	–	(38,845)	–	(38,845)
Dividend approved in respect of previous year	–	–	–	–	–	(78,580)	(78,580)	–	(78,580)
Balance at 30 September 2011	98,225	11,920	44,538	(14,621)	10,597	805,081	955,740	–	955,740

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the Six Months Ended 30 September 2011

(Expressed in Hong Kong dollars)

	Six months ended 30 September 2011 HK$'000 (unaudited)	2010 HK$'000 (unaudited)
Net cash generated from/(used in) operating activities	43,590	(23,674)
Net cash generated from investing activities	55,728	51,572
Net cash used in financing activities	(96,650)	(61,104)
Net increase/(decrease) in cash and cash equivalents	2,668	(33,206)
Cash and cash equivalents at 1 April	382,911	275,116
Cash and cash equivalent at 30 September	385,579	241,910
Analysis of the balances of cash and cash equivalents:		
Bank balances and cash	385,579	241,910
	385,579	241,910

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

For the Six Months Ended 30 September 2011

(Expressed in Hong Kong dollars)

1. BASIS OF PREPARATION

The unaudited consolidated condensed financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). It was authorised for issue on 25 November 2011.

2. PRINCIPAL ACCOUNTING POLICIES

The accounting policies used in the condensed financial statements are consistent with those adopted by the Group in its annual financial statements for the year ended 31 March 2011 except for the adoption of new and revised Hong Kong Financial Reporting Standards ("HKFRSs"), Hong Kong Accounting Standards ("HKASs"), amendments and Interpretations that are first effective for the current accounting period of the Group as set out below:

HKAS 24 (revised)	Related party disclosures
HK(IFRIC) – Int 14	Prepayments of a minimum funding requirement
HK(IFRIC) – Int 19	Extinguishing financial liabilities with equity instruments
HKFRSs (Amendments)	Improvements to HKFRSs (2010)

The adoption of the above revised standards, amendments, interpretations and improvements has no material impact on the Group's results of operations and financial position.

Certain new standards, amendments and interpretations to existing standards have been issued that are relevant to the Group's business and are not yet effective for the current accounting period. The Group has not early adopted these new standards, amendments and interpretations. The Group is in the process of making an assessment of what the impact of these new standards, amendments and interpretations is expected to be in the period in initial application and so far anticipate that the application of these new standards, amendments and interpretations would not have a significant impact on the Group's results of operations and financial position.

3. TURNOVER

The principal activities of the Group are designing, marketing and sale of apparel and accessories and licensing of trademarks. Turnover represents the sales value of goods supplied to customers and royalty income from licensing of trademarks. The amount of each significant category of revenue recognised in turnover is as follows:

	Six months ended 30 September	
	2011	**2010**
	HK$'000	*HK$'000*
Sales of apparel	1,166,499	1,025,555
Royalty income	9,097	12,644
	1,175,596	1,038,199

4. OTHER REVENUE AND OTHER NET INCOME

	Six months ended 30 September	
	2011	**2010**
	HK$'000	*HK$'000*
Other revenue		
Rental income	2,001	2,020
Bank interest income	3,591	1,449
Claims receivable from suppliers	1,760	1,496
Others	8,685	5,468
	16,037	10,433
Other net income		
Net foreign exchange (loss)/gain	(5,738)	4,447
Net loss on disposal of fixed assets	(1,241)	(250)
Gain on disposal of trademark	4,195	–
Refund of penalties on Taiwan value added tax dispute	43,622	–
Others	(32)	4,171
	40,806	8,368

5. SEGMENT REPORTING

The Group manages its businesses in term of apparel business by geographical location and licensing business. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has identified the following reporting segments.

- Sale of apparels: Taiwan
- Sale of apparel: South Korea
- Sale of apparel: Singapore
- Sale of apparel: Malaysia
- Sale of apparel: Hong Kong and Macau
- Sale of apparel: Mainland China
- Licensing

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments. The measure used for reporting segment profit is operating profit before finance cost and tax and excludes other head office or corporate administration costs.

Six months ended 30 September 2011

	Sale of apparel								
	Taiwan	South Korea	Singapore	Hong Kong & Macau	Malaysia	Mainland China	Sub-total	Licensing	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue from external customers	495,831	492,350	80,931	39,613	9,864	47,910	1,166,499	9,097	1,175,596
Inter-segment revenue	6,468	–	–	3,614	–	–	10,082	9,919	20,001
Reportable segment revenue	502,299	492,350	80,931	43,227	9,864	47,910	1,176,581	19,016	1,195,597
Reportable segment profit/(loss)	76,053	54,277	5,591	(3,474)	(1,326)	(2,722)	128,399	10,477	138,876
Interest income	163	3,288	–	140	–	–	3,591	–	3,591
Interest expenses	–	–	–	–	–	(465)	(465)	–	(465)
Depreciation and amortisation for the period	(5,281)	(7,212)	(1,163)	(791)	(520)	(1,729)	(16,696)	–	(16,696)
Impairment losses on trade debtors and royalty receivables	–	(256)	–	–	–	–	(256)	–	(256)

