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If you have sold or transferred all your shares in Portico International Holdings Limited, you should at once hand this circular to the purchaser or transferee or to the bank, the licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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PORTICO INTERNATIONAL HOLDINGS LTD

Portico International Holdings Limited

寶國國際控股有限公司*

(formerly known as Ports Design Limited 寶姿時裝有限公司)*

(Incorporated in Bermuda with limited liability)

(Stock Code: 0589)

MAJOR TRANSACTION

FRAMEWORK AGREEMENT IN RELATION TO DISPOSAL OF INTERESTS IN PORTS ASIA HOLDINGS (HONG KONG) LIMITED

A letter from the Board is set out on pages 3 to 11 of this circular.

* For identification purpose only

22 June 2015

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DEFINITIONS

In this circular, unless the context otherwise requires, the following terms and expressions have the following meanings:

“Bluestone”	Bluestone Global Holdings Limited, a company incorporated in the British Virgin Islands, a wholly-owned subsidiary of PIEL;
“Board”	the board of directors of the Company;
“CFS”	CFS International Inc, a company incorporated in Canada and owned by PIEL as to 97.52%;
“close associates”	has the meaning ascribed to it in the Listing Rules;
“Company”	Portico International Holdings Limited (formerly known as Ports Design Limited), a company incorporated in Bermuda with limited liability and listed on the Main Board of the Stock Exchange with Stock Code 0589;
“connected person(s)”	has the same meaning ascribed to it in the Listing Rules;
“controlling shareholder”	has the same meaning ascribed to it in the Listing Rules;
“Director(s)”	the director(s) of the Company from time to time;
“Framework Agreement”	the framework agreement dated 31 May 2015 entered into between Ports BVI and Oriental Fortune in relation to, among other things, the sale and purchase of a 20% shareholding in Ports HK;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Latest Practicable Date”	18 June 2015, being the latest practicable date for ascertaining certain information referred to in this circular prior to its printing;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Oriental Fortune”	Shenzhen Oriental Fortune Capital Co., Ltd., a company incorporated in the PRC;

DEFINITIONS

“PIEL”	Ports International Enterprises Limited, a company incorporated in the British Virgin Islands;
“Ports BVI”	Ports Asia Holdings Limited, a company with limited liability incorporated in the British Virgin Islands, wholly owned by the Company;
“Ports HK”	Ports Asia Holdings (Hong Kong) Limited, a company with limited liability incorporated in Hong Kong, wholly owned by Ports BVI;
“PRC”	the People’s Republic of China which, for the purpose of this circular, excludes Hong Kong, Macau and Taiwan;
“RMB”	Renminbi, the lawful currency of the PRC;
“SFO”	the Securities and Futures Ordinance (Cap. 571 of the laws of Hong Kong);
“Shareholders”	registered holders of the Shares;
“Shares”	ordinary shares of the Company of HK\$0.0025 each;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“subsidiaries”	has the meaning ascribed to it in the Listing Rules;
“20% Disposal”	the proposed sale of an aggregate 20% shareholding in Ports HK by Ports BVI under the Framework Agreement in two tranches of 6% and 14%, respectively, as described in this circular; and
“%”	per cent.

Unless indicated otherwise, in this circular, translation of amounts in RMB into HK\$ has been made at the rate of HK\$1 = RMB0.7889 for illustration purposes only.

LETTER FROM THE BOARD



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(Incorporated in Bermuda with limited liability)

(Stock Code: 0589)

Executive Directors

Mr. Alfred Chan
Mr. Pierre Bourque
Mr. He Kun

Independent Non-Executive Directors

Mr. Lin Tao
Mr. Zheng Wanhe
Mr. Antonio Gregorio

Registered Office

Canon's Court
22 Victoria Street
Hamilton HM12
Bermuda

Headquarter

No. 698, Qiaoying Road
Jimei District
Xiamen
China 361021

*Principal Place of Business
in Hong Kong*

Suite 102, Sunbeam Center
27 Shing Yip Street
Kwun Tong
Kowloon
Hong Kong

22 June 2015

To the Shareholders

Dear Sir or Madam,

**MAJOR TRANSACTION
FRAMEWORK AGREEMENT IN RELATION TO DISPOSAL
OF INTERESTS IN
PORTS ASIA HOLDINGS (HONG KONG) LIMITED**

INTRODUCTION

On 1 June 2015, the Board announced that Ports BVI entered into the Framework Agreement with Oriental Fortune, pursuant to which Ports BVI has agreed to sell, and Oriental Fortune has agreed to purchase, an aggregate 20% shareholding in Ports HK, which holds substantially all of

* For identification purpose only

LETTER FROM THE BOARD

the Group's existing fashion and apparel business. The Framework Agreement also provides for the possible sale of the remaining 80% shareholding in Ports HK, subject to Oriental Fortune introducing an independent third party buyer to Ports BVI and Ports BVI agreeing the detailed terms of such disposal in a separate sale and purchase agreement.

