



Cabbeen

卡賓服飾有限公司
CABBEEN FASHION LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 2030

GLOBAL OFFERING

Joint Global Coordinators, Joint Sponsors, Joint Bookrunners and Joint Lead Managers

BofA Merrill Lynch



IMPORTANT

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

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(Incorporated in the Cayman Islands with limited liability)

GLOBAL OFFERING

Total number of Offer Shares under the : 175,000,000 Shares (subject to the Over-allotment
Global Offering Option)

Number of Hong Kong Offer Shares : 17,500,000 Shares (subject to adjustment)

Number of International Placing Shares : 157,500,000 Shares (subject to adjustment and the
Over-allotment Option)

Offer Price : Not more than HK\$2.80 per Hong Kong Offer
Share and expected to be not less than HK\$2.25
per Hong Kong Offer Share, plus brokerage of
1%, SFC transaction levy of 0.003% and Stock
Exchange trading fee of 0.005% (payable in full
on application in Hong Kong dollars and subject
to refund on final pricing)

Nominal value : HK\$0.01 per Share

Stock code : 2030

Joint Global Coordinators, Joint Sponsors, Joint Bookrunners and Joint Lead Managers

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Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this prospectus. A copy of this prospectus, having attached thereto the documents specified in "Documents Delivered to the Registrar of Companies and Available for Inspection" in Appendix VI to this prospectus, has been registered by the Registrar of Companies in Hong Kong as required by section 342C of the Companies Ordinance. The Securities and Futures Commission of Hong Kong and the Registrar of Companies in Hong Kong take no responsibility for the contents of this prospectus or any other documents referred to above.

The Offer Price is expected to be determined by agreement between the Joint Sponsors (on behalf of the Hong Kong Underwriters), the Joint Global Coordinators (on behalf of the International Underwriters), and our Company on or before Monday, October 21, 2013 or such later time as may be agreed between the parties, but in any event, no later than Sunday, October 27, 2013. If, for any reason, the Joint Sponsors (on behalf of the Hong Kong Underwriters), the Joint Global Coordinators (on behalf of the International Underwriters), and our Company are unable to reach an agreement on the Offer Price by Sunday, October 27, 2013, the Global Offering will not proceed and will lapse immediately. The Offer Price will be not more than HK\$2.80 per Share and is expected to be not less than HK\$2.25 per Share, unless otherwise announced. Investors applying for the Hong Kong Offer Shares must pay, on application, the maximum offer price of HK\$2.80 for each Offer Share together with brokerage of 1%, SFC transaction levy of 0.003% and Stock Exchange trading fee of 0.005% subject to refund if the Offer Price is lower than HK\$2.80. The Joint Sponsors and the Joint Global Coordinators, on behalf of the Underwriters (as the case may be), may, with the consent of our Company, reduce the number of Offer Shares being offered under the Global Offering and/or the indicative Offer Price range below that stated in this prospectus at any time prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, notices of such reduction will be published in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) and on the websites of the Stock Exchange at www.hkexnews.hk and the Company at www.ir.cabbeen.com as soon as practicable but in any event not later than the morning of the last day for lodging applications under the Hong Kong Public Offering. If applications for Hong Kong Offer Shares have been submitted prior to the day which is the last day for lodging applications under the Hong Kong Public Offering, then even if the Offer Price is so reduced such application cannot be subsequently withdrawn (except in the circumstances described in the section headed "How to Apply for Hong Kong Offer Shares").

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

Pursuant to the termination provisions contained in the Hong Kong Underwriting Agreement in respect of the Offer Shares, the Joint Sponsors, on behalf of the Hong Kong Underwriters, have the right in certain circumstances, in their absolute discretion, to terminate the obligation of the Hong Kong Underwriters pursuant to the Hong Kong Underwriting Agreement at any time prior to 8:00 a.m. on the Listing Date. Further details of the terms of the termination provisions are set out in the section headed "Underwriting — Grounds for Termination". It is important that you refer to that section for further details.

The Offer Shares have not been and will not be registered under the U.S. Securities Act or any state securities law in the United States and may not be offered, sold, pledged or transferred within the United States, or to, or for the account or benefit of U.S. persons, except that the Offer Shares may be offered, sold or delivered in offshore transactions outside the United States in reliance on Regulation S under the U.S. Securities Act.

October 16, 2013

EXPECTED TIMETABLE *(note 1)*

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

- Latest time to complete electronic applications under **White Form eIPO** service through the designated website at www.eipo.com.hk *(note 4)* 11:30 a.m. on Monday, October 21, 2013
- Application lists for the Hong Kong Public Offering open *(note 2)* 11:45 a.m. on Monday, October 21, 2013
- Latest time for lodging **WHITE** and **YELLOW** Application Forms and giving **electronic application instructions** to HKSCC *(note 3)* 12:00 noon on Monday, October 21, 2013
- Latest time to complete payments for **White Form eIPO** applications by effecting internet banking transfer(s) or PPS payment transfer(s) 12:00 noon on Monday, October 21, 2013
- Application lists close *(note 2)* 12:00 noon on Monday, October 21, 2013
- Expected Price Determination Date *(note 6)* Monday, October 21, 2013
- Announcement of the Offer Price, the indications of the level of interest in the International Placing, the level of applications in the Hong Kong Public Offering, and the basis of allocation of the Hong Kong Offer Shares to be published in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) and at the websites of the Stock Exchange at www.hkexnews.hk and the Company at www.ir.cabbeen.com on or before *(note 7)* Friday, October 25, 2013
- Results of allocations in the Hong Kong Public Offering (with successful applicants' identification document numbers, where appropriate) to be available through a variety of channels. (See "How to apply for Hong Kong Offer Shares — Publication of Results") from Friday, October 25, 2013
- Results of allocations in the Hong Kong Public Offering will be available at www.iporeresults.com.hk with a "search by ID function" Friday, October 25, 2013
- Despatch of share certificates in respect of wholly or partially successful applications pursuant to the Hong Kong Public Offering on or before *(notes 5 & 8)* Friday, October 25, 2013

EXPECTED TIMETABLE *(note 1)*

Despatch of **White Form** e-Refund payment instructions and/or
refund cheques in respect of wholly successful (where applicable)
wholly or partially unsuccessful applications on or before
(notes 3, 8 to 11) Friday, October 25, 2013

Dealings in Shares on the Main Board of the Stock Exchange
to commence on 9:00 a.m. on Monday, October 28, 2013

Notes:

- (1) All times refer to Hong Kong local time. Details of the structure of the Global Offering, including its conditions, are set out in the section headed “Structure of the Global Offering”.
- (2) If there is a “black” rainstorm warning or a tropical cyclone warning signal number 8 or above in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Monday, October 21, 2013, the application lists will not open and close on that day. Further information is set out in the section headed “How to Apply for Hong Kong Offer Shares — Effect of bad weather conditions on the opening of the application lists”. If the application lists do not open and close on Monday, October 21, 2013, the dates mentioned in this section headed “Expected Timetable” may be affected. A press announcement will be made by us in such event.
- (3) Applicants who apply for Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC should refer to the section headed “How to Apply for Hong Kong Offer Shares — Applying by Giving Electronic Application Instructions to HKSCC via CCASS” for details.
- (4) You will not be permitted to submit your application through the designated website at www.eipo.com.hk after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained an application reference number from the designated website prior to 11:30 a.m., you will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day for submitting applications, when the application lists close.
- (5) Share certificates for the Hong Kong Offer Shares will become valid certificates of title at 8:00 a.m. on Monday, October 28, 2013, provided that (i) the Global Offering has become unconditional in all respects; and (ii) neither of the Underwriting Agreements has been terminated in accordance with its terms. Investors who trade Shares on the basis of publicly available allocation details before the receipt of share certificates or before the share certificates becoming valid certificates do so entirely at their own risk.
- (6) The Offer Price is expected to be determined by Monday, October 21, 2013, but in any event, the expected time for determination of the Offer Price will not be later than Sunday, October 27, 2013. If, for any reason, the Offer Price is not agreed between Joint Sponsors (on behalf of the Hong Kong Underwriters), the Joint Global Coordinators (on behalf of the International Underwriters) and our Company by Sunday, October 27, 2013, the Global Offering will not proceed and will lapse.
- (7) e-Refund payment instructions/refund cheques will be issued in respect of wholly or partially unsuccessful applications pursuant to the Hong Kong Public Offering and also in respect of wholly or partially successful applications in the event that the final Offer Price is less than the price payable per Offer Share on application. Part of the applicant’s Hong Kong identity card number or passport number, or, if the application is made by joint applicants, part of the Hong Kong identity card number or passport number of the first-named applicant, provided by the applicant(s) may be printed on the refund cheque, if any. Such data would also be transferred to a third party for refund purposes. Banks may require verification of an applicant’s Hong Kong identity card number or passport number before cashing the refund cheque. Inaccurate completion of an applicant’s Hong Kong identity card number or passport number may lead to delay in encashment of, or may invalidate, the refund cheque.
- (8) Applicants who apply on **WHITE** Application Forms for 1,000,000 Hong Kong Offer Shares or more under the Hong Kong Public Offering and have provided all required information may collect refund cheque(s) and/or share certificate(s) in person from our Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, may do so in person from 9:00 a.m. to 1:00 p.m. on Friday,

EXPECTED TIMETABLE *(note 1)*

October 25, 2013. Applicants being individuals who are applying for 1,000,000 Hong Kong Offer Shares or more and opt for personal collection must not authorize any other person to make collection on their behalf. Applicants being corporations who are applying for 1,000,000 Hong Kong Offer Shares or more and opt for personal collection must attend by their authorized representatives bearing letters of authorization from their corporations stamped with the corporations' chop. Identification and (where applicable) authorization documents acceptable to our Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, must be produced at the time of collection.

- (9) Applicants who apply on **YELLOW** Application Forms for 1,000,000 Hong Kong Offer Shares or more under the Hong Kong Public Offering may collect their refund cheque(s), where applicable, in person but may not elect to collect their share certificate(s), which will be deposited into CCASS for the credit of their designated CCASS Participants' stock accounts or CCASS Investor Participant stock accounts, as appropriate. The procedures for collection of refund cheque(s) for **YELLOW** Application Form applicants are the same as those for **WHITE** Application Form applicants specified in note (8) above.
- (10) Applicants who apply for Public Offer via **White Form eIPO** service should refer to the section headed "How to Apply for Hong Kong Offer Shares — Applying Through White Form eIPO Service".
- (11) Uncollected share certificate(s) and refund cheque(s) will be despatched by ordinary post at the applicants' own risk to the addresses specified on the relevant applications. Further details are set out in the section headed "How to Apply for Hong Kong Offer Shares — Despatch/Collection of Share Certificates and Refund Monies".

For details of the structure of the Global Offering, including the conditions thereof, please refer to the section headed "Structure of the Global Offering".

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IMPORTANT NOTICE TO INVESTORS

This prospectus is issued by Cabbeen Fashion Limited solely in connection with the Hong Kong Public Offering and does not constitute an offer to sell or a solicitation of an offer to buy any security other than the Hong Kong Offer Shares offered by this prospectus pursuant to the Hong Kong Public Offering. This prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any other jurisdiction or in any other circumstances. No action has been taken to permit a public offering of the Offer Shares or the distribution of this prospectus in any jurisdiction other than Hong Kong.

You should rely only on the information contained in this prospectus and the Application Forms to make your investment decision. Our Company has not authorized anyone to provide you with information that is different from what is contained in this prospectus. Any information or representation not made in this prospectus must not be relied on by you as having been authorized by our Company, the Joint Global Coordinators, the Joint Sponsors, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of their respective directors, officers, employees, partners, agents, advisers or any other party involved in the Global Offering.

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SUMMARY

This summary aims to give you an overview of the information contained in this prospectus. Since it is a summary, it does not contain all the information that may be important to you. You should read the prospectus in its entirety before you decide to invest in the Offer Shares.

There are risks associated with any investment. Some of the particular risks in investing in the Offer Shares are set out in the section headed “Risk Factors” of this prospectus. You should read that section carefully before you decide to invest in the Offer Shares.

OVERVIEW

Our Business

We are a leading fashion casual menswear company in China based on retail revenue for the year ended December 31, 2012, according to Frost & Sullivan. The menswear market in China is highly fragmented. We accounted for approximately 2.7% of the fashion casual menswear market and the fashion casual menswear market accounted for approximately 16.5% of the total PRC menswear market, both in terms of retail revenue for 2012, according to Frost & Sullivan. We primarily design, market and sell men’s apparel, footwear and accessories under two brands, Cabbeen Lifestyle and Cabbeen Urban, which cater to different consumer groups. Our Cabbeen Lifestyle brand is designed to project a trendy, carefree and casual style and primarily targets young male consumers. Our Cabbeen Urban brand is designed to project a modern and sophisticated style and primarily targets young and middle-aged urban male professionals. In addition, we have a high-end sub-brand under our Cabbeen Lifestyle brand, Cabbeen Chic, which is designed to project an innovative, elegant and designer fashion style and primarily targets male consumers in the fashion, entertainment and art-related industries. Mr. Ziming Yang, also known as Mr. Cabbeen, has been our chief designer since our inception and helped us establish a distinct and consistent brand culture, which is reflected across our product lines and business operations. We have won a number of awards and recognitions for our brand. In April 2013, China Fashion Association (中國服裝設計師協會), an organization of designers, scholars and experts in the fashion design industry in China, recognized our Cabbeen brand as a leading Chinese apparel designer brand based on factors including retail revenue, the number of retail outlets and brand awareness. In 2012, our Cabbeen brand won the “2012 Annual Fashion Brand Award”* (2012年度時尚品牌獎) during the China International Fashion Week (中國國際時裝週). In 2011, our Cabbeen Chic brand won the “Annual Menswear Design Award of the Year” (年度男裝設計獎) issued by the China International Fashion Week Organizing Committee. In 2009, the Cabbeen brand was recognized as the “Most Valuable Chinese Designer Brand”* (中國最具市場價值設計師品牌) during the China (Guangzhou) International Fashion Week.

The following diagram illustrates our business model:



SUMMARY

OUR COMPETITIVE STRENGTHS

We believe that our success and potential for future growth are attributable to the following competitive strengths:

- A leading Chinese designer brand
- Strong design and research and development capabilities
- Well-implemented management information system, which is one of the most advanced among Chinese apparel companies
- Highly scalable business model with effective management of distributors
- Customer-oriented sales management and loyal end customer base
- Experienced management team with a proven track record

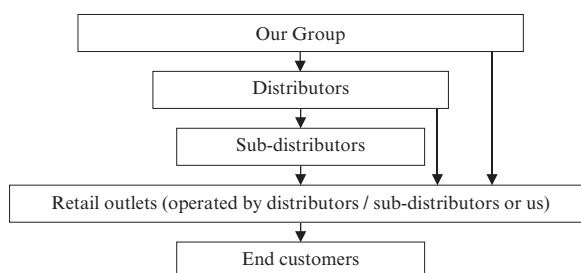
OUR BUSINESS STRATEGIES

We intend to further strengthen our leading position in the fashion casual menswear market in China. In the long run, we aim to become a leading international designer brand with a portfolio of well-known brands. We plan to achieve our goals by pursuing the following principal strategies:

- Continue to promote our brand name and enhance our brand recognition throughout China
- Further enhance our design and research and development capabilities
- Further strengthen and enhance the efficiency of our distribution network
- Continue to upgrade and expand our ERP system to enhance the management of our value chain

OUR SALES AND DISTRIBUTION

The following chart illustrates our current distribution model:



SUMMARY

We primarily sell our products on a wholesale basis to distributors. We recognize revenue from sale of our products when a distributor has accepted the related risks and rewards of ownership. We discuss with distributors and agree on an annual purchase target based on their historical sales performance, market position, management experience, operational capabilities, financial resources and local competition. We hold sales fairs to showcase our collections for upcoming seasons and our distributors place orders at these sales fairs. Distributors have no right to return our products except in the case of product defects. Our agreements with distributors typically require them to pay in full for our products upon delivery; however, in practice we grant credit limits on a case-by-case basis.

We maintain strong, effective and centralized management control over our distributors. We set operating guidelines for our distributors and provide regular training, guidance and support to them. We work together with our distributors to select locations for retail outlets and our prior approval is required before they open any new retail outlet. We are closely involved in the design and decoration of each retail outlet to ensure that the layout and appearance reflect our brand culture and conform to our guidelines. Each distributor is generally given exclusivity over the region it operates in with respect to each of our brands. Our distributors and their sub-distributors have established a nationwide network of retail outlets in China for our products. As of December 31, 2010, 2011 and 2012 and June 30, 2013, we had 27, 28, 37 and 36 distributors who, together with their 283, 393, 391 and 387 sub-distributors, operated a total of 637, 965, 958 and 913 retail outlets, respectively, under our brand in prime locations in over 300 cities throughout 30 provinces in China.

We had 27, 28, 37 and 36 distributors as of December 31, 2010, 2011 and 2012 and June 30, 2013. During the years ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2013, we terminated 44, seven, nine and two distributors and appointed 44, eight, 18 and one new distributors, respectively. In 2010, we appointed and terminated a relatively large number of distributors because in that year we adopted a corporate strategy on the one hand to expand our distribution network to gain additional geographical coverage and on the other hand established a detailed set of criteria to evaluate distributors' performance, based on which some distributors with weak performance were terminated. We terminated a small number of distributors during 2011, 2012 and the six months ended June 30, 2013, primarily due to their failure to meet our established evaluation criteria. Among the distributors we terminated during the Track Record Period, a majority became our sub-distributors. Out of the 27 new distributors in total the Company appointed in 2011, 2012 and the six months ended June 30, 2013, 13 had been promoted from sub-distributors due to their satisfactory performance in accordance with our evaluation criteria. As of June 30, 2013, we had 36 distributors, 18 of which had been our distributors for three years or more, and seven and 11 of which had been working with us for two years and one year, respectively. As of December 31, 2010, 2011 and 2012 and June 30, 2013, there were 283, 393, 391 and 387 sub-distributors engaged by our distributors. During the years ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2013, respectively, 113, 151, 75 and 38 sub-distributors were appointed and 17, 41, 77 and 42 sub-distributors were terminated. Relatively larger numbers of sub-distributors were appointed in 2010 and 2011 primarily as a result of our strategic plan to expand our distribution network. In 2012 and the six months ended June 30, 2013, we adjusted our expansion plan in light of the weaker consumer demand and, as a result, fewer sub-distributors were engaged compared with prior years. During the Track Record Period, terminations of sub-distributors were primarily due to closure of retail outlets operated by such sub-distributors. Many of these sub-distributors were individuals who had operated only one retail outlet,

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so they ceased to be sub-distributors following the closure of their retail outlets. Such retail outlets, in turn, were closed primarily due to (i) unsatisfactory sales performance or (ii) the inability of the relevant sub-distributor to secure a location on similar terms when the lease or department store concessionaire agreement expired.

Inventory Control

We closely monitor inventories of our distributors, including inventory levels, inventory age and inventory composition. In the case that certain retail outlets have excess inventory due to the change in market conditions, we liaise with our distributors and facilitate the re-allocation of inventories between different retail outlets on a case-by-case basis. To further minimize the risk of building up aged inventories, it is our policy that our distributors regularly review the obsolescence of inventories based on the expected future sale ability and the age of the inventories. We also conduct spot checks and physical stock counts at retail outlets of our distributors to identify obsolete or damaged goods.

Changes in Credit Policy and Settlement Method of Customers

We granted credit limits to more distributors in 2011 compared with 2010 to help alleviate the liquidity pressure on distributors and to support their operations and growth. In July 2012, we established a credit system based on our distributors' background, capital resources, reputation, operational scale, repayment history and certain other financial and operational conditions. Based on this credit system, we grant different credit limits ranging from 30 to 180 days to our distributors according to their credit classification. We only allow a longer credit period of up to 180 days for distributors with good credit history and large operational scale.

Since July 1, 2012, we have ceased to accept commercial acceptance bills for settlement of trade receivables and only accepted bank acceptance bills or cash. Following our discounting or endorsement of commercial acceptance bills, transferees of such commercial acceptance bills still have recourse to us in case of default by those customers that issued the commercial acceptance bills. As such, we did not derecognize commercial acceptance bills upon discounting or endorsement up to July 1, 2012. On the other hand, we derecognize bank acceptance bills as financial assets upon discounting or endorsement, as we consider the credit risk associated with bank acceptance bills issued by major PRC banks to be insignificant. This change in our settlement method contributed to the decrease in our bills receivables and the improvement in our operating cashflow in six months ended June 30, 2013 and the year ended December 31, 2012 compared with prior years.

Establishment of Self-Operated Retail Outlets

Beginning in December 2012, we have started to establish a small number of self-operated retail outlets in selected regions primarily as model stores to enhance our brand recognition, demonstrate our standards for store appearance and provide guidance to distributors in brand promotion and retail management. We sell our products directly to end customers through these self-operated retail outlets. As of the Latest Practicable Date, we had two self-operated retail outlets in China. We currently do not expect the total number of our self-operated retail outlets to exceed 30 by the end of 2014.

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PRICING OF OUR PRODUCTS

We review our retail pricing strategy regularly and make adjustments based on the following factors: (i) procurement costs of our products; (ii) historical data of sales of our products; (iii) the characteristics of our products; (iv) the expected profit margin of our individual product; (v) the pricing of our competitors' products; and (vi) the degree of saturation of the current market, anticipated market trends and expected changes in demand from end customers.

The retail price range of our products is typically determined by our headquarters. All retail outlets are required to follow our nationwide retail pricing policy. We sell our products to our distributors at wholesale selling prices, which represent a discount to suggested retail prices. This pre-determined discount to the suggested retail price is reviewed and adjusted on an annual basis and varies among our distributors depending on their historical performance and our annual evaluation of them.

OUR DESIGN, RESEARCH AND DEVELOPMENT

Our design, research and development team consisted of 113 members as of June 30, 2013 and is led by our founder, chairman and chief designer, Mr. Ziming Yang, who in 2010 won the "14th China Fashion Design Top Award"* (第14屆中國時裝設計金頂獎), which is recognized within the industry as the top honor in apparel design in China. Mr. Yang and our other designers work together to determine the main themes and color components for each season, and our design, research and development team then design and develop the patterns and fabrics for our apparel and determine the matching shoes and other accessories for each seasonal collection. We also gather information on market trends and consumer preferences through communications with designers based in other countries and our OEMs.

As a result of our strong design, research and development capabilities, we have been able to build a large product portfolio with diversified offerings of consistently high quality. Our products are distinguished by their distinct and complex design styles as well as diversified fabrics and colors, which we believe make it difficult for others to imitate our products.

PRODUCTION OUTSOURCING AND PROCUREMENT

Our cost of outsourced production increased following our disposal of production operations. Our cost of outsourced production represented 63.9%, 80.0%, 96.1% and 98.6%, respectively, of our total cost of sales for the years ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2013. As of June 30, 2013, we engaged 64 OEMs to manufacture our products. Our major OEMs are enterprises with extensive experience in the production of apparel, footwear and accessories, some of which also possess experience providing OEM services to internationally-recognized brands. All of our OEMs are Independent Third Parties. We have a stringent quality control system to help maintain the quality of our products.

Disposal of Our Production Operations

During the Track Record Period, we manufactured a portion of our products at our production facilities in Shishi, Fujian province. We disposed of our production operations in February 2012 and have since outsourced the production of all of our products to OEMs. We believe this allows us to focus our

SUMMARY

resources and our management's attention on key stages of our value chain, such as design and product development, brand promotion and management, and sales and marketing. Our disposal of production operations did not materially impact our cost structure or profit margins as we procured the majority of our products from our OEMs prior to our disposal of production operations.

OUR MANAGEMENT INFORMATION SYSTEM

We believe that our ERP system is one of the most advanced and well-implemented management information systems among Chinese apparel companies. We use our ERP system to manage our design, research and development, product procurement and merchandising, warehousing, logistics, sales to distributors, marketing, retail sales management, inventory, finance and human resources. Our ERP system provides 100% coverage of our branded retail outlets. We require each of our distributors and their sub-distributors to upload sales and management data from each retail outlet on a real time basis. We then analyze these data to provide information for our management decision-making. Our ERP system allows us to make sales forecasts and provide purchase guidance to distributors in a more reliable and efficient manner, manage the inventory level in our distribution network, and provide management and operating guidance to distributors in a timely manner.

RISK FACTORS

There are certain risks involved in our operations, many of which are beyond our control. These risks can be broadly categorized into: (i) risks relating to our business and our industry; (ii) risks relating to conducting business in China; and (iii) risks relating to the Global Offering and our Shares. These risk factors are further described in the section entitled "Risk Factors" of this prospectus.

Set forth below are some of the major risks that may materially and adversely affect us:

- We rely heavily on our Cabbeen brand name. Failure to successfully maintain or promote our brand may materially and adversely affect our business, financial condition, results of operations and prospects.
- We primarily rely on third-party distributors to sell our products to end customers. Termination of or failure to renew distribution agreements by our distributors or any significant decrease in purchases from our distributors could have a material and adverse effect on our business, financial condition, results of operations and prospects.
- We are heavily dependent on certain of our key personnel. Our inability to attract, retain and motivate qualified personnel could materially and adversely affect our business and growth prospects.
- If we fail to anticipate and respond in a timely manner to the changes in consumer preferences and end customer demand in the menswear industry in the PRC, our sales may decline and our business, financial condition, results of operations and prospects may be materially and adversely affected.

SUMMARY

- We have limited control over our distributors and their sub-distributors who sell our products to end customers. Failure by our distributors or their sub-distributors to comply with our retail policies or follow our strategies could have a material and adverse effect on our business, financial condition and results of operations.
- We may not be able to accurately track the inventory levels of our distributors.

SHAREHOLDER INFORMATION

Controlling Shareholders

Immediately after the completion of the Capitalization Issue and the Global Offering (assuming the Over-allotment Option is not exercised and none of the options granted under the Pre-IPO Share Option Scheme and to be granted under the Share Option Scheme are exercised), our Controlling Shareholders, Mr. Ziming Yang, Acute Result, Ascend Fame and Prime Ascend, will together control approximately 75% voting rights in the general meeting of our Company. For further details, please refer to the section headed “Relationship with Controlling Shareholders” in this prospectus.

SELECTED HISTORICAL FINANCIAL INFORMATION

Consolidated Income Statement

The table below sets forth our summary consolidated statements of comprehensive income for the years ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2012 and 2013:

	Year ended December 31,			Six months ended June 30,	
	2010	2011	2012	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	292,429	890,190	940,057	423,171	335,427
Cost of sales.....	(230,317)	(606,490)	(559,757)	(249,805)	(191,031)
Gross profit	62,112	283,700	380,300	173,366	144,396
Other revenue.....	1,165	2,306	4,588	2,773	32,007 ⁽¹⁾
Other net income.....	536	5,451	2,019	101	2,798
Selling and distribution expenses.....	(14,136)	(70,440)	(48,288)	(21,760)	(16,416)
Administrative and other operating expenses.....	(51,118)	(89,959)	(110,595)	(49,044)	(45,893)
(Loss)/profit from operations	(1,441)	131,058	228,024	105,436	116,892
Finance costs.....	(2,694)	(21,962)	(27,249)	(19,952)	(3,900)
(Loss)/profit before taxation	(4,135)	109,096	200,775	85,484	112,992
Income tax expense.....	(2,856)	(31,124)	(70,558)	(25,574)	(36,083)
(Loss)/profit for the year/period	<u>(6,991)</u>	<u>77,972</u>	<u>130,217</u>	<u>59,910</u>	<u>76,909</u>

Note:

- (1) Other revenue for the six months ended June 30, 2013 includes a cash award we received in May 2013 from the Finance Bureau of Shishi, Fujian province in the amount of RMB29.0 million for our contribution to the economic development in the region, which was non-recurring in nature.

SUMMARY

Revenue and Gross Profit Margin

Our revenue increased by 204.4% from RMB292.4 million for the year ended December 31, 2010 to RMB890.2 million for the year ended December 31, 2011, then further increased by 5.6% to RMB940.1 million for the year ended December 31, 2012. Our revenue increase from 2010 to 2011 primarily reflected (i) the increase from 2.9 million to 6.7 million in the volume of products we sold to our distributors, and (ii) the increase from RMB101 to RMB133 in the average wholesale selling price of our products to our distributors. The increase in the volume of our products sold was primarily due to the expansion of our distribution network from 637 retail outlets as of December 31, 2010 to 965 retail outlets as of December 31, 2011, which, in turn, was primarily because we were able to attract distributors with stronger resources and larger business scale as a result of incentives we offered to distributors and the growth in market demand in the fashion casual menswear segment. In addition, we raised our brand profile significantly in 2011 through increased efforts in brand promotion and advertising, which also helped to attract capable distributors. We offered distributors larger wholesale discounts from retail selling prices compared with the general standard in our industry and further extended the credit limits granted to distributors to support their expansion. As a result of the above, our distribution network expanded significantly in 2011. Our distributors purchased products from us in 2011 for new retail outlets opened in 2011, actual and expected increases in sales at existing retail outlets due to growing market demand, and additional retail outlets they expected to open according to their expansion plan, all of which were recorded as part of our revenue for 2011. Some of these additional retail outlets were not opened during 2011 due to changing market conditions and products purchased for such additional retail outlets resulted in a higher level of inventory, which were subsequently sold to end customers after 2011.

Our revenue increased slightly from 2011 to 2012 primarily as a result of an increase from RMB133 to RMB162 in the average wholesale selling price of our products, as partially offset by a decrease from 6.7 million to 5.8 million in the volume of products we sold to our distributors. We were able to increase our average wholesale selling price to distributors in 2012 while the average retail selling price of our products remained relatively stable in 2012 compared with 2011 primarily because prior to 2012, we kept our wholesale selling prices relatively low in order to attract distributors, allow them to retain more profits to grow their business and expand their retail network. Even though we increased our average wholesale selling price in 2012, we believe that the discount rates we offered to distributors were still commensurate with the discount rates offered by some of our competitors in the PRC. Our distributors ordered products in 2011 for sale later in the second half of 2011 and the first half of 2012 in anticipation of sales growth at existing retail outlets and new retail outlets to be opened, which did not fully materialize due to various factors including changing market conditions and market strategies and resulted in a decrease in their orders for our products in 2012.