Six months ended 30 September 2010

	Sale of apparel								
	Taiwan	South Korea	Singapore	Hong Kong & Macau	Malaysia	Mainland China	Sub-total	Licensing	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue from external customers	448,084	412,625	65,440	35,580	12,139	51,687	1,025,555	12,644	1,038,199
Inter-segment revenue	6,491	–	–	–	–	–	6,491	7,693	14,184
Reportable segment revenue	454,575	412,625	65,440	35,580	12,139	51,687	1,032,046	20,337	1,052,383
Reportable segment profit/(loss)	33,518	47,350	8,140	4,449	587	(3,887)	90,157	17,627	107,784
Interest income	23	1,426	–	–	–	–	1,449	–	1,449
Interest expenses	–	(27)	(6)	–	(5)	(217)	(255)	–	(255)
Depreciation and amortisation for the period	(6,181)	(9,193)	(1,284)	(451)	(711)	(1,662)	(19,482)	–	(19,482)
Impairment losses on trade debtors and royalty receivables	–	(118)	–	–	–	–	(118)	–	(118)

Reconciliation of reportable segment revenue and profit

	Six months ended 30 September 2011 *HK$'000*	2010 *HK$'000*
Revenue		
Reportable segment revenue	1,195,597	1,052,383
Elimination of inter-segment revenue	(20,001)	(14,184)
Consolidated turnover	1,175,596	1,038,199
Profit		
Reportable segment profit	138,876	107,784
Elimination of inter-segment profit	–	–
	138,876	107,784
Finance costs	(4,289)	(4,078)
Unallocated head office and corporate income and expenses	(1,892)	(2,758)
Consolidated profit before taxation	132,695	100,948

6. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging/(crediting):

	Six months ended 30 September 2011 *HK$'000*	2010 *HK$'000*
(a) Finance costs		
Interest on bank advances wholly repayable within five years	466	255
Interest on shareholders' loans	3,823	3,823
	4,289	4,078
(b) Other items		
Cost of inventories sold	496,351	445,429
Staff costs	140,622	121,997
Depreciation	16,471	19,317
Refund of penalties on Taiwan value added tax	(43,622)	–

7. TAXATION

	Six months ended 30 September 2011 HK$'000	2010 HK$'000
Current tax – Overseas		
Provision for the period	18,682	15,363
Deferred tax		
Origination and reversal of temporary differences	–	18
	18,682	15,381

No provision for Hong Kong Profits Tax has been made in the financial statements for the six months 30 September 2011 as the Group sustained a loss for Hong Kong Profits tax purposes for that period. No provision for Hong Kong Profits Tax had been made in the financial statements for the six months ended 30 September 2010 as tax losses brought forward from previous years exceeded the estimated assessable profit for that period.

Taxation for overseas subsidiaries is charged at the appropriate current rates of taxation ruling in the relevant countries.

8. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to owners for the six months ended 30 September 2011 of HK$114,013,000 (2010: HK$85,621,000) and 982,250,000 (2010: 982,250,000) ordinary shares in issue during the period.

The diluted earnings per share are the same as the basic earnings per share as the Company did not have any dilutive ordinary shares outstanding during both periods.

9. DIVIDENDS

	Six months ended 30 September 2011 HK$'000	2010 HK$'000
(a) Interim dividends attributable to the period:		
Interim dividend declared of 2.5 cents (2010: 2.0 cents) per ordinary share	24,556	19,645

The interim dividend proposed after the end of the reporting period has not been recognised as liability at the end of the reporting period.

	2011 HK$'000	2010 HK$'000
(b) Dividends recognised as distribution and paid during the period:		
Final dividend in respect of the previous financial year of 8.0 cents (2010: 5.5 cents) per ordinary share	78,580	54,024

10. FIXED ASSETS

During the six months ended 30 September 2011, the Group purchased other property, plant and equipment amounted to HK$16,937,000 (2010: HK$15,313,000).

11. INTANGIBLE ASSETS

	At 30 September 2011 *HK$'000*	At 31 March 2011 *HK$'000*
The carrying values of the intangible at the balance sheet are as follows:		
Trademarks	110,928	113,479
Retail network	1,163	1,388
	112,091	114,867

12. INVESTMENTS

	At 30 September 2011 *HK$'000*	At 31 March 2011 *HK$'000*
Trading securities (at market value)		
Listed funds in Taiwan	43,668	105,957

13. TRADE AND OTHER RECEIVABLES

	At 30 September 2011 *HK$'000*	At 31 March 2011 *HK$'000*
Trade debtors	114,076	105,622
Royalty receivables	7,910	7,003
Less: Allowance for doubtful debts	(3,327)	(3,373)
	118,659	109,252
Rental deposits	78,954	80,047
Prepayments and other receivables	105,709	69,229
	303,322	258,528
Less: Non-current portion – other receivables	(35,937)	(39,302)
	267,385	219,226

Prepayments and other receivables as at 30 September 2011 included a promissory note receivable amounting to HK$44,869,000 (31 March 2011: HK$47,146,000), which will be fully repaid by June 2013, in relation to the disposal of intangible assets during the year ended 31 March 2010. This promissory note receivable bears interest at 6% per annum, compounded on a quarterly basis and is settled by instalment on a quarterly basis. In accordance with the terms of the promissory note, HK$35,937,000 (31 March 2011: HK$39,302,000) will be settled by the note issuer after one year from 30 September 2011 and accordingly, it is classified as non-current assets as at 30 September 2011.