The purpose of this circular is to provide you with, among other things, (i) further details of the Framework Agreement and the 20% Disposal; (ii) financial information in relation to the Group; and (iii) other information as required by the Listing Rules.

PRINCIPAL TERMS OF THE FRAMEWORK AGREEMENT

Date

31 May 2015

Parties

- (1) Ports BVI, as seller
- (2) Oriental Fortune, as purchaser

Disposal of an aggregate 20% shareholding in Ports HK

Ports BVI has agreed to sell a 6% shareholding in Ports HK to Oriental Fortune for a cash consideration of RMB180 million (equivalent to approximately HK\$228 million). Pursuant to the Framework Agreement, Oriental Fortune has agreed to transfer the consideration payment to a bank account designated by Ports BVI within 7 working days after the entering into of the Framework Agreement. Ports BVI has agreed to transfer the relevant shares in Ports HK to Oriental Fortune within 7 working days after receipt of the consideration payment.

As at the Latest Practicable Date, Ports BVI had received from Oriental Fortune the cash consideration of RMB180 million (equivalent to approximately HK\$228 million) for the sale of the 6% shareholding in Ports HK. Ports BVI had executed the relevant transfer documents and had given notice to Oriental Fortune that the executed transfer documents were ready. Oriental Fortune had acknowledged receipt of the notice and had informed Ports BVI that they were applying for approval from the State Administration of Foreign Exchange in relation to the transfer.

The Framework Agreement provides that Oriental Fortune will be permitted to conduct due diligence in respect of Ports HK and its PRC subsidiaries for a period of 30 days.

The Framework Agreement provides that, if there is no material difference between the findings of Oriental Fortune's due diligence review and the information disclosed by Ports BVI, Ports BVI and Oriental Fortune will enter into a sale and purchase agreement, pursuant to which Ports BVI will sell an additional 14% interest in Ports HK to Oriental Fortune for a cash consideration of RMB420 million (equivalent to approximately HK\$532 million). The consideration for the 20% Disposal would, therefore, be RMB600 million (equivalent to approximately HK\$760

LETTER FROM THE BOARD

million). The Framework Agreement provides that Oriental Fortune would transfer the consideration payment to a bank account designated by Ports BVI within 15 working days after the entering into of such sale and purchase agreement and that Ports BVI would transfer the relevant shares in Ports HK to Oriental Fortune within 7 working days after receipt of such payment. The Framework Agreement further provides that if there is any material difference between the findings of Oriental Fortune's due diligence review and the information disclosed by Ports BVI, Oriental Fortune may request Ports BVI to return the cash consideration of RMB180 million (equivalent to approximately HK\$228 million) already paid to Ports BVI and transfer the shares in relation to the sale of 6% shareholding in Ports HK back to Ports BVI.

The consideration for the 20% Disposal was agreed based on arm's length third party negotiation, including determination of the goodwill which the PORTS brand enjoys in the market and the distribution system which Ports HK has established in the PRC market. The consideration was determined based on 11 times of the net profits of Ports HK after taxation and extraordinary items as shown in its unaudited consolidated financial statements in respect of the financial year ended 31 December 2014, following the deduction of the cash dividend to be declared and paid by Ports HK and its PRC subsidiaries to Ports BVI in the amount of RMB1.5 billion (equivalent to approximately HK\$1.9 billion) referred to in the section headed "Other terms" below.

The general offer for the Company's shares was announced in January 2015. In the Company's final results announcement dated 31 March 2015, the Company announced that it is actively exploring strategic options to expand its business activities and explore other possible investment opportunities, with a view to maximizing shareholder returns. Since the close of the offer and the Company's announcement that it is considering its strategic options, the Company's share price has significantly improved. During the six months prior to the announcement of the general offer, the average closing price of the Company's shares between July 2014 and December 2014 was approximately HK\$2.96, implying a price-earnings ratio for the Company's shares of approximately 18.2. Such ratio is calculated as the average closing price of HK\$2.96 divided by earnings per share of RMB0.13 shown in the Company's audited consolidated financial statements for the financial year ended 31 December 2014.