We adopted a series of adjustments and measures in 2011 and 2012 in view of the weaker consumer demand and rising inventory levels in our industry that began in the second half of 2011. To help our distributors lower their inventory levels, we reduced their purchase orders for our 2012 summer collections. In addition, we discussed with our distributors at sales fairs for our 2012 autumn and winter collections and 2013 spring and summer collections to manage their purchase orders at lower levels in line with the industry condition at the time. We also postponed the introduction of our 2013 spring collection in order to allow more time for distributors and sub-distributors to sell their out-of-season products in January 2013 during the pre-Chinese New Year peak sales season. As a result of these adjustments and measures, our revenue decreased by RMB87.8 million, or 20.7%, from RMB423.2 million for the six

SUMMARY

months ended June 30, 2012 to RMB335.4 million for the six months ended June 30, 2013. This decline in revenue reflects the decrease from 3.4 million to 2.6 million in the volume of products we sold to our distributors, as partially offset by a slight increase in the average wholesale selling price of our products from RMB124 to RMB129. We have also seen a decrease in total inventory of out-of-season products in our distribution network and expect it to continue to decrease due to the adjustments and measures we have taken.

Our gross profit margin increased from 21.2% for the year ended December 31, 2010 to 31.9% for the year ended December 31, 2011 then to 40.5% for the year ended December 31, 2012 primarily as a result of increases in the average wholesale selling price of our products. Our gross profit margin increased from 41.0% for the six months ended June 30, 2012 to 43.0% for the six months ended June 30, 2013 primarily because our provision for sales rebates was lower for the six months ended June 30, 2013 as the amount of sales rebates we granted during this period decreased compared with the same period in 2012. Beginning in 2012, we started to grant reward points to distributors based on their performance, which can be converted into an additional discount known as a “sales rebate” that distributors can use when they purchase our products later. Provision for sales rebate is deducted from our revenue, thus impacting our revenue and gross profit directly.

Net Profit

Our operating results improved significantly from a net loss of RMB7.0 million for the year ended December 31, 2010 to a net profit of RMB78.0 million for the year ended December 31, 2011 primarily because our revenue increased significantly and our gross profit margin improved. Our net profit for the year further increased to RMB130.2 million for the year ended December 31, 2012 primarily because of the continued improvement of our gross profit margin and a decrease in our selling and distribution expenses.

Our net profit increased from RMB59.9 million for the six months ended June 30, 2012 to RMB76.9 million for the six months ended June 30, 2013 despite a decrease in our revenue and gross profit between these periods primarily as a result of (i) a cash award we received in May 2013 from the Finance Bureau of Shishi, Fujian province in the amount of RMB29.0 million for our contribution to the economic development in the region, which was non-recurring in nature and, after deduction of income tax of RMB7.2 million, accounted for approximately 28.3% of the net profit for the six months ended June 30, 2013; and (ii) a RMB16.1 million decrease in finance costs, which, in turn, was because in substantially all of our sales we have required that distributors bear discount costs when we pledge bills at a discount since July 2012.

Excluding the effect of the government grants received and the relevant income tax, our net profit would have been RMB55.2 million for the six months ended June 30, 2013 and RMB59.8 million for the six months ended June 30, 2012, representing a decrease of RMB4.6 million, or 7.7%, between these two periods.

SUMMARY

Consolidated Balance Sheets

The table below sets forth our summary consolidated balance sheets as of December 31, 2010, 2011 and 2012 and June 30, 2013:

	As of December 31,			As of June 30,
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Non-current assets.....	96,316	68,656	72,243	62,436
Current assets	273,801	1,031,614	793,216	684,025
Current liabilities	333,930	984,271	738,851	532,721
Net current (liabilities)/assets.....	(60,129)	47,343	54,365	151,304
Non-current liabilities.....	—	—	—	6,400
Net assets	36,187	115,999	126,608	207,340
Total equity	36,187	115,999	126,608	207,340

Consolidated cash flow statements

The table below sets forth our summary consolidated cash flow statements for the years ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2012 and 2013:

	Year ended December 31,			Six months ended June 30,	
	2010	2011	2012	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Net cash (used in)/generated from operating activities	(56,645)	(58,071)	561,297	210,937	122,304
Net cash (used in)/generated from investing activities.....	(41,809)	(142,806)	(96,195)	31,846	(112,769)
Net cash generated from/(used in) financing activities	96,245	244,896	(340,857)	(111,570)	(28,544)
Net (decrease)/increase in cash and cash equivalents	(2,209)	44,019	124,245	131,213	(19,009)
Cash and cash equivalents at the beginning of the year/period	20,081	17,856	61,817	61,817	186,044
Effect of foreign exchange rate changes.....	(16)	(58)	(18)	8	(826)
Cash and cash equivalents at the end of the year/period.....	17,856	61,817	186,044	193,038	166,209

SUMMARY

Investment in Financial Assets

We purchased three wealth management products in August 2012, December 2012 and June 2013, respectively, issued by major banks in the PRC with principal amounts of RMB70.0 million with a maturity date of April 29, 2013, RMB60.0 million with a maturity date of December 13, 2013 and RMB40.0 million with a maturity date of July 29, 2013, respectively. Under the terms of the investment agreements for these wealth management products, we are expected to receive at least the principal amount of the wealth management products at maturity. The wealth management product with a principal amount of RMB70.0 million reached maturity on April 29, 2013, and we have received full settlement from the bank in the amount of RMB72.1 million, representing the principal amount together with an annualized return of 4.5%. The wealth management product with a principal amount of RMB40.0 million reached maturity on July 29, 2013, and we have received full settlement from the bank in the amount of RMB40.2 million, representing the principal amount together with an annualized return of 6.0%.

Our PRC legal advisers, Jingtian & Gongcheng, have confirmed that according to our investment agreements with the banks and Measures for the Administration of the Sale of Wealth Management Products of Commercial Banks (《商業銀行理財產品銷售管理辦法》), the wealth management products we purchased are “principal protected” investment products. Such investment products guarantee the return of the principal amount of our investment without guaranteeing any future yield. In addition, as the wealth management products were issued by major banks in the PRC, the risk of the issuing banks’ default is considered remote. As a result of the above, our Directors do not believe that we face loss exposure for our purchase of such wealth management products.

FINANCIAL RATIOS

	Year ended/as of December 31,			Six months ended/as of June 30,
	2010	2011	2012	2013
Gross profit margin	21.2%	31.9%	40.5%	43.0%
Net profit margin	(2.4)%	8.8%	13.9%	22.9%
Current ratio	0.82	1.05	1.07	1.28
Quick ratio	0.54	0.92	1.02	1.24
Return on assets	(1.9)%	7.1%	15.0%	20.6% ⁽¹⁾
Return on equity	(19.3)%	67.2%	102.9%	74.2% ⁽¹⁾
Interest coverage ratio	(0.5)	6.0	8.4	30.0
Net debt to equity	296.1%	288.2%	(38.8)%	13.2%
Gearing ratio	345.4%	341.5%	108.2%	93.4%

Note:

(1) Return on assets and return on equity for the six months ended June 30, 2013 are calculated on an annualized basis.

SUMMARY

RECENT DEVELOPMENTS

Based on our unaudited management accounts, our revenue increased by 11.3% to RMB240.4 million for the three months ended September 30, 2013 from RMB215.9 million for the three months ended September 30, 2012 and our gross profit margin remained relatively stable between these periods. Our Directors confirm that there have not been any material adverse changes in the financial or trading position or prospects of our Company subsequent to the Track Record Period and up to the date of this prospectus.

Between June 30, 2013 and the Latest Practicable Date, 56 retail outlets for our branded products were added to our distribution network. We have seen a further decrease in total inventory of out-of-season products in our distribution network and expect this trend to continue due to the measures we have taken to manage inventory level in our distribution network.

As of the Latest Practicable Date, purchase orders for our 2013 autumn and winter collections had increased by approximately 6.7% and 25.6% compared with the purchase orders placed for our 2012 autumn and winter collections. We held the sales fair for our 2014 spring collection in August and September 2013. Purchase orders for our 2014 spring collection had increased by 16.9% compared with the purchase orders for our 2013 spring collection. We have been able to convert approximately 99.3% and 99.2%, respectively, of the purchase orders for our 2013 spring and summer collections into revenue. We cannot assure you, however, that we will be able to recognize revenue for the purchase orders that have been placed for our 2013 autumn and winter collections or for our 2014 spring collection at similar rates. If there is an adverse change in the market condition, our distributors may cancel some or all of their purchase orders, in which case our business, financial condition and results of operations would be materially and adversely affected.

LISTING EXPENSES

Approximately RMB14.2 million of our listing expenses have been charged to our administrative and other operating expenses and reflected in our financial information for the Track Record Period. We expect to incur an additional RMB56.3 million in listing expenses in connection with the Global Offering and the Listing after the Track Record Period, of which RMB15.5 million is expected to be charged to our administrative and other operating expenses for the year ending December 31, 2013 and RMB40.8 million is expected to be charged to share premium. We do not expect such listing expenses to have a material impact on our results of operations for the year ending December 31, 2013.

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that as of the date of this prospectus, there has been no material adverse change in our financial or trading position since June 30, 2013 and no event has occurred since June 30, 2013 that would materially and adversely affect the information shown in the Accountants' Report set forth in Appendix I.

SUMMARY

DIVIDEND POLICY

The declaration, payment and amount of dividends will be subject to our discretion. Dividends may be paid only out of our distributable profits as permitted under the relevant laws. Holders of the Shares will be entitled to receive such dividends pro rata according to the amounts paid up or credited as paid up on the Shares. Our Company declared dividends (i) in the amount of RMB120.0 million on December 3, 2012, which were paid in April and May 2013; and (ii) in the amount of RMB55.0 million on August 9, 2013, which were paid later in August 2013. Subject to the factors described above, our Board of Directors intends to recommend at the relevant shareholders meetings an annual dividend of no less than 30% of our net profit available for distribution to the shareholders in the foreseeable future.

PROFIT FORECAST

We believe that on the bases and assumptions set forth in Appendix III of this prospectus and in the absence of unforeseen circumstances, our forecasted consolidated profit attributable to the equity shareholders of the Company for the year ending December 31, 2013 is expected to be not less than RMB189.1 million.

KEY OFFER STATISTICS

	Based on an Offer Price of HK\$2.25 per Share	Based on an Offer Price of HK\$2.80 per Share
Market capitalization of our Shares ⁽¹⁾	HK\$1,575.0 million	HK\$1,960.0 million
Unaudited pro forma adjusted consolidated net tangible asset value per Share ⁽²⁾	HK\$0.79	HK\$0.92

Notes:

- (1) All statistics in this table are based on the assumption that the Over-allotment Option is not exercised. The calculation of market capitalization is based on 700,000,000 Shares expected to be issued and outstanding following the completion of the Global Offering and the Capitalization Issue.
- (2) The unaudited pro forma adjusted consolidated net tangible asset value per Share is calculated after making the adjustments referred to in Appendix II and based on 700,000,000 Shares expected to be issued and outstanding following the completion of the Global Offering and the Capitalization Issue.

PRE-IPO SHARE OPTION SCHEME

As of the date of this prospectus, options to subscribe for an aggregate of 8,520,000 Shares (representing about 1.2% of the enlarged issued share capital of our Company immediately after completion of the Capitalization Issue and the Global Offering, assuming that the Over-allotment Option is not exercised and none of the options granted under the Pre-IPO Share Option Scheme and to be granted under the Share Option Scheme are exercised) at an exercise price equal to 80% of the Offer Price, have been conditionally granted to 22 grantees by our Company under the Pre-IPO Share Option Scheme, with 30%, 30% and 40% of these options vesting on the first, second and third anniversary of the Listing Date, respectively.

SUMMARY

USE OF PROCEEDS

We estimate that we will receive net proceeds of approximately HK\$354.3 million from the Global Offering, assuming that the Over-allotment Option is not exercised, after deducting the underwriting commissions and other estimated offering expenses payable by us and assuming the initial Public Offer Price of HK\$2.53 per Share, being the mid-point of the indicative Offer Price range set forth on the cover page of this prospectus.

We intend to use the proceeds from the Global Offering for the purposes and in the amounts set out below:

- approximately 40%, or HK\$141.7 million, for further enhancing our design, research and development capabilities, including acquiring land and constructing a new building in Guangzhou, Guangdong province for the planned expansion of our design, research and development center, and acquiring fixed assets and technological equipment both for our current use and for the new design, research and development center. We plan to finalize the blueprint of the new building for our design, research and development center and apply for relevant PRC government approvals in 2014 and commence construction later in 2014. The new building for our design, research and development center is expected to be operational in 2016. Our budgeted capital expenditures for acquiring land and constructing the new building and acquiring fixed assets and technological equipment are estimated to be approximately RMB195.0 million;
- approximately 20%, or HK\$70.9 million, for brand promotion and marketing, such as advertising through the Internet and other new media, and promoting our VIP program by offering additional value-added services to VIP end customers;
- approximately 20%, or HK\$70.9 million, for the establishment of additional self-operated retail outlets. We currently plan to establish five Cabbeen Urban branded retail outlets in 2013, and five Cabbeen Lifestyle branded and five Cabbeen Urban branded retail outlets in 2014, all of which are expected to be located in Guangdong province. We also intend to set up additional self-operated retail outlets in 2015 and beyond. Currently, we plan to establish 15 to 30 self-operated retail outlets from 2013 through the end of 2014 and no more than 50 self-operated retail outlets in total through the end of 2017. We are not able to provide the exact number of new self-operated retail outlets and amount of investments at this stage for 2015 and beyond because our management team would need to review and assess (i) the operating results of the new self-operated retail outlets set up in 2013 and 2014; (ii) the market condition at the time; and (iii) the suitability of locations, before making decision to establish additional self-operated retail outlets in 2015 and beyond. Our budgeted initial set-up cost for each self-operated retail outlet is estimated to be HK\$2.5 million, including approximately HK\$750,000 for store decoration and acquisition of furniture and equipment for the retail outlet and the remaining amount for inventory and staff costs;

SUMMARY

- approximately 10%, or HK\$35.4 million, for enhancing and upgrading our ERP system; and
- the remaining approximately 10%, or HK\$35.4 million, for our working capital and general corporate purposes.

In the event that the Offer Price is set at the high-end or low-end of the proposed Offer Price range or the Over-allotment Option is exercised, our intended use of proceeds will be increased or decreased on a pro-rata basis.

DEFINITIONS

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

“Acute Result”	Acute Result Holdings Limited (銳成控股有限公司), an investment holding company incorporated under the laws of the BVI with limited liability on September 2, 2011. It is wholly-owned by Mr. Ziming Yang, one of the Controlling Shareholders of our Company. Acute Result will hold approximately 50.25% of the Shares upon the Listing (assuming the Over-allotment Option is not exercised and no option granted under the Pre-IPO Share Option Scheme and to be granted under the Share Option Scheme is exercised), and is one of the Controlling Shareholders of our Company
“affiliate(s)”	any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
“AFS”	Apparel and Footwear Solution, a SAP solution for the apparel and footwear industry which mainly addresses particular requirements of the apparel and footwear industry
“Application Form(s)”	WHITE application form(s), YELLOW application form(s) and GREEN application form(s), individually or collectively, as the context may require
“Articles of Association” or “Articles”	the articles of association of our Company conditionally adopted on October 8, 2013 and as amended from time to time, a summary of which is set out in Appendix IV to this prospectus
“Ascend Fame”	Ascend Fame Limited (昇譽有限公司), an investment holding company incorporated under the laws of the BVI with limited liability on December 20, 2011. It is wholly-owned by Mr. Ziming Yang, one of the Controlling Shareholders of our Company. Ascend Fame will hold approximately 7.5% of the Shares upon the Listing (assuming the Over-allotment Option is not exercised and no option granted under the Pre-IPO Share Option Scheme and to be granted under the Share Option Scheme is exercised), and is one of the Controlling Shareholders of our Company
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“BI system”	Business Intelligence system, mainly refers to computer-based techniques used in identifying, extracting, and analyzing business data, such as sales revenue by products and/or departments, or by associated costs and incomes

DEFINITIONS

“Board” or “Board of Directors”	the board of Directors
“Business Day”	a day on which banks in Hong Kong are generally open for business to the public and which is not a Saturday, Sunday or public holiday in Hong Kong
“BVI”	British Virgin Islands
“BW”	Business Information Warehouse, a combination of databases and database management tools that are used to support management decision making
“Cabbeen China”	Cabbeen Clothing (China) Co., Ltd.* (卡賓服飾(中國)有限公司), formerly known as Kabin Dress Development Co., Ltd. Shishi (石獅市卡賓服飾發展有限公司), a wholly foreign-owned enterprise established under the laws of the PRC on January 27, 2003 and an indirect wholly-owned subsidiary of our Company
“Cabbeen China First Branch”	Cabbeen Clothing (China) Co., Ltd. Shishi First Branch Company* (卡賓服飾(中國)有限公司石獅第一分公司), a branch of Cabbeen China established under the laws of the PRC on May 27, 2011
“Cabbeen Guangzhou”	Guangzhou Cabbeen Clothing Co., Ltd.* (廣州市卡賓服飾有限公司), a wholly foreign-owned enterprise established under the laws of the PRC on May 8, 2009 and an indirect wholly-owned subsidiary of our Company
“Cabbeen Guangzhou First Branch”	Guangzhou Cabbeen Clothing Co., Ltd. Guangzhou First Branch Company* (廣州市卡賓服飾有限公司廣州第一分公司), a branch of Cabbeen Guangzhou established under the laws of the PRC on May 23, 2011
“Cabbeen International”	Cabbeen International Limited (卡賓國際有限公司), a company incorporated under the laws of Hong Kong with limited liability on May 2, 2008 and an indirect wholly-owned subsidiary of our Company
“Cabbeen International Holdings”	Cabbeen International Holdings Limited (卡賓國際控股有限公司), an investment holding company incorporated under the laws of the BVI with limited liability on December 23, 2008 and a direct wholly-owned subsidiary of our Company
“Cabbeen Investments”	Cabbeen China Investments Limited (卡賓中國投資有限公司), a company incorporated under the laws of Hong Kong with limited liability on January 20, 2009 and an indirect wholly-owned subsidiary of our Company
“CAGR”	compound annual growth rate

DEFINITIONS

“Capitalization Issue”	the issue of 524,999,800 Shares upon capitalization of certain sums standing to the credit of the share premium account of our Company referred to in the paragraph headed “4. Written resolutions of our Shareholders passed on October 8, 2013” under the section headed “A. Further Information about our Company” in Appendix V to this prospectus
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Clearing Participant”	a person admitted to participate in CCASS as a direct clearing participant or general clearing participant
“CCASS Custodian Participant”	a person admitted to participate in CCASS as a custodian participant
“CCASS Investor Participant”	a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation
“CCASS Participant”	a CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant
“China Fashion Association”	an organization of designers, scholars and experts in the fashion design industry in China
“Companies Law”	the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands
“Companies Ordinance”	the Companies Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented, or otherwise modified from time to time
“Company” or “our Company”	Cabbeen Fashion Limited (卡賓服飾有限公司), an exempted company incorporated with limited liability under the laws of the Cayman Islands on November 3, 2011, or where the context refers to any time prior to its incorporation, those businesses and operations which were assumed by it pursuant to the Corporate Reorganization, or where the context requires, any of the businesses and operations that is being carried on by any member of our Group
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules

DEFINITIONS

“Controlling Shareholder(s)”	has the meaning ascribed thereto in the Listing Rules and unless the context requires otherwise, refers to Acute Result, Ascend Fame, Prime Ascend and their respective beneficial shareholder, Mr. Ziming Yang, who in aggregate controls approximately 75.0% voting rights in the general meeting of our Company immediately after the Global Offering and the Capitalization Issue (assuming that the Over-allotment Option is not exercised and no option granted under the Pre-IPO Share Option Scheme or to be granted under the Share Option Scheme is exercised)
“Corporate Reorganization”	the corporate reorganization of our Group conducted in preparation for the Listing, details of which are set out in the paragraph headed “Corporate Reorganization” under the section headed “History and Corporate Structure” in this prospectus
“CSRC”	China Securities Regulatory Commission (中國證券監督管理委員會), a regulatory body responsible for the supervision and regulation of the securities markets in the PRC
“Deed of Indemnity”	a deed of indemnity dated October 8, 2013 entered into between the Controlling Shareholders and our Company as referred to in Appendix V of this prospectus
“Deed of Non-competition”	a deed of non-competition in Chinese dated October 8, 2013 entered into by the Controlling Shareholders in favor of our Company, details of which are disclosed in the section headed “Relationship with Controlling Shareholders” in this prospectus
“Director(s)”	the directors of our Company
“Dominant Success”	Dominant Success Holdings Limited, an investment holding company incorporated under the laws of the BVI with limited liability on December 5, 2011. It is wholly-owned by Mr. Siu Keung Ng, one of our executive Directors
“EMBA”	executive master’s degree in business administration
“ERP”	Enterprise Resource Planning, systems integrate internal and external management information across an entire organization, embracing finance/accounting, manufacturing, sales and service, customer relationship management, etc. ERP systems automate this activity with an integrated software application
“EWM”	Extended Warehouse Management, a system supports planned and efficient processing of logistics process in the warehouse

DEFINITIONS

“First Express”	First Express Global Limited, an investment holding company incorporated under the laws of the BVI with limited liability on April 10, 2008 and a direct wholly-owned subsidiary of our Company
“Frost & Sullivan”	Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.
“GDP”	gross domestic product
“Global Offering”	the Public Offering and the International Placing
“Grandfull International”	Grandfull International Holdings Limited (君富國際控股有限公司), an investment holding company incorporated under the laws of the BVI with limited liability on May 1, 2008 and a direct wholly-owned subsidiary of our Company
“GREEN Application Form(s)”	the application form(s) to be completed by White Form eIPO service provider, Computershare Hong Kong Investor Services Limited
“Group”, “our Group”, “we”, “our” or “us”	our Company and its subsidiaries at the relevant time or, where the context so requires in respect of the period before our Company became the holding company of our present subsidiaries, the present subsidiaries of our Company and the businesses carried on by such subsidiaries or (as the case may be) their predecessors
“Guangzhou Zixi”	Guangzhou Zixi Enterprise Management Co., Ltd.* (廣州市紫曦企業管理有限公司), a wholly foreign-owned enterprise established under the laws of the PRC on May 17, 2010 and an indirect wholly-owned subsidiary of our Company
“Guangzhou Zixi Shenzhen Branch”	Guangzhou Zixi Enterprise Management Co., Ltd. Shenzhen Zhongxincheng Branch Company* (廣州市紫曦企業管理有限公司深圳中心城分公司), a branch of Guangzhou Zixi established under the laws of the PRC on February 6, 2013
“Guangzhou Zixi Tianhecheng Branch”	Guangzhou Zixi Enterprise Management Co., Ltd. Tianhecheng Branch Company* (廣州市紫曦企業管理有限公司天河城分公司), a branch of Guangzhou Zixi established under the laws of the PRC on December 28, 2012
“HK\$”, “HK dollars” and “cents”	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
“HKAS”	Hong Kong Accounting Standards
“HKSCC”	Hong Kong Securities Clearing Company Limited

DEFINITIONS

“HKSCC Nominees”	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
“Hong Kong”, “HKSAR” or “HK”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Offer Shares”	the 17,500,000 Shares initially being offered for subscription by our Company at the Offer Price under the Hong Kong Public Offering (subject to adjustment as described in the section headed “Structure of the Global Offering”)
“Hong Kong Public Offering”	the offer by our Company of the Hong Kong Offer Shares for subscription by the public in Hong Kong as described in the section headed “Structure of the Global Offering” in this prospectus at the Offer Price (plus brokerage of 1%, SFC transaction levy of 0.003% and Stock Exchange trading fee of 0.005% of the Offer Price) and on and subject to the terms and conditions stated herein and in the Application Forms relating thereto
“Hong Kong Share Registrar”	Computershare Hong Kong Investor Services Limited
“Hong Kong Underwriters”	the underwriters of the Hong Kong Public Offering named in “Underwriting — Hong Kong Underwriters”
“Hong Kong Underwriting Agreement”	the conditional public offer underwriting agreement dated October 15, 2013 relating to the Hong Kong Public Offering entered into by our Company, the Joint Global Coordinators (on behalf of the International Underwriters) and the Joint Sponsors (on behalf of the Hong Kong Underwriters), among others
“HR sub-systems”	sub-systems under our ERP system
“IFRS”	International Financial Reporting Standards
“Independent Third Party(ies)”	an individual(s) or a company(ies) who or which is/are independent of and not connected with (within the meaning of the Listing Rules) any Director, chief executive or substantial shareholders (within the meaning of the Listing Rules) of our Company, its subsidiaries or any of their respective associates
“International Placing”	the conditional placing by the International Underwriters of the International Offer Shares for cash at the Offer Price plus brokerage of 1%, SFC transaction levy of 0.003% and Stock Exchange trading fee of 0.005% of the Offer Price, details of which are described in the section headed “Structure of the Global Offering” on and subject to the terms and conditions stated herein and in the International Placing Agreement

DEFINITIONS

“International Placing Agreement”	the conditional placing and underwriting agreement relating to the International Placing and to be entered into by, among others, the Company and the International Underwriters on or about the date of the Price Determination Agreement
“International Placing Shares”	the 157,500,000 Shares initially being offered by our Company for subscription at the Offer Price under the International Placing (subject to adjustment as described in the section headed “Structure of the Global Offering”) together with (unless the context otherwise requires) any Shares issued pursuant to any exercise of the Over-allotment Option
“International Underwriters”	the underwriters of the International Placing
“Joint Bookrunners”	Merrill Lynch International and CCB International Capital Limited
“Joint Global Coordinators”	Merrill Lynch International and CCB International Capital Limited
“Joint Lead Managers”	Merrill Lynch Far East Limited and CCB International Capital Limited for the Hong Kong Public Offering; Merrill Lynch International and CCB International Capital Limited for the International Placing
“Joint Sponsors”	Merrill Lynch Far East Limited and CCB International Capital Limited
“Junyuan Development”	Shishi City Junyuan Development Company Limited (石獅市駿源發展有限公司), a company established under the laws of the PRC on July 8, 2011 and wholly-owned by Mr. Ziming Yang
“Keen Network”	Keen Network Holdings Limited (建協控股有限公司), an investment holding company incorporated under the laws of the BVI with limited liability on January 5, 2012. It is owned as to 25% by Prime Ascend, 25% by Dominant Success, 25% by Rosy Connect and 25% by Zhang Hong. Keen Network will hold 6% of the Shares upon the Listing (assuming the Over-allotment Option is not exercised and no option granted under the Pre-IPO Share Option Scheme and to be granted under the Share Option Scheme is exercised)
“Latest Practicable Date”	October 6, 2013 being the latest practicable date prior to the printing of this prospectus for the purpose of ascertaining certain information contained in this prospectus prior to its publication

DEFINITIONS

“Listing”	the listing of the Shares on the Main Board of the Stock Exchange
“Listing Committee”	the listing committee of the Stock Exchange
“Listing Date”	the date expected to be on or about Monday, October 28, 2013, on which the Shares are listed and from which dealings therein are permitted to take place on the Stock Exchange
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange (as amended from time to time)
“Lock-up period”	the period commencing from the Latest Practicable Date up to and including the date falling six months after the Listing Date
“Macau”	the Macau Special Administrative Region of the PRC
“Main Board”	the stock exchange operated by the Stock Exchange before the establishment of the Growth Enterprise Market of the Stock Exchange (excluding the option market) and which continues to be operated by the Stock Exchange in parallel with the Growth Enterprise Market of the Stock Exchange
“Management Shareholders”	Mr. Siu Keung Ng, Mr. Rongqin Ke and Mr. Dongliang Tian
“Memorandum of Association” or “Memorandum”	the memorandum of association of our Company
“Ministry of Commerce” or “MOFCOM”	Ministry of Commerce of the PRC (中華人民共和國商務部)
“Mr. Ziming Yang” or “Mr. Yang”	also known as Kabin or Mr. Cabbeen (卡賓), our founder, chairman, chief designer and one of our executive Directors and Controlling Shareholder
“Multiplus International”	Multiplus International Limited (豐衡國際有限公司), an investment holding company incorporated under the laws of the BVI with limited liability on January 3, 2012. It is owned as to 99% by Ms. Liting Ke, the wife of Mr. Ziming Yang, and 1% by Mr. Ziming Yang. Multiplus International will hold approximately 11.25% of the Shares upon the Listing (assuming the Over-allotment Option is not exercised and no option granted under the Pre-IPO Share Option Scheme and to be granted under the Share Option Scheme is exercised)
“OEM”	acronym for original equipment manufacturer, a business that manufactures goods or equipment for branding and resale by others

DEFINITIONS

“Offer Price”	the final Hong Kong dollar price per Offer Share (before brokerage of 1%, SFC transaction levy of 0.003% and Stock Exchange trading fee of 0.005%) at which Shares are to be subscribed pursuant to the Global Offering, which will be not more than HK\$2.80 and is expected to be not less than HK\$2.25, to be determined as described in the section headed “Structure of the Global Offering — Determining the Offer Price”
“Offer Shares”	the Hong Kong Public Offer Shares and the International Placing Shares
“Over-allotment Option”	the option to be granted by our Company to the International Underwriters, exercisable by the Joint Global Coordinators on behalf of the International Underwriters, under the International Placing Agreement pursuant to which our Company may be required by the Joint Global Coordinators to allot and issue up to 26,250,000 additional new Shares, representing approximately 15% of the Offer Shares initially available under the Global Offering, at the Offer Price to cover over-allocations in the International Placing
“PBOC”	People’s Bank of China (中國人民銀行), the central bank of China
“POS”	point of sale, the location where a transaction occurs. A POS terminal manages the selling process by a salesperson accessible interface. The same system allows for the creation and printing of a receipt
“PRC” or “China”	People’s Republic of China excluding, for the purpose of this prospectus, Hong Kong, Macau and Taiwan
“PRC Government” or “State”	the central government of the PRC, including all political sub-divisions (including provincial, municipal and other regional or local government entities) and instrumentalities thereof, or where the context requires, any of them
“Pre-IPO Share Option Scheme”	the pre-IPO share option scheme conditionally approved and adopted by our Company pursuant to a resolution passed by our Shareholders on October 8, 2013, the principal terms of which are summarized under the paragraph headed “Pre-IPO Share Option Scheme” in Appendix V to this prospectus
“Price Determination Date”	the date, expected to be on or about Monday, October 21, 2013 or such later date as may be agreed by us, the Joint Sponsors and the Joint Global Coordinators, but not later than Sunday, October 27, 2013, on which the Offer Price is determined for the purposes of the Global Offering

DEFINITIONS

“Prime Ascend”	Prime Ascend Limited (元陞有限公司), an investment holding company incorporated under the laws of the BVI with limited liability on January 3, 2012, and is one of the Controlling Shareholders of our Company. It is wholly-owned by Mr. Ziming Yang, one of the Controlling Shareholders of our Company
“provinces”	include provinces, autonomous regions and municipalities under the direct administration of the central government of the PRC
“QIBs”	qualified institutional buyers within the meaning of Rule 144A
“Regulation S”	Regulation S under the U.S. Securities Act
“retail outlet”	sales space with a stand-alone POS system
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“Rosy Connect”	Rosy Connect Investments Limited (錦匯投資有限公司), an investment holding company incorporated under the laws of the BVI with limited liability on January 4, 2012. It is wholly-owned by Mr. Rongqin Ke, one of our executive Directors
“SAFE”	State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)
“SAIC”	State Administration for Industry and Commerce of the PRC (中華人民共和國國家工商行政管理總局)
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the issued share capital of our Company
“Share Option Scheme”	the share option scheme conditionally approved and adopted by our Company on October 8, 2013, the principal terms of which are summarized under the paragraph headed “Share Option Scheme” in Appendix V to this prospectus
“Shareholder(s)”	holder(s) of the Share(s)
“Shishi Haoyu”	Shishi Haoyu Clothing Co., Ltd.* (石獅市豪宇服飾有限公司), an Independent Third Party to whom we disposed of our production facilities in February 2012 and subsequently became our OEM

DEFINITIONS

“SKU”	acronym for stock keeping unit, a unique identifier for each distinct product and service that can be purchased
“sq.m.”	square meter
“Stock Borrowing Agreement”	the stock borrowing agreement expected to be entered into between Acute Result and Merrill Lynch Japan Securities Co., Ltd on the Price Determination Date
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed thereto in section 2 of the Companies Ordinance
“substantial shareholders”	has the meaning ascribed to it under the Listing Rules
“Tier 1 cities”	Beijing, Shanghai, Shenzhen and Guangzhou, according to Frost & Sullivan
“Tier 2 cities”	the capitals of provinces in the PRC (excluding Guangzhou), municipalities under the direct administration of the PRC central government (excluding Shanghai and Beijing), and the capitals of the autonomous regions in the PRC, according to Frost & Sullivan
“Tier 3 cities”	prefecture-level cities in the PRC, excluding any Tier 1 and Tier 2 cities, according to Frost & Sullivan
“Tier 4 cities”	county-level and other township-level cities, according to Frost & Sullivan
“Track Record Period”	the three years ended December 31, 2012 and the six months ended June 30, 2013
“Underwriters”	the International Underwriters and the Hong Kong Underwriters
“Underwriting Agreements”	the International Placing Agreement and the Hong Kong Underwriting Agreement
“United States” or “US”	the United States of America within the meaning of Regulation S
“US dollars” or “US\$”	United States dollars, the lawful currency of the United States
“U.S. Securities Act”	the United States Securities Act of 1933, as amended from time to time
“VMS”	VIP management system
“WFOE”	wholly foreign-owned enterprise

DEFINITIONS

“White Form eIPO”	applying for Hong Kong Offer Shares to be issued in your own name by submitting applications online through the designated website at www.eipo.com.hk
“White Form eIPO Service Provider”	Computershare Hong Kong Investor Services Limited
“Zhang Hong”	Zhang Hong Limited (長泓有限公司), an investment holding company incorporated under the laws of the BVI with limited liability on January 3, 2012. It is wholly-owned by Mr. Dongliang Tian, one of our executive Directors
“Ziming Limited”	Ziming Limited (紫明有限公司), a company incorporated under the laws of Hong Kong with limited liability on May 2, 2008 and an indirect wholly-owned subsidiary of our Company

Certain amounts and percentage figures included in this prospectus have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them.

If there is any inconsistency between the Chinese names of entities or enterprises established in China and their English translations, the Chinese names shall prevail. The English translation of company names in Chinese or another language which are marked with “” and the Chinese translation of company names in English which are marked with “*” are for identification purpose only.*

FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements that are, by their nature, subject to significant risks and uncertainties. These forward-looking statements include, without limitation, statements relating to:

- (1) our business strategies and plan of operation;
- (2) our capital expenditure plans;
- (3) the amount and nature of, and potential for, future development of our business;
- (4) our operations and business prospects;
- (5) our dividend policy;
- (6) projects under construction or planning;
- (7) the regulatory environment of our industry in general; and
- (8) future development in our industry.

The words “anticipate”, “believe”, “could”, “estimate”, “expect”, “intend”, “may”, “plan”, “seek”, “will”, “would”, “project”, “going forward”, “ought to”, “should”, and similar expressions, as they relate to us, are intended to identify a number of these forward-looking statements. These forward-looking statements reflecting our current views with respect to future events are not a guarantee of future performance and are subject to certain risks, uncertainties and assumptions, including the risk factors described in this prospectus. One or more of these risks or uncertainties may materialize, or underlying assumptions may prove incorrect.

Subject to the requirements of the Listing Rules, we do not intend to publicly update or otherwise revise the forward-looking statements in this prospectus, whether as a result of new information, future events or otherwise. As a result of these and other risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this prospectus might not occur in the way we expect, or at all. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements in this prospectus are qualified by reference to this cautionary statement.

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Potential investors should consider carefully all the information set out in this prospectus and, in particular, should consider and evaluate the following risks in connection with an investment in the Company. Investors should also pay particular attention to the fact that we conduct substantially all of our operations in the PRC, which has a legal and regulatory environment that may differ in some respects from that of other countries. The business, financial condition or results of our operations could be adversely and materially affected by such risk and uncertainties. The trading price of the Shares could decline due to any of these risks and investors may lose all or part of their investment.

RISKS RELATING TO OUR BUSINESS AND OUR INDUSTRY

We rely heavily on our Cabbeen brand name. Failure to successfully maintain or promote our brand may materially and adversely affect our business, financial condition, results of operations and prospects.

Our brand name is critical for our success as we believe market perception of a brand is one of the key factors for consumers to make decisions to purchase men's apparel. We primarily sell our products under our two Cabbeen brands, Cabbeen Lifestyle and Cabbeen Urban. In addition, we offer some of our products under Cabbeen Chic, a high-end sub-brand under our Cabbeen Lifestyle brand. Our Cabbeen Lifestyle brand is designed to project a trendy, carefree and casual style and primarily targets young male consumers. Our Cabbeen Urban brand is designed to project a modern and sophisticated style and primarily targets young and middle-aged urban male professionals and freelancers. We offer our high-end menswear products under Cabbeen Chic, which primarily targets male consumers in the fashion, entertainment and art-related industries and is designed to project an innovative, elegant and designer fashion style. We believe that the distinct lifestyle concepts behind each of our these brands and sub-brand attract our target end customers and distinguish us from our competitors. If we are unsuccessful in promoting our brand name or fail to maintain our brand culture or brand recognition, market perception and consumer acceptance of our brands may be eroded, and our business, results of operations and prospects may be materially and adversely affected. Any negative publicity or disputes involving any of our brands or products or the loss of any award or recognition could materially and adversely affect our business, financial condition, results of operations and prospects.

We primarily rely on third-party distributors to sell our products to end customers. Termination of or failure to renew distribution agreements by our distributors or any significant decrease in purchases from our distributors could have a material and adverse effect on our business, financial condition, results of operations and prospects.

We primarily sell our products to distributors on a wholesale basis. Our distributors sell our products to end customers through retail outlets operated by them or resell the products to their sub-distributors, who in turn sell our products to end customers through retail outlets operated by these sub-distributors. As of December 31, 2010, 2011 and 2012 and June 30, 2013, we had 27, 28, 37 and 36 distributors. During the years ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2013, we appointed 44, eight, 18 and one new distributors and terminated 44, seven, nine and two distributors, respectively. As of December 31, 2010, 2011 and 2012 and June 30, 2013, there were 283, 393, 391 and 387 sub-distributors engaged by our distributors. During the years ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2013, 113, 151, 75 and 38 sub-distributors were appointed and 17, 41, 77 and 42 sub-distributors were terminated. As of June 30, 2013, we had 36 distributors and 387

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sub-distributors, who together operated a total of 412 street shops, 386 department store concessions and 115 shopping mall outlets under our brands. Sales to our five largest distributors accounted for 48.9%, 54.9%, 35.9% and 43.1% of our revenue for the years ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2013, respectively. During the same periods, sales to our single largest distributor accounted for 13.7%, 21.8%, 10.1% and 11.9% of our revenue, respectively.

We typically enter into distribution agreements with each of our distributors for a one-year term and renew distribution agreements with them on an annual basis. We cannot assure you that distribution agreements we have with existing distributors will be renewed on the same or similar terms, or at all, upon or before the expiration of these distribution agreements, nor can we assure you that existing distributors will not terminate these distribution agreements before they expire. There is also no assurance that existing distributors will continue to place orders with us at historical levels, or at all. If any of the major distributors substantially reduces its volume of purchases from us or ceases to do business with us altogether, our sales may decrease substantially and our financial condition and results of operations may be materially and adversely affected. If any of them terminates or does not renew its distribution agreement with us, we may not be able to replace it with a new distributor in a timely manner, or the replacement distributor may not be able to manage the same regional retail network effectively. If we are unable to locate a replacement distributor, we would lose sales generated from the retail outlets in that region and our financial condition and results of operations could be materially and adversely affected.

We are heavily dependent on certain of our key personnel. Our inability to attract, retain and motivate qualified personnel could materially and adversely affect our business and growth prospects.

Our success depends heavily on our ability to attract, retain and motivate key personnel, including senior managerial, design and technical personnel. In particular, we rely on the continued services of our executive Directors, Mr. Siu Keung Ng, Mr. Rongqin Ke, Mr. Dongliang Tian and Mr. Qiang Wei, as well as our senior management members, such as Ms. Lai Wah Wong, and most importantly, our founder, chairman and executive Director, Mr. Ziming Yang. Many of them have been with us since the inception of our business. We have not subscribed for key-man life or similar insurance covering our key executives, design and technical personnel. If we lose the services of any of these key employees and cannot replace them with personnel with comparable experience and expertise in a timely manner, our business and prospects may be materially and adversely affected.

If we fail to anticipate and respond in a timely manner to the changes in consumer preferences and end customer demand in the menswear industry in the PRC, our sales may decline and our business, financial condition, results of operations and prospects may be materially and adversely affected.

We operate in the fashion casual menswear market in the PRC, in which end customer demand changes as fashion trends shift. We believe that our success depends on our ability to anticipate, identify and interpret the habits and tastes of, and trends among, our target consumers and to offer products that appeal to their preferences. If we fail to anticipate accurately the shifts in consumer preferences, or fail to introduce new and improved products to satisfy those preferences in a timely manner or adjust our product mix accordingly, our sales and market share may decrease, resulting in reduced profitability. In addition, given the diversity of our consumers across the PRC, we must offer products that satisfy the

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broad spectrum of consumer preferences and continuously develop innovative products across our product categories in order to be successful. As part of our plan to broaden our product portfolio, we plan to focus on products that cater to evolving fashion trends and consumer preferences. However, we cannot assure you that our target consumers will accept these new products when we introduce them. If our new products fail to generate market interest, our business, financial condition and results of operations may be materially and adversely affected.

We have limited control over our distributors and their sub-distributors who sell our products to end customers. Failure by our distributors or their sub-distributors to comply with our retail policies or follow our strategies could have a material and adverse effect on our business, financial condition and results of operations.

We primarily sell our products on a wholesale basis to our distributors, who in turn sell our products directly to end customers through their self-operated retail outlets or to their sub-distributors who then sell our products in their retail outlets. As of June 30, 2013, we had 36 distributors and 387 sub-distributors, who together operated a total of 412 street shops, 386 department store concessions and 115 shopping mall outlets under our brands. We primarily rely on distribution agreements to ensure that our distributors adhere to our retail policies. There is no assurance, however, that our distributors will comply with our retail policies at all times. In the event that any non-compliance occurs, we may not be able to identify problems and take actions in a timely manner and, as a result, our brand image and reputation may suffer. In addition, we do not have direct contractual relationships with sub-distributors and we rely on our distributors to oversee the operations of retail outlets operated by their sub-distributors. We are only able to require sub-distributors to comply with our policies, such as exclusivity, brand image and promotion, customer service and pricing, through our distributors based on the sub-distribution agreements. While we ultimately can decline to renew distribution agreements with distributors that do not comply with our standards, and may receive remedies under the terms of the distribution agreements, there is no assurance that such remedy is sufficient to cover all losses we may experience and our brand image and sales could be materially and adversely affected. In addition, if any distributor or sub-distributor fails to comply with our retail policies by selling our products at a discount without our permission, our brand value and the public perception of our product quality and brand positioning could be negatively affected, which, in turn, would have a material and adverse effect on our business, financial condition, results of operations and prospects.

Further, we generally allow our terminated distributors to continue to sell our products they have already purchased in their respective retail outlets or special sales booth in department stores/shopping malls for three to six months as agreed by us, or resell to their respective sub-distributors, if any, or to our designated online distributor. Although we require these terminated distributors to comply with our retail policies, if any non-compliance occurs after the termination of their business relationships with us, we may not be able to enforce our rights or take action against them. If the terminated distributors do not comply with our retail policies when they sell their remaining inventory of our products, our business and reputation may be materially and adversely affected.

We may not be able to accurately track the inventory levels of our distributors.

We require each of our distributors and their sub-distributors to install our ERP system and directly link it to our other information systems. This system facilitates the processing of basic replenishment

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orders from our distributors, the movement of products through their retail network, and the collection of consumer data for our planning and forecasting purposes. We require our distributors to provide us with their sales data on a daily basis and we also carry out random on-site stocktaking on selected distributors to track their retail inventory levels. We track inventory levels mainly to assess the sales conditions and market acceptance of our products so that we are able to achieve sustainable growth and to better reflect consumers' preferences in the design and research and development of our products for the next season. However, inaccurate, mistaken, incomplete or delayed data regarding inventory levels, or any failure of our distributors to provide us such data, may prevent us from making correct business judgments for our production, marketing efforts and sales strategies. If that happens, our operations and financial results may be materially and adversely affected. In addition, if our distributors cannot manage their inventory levels properly, their future orders of our products may be reduced, which would materially and adversely affect our future business, financial condition, results of operation and prospects.

If we fail to manage the rapid growth of our distribution network effectively, our business, financial condition, results of operations and prospects could be materially and adversely affected.

We have expanded the retail coverage of our products rapidly in recent years and one of our strategies for growth is to continue to expand our distribution network. As of June 30, 2013, our distribution network included 412 street shops, 386 department store concessions and 115 shopping mall outlets operated by our distributors and their sub-distributors as well as two self-operated retail outlets. In 2013, we intend to continuously expand our distribution network. However, there is no assurance that we will succeed in our growth strategy. The additional retail outlets operated by our distributors may not perform as well as we anticipated. The implementation of our brand culture and image at these retail outlets and the integration of these retail outlets into our distribution network may not be successful. If we fail to effectively manage our expansion plans, our business, financial condition and results of operations could be materially and adversely affected.

Our multi-brand strategy and any of our future plans to launch new brands may not be successful.

We have adopted a multi-brand strategy by using our Cabbeen Lifestyle and Cabbeen Urban brands and the Cabbeen Chic sub-brand, to cater to different consumer groups with different lifestyles. Our market positioning of the brands may not be accurate and may result in marketing overlaps, cannibalization or even competition among the brands. We cannot assure you of the success of our multi-brand strategy or that any of the existing brands and sub-brand will continue to be successful. In October 2012, we decided to convert Cabbeen Chic from a stand-alone brand to a high-end sub-brand under Cabbeen Lifestyle in order to further improve cost efficiency and leverage synergies with the well-established sales network under Cabbeen Lifestyle. We cannot assure you that our expected benefits from this reorganization of our brands would materialize or that we would be able to maintain all existing end customers of Cabbeen Chic or continue to attract our target end customers for Cabbeen Chic. In addition, we may introduce and promote additional brands to expand our brand portfolio in the future. Our ability to achieve such expansion depends on our ability to identify the appropriate brands and integrate the brands into our existing business model. We cannot guarantee any of the new brands we may introduce and promote will generate income as expected. Failure of our multi-brand strategy could materially and adversely affect our business, financial condition, results of operations and prospects.

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We, our distributors or their sub-distributors may not be successful in securing prime locations for street shops, department store concessions or shopping malls outlets.

We currently primarily sell our products to end customers through a network of retail outlets operated by our distributors and their sub-distributors and we also sell a small portion of our products directly to end customers through self-operated retail outlets. Our performance depends, to a significant extent, on the location of these retail outlets, as we believe prime location is a key to access to our target consumer groups and brand building. As a result, our and our distributors' or their sub-distributors' ability to secure prime locations for street shops, department store concessions or shopping mall outlets on commercially reasonable terms is critical to our success. As the supply of prime locations in a city in the PRC and those in a department store or shopping mall is limited, and as a result, the competition to secure these properties or locations is intense. Our competitors may secure our desired prime locations before we or our distributors can. In addition, department store and shopping mall operators may increase the concession fees charged on the retail outlets operated by us and our distributors or their sub-distributors and as a result, the operations of these retail outlets may not be commercially viable to us and our distributors or their sub-distributors. We cannot assure you that we, our distributors or their sub-distributors will be able to identify, rent and maintain suitable properties or negotiate with, and open retail outlets in, department stores, shopping malls or street shops on terms acceptable to us, our distributors or their sub-distributors. In the event that we, our distributors fail to secure prime locations for our retail outlets, our sales, business, financial condition and results of operations may be materially and adversely affected.

Some of our distributors have, in the past, failed to pay us for their purchases in a timely manner. If such failure to make timely payment continues in the future, it could materially and adversely affect our financial condition and results of operations.

Our distributors place advance purchase orders at our sales fairs and we typically require them to pay in full for our products upon delivery. However, we may not be able to receive payment for our products on time if our distributors encounter financial and operating difficulties. We grant credit limits of 30 to 180 days on a case-by-case basis. Our trade and bills receivables and average turnover days of our trade and bills receivables increased significantly from RMB74.4 million and 44 days as of December 31, 2010 to RMB445.9 million and 91 days as of December 31, 2011, primarily because our sales increased significantly and we granted credit limits to more distributors under the circumstances of weaker consumer demand and arising inventory levels in the industry. Although we perform on-going credit evaluation of financial and operational conditions on our distributors under our credit system established in July 2012, we cannot assure you that our distributors will pay us for their purchases in timely manner or at all in the future. If our distributors fail to pay us in a timely manner, our financial condition and results of operations may be materially and adversely affected.

We outsource the production of all of our products. Any disruption in the supply of our products could have a material and adverse effect on our business, financial condition, results of operations and prospects.

During the Track Record Period, we manufactured a portion of our products at our production facilities in Shishi, Fujian Province. After February 2012, we have outsourced the manufacturing of all our products to external OEMs to focus our efforts and resources on the design, research and development and marketing of our products. As we do not enter into long-term contracts with our OEMs, our OEMs may

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decide not to accept our future purchase orders on the same or similar terms, or at all. If an OEM decides to substantially reduce its volume of supply to us, substantially increase the sales prices of its products or terminate its business relationship with us, we may need to find a proper replacement in a timely manner, failure of which may result in delay or default on the distribution agreements with our distributors. In addition, if any of our OEMs fails to provide the required amount of products meeting our quality standards, we may need to source products from other OEMs, which may result in additional costs and delay in the delivery of our products to our distributors. If products failing to meet our quality standards have already been sold to our distributors, we may need to recall these products, resulting in additional costs and our business reputation may be negatively affected. A number of factors could also cause prolonged interruptions or have a negative effect in the operations of these OEMs such as equipment failures or property damage experienced by these OEMs, change in law and regulation that affect their manufacturing cost or process, or financial difficulties and labor disputes faced by these OEMs. Other than requiring our OEMs to submit copies of their renewed business licenses every year, we do not have specific measures to ensure that our OEMs are in full compliance with all relevant laws and regulations of the PRC. If any of our OEMs is found to have violated relevant PRC laws and regulations, or to have engaged in socially unacceptable practices, they may be ordered to cease production temporarily or permanently under such laws and regulations. Moreover, media reports on such violations or practices may negatively affect our business reputation and image. Any of the above events may materially and adversely impact our brand image, damage our relationships with our distributors or disrupt the supply of our products, causing a material and adverse effect on our business, financial condition, results of operations and prospects.

Furthermore, we provide the designs of our products to our OEMs, as well as guidance for manufacturing the products ordered by us. As we do not have direct control over our OEMs, if any of them is involved in unauthorized production of products using our brands, which may have lower quality and be sold at lower prices on the market, our reputation, financial condition, results of operations and prospects may be materially and adversely affected.

As we expect to expand our business and our product portfolio, our reliance on OEMs is also likely to increase. We may not be able to find sufficient additional OEMs to produce our products on the same or similar terms as our existing contract OEMs. As a result, we may not be able to achieve our growth and development goals.

Increase in cost of outsourced production, raw materials and labor in the PRC may materially and adversely affect our business and our profitability.

We generally do not maintain long-term contracts with our raw materials suppliers or OEMs, and the prices that we pay for raw materials and products they provide may increase due to fluctuation of prices of commodities, such as cotton and fiber. In addition, labor costs in the PRC have increased significantly in recent years and have impacted our cost structure. In addition to inflation and other factors, the implementation of the PRC Employment Contract Law (中華人民共和國勞動合同法), which became effective on January 1, 2008, also contributed to the increase in labor costs in the PRC. Among other things, the PRC Employment Contract Law imposes more stringent requirements on employers in relation to entry into fixed term employment contracts, dismissal of employees, provision of severance payment

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and paid annual leave for employees. We expect that our labor costs will continue to increase in the future. If we are unable to identify and adopt other appropriate means to reduce costs of our outsourced production, or pass on such increase in the cost of raw materials, labor or products to end customers, our business, financial condition and results of operations may be materially and adversely affected.

Furthermore, we cannot assure you that any disputes, work stoppages or strikes will not arise in the future. Any future disputes with our employees could materially and adversely affect our business, financial condition, results of operations and prospects.

We rely on the proper function of our information systems, and any malfunction over extended periods could materially and adversely affect our business, financial condition, results of operations and prospects.

We rely to a significant degree on the uninterrupted operation of our information systems and the equivalent systems of our distributors and their sub-distributors for the efficient operation of our business, including the monitoring of inventory levels. We cannot assure you that the information that our information systems generated is always up-to-date or accurate, nor can we assure you that the information systems will be properly operated by our distributors' and their sub-distributors' personnel. In addition, we cannot guarantee that the periodic update or upgrade we perform on our information systems will not cause material disruptions in the proper maintenance of our financial or operation records or timely generation of sales invoices. Nor can we ensure that the level of security we maintain on our systems is proper or adequate or that our systems can withstand intrusions from or prevent improper usage by our distributors or any unauthorized persons. If our operations are interrupted due to any of these reasons, our results of operations may be materially and adversely affected.

We operate in a very competitive market. If we fail to compete effectively, our market share and profit margins may decline.

We operate in the menswear industry in the PRC, which is highly competitive. Participants in this market include both international and domestic brands that compete on, among other things, brand loyalty, product variety, product design, product quality, marketing and promotion, retail network coverage, price and the ability to meet delivery commitments to distributors and retailers. This competition has led to leading brands continuing to gain market share at the expense of less established and lower-end brands. We may not be able to compete effectively against competitors who may have greater financial resources, greater scale of production, superior product design, better brand recognition and a wider, more diversified and established retail network. If we fail to compete effectively, our market share and profit margins may decline. To compete effectively and maintain our market share, we may be forced to, among other actions, reduce prices, provide more sales incentives to our distributors and increase expenditures on advertising, which may in turn materially and adversely affect our profit margins and other results of operations.

Our brand image and profitability may be negatively affected by actions of our outsourced OEMs, our distributors and their sub-distributors.

For the years ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2013, outsourced production costs as a percentage of our total cost of sales were approximately 63.9%, 80.0%, 96.1% and 98.6%, respectively. Since February 2012, we have outsourced the production of all of our

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products. We may not be able to exercise adequate control over the operations of our outsourced OEMs and as a result are not able to ensure their compliance with applicable laws and regulations. We enter into distribution agreements with our distributors but as they do not constitute members of our Group, we are not in a position to ascertain that all of our distributors have obtained all licenses, permits and approvals necessary for their operations or complied with all applicable laws and regulations, notwithstanding that we reserve the right to terminate our distribution agreements if our distributors deviate from any key terms. Moreover, we do not have direct contractual relationships with sub-distributors and we rely on our distributors to oversee and procure their sub-distributors to operate in compliance with our retail policies and applicable laws and regulations. Failure on the part of any of our outsourced OEMs, our distributors or their sub-distributors to comply with applicable laws and regulations, such as product or retail related, labor and environmental laws and regulations, may result in negative publicity which may damage our image and reputation, and materially and adversely affect our profitability.

Changes in our business model may cause difficulties in evaluating our business prospects and growth strategies.

Prior to February 2012, we manufactured a portion of our apparel products at our own manufacturing facilities in Shishi, Fujian province. In order to reduce the amount of fixed assets we carry on our balance sheet and generate higher returns on our assets, in February 2012, we disposed of our production operations and have since outsourced production of all of our products to domestic OEMs. We believe that this strategy allows us to streamline our operations to focus on those segments of the value chain that would deliver most value to our business and Shareholders, namely brand promotion, design, product development, marketing, quality control and management of our distribution network and supply chain. Prior to January 2013, we sold all our products on a wholesale basis to our distributors. In order to promote our brand name and demonstrate our standards for retail management, we started to establish two self-operated retail outlets in December 2012, which commenced operations in January 2013, and also plan to establish no more than 30 self-operated retail outlets by the end of 2014. We believe that this strategy allows us to quickly establish self-operated retail outlets as model stores for our distributors and help to ensure that our brand concepts are reflected and our operational, sales and promotion strategies can be executed at the retail sales level.

While these new strategies are expected to improve the overall efficiencies of our business operations, these improvements as a result of the changes in our business model would also lead to increased reliance on our OEMs for the production of all of our products and a risk of excess inventory as a result of our self-operated stores. Further, changes in our business model may cause difficulties in evaluating our business prospect. In addition, we may face challenges in planning and implementing our growth strategies and may fail to forecast market demand accurately as a result of our new business models. If we are unable to successfully address these risks, difficulties and challenges as a result of changing our business models, our ability to implement our strategic initiatives could be adversely affected, which may in turn have a material and adverse effect on our business, financial condition, results of operations and prospects.

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We face increasing competition from online retailers of menswear in China. If we are unable to compete successfully, our end customer base may be eroded and our revenue and profit may decline as a result.

In the past decade, e-commerce has developed rapidly in China along with the significant increase in the number of Internet users. There are currently a large number of online sales platforms and online retailers in a wide range of product categories catering to consumers across China. Many menswear brands have online sales channels, which typically sell the same products at discounted prices as they generally have lower fixed costs compared with physical stores. Substantially all of our products are sold in retail outlets operated by our distributors, their sub-distributors or ourselves. We face increasing competition from online retailers of menswear, and they generally have a pricing advantage over us. While we believe that our end customers are attracted by our brand concepts and in-store experience, we cannot assure you that our customers would not choose online retailers due to their pricing advantage or that we would be able to maintain or continue to expand our customer base. In addition, we have authorized an online distributor, which is an Independent Third Party, to sell out-of-season inventories of our distributors and their sub-distributors at discounted prices, which may also result in competition with sales of our in-season collections through retail outlets. If we are unable to compete successfully with online retailers of menswear in China, our end customer base may be eroded and our revenue and profit may decline as a result.

Our sales are subject to seasonality and weather conditions, which could cause our results of operations to fluctuate.

Our industry has historically experienced seasonality, which we expect to continue. We typically achieve higher revenue from the sales of our autumn and winter collections and lower revenue from the sales of our spring and summer collections due to the higher average unit selling price for our autumn and winter apparel compared with that for our spring and summer apparel. We also record higher sales to distributors typically before holiday seasons such as the Chinese New Year and the Chinese National Day holidays. See “Financial Information — Seasonality and weather conditions.” In addition, extreme or unusual weather conditions, such as extended periods of warm weather during the winter season or cool weather during the summer season could render a portion of our inventory incompatible with such unseasonable conditions, and thus may affect our sales. Our quarterly operating results may also fluctuate from period to period based on changes in fashion trends, consumer demand and the seasonality of consumer spending on men’s apparel. As a result, any comparison of our sales and operating results between different periods within a single financial year, or between different periods in different financial years, are not necessarily meaningful and cannot be relied on as indicators of our performance. Our results of operations are likely to continue to fluctuate due to seasonality.

We may not be able to adequately protect our intellectual property rights, which could harm our brand and our business.

We believe our trademarks and other intellectual property rights are crucial to our success. Our principal intellectual property rights include our trademarks for the Cabbeen brands. Although we rely on the registration of trademarks and applicable laws to protect our intellectual property rights, these measures may not be sufficient to prevent any misappropriation of our intellectual property rights. There is no assurance that third parties will not infringe our intellectual property rights. Our efforts to enforce

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or defend our intellectual property rights may not be adequate and may require significant attention from our management and may be costly. We may have to initiate legal proceedings to defend the ownership of our trademarks or brand against any infringement by third parties, which may be costly and time-consuming and we might be required to devote substantial management time and resources in an attempt to achieve a favorable outcome. Furthermore, the outcome of any legal actions to protect our intellectual property rights may be uncertain. If we are unable to adequately protect or safeguard our intellectual property rights, our business, financial condition, results of operations and prospects may be materially and adversely affected.

In addition, as permitted by the PRC laws, other parties may register trademarks which may look similar to our registered trademarks under certain circumstances, which may cause confusion among consumers. We may not be able to prevent other parties from using trademarks that are similar to ours and our consumers may confuse our products with lower quality third-party products with similar trademarks. In such case, the goodwill and value of our trademarks and public perception of our brands and our image may be materially and adversely affected by the inferior quality of the products and services provided by third parties who use trademarks similar to ours. A negative perception of our brand and image could have a material and adverse effect on our sales, and therefore on our business, financial condition, results of operations and prospects.

Our business could be materially and adversely affected by claims by third parties for possible infringement of their intellectual property rights.

We may face claims from time to time that our products infringe upon the intellectual property rights of third parties, including our competitors. Defending such claims may require significant attention from our management and may be costly. If any legal proceedings against us for infringement of intellectual property rights are successful, we may be ordered to be responsible for the losses incurred by the claiming parties due to our infringement of their intellectual property rights. Further, if we are unable to obtain a license for the usage of such intellectual property rights on acceptable terms, or at all, or unable to design around such intellectual property rights, we may be prohibited from manufacturing or selling products which are dependent on the usage of such intellectual property rights. In such cases, we may experience a material and adverse effect on our business and reputation, and these types of proceedings and their consequences could divert management's attention from our business, all of which could have a material and adverse effect on our business and results of operations.

If third parties misuse trademarks they previously licensed from Mr. Ziming Yang after the expiration or revocation of the licenses, our brand image, reputation and business may be negatively affected.

During the Track Record Period, our chairman and executive Director, Mr. Yang, personally owned the rights to a number of trademarks, some of which he licensed to third parties for their commercial use. As part of the Corporate Reorganization, Mr. Yang transferred 20 trademarks to Guangzhou Zixi, our wholly owned subsidiary, and we have since discontinued all license arrangements with third parties. We cannot assure you, however, that those third parties who used to own license rights to these trademarks will not actively seek to create the impression that they are part of our corporate group in order to raise their own profile. If these third parties use our trademarks without authorization, our brand image, reputation and business may be negatively affected.

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We may be required to make additional contributions of social insurance under PRC national laws and regulations.

Under the relevant PRC laws and regulations, we are required to contribute to social insurance funds for our employees. During the Track Record Period, we did not make all contributions to the social insurance fund for some of employees in our production site located in Shishi city, Fujian province due to practical difficulties in making contributions for employees with short-term employment and high turnover rate.

For our unpaid contribution to the social insurance funds accrued prior to the effectiveness of *The Social Insurance Law of the PRC* (中華人民共和國社會保險法) on July 1, 2011, relevant authorities may require us to pay the outstanding amount within a prescribed time limit. If we fail to make the overdue contribution within such time limit, an additional late payment penalty at daily rate of 0.2% of the outstanding amount may be imposed. For our unpaid contribution to the social insurance funds accrued after July 1, 2011, relevant authorities may require us to pay the outstanding amount within the prescribed time limit with an additional late payment penalty at the daily rate of 0.05% from the due date. If we fail to make the overdue contribution within such time limit, the relevant authorities may also impose a fine on us equal to an amount between 100% and 300% of the total amount of the overdue contribution.

We have also received a confirmation letter from the local government authorities stating that we have made all requisite contributions to the social insurance funds in a timely manner. Our PRC legal advisors, Jingtian & Gongcheng, is of the view that the risks of local government authorities demanding outstanding payments or imposing any penalty on us are low. As of the Latest Practicable Date, we have not received any notification from any government authorities alleging that we had not fully contributed to the social insurance. We have made provisions for accrued but unpaid social insurance, which amounted to RMB4.7 million as of June 30, 2013.

However, we cannot assure you that we will not be subject to any order to rectify non-compliance in the future. Nor can we assure you that there are no, or will not be any, employee complaints regarding payment of the social insurance against us, or that we will not receive any claims in respect of social insurance contributions under national laws and regulation. In addition, we may incur additional expenses to comply with such laws and regulations by the PRC government or relevant local authorities.

We recorded negative operating cash flow for the two years ended December 31, 2010 and 2011. If we record negative operating cash flow in the future, our liquidity and financial condition may be materially and adversely affected.

We recorded negative operating cash flow of approximately RMB56.6 million and RMB58.1 million for the years ended December 31, 2010 and 2011, respectively, and recorded positive operating cash flow of RMB561.3 million and RMB122.3 million for the year ended December 31, 2012 and the six months ended June 30, 2013, respectively. The main reason for our historical negative operating cash flow was an increase in trade and other receivables and inventories and repayment of advances from and increase in advances to third parties. We cannot assure you that we will continue to record positive operating cash flow in the future. Our liquidity and financial condition may be materially and adversely affected should our

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future operating cash flow become negative, and we can give no assurance that we will have sufficient cash from other sources to fund our operations. If we resort to other financing activities to generate additional cash, we will incur additional financing costs, and we cannot guarantee that we will be able to obtain the financing on terms acceptable to us, or at all.

Our ability to obtain additional financing may be limited, which could delay or prevent the achievement of our business goals.

We have, to date, financed our working capital and capital expenditure needs primarily through capital contributions by shareholders and cash from operating activities and bank borrowings. We expect our working capital needs and our capital expenditure needs to increase in the future as we continue to expand and enhance our business, including our design, research and development capabilities and our management information systems. Our ability to raise additional capital will depend on the success of our current business and the successful implementation of our key strategic initiatives, financial, economic and market conditions and other factors, some of which are beyond our control. We may not be successful in raising the required capital at reasonable cost and at the required times, or at all. Further, equity financings may have a dilutive effect on our Shareholders. If we are unsuccessful in raising additional capital or if new capital funding costs are higher than our prior capital funding costs, our operations and our development programs may be materially and adversely impacted, with similar effects on our financial condition and results of operations.

We may be exposed to product liability, property damage or personal injury claims, which may materially and adversely affect our reputation and business.

We, our distributors and suppliers are bound by local laws of jurisdictions where we operate. Currently, all of our products are sold in the PRC. We may be exposed to product liability claims and we may, as a result, have to expend significant financial and managerial resources to defend against such claims. Such product liability claim risks may increase as legal concepts in product liability begin to develop and mature in the PRC. In line with common industry practice, we do not maintain product liability insurance coverage and our business, results of operations and prospects may be materially and adversely affected by a successful product liability claim against us. In addition, we do not maintain third party liability insurance against claims for property damage or personal injury. Regardless of the merits of a claim or dispute, we may face significant efforts and costs to defend against such claims and may suffer material damage to our reputation. If we lose such a case, we may be subject to monetary damages. We may also be subject to government investigations, which may lead to fines and sanctions against us and result in negative public perception of our brand. Any of the above events could have a material and adverse effect on our business, financial condition, results of operations and prospects.

Certain properties leased by us are subject to irregularities.

We leased warehousing space and one office building in Shishi, Fujian province back from Junyuan Development after we sold to it the buildings, land and construction-in-progress on which our production facilities were located in 2011. We have not registered our lease contracts with the relevant PRC authorities because the local system for lease registration was not fully established yet. According to our PRC legal

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advisers, Jingtian & Gongcheng, the relevant PRC authorities may require us to apply for such registration. If we fail to do so, we may be liable for a fine of not less than RMB1,000 nor more than RMB10,000 per incident. According to our PRC legal advisers, Jingtian & Gongcheng, our maximum potential liabilities arising from such lease registration irregularities amount to RMB20,000.

If we are unable to complete construction of our new building for our design, research and development center on time, our business and growth strategies may be materially and adversely affected.

We currently rent one floor in a building for our design, research and development center with a total gross floor area of approximately 1,702.0 sq.m. in Guangzhou, Guangdong province. We plan to allocate approximately 40% of our estimated net proceeds from the Global Offering to further enhance our design, research and development capabilities, including acquiring land and constructing a new building in Guangzhou, Guangdong province for the planned expansion of our design, research and development center, and acquiring fixed assets and technological equipment both for our current use and for the new design, research and development center. We plan to finalize the blueprint of the new building for our design, research and development center and apply for relevant PRC government approvals in 2014 and commence construction later in 2014. The new building for our design, research and development center is expected to be operational in 2016. Please refer to the section headed “Future Plans and Use of Proceeds” of this prospectus.

However, we cannot assure you that this new building for our design, research and development center will be completed on time, or at all. We are required to obtain relevant PRC government approvals prior to the commencement of construction. If we are unable to obtain government approvals for any reason, or if we encounter unforeseen difficulties in the course of the construction, the construction may be significantly delayed and we may not be able to complete the new building for our design, research and development center on time. In this case, our business and growth strategies would be materially and adversely affected.

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

After the Global Offering, Acute Result, Ascend Fame, Prime Ascend and Mr. Ziming Yang will be our Controlling Shareholders and will together control approximately 75% of the Shares, assuming that the Over-allotment Option is not exercised and no option granted under the Pre-IPO Share Option Scheme and to be granted under the Share Option Scheme is exercised. As such, our Controlling Shareholders will have substantial influence over our business, including decisions regarding mergers, consolidations and the sale of all or substantially all of our assets, election of Directors and other significant corporate actions. This concentration of ownership may discourage, delay or prevent a change in control of our Company, which could deprive our shareholders of an opportunity to receive a premium for their Shares in a sale of our Company or may reduce the market price of our Shares. These actions may be taken even if they are opposed by our other shareholders, including those who purchased Shares in the Global Offering. In addition, the interests of our Controlling Shareholders may differ from the interests of our other shareholders.

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Natural disasters, acts of war, political unrest and epidemics, which are beyond our control, may cause damage, loss or disruption to our business.

Natural disasters, acts of war, political unrest and epidemics, which are beyond our control, may materially and adversely affect the economy, infrastructure and livelihood of the people of the PRC. Some cities in the PRC are particularly susceptible to floods, earthquakes, sandstorms, snowstorms and droughts. Our business, financial condition, results of operations and prospects may be materially and adversely affected if such natural disasters occur in places where we operate or where our products are sold, whether directly or indirectly. Political unrest, acts of war and terrorists attacks may cause damage or disruption to us, our employees, our equipment, the distribution channels operated by our distributors or their sub-distributors and our markets, any of which could materially and adversely affect our sales, cost of sales, overall results of operations and financial condition. The potential for war or terrorists attacks may also cause uncertainty and cause our business to suffer in ways that we cannot currently predict. In addition, certain Asian countries, including the PRC, have encountered epidemics, such as SARS or incidents of the avian flu. Past occurrences of epidemics have caused different degrees of damage to the national and local economies in the PRC. A recurrence of an outbreak of SARS, avian flu or any other similar epidemic such as the H1N1 flu (swine flu) could cause a slowdown in the levels of economic activity generally, which could in turn materially and adversely affect our results of operations and the price of our Shares.

Our net profit may not fully reflect our operating results due to non-recurring events.

Our net profit increased by 28.4% to RMB76.9 million for the six months ended June 30, 2013 from RMB59.9 million for the six months ended June 30, 2012 primarily due to the increase in government grants we received that were non-recurring in nature. For the six months ended June 30, 2013 and 2012, we received government grants of RMB29.0 million and RMB0.2 million, respectively. Excluding the effect of the government grants received and the relevant income tax, our net profit would have been RMB55.2 million for the six months ended June 30, 2013 and RMB59.8 million for the six months ended June 30, 2012, representing a decrease of RMB4.6 million, or 7.7%, between these two periods.

From time to time, our results of operations may be affected by non-recurring events, which may render our period-to-period results not comparable. Our operating results may fluctuate from period to period due to a variety of factors and our past performance may not be indicative of future performance.

RISK RELATING TO CONDUCTING BUSINESS IN THE PRC

A deterioration of overall market conditions and credit availability from lending institutions in the PRC may significantly affect our business and financial performance.

Our ability to successfully expand our business operations in the PRC depends on the overall macroeconomic conditions and other market conditions of the PRC and on the credit availability from lending institutions. Concerned with inflation and over-heating of the PRC economy, the PRC government has taken a series of measures in recent years, including continuously increasing the deposit reserve ratio, as a result of which the commercial banks in the PRC have increased interest rates, reducing the credit availability in the PRC. Stricter lending policies in the PRC may affect our ability to obtain external financing, which may reduce our ability to implement our expansion strategies and may also affect our

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distributors' ability to obtain external financing and spending habit of our consumers. We cannot assure you that the PRC government will not implement any additional measures to tighten lending standards or that, if any such measure is implemented, it will not materially and adversely affect our future results of operations or profitability.

The political, economic and social conditions in the PRC are experiencing changes and reforms, which may materially and adversely affect our business, growth strategies, operating results and financial condition.

For the past three decades, the PRC government has implemented economic reform and measures emphasizing the utilization of market forces in the development of the PRC economy. Although we believe these economic reforms and measures will have a positive effect on the PRC's overall and long-term development, the resulting changes may also have a material and adverse effect on our current or future business, financial condition or results of operations. Despite these economic reforms and measures, the PRC government continues to play a significant role in regulating industrial development, the allocation of natural resources, production, pricing and management of currency, and there can be no assurance that the PRC government will continue to pursue a policy of economic reform or that the current direction of reform will continue.

Demand for our products and our business, financial condition and results of operations may be materially and adversely affected by the following factors:

- political instability or changes in social conditions in the PRC;
- changes in laws, regulations and administrative directives;
- measures which may be introduced to control inflation or deflation;
- changes in the rate or method of taxation; and
- reduction in tariff protection and other import and export restrictions.

These factors are affected by a number of variables which are beyond our control.

Restrictions on foreign exchange and payments of dividends may limit our operating subsidiaries' ability to remit payments to us.

At present, the Renminbi is not freely convertible to other currencies, and conversion and remittance of foreign currencies are subject to PRC foreign exchange regulations. Under current PRC laws and regulations, payments of current account items, including profit distributions, interest payments and operation-related expenditures, may be made in foreign currencies without prior approval from SAFE, but are subject to procedural requirements including presenting relevant documentary evidence of such transactions and conducting such transactions at designated foreign exchange banks within China who have the licenses to carry out foreign exchange business. Strict foreign exchange control continues to apply to capital account transactions. These transactions must be approved by or registered with SAFE, and repayment of loan principal, distribution of return on direct capital investment and investment in

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negotiable instruments are also subject to restrictions. Under our current structure, our source of funds primarily consists of dividend payments from our subsidiaries in the PRC. We cannot assure you that we will be able to meet all of our foreign currency obligations or to remit profits out of China. If future changes in relevant regulations were to place restrictions on the ability of our subsidiaries to remit dividend payments to us, our liquidity and ability to satisfy our third-party payment obligations and our ability to distribute dividends in respect of our Shares could be materially and adversely affected.

We may be treated as a PRC tax resident enterprise under the EIT Law, which may subject us to PRC income taxes on our worldwide income.

We are a holding company incorporated under the laws of the Cayman Islands. Under the PRC Enterprise Income Tax Law (中華人民共和國企業所得稅法) effective January 1, 2008 (the “EIT Law”) and its implementation rules, enterprises organised under the laws of jurisdictions outside the PRC with their “de facto management bodies” located within the PRC may be considered “PRC tax resident enterprises” and subject to a uniform 25% PRC income tax on their worldwide income.

The implementation rules to the EIT Law define the term “de facto management body” as “body that has material and overall management and control over the manufacturing and business operations, personnel and human resources, finances and treasury, and acquisition and disposition of properties and other assets of an enterprise. In April 2009, the State Administration of Taxation of the PRC (“SAT”) issued a circular on “Identifying Chinese-Controlled Offshore Enterprises as Chinese Resident Enterprises in accordance with Criteria for Determining Place of Effective Management”, which sets out certain criteria for specifying what constitutes a “de facto management body” in respect of enterprises that are established offshore by PRC enterprises. However, no such criteria are provided in the circular or other publications in respect of enterprises established offshore by private individuals or foreign enterprises like us. As a result, Jingtian & Gongcheng, our PRC legal adviser, has advised us that it is unclear whether we will be deemed to be a “PRC tax resident enterprise” for the purpose of the EIT Law even though substantially all of the operational management of our Company is currently based in the PRC. If our Company were treated as “PRC tax resident enterprise”, our Company will be subject to PRC income taxes on its worldwide income, which may adversely affect our profitability and distributable profit to Shareholders.

Dividends from our PRC subsidiaries and dividends on our Shares and gains on the sales of our Shares may be subject to PRC withholding taxes.

We are a Cayman Islands holding company and all of our income is ultimately derived from dividends that are paid by our subsidiaries in the PRC. Under the EIT Law and its implementation rules, dividends payable to foreign enterprise investors that are non-resident enterprises that do not have an establishment or place of business in the PRC, or that have such establishment or place of business but the relevant income is not effectively connected with the establishment or place are subject to a 10% withholding tax in respect of profits earned since January 1, 2008, which may be reduced if a foreign enterprise investor is eligible for the benefits of a tax treaty with the PRC that provides for a different withholding arrangement. Pursuant to a tax arrangement between the PRC and Hong Kong, companies incorporated in Hong Kong may be subject to withholding taxes at a rate of 5% on dividends they receive from their PRC subsidiaries of which they directly hold at least 25% equity interests. As dividends from our PRC subsidiaries will be paid to us through our Hong Kong subsidiaries that owns 100% equity

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interests in our PRC subsidiaries, those dividends may be subject to a withholding tax at the rate of 5%. However, on October 27, 2009, the State Administration of Taxation, or the SAT, promulgated the Circular on How to Understand and Recognize the “Beneficial Owner” in Tax Treaties, or Circular 601. Circular 601 clarifies that a beneficial owner is a person having actual operations and this person could be an individual, a company or any other entity. Circular 601 expressly excludes a “conduit company” that is established for the purposes of tax avoidance and dividend transfers and is not engaged in actual operations such as manufacturing, sales and management, from being a beneficial owner. It is still unclear how Circular 601 is being implemented in practice by the SAT or its local counterparts. If our Hong Kong subsidiaries are not deemed to be beneficial owners of our PRC subsidiaries, those dividends may be subject to withholding tax at the rate of 10%, instead of 5%. Cabbeen China declared dividends to Cabbeen Investments in December 2012 and August 2013 and we withheld tax at the rate of 10%.

Moreover, under the EIT Law and its implementation rules, as discussed above, we may in the future be treated as a PRC tax resident enterprise by the PRC taxation authorities. In that case, dividends on our Shares and capital gains from sales of our Shares realized by foreign shareholders may be regarded as income from “sources within the PRC” and may be subject to a 10% withholding tax, subject to any reduction by an applicable tax treaty. If foreign shareholders are required to pay PRC withholding tax on dividends on our Shares or capital gains from any sales of our Shares, the value of the investment in our Shares may be materially and adversely affected.

It may be difficult to effect service of process on, or to enforce judgments obtained outside the PRC against, us, our Directors or our senior management members who reside in the PRC.

It may be difficult to effect service of process on, or to enforce judgments obtained outside the PRC against, us, our Directors or our senior management members who reside in the PRC. Substantially all of our Directors and senior management members reside in the PRC and substantially all of our assets and the assets of such persons are located in the PRC. Accordingly, it may be difficult for investors to effect service of process on any of these persons or to enforce judgments obtained outside of the PRC against us or any of these persons, as the PRC does not have treaties providing for the reciprocal recognition and enforcement of judgments awarded by courts in many developed countries, including the United States, the United Kingdom, Japan and the Cayman Islands. As a result, the recognition and enforcement in the PRC of judgments of a court in any of these jurisdictions in relation to any matter not subject to a binding arbitration provision may be difficult or even impossible.

The PRC legal system has inherent uncertainties regarding the interpretation and enforcement of PRC laws and regulations which could limit the legal protections available to investors.

Substantially all of our operations are conducted in the PRC. The PRC legal system is a civil law system based on written statutes, and prior court decisions can only be cited as reference and have almost no precedential value. Since 1979, the PRC government has been developing a comprehensive system of laws, rules and regulations in relation to economic matters, such as foreign investment, corporate organization and governance, commerce, taxation and trade. However, because of the limited volume of published cases and their non-binding nature, the interpretation and enforcement of these laws, rules and regulations involve some degree of uncertainty, which may lead to additional restrictions and uncertainty for our business and uncertainty with respect to the outcome of any legal action investors may take against

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us in the PRC. In addition, we cannot predict the effect of future developments in the PRC legal system, including the promulgation of new laws, changes to existing laws or the interpretation or enforcement thereof, or the pre-emption of local regulations by national laws. Any changes to such laws and regulations may materially increase our costs and regulatory exposure in complying with them.

RISKS RELATING TO THE GLOBAL OFFERING AND OUR SHARES

There has been no prior public market for our shares and an active trading market for our Shares may not develop.

Prior to the Global Offering, there has been no public market for our Shares. The initial issue price range for our Shares was the result of negotiations among us, the Joint Global Coordinators on behalf of the International Underwriter and the Joint Sponsors on behalf of the Hong Kong Underwriters and the Offer Price may differ significantly from the market price for our Shares following the Global Offering. We have applied for listing of and permission to deal in our Shares on the Stock Exchange. There is no assurance that the Global Offering will result in the development of an active, liquid public trading market for our Shares. Factors such as variations in our revenue, earnings and cash flows or any other developments of us may affect the volume and price at which our Shares will be traded.

The liquidity and market prices of our Shares following this Global Offering may be volatile. The price at which the Shares will trade after the Global Offering will be determined by the marketplace, which may be influenced by many factors, some of which are beyond our control, including:

- our financial results;
- changes in securities analysts' estimates, if any, of our financial performance;
- the history of, and the prospects for, us and the industry in which we compete;
- an assessment of our management, our past and present operations, and the prospects for our business, and
- timing of, our future revenue and cost structures such as the views of independent research analysts, if any;
- the present state of our development;
- the valuation of publicly traded companies that are engaged in business activities similar to ours; and
- general market sentiment regarding menswear and retail industries.

In addition, the Stock Exchange has from time to time experienced significant price and volume fluctuations that have affected the market prices for the securities of companies quoted on the Stock Exchange. As a result, investors in our Shares may experience volatility in the market price of their Shares and a decrease in the value of their Shares regardless of our operating performance or prospects.

RISK FACTORS

Potential investors will experience immediate and substantial dilution as a result of the Global Offering and could face future dilution as a result of future financings.

Potential investors will pay a price per Share that substantially exceeds the per Share value of our net tangible assets and will therefore experience immediate dilution when potential investors purchase the Offer Shares in the Global Offering. As a result, if we were to distribute our net tangible assets to the Shareholders immediately following the Global Offering, potential investors would receive less than the amount they paid for their Shares.

We believe that our current cash and cash equivalents, anticipated cash flows from operations and the proceeds from this offering will be sufficient to meet our anticipated cash needs for the foreseeable future. We may, however, require additional cash resources due to changed business conditions or other future developments relating to our existing operations, acquisitions or strategic partnerships. If additional funds are raised through the issuance of new equity or equity-linked securities of us other than on a pro rata basis to existing Shareholders, the percentage ownership of such Shareholders in us may be reduced, and such new securities may confer rights and privileges that take priority over those conferred by the Shares. Alternatively, if we meet such funding requirements by way of additional debt financing, we may have restrictions placed on us through such debt financing arrangements which may:

- limit our ability to pay dividends or require us to seek consent prior to the payment of dividends;
- require us to dedicate a substantial portion of our cash flows from operations to service our debt, thereby reducing the availability of our cash flows to fund capital expenditures, working capital requirements and other general corporate needs; and
- limit our flexibility in planning for, or reacting to, changes in our business and our industry.

Dividends paid in the past may not be indicative of the amounts of future dividend payments or our future dividend policy.

Historical dividend distributions by our subsidiaries are not indicative of our future distribution policy and we give no assurance that dividends of similar amounts or at similar rates will be paid in the future. Any future dividend declaration and distribution by us will be at the discretion of our Directors and will depend on our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors that our Directors deem relevant. Any declaration and payment as well as the amount of dividends will also be subject to our constitutional documents and the Companies Law, as well as (where required) the approval of Shareholders. In addition, our future dividend payments will depend upon the availability of dividends received from our subsidiaries in the PRC, which may be subject to withholding taxes described in the paragraph headed “Dividends from our PRC subsidiaries and dividends on our Shares and gains on the sales of our Shares may be subject to PRC withholding taxes.” in this section. See also “Financial Information — Dividend Policy” in this prospectus.

RISK FACTORS

Sales of substantial amounts of our Shares in the public market after the Global Offering could materially and adversely affect the prevailing market price of our offer Shares.

Sales of substantial amounts of Shares in the public market after the completion of the Global Offering, or the perception that these sales could occur, could materially and adversely affect the market price of our Shares. There will be 700,000,000 Shares outstanding immediately following the Global Offering, assuming no exercise of the Over-allotment Option and that no option granted under the Pre-IPO Share Option Scheme and to be granted under the Share Option Scheme is exercised. We and certain of our Shareholders, subject to certain exceptions, have agreed to a lock-up arrangement with the Underwriters until six months after the Listing Date, but the Underwriters may release these securities from these restrictions at any time and such Shares will be freely tradable after the expiry of the lock-up period. Shares which are not subject to a lock-up arrangement represent approximately 17.1% of the total issued share capital immediately following the Global Offering (assuming (i) no exercise of the Over-allotment Option (ii) no option granted under the Pre-IPO Share Option Scheme and to be granted under the Share Option Scheme is exercised and (iii) the number of Shares issuable to the Cornerstone Investor is calculated based on an Offer Price of HK\$2.53, which represents the mid-point of the indicative Offer Price range set forth on the cover page of this prospectus) and will be freely tradable immediately following the Global Offering.

You may face difficulties in protecting your interests under the laws of the Cayman Islands.

Our corporate affairs are governed by, among other things, our Memorandum and Articles and the Companies Law and common law of the Cayman Islands. The rights of Shareholders to take action against our Directors, actions by minority shareholders and the fiduciary responsibilities of our Directors to us under Cayman Islands law are to a large extent governed by the common law of the Cayman Islands. The common law of the Cayman Islands is derived in part from comparatively limited judicial precedent in the Cayman Islands as well as that from English common law, which has persuasive, but not binding, authority on a court in the Cayman Islands. The laws of the Cayman Islands relating to the protection of the interests of minority shareholders differ in some respects from those in other jurisdictions.

We cannot guarantee the accuracy of certain facts, forecasts and other statistics with respect to the PRC, the PRC and global economy, and the PRC and global menswear industry contained in this prospectus.

Certain facts, forecasts and other statistics in this prospectus relating to the PRC, the PRC and global economy, individual markets within the PRC, and the PRC and global menswear industry have been derived from official government publications and we can guarantee neither the quality nor the reliability of such source materials. We believe that the sources of this information are appropriate sources for such information and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. The information has not been independently verified by our Company, the Joint Global Coordinators, the Joint Sponsors, the Joint Bookrunners, the Joint Lead Managers or any of the Underwriters, any of their respective directors and advisers or any other persons or parties involved in the Global Offering and no representation is given as to its accuracy. In all cases, investors should give consideration as to how much weight or importance they should attach to or place on such facts, forecasts or statistics.

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

In preparation for the Listing, we have sought the following waivers from strict compliance with the relevant provisions of the Listing Rules:

MANAGEMENT PRESENCE

Rule 8.12 of the Listing Rules requires that a new applicant applying for a primary listing on the Stock Exchange must have a sufficient management presence in Hong Kong. This normally means that at least two of its executive directors must be ordinarily resident in Hong Kong. Since our principal business operations are conducted and retail outlets under our brands are located in the PRC, members of our senior management (other than Ms. Lai Wah Wong, our company secretary and chief financial officer, who is ordinarily resident in Hong Kong) are and will therefore be expected to continue to be based in the PRC. Although Mr. Ziming Yang, an executive Director, holds a Hong Kong identity card, and Mr. Siu Keung Ng, an executive Director, holds a Hong Kong permanent identity card, they may not ordinarily reside in Hong Kong. Further, none of our executive Directors will be based in Hong Kong upon the Listing. We have applied to the Stock Exchange for a waiver from strict compliance with the requirement under Rule 8.12 of the Listing Rules.

We have received from the Stock Exchange a waiver from compliance with Rule 8.12 of the Listing Rules subject to the following conditions:

- (a) we have appointed two authorized representatives, Mr. Siu Keung Ng, an executive Director, and Ms. Lai Wah Wong, the company secretary and chief financial officer of our Company, pursuant to Rule 3.05 of the Listing Rules who will act as our principal communication channel with the Stock Exchange and will ensure that they comply with the Listing Rules at all times;
- (b) both authorized representatives have means to contact all Directors (including the independent non-executive Directors) promptly at all times as and when the Stock Exchange wishes to contact the Directors for any matters;
- (c) each Director who is not ordinarily resident in Hong Kong has confirmed that he possesses or will be able to apply for valid travel documents to visit Hong Kong and to meet with the Stock Exchange within a reasonable period of time, when required;
- (d) we have appointed Guotai Junan Capital Limited to act as our compliance adviser pursuant to Rule 3A.19 of the Listing Rules who will act as an additional communication channel of the Company with the Stock Exchange;
- (e) each Director (including the independent non-executive Directors) will provide his mobile, office phone number, e-mail address and facsimile number to the Stock Exchange.

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

CONTINUING CONNECTED TRANSACTIONS

Certain members of our Group have entered into transactions which would constitute non-exempted continuing connected transactions of our Company under the Listing Rules upon Listing. We have received from the Stock Exchange a waiver from strict compliance with the announcement requirement as set out in Chapter 14A of the Listing Rules for such non-exempt continuing connected transactions. Please refer to the section headed “Connected Transactions” of this prospectus for further details.

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

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

INFORMATION ON THE GLOBAL OFFERING

The Offer Shares are offered solely on the basis of the information contained and representations made in this prospectus and the Application Forms and on the terms and subject to the conditions set out herein and therein. No person is authorized to give any information in connection with the Global Offering or to make any representation not contained in this prospectus, and any information or representation not contained herein must not be relied upon as having been authorized by our Company, the Joint Global Coordinators, the Joint Sponsors, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of their respective directors, officers, employees, partners, agents, advisers or any other party involved in the Global Offering.

FULLY UNDERWRITTEN

The Global Offering comprises the International Placing and the Hong Kong Public Offering. A total of 175,000,000 Offer Shares will initially be made available under the Global Offering, of which 157,500,000, representing 90% of the total number of Offer Shares will initially be placed (subject to restrictions stated in the paragraph headed "Selling Restrictions" below) with professional and institutional investors and, to the extent permitted by applicable laws, other investors in Hong Kong and elsewhere at the Offer Price under the International Placing. The remaining 17,500,000 Offer Shares, representing 10% of the total number of the Offer Shares, will be offered in Hong Kong to the public for subscription at the Offer Price under the Hong Kong Public Offering. The number of Shares offered for subscription and purchase under the Global Offering will be subject to re-allocation and the Over-allotment Option. Details of the structure of the Global Offering are described in the section headed "Structure of the Global Offering".

This prospectus is published solely in connection with the Global Offering, which forms part of the Global Offering. This prospectus and the Application Forms set out the terms and conditions of the Hong Kong Public Offering.

The Global Offering is sponsored by the Joint Sponsors and managed by the Joint Lead Managers. The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters. The International Placing will be fully underwritten by the International Underwriters pursuant to the International Placing Agreement expected to be entered into on or about the date of the Price Determination Agreement. For further information about the Underwriters and the underwriting arrangements, please refer to the section headed "Underwriting".

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

DETERMINATION OF THE OFFER PRICE

The Offer Shares are being offered at the Offer Price which is expected to be determined by agreement between the Joint Sponsors (on behalf of the Hong Kong Underwriters), the Joint Global Coordinators (on behalf of the International Underwriters) and our Company on or before Monday, October 21, 2013 or such later time as may be agreed by the Joint Sponsors (on behalf of the Hong Kong Underwriters), the Joint Global Coordinators (on behalf of the International Underwriters) and our Company, but in any event no later than Sunday, October 27, 2013. If they are unable to reach agreement on the Offer Price by Sunday, October 27, 2013, the Global Offering will not proceed and will lapse.

RESTRICTIONS ON SALE OF THE OFFER SHARES

Each person acquiring the Offer Shares will be required, and is deemed by his acquisition of the Offer Shares, to confirm that he is aware of the restriction on offers or sales of the Offer Shares described in this prospectus and that he is not acquiring, and has not been offered, any Offer Shares in circumstances that contravene any such restrictions.

No action has been taken in any jurisdiction other than Hong Kong to permit a public offering of the Offer Shares or the distribution of this prospectus. Accordingly, this prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorized or to any person to whom it is unlawful to make such an offer or invitation. The distribution of this prospectus and the offering and sale of the Offer Shares in any jurisdiction other than Hong Kong are subject to restrictions and prohibitions, and may not be made except as permitted under the applicable securities laws of such jurisdiction pursuant to registrations with or authorizations by the relevant securities regulatory authority or pursuant to an exemption therefrom.

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

Our Company have applied to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned herein including the Shares to be issued pursuant to the Global Offering (including any Shares which may fall to be issued pursuant to the exercise of the Over-allotment Option), the Shares to be issued pursuant to the Capitalization Issue and any Shares which may fall to be issued pursuant to the exercise of the options granted or to be granted under the Pre-IPO Share Option Scheme and the Share Option Scheme. No part of our Company's share or loan capital is listed or dealt in on any other stock exchange. At present, our Company is not seeking or proposing to seek the listing of, or permission to deal in, the Shares on any other stock exchange. All the Shares will be registered on the register of our members in order for them to be traded on the Main Board.

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

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

PROFESSIONAL TAX ADVICE RECOMMENDED

If you are unsure about the taxation implications of the subscription for, purchase, holding or disposal of, dealing in, or the exercise of any rights in relation to the Offer Shares, you should consult an expert. Our Company, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, their respective directors, officers, agents or advisers or any other party involved in the Global Offering do not accept responsibility for any tax effects on, or liabilities of, any person resulting from the subscription for, purchase, holding or disposal of, dealing in, or the exercise of any rights in relation to, the Offer Shares.

HONG KONG REGISTER OF MEMBERS AND STAMP DUTY

All of the Shares issued pursuant to the Global Offering will be registered on our register of members to be maintained in Hong Kong by our Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited. Our principal register of members will be maintained by our principal registrar and transfer agent, Royal Bank of Canada Trust Company (Cayman) Limited, in the Cayman Islands.

Dealings in the Shares registered on our register of members in Hong Kong will be subject to Hong Kong stamp duty. The current rate of stamp duty in Hong Kong is 0.2% of the consideration or, if higher, the market value of the Shares being sold or transferred.

PROCEDURES FOR APPLICATION FOR HONG KONG PUBLIC OFFER SHARES

The procedures for applying for the Hong Kong Public Offer Shares are set out in the section headed “How to Apply for Hong Kong Offer Shares” and on the relevant Application Forms.

STRUCTURE OF THE GLOBAL OFFERING

Details of the structure and conditions of the Global Offering, including details of the Over-allotment Option, are set out in the section headed “Structure of the Global Offering”.

OFFER SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the granting of the listing of, and permission to deal in, the Offer Shares on the Stock Exchange and compliance with the stock admission requirements of HKSCC, the Offer Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing Date or on any other date HKSCC chooses. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second business day after any trading day. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All necessary arrangements have been made for the Offer Shares to be admitted into CCASS. Investors should seek the advice of their stockbroker or other professional adviser for details of those settlement arrangements and how such arrangements will affect their rights and interests.

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

EXCHANGE RATE

Solely for your convenience, this prospectus contains translations of certain Renminbi amounts into Hong Kong dollars and certain US dollar amounts into Hong Kong dollars at specified rates. No representation is made that the Renminbi or US dollar amounts could actually be converted into any Hong Kong dollar amounts at the rates indicated or at all. Unless we indicate otherwise, the translation of Renminbi into HK dollars was made at the rate of HK\$1.00 to RMB0.79655, the exchange rate prevailing on June 28, 2013, set by the PBOC for foreign exchange transactions, and translation of US dollars into Hong Kong dollars was made at the rate of US\$1.00 to HK\$7.7560, the noon buying rate as set forth in the H.10 statistical release of the Federal Reserve Bank as of June 28, 2013. Any discrepancies in any table between totals and sums of amounts listed therein are due to rounding.

ROUNDING

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

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

DIRECTORS

Name	Address	Nationality
Executive Directors		
Mr. Ziming Yang.....	Room 3506, Jin Hai Wan Garden A No. 183 Bin Jiang East Road Hai Zhu District Guangzhou Guangdong province PRC	Chinese
Mr. Siu Keung Ng.....	Room 2601, Ming Yue Building B No.2-2 Zhu Jiang Xin Cheng Hua Cheng Road Tian He District Guangzhou Guangdong province PRC	Chinese
Mr. Rongqin Ke	Level 5-7 No. 15, Building 6 Jiu Er Road East Shishi city Fujian province PRC	Chinese
Mr. Dongliang Tian	Room 2708 No. 1, Hua Cheng Road Zhu Jiang Xin Cheng Guangzhou Guangdong province PRC	Chinese
Mr. Qiang Wei	Room 403 No. 23, Cui Shan Lan Tian Yuan Hua Nan Bi Gui Garden Ying Bin Road Nan Cun Zhen Fan Yu District, Guangzhou Guangdong province PRC	Chinese

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

Name	Address	Nationality
Independent non-executive Directors		
Mr. Yung Kwok Tsui	Flat H, 39/F Tower 3 Metro Town 8 King Ling Road Tseung Kwan O New Territories	Chinese
Mr. Honghui Chen	Room 803, Building No. 40 Qi Le Yuan No. 70, Yi Le Road Haizhu District Guangzhou Guangdong province PRC	Chinese
Mr. Ming Shu Leung	Flat 1309, Block B Tai Hang Terrace 5 Chun Fai Road Jardine's Lookout Hong Kong	Chinese

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

PARTIES INVOLVED IN THE GLOBAL OFFERING

Joint Global Coordinators

Merrill Lynch International

2 King Edward Street
London EC1A 1HQ
United Kingdom

CCB International Capital Limited

12/F, CCB Tower
3 Connaught Road Central, Central
Hong Kong

Joint Bookrunners

Merrill Lynch International

2 King Edward Street
London EC1A 1HQ
United Kingdom

CCB International Capital Limited

12/F, CCB Tower
3 Connaught Road Central, Central
Hong Kong

Joint Sponsors

Merrill Lynch Far East Limited

15th Floor, Citibank Tower
3 Garden Road
Central
Hong Kong

CCB International Capital Limited

12/F, CCB Tower
3 Connaught Road Central, Central
Hong Kong

Joint Lead Managers

Hong Kong Public Offering

Merrill Lynch Far East Limited

15th Floor, Citibank Tower
3 Garden Road
Central
Hong Kong

CCB International Capital Limited

12/F, CCB Tower
3 Connaught Road Central, Central
Hong Kong

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

International Placing

Merrill Lynch International

2 King Edward Street
London EC1A 1HQ
United Kingdom

CCB International Capital Limited

12/F, CCB Tower
3 Connaught Road Central, Central
Hong Kong

Legal advisers to our Company

As to Hong Kong law:

Orrick, Herrington & Sutcliffe

43/F, Gloucester Tower
The Landmark
15 Queen's Road Central
Hong Kong

As to PRC law:

Jingtian & Gongcheng

34/F, Tower 3, China Central Place
77 Jianguo Road, Chaoyang District
Beijing 100025
PRC

As to Cayman Islands law:

Conyers Dill & Pearman (Cayman) Limited

Cricket Square
Hutchins Drive
PO Box 2681
Grand Cayman KY1-1111
Cayman Islands

**Legal advisers to the Joint Sponsors and
the Underwriters**

As to Hong Kong law:

Fried, Frank, Harris, Shriver & Jacobson

1601, Charter House
8 Connaught Road Central
Hong Kong

As to PRC law:

Tian Yuan Law Firm

10/F, China Pacific Insurance Plaza
28 Fengsheng Hutong
Xicheng District
Beijing 100032
China

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

Auditor and reporting accountant

KPMG
Certified Public Accountants
8/F, Prince's Building
10 Chater Road
Central
Hong Kong

Receiving bankers

Standard Chartered Bank (Hong Kong) Limited
15/F, Standard Chartered Tower
388 Kwun Tong Road
Kowloon
Hong Kong

China Construction Bank (Asia) Corporation Limited
6 Des Voeux Road Central
Central
Hong Kong

CORPORATE INFORMATION

Registered office	Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands
Principal place of business in Hong Kong	Room 03, 16/F Billion Plaza 8 Cheung Yue Street Cheung Sha Wan Kowloon Hong Kong
Headquarters and place of business in the PRC	Cabbeen Apparel Building No. 379 Shougouling Road Tianhe District Guangzhou 510507 PRC
Company's website	www.ir.cabbeen.com (<i>information contained in this website does not form part of the prospectus</i>)
Company secretary	Ms. Lai Wah Wong
Authorized representatives	Mr. Siu Keung Ng Ms. Lai Wah Wong
Audit committee	Mr. Yung Kwok Tsui (<i>Chairman</i>) Mr. Honghui Chen Mr. Ming Shu Leung
Remuneration committee	Mr. Yung Kwok Tsui (<i>Chairman</i>) Mr. Ming Shu Leung Mr. Siu Keung Ng
Nomination committee	Mr. Ziming Yang (<i>Chairman</i>) Mr. Ming Shu Leung Mr. Honghui Chen
Corporate governance committee	Mr. Siu Keung Ng (<i>Chairman</i>) Mr. Qiang Wei Mr. Yung Kwok Tsui Mr. Ming Shu Leung
Compliance adviser	Guotai Junan Capital Limited 27/F, Low Block Grand Millennium Plaza 181 Queen's Road Central Hong Kong

CORPORATE INFORMATION

Principal bankers

Industrial Bank Co., Ltd. (Guangzhou branch)
1/F, Yuanjing Garden
Yuanjing Road
Guangzhou 510000
PRC

Industrial Bank Co., Ltd. (Shishi branch)
No.38 Jinlin Road
Shishi city
Fujian province 362700
PRC

Shanghai Pudong Development Bank
(Quanzhou branch)
No.29 Fengze Street
Fengze District
Quanzhou city
Fujian province 362000
PRC

China Construction Bank (Shishi branch)
No.1865 Baqi Road
Shishi city
Fujian province 362700
PRC

China Minsheng Banking Corp. Ltd.
(Quanzhou branch)
No. 689 Citong Road
Fengze District
Quanzhou city
Fujian province 362000
PRC

**Cayman Islands share registrar
and transfer office**

Royal Bank of Canada Trust Company (Cayman) Limited
4th Floor, Royal Bank House
24 Shedden Road
P.O. Box 1586
Grand Cayman KY1-1110
Cayman Islands

Hong Kong share registrar

Computershare Hong Kong Investor Services Limited
Shops 1712-1716
17/F, Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

INDUSTRY OVERVIEW

This section contains information and statistics relating to the PRC economy and the industry in which we operate. We have derived such information and data partly from publicly available government and other third-party sources, which have not been independently verified by us, the Joint Global Coordinators, the Joint Sponsors, the Joint Bookrunners, the Joint Lead Managers, any of the Underwriters, any of our or their respective directors, officers, representatives or affiliates, or any other party involved in the Global Offering. Our Directors have taken reasonable care in the reproduction of such information, which may not be consistent with other information compiled within or outside the PRC. We commissioned Frost & Sullivan, an independent market research firm, as an industry consultant to prepare an industry research report (the “Frost & Sullivan Report”). We believe that the sources of the information in this section are appropriate sources for such information and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading or that any part has been omitted that would render such information false or misleading.

Unless otherwise specified, the market and industry information and data relating to the PRC menswear industry presented in this section and elsewhere in this prospectus has been derived from the Frost & Sullivan Report.

SOURCES OF INFORMATION

We commissioned Frost & Sullivan to conduct analysis of the PRC menswear market and other economic data and to prepare the Frost & Sullivan Report. We have agreed to pay a fee of approximately RMB1.8 million for the Frost & Sullivan Report, which will be paid prior to the Listing. Our Directors are of the view that the payment of the fee does not affect the fairness of conclusions drawn in the Frost & Sullivan Report. Frost & Sullivan is an independent consultant founded in 1961 and has over 35 global offices with more than 1,800 industry consultants, market research analysts, technology analysts and economists. Its services include technology research, market research, economic research, corporate best practices advising, training, customer research, competitive intelligence and corporate strategy. The Frost & Sullivan Report includes both historical and forecast information on the Chinese retail industry, the Chinese menswear market, the Chinese fashion casual menswear market, and other economic data. Frost & Sullivan undertook both primary and secondary independent research through various resources within the PRC menswear industry. Primary research involved interviewing leading industry participants from menswear brand companies and retailers, industry experts and 2,448 end-users in Tier 1, 2 and 3 cities. Secondary research involved reviewing company reports, independent research reports and data in Frost & Sullivan’s own research database. In the preparation of this report, Frost & Sullivan used secondary research as an initial research platform. In depth, telephone and face-to-face interviews were conducted with various manufacturers and distributors as the key methodologies used by Frost & Sullivan to obtain the information and data for the preparation of this report.

Frost & Sullivan also adopted the following primary assumptions while making projection for China’s menswear market and fashion casual menswear market:

- China’s economy is likely to maintain a steady growth in the next decade with ongoing urbanization;

INDUSTRY OVERVIEW

- China's social, economic and political environment is likely to remain stable in the forecast period, which ensures the stable and healthy development of China menswear and men's fashion casual wear industry;
- Related industry key drivers are likely to drive the Chinese menswear market in the forecast period, such as rising household income, rising purchasing power and growing retail market;
- The negative impact of high inventory level on menswear market is in short terms and can be offset by rising demands from male consumers;
- Related industry key drivers are likely to drive the Chinese fashion casual menswear market in the forecast period, such as younger generation consumers, increasing pursuit of fashion and personality, and growing fashion sense and brand awareness.

All statistics are reliable and are based on information available as of the date of this report. Other sources of information, including government, trade associations or marketplace participants, may have provided some of the information on which the analysis or data is based.

ECONOMIC GROWTH OF THE PRC ECONOMY

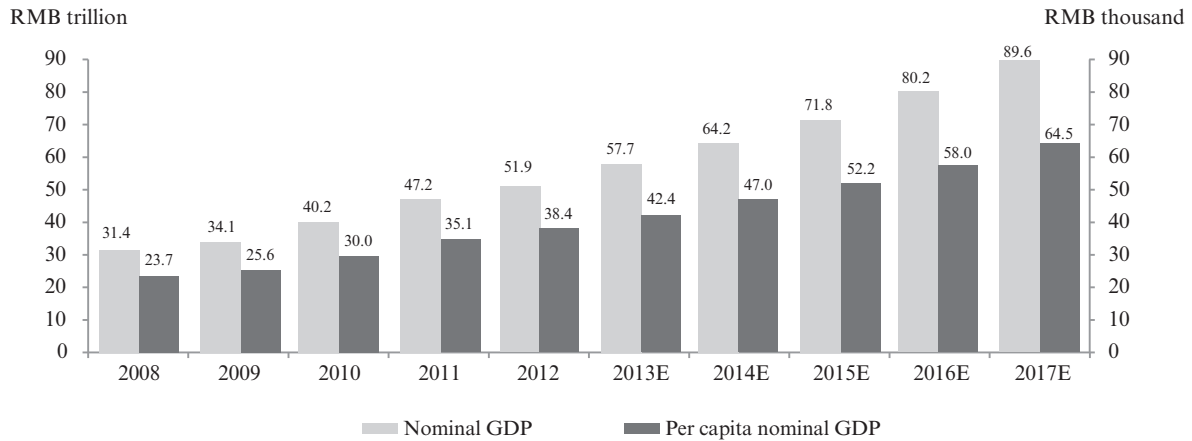
China's Nominal GDP Growth

China's economy has been growing rapidly since the late 1970s, when the Chinese government initiated economic reforms. According to the National Bureau of Statistics of China, China's nominal GDP grew from RMB31,404.5 billion for 2008 to RMB51,932.2 billion for 2012, representing a CAGR of approximately 13.4% during the period. According to estimates by IMF, China's nominal GDP will further grow to RMB89,575.3 billion in 2017, representing a CAGR of approximately 11.5% during the period from 2012 to 2017. China's nominal GDP per capita also increased from RMB23,707.7 in 2008 to RMB38,353.5 in 2012, representing a CAGR of approximately 12.8%.

INDUSTRY OVERVIEW

The chart below illustrates the historical and projected growth of China's nominal GDP and nominal GDP per capita from 2008 to 2017.

Nominal GDP and Nominal GDP per Capita in the PRC, 2008-2017E

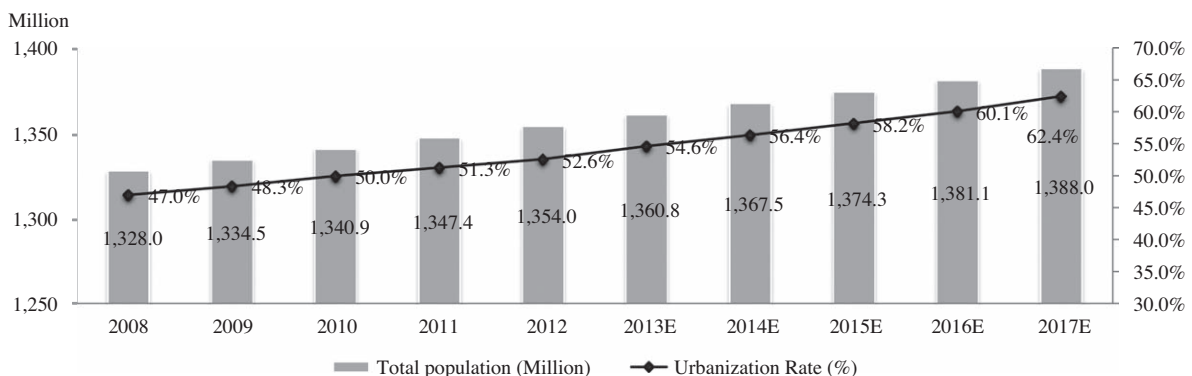


Sources: National Bureau of Statistics of China; International Monetary Fund

Accelerating Urbanization Trend

Urbanization has accelerated steadily in China as a result of the rapid economic growth. Populations in cities have increased with the influx of people from rural and less developed areas in the PRC. From 2008 to 2012, China's total population increased from 1,328.0 million to 1,354.0 million, representing a CAGR of 0.5%. During the same period, China's urbanization rate increased from 47.0% for 2008 to 52.6% for 2012. Frost & Sullivan estimates that China's urban population is expected to maintain a CAGR of approximately 0.5% from 2012 to 2017 and reach 1,388.0 million in 2017, with an urbanization rate of approximately 62.4%. The following chart sets forth the historical and projected total population and urbanization rate in China from 2008 to 2017.

China's Total Population and Urbanization Rate, 2008-2017E



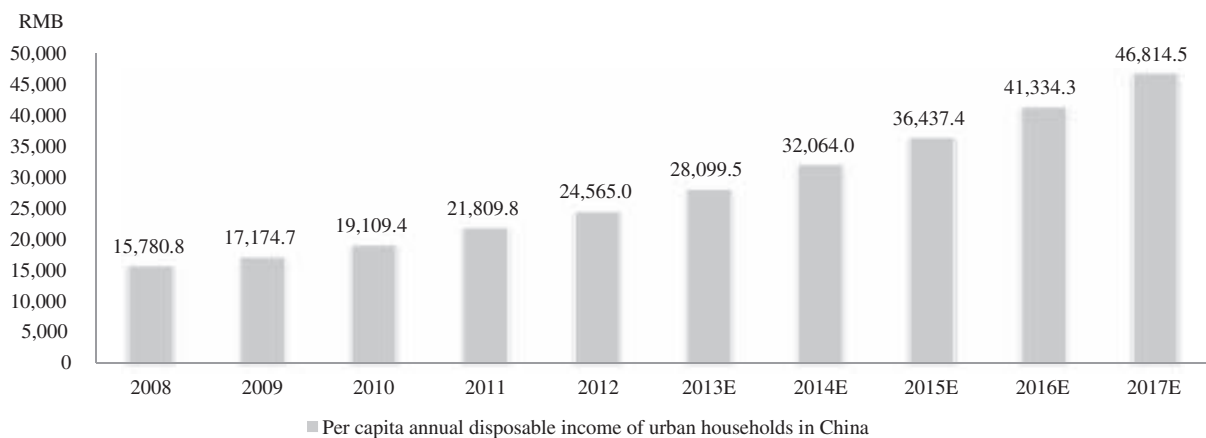
Sources: National Bureau of Statistics of China (as to historical data); International Monetary Fund and Frost & Sullivan (as to projected data)

INDUSTRY OVERVIEW

Urban Household Disposable Income

Rising GDP per capita has driven strong growth in per capita disposable income for PRC residents. The annual per capita disposable income of urban households in China increased from approximately RMB15,780.8 in 2008 to approximately RMB24,565.0 in 2012, representing a CAGR of approximately 11.7%. According to the Frost & Sullivan Report, the per capita annual disposable income of urban households is expected to continue growing at a CAGR of approximately 13.8% from 2012 to 2017. The following chart sets forth the historical and projected per capita annual disposable income of urban households in the PRC from 2008 to 2017.

Per Capita Annual Disposable Income of Urban Households in the PRC, 2008-2017E



Sources: National Bureau of Statistics of China (as to historical data); Frost & Sullivan (as to projected data)

Tier 2 and Tier 3 Household Disposable Income

With the rapid growth of the PRC economy, Tier 2 and Tier 3 cities have achieved substantial economic growth in recent years, partially due to the PRC government's favorable policies for the development of smaller urban centers and rural areas. As a result, income levels of Tier 2 and Tier 3 urban households have also increased and their living standards have significantly improved. Tier 2 and Tier 3 cities have shown significant potential in purchasing power, closing the gap with the Tier 1 cities. According to the Frost & Sullivan Report, in 2011, average disposable income of Tier 2 and Tier 3 urban households reached RMB27,160.9 and RMB22,887.6, respectively, compared to RMB34,566.5 for Tier 1 cities.

Growth of China's Retail Industry

The PRC market for consumer goods expanded rapidly in the past few years amid China's strong economy, continuing urbanization and growing disposable income of urban households. Total retail sales of consumer goods in the PRC increased from RMB11,483.0 billion in 2008 to RMB20,716.7 billion in 2012, representing a CAGR of approximately 15.9%. By 2017, China's total retail sales of consumer goods is expected to reach RMB40,063.7 billion, at a CAGR of approximately 14.1% from 2012 to 2017.

INDUSTRY OVERVIEW

The chart below illustrates the historical and projected retail sales of consumer goods in China from 2008 to 2017.

Retail Sales of Consumer Goods in China, 2008-2017E



Sources: National Bureau of Statistics of China (as to historical data); Frost & Sullivan (as to projected data)

CHINA'S MENSWEAR MARKET

Menswear Market Categories and Segments

According to Frost & Sullivan Report, the PRC menswear market can be categorized into four categories: (i) formal wear refers to menswear suitable for formal social events and is commonly characterized by suit and tie; (ii) business casual wear refers to menswear designed for business occasions and white collar workplaces and is commonly characterized by a combination of collared shirt and trousers with belt; (iii) fashion casual wear refers to menswear developed for casual and non-formal occasions featuring brand-specific styles and the latest fashion design to emphasize personal expression; and (iv) other menswear includes wholesale casual wear, outdoor clothing, denim wear and accessories. According to Frost & Sullivan Report, we have been categorized as fashion casual menswear. The PRC menswear market can also be divided into four tiers based on price range: luxury, high-end, middle-end and low-end. The luxury tier is absolutely dominated by international brands that have high reputation and enjoy a significant lead in quality and design. Generally, the price of a men's jacket in the luxury tier is usually above RMB5,000. The high-end tier is generally dominated by international brands, although some domestic brands are establishing themselves in this tier. Domestic brands are gradually building their brand image and developing loyal customers. The price of a men's jacket in the high-end tier is usually between RMB2,000 to RMB5,000. The middle-end and low-end tiers are dominated by domestic brands who leverage their extensive sales network and better understanding of the Chinese consumers. The price of a men's jacket in the middle-end tier is usually between RMB500 to RMB2,000 and the price of a men's jacket in the low-end tier is usually below RMB500.

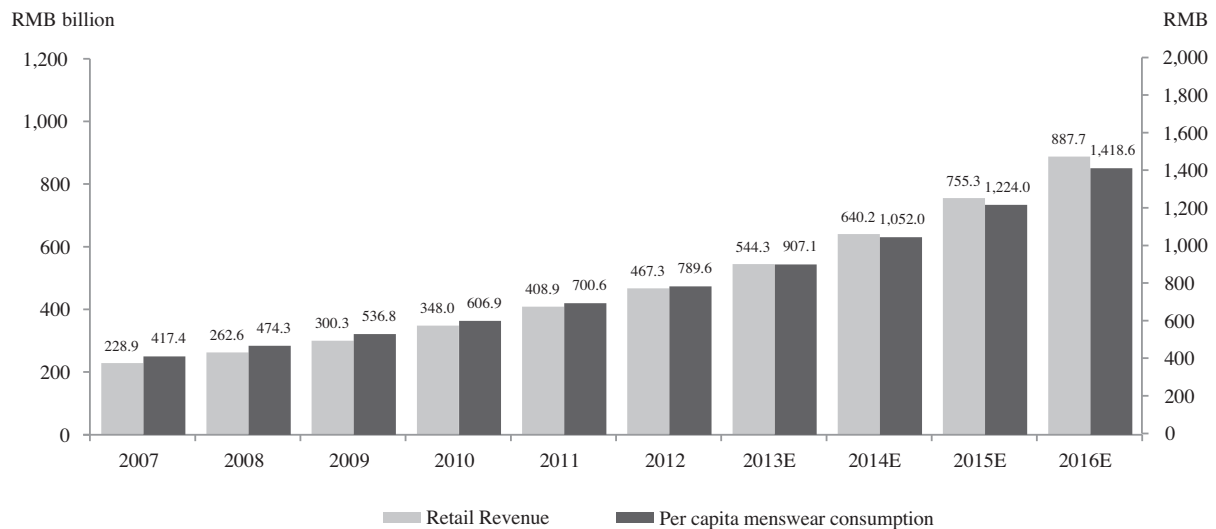
INDUSTRY OVERVIEW

Growth of China's Menswear Market

The PRC menswear market expanded rapidly during 2007 and 2012 from a total retail revenue of RMB228.9 billion for 2007 to RMB467.3 billion for 2012, representing a CAGR of approximately 15.3%. Rising disposable income and rapid urbanization had contributed to a steadily growing middle class, which in turn result in a strong consumer spending. Frost & Sullivan further projects that retail sales for menswear in the PRC is expected to more than double during 2012 and 2016 and is estimated to reach approximately RMB887.7 billion for 2016, growing at a CAGR of approximately 17.4% during the period. The chart below illustrates the historical and projected market size of the PRC menswear market in terms of total retail revenue from 2007 to 2016.

Consistent with the macroeconomic environment of the PRC, the per capita consumption of menswear in China has been increasing steadily. According to the Frost & Sullivan Report, the per capita consumption of menswear in China increased from approximately RMB417.4 in 2007 to approximately RMB789.6 in 2012, representing a CAGR of approximately 13.6%. Frost & Sullivan projects per capita menswear consumption in China to double from 2012 to 2016 and reach RMB1,418.6 by 2016, representing a CAGR of 15.8% from 2012 to 2016. The chart below illustrates the historical and projected increase in per capita menswear consumption in China from 2007 to 2016.

Retail Revenue and Per Capita Consumption of China's Menswear Market, 2007-2016E



Source: Frost & Sullivan

Note: Market size is based on retail price.

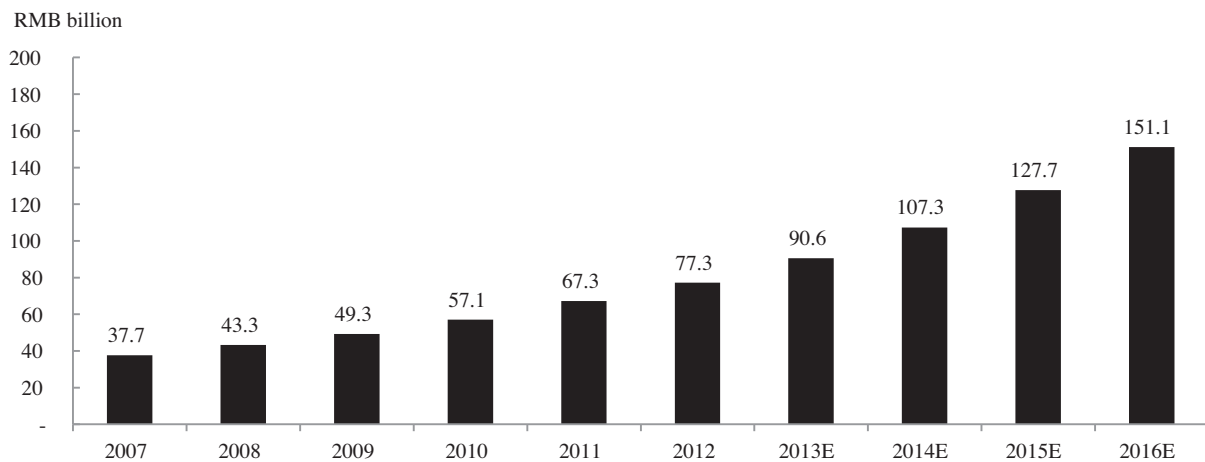
INDUSTRY OVERVIEW

CHINA'S FASHION CASUAL MENSWEAR MARKET

Growth of China's Fashion Casual Menswear Market

Fashion casual menswear is the menswear intended for casual and non-formal occasions fusing brand-specific styles with latest fashion design to emphasize personal expression. The fashion casual menswear sector exhibited strong growth over the period from 2007 to 2012 due to the rapid growth of China's economy, increasing purchasing power of China's urban middle class consumers, rising fashion consciousness, heightened brand awareness and increased demand on apparel quality. According to the Frost & Sullivan Report, the size of the PRC market for fashion casual menswear in terms of retail revenue increased from RMB37.7 billion for 2007 to approximately RMB77.3 billion for 2012, representing a CAGR of approximately 15.4%. According to the Frost & Sullivan Report, the fashion casual menswear market accounted for 16.5% of the total PRC menswear market in terms of retail revenue in 2012, and Cabbeen brand accounted for 2.7% of the fashion casual menswear market in terms of revenue in 2012. Frost & Sullivan further projects that retail sales for fashion casual menswear in the PRC is estimated to reach approximately RMB151.1 billion for 2016, growing at a CAGR of approximately 18.3% during the period from 2012 to 2016. The chart below illustrates the historical and projected market size of the PRC fashion casual menswear market in terms of retail revenue from 2007 to 2016.

Retail Revenue of China's Fashion Casual Menswear Market, 2007-2016E



Source: Frost & Sullivan

Note: Market size is based on retail price.

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Target Consumers and Key Growth Drivers of China's Fashion Casual Menswear Market

Fashion casual menswear market in China targets male consumers between 20 to 45 years of age. These consumers have strong purchasing power, rising fashion sense and brand awareness. There are three key growth drivers of the PRC fashion casual menswear market: younger generation of consumers, pursuit of fashion and personality, and emergence of more brands. As the population of individuals born in the 1970s and 1980s begin to become the main consumers in China, their strong consuming power and increasing awareness of fashion trends drive demand for more individualistic fashion styles. Moreover, the change in Chinese consumers' attitudes and behavior towards clothing also drives male consumers to spend more on clothing with unique style to express their taste and status. At the same time, the emergence of more brands provides the consumers with varied styles of clothing in the fashion casual menswear market.

Distribution Channels of PRC Fashion Casual Menswear Market

There are four major retail channels in the PRC fashion casual menswear market: street shops, department stores, shopping malls and online shops. Street shops, department stores and shopping malls represented over 90% of the total retail sales in 2012.

Street shop is a major distribution channel in PRC fashion casual menswear market, accounting for nearly half of its total retail sales in 2012 and drives the rapid growth of PRC menswear market through direct access to large population and strong effect in promoting brand image. In lower tier cities where commercial real estate is still underdeveloped and large-scale department stores and shopping malls have yet to enter, most fashion casual menswear brands use street shops to increase awareness for their brands, and hence street shops have become the prevalent shopping format for the local consumers. As street shops offer a high degree of flexibility in location selection and layout design, menswear brand owners believe that street shops can assist in building their brand image. According to the Frost & Sullivan Report, retail sales of fashion casual wear contributed by street shops accounted for approximately 39.9% in Tier 1 cities, 45.6% in Tier 2 cities and 47.0% in Tier 3 and 4 cities in China in 2012.

Department stores have long been one of the major distribution channels in the PRC. Although street shops are the prevalent shopping format for consumers in lower-tier cities with wide market access, department stores remain the distribution channel that defines Chinese consumers' perception of brand positioning. According to the Frost & Sullivan Report, retail sales of fashion casual wear contributed by department stores accounted for approximately 21.9% in Tier 1 cities, 20.3% in Tier 2 cities and 19.5% in Tier 3 and 4 cities in China in 2012.

Shopping malls are becoming an increasingly popular distribution channel for fashion casual menswear as an inevitable result of the rapidly developing commercial real estate in China. Shopping malls provide more comfortable shopping environment and diversified merchandises and facilities to consumers. According to the Frost & Sullivan Report, retail sales of fashion casual wear contributed by shopping malls accounted for approximately 30.7% in Tier 1 cities, 30.0% in Tier 2 cities and 25.5% in Tier 3 and 4 cities in China in 2012.¹

Note:

¹ As commercial real estate, such as shopping malls, are still in their preliminary stage in China, most consumers are not able to tell the difference between the department stores and shopping malls. As a result, the retail sales of fashion casual wear contributed by shopping malls might be over estimated by mistaking some of the department stores as shopping malls.

INDUSTRY OVERVIEW

According to the Frost & Sullivan Report, consumers in lower-tier cities also show strong preference for online shopping as these consumers have relatively lower purchasing power and are more price sensitive.

Key Barriers to Entry

Key barriers to entry in the PRC fashion casual menswear market include (i) design capability; (ii) consumers' recognition of brand style; and (iii) proper marketing positioning. Design capability is needed to keep up with the current fashion while providing consistent design styles to grow a large customer base and have high brand-added value. Distinct brand images and concepts allow large menswear companies to attract their target consumer groups and strengthen their market position in the competition. Brands must also establish their positioning after considering factors such as targeted consumer group, product style and pattern, and location of retail outlets, to establish a differentiated brand image. For new entrants, it is difficult to succeed in these aspects in a short amount of time.

Constraints on China's Menswear and Fashion Casual Menswear Markets

High inventory level

Both brand owners and distributors are under pressure from rising inventory level backed by weaker demand of consumers and rapid expanding sales network in 2011 and 2012. In order to reduce inventory and improve cash flow, brand owners may opt to stimulate their sales through higher retail discounts, which may have a long term negative impact on brand reputation.

Product homogeneity

The menswear industry in China is at a stage of high-speed growth with more brands emerging. International brands, on one hand, are able to offer differentiated products with a relatively clear market positioning as a result of their distinguished brand image, core technology and unique design. Meanwhile, domestic brands are gradually improving to compete with the international brands despite higher product homogeneity. Unclear brand images make it relatively difficult for consumers of domestic brands to choose one over another based on parameters other than price. With these domestic brands continuing to mature, however, they may resolve the product homogeneity problem.

Lack of design capability

Consumers of China's fashion casual menswear market are demanding on the design of products. Integrating the ever changing fashion style into the unique yet consistent brand image mandates a whole team of creative and qualified designers. However, most of the domestic fashion casual brands lack the talent and the capability to reflect their distinct brand image in their design, which lead to consumers' lack of brand loyalty and homogeneity in-brand competition.

INDUSTRY OVERVIEW

COMPETITIVE LANDSCAPE OF PRC FASHION CASUAL MENSWEAR MARKET

As China's fashion casual menswear market is still in its mid-growth stage, the market is highly fragmented. According to the Frost & Sullivan Report, in 2012, the top ten brands only held approximately 25.1% of the market share by retail sales. Among them, only eight were able to reach retail revenue over RMB1.0 billion due to the limited design and manufacturing capacity of most fashion casual menswear suppliers. In 2012, the top five brands in China's fashion casual menswear market were Jack & Jones, Zuoan, Cabbeen, GXG and Mark Fairwhale, all of which are domestic brands except for Jack & Jones. The following chart illustrates the market share by retail revenue in the fashion casual menswear market by brands in 2012.

Top Five Brands in China's Fashion Casual Menswear Market by Retail Revenue

Ranking	Brand	Revenue in 2012 (RMB billion)	Market Share (%)
1	Jack & Jones	5.5	7.1
2	Zuoan	2.5	3.3
3	Cabbeen.....	2.1	2.7
4	GXG.....	1.9	2.5
5	Mark Fairwhale	1.9	2.4

Source: Frost & Sullivan

Frost & Sullivan also conducted surveys in August 2012 on 100 mid-to-high end department stores and shopping malls located in 24 Chinese cities, including three Tier 1 cities, 14 Tier 2 cities and seven Tier 3 cities, as samples to research the rate of penetration by China's fashion casual menswear brands in these two distribution channels. The following chart illustrates the penetration rate in department stores and shopping malls surveyed.

Top Five Fashion Casual Menswear Brands in China in terms of penetration rate in 100 mid-to-high end department stores and shopping malls

Ranking	Brand	Penetration Rate (%)
1	Jack & Jones	68
2	Cabbeen	47
3	GXG.....	46
4	Mark Fairwhale	43
5	Selected.....	40

Source: Frost & Sullivan

INDUSTRY OVERVIEW

According to the Frost & Sullivan Report, as China's fashion casual menswear market becomes increasingly competitive, a distinct brand style and quick response to fashion trends have been more and more important for brand owners. Most of the top fashion brands have adopted the designer brand model. Their designer brands, led by a core designer, form a distinctive brand style more easily and thereby appreciated by the consumers in the fashion casual wear market. Change of workplace culture and lifestyle has also helped to promote an integration of business and leisure which results in a decrease of consumer's sensitivity to price and growing needs of individualization and express of personal character. According to the Frost & Sullivan Report, based on the current market trend, domestic brand owners will continue to compete on brand style, design capability, market positioning, distribution channels and customers' brand loyalty. Brand awareness has become a decisive factor in increasing market share.

Key Advantage of Our Cabbeen Brands over Competitors

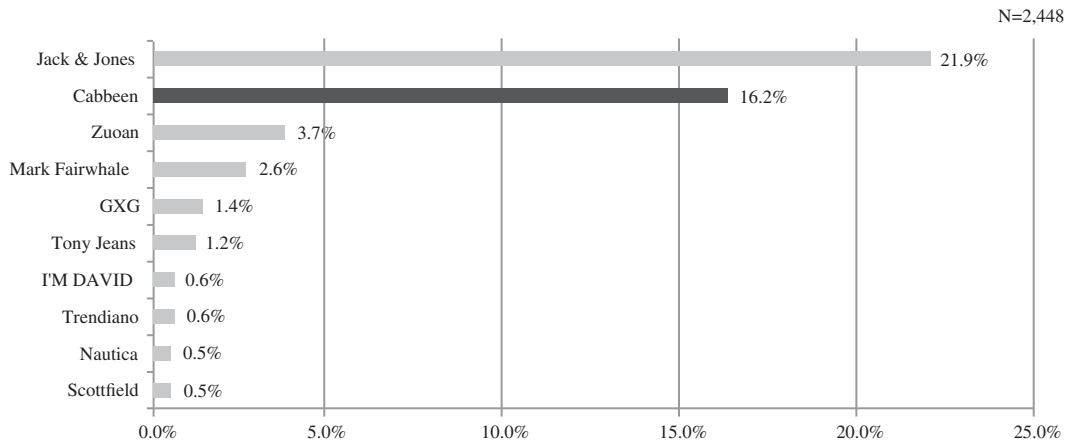
According to the Frost & Sullivan Report, there are mainly four key advantages of our Cabbeen brands compared to our competitors, including (i) strong design capability — our design and research and development team consists of 113 members and is led by Mr. Yang, the founder and chairman of our Company and the icon of our Cabbeen brands; (ii) widely and deeply expanded distribution network — our Cabbeen branded retail outlets increased from 637 as of December 31, 2010 to 915 as of June 30, 2013 with extended distribution network penetrating Tier 3 and 4 cities. According to Frost & Sullivan Report, we ranked second as of 2012 in terms of penetration rate in 100 mid-to-high end department stores and shopping malls in China; (iii) strong control over retail terminals — all of our distributors and their sub-distributors are required to install our ERP system which provides us the retail and inventory statistics in a real time basis; and (iv) VIP incentive program — we cooperate with our distributors on our nationwide VIP program and provide value-added services to our VIP end customers. We had approximately 575,000 VIP members as of June 30, 2013. According to the Interviews (as defined below), 871 of 2,448 respondents have made at least one purchase with “Cabbeen” and 33.4% of these 871 respondents regard “Cabbeen” as stylish by first impression.

CONSUMER BEHAVIOR AND BRAND AWARENESS

In January 2013, we commissioned Frost & Sullivan to conduct face-to-face interviews (the “Interviews”) with 2,448 respondents in Tier 1, Tier 2 and Tier 3 cities across China. Frost & Sullivan asked the respondents to state fashion casual menswear brands known to them, and 16.2% of these respondents mentioned “Cabbeen” in the first place, ranking second among all the brands being surveyed. The following chart sets forth the ranking of brand awareness of companies in the fashion casual menswear market based on the first brand mentioned by the respondents in the Interviews.

INDUSTRY OVERVIEW

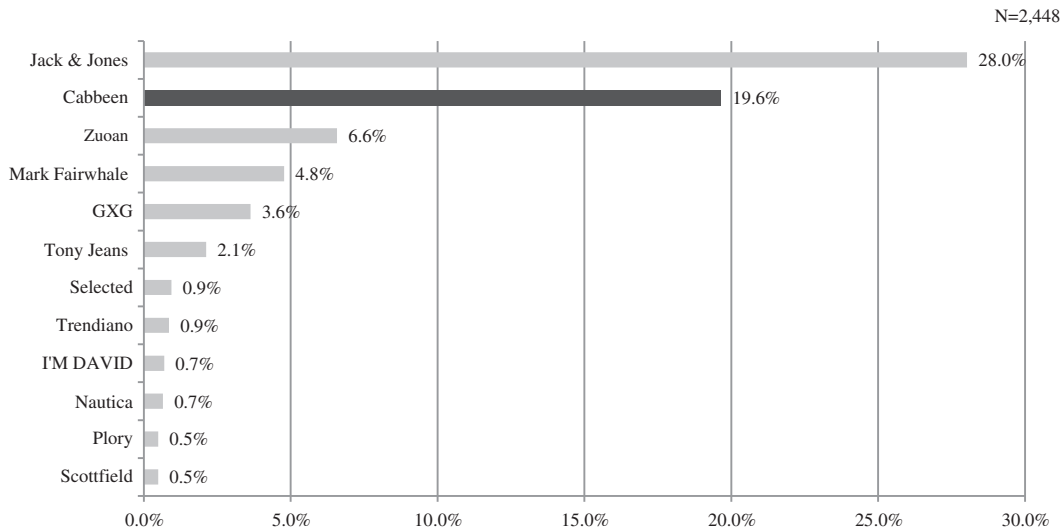
Brand Awareness of Fashion Casual Menswear Market in China



Source: Frost & Sullivan

The following chart sets forth the ranking of brand loyalty of companies in the fashion casual menswear market based on the percentage of repeated purchases made by the respondents during 2011 and 2012 according to the Interviews. According to the Frost & Sullivan Report, consumers are mostly concerned about style and design when they purchase fashion casual menswear products. The results on the mostly-purchased brand generally conform with the ranking of brand loyalty in the Interviews.

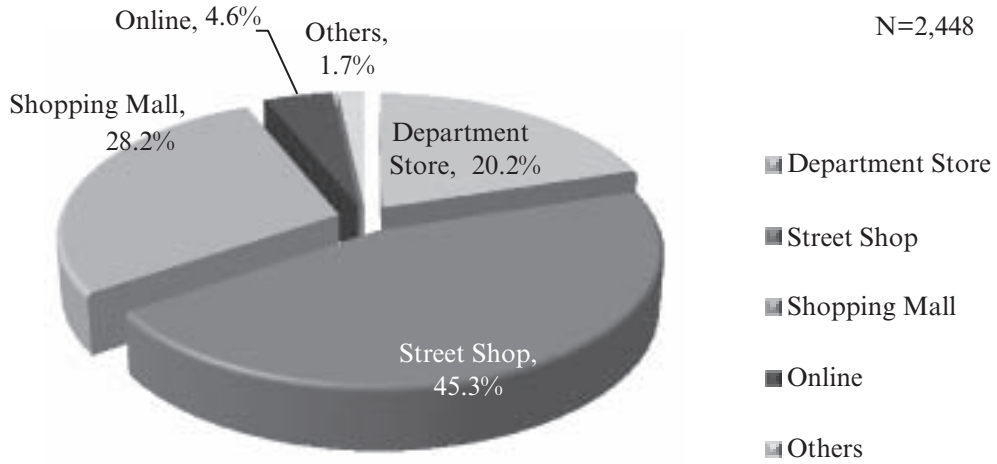
Brand Loyalty of Fashion Casual Menswear Market in China



Source: Frost & Sullivan

INDUSTRY OVERVIEW

The following chart sets forth the distribution channel where consumers purchased fashion casual menswear based on the results obtained in the Interviews. Street shops is the primary channel where almost half of the interviewed respondents made the purchase from.



REGULATIONS

REGULATION

Our Group's operations are mainly carried out by our Company's subsidiary in the PRC. The establishment and operations of such subsidiary shall comply with the laws and regulations in respect of:

FOREIGN INVESTMENT

The establishment, operation and management of corporate entities in the PRC are governed by the Company Law of the PRC (中華人民共和國公司法) (the "Company law"), which was promulgated by the Standing Committee of the NPC on December 29, 1993 and became effective on July 1, 1994. It was subsequently amended on December 25, 1999, August 28, 2004 and October 27, 2005 respectively. The companies are classified into categories — limited liability companies and limited companies by shares. The Company Law shall also apply to foreign-invested limited liability companies. According to the Company Law, where laws on foreign investment have other stipulations, such stipulations shall apply.

The establishment procedures, verification and approval procedures, registered capital requirement, foreign exchange restriction, accounting practices, taxation and labor matters of a wholly foreign-owned enterprise are also regulated by the Wholly Foreign-owned Enterprise Law of the PRC (中華人民共和國外資企業法), which was promulgated on April 12, 1986 and amended on October 31, 2000, and the Implementation Regulation of the Wholly Foreign-owned Enterprise Law (中華人民共和國外資企業法實施細則), which was promulgated on December 12, 1990 and amended on April 12, 2001.

Investment in the PRC conducted by foreign investors and foreign-owned enterprises is governed by the Guidance Catalog of Industries for Foreign Investment (外商投資產業指導目錄) (the "Catalog"), which was promulgated by the Ministry of Commerce and the National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會) on December 24, 2011 and became effective on January 30, 2012. The Catalog is a long-standing tool that PRC policymakers have used to manage and direct foreign investment. The Catalog divides industries into three basic categories: encouraged industries, restricted industries and prohibited industries. Industries not listed in the Catalog are generally open to foreign investment unless specifically barred in other PRC regulations.

TAXATION

Income Tax

According to the EIT Law, which was promulgated by the National People's Congress on March 16, 2007 and became effective on January 1, 2008, the income tax rate for both domestic and foreign-invested enterprises is 25% commencing January 1, 2008. In order to clarify certain provisions in the EIT Law, the Implementation Regulation of the Enterprise Income Tax Law of the PRC (中華人民共和國企業所得稅法實施條例) was promulgated by the State Council on December 6, 2007 and became effective on January 1, 2008.

Value-added Tax

Pursuant to the Provisional Regulations on Value-added Tax of the PRC (中華人民共和國增值稅暫行條例), which was promulgated by the State Council on December 13, 1993 and amended on November

REGULATIONS

10, 2008 and which became effective on January 1, 2009, all entities or individuals in the PRC engaged in the sale of goods, processing services, repair and replacement services, and the importation of goods are required to pay value-added tax (“VAT”). VAT payable is calculated as “output VAT” minus “input VAT”, and the rate of VAT is 17% or in certain limited circumstances, 13%, depending on the products.

Value-Added Tax in Lieu of Business Tax

Pursuit to the Circular on Printing and Distributing the Pilot Proposals for the Collection of Value-Added Tax in Lieu of Business Tax (《關於印發<營業稅改征增值稅試點方案>的通知》) (Cai Shui [2011] No.110) (“the Cai Shui Notice No. 110”) promulgated on November 16, 2011 jointly by State Administration of Taxation and Ministry of Finance, the pilot program of the collection of VAT in lieu of Business Tax (the “BT”) has been carried out since January 1, 2012 in the pilot industries within the pilot regions. According to the Cai Shui Notice No. 110, based on the standard VAT rate of 17% and low VAT rate of 13%, two low tax rates of 11% and 6% shall be added. And the tax rate of 6% shall be applicable to other modern service industries.

Pursuit to Circular of the Ministry of Finance and the State Administration of Taxation on Launching the Pilot Collection of Value Added Tax in lieu of Business Tax in Transportation and Certain Areas of Modern Services Industries in 8 Provinces and Municipalities Including Beijing (《財政部國家稅務總局關於在北京等8省市開展交通運輸業和部分現代服務業營業稅改徵增值稅試點的通知》) (Cai Shui [2012] No. 71) (the “Cai Shui Notice No 71”) promulgated on July 31, 2012 jointly by State Administration of Taxation and Ministry of Finance, Guangdong province and the other seven provinces shall be included into the pilot regions.

Pursuit to Circular of the Ministry of Finance and the State Administration of Taxation on Tax Policies in the Nationwide Pilot Collection of Value Added Tax in Lieu of Business Tax in the Transportation Industry and Certain Modern Services Industries (《財政部、國家稅務總局關於在全國開展交通運輸業和部分現代服務業營業稅改徵增值稅試點稅收政策的通知》) (Cai Shui [2013] No. 37) (the “Cai Shui Notice No. 37”) and its appendixes promulgated on May 24, 2013 and effective on August 1, 2013 jointly by State Administration of Taxation and Ministry of Finance, the nationwide pilot BT to VAT in the transportation industry and certain modern services industries was approved by the State Council, and has been carried out since August 1, 2013; and the Cai Shui Notice No. 71 and the relevant regulations shall be abolished since August 1, 2013. According to the Cai Shui Notice No. 37, taxpayers providing services of transportation and certain modern service industries shall pay VAT, and will no longer pay BT; and for the taxpayers who provide services in modern services industry (with the exception of leasing services of tangible personal property), the tax rate shall be 6%.

Business Tax

Pursuant to the Provisional Regulations of the PRC on Business Tax (中華人民共和國營業稅暫行條例) effective from January 1, 1994, as amended on November 10, 2008, and its implementation rules, all institutions and individuals providing taxable services, transferring intangible assets or selling real estate within the PRC must pay business tax. The items and rates of business tax shall be implemented in accordance with the List of Items and Rates of Business Tax (營業稅稅目稅率表) attached to the regulation.

REGULATIONS

Urban Maintenance and Construction Tax

Pursuant to the Circular of the State Council on Unifying the System of City Maintenance and Construction Tax and Education Surtax Paid by Domestic and Foreign Invested Enterprise and Individual (國務院關於同意內外資企業和個人城市維護建設稅和教育費附加制度的通知) promulgated on 18 October 2010 the Interim Regulations of the People's Republic of China on Urban Maintenance and Construction Tax (中華人民共和國城市維護建設稅暫行條例) promulgated by the State Council on February 8, 1985 and amended on January 8, 2011, all organizations and individuals liable to consumption tax, value-added tax and business tax within the PRC must pay urban maintenance and construction tax. The rates of urban maintenance and construction tax shall be as follows: 7% for a taxpayer in a city, 5% for a taxpayer in a county town or town, and 1% for a taxpayer living in a place other than a city, county town or town.

Education Surcharge and Local Education Surtax

Pursuant to the Circular of the State Council on Unifying the System of City Maintenance and Construction Tax and Education Surtax Paid by Domestic and Foreign Invested Enterprise and Individual (國務院關於同意內外資企業和個人城市維護建設稅和教育費附加制度的通知) promulgated on 18 October 2010 the Interim Provisions on the Collection of Education Surcharge (徵收教育費附加的暫行規定) effective from July 1, 1986, as amended on August 20, 2005 and on January 8, 2011, all institutions and individuals who pay consumption tax, value-added tax and business tax, other than institutions who pay rural educational undertaking surcharge pursuant to the Circular of the State Council on Raising Funds for Rural Schools (Guo Fa [1984] No. 174), shall pay education surcharge in accordance with these Provisions. The education surcharge rate is 3% of the amount of value-added tax, business tax and consumption tax actually paid by each institution or individual, and the surcharge shall be paid simultaneously with value-added tax, business tax and consumption tax.

Pursuant to the Circular on Issues Concerning Policies on Unifying Local Education Surtax (關於統一地方教育附加政策有關問題的通知) promulgated by the Ministry of Finance on November 7, 2010, the rate at which local education surtax is levied is unified as 2% of the value-added tax, the business tax or the consumption tax actually paid by entities and individuals (including foreign-invested enterprises, foreign enterprises and foreign individuals). For provinces in which the rate at which local education surtax is levied has been below the said 2% after examination and approval by the Ministry of Finance, the said rate should be adjusted to the said 2% and the plan for adjusting the levying rate should be submitted to the Ministry of Finance for examination and approval prior to December 31, 2010.

PRODUCT QUALITY

The Product Quality Law of the PRC (中華人民共和國產品質量法) (the "Product Quality Law") was promulgated on February 22, 1993 and effective from September 1, 1993 by the Standing Committee of the National People's Congress, as amended on July 8, 2000 and August 27, 2009.

Pursuant to the Product Quality Law, a seller is obliged:

- to adopt a check-for-acceptance system for stock replenishment to examine the quality certificates and other labels of such stock;

REGULATIONS

- to take measures in keeping products for sale in good quality;
- not to sell defective or deteriorated products or products;
- to sell products with labels that comply with the relevant provisions;
- not to forge the origin of a product, or to forge or falsely use the name and address of another producer;
- not to forge or falsely use product quality marks such as authentication marks; and
- not to add impurities or imitations into the products, substitute a fake product for a genuine one, a defective product for a high-quality one, or pass off a substandard product as a qualified one in the sale of products.

Pursuant to the Product Quality Law, a producer shall:

- be responsible for the quality of products it produces;
- not produce products that have been ordered to cease production;
- not forge the origin of a product, or to forge or falsely use the name and address of another producer;
- not forge or falsely use product quality marks such as authentication marks;
- not add impurities or imitations into the products, substitute a fake product for a genuine one, a defective product for a high-quality one, or pass off a substandard product as a qualified one in the production;
- ensure that the marks on the products or the packaging of the products are originals; and
- ensure that, for products that may be easily broken, or are inflammable, explosive, toxic, erosive or radioactive and products that cannot be handled upside down in the process of storage or transportation or for which there are other special requirements, the packaging meets the corresponding requirements, carries warning marks or warnings written in Chinese or draws attention to the method of handling.

Violations of the Product Quality Law may result in the imposition of fines. In addition, the seller or producer may be ordered to suspend its operations and its business license may be revoked. Criminal liability may be incurred in serious cases.

According to the Product Quality Law, consumers or other victims who suffer injury or loss of property due to product defects may demand compensation from the producer as well as the seller. Where the responsibility lies with the producer, the seller shall, after settling compensation, have the right to recover such compensation from the producer, and vice versa.

REGULATIONS

CONSUMER PROTECTION

The Consumer Protection Law of the PRC (中華人民共和國消費者權益保護法) (the “Consumer Protection Law”) was promulgated by the Standing Committee of the National People’s Congress on October 31, 1993 and became effective on January 1, 1994.

The Consumer Protection Law sets out standards of behavior which business operators must observe in their dealings with consumers, including the following:

- goods and services provided to consumers must comply with the Product Quality Law and other relevant laws and regulations, including requirements regarding personal safety and protection of property;
- providing consumers with true information and advertising concerning goods and services, as well as providing true and clear answers to questions raised by consumers concerning the quality and use of goods or services provided by them;
- issuing purchase or service vouchers to consumers in accordance with relevant national regulations or business practices;
- ensuring the quality, functionality, applications and duration of the normal use of the goods or services and ensuring that the actual quality of the goods or services are consistent with those displayed in advertising materials, product descriptions or samples;
- properly performing its responsibilities for guaranteed repair, replacement and return or other responsibilities in accordance with national regulations or any agreement with the consumer; and
- not setting unreasonable or unfair terms for consumers or excluding themselves from civil liability for undermining the legal rights and interests of consumers by means of, among others, standard contracts, circulars, announcements or shop notices.

Violations of the Consumer Protection Law may result in the imposition of fines. In addition, the business operator may be ordered to suspend its operations and its business license may be revoked. Criminal liability may be incurred in serious cases.

According to the Consumer Protection Law, a consumer whose legal rights and interests are prejudiced during the purchase or use of goods may demand compensation from the seller. Where the responsibility lies with the manufacturer or another seller that provides the goods to the seller, the seller shall, after settling compensation, have the right to recover such compensation from that manufacturer or that other seller. Consumers or other injured parties who suffer injury or property loss due to product defects in certain commodities may demand compensation from the manufacturer as well as the seller. Where the responsibility lies with the manufacturer, the seller shall, after settling compensation, have the right to recover such compensation from the manufacturer, and vice versa.

REGULATIONS

Tort Law

The Tort Law of the PRC (中華人民共和國侵權責任法) promulgated on 26 December 2009 and effective on 1 July 2010, further provides that where a defective product causes damage or physical injury to any person, the victim may claim compensation from either the manufacturer or the seller. If the defect of the product is caused by the manufacturer and the seller has made the compensation for the defect, the retailer shall be entitled to claim reimbursement from the manufacturer. If the product defect is caused by the fault of the seller and the manufacturer has made the compensation for the defect, the manufacturer shall be entitled to claim reimbursement from the seller.

ENVIRONMENTAL PROTECTION

Pursuant to the Environmental Protection Law of the PRC (中華人民共和國環境保護法) (the “Environmental Protection Law”), promulgated on and effective from December 26, 1989, by the Standing Committee of the National People’s Congress, the environmental protection department of the State Council is in charge of promulgating national standards for environmental protection. The Environmental Protection Law requires any facility that produces pollutants or other hazards to incorporate environmental protection measures in its operations and establish an environmental protection responsibility system. Any entity that discharges pollution must register with the relevant environmental protection authority. Remedial measures for breaches of the Environmental Protection Law include a warning, payment of damages or imposition of a fine. Criminal liability may be imposed for a material violation of environmental laws and regulations that causes loss of property, personal injuries or death.

LABOR AND INSURANCE

The relevant labor laws in the PRC include the PRC Labor Law (中華人民共和國勞動法) (the “Labor Law”) (effective from January 1, 1995), the PRC Labor Contract Law (中華人民共和國勞動合同法) (effective from January 1, 2008), the Social Insurance Law of the PRC (中華人民共和國社會保險法) (effective from July 1, 2011), the Regulation of Insurance for Work-Related Injury (工傷保險條例) (effective from January 1, 2011), the Provisional Measures on Insurance for Maternity of Employees (企業職工生育保險試行辦法) (effective from January 1, 1995), the Interim Regulation on the Collection and Payment of Social Insurance Premiums (社會保險費徵繳暫行條例) (effective from January 22, 1999), the Interim Provisions on Registration of Social Insurance (社會保險登記管理暫行辦法) (effective from March 19, 1999), the Regulations on the Administration of Housing Accumulation Funds (住房公積金管理條例) (effective from March 24, 2002), and other related law and regulations issued by relevant governmental authorities from time to time in the PRC.

The Labor Law was promulgated by the Standing Committee of the National People’s Congress and came into force on January 1, 1995. According to the Labor Law, employees are entitled to have equal opportunities in employment, selection of occupations, receiving wages and remuneration, rest days and holidays, protection of occupational safety and health, the rights to social insurance and welfare, etc. An employee shall not work for more than eight hours a day and no more than 44 hours a week on average. The employers must establish and improve the system for occupational safety and health, provide education on occupational safety and health to employees, and comply with the State and/or local regulations of occupational safety and health as well as provide the necessary labor protective measures to employees.

REGULATIONS

On June 29, 2007, the Labor Contract Law, another important law concerning employees, was adopted by the Standing Committee of the National People's Congress and came into effect on January 1, 2008, and amended on December 28, 2012. According to the Labor Contract Law, labor contracts must be executed in order to establish a labor relationship between an employer and employees. When an employer is recruiting employees, it should inform the employees truthfully the content of work, working conditions, place of work, occupational hazards, safe production conditions, labor remuneration and other circumstances requested to be notified by the employees. An employer and an employee shall fully perform their respective obligations in accordance with the terms set forth in the labor contract. An employer must make payment for employee remuneration timely and in full amount in accordance with the contract terms, must strictly abide by the fixed standard of labor work, and must not force or threaten an employee in disguise to work overtime. After the labor contract is released or terminated, the employer should issue a proof of release or termination of the labor contract to the employee, and complete the filing procedure and transfer of social insurance relationship for the employee within 15 days.

Under the Social Insurance Law, the Regulation of Insurance for Work-Related Injury, the Provisional Measures on Insurance for Maternity of Employees, the Interim Regulation on the Collection and Payment of Social Insurance Premiums, and the Interim Provisions on Registration of Social Insurance, an employer is required to contribute the social insurance for its employees, including the basic pension insurance, basic medical insurance, unemployment insurance, maternity insurance and injury insurance. If the employer fails to make social insurance contributions in full and on time, the social insurance contribution collection agencies can demand outstanding contributions to be paid within a specified period and request for a late payment fee. If such employer fails to make the overdue contributions within such time limit, the relevant administrative department may impose a fine on such employer.

Under the Regulations on the Administration of Housing Accumulation Funds, promulgated by the State Council on April 3, 1999 and as amended on March 24, 2002, employers are required to make contributions to a housing accumulation fund for their employees.

FOREIGN EXCHANGE

The Foreign Exchange Administrative Regulations of the PRC (中華人民共和國外匯管理條例) (the "Foreign Exchange Administrative Regulations"), which was implemented since April 1, 1996 and was amended with effect from August 5, 2008, forms an important legal basis for the PRC authorities to supervise and regulate foreign exchange.

According to Foreign Exchange Administrative Regulations, Renminbi is generally freely convertible for payments of current account items, such as trade and service-related foreign exchange transactions and dividend payments, but not freely convertible for capital account items, such as capital transfer, direct investment, investment in securities, derivative products or loans unless prior approval of the State Administration of Foreign Exchange (the "SAFE") is obtained.

Foreign-invested enterprises in the PRC may purchase foreign exchange without the approval of SAFE for paying dividends by providing certain evidencing documents (board resolutions, tax certificates, etc.), or for trade and services-related foreign exchange.

HISTORY AND CORPORATE STRUCTURE

OUR HISTORY AND DEVELOPMENT

We are a leading fashion casual menswear company in China based on retail revenue for the year ended December 31, 2012, according to Frost & Sullivan. The menswear market in China is highly fragmented. We accounted for approximately 2.7% of the fashion casual menswear market and the fashion casual menswear market accounted for approximately 16.5% of the total PRC menswear market, both in terms of retail revenue in 2012, according to Frost & Sullivan. In April 2013, China Fashion Association (中國服裝設計師協會), an organization of designers, scholars and experts in the fashion design industry in China, recognized our Cabbeen brand as a leading Chinese designer brand based on factors including retail revenue, the number of retail outlets and brand awareness. Mr. Ziming Yang has been our chief designer from our inception and helped us establish a distinct and consistent brand culture, which is reflected across our product lines and business operations. Our origin can be traced back to 1997 when Mr. Yang started to operate a business to design and wholesale our Cabbeen branded apparel under the name of Cabbeen Fashion Trading Co. (卡賓時裝貿易公司). Cabbeen Fashion Trading Co. (卡賓時裝貿易公司) was a partnership formed by Mr. Yang in Hong Kong at that time and was subsequently changed from partnership to sole proprietorship and operated solely by Mr. Yang in March 1998. Beginning in 1992, Mr. Yang operated a few apparel and footwear shops in Shishi, Fujian province, to engage in the retail and wholesale business of fashion apparel and footwear generally, from which he accumulated experience and knowledge in the fashion industry. Mr. Yang subsequently voluntarily dissolved these businesses and shops to focus on the design and development of our Cabbeen branded apparel.

After engaging and gaining experience in the design and wholesale business of fashion apparel for a few years, in 2000, Mr. Yang decided to reposition ourselves in the PRC menswear industry and launched our own Cabbeen brand as a designer brand. In 2002, we successfully held our first Cabbeen branded fashion show at Beijing International Hotel (北京國際飯店). In January 2003, Cabbeen China (formerly known as Kabin Dress Development Co., Ltd. Shishi*(石獅市卡賓服飾發展有限公司)) was established by Cabbeen Fashion Trading Co. in the PRC with a registered capital of HK\$18.0 million to engage in the business of manufacturing and wholesale of apparel, accessories, bags, footwear and sports goods. Mr. Yang financed the establishment of Cabbeen China with his savings and income generated from his businesses throughout the years prior to the establishment of Cabbeen China. In 2003, we started to focus on offering casual and trendy menswear under our Cabbeen brand to primarily target young male consumers.

As the PRC market for retail goods expanded rapidly amid China's strong economy, continuing urbanization, growing disposable income of urban households and increasing affluence of urban residents and by leveraging our experience in operating our Cabbeen brand, we launched our Cabbeen Lifestyle, Cabbeen Urban and Cabbeen Chic product series in 2008. Initially, our products from all Cabbeen product series were sold together in retail outlets. We began to reorganize our retail outlets in the second half of 2010 to separate our three Cabbeen product series to operate them as individual brands in order to strengthen our brand identity and the distinct lifestyle concepts behind each of our brands and to more easily reach our target end customers.

In order to further improve cost efficiencies and leverage synergies with the well-established sales network under our Cabbeen Lifestyle brand, in October 2012, we decided to operate our Cabbeen Chic brand as a high-end sub-brand under our Cabbeen Lifestyle brand. As of June 30, 2013, there were nine Cabbeen Chic branded retail outlets, which we expect to gradually convert into Cabbeen Lifestyle or

HISTORY AND CORPORATE STRUCTURE

Cabbeen Urban branded retail outlets or close down in 2013. In addition, beginning in December 2012, we have started to establish a small number of self-operated retail outlets in selected regions primarily as model stores to enhance our brand recognition, demonstrate our standards for store appearance and operational management, and provide guidance to distributors in brand promotion and retail management. As of the Latest Practicable Date, we had two self-operated retail outlets in China. Our Cabbeen branded retail outlets have increased from 637 as of December 31, 2010 to 915 as of June 30, 2013, of which there were 842 Cabbeen Lifestyle branded retail outlets and 73 Cabbeen Urban branded retail outlets.

We established Cabbeen Guangzhou with a registered capital of HK\$20.0 million in May 2009 and it is the main entity to operate our Cabbeen Urban brand. We subsequently established Guangzhou Zixi with a registered capital of HK\$2.0 million in the PRC in May 2010 to hold all of our PRC trademarks.

During 2003 to 2011, a portion of our apparel products were manufactured by Cabbeen China in our production facilities based in Shishi, Fujian province. In order to focus our resources on key states of the product life cycle, we sold (i) the buildings, land and construction-in-progress at our production facilities site to Junyuan Development, a company wholly-owned by our Controlling Shareholder, Mr. Yang, in 2011, for a total consideration of approximately RMB44.9 million (including RMB21.1 million settled during the six months ended June 30, 2013 and outstanding balance of RMB23.8 million to be settled before the Listing) which was determined with reference to their book value; and (ii) our manufacturing equipment, raw materials and products in progress to Shishi Haoyu, an Independent Third Party, in February 2012, for a consideration of approximately RMB47.3 million which was determined with reference to their book value. At the request of Shishi Haoyu, taking into account the long-term strategic relationship we and Shishi Haoyu intended to establish and that Shishi Haoyu was the largest supplier for Cabbeen China in 2012 and is expected to continue to be our major supplier, Cabbeen China entered into a repayment agreement (the “**Repayment Agreement**”) with Shishi Haoyu on September 30, 2012 in respect of the outstanding balance of the consideration for our manufacturing equipment, raw materials and products in progress of approximately RMB45.3 million as at September 30, 2012 (the “**Outstanding Consideration**”). Pursuant to the Repayment Agreement, Shishi Haoyu shall repay the Outstanding Consideration by installments, namely, RMB15.0 million, RMB15.0 million and the remaining balance of approximately RMB15.3 million shall be repaid before December 31, 2012, December 31, 2013 and December 31, 2014, respectively. The Directors confirmed that as at the Latest Practicable Date, Shishi Haoyu has not defaulted on its payment obligations under the Repayment Agreement.

After disposal of our production facilities, we have leased back from Junyuan Development a warehouse used for storage of our products and an office used by Cabbeen China, all of which are located in Shishi city, Fujian province, as Cabbeen China and the majority of our raw material suppliers and OEMs are located in the same region. Junyuan Development has leased the land and the buildings that have not been leased back to us to third parties including Shishi Haoyu, to be mainly used as production sites, warehouses, office buildings and employee dormitories. As we were a private company at the time of our disposal and we sold the buildings, land and construction-in-progress at our production site to our connected person, we did not conduct any independent valuation for the disposal in order to lower our transaction and any associated costs. Our PRC legal advisers, Jingtian & Gongcheng, have also confirmed that an independent valuation was not required under relevant PRC laws and regulations for such disposal. We have engaged Shishi Haoyu as one of our OEMs after we sold our manufacturing equipment, raw materials and products in progress to it as we believe it would be familiar with our production requirements and standards. Shishi Haoyu also agreed to retain all of the employees responsible for our previous

HISTORY AND CORPORATE STRUCTURE

production at the time of disposal and has been responsible for the payment of salaries and other associated employee benefits to these employees since then. All of our transactions with Shishi Haoyu since they purchased our manufacturing facilities in February 2012 have been conducted on an arm's length basis. Following the disposal of our manufacturing business, we outsource the entire production of all our products under our Cabbeen brands to various domestic OEMs.

Our Company was incorporated under the laws of the Cayman Islands on November 3, 2011 in anticipation of the Listing, and is the holding company of our Group. Please see the sub-section headed "Our Group Companies" and "Corporate Reorganization" below for more information relating to our corporate structure and the Corporate Reorganization.

The following illustrates our major business development milestones and achievements:

Year	Event
1997	Mr. Yang started to operate Cabbeen Fashion Trade Co. to engage in the design and wholesale business of our Cabbeen branded apparel.
2002	We organized our first fashion show to showcase our spring and summer new collection at Beijing International Hotel (北京國際飯店) in Beijing.
2003	Cabbeen China was established under the laws of the PRC.
2004	Our fashion show "Cabbeen, Cabbeen" was broadcasted live on the French television channel Fashion TV.
2005	The Cabbeen brand was accredited as "Fujian Province Famous Brand" (福建省名牌產品) and "Well-known Trademark in Fujian Province" (福建省著名商標).
2007	We were the first Chinese designer brand to be invited to attend the New York Fashion Week in 2007.
2008	We launched our Cabbeen Lifestyle, Cabbeen Urban and Cabbeen Chic product series. We organized a fashion show in Beijing to first showcase our collections under our Cabbeen Lifestyle, Cabbeen Urban and Cabbeen Chic product series altogether.
2009	Cabbeen Guangzhou was established under the laws of the PRC.
2010	The Cabbeen brand was accredited as "Well-known Trademark in China" (中國馳名商標). Our founder, chairman and executive Director, Mr. Yang, won the award for "The 14 th China Fashion Design Top Award"* (第14屆中國時裝設計金頂獎), which is recognized within the industry as the top honor in apparel design in China.

HISTORY AND CORPORATE STRUCTURE

Year	Event
	Guangzhou Zixi was established under the laws of the PRC to hold majority of our PRC trademarks.
	We began to separate our three Cabbeen product series and officially operate them as individual brands.
2012	We operated our Cabbeen Chic brand as a high-end sub-brand under our Cabbeen Lifestyle brand.
	We started to establish self-operated retail outlets primarily as our model stores to enhance our brand recognition, demonstrate our standards for store appearance and operational management.

OUR GROUP COMPANIES

The following entities are the companies comprising our Group prior to the Corporate Reorganization:

First Express

First Express was incorporated in the BVI with an authorized share capital of US\$50,000 divided into 50,000 shares of US\$1.00 each on April 10, 2008. On April 16, 2008, Mr. Yang subscribed for 50,000 shares in First Express at par value. On May 23, 2008, Grandfull International acquired the entire issued share capital of First Express from Mr. Yang at par value for a consideration of US\$50,000. First Express is an investment holding company and Grandfull International was the sole shareholder of First Express prior to the Corporate Reorganization.

Grandfull International

Grandfull International was incorporated in the BVI with an authorized share capital of US\$50,000 divided into 50,000 shares of US\$1.00 each on May 1, 2008. On May 23, 2008, Mr. Yang subscribed for 10,000 shares in Grandfull International at par value. Grandfull International is an investment holding company and Mr. Yang was the sole shareholder and beneficial owner of Grandfull International prior to the Corporate Reorganization.

Cabbeen International Holdings

Cabbeen International Holdings was incorporated in the BVI with an authorized share capital of US\$50,000 divided into 50,000 shares of US\$1.00 each on December 23, 2008. On the same day, Mr. Yang subscribed for 10,000 shares in Cabbeen International Holdings at par value. Cabbeen International Holdings is an investment holding company and Mr. Yang was the sole shareholder and beneficial owner of Cabbeen International Holdings prior to the Corporate Reorganization.

HISTORY AND CORPORATE STRUCTURE

Cabbeen International

Cabbeen International was incorporated in Hong Kong with an authorized share capital of HK\$10,000 divided into 10,000 shares of HK\$1.00 each on May 2, 2008. At the time of the incorporation of Cabbeen International, First Express subscribed for 10,000 shares in Cabbeen International at par value and became its sole shareholder. In order to streamline our corporate structure, on January 14, 2009, Cabbeen International Holdings acquired the entire issued share capital of Cabbeen International from First Express at par value for a consideration of HK\$10,000. Upon the completion of the acquisition, Cabbeen International became a direct wholly-owned subsidiary of Cabbeen International Holdings.

Cabbeen Investments

Cabbeen Investments was incorporated in Hong Kong with an authorized share capital of HK\$10,000 divided into 10,000 shares of HK\$1.00 each on January 20, 2009. At the time of the incorporation of Cabbeen Investments, First Express subscribed for 10,000 shares in Cabbeen Investments at par value and became its sole shareholder.

Ziming Limited

Ziming Limited was incorporated in Hong Kong with an authorized share capital of HK\$10,000 divided into 10,000 shares of HK\$1.00 each on May 2, 2008. At the time of the incorporation of Ziming Limited, First Express subscribed for 10,000 shares in Ziming Limited at par value and became its sole shareholder. In order to streamline our corporate structure, on July 31, 2009, Grandfull International acquired the entire issued share capital of Ziming Limited from First Express for a consideration of HK\$10,000. Upon the completion of the acquisition, Ziming Limited became a direct wholly-owned subsidiary of Grandfull International.

Cabbeen China

Cabbeen China (formally known as Kabin Dress Development Co., Ltd. Shishi) was established by Cabbeen Fashion Trading Co., a sole proprietorship operated by Mr. Yang at that time, on January 27, 2003 as a limited liability company in the PRC with a registered capital of HK\$18.0 million. At the time of its establishment, Cabbeen China was to be engaged in the manufacturing of apparel, accessories and bags. With a view to expand our business operation, the registered capital of Cabbeen China was increased from HK\$18.0 million to HK\$50.0 million in January 2007 by way of cash contribution by Cabbeen Fashion Trading Co. The business scope of Cabbeen China was also broadened to cover manufacturing and wholesale of apparel, accessories, bags, footwear and sports goods. Cabbeen China is the main entity to operate our Cabbeen Lifestyle brand and Cabbeen Chic sub-brand.

In order to streamline our corporate structure, on May 18, 2009, Cabbeen Investments acquired the entire equity interest of Cabbeen China from Cabbeen Fashion Trading Co. for a consideration of RMB11.2 million, which was determined by Mr. Yang, the ultimate controlling shareholder of both Cabbeen Investments and Cabbeen Fashion Trading Co. Upon the completion of the aforesaid equity interest transfer on July 9, 2009, Cabbeen China became a direct wholly-owned subsidiary of Cabbeen Investments.

HISTORY AND CORPORATE STRUCTURE

The Management Shareholders have been involved in the development of the business of our Group since its early stage and desired to participate in the development of our Group by holding equity stake in our Group. Therefore, prior to the establishment of Cabbeen China, Mr. Ziming Yang and the Management Shareholders verbally agreed that 2% of each operating subsidiaries of our Group should be held by each of the Management Shareholders, and for the purpose of efficient administration and management of the shareholding related matters in the relevant operating subsidiaries, Mr. Ziming Yang was to hold the relevant interest in trust and on behalf of each of the Management Shareholders (the “**Management Shareholders Arrangement**”). As the Management Shareholders owned their beneficial interests of our Group prior to the establishment of Cabbeen China in accordance with the Management Shareholders Arrangement, the equity interests held by the Management Shareholders in Cabbeen China, Cabbeen Guangzhou and Guangzhou Zixi, respectively, are not compensation for their services provided to our Group and are not share-based payments under IFRS 2.

Accordingly, pursuant to the Management Shareholders Arrangement and a verbal agreement at the time of the establishment of Cabbeen China, (i) a total of 6% of the equity interest in Cabbeen China was held by Cabbeen Fashion Trading Co. Ltd. as nominee for and on behalf of the Management Shareholders, each of whom being the beneficial owner of 2% of such equity interest, from the establishment of Cabbeen China up to July 8, 2009 when the entire equity interest of Cabbeen China was transferred to Cabbeen Investments; and (ii) a total of 6% of the equity interest in Cabbeen China was held by Cabbeen Investments as a nominee for and on behalf of the Management Shareholders, each of whom being the beneficial owner of 2% of such equity interest, from July 8, 2009 up to July 31, 2012 when Cabbeen Investments became an indirect wholly-owned subsidiary of our Company as part of the Corporate Reorganization.

Cabbeen China established Cabbeen China First Branch in May 27, 2011 to initially engage in self-production of a small portion of our apparel products. Since the disposals of our production facilities in February 2012, Cabbeen China First Branch ceased to conduct any business. We currently have no business plan for Cabbeen China First Branch.

Cabbeen Guangzhou

Cabbeen Guangzhou was established on May 8, 2009 by Cabbeen International as a limited liability company in the PRC with a registered capital of HK\$20.0 million to be engaged in the manufacturing and wholesale of apparel, accessories, bags, footwear and sports goods. Cabbeen Guangzhou is the main entity to operate our Cabbeen Urban brand.

Pursuant to the Management Shareholders Arrangement and a verbal agreement at the time of the establishment of Cabbeen Guangzhou, Mr. Yang and the Management Shareholders agreed that a total of 6% of the equity interest of Cabbeen Guangzhou was held by Cabbeen International as a nominee for and on behalf of the Management Shareholders, each of whom being the beneficial owner of 2% of such equity interest, since the establishment of Cabbeen Guangzhou up to July 31, 2012 when Cabbeen International became a direct wholly-owned subsidiary of our Company as part of the Corporate Reorganization.

HISTORY AND CORPORATE STRUCTURE

Cabbeen Guangzhou established Cabbeen Guangzhou First Branch in May 23, 2011 to initially operate our Cabbeen Chic brand independently. Cabbeen Guangzhou First Branch ceased to conduct any business since we began to operate our Cabbeen Chic brand as a high-end sub-brand under our Cabbeen Lifestyle brand in October 2012. We currently have no business plan for Cabbeen Guangzhou First Branch.

Guangzhou Zixi

Guangzhou Zixi was established on May 17, 2010 by Ziming Limited as a limited liability company in the PRC with a registered capital of HK\$2.0 million to be initially engaged in the planning consultation of apparel, footwear and hat and branded apparel and accessories, enterprise management information consulting and business information consultation (subject to any administrative licenses, if applicable). On October 8, 2012, Guangzhou Zixi amended its business scope to be engaged in the planning consultation of apparel, footwear, hat, branded accessories, enterprise management information consulting, wholesale and retail of apparel, footwear and hat accessories, leather products, sports goods and associated products (a separate approval for retail shops is required). Guangzhou Zixi currently holds a majority of our trademarks under our Group registered in the PRC.

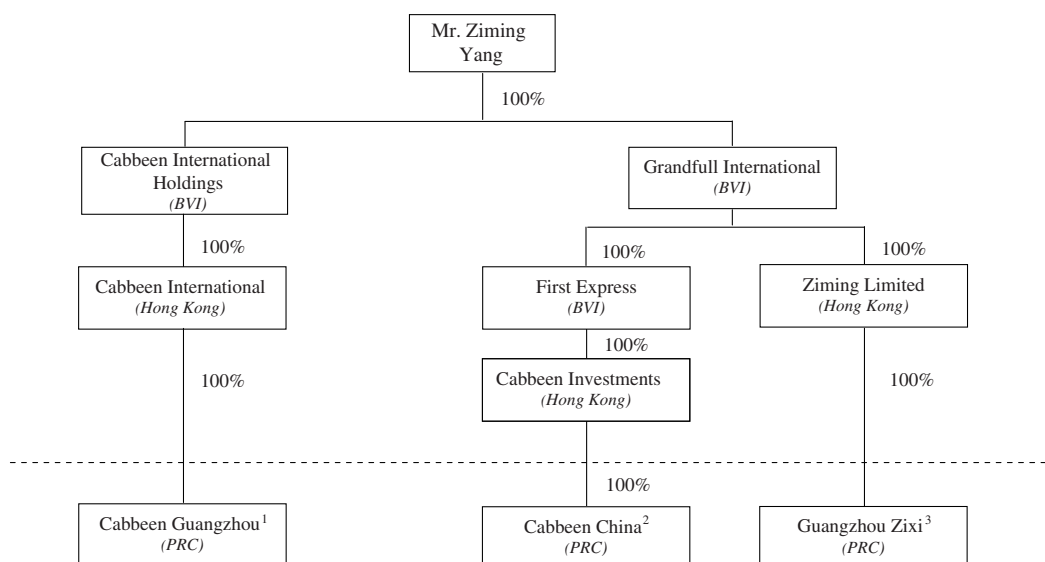
Pursuant to the Management Shareholders Arrangement and a verbal agreement at the time of the establishment of Guangzhou Zixi, Mr. Yang and the Management Shareholders agreed that a total of 6% of the equity interest of Guangzhou Zixi was held by Ziming Limited as a nominee for and on behalf of the Management Shareholders, each of whom being the beneficial owner of 2% of such equity interest, since the establishment of Guangzhou Zixi up to July 31, 2012 when Ziming Limited became a directly wholly-owned subsidiary of our Company as part of the Corporate Reorganization.

Guangzhou Zixi is currently the main entity to operate our self-operated retail outlets. Guangzhou Zixi established Guangzhou Zixi Tianhecheng Branch and Guangzhou Zixi Shenzhen Branch on December 28, 2012 and February 6, 2013, respectively, each to operate a self-operated retail outlet for selling our products. Guangzhou Zixi has obtained all necessary licenses, permits and approvals for the operation of our self-operated retail outlets.

HISTORY AND CORPORATE STRUCTURE

GROUP STRUCTURE PRIOR TO CORPORATE REORGANIZATION

The corporate chart below illustrates the beneficial shareholders and subsidiaries of our Group immediately prior to the Corporate Reorganization:



Notes:

1. From the time of the establishment of Cabbeen Guangzhou to July 31, 2012, Cabbeen International owned 2% of the equity interest in Cabbeen Guangzhou as a nominee for and on behalf of each of the Management Shareholders. Please refer to the paragraphs headed “Our Group Companies — Cabbeen Guangzhou” for further details.
2. From the time of the establishment of Cabbeen China to July 8, 2009, a total of 6% of the equity interest in Cabbeen China was held by Cabbeen Fashion Trading Co. Ltd. as nominee for and on behalf of the Management Shareholders, each of whom being the beneficial owner of 2% of such equity interest. From July 8, 2009 to July 31, 2012, a total of 6% of the equity interest in Cabbeen China was held by Cabbeen Investments as a nominee for and on behalf of the Management Shareholders, each of whom being the beneficial owner of 2% of such equity interest.
3. From the time of the establishment of Guangzhou Zixi to July 31, 2012, Ziming Limited owned 2% of the equity interest in Guangzhou Zixi as a nominee for and on behalf of each of the Management Shareholders. Please refer to the paragraphs headed “Our Group Companies — Guangzhou Zixi” for further details.

HISTORY AND CORPORATE STRUCTURE

CORPORATE REORGANIZATION

In order to rationalize our organizational structure for the purpose of the Listing, our Group underwent the Corporate Reorganization prior to the Listing which involves the following steps:

(1) Incorporation of Investment Vehicle by Mr. Ziming Yang

On September 2, 2011, Acute Result was incorporated under the laws of the BVI with an authorized share capital of US\$50,000 divided into 50,000 shares of US\$1.00 each. On September 16, 2011, Mr. Yang subscribed for 10,000 shares in Acute Result to hold his interest in our Company. Mr. Yang is the sole shareholder of Acute Result.

(2) Incorporation of Our Company

Our Company was incorporated as an exempted company under the laws of the Cayman Islands with limited liability on November 3, 2011 to act as the ultimate holding company of our Group. As of the date of the incorporation of our Company, its authorized share capital was HK\$380,000 divided into 38,000,000 Shares of HK\$0.01 each. On the same day, one Share was allotted and issued, credited as fully paid, to Codan Trust Company (Cayman) Limited as the initial subscriber, and was subsequently transferred to Acute Result on the same date. Accordingly, Acute Result became the sole shareholder of our Company on November 3, 2011.

(3) Incorporation of Other Offshore Investment Vehicles

- a) On December 5, 2011, Dominant Success was incorporated in the BVI with an authorized share capital of US\$50,000 divided into 50,000 shares of US\$1.00 each. On January 17, 2012, Mr. Siu Keung Ng subscribed for one share in Dominant Success to hold his interest in Keen Network directly and in our Company indirectly.
- b) On December 20, 2011, Ascend Fame was incorporated in the BVI with an authorized share capital of US\$50,000 divided into 50,000 shares of US\$1.00 each. On February 14, 2012, Mr. Yang subscribed for one share in Ascend Fame to hold his interest in our Company.
- c) On January 3, 2012, Multiplus International was incorporated in the BVI with an authorized share capital of US\$50,000 divided into 50,000 shares of US\$1.00 each. On January 17, 2012, Ms. Liting Ke subscribed for one share in Multiplus International to hold her interest in our Company.

On July 31, 2012, Multiplus International allotted and issued an aggregate of 99 new shares, as to 98 shares to Ms. Liting Ke and one share to Mr. Yang. Immediately upon such allotment and issue, Multiplus International is owned as to 99% by Ms. Liting Ke and 1% by Mr. Yang.

HISTORY AND CORPORATE STRUCTURE

- d) On January 3, 2012, Prime Ascend was incorporated in the BVI with an authorized share capital of US\$50,000 divided into 50,000 shares of US\$1.00 each. On January 17, 2012, Mr. Yang subscribed for one share in Prime Ascend to hold his interest in Keen Network directly and in our Company indirectly.
- e) On January 3, 2012, Zhang Hong was incorporated in the BVI with an authorized share capital of US\$50,000 divided into 50,000 shares of US\$1.00 each. On January 17, 2012, Mr. Dongliang Tian subscribed for one share in Zhang Hong to hold his interest in Keen Network directly and in our Company indirectly.
- f) On January 4, 2012, Rosy Connect was incorporated in the BVI with an authorized share capital of US\$50,000 divided into 50,000 shares of US\$1.00 each. On January 17, 2012, Mr. Rongqin Ke subscribed for one share in Rosy Connect to hold his interest in Keen Network directly and in our Company indirectly.
- g) On January 5, 2012, Keen Network was incorporated in the BVI with an authorized share capital of US\$50,000 divided into 50,000 shares of US\$1.00 each. On February 14, 2012, each of Prime Ascend, Dominant Success, Rosy Connect and Zhang Hong subscribed for 25 shares in Keen Network to indirectly hold their interest in our Company.

(4) Shareholding Change of Our Company

On July 31, 2012, our Company allotted and issued an aggregate of 99 Shares at par value, as to 66 Shares to Acute Result, 15 Shares to Multiplus International, ten Shares to Ascend Fame and eight Shares to Keen Network. Immediately after such allotment and issue, our Company was owned as to 67% by Acute Result, 15% by Multiplus International, 10% by Ascend Fame and 8% by Keen Network.

(5) Transfer of the Entire Issued Share Capital of Grandfull International and Cabbeen International Holdings by Mr. Ziming Yang to Our Company

On July 31, 2012, Mr. Yang and our Company entered into a share transfer agreement, pursuant to which our Company agreed to acquire the entire issued share capital of Grandfull International and Cabbeen International Holdings from Mr. Yang, in consideration of which on July 31, 2012, Mr. Yang procured our Company to allot and issue 67 Shares to Acute Result, 15 Shares to Multiplus International, ten Shares to Ascend Fame and eight Shares to Keen Network, all credited as fully paid. Immediately after such share transfer and allotment and issue of Shares, Grandfull International and Cabbeen International Holdings became direct wholly-owned subsidiaries of our Company and our Company was owned as to 67% by Acute Result, 15% by Multiplus International, 10% by Ascend Fame and 8% by Keen Network.

HISTORY AND CORPORATE STRUCTURE

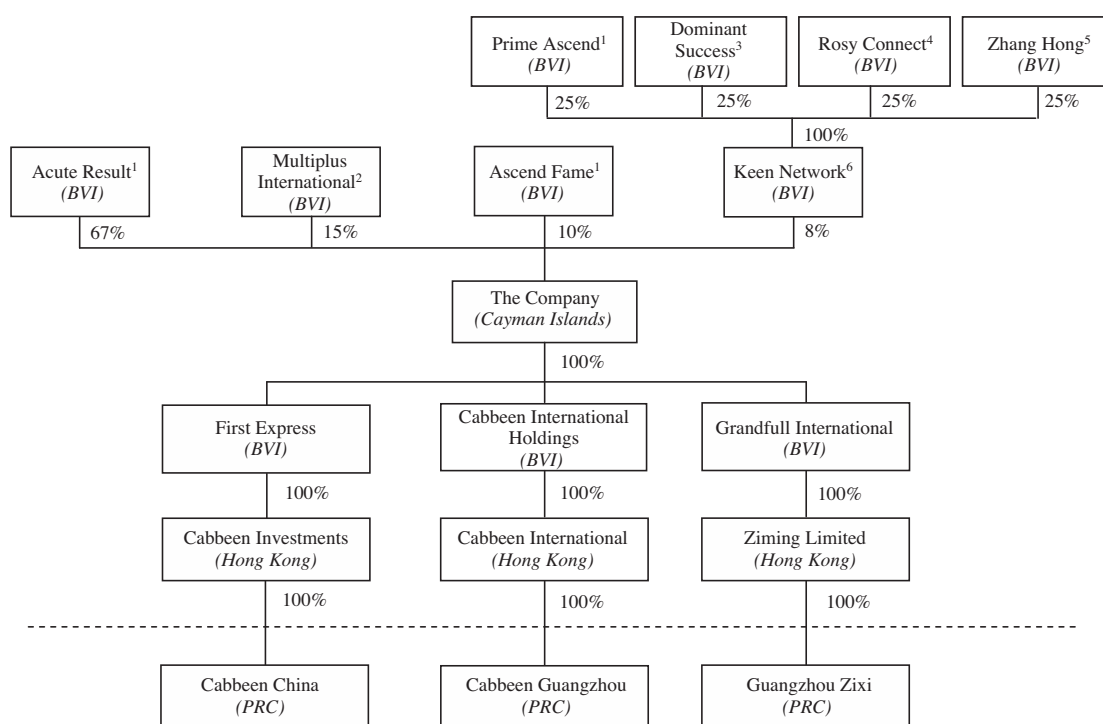
(6) Transfer of the Entire Issued Share Capital of First Express by Grandfull International to Our Company

On July 31, 2012, our Company acquired the entire issued share capital of First Express from Grandfull International, in consideration of the sum of US\$50,000, representing the par value of such shares in aggregate. Immediately after this share transfer, First Express became a direct wholly-owned subsidiary of our Company.

Upon completion of the aforesaid share transfers and the allotment and issue of the Shares, each of Acute Result, Multiplus International, Ascend Fame and Keen Network held 134, 30, 20 and 16 Shares of our Company and continued to hold 67%, 15%, 10% and 8% of the issued share capital of our Company immediately prior to the Capitalization issue and the Global Offering.

GROUP STRUCTURE AFTER CORPORATE REORGANIZATION AND BEFORE LISTING

The corporate structure of our Group after the Corporate Reorganization but immediately prior to the Capitalization Issue and the Global Offering is set out below:



Notes:

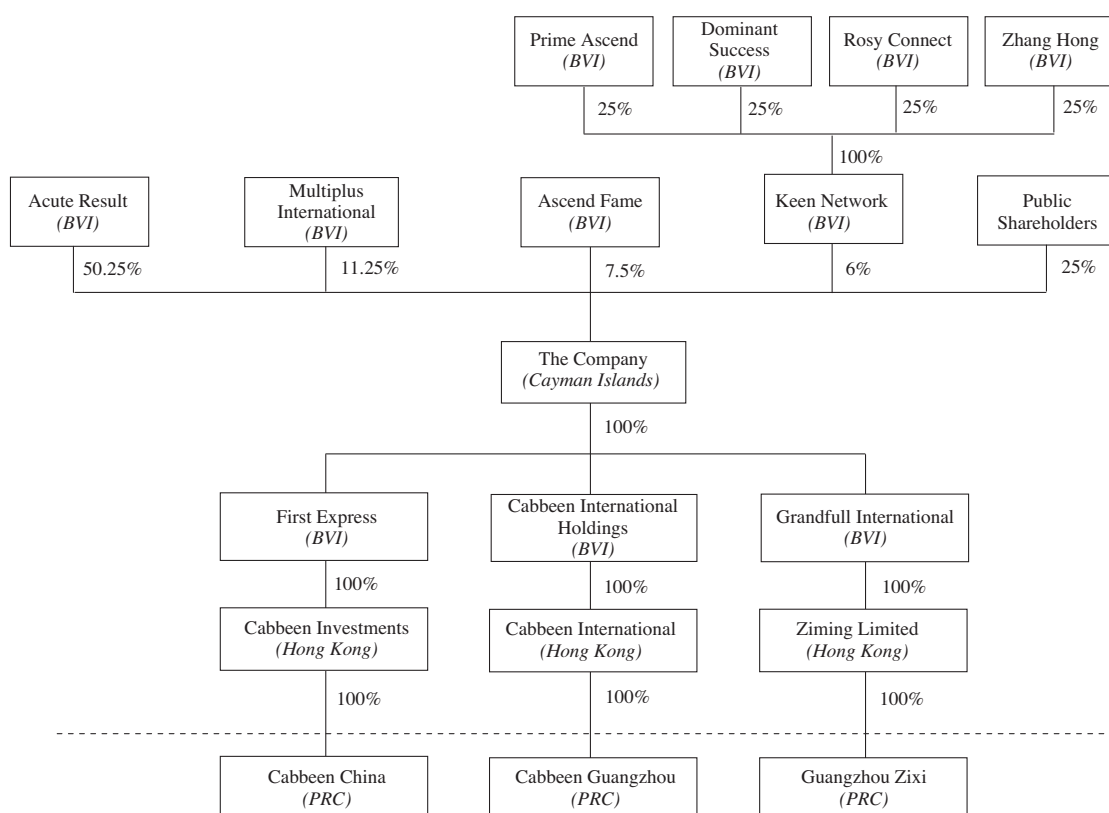
- Each of Acute Result, Ascend Fame and Prime Ascend is wholly-owned by Mr. Ziming Yang. Mr. Yang is an executive Director of our Company and our Controlling Shareholder.
- Multiplus International is owned as to 99% by Ms. Liting Ke and 1% by Mr. Yang. By virtue of a shareholders' agreement dated July 31, 2012 by and between Ms. Liting Ke and Mr. Yang, in addition to the voting right attached to the share Mr. Yang holds in Multiplus International, he also has the right to control the exercise of the voting rights attached to all the shares in Multiplus International held by Ms. Liting Ke.

HISTORY AND CORPORATE STRUCTURE

3. Dominant Success is wholly owned by Mr. Siu Keung Ng. Mr. Siu Keung Ng is an executive Director of our Company.
4. Rosy Connect is wholly owned by Mr. Rongqin Ke. Mr. Rongqin Ke is an executive Director of our Company and a brother-in-law of Mr. Yang.
5. Zhang Hong is wholly owned by Mr. Dongliang Tian. Mr. Dongliang Tian is an executive Director of our Company and a cousin of Mr. Yang.
6. By virtue of a shareholders' agreement dated July 31, 2012 by and among the shareholders of Keen Network, in addition to the voting rights attached to the shares in Keen Network that Prime Ascend holds, Prime Ascend also has the right to control the exercise of the voting rights attached to all the shares in Keen Network held by other shareholders. The parties entered into the shareholders' agreement because of the Management Shareholders' trust in Mr. Yang and in order to manage their interest in the Company efficiently and unitedly.

GROUP STRUCTURE AFTER CORPORATE REORGANIZATION AND UPON LISTING

The corporate structure of our Group immediately after the Corporate Reorganization, the Capitalization Issue and the Global Offering (assuming the Over-allotment Option is not exercised and none of the options granted under the Pre-IPO Share Option Scheme and to be granted under the Share Option Scheme are exercised) is set out below:



HISTORY AND CORPORATE STRUCTURE

SAFE REGISTRATION

In accordance with the Notice on Relevant Issues of Foreign Exchange Control on Domestic Residents regarding Corporate Financing and Round-trip Investment through Offshore Special Purpose Vehicles 《關於境內居民通過境外特殊目的公司融資及返程投資外匯管理有關問題的通知》 (the “SAFE Notice No. 75”) promulgated on October 21, 2005 and effective on November 1, 2005, a “special purpose vehicle” means an offshore enterprise directly established or indirectly controlled by PRC domestic residents (companies or individuals) for the purpose of carrying out offshore equity financing with the assets or equity interests they hold in domestic enterprises. And the PRC domestic residents who intend to carry out offshore equity financing shall file applications with, and obtain the records from, the foreign exchange administrative authorities.

Our PRC legal advisers advise that, as Mr. Ziming Yang, Ms. Liting Ke, Mr. Rongqin Ke and Mr. Dongliang Tian are PRC domestic residents, each of them is subject to the registration process under the SAFE Notice No. 75 for the purpose of the Global Offering. On February 7, 2013, Mr. Ziming Yang, Ms. Liting Ke, Mr. Rongqin Ke and Mr. Dongliang Tian have completed the registration process under the SAFE Notice No.75.

THE RULES ON THE MERGER AND ACQUISITION OF DOMESTIC ENTERPRISES BY FOREIGN INVESTORS

Under the Rules on the Merger and Acquisition of Domestic Enterprises by Foreign Investors in the PRC (關於外國投資者併購境內企業的規定) (the “M&A Rules”), which was issued by the Ministry of Commerce of the PRC (中華人民共和國商務部) (the “MOFCOM”) and the other five governmental authorities on August 8, 2006, effective on September 8, 2006 and further amended on June 22, 2009, mergers and acquisitions of domestic enterprises by foreign investors must be reviewed and approved by the MOFCOM or its local branches. The term “domestic enterprise” shall mean an enterprise registered in the PRC whose immediate shareholders do not include any offshore companies or non-PRC residents. The term “merger and acquisition of domestic enterprises by foreign investors” shall mean (i) a foreign investor purchases the equity interest of a domestic enterprise or makes capital increase of a domestic enterprise so as to convert such domestic enterprise into a foreign-invested enterprise; or (ii) a foreign investor establishes a foreign-invested enterprise for operating the assets purchased from a domestic enterprise, or, a foreign investor purchases the assets from a domestic enterprise and uses this asset investment to establish a foreign-invested enterprise and operate the assets. Particularly, the M&A Rules require, where mergers or acquisitions of any affiliated domestic company are involved during the establishment of the PRC subsidiaries held by special purpose offshore companies, which are formed for overseas listing purposes and controlled directly or indirectly by the PRC companies or individuals, such special purpose offshore companies shall obtain the approval of the CSRC prior to publicly listing their securities on an overseas stock exchange market.

Under the Wholly Foreign-owned Enterprise Law of the PRC (中華人民共和國外資企業法), the term “wholly foreign-owned enterprise” (“WFOE”) shall mean an enterprise registered in the PRC whose immediate shareholders are foreign enterprises, other foreign economic organizations and individuals, and WFOE is a kind of foreign-invested enterprises.

HISTORY AND CORPORATE STRUCTURE

Our PRC legal advisers confirm that, as all of the PRC subsidiaries of our Group, ie. Cabbeen China, Cabbeen Guangzhou and Guangzhou Zixi, were directly established as WFOEs by their respective immediate shareholders which were offshore companies, and no issues relating to mergers or acquisitions of domestic enterprises by foreign investors under the M&A Rules were involved during the establishment of these companies, the reorganizations as described in the section headed “History and Corporate Structure” of this prospectus are not subject to the M&A Rules. On this basis, the M&A Rules do not apply to the reorganizations above or to the Global Offering.

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OVERVIEW

We are a leading fashion casual menswear company in China based on retail revenue for the year ended December 31, 2012, according to Frost & Sullivan. The menswear market in China is highly fragmented. We accounted for approximately 2.7% of the fashion casual menswear market and the fashion casual menswear market accounted for approximately 16.5% of the total PRC menswear market, both in terms of retail revenue in 2012, according to Frost & Sullivan. We offer a wide range of men's apparel, footwear and accessories under two brands, Cabbeen Lifestyle and Cabbeen Urban, which cater to different consumer groups. Our Cabbeen Lifestyle brand is designed to project a trendy, carefree and casual style and primarily targets young male consumers. Our Cabbeen Urban brand is designed to project a modern and sophisticated style and primarily targets young and middle-aged urban male professionals. In addition, we have a high-end sub-brand under our Cabbeen Lifestyle brand, Cabbeen Chic, which is designed to project an innovative, elegant and designer fashion style and primarily targets male consumers in the fashion, entertainment and art-related industries.

In April 2013, China Fashion Association (中國服裝設計師協會), an organization of designers, scholars and experts in the fashion design industry in China, recognized our Cabbeen brand as a leading Chinese apparel designer brand based on factors including retail revenue, the number of retail outlets and brand awareness. We have a strong and stable design and research and development team led by our founder, chairman and chief designer, Mr. Ziming Yang, who won the "14th China Fashion Design Top Award"* (第14屆中國時裝設計金頂獎), which is the top honor in apparel design in China, in 2010 and "Best Menswear Designer"* (最佳男裝設計師) at the China International Fashion Week* (中國國際時裝週) in 2009. Many of our key in-house designers have extensive industry expertise and have been with us for over five years. As a result of our strong design and research and development capabilities, we have been able to build a large product portfolio with diversified offerings.

We primarily sell our products on a wholesale basis to distributors. The distributors sell our products either directly to end customers at retail outlets operated by them or to their sub-distributors, who then resell the products to end customers at retail outlets operated by the sub-distributors. Our distributors and their sub-distributors have established a nationwide network of retail outlets in China for our products. As of December 31, 2010, 2011 and 2012 and June 30, 2013, we had 27, 28, 37 and 36 distributors who, together with their 283, 393, 391 and 387 sub-distributors, operated a total of 913 retail outlets under our brands in prime locations in over 300 cities throughout 30 provinces in China, including 412 street shops, 386 department store concessions and 115 shopping mall outlets. Beginning in December 2012, we have started to establish a small number of self-operated retail outlets in selected regions primarily as model stores to enhance our brand recognition, demonstrate our standards for store appearance and operational management, and provide guidance to distributors in brand promotion and efficient retail management. We sell our products directly to end customers through these self-operated retail outlets. As of the Latest Practicable Date, we had two self-operated retail outlets in China. Currently, we do not expect the total number of our self-operated retail outlets to exceed 30 by the end of 2014.

We have an advanced ERP system, which integrates internal and external management information across various aspects of our business operations. Our ERP system provides direct links to our distribution network, which allows us to gather operating data on a real-time basis and analyze consumer preferences and habits in a timely manner. Our ERP system helps us to administer and operate our business in a more

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effective and efficient manner and provides valuable information and guidance for our product design and improvement. We believe that our ERP system is one of the most advanced among Chinese apparel companies, which has provided and is expected to continue to provide us with a significant competitive advantage.

Our strong brand marketing and consumer-oriented sales management have helped us attract a loyal end customer base. We ranked second as of December 31, 2012 among fashion casual menswear brands in China in a “brand loyalty and repeat purchases” survey conducted by Frost & Sullivan. Our marketing and promotion activities, such as advertising campaigns, in-store marketing and event sponsorships, enable us to raise our brand profile and increase awareness of our lifestyle concepts. In addition, we have a large VIP membership program to encourage end customer spending and develop end customer loyalty. As of June 30, 2013, we had over 70,000 and 90,000 active members in our Gold VIP program and Silver VIP program, respectively.

Our brands have won a number of awards and recognitions. In 2012, our Cabbeen brand won the “2012 Annual Fashion Brand Award”* (2012年度時尚品牌獎) during the China International Fashion Week (中國國際時裝週). In 2011, our Cabbeen Chic brand won the “Menswear Design Award of the Year” (年度男裝設計獎) issued by the China International Fashion Week Organizing Committee. In 2010, our Cabbeen trademark was recognized as a “Well-known Trademark”* (馳名商標) in China. In 2009, the Cabbeen brand was recognized as the “Most Valuable Chinese Designer Brand”* (中國最具市場價值設計師品牌) during the China (Guangzhou) International Fashion Week and “Most Influential PRC Casual Wear Brand”* (中國休閒服裝最具影響力品牌). The Cabbeen brand also won the “2007-2008 Innovative Award among China’s Apparel Brands”* (2007-2008中國服裝品牌年度創新大獎) and the “Best Menswear Design” award (最佳男裝設計) in 2007. We were the first Chinese designer brand that was invited to attend the New York Fashion Week in 2007.

During the Track Record Period, we manufactured a portion of our products at our production facilities in Shishi, Fujian province. We disposed of our production operations in February 2012 and have since outsourced the production of all of our products to OEMs. We believe this allows us to focus our resources on key stages of our value chain, such as design and product development, brand promotion and management, and sales and marketing. As of June 30, 2013, we engaged 64 OEMs to manufacture our products, and our major OEMs are enterprises with extensive experience in the production of apparel, footwear and accessories, some of which also possess experience providing OEM services to internationally-recognized brands. We have a stringent quality control system to help maintain the quality of our products.

Our revenue increased from RMB292.4 million for the year ended December 31, 2010 to RMB890.2 million for the year ended December 31, 2011 and to RMB940.1 million for the year ended December 31, 2012. Our operating results improved significantly from a net loss of RMB7.0 million for the year ended December 31, 2010 to a net profit of RMB78.0 million for the year ended December 31, 2011 and further to a net profit of RMB130.2 million for the year ended December 31, 2012. Our revenue decreased from RMB423.2 million for the six months ended June 30, 2012 to RMB335.4 million for the six months ended June 30, 2013, while our net profit increased from RMB59.9 million for the six months ended June 30, 2012 to RMB76.9 million for the six months ended June 30, 2013.

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OUR COMPETITIVE STRENGTHS

We believe that our success and potential for future growth are attributable to the following competitive strengths:

A leading Chinese designer brand

We are a leading fashion casual menswear company in China based on market share by retail revenue for the year ended December 31, 2012, according to Frost & Sullivan. The menswear market in China is highly fragmented. We accounted for approximately 2.7% of the fashion casual menswear market and the fashion casual menswear market accounted for approximately 16.5% of the total PRC menswear market, both in terms of retail revenue in 2012, according to Frost & Sullivan. In April 2013, China Fashion Association (中國服裝設計師協會), an organization of designers, scholars and experts in the fashion design industry in China, recognized our Cabbeen brand as a leading Chinese apparel designer brand based on factors including retail revenue, the number of retail outlets and brand awareness. We believe that our brand image conveys certain key concepts that have wide appeal among our target consumers, including a modern, trendy, individualistic and innovative lifestyle, confidence and zest for life. We offer a wide range of men's apparel, footwear and accessories under our Cabbeen Lifestyle and Cabbeen Urban brands and Cabbeen Chic sub-brand that cater to the lifestyle aspirations of different target consumer groups. We offer casual and trendy menswear under our Cabbeen Lifestyle brand, which is designed to project a trendy, carefree and casual style and primarily targets young male consumers. We offer business casual and business formal menswear under our Cabbeen Urban brand, which is designed to project a modern and sophisticated style and primarily targets young and middle-aged urban male professionals. We offer fashionable and high-end menswear under our Cabbeen Chic sub-brand, which is designed to project an innovative, elegant and designer fashion style and primarily targets male consumers in the fashion, entertainment and art-related industries. We believe that the distinct lifestyle concepts behind each of our brands and sub-brand attract our target end customers and distinguish us from our competitors. Our founder and chairman, Mr. Ziming Yang, has been our chief designer from our inception and helped us establish a distinct and consistent brand culture, which is reflected in product design, visual display, store layout, and across our product lines and business operations. We believe that our designer brand business model allows us to maintain a distinct style and brand culture that appeals to our target consumer groups and is expected to help us to further grow our loyal end customer base.

We have won a number of awards and recognitions for our brand. In 2012, our Cabbeen brand won the "2012 Annual Fashion Brand Award"* (2012年度時尚品牌獎) during the China International Fashion Week (中國國際時裝週). In 2011, our Cabbeen Chic brand won the "Annual Menswear Design Award of the Year" (年度男裝設計獎) issued by the China International Fashion Week Organizing Committee. In 2010, our Cabbeen trademark was recognized as a "Well-known Trademark"* (馳名商標) in China. In 2009, the Cabbeen brand was recognized as the "Most Valuable Chinese Designer Brand"* (中國最具市場價值設計師品牌) during the China (Guangzhou) International Fashion Week and "Most Influential PRC Casual Wear Brand"* (中國休閒服裝最具影響力品牌). The Cabbeen brand also won the "2007-2008 Innovative Award among China's Apparel Brands"* (2007-2008中國服裝品牌年度創新大獎) and the "Best Menswear Design" award (最佳男裝設計) in 2007. In addition, we were also the first Chinese designer brand that was invited to attend the New York Fashion Week in 2007.

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We believe our effective brand marketing and promotional activities have been critical to our success. To increase our brand awareness and raise our brand profile among consumers, we launch marketing initiatives each year to promote our brand. We primarily focus on promotional activities through new media, which suits the lifestyles of our target consumer groups. We run advertisements in electronic magazines, microblogs, portal websites and mini-movies, which have helped to raise our brand profile and helped us reach a broad base of end customers. For the past ten years, we have generally held fashion shows twice a year to introduce new seasonal collections, which have attracted wide media coverage and been viewed as influential events in the fashion industry in China. As an iconic figure in the Chinese fashion industry, Mr. Yang receives regular media attention from fashion and design-related media as well as other mass media such as CCTV and Phoenix Satellite TV. We believe that frequent media reports on our company and Mr. Yang have helped raise our brand awareness among the general public.

Strong design and research and development capabilities

Our strong in-house design and research and development capabilities have been critical to the establishment of our status as a leading Chinese designer brand. Our design team is led by our founder, chairman and chief designer, Mr. Ziming Yang, who won the award for the “14th China Fashion Design Top Award”* (第14屆中國時裝設計金頂獎), which is recognized within the industry as the top honor in apparel design in China, in 2010 and was recognized as an “Outstanding Young Fashion Designer in Asia” in 2010 by Asia Fashion Federation* (亞洲時尚聯合會). He won the award for “Best Menswear Designer”* (最佳男裝設計師) at the China International Fashion Week* (中國國際時裝週) in 2009 and was also selected as one of China’s Top Ten Best Apparel Designers in 2004 by China Fashion Association* (中國服裝設計師協會). In addition to Mr. Yang, we have a team of experienced designers, and many of our key in-house designers have been with us for over five years.

As of June 30, 2013, our design and research and development team consisted of a total of 113 members. We also collaborate with several international design institutes on various aspects of apparel design. Our designers identify new fashion trends by visiting major fashion centers, attending fashion shows and drawing inspiration from daily life. Mr. Yang and our other designers work together to determine the main themes and color components for each season, and our design and research and development team then design and develop the patterns and fabrics for our apparel and determine the matching shoes and other accessories for each seasonal collection. We also gather information on market trends and consumer preferences through regular communications with designers based in other countries and our OEMs.

In addition to apparel design, our design and research and development center in Guangzhou conducts research and development work to transform concepts into commercially viable products and to enhance and upgrade our existing products based on market feedback. We work with raw material suppliers to research and develop production techniques and a portion of the fabrics used to manufacture our apparel in order to ensure that the fabrics support our designs, reflect our brand culture and are suitable for their intended styles. We usually designate fabric suppliers for our OEMs to engage for the manufacture of our products. Our design and research and development center is also responsible for researching and determining the cut for our apparel, which we then provide to our OEMs. In addition, our design and research and development center reviews each cost component in the bids submitted by our OEMs. Our relevant research and development personnel leverage their in-depth knowledge of fabrics and other raw materials to evaluate each bid so as to enhance our profit margin.

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As a result of our strong design and research and development capabilities, we have been able to build a large product portfolio with diversified offerings of consistently high quality. Our products are distinguished by their distinct and complex design styles as well as diversified fabrics and colors, which we believe make it difficult for others to imitate our products. Each month, we match our seasonal apparel designs with different accessories for sale at retail outlets to create a continuous flow of new products and attract recurring purchases from end customers. We believe that by leveraging our in-depth understanding of our target consumer groups and our close collaborative relationships with our OEMs and raw material suppliers, we have been able to transform our designs and product concepts into commercially viable, high-quality and popular products in an efficient and effective manner. We believe that our strong design and research and development capabilities enable us to maintain and further develop our brand culture, continue to expand our product portfolio and strengthen our competitiveness in the menswear industry.

Well-implemented management information system, which is one of the most advanced among Chinese apparel companies

We believe that our ERP system is one of the most advanced and well-implemented management information systems among Chinese apparel companies. Our advanced management information system allows us to effectively administer and operate our business. We require each retail outlet carrying our products to install the POS system upon establishment. In 2009, we began to develop a centrally-administered ERP management information system, which became operational in August 2011. Our ERP system manages information relating to our procurement, supply chain and distribution, tracks each of our products from delivery to and storage in our warehouse to its eventual sale and provides 100% coverage of our branded retail outlets. Our ERP system is centered around the AFS, Retail, BW, EWM system and HR sub-systems designed by SAP, the international market leader in enterprise application software, and also includes POS, a retail and