All of the trade and other receivables are expected to be recovered within one year, except for the rental deposits.

The ageing analysis of trade debtors and royalty receivables that are neither individually nor collectively considered to be impaired are as follows:

	At 30 September 2011 *HK$'000*	**At 31 March 2011** *HK$'000*
Neither past due nor impaired	96,651	97,465
1 to 3 months past due	18,418	7,406
More than 3 months but less than 1 year past due	1,435	3,257
1 year to 2 years past due	2,155	1,124
Amount past due	22,008	11,787
	118,659	109,252

14. BANK LOANS

	At 30 September 2011 *HK$'000*	**At 31 March 2011** *HK$'000*
Bank loans (unsecured)	6,716	17,154

15. LOANS FROM SHAREHOLDERS

The loans from the Company's shareholders were borrowed by Hang Ten International Holdings Limited, a wholly owned subsidiary of the Company, to finance the acquisition of ILC International Corporation ("ILC") in 2001. The loans are unsecured and interest bearing at 6% p.a. The balance has been fully repaid after the end of the reporting period.

16. TRADE AND OTHER PAYABLES

	At 30 September 2011 *HK$'000*	**At 31 March 2011** *HK$'000*
Trade creditors	101,257	81,365
Bills payable	11,625	1,613
	112,882	82,978
Interest on loans from shareholders	3,823	7,639
Accrued charges	66,685	53,005
Deferred income *(note 18)*	9,151	9,151
Deposits received	31,873	27,445
Others	33,486	29,516
	257,900	209,734

Credit terms obtained by the Group range from 30 to 45 days. All of the trade and other payables are expected to be settled within one year, except for the deposits received.

Included in trade and other payables are trade creditors and bills payable within the following aging analysis:

	At 30 September 2011 *HK$'000*	At 31 March 2011 *HK$'000*
Due within 1 month or on demand	107,213	76,387
Due after 1 month but within 3 months	4,987	6,312
Due after 3 months but within 6 months	682	279
	112,882	82,978

17. AMOUNT DUE TO SHAREHOLDERS

The balances are unsecured, interest free and repayable on demand.

18. DEFERRED INCOME

Deferred income represents the unearned portion of up-front lump sum trademark licensing fee received from a licensee which is recognised as revenue over the term of the trademark licence.

19. SHARE CAPITAL

Issued and fully paid:

	Number of ordinary shares *'000*	Amount of ordinary shares *HK$'000*	Number of convertible preference shares	Amount of convertible preference shares *HK$'000*	Total amount *HK$'000*
Share capital at 1 April 2010, 31 March 2011 and 30 September 2011	982,250	98,225	–	–	98,225

There was no movement in issued and fully paid capital during the year ended 31 March 2011 and the six months ended 30 September 2011.

There was no option outstanding at 30 September 2011. No option was granted during the six months ended 30 September 2011. The principal terms of the share options scheme have been set out in the annual report of the Company for the year ended 31 March 2011.

20. MATERIAL RELATED PARTY TRANSACTIONS

Name of Related Party	Relationship	Nature of Transaction	Six months ended 30 September 2011	Six months ended 30 September 2010	At 30 September 2011	At 31 March 2011
			HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Michel Rene Enterprises Limited	A company controlled by a shareholder of the Company	Rental income received	396	194		
		Rental expense paid	–	519		
		Amount due therefrom			287	147

The amount due from a related company is unsecured, interest free and repayable on demand.

21. OPERATING LEASE COMMITMENTS

The total future minimum lease payments under non-cancellable operating leases are as follows:

	At 30 September 2011	At 31 March 2011
	HK$'000	*HK$'000*
Within one year	174,123	173,323
After 1 year but within 5 years	200,312	191,944
After 5 years	62	2,117
	374,497	367,384

4. INDEBTEDNESS

As at the close of business on 30 November 2011, being the latest practicable date for this statement of indebtedness prior to the printing of this Composite Document, the Group had unsecured bank borrowings amounting to approximately HK$5,497,000.

A subsidiary of the Group entered into an exclusive trademark license agreement (the "Agreement") with an independent third party dated 7 May 2004 in respect of the rights in respect of the Group's trademarks in Japan for a period of 10 years ending on 31 March 2014 for a fee of US$11,800,000 (approximately HK$91,509,000), subject to the refund of the pro-rated, unearned portion (being US$2,753,333 (approximately HK$21,352,000) as at 30 November 2011) on early termination of the Agreement in accordance with its terms. The refund obligation is secured by security interest over the relevant trademarks granted in favour of the independent third party.

Saved as disclosed above and apart from intra-group liabilities, the Group did not have any bank overdrafts or loans, or other similar indebtedness, mortgages, charges or guarantees or other material contingent liabilities as at the close of business on 30 November 2011.

The Directors confirm that there has not been any material change in the indebtedness or contingent liabilities of the Group since 30 November 2011 up to the Latest Practicable Date.