Taking into account the dividend in the amount of RMB1.5 billion (equivalent to approximately HK\$1.9 billion) to be declared and paid by Ports HK and its PRC subsidiaries to Ports BVI prior to the 20% Disposal, the price-earnings ratio applicable to the shares in Ports HK implied by the sale price (as adjusted to reflect the RMB1.5 billion pre-sale dividend) is approximately 16.4, which is in line with the Company's share price prevailing before the unusual events of the general offer and the announcement that the Company is considering its strategic options. The price-earnings ratio of approximately 16.4 is calculated by dividing the valuation of 100% of Ports HK implied by the sale price for the 20% Disposal of RMB4.5 billion (taking into account the proposed dividend, of RMB1.5 billion), by the net profits of Ports HK after taxation and extraordinary items for the financial year ended 31 December 2014, of RMB274 million. Most of the costs of the Group are incurred at the Company level and other operating subsidiaries, resulting in smaller profits and thus a higher price-earnings ratio at the Company level,

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notwithstanding that the valuation for 100% of Ports HK implied by the sale price for the 20% Disposal is approximately 1.9 times of the Company's total market capitalisation as referred to below.

As at the Latest Practicable Date, the Company's total market capitalization was approximately HK\$2.97 billion. Taking into account the pre-sale dividend of RMB1.5 billion (equivalent to approximately HK\$1.9 billion), the valuation for 100% of Ports HK implied by the sale price for the 20% Disposal is RMB4.5 billion (equivalent to approximately HK\$5.7 billion), equivalent to approximately 1.9 times the Company's total market capitalization.

Having regard to the foregoing, the Directors believe that the terms of the 20% Disposal are fair and reasonable and in the interests of the Company and its shareholders as a whole.

Possible sale of the Company's remaining 80% interest in Ports HK

In addition to the 20% Disposal referred to above, the Framework Agreement provides that Oriental Fortune will, within 90 days after completion of the sale of the 14% interest in Ports HK referred to above, identify and introduce to Ports BVI a third party purchaser to make an offer to purchase the remaining 80% interest in Ports HK for a consideration of RMB2.4 billion (equivalent to approximately HK\$3.0 billion). Such possible sale is subject to Ports BVI negotiating and entering into a separate sale and purchase agreement with the third party purchaser containing the terms of the transaction. Ports BVI has been advised by its PRC legal counsel that this arrangement does not constitute a legally binding commitment to buy or sell Ports BVI's remaining 80% shareholding in Ports HK and that a legally binding commitment would only arise on the entry into by Ports BVI and the third party purchaser to be introduced of a separate detailed sale and purchase agreement containing the terms of such a transaction. The Framework Agreement provides that any such sale and purchase agreement would include a condition that applicable regulatory consents be obtained by the Company and the proposed purchaser, including approvals required under the respective applicable listing rules of the Company and (if applicable) the proposed purchaser (which would include shareholders' approval required by Company under the Listing Rules for a very substantial disposal).

Other terms

The Framework Agreement contemplates that Ports HK and its PRC subsidiaries shall declare and pay a cash dividend in the amount of RMB1.5 billion (equivalent to approximately HK\$1.9 billion) to Ports BVI and that Oriental Fortune would not be entitled to receive any amount of that dividend in respect of the shareholding in Ports HK purchased by Oriental Fortune.

The Framework Agreement includes a co-sale right in favour of Oriental Fortune if the possible sale of Ports BVI's remaining 80% shareholding in Ports HK to a purchaser introduced by Oriental Fortune does not proceed and Ports BVI were to seek to sell its shares in Ports HK to a third party.

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The Framework Agreement is governed by PRC law and subject to arbitration by China International Economic and Trade Arbitration Commission. The Framework Agreement is legally binding, except that, as described above and advised by PRC legal counsel, the provisions relating to the possible sale and purchase of Ports BVI's remaining 80% shareholding in Ports HK are not legally binding on either Ports BVI or Oriental Fortune.

INFORMATION ON THE COMPANY, PORTS BVI AND PORTS HK

The Company is primarily engaged in the wholesale and retail distribution of ladies' and men's fashion apparels and accessories such as shoes, handbags, eyewear, scarves and fragrances in the PRC, the United States of America, Canada and Europe, under the PORTS brand name. As at 31 December 2014, the Group operated 310 retail stores. The Group currently operates most of its business activities in the PRC market and is one of the leading international fashion companies in the PRC.

Ports BVI is an investment holding subsidiary of the Company incorporated in the British Virgin Islands, which is principally engaged, through its subsidiaries, in the sales of garments. Ports BVI directly holds a 100% interest in Ports HK.

Ports HK is a subsidiary of Ports BVI and the Company. Ports HK holds substantially all of the Group's existing fashion and apparel business. It holds, either directly or indirectly, the following equity interests in the following PRC companies:

- (a) 100% equity interest in Ports Fashion (Xiamen) Ltd.;
- (b) 100% equity interest in Cpax Ltd.;
- (c) 100% equity interest in Xiamen Xiangyu Ports Trading Co., Ltd.;
- (d) 100% equity interest in Ports International (Beijing) Co., Ltd.;
- (e) 100% equity interest in Xiamen Ports Fashion Co., Ltd.;
- (f) 100% equity interest in Xiamen Dibo Fashion Co., Ltd.;
- (g) 51% equity interest in Xiamen Weijue Optical Co., Ltd.; and
- (h) 51% equity interest in Xiamen Baozhan Trading Co., Ltd.

The net asset value of Ports HK as at 31 December 2014 (as shown in its unaudited consolidated financial statements as at that date) was approximately RMB2.079 billion (equivalent to approximately HK\$2.635 billion). After the payment of the cash dividend in the amount of RMB1.5 billion (equivalent to approximately HK\$1.9 billion) and the deduction of minority interest, the net asset value of Ports HK will be approximately RMB557 million (equivalent to approximately HK\$706 million).

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The net profits of Ports HK before and after taxation and extraordinary items for the financial year ended 31 December 2013 (as shown in its unaudited consolidated financial statements in respect of that financial year) were approximately RMB443.5 million (equivalent to approximately HK\$562.2 million) and approximately RMB312 million (equivalent to approximately HK\$395.5 million) respectively.

The net profits of Ports HK before and after taxation and extraordinary items for the financial year ended 31 December 2014 (as shown in its unaudited consolidated financial statements in respect of that financial year) were approximately RMB370.9 million (equivalent to approximately HK\$470.0 million) and approximately RMB274 million (equivalent to approximately HK\$347.4 million) respectively.

Following the completion of the 20% Disposal, Ports HK will continue to be a subsidiary of the Company.

INFORMATION ON ORIENTAL FORTUNE

Oriental Fortune is a company incorporated in the PRC principally engaged in fund management and private equity investment. Oriental Fortune was introduced to the Company by one of the directors of the Company, who is a personal friend of the chairman of Oriental Fortune.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Oriental Fortune and its ultimate beneficial owner are third parties independent of the Company and its connected persons.

REASONS FOR AND BENEFITS OF THE 20% DISPOSAL

In the Company's strategic business review referred to in the Company's final results announcement on 31 March 2015, the Company's management concluded that the future prospects in its traditional fashion and apparel business are difficult and challenging. This has been reflected in the downward trend in the Company's financial performance over the last few years. The downward trend has been caused by various factors, including consumers' move from traditional retailing to Internet purchases and the macro political environment in the PRC.

In light of this circumstance, Company management have concluded that the interests of Shareholders would be better served by exiting from the Company's traditional fashion and apparel business and shifting the Company's strategic focus to related sectors of the PRC economy which are expected to produce better returns for Shareholders going forward. As referred to in the Company's announcement on 8 May 2015 and in the Company's final results announcement on 31 March 2015, the Company is actively exploring strategic options to expand its business activities and explore other possible investment opportunities, with a view to maximizing shareholder returns. The 20% Disposal is the first step of the Company's strategy.

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The possible investment opportunities which the Company is currently exploring include (a) acquisition of a highly desirable Grade A property in Shanghai which is benefitting from increasing rental rates due to the influx of many foreign companies into the Chinese market; (b) acquisition and/or investment in other online or offline retail companies with significant growth and profit potential, due to their positioning or distribution strategy focused on the internet sales channel; and (c) opportunities that fall within the scope of new growth areas in mobile networks, cloud computing and other related information technologies with modern manufacturing that enjoy synergies with the Group's existing business model and corporate strengths. Discussions in relation to these possible investment opportunities are at an early stage, no definitive agreement has been reached in relation to a transaction and no legally binding agreement or term sheet has been entered into in relation to any of these possible investment opportunities. The Company will make further announcements in relation to this matter, in accordance with the requirements of applicable law and the Listing Rules, to keep shareholders and potential investors informed of material developments. **In the meantime, shareholders and potential investors are advised to exercise caution when dealing in the Company's shares.**

FINANCIAL EFFECTS OF THE 20% DISPOSAL AND USE OF THE PROCEEDS

Effects on the Group's earnings and financial position

The Group expects to recognize a gain of approximately RMB488.6 million (equivalent to approximately HK\$619.3 million) on the 20% Disposal, being the difference between (i) the consideration for the 20% Disposal in the amount of RMB600 million (equivalent to approximately HK\$760 million); and (ii) the net book value of the 20% shareholding in Ports HK as at 31 December 2014 in the amount of approximately RMB111.4 million (equivalent to approximately HK\$141.2 million). It is expected that the Group's total assets will increase by approximately RMB600 million (equivalent to approximately HK\$760 million) arising from the 20% Disposal. It is also expected that the Group's total liabilities will increase by approximately RMB52.0 million (equivalent to approximately HK\$65.9 million) arising from the 20% Disposal. Shareholders and potential investors should note that the actual gain and change in financial position resulting from the 20% Disposal to be recorded by the Group is subject to audit and may be different from the estimated amount.

Intended use of the proceeds

The net proceeds from the 20% Disposal attributable to the Group, after deducting the transaction costs and expenses, are currently estimated to be approximately RMB548.0 million (equivalent to approximately HK\$694.6 million).

The cash position of the Company will be greatly enhanced with the cash received from the transaction. The Company, with strong cash position and minimal amount of debt, will be in a strong financial position to invest and build strong businesses to power future growth of the Company.

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The Company intends to use the proceeds from the 20% Disposal (and, if it proceeds, the proceeds from the sale of Ports BVI's remaining 80% shareholding in Ports HK) for investment in related sectors of the PRC economy which are expected to produce better returns for shareholders going forward. However, as at the Latest Practicable Date, no legally binding agreement or term sheet has been entered into in relation to any such investment. The Company will make further announcements in relation to the Company's reinvestment plans, in accordance with the requirements of applicable law and the Listing Rules, to keep Shareholders and potential investors informed of material developments.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the 20% Disposal is, on an aggregated basis, greater than 25% and less than 100%, as calculated under Rule 14.07 of the Listing Rules, the 20% Disposal is a major transaction for the Company under the Listing Rules and is, therefore, subject to Shareholders' approval.

So far as the Company is aware, having made all reasonable enquiries, no Shareholder has a material interest in, and would be required to abstain from voting on the resolution to approve, the 20% Disposal if the Company were to convene a general meeting to approve the 20% Disposal.

As at the Latest Practicable Date: (a) Bluestone held 140,037,752 Shares, representing approximately 25.3% of the issued share capital of the Company; (b) CFS held 250,187,637 Shares, representing approximately 45.1% of the issued share capital of the Company; and (c) PIEL held 49,488,000 Shares, representing approximately 8.9% of the issued share capital of the Company. Bluestone and CFS are owned by PIEL as to 100% and 97.52% respectively. As at the Latest Practicable Date, Bluestone, CFS and PIEL together held an aggregate of 439,713,389 Shares, representing approximately 79.3% of the issued share capital of the Company. The Company has received written shareholders' approvals from Bluestone, CFS and PIEL, which together hold more than 50% in nominal value of the issued share capital of the Company, in accordance with Rule 14.44 of the Listing Rules. Accordingly, no Shareholders' meeting will be convened by the Company to approve the 20% Disposal.

If the sale of Ports BVI's remaining 80% shareholding in Ports HK were to proceed, it would constitute a very substantial disposal for the Company and would be conditional on Shareholders' approval and maintaining the Company's listing. If a sale and purchase agreement is entered into in relation to the sale of Ports BVI's remaining 80% shareholding in Ports HK, the Company would publish a further announcement and would comply with the Listing Rules requirements for a very substantial disposal.

LETTER FROM THE BOARD

IMPORTANT NOTICE

Shareholders and potential investors should note that Oriental Fortune's payment obligation under the Framework Agreement is limited to RMB600 million (equivalent to approximately HK\$760.6 million) for the 20% interest in Ports HK. Any subsequent transaction in respect of Ports BVI's remaining 80% shareholding in Ports HK would be subject to negotiation and agreement of a sale of purchase agreement containing the terms of such a transaction and there is no assurance that any subsequent transaction will take place. **Shareholders and potential investors should, therefore, exercise caution when dealing in the Company's shares.**

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this circular.

Yours faithfully,
By Order of the Board
Portico International Holdings Limited
Alfred Chan
Executive Director

INDEBTEDNESS**Interest-bearing borrowings**

As at 30 April 2015, being the latest practicable date for the purpose of this statement of indebtedness, the Group had total interest-bearing borrowings amounting to approximately RMB471.5 million (equivalent to approximately HK\$597.6 million), details of which are as follows:

	<i>RMB'000</i>
Bank loans repayable within one year or on demand	
— Secured	353,525
— Unsecured	<u>117,926</u>
	<u><u>471,450</u></u>

The bank loans of the Group have maturity terms within one year and carry fixed or variable interest rate during the borrowing period.

Mortgages

As at 30 April 2015, certain overseas banking facilities of the Group were guaranteed by letter of credits issued by certain banks located in PRC. In respect of the guarantee provided by these PRC banks, certain subsidiaries' fixed deposits of RMB184.8 million (equivalent to approximately HK\$234.3 million) were placed with banks located in the PRC as security. Besides, RMB1.2 million (equivalent to approximately HK\$1.5 million) was pledged for import letter of credit as at 30 April 2015.

Other liabilities

Save as disclosed above and apart from intra-group liabilities and normal trade payables, at the close of business on 30 April 2015, the Group did not have any outstanding loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances, debentures, mortgages, charges, hire purchase and finance lease commitments, guarantees or material contingent liabilities.

WORKING CAPITAL

The Directors are of the opinion that taking into account the Group's internal resources and available banking facilities, the Group has sufficient working capital for its present requirements for the next 12 months from the date of this circular.

FINANCIAL AND TRADING PROSPECTS OF THE GROUP

The Group's businesses have been increasingly impacted by the macro trends affecting the PRC apparel retailing sector. In particular, the policies to promote frugal living styles initiated by the PRC Central Government have put a dent on luxury goods demand. As a result, the Group's results are being squeezed by declining sales, pressure on margins, as well as increased operating costs due to exorbitant rental rates in prime retail locations and increasing staff costs. In 2014, turnover and profit attributable to the Shareholders decreased by approximately 12.1% and 75.0% respectively, in comparison to 2013. This illustrates the substantial effect on profits of a relatively modest decline in sales.

The Group needs and intends to maintain its competitiveness with fellow fashion houses by devoting substantial resources to ensure its merchandise is stylish and attractive to a wide range of customers. Despite market conditions, the Group perseveres with its policy of renovating and opening upscale retail stores, such as those on Canton Road, Hong Kong and on Nanjing Road, Shanghai, to increase the brand's visibility and international exposure. This policy will be costly in the short term but is necessary to fully establish the brand's international status so as to benefit when luxury spending in the PRC revives, and so is an essential part of the Group's branding and distribution strategy.

The Directors confirm that the financial and trading positions and outlook of the Group have continued to deteriorate since 31 December 2014 (being the date to which the latest published audited consolidated financial statements of the Group were drawn up). The Group continues to experience the same challenges in the luxury goods market in the PRC which have led to the material decline in the Group's financial and trading positions and outlook (as compared to the position as at 31 December 2014 shown in the Group's latest published audited consolidated financial statements). This condition is mitigated by reduction in some controllable expenses and improvements in the Internet sales.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS OF DIRECTORS AND CHIEF EXECUTIVES

As at the Latest Practicable Date, the Directors, the chief executives of the Company (collectively referred to as the “**Chief Executives**”) had the following 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 (a) 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 which they were taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to Section 352 of the SFO to be entered in the register(s) maintained by the Company referred to therein; or (c) were otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) set out in Appendix 10 to the Listing Rules:

Name of Director	Personal Interest	Corporate Interest	Total Interest	Percentage of total issued Shares
Mr. Alfred Chan	200,000 (L)	439,713,389 ^(Note) (L)	439,913,389 (L)	79.34 (L)

(L) — Long Position

Note: Mr. Alfred Chan owns 50% of the shareholding interest of PIEL. As at the Latest Practicable Date, PIEL held a long position of 49,488,000 Shares directly. 250,187,637 Shares were owned by CFS and 140,037,752 Shares were owned by Bluestone, both being direct subsidiaries of PIEL. Mr. Alfred Chan was deemed to be interested in 79.31% of the issued share capital of the Company by virtue of his interests in PIEL pursuant to Part XV of the SFO.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or the Chief Executives had any interests or short positions in any shares, underlying shares or debentures of the Company or any of 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 which they were taken or deemed to have under such provisions of the SFO) or which were required to be recorded in the register(s) required to be kept under Section 352 of the SFO or which were otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

As at the Latest Practicable Date, save as disclosed below, none of the Directors was a director or an employee of a company which 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:

Name of Director	Names of companies which had such discloseable interest or short position	Position within such companies
Mr. Alfred Chan	PIEL, CFS and Bluestone	Director

3. SERVICE CONTRACTS

As at the Latest Practicable Date, none of Directors had entered or proposed to enter into, with any member of the Group, a service contract which is not expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation).

4. LITIGATION

As at the Latest Practicable Date, no litigation or claim of material importance is known to the Directors to be pending or threatened against any member of the Group.

5. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors or their respective close associates had any interest in the business, which competed or was likely to compete, either directly or indirectly, with the business of the Group (as would be required to be disclosed under Rule 8.10 of the Listing Rules if each of them were a controlling shareholder).

6. MATERIAL INTERESTS IN CONTRACTS OR ARRANGEMENTS

On 29 December 2014, the Company entered into a renewed master agreement with Ports International Retail Corporation in relation to the sales of products from the Group to Ports International Retail Corporation. Ports International Retail Corporation is a wholly-owned subsidiary of CFS, which is owned by PIEL as to 92.52%. Mr. Alfred Chan, a Director, owns a 50% shareholding in PIEL. He is also a director of each of CFS and PIEL.

Save as disclosed above, as at the Latest Practicable Date, there was no contract or arrangement subsisting in which any of the Directors was materially interested and which was significant in relation to the business of the Group.

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which have been, since 31 December 2014 (being the date to which the latest published audited consolidated financial statements of the Company were made up), acquired or disposed of by or leased to any member of the Group, or which were proposed to be acquired or disposed of by or leased to any member of the Group.

7. MATERIAL CONTRACT

As at the Latest Practicable Date, the following contract (not being contract entered into in the ordinary course of business) was entered into by any member of the Group within the two years immediately preceding the Latest Practicable Date and is, or may be considered, material:

The Framework Agreement

8. MISCELLANEOUS

- (a) The registered office of the Company is situated at Canon's Court, 22 Victoria Street, Hamilton HM12, Bermuda.
- (b) The headquarter of the Company is situated at No. 698, Qiaoying Road, Jimei District, Xiamen, China 361021.
- (c) The principal place of business of the Company in Hong Kong is situated at Suite 102, Sunbeam Center, 27 Shing Yip Street, Kwun Tong, Kowloon, Hong Kong.
- (d) The company secretary of the Company is Ms. Irene Wong. She is an associate member of the Institute of Chartered Secretaries and Administrators, a fellow member of the Association of Chartered Certified Accountants (UK) and a member of the Hong Kong Institute of Certified Public Accountants. She is also a practicing certified public accountant in Hong Kong and has been practicing accounting for over 20 years.
- (e) The principal share registrar and transfer office of the Company is Appleby Management (Bermuda) Ltd. at Canon's Court, 22 Victoria Street, Hamilton HM 12, Bermuda. The Hong Kong share registrar of the Company is Computershare Hong Kong Investor Services Limited with its office located at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong.
- (f) In the event of inconsistency, the English version of this circular shall prevail over the Chinese version.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours at the office of the Company at Suite 3310-11, Tower One, Times Square, 1 Matheson Street, Hong Kong, on any weekday (except public holidays) up to and including 13 July 2015:

- (a) the memorandum and bye-laws of the Company;
- (b) the annual reports of the Company (including audited consolidated financial statements of the Group) for the two financial years ended 31 December 2013 and 2014;

- (c) a copy of the Framework Agreement, being the material contract referred to in the section headed “Material Contract” in this Appendix II; and
- (d) this circular.