
HISTORY, REORGANISATION AND GROUP STRUCTURE

OVERVIEW

The Company was incorporated as an exempted company in the Cayman Islands on 2 April 2012. Upon completion of the Reorganisation, we became the holding company of the Group.

OUR CORPORATE HISTORY

Our history traces back to May 1993 when the Cheng Brothers founded the Group by acquiring the entire shareholding in Casablanca International, our first operating subsidiary. Leveraging on the experience of our chairman Mr. Cheng Sze Kin (鄭斯堅) in the production and trading of fabrics and home textiles, we commenced our business of selling our bedding products under the Casablanca brand in Hong Kong in 1993. In 1995, in order to expand to the premium market, we launched another bedding products line under the Casa Calvin brand. During the early stage of our business, we generally outsourced the entire production processes to external manufacturers. As our business continued to grow, we established our Shenzhen Production Facility and commenced our production since 2003, and in the same year, we also expanded our sales operations to the PRC. Since 2006, we have obtained the licence to produce and sell bedding products under the Elle Deco brand, and in 2012, we were granted a licence to produce and sell bedding and bed linen products under the Centa-Star brand. In order to further expand our business, we commenced the construction of a new production facility in Huizhou, Guangdong Province, the PRC since December 2011 and phase I of the said facility is expected to be completed by the second half of 2012 and to commence operations in the first quarter of 2013. As at 30 June 2012, we had established a sales network comprising 358 points of sale in the Greater China Region which included 203 self-operated points of sale and 155 distributor-operated points of sale.

Major Subsidiaries

Casablanca International

Casablanca International was incorporated in Hong Kong on 16 March 1993. On 12 May 1993, the Cheng Brothers together acquired the entire shareholding in Casablanca International at par value. On 5 June 1993, Casablanca International allotted and issued 3,499 shares, 1,499 shares, 2,000 shares and 3,000 shares to Mr. Cheng Sze Kin (鄭斯堅), Mr. Cheng Sze Tsan (鄭斯燦), Lin Man Sing Simon and Li Kam Chow, respectively, at par value. On 12 August 1993, each of Mr. Cheng Sze Kin (鄭斯堅) and Li Kam Chow transferred their entire shareholdings in Casablanca International to Ms. Wong Pik Hung (王碧紅) (the spouse of Mr. Cheng Sze Kin (鄭斯堅)) at par value, whereas Lin Man Sing Simon transferred his entire shareholding in Casablanca International to Mr. Cheng Sze Tsan (鄭斯燦) at par value. Upon the completion of these allotments and share transfers, Casablanca International was owned as to 65% and 35% by Ms. Wong Pik Hung (王碧紅) and Mr. Cheng Sze Tsan (鄭斯燦), respectively. Both Lin Man Sing Simon and Li Kam Chow were, at the time, Independent Third Parties.

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On 8 March 1995, Casablanca International allotted and issued 40,000, 21,500 and 28,500 shares to Mr. Cheng Sze Kin (鄭斯堅), Mr. Cheng Sze Tsan (鄭斯燦) and Ms. Wong Pik Hung (王碧紅) respectively. On 17 May 1995, Ms. Wong Pik Hung (王碧紅) transferred 10,000 shares in Casablanca International to Mr. Cheng Sze Tsan (鄭斯燦) at the consideration of HK\$10,000, being the par value of these shares in Casablanca International. Upon the completion of the above allotments and shares transfer, Casablanca International was owned as to 40%, 35% and 25% by Mr. Cheng Sze Kin (鄭斯堅), Mr. Cheng Sze Tsan (鄭斯燦) and Ms. Wong Pik Hung (王碧紅), respectively.

On 28 December 2010, Casablanca International allotted and issued 2,900,000 shares to Smart Glory at the consideration of HK\$2,900,000, being the par value of these shares in Casablanca International. Further, on the same date, each of Mr. Cheng Sze Kin (鄭斯堅), Mr. Cheng Sze Tsan (鄭斯燦) and Ms. Wong Pik Hung (王碧紅) declared that they held all their shares in Casablanca International on trust for the benefit of Smart Glory. Since then, Smart Glory has been the sole beneficial owner of Casablanca International though Mr. Cheng Sze Kin (鄭斯堅), Mr. Cheng Sze Tsan (鄭斯燦) and Ms. Wong Pik Hung (王碧紅) remained as the legal owners of 100,000 shares in Casablanca International.

Casablanca International transferred its business operations to Casablanca Hong Kong in 2010. Since then, Casablanca International holds some of our properties and intellectual properties and has only been engaged in property letting activities. Please refer to the section headed “Business” in this Prospectus for further details of our properties, and also to Appendix V to this Prospectus for further details of our intellectual property.

Casablanca Hong Kong

Casablanca Hong Kong was incorporated in Hong Kong on 22 June 2010 and has all along been wholly owned by Alright Global. The principal activity of Casablanca Hong Kong is the trading of home textile products and accessories.

CCW Home Tex (Shenzhen)

CCW Home Tex (Shenzhen) was established under the laws of the PRC on 25 April 2007 and has all along been wholly owned by Rich Creation. The registered capital of CCW Home Tex (Shenzhen) was initially HK\$2,000,000, which was subsequently increased to HK\$8,200,000 and HK\$20,000,000 on 13 August 2007 and 6 April 2011, respectively. The principal activity of CCW Home Tex (Shenzhen) is the trading of home textile products and accessories.

Forcetek (Shenzhen)

Forcetek (Shenzhen) was established under the laws of the PRC on 23 July 2003, at which time it was wholly owned by Jollirich and had a registered capital of HK\$9,000,000.

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On 9 October 2005, Forcetek (Shenzhen) merged with 卡撒天嬌布藝(深圳)有限公司 (Casablanca Fabric (Shenzhen) Co. Ltd.) by the way of merger by amalgamation. After the completion of their merger, Casablanca International, as the shareholder of 卡撒天嬌布藝(深圳)有限公司 (Casablanca Fabric (Shenzhen) Co. Ltd.), became the shareholder of Forcetek (Shenzhen) and 卡撒天嬌布藝(深圳)有限公司 (Casablanca Fabric (Shenzhen) Co. Ltd.) was dissolved. The registered capital of Forcetek (Shenzhen) was increased to HK\$10,200,000 and Forcetek (Shenzhen) was owned as to 88.24% and 11.76% by Jollirich and Casablanca International respectively. Pursuant to an equity transfer agreement dated 11 October 2010, Casablanca International transferred all its equity interest in Forcetek (Shenzhen) to Leading Force at a consideration of HK\$1.2 million. Since then, Forcetek (Shenzhen) has been owned as to 88.24% and 11.76% by Jollirich and Leading Force respectively. The principal activities of Forcetek (Shenzhen) are the manufacturing and sale of home textile products and accessories.

Casablanca (Shenzhen)

Casablanca (Shenzhen) was established under the laws of the PRC on 20 August 2010 and has all along been wholly owned by Casablanca Home and had a registered capital of HK\$10,000,000. The principal activity of Casablanca (Shenzhen) is the trading of home textile products and accessories.

Casablanca (Huizhou)

Casablanca (Huizhou) was established under the laws of the PRC on 7 April 2011 and has all along been wholly owned by Casablanca Home and had a registered capital of HK\$35,000,000. Casablanca (Huizhou) has acquired a piece of land in Huizhou, Guangdong Province, the PRC and commenced construction of the new production facility in December 2011. We expect that phase I of the said construction will be completed by the second half of 2012.

Other Subsidiaries

Casablanca Home Holdings

Casablanca Home Holdings was incorporated under the laws of the BVI on 5 October 2010 as an intermediate holding company of the Group. At that time, Mr. Cheng Sze Kin (鄭斯堅), Mr. Cheng Sze Tsan (鄭斯燦) and Ms. Wong Pik Hung (王碧紅) owned 40 shares, 35 shares and 25 shares, respectively, in Casablanca Home Holdings which represented 40%, 35% and 25% of the total issued share capital of Casablanca Home Holdings respectively. On 20 June 2012, Casablanca Home Holdings allotted and issued 1,691,960, 1,480,465 and 1,057,475 shares to each of Mr. Cheng Sze Kin (鄭斯堅), Mr. Cheng Sze Tsan (鄭斯燦) and Ms. Wong Pik Hung (王碧紅), respectively, at par value. Upon the completion of the said allotments, Casablanca Home Holdings remained owned as to 40%, 35% and 25% by Mr. Cheng Sze Kin (鄭斯堅), Mr. Cheng Sze Tsan (鄭斯燦) and Ms. Wong Pik Hung (王碧紅), respectively. Upon the completion of the Reorganisation set out in the paragraph headed “Reorganisation” in this section below, Casablanca Home Holdings became the direct wholly-owned subsidiary of the Company.

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Rich Creation

Rich Creation was incorporated in Hong Kong on 16 December 2006 as an investment holding vehicle. On 8 January 2007, Rich Creation allotted and issued 3,999, 3,500 and 2,500 shares to Mr. Cheng Sze Kin (鄭斯堅), Mr. Cheng Sze Tsan (鄭斯燦) and Ms. Wong Pik Hung (王碧紅), respectively, at par value. On 10 January 2007, GNL06 Limited transferred one share in Rich Creation to Mr. Cheng Sze Kin (鄭斯堅) at par value. Thereafter, Rich Creation was owned as to 40%, 35% and 25% by Mr. Cheng Sze Kin (鄭斯堅), Mr. Cheng Sze Tsan (鄭斯燦) and Ms. Wong Pik Hung (王碧紅), respectively. GNL06 Limited was an Independent Third Party.

On 19 October 2010, Super Smart acquired the entire shareholding in Rich Creation at par value. Since then, Rich Creation has been wholly owned by Super Smart.

Smart Glory, Alright Global, Super Smart and One Start

In 2010, Smart Glory, Alright Global, Super Smart and One Start were incorporated under the laws of the BVI to serve as investment holding vehicles.

Smart Glory was incorporated on 18 August 2010. On 27 September 2010, Smart Glory allotted and issued 40, 35 and 25 shares to Mr. Cheng Sze Kin (鄭斯堅), Mr. Cheng Sze Tsan (鄭斯燦) and Ms. Wong Pik Hung (王碧紅), respectively, at par value. On 18 October 2010, each of Mr. Cheng Sze Kin (鄭斯堅), Mr. Cheng Sze Tsan (鄭斯燦) and Ms. Wong Pik Hung (王碧紅) transferred their entire shareholdings in Smart Glory to Casablanca Home Holdings at par value. Thereafter, Smart Glory became a wholly-owned subsidiary of Casablanca Home Holdings.

Alright Global was incorporated on 18 May 2010. On 15 June 2010, Alright Global allotted and issued 40, 35 and 25 shares to Mr. Cheng Sze Kin (鄭斯堅), Mr. Cheng Sze Tsan (鄭斯燦) and Ms. Wong Pik Hung (王碧紅), respectively, at par value. On 18 October 2010, each of Mr. Cheng Sze Kin (鄭斯堅), Mr. Cheng Sze Tsan (鄭斯燦) and Ms. Wong Pik Hung (王碧紅) transferred their entire shareholdings in Alright Global to Casablanca Home Holdings at par value. Thereafter, Alright Global became a wholly-owned subsidiary of Casablanca Home Holdings.

Super Smart was incorporated on 18 May 2010. On 15 June 2010, Super Smart allotted and issued 40, 35 and 25 shares to Mr. Cheng Sze Kin (鄭斯堅), Mr. Cheng Sze Tsan (鄭斯燦) and Ms. Wong Pik Hung (王碧紅), respectively, at par value. On 18 October 2010, each of Mr. Cheng Sze Kin (鄭斯堅), Mr. Cheng Sze Tsan (鄭斯燦) and Ms. Wong Pik Hung (王碧紅) transferred their entire shareholdings in Super Smart to Casablanca Home Holdings at par value. Thereafter, Super Smart became a wholly-owned subsidiary of Casablanca Home Holdings.

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One Start was incorporated on 10 May 2010. On 15 June 2010, One Start allotted and issued 40, 35 and 25 shares to Mr. Cheng Sze Kin (鄭斯堅), Mr. Cheng Sze Tsan (鄭斯燦) and Ms. Wong Pik Hung (王碧紅), respectively, at par value. On 18 October 2010, each of Mr. Cheng Sze Kin (鄭斯堅), Mr. Cheng Sze Tsan (鄭斯燦) and Ms. Wong Pik Hung (王碧紅) transferred their entire shareholdings in One Start to Casablanca Home Holdings at par value. Thereafter, One Start became a wholly-owned subsidiary of Casablanca Home Holdings.

Casablanca Home

Casablanca Home was incorporated in Hong Kong on 22 June 2010 as an investment holding vehicle. Since incorporation, Casablanca Home has been wholly owned by One Start.

Leading Empire

Leading Empire was incorporated under the laws of the BVI on 6 May 2010 as an investment holding vehicle. By a declaration of trust dated 15 June 2010, Casablanca International held the entire shareholding in Leading Empire on trust for the benefit of Mr. Cheng Sze Kin (鄭斯堅), Mr. Cheng Sze Tsan (鄭斯燦) and Ms. Wong Pik Hung (王碧紅) as to 40%, 35% and 25%, respectively. On 21 December 2011, Casablanca International transferred the entire shareholding in Leading Empire to Casablanca Home at par value and this trust arrangement was terminated. Upon the completion of the said transfer, Casablanca Home became the sole legal and beneficial owner of Leading Empire.

Jollirich

Jollirich was incorporated in Hong Kong on 8 April 2002. On 21 December 2011, Leading Empire acquired 40%, 35% and 25% shareholding in Jollirich at par value from Mr. Cheng Sze Kin (鄭斯堅), Mr. Cheng Sze Tsan (鄭斯燦) and Ms. Wong Pik Hung (王碧紅), respectively. Upon the completion of such transfer, Jollirich became our indirect wholly-owned subsidiary.

Since 2006, Jollirich had been engaged in the sales of Elle Deco products in Hong Kong until 2010, when it transferred all its business operations to Casablanca Hong Kong. Since then, Jollirich has been an investment holding vehicle.

Leading Force

Leading Force was incorporated in Hong Kong on 5 February 2007 and is an investment holding vehicle. On 20 July 2010, Leading Empire acquired the entire shareholding in Leading Force from Sea Tiger Holdings Limited at a consideration of HK\$1,000, which was determined based on the par value of the shares. Since then, Leading Force has been the wholly-owned subsidiary of Leading Empire. Sea Tiger Holdings Limited was an Independent Third Party.

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Casablanca E-commerce

Casablanca E-commerce was established under the laws of the PRC on 29 July 2011 and has since been wholly owned by Casablanca (Shenzhen) and has a registered capital of RMB500,000. We established Casablanca E-commerce as a vehicle for the possible future expansion of our sales operations through internet or other electronic channels. As at the Latest Practicable Date, Casablanca E-commerce was dormant.

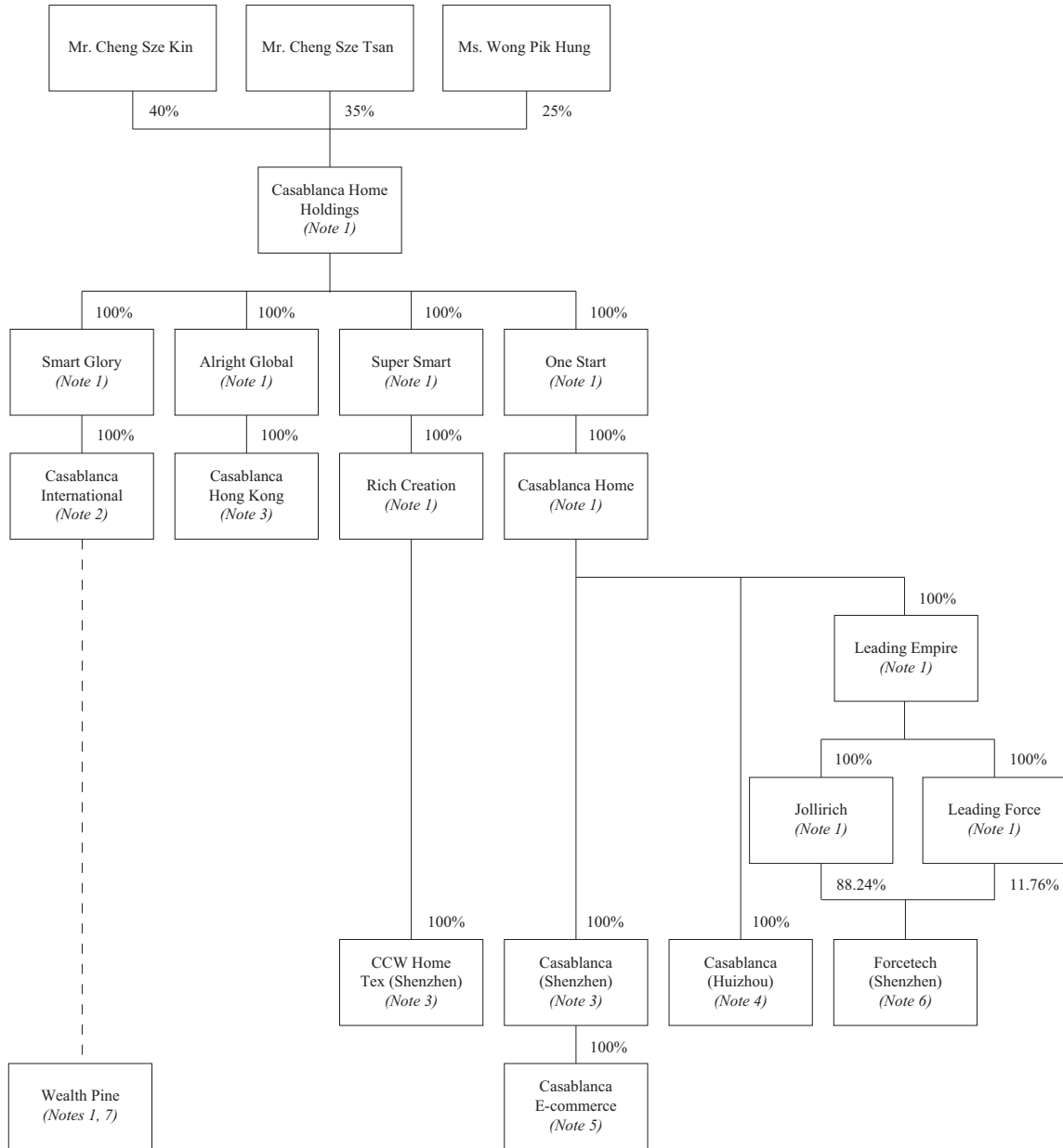
Wealth Pine

Wealth Pine was incorporated in Hong Kong on 20 May 2010. Prior to the Reorganisation, it was a wholly-owned subsidiary of Casablanca International. By a declaration of trust dated 8 October 2010, Leading Asset held the entire shareholding in Wealth Pine on trust for the benefit of Casablanca International. The ultimate beneficial owners of Leading Asset are Mr. Cheng Sze Kin (鄭斯堅), Mr. Cheng Sze Tsan (鄭斯燦) and Ms. Wong Pik Hung (王碧紅) as to 40%, 35% and 25%, respectively. Upon the completion of the Reorganisation, the Group no longer held any interest in Wealth Pine.

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SHAREHOLDING AND CORPORATE STRUCTURE IMMEDIATELY BEFORE THE REORGANISATION

The following diagram sets out the corporate structure and the Shareholders of the Group immediately before completion of the Reorganisation:



Notes:

- (1) It is an investment holding company.
- (2) Its principal business activity is property letting.
- (3) Its principal business activity is the trading of home textile products and accessories.

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- (4) It was dormant as at the Latest Practicable Date.
- (5) It was dormant as at the Latest Practicable Date.
- (6) Its principal business activities are the manufacturing and sale of home textile products and accessories.
- (7) Casablanca International was beneficially interested in the entire shareholding in Wealth Pine by virtue of a declaration of trust made by Leading Asset dated 8 October 2010.

REORGANISATION

The companies comprising the Group underwent the Reorganisation in preparation for the Listing. The principal steps involved in the Reorganisation are summarised below:

(i) Incorporation of the Company

On 2 April 2012, the Company was incorporated in the Cayman Islands as an exempted company with limited liability with an authorised share capital of HK\$380,000 divided into 3,800,000 ordinary shares of HK\$0.10 each. Upon incorporation, one subscriber share (being the only share in issue at the time) was transferred from Mapcal Limited to World Empire. On 16 April 2012, 3,799,999 Shares of HK\$0.10 each was issued and allotted to World Empire, which is owned as to 40%, 35% and 25% by Mr. Cheng Sze Kin (鄭斯堅), Mr. Cheng Sze Tsan (鄭斯燦) and Ms. Wong Pik Hung (王碧紅), respectively.

(ii) Disposal of our interest in Wealth Pine

On 26 April 2012, Casablanca International, Leading Asset and Smart Blossom Limited entered into a share transfer agreement pursuant to which Casablanca International agreed to transfer all its beneficial interest in Wealth Pine to Smart Blossom Limited at a consideration of HK\$1,600,000, which was determined by the valuation of the property held by Wealth Pine minus the net liabilities of Wealth Pine as at 31 March 2012. Smart Blossom Limited is owned by Mr. Cheng Sze Kin (鄭斯堅), Mr. Cheng Sze Tsan (鄭斯燦) and Ms. Wong Pik Hung (王碧紅) as to 40%, 35% and 25%, respectively. Upon the completion of such transfer, the Group no longer has any interest in Wealth Pine. We disposed of our interest in Wealth Pine because Wealth Pine only holds a non-core property which is not related to our business.

(iii) Increase of authorised share capital of the Company

On 22 October 2012, the authorised share capital of the Company was increased from HK\$380,000 divided into 3,800,000 ordinary shares of HK\$0.10 each to HK\$50,000,000 divided into 500,000,000 ordinary shares of HK\$0.10 each.

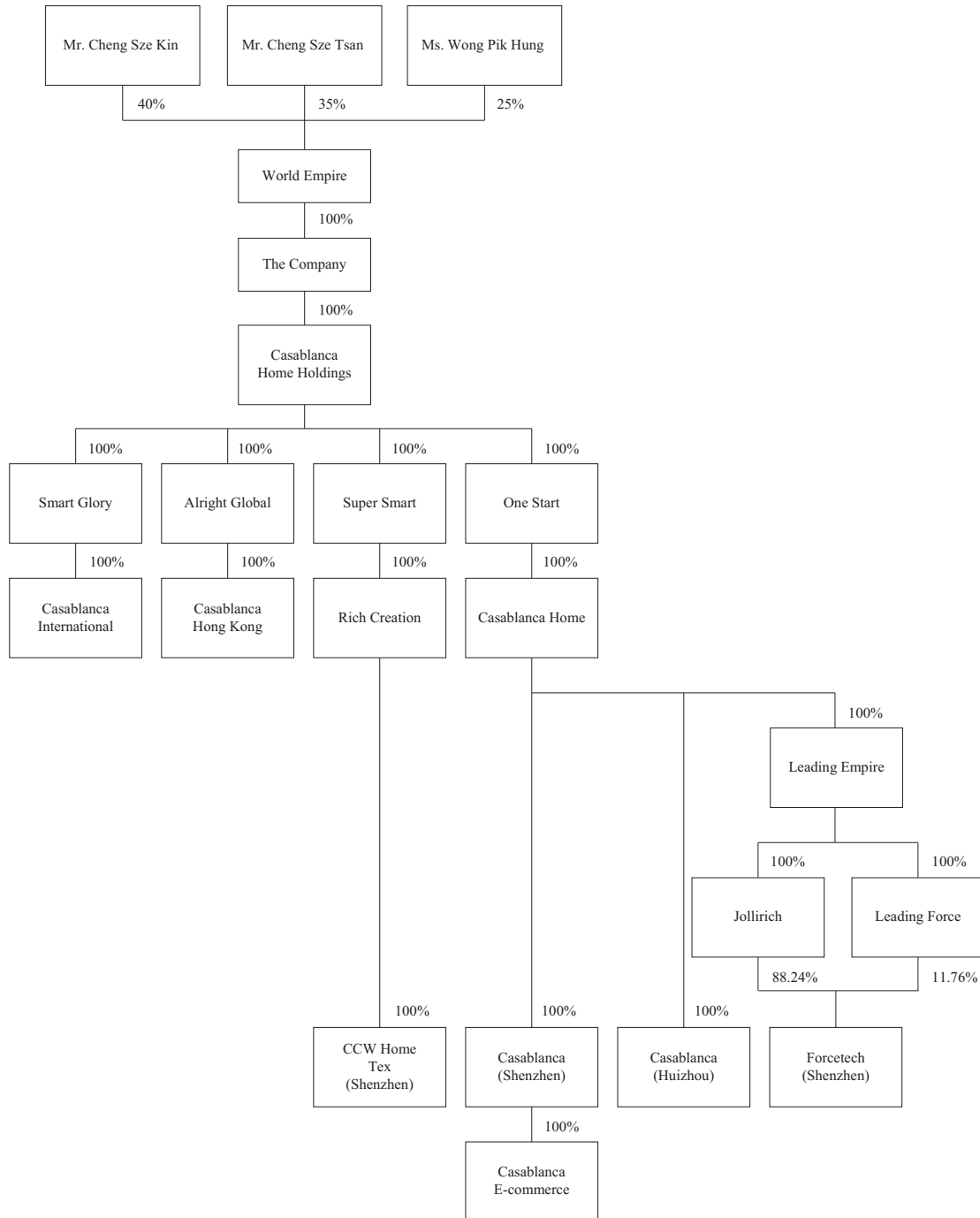
(iv) Share swap

On 22 October 2012, Mr. Cheng Sze Kin (鄭斯堅), Mr. Cheng Sze Tsan (鄭斯燦) and Ms. Wong Pik Hung (王碧紅) transferred 1,692,000 shares, 1,480,500 shares and 1,057,000 shares in Casablanca Home Holdings to the Company, respectively, in consideration of the allotment and issue by the Company of 200,000 Shares to World Empire, which were fully paid up.

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SHAREHOLDING AND CORPORATE STRUCTURE IMMEDIATELY AFTER THE REORGANISATION AND BEFORE COMPLETION OF THE GLOBAL OFFERING

The following diagram sets out the corporate structure and the Shareholders of the Group immediately after completion of the Reorganisation and before completion of the Global Offering:



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SHAREHOLDING AND CORPORATE STRUCTURE IMMEDIATELY AFTER THE GLOBAL OFFERING

The following diagram sets out the corporate structure and the Shareholders of the Group immediately after completion of the Global Offering (assuming the Over-allotment Option is not exercised and that any options that may be granted under the Share Option Schemes are not exercised):