5. MATERIAL CHANGE

The Directors confirmed that as at the Latest Practicable Date, there has been no material change in the financial or trading position or outlook of the Group since 31 March 2011, being the date to which the latest published audited consolidated financial statements of the Company were made up.

RESPONSIBILITY STATEMENT

The Directors jointly and severally accept full responsibility for the accuracy of the information (other than information relating to the Offeror and parties acting in concert with it and the terms of the Offer) contained in this Composite Document and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this Composite Document (other than opinions expressed by the Offeror and parties acting in concert with it) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document (other than those relating to the Offeror and parties acting in concert with it and the terms of the Offer), the omission of which would make any statement in this Composite Document misleading.

SHARE CAPITAL

The Company has an authorised ordinary share capital of HK$250,000,000 divided into 2,500,000,000 ordinary Shares of HK$0.10 each and an authorised preference share capital of HK$73,070,000 divided into 7,307 preference shares of HK$10,000.00 each. As at the Latest Practicable Date, there was no outstanding preference share. The authorised and issued ordinary share capital of the Company as at the Latest Practicable Date were as follows:

Authorised ordinary share capital:		*HK$*
2,500,000,000	Shares as at the Latest Practicable Date	250,000,000
Issued and paid-up ordinary share capital:		
982,250,000	Shares as at 31 March 2011	98,225,000
982,250,000	Shares as at the Latest Practicable Date	98,225,000

All Shares in issue rank pari passu in all respects with each other including rights to dividends, voting and return of capital. The Company has not issued any Share since 31 March 2011, being the date to which the latest audited consolidated financial statements of the Company were made up.

As at the Latest Practicable Date, there were no outstanding options, warrants, derivatives or convertible securities which may confer any right on the holder thereof to subscribe for, convert or exchange into new Shares.

DISCLOSURE OF INTERESTS BY DIRECTORS AND CHIEF EXECUTIVE OF THE COMPANY

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the 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 deemed or taken to have under such provisions of the SFO) or which were required pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were required pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules to be notified to the Company and the Stock Exchange or which were required to be disclosed in this Composite Document pursuant to paragraph 2 (ii) of Schedule II to the Takeovers Code were as follows:

Name of Directors	Nature of interest	Number of Shares held	Approximate percentage of the existing issued share capital of the Company
Chan Wing Sun	Beneficial owner	550,000	0.06%
Kao Yu Chu	Beneficial owner	9,000,000	0.92%
Wang Li Wen	Beneficial owner	9,000,000	0.92%

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and the chief executives of the Company and their respective associates had any interests or short positions in the Shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which are required to be notified to the Company and the Stock Exchange pursuant to the Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they are deemed or taken to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were required pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules to be notified to the Company and the Stock Exchange or which were required to be disclosed in this Composite Document pursuant to paragraph 2 (ii) of Schedule II to the Takeovers Code.

DISCLOSURE OF INTERESTS BY SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, so far as is known to the Directors and the chief executive of the Company, the following persons (other than a Director or chief executive of the Company) had an interest or short position in the Shares and underlying Shares which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who are, 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 a general meeting of any member of the Group.

Name of Shareholders	Nature of interest	Number of Shares interested or deemed to be interested (long position)	Approximate percentage of the existing issued share capital of the Company
AWSL	Beneficial owner	371,890,000	37.86%
YGM	Beneficial owner	201,200,000	20.48%
	Interests in controlled corporation *(Note 1)*	21,202,000	2.16%
Fung Kwok Lun, William	Interests in controlled corporation *(Note 2)*	686,630,000	69.90%
HSBC Trustee (C.I.) Limited	Trustee *(Note 2)*	686,630,000	69.90%
King Lun Holdings Limited	Interests in controlled corporation *(Note 2)*	686,630,000	69.90%
Li & Fung (1937) Limited	Interests in controlled corporation *(Note 2)*	686,630,000	69.90%
Li & Fung (Retailing) Limited	Interests in controlled corporation *(Note 2)*	686,630,000	69.90%
The Offeror	Beneficial owner *(Note 2)*	686,630,000	69.90%

Notes:

1. These interests are held by Group Smart Management Limited, a wholly-owned subsidiary of YGM.

2. Based on the disclosure of interests filings made under the SFO and available on the Stock Exchange website, each of Fung Kwok Lun, William and HSBC Trustee (C.I.) Limited is deemed to be interested in the 686,630,000 Shares for which the Offeror has an interest under the SFO. According to the filings made under the SFO, the Offeror is wholly-owned by Li & Fung (Retailing) Limited, which is in turn wholly-owned by Li & Fung (1937) Limited. Li & Fung (1937) Limited is wholly-owned by King Lun Holdings Limited, which is in turn owned as to 50% by Fung Kwok Lun, William and as to 50% by HSBC Trustee (C.I.) Limited respectively.

Save as disclosed above, the Directors and the chief executive of the Company are not aware that there is any person (other than a Director or chief executive of the Company) who, as at the Latest Practicable Date, had an interest or short position in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is, 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 a general meeting of any other member of the Group.

INTERESTS IN THE OFFEROR

As at the Latest Practicable Date, none of the Company nor any of its Directors had any interest in the shares of the Offeror, and no such person had dealt in the shares of the Offeror during the Relevant Period.

SHAREHOLDINGS AND DEALINGS IN SECURITIES OF THE COMPANY

None of the Directors have dealt of value in any Share or any convertible securities, warrants, option or derivatives issued by the Company during the Relevant Period.

As at the Latest Practicable Date,

(a) no Share or any convertible securities, warrants, option or derivatives issued by the Company was owned or controlled by a subsidiary of the Company or by a pension fund (if any) of any member of the Group or by an adviser to the Company as specified in class (2) of the definition of associate under the Takeovers Code or by the IFA, and no such person had dealt in the Shares or any convertible securities, warrants, options or derivatives issued by the Company during the Relevant Period;

(b) no Shares or any convertible securities, warrants, option or derivatives issued by the Company was managed on a discretionary basis by fund managers (other than exempt fund managers) (if any) connected with the Company, and no such person had dealt in the Share or any convertible securities, warrants, options or derivatives issued by the Company during the Relevant Period;

(c) no Shares or any convertible securities, warrants, option or derivatives issued by the Company was owned or controlled by a person who has an arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Company or any person who is an associate of the Company by virtue of classes (1), (2), (3) and (4) of the definition of associate under the Takeovers Code, and no such person had dealt in the Shares or any convertible securities, warrants, options or derivatives issued by the Company during the Relevant Period;

(d) each of Mr. Chan Wing Sun, Ms. Kao Yu Chu and Ms. Wang Li Wen informed the Company that they intend to accept the Offer in respect of the 550,000, 9,000,000 and 9,000,000 Shares he/she beneficially owns, although they intend to sell their Shares in the market instead of accepting the Offer at any time before the close of the Offer when the market prices of the Shares exceed the Offer Price and the net proceeds from sale of Shares in the market exceed the amount receivable under the Offer; and

(e) none of the Company or any of its Directors has borrowed or lent any Shares or any convertible securities, warrants, options or derivatives issued by the Company during the Relevant Period.

MISCELLANEOUS

As at the Latest Practicable Date,

(a) no benefit (other than statutory compensation) had been given to any Director as compensation for loss of office or otherwise in connection with the Offer;

(b) save and except the Irrevocable Undertaking given by YGM in favour of the Offeror, no other material contracts had been entered into by the Offeror in which any Director has a material personal interest; and

(c) there was no agreement or arrangement between any Director and any other person which is conditional on or dependent upon the outcome of the Offer or otherwise connected with the Offer.

DIRECTORS' SERVICE CONTRACTS

Wang Li Wen, an executive Director, has entered into a service agreement dated 15 July 2010 with Hang Ten Enterprises Limited, Taiwan Branch (a subsidiary of the Company) in respect of his appointment as Assistant General Manager (Administration & Finance) for a term of three years with effect from 1 April 2010 which may be terminated by either party by not less than six months notice in writing. Wang Li Wen is entitled to a fixed salary of NT$3,600,000 per annum payable in twelve equal installments (which is subject to review at every anniversary of the service agreement). The board of directors of Hang Ten Enterprises Limited, Taiwan Branch may at their discretion pay a bonus in regard to the profitability of the company's operation and Wang Li Wen's contribution.

Wang Li Wen has also entered into a service agreement dated 15 July 2010 with Hang Ten Enterprises Limited (a subsidiary of the Company) in respect of his appointment as an executive director of Hang Ten Enterprises Limited and its subsidiaries and associated companies for a term of three years with effect from 1 April 2010 which may be terminated by either party by not less than six months notice in writing. Wang Li Wen is entitled to a fixed remuneration at a rate of US$10,000 per month under the service agreement. There is no variable remuneration payable under the service agreement.

Kao Yu Chu, an executive Director, has entered into a service agreement dated 15 July 2010 with Hang Ten Enterprises Limited, Taiwan Branch (a subsidiary of the Company) in respect of her appointment as Assistant General Manager (Sales Operations) for a term of three years with effect from 1 April 2010 which may be terminated by either party by not less than six months notice in writing. Kao Yu Chu is entitled to a fixed salary of NT$4,200,000 per annum payable in twelve equal installments (which is subject to review at every anniversary of the service agreement). The board of directors of Hang Ten Enterprises Limited, Taiwan Branch may at their discretion pay a bonus in regard to the profitability of the company's operation and Kao Yu Chu's contribution.

Kao Yu Chu has also entered into a service agreement dated 15 July 2010 with Hang Ten Enterprises Limited (a subsidiary of the Company) in respect of her appointment as an executive director of Hang Ten Enterprises Limited and its subsidiaries and associated companies for a term of three years with effect from 1 April 2010 which may be terminated by either party by not less than six months notice in writing. Kao Yu Chu is entitled to a fixed remuneration at a rate of US$10,000 per month under the service agreement. There is no variable remuneration payable under the service agreement.

As at the Latest Practicable Date, save as disclosed above, none of the Directors had any existing or proposed service contracts with any member of the Group or any associated company of the Group:

(a) which (including both continuous and fixed term contracts) have been entered into or amended within 6 months prior to 19 December 2011;

(b) which are continuous contracts with a notice period of 12 months or more; or

(c) which are fixed term contracts with more than 12 months to run irrespective of the notice period.

EXPERT AND CONSENT

The following are the qualifications of the expert who has given opinions in this Composite Document:

Name	Qualification
Celestial Capital Limited ("IFA")	a corporation licensed to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO

The IFA has given and has not withdrawn its written consent to the issue of this Composite Document with the inclusion herein of its letter and/or references to its name in the form and context in which they are respectively included.

LITIGATION

The Company made announcements on 17 December 2003, 25 February 2009 and 22 September 2009 respectively in respect of the value added tax dispute between the Group and the Taiwan Tax Authority. The Group received a judgment from the Taiwan Supreme Administrative Court on 18 September 2009 pursuant to which additional value added tax and penalties in the aggregate amount of approximately 293.67 million New Taiwan dollars (approximately HK$70.58 million) were imposed on the Group which was fully paid during the financial year ended 31 March 2010. As disclosed in the interim report of the Company for the six months ended 30 September 2011, following a ruling of the Taiwan Supreme Administrative Court and review by the Taiwan Tax Authority, the Group had been successful in its claim for refund of a major portion of the penalties of about 163.40 million New Taiwan dollars (approximately HK$43.6 million) paid to the Taiwan Tax Authority. The Group is (i) applying for a review at the Taiwan Ministry of Finance for the reduction of the penalties imposed to nil; and (ii) applying for a re-trial at the Taiwan Supreme Administrative Court against the value added tax assessment made by the Taiwan Tax Authority and for the removal of the remaining penalties imposed.

The Group is also making an application to the Korean Tax Tribunal to challenge the tax assessment (being additional withholding income taxes and penalty in an aggregate amount of KRW 1,673,272,790 (approximately HK$12,000,000) made by Geum-chun District Tax Office in May 2011 in respect of certain royalties paid to the Group. Full payment of the additional withholding income taxes and penalty in dispute has been made during the six months ended 30 September 2011.

As at the Latest Practicable Date, save as disclosed above, so far as the Directors were aware, no member of the Group was engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance was pending or threatened against any member of the Group.

MATERIAL CONTRACTS

Save as disclosed below, the Group had not entered into any material contracts (not being contracts entered into in the ordinary course of business carried on or intended to be carried on by the Group) within 2 years prior to the date of commencement of the Offer Period (i.e. 19 December 2011) and up to the Latest Practicable Date:

(a) the sale and purchase agreement dated 30 September 2010 between Hang Ten (Phils) Holdings Corporation (a wholly owned subsidiary of the Company) (as vendor), NEW HTPC CORP (as purchaser), and William De Leon, Chua Kun Yao, Johnny Tan and Nancy C. Lim (as guarantors) in respect of the sale by Hang Ten (Phils) Holdings Corporation of 55% of the issued stock capital of Hang Ten Phils. Corp. at a consideration of the US$ equivalent of Philippine Peso 21,499,976;

(b) the sale and purchase agreement dated 26 January 2011 between Hang Ten International Holdings Limited ("HTIHL") (a wholly owned subsidiary of the Company) and Chang Yu Chun in respect of the sale and assignment to Chang Yu Chun of the entire 100% issued capital of Han Tone Enterprises Limited ("Han Tone") and the US$917,916 due by Han Tone and its subsidiary to HTIHL at a consideration of US$1.00; and

(c) the sale and purchase agreement dated 1 May 2011 between ILC Trademark Corporation (a wholly owned subsidiary of the Company) and Mojo Brands LLC for the sale of the Group's rights in the trademarks and service marks "Hang Ten" and double feet device and combinations thereof in Mexico to Mojo Brands LLC at a consideration of US$870,000.

RESPONSIBILITY STATEMENT

The directors of the Offeror jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document (other than that relating to the Group and the Selling Shareholders), and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this Composite Document (other than those expressed by the Group and the Selling Shareholders) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document (other than those relating to the Group and the Selling Shareholders) the omission of which would make any statement in this Composite Document misleading.

DISCLOSURE OF INTERESTS

As at the Latest Practicable Date, Citi and entities controlling, controlled by or under the same control as Citi (except those entities in the capacity of an exempt principal trader and exempt fund manager), presumed to be acting in concert with the Offeror, held 81 Shares, representing approximately 0.0000082% of the issued share capital of the Company. Save as aforesaid, as at the Latest Practicable Date, none of the Offeror, its directors and parties acting in concert with the Offeror, owned or controlled any Shares or any options, warrants, derivatives or securities carrying conversion or subscription rights into shares of the Company.

As at the Latest Practicable Date and prior to the posting of this Composite Document, each of the Selling Shareholders had irrevocably committed in favour of the Offeror under the Irrevocable Undertaking to accept or procure the acceptance of the Offer in respect of an aggregate of 678,430,000 Shares (and the Additional Shares if YGM or the YGM Affiliate(s) receives such Shares as mentioned in the paragraph headed "Irrevocable Undertaking" in the letter from Citi set out in pages 6 to 16 of this Composite Document). Apart from the above, as at the Latest Practicable Date, no other person had irrevocably committed in favour of the Offeror to accept or reject (or procure the acceptance or rejection of) the Offer.

As at the Latest Practicable Date, the Offeror and parties acting in concert with it had not borrowed or lent any Shares, warrants, options, derivatives and securities carrying conversion or subscription rights into shares of the Company.

DEALINGS

During the Relevant Period, the following persons had dealt for value in Shares as set out below:

Name of persons	Date of dealings	Number of Shares purchased (sold)	Price per Share *(HK$)*
YGM Subsidiary	29 June 2011	500,000	2.250
	29 June 2011	230,000	2.240
	4 July 2011	662,000	2.250
	4 July 2011	94,000	2.240
	12 July 2011	132,000	2.190
	12 July 2011	770,000	2.200
	15 July 2011	484,000	2.220
	15 July 2011	346,000	2.230
	19 July 2011	450,000	2.120
	19 July 2011	100,000	2.130
	19 July 2011	150,000	2.140
	19 July 2011	146,000	2.150
	19 July 2011	124,000	2.160
	19 July 2011	30,000	2.170
	5 August 2011	260,000	1.980
	5 August 2011	440,000	1.970
	5 August 2011	550,000	1.960
	5 August 2011	228,000	1.950
	8 August 2011	160,000	1.800
	9 August 2011	200,000	1.640
	9 August 2011	200,000	1.650
	9 August 2011	46,000	1.660
	9 August 2011	200,000	1.670
	9 August 2011	200,000	1.680
	10 August 2011	200,000	1.690
	10 August 2011	32,000	1.700
	10 August 2011	168,000	1.710
	10 August 2011	200,000	1.730
	10 August 2011	400,000	1.740
	11 August 2011	610,000	1.700
	11 August 2011	124,000	1.710
	12 August 2011	350,000	1.690
	12 August 2011	600,000	1.700
	12 August 2011	50,000	1.740
	16 August 2011	40,000	1.730

Name of persons	Date of dealings	Number of Shares purchased (sold)	Price per Share *(HK$)*
	16 August 2011	40,000	1.740
	16 August 2011	90,000	1.750
	16 August 2011	50,000	1.760
	16 August 2011	100,000	1.770
	16 August 2011	680,000	1.780
	18 August 2011	14,000	1.790
	18 August 2011	220,000	1.800
	18 August 2011	340,000	1.810
	18 August 2011	40,000	1.820
	18 August 2011	292,000	1.830
	18 August 2011	66,000	1.840
	19 August 2011	100,000	1.740
	19 August 2011	8,000	1.745
	19 August 2011	862,000	1.750
	19 August 2011	2,000	1.755
	19 August 2011	472,000	1.760
	19 August 2011	30,000	1.770
	19 August 2011	526,000	1.780
	22 August 2011	34,000	1.680
	22 August 2011	48,000	1.690
	22 August 2011	56,000	1.700
	22 August 2011	74,000	1.710
	23 August 2011	60,000	1.720
	23 August 2011	150,000	1.730
	23 August 2011	110,000	1.740
	23 August 2011	266,000	1.750
	23 August 2011	152,000	1.760
	23 August 2011	4,000	1.770
	23 August 2011	32,000	1.760
	7 September 2011	40,000	1.730
	7 September 2011	4,000	1.740
	7 September 2011	8,000	1.750
	7 September 2011	14,000	1.755
	7 September 2011	128,000	1.760
	7 September 2011	20,000	1.765
	7 September 2011	222,000	1.770
	7 September 2011	244,000	1.780
	7 September 2011	90,000	1.790

Name of persons	Date of dealings	Number of Shares purchased (sold)	Price per Share *(HK$)*
AWSL	2 August 2011	100,000	2.19
	9 September 2011	50,000	1.95
	19 September 2011	38,000	1.70
	19 September 2011	32,000	1.71
	20 September 2011	4,000	1.59
	20 September 2011	22,000	1.60
	20 September 2011	24,000	1.61
	18 October 2011	46,000	1.45
	18 October 2011	80,000	1.46
	18 October 2011	64,000	1.47
DK	22 September 2011	50,000	1.61
HCY	4 October 2011	18,000	1.25
	13 October 2011	(10,000)	1.59
	17 October 2011	(8,000)	1.59
HPK	1 August 2011	(10,000)	2.24
	8 August 2011	(10,000)	1.78
	8 August 2011	(2,000)	1.80
	8 August 2011	(8,000)	1.81
	8 August 2011	(10,000)	1.84
	9 August 2011	(10,000)	1.81
	20 September 2011	20,000	1.61
	27 October 2011	(10,000)	1.59

Save as disclosed above, during the Relevant Period, none of (i) the Offeror, its directors, the parties acting in concert with them, (ii) the persons who had irrevocably committed themselves to accept or reject the Offer nor (iii) the persons who had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Offeror or any parties acting in concert with it, had dealt for value in any Shares, warrants, options, derivatives and securities carrying conversion or subscription rights into shares of the Company.

OTHER ARRANGEMENT IN RELATION TO THE OFFER

(i) As at the Latest Practicable Date, no benefit (other than statutory compensation) was or would be given to any Director as compensation for his loss of office or otherwise in connection with the Offer.

(ii) As at the Latest Practicable Date, save for the Irrevocable Undertaking and the Voting Undertakings, there was no agreement, arrangement or understanding (including any compensation arrangement) between the Offeror or any party acting in concert with it on one hand and any Directors, recent Directors, Shareholders or recent Shareholders on the other hand, having any connection with or dependence upon the Offer.

(iii) As at the Latest Practicable Date, there was no agreement or arrangement to which the Offeror is a party which relates to circumstances in which it may or may not invoke or seek to invoke a condition to the Offer.

(iv) As at the Latest Practicable Date, the Offeror had no agreement, arrangement or understanding to transfer, charge or pledge any of the Shares acquired pursuant to the Offer to any other persons.

(v) As at the Latest Practicable Date, no persons who had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Offeror or any party acting in concert with it owned or controlled any Shares, warrants, options, derivatives and securities carrying conversion or subscription rights into shares of the Company. The directors of the Offeror and its financial adviser were not aware of any such arrangements between any other associate of the Offeror and any other person.

MARKET PRICES

The table below shows the closing prices per Share on the Stock Exchange on (i) the last trading day of each of the calendar months during the Relevant Period; (ii) the Last Trading Day; and (iii) the Latest Practicable Date:

Date	**Closing price** *HK$*
30 June 2011	2.27
29 July 2011	2.21
31 August 2011	1.87
30 September 2011	1.52
31 October 2011	1.72
30 November 2011	1.66
Last Trading Day	1.70
30 December 2011	2.65
Latest Practicable Date	2.68

The highest and lowest closing prices per Share as quoted on the Stock Exchange during the Relevant Period were HK$2.68 per Share on 4 January 2012, 6 January 2012, 9 January 2012 and the Latest Practicable Date and HK$1.26 per Share on 4 October 2011.

EXPERT AND CONSENT

The following are the qualifications of the expert whose letter/opinion is contained in this Composite Document:

Name	Qualifications
Citi	a licensed corporation to carry on business in type 1 (Dealing in Securities), type 4 (Advising on Securities), type 6 (Advising on Corporate Finance) and type 7 (Providing Automated Trading Services) regulated activities under the SFO

Citi has given and has not withdrawn its written consent to the issue of this Composite Document with the inclusion herein of its letter and the references to its name, in the form and context in which they respectively appear.

MISCELLANEOUS

As at the Latest Practicable Date,

(i) the registered office of the Offeror is situated at P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands;

(ii) the directors of the Offeror are Fung Kwok King, Victor, Fung Kwok Lun, William, Lau Butt Farn and Choi Yuk Shing, Danny;

(iii) the Offeror is an indirect wholly-owned subsidiary of King Lun Holdings Limited. The registered office of King Lun Holdings Limited is situated at P.O. Box 71, Craigmuir Chambers, Road Town, Tortola, British Virgin Islands;

(iv) the directors of King Lun Holdings Limited are Fung Kwok King, Victor and Fung Kwok Lun, William; and

(v) Citi is making the Offer on behalf of the Offeror and is also the financial adviser to the Offeror and Li & Fung (Retailing) Limited in respect of the Offer. The registered office of Citi is situated at 50th Floor, Citibank Tower, Citibank Plaza, 3 Garden Road, Central, Hong Kong.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection (i) during normal business hours from 9:00 a.m. to 5:00 p.m. (other than Saturdays, Sundays and public holidays) at the principal place of business of the Company in Hong Kong at Room 912, 9th Floor, Stanhope House, 734 King's Road, Quarry Bay, Hong Kong; (ii) on the website of the SFC (www.sfc.hk); and (iii) the Company's website at www.hangten.com.hk during the period from 12 January 2012 onwards for so long as the Offer remains open for acceptance:

(a) the memorandum of association and Bye-Laws of the Company;

(b) the memorandum and articles of association of the Offeror;

(c) the annual reports of the Company for the two years ended 31 March 2011 and the interim report of the Company for the six months ended 30 September 2011;

(d) the letter from Citi, the text of which is set out on pages 6 to 16 of this Composite Document;

(e) the letter from the Board, the text of which is set out on pages 17 to 19 of this Composite Document;

(f) the letter from the Independent Board Committee, the text of which is set out on pages 20 to 21 of this Composite Document;

(g) the letter from the IFA, the text of which is set out on pages 22 to 42 of this Composite Document;

(h) the written consents referred to in the paragraph headed "Expert and Consent" in each of Appendices III and IV;

(i) the material contracts referred to in the paragraph headed "Material Contracts" in Appendix III;

(j) the service contracts of the Directors referred to in the paragraph headed "Directors' Service Contracts" in Appendix III;

(k) the Irrevocable Undertaking; and

(l) the facility agreement dated 15 December 2011 and entered into by and among the Offeror, Li & Fung (Retailing) Limited, Li & Fung (1937) Limited, Citi, Citibank, N.A., Hong Kong Branch and Citicorp International Limited in relation to a loan facility in an aggregate amount of up to HK$2,652,000,000 for the purposes of, among other things, financing the Offer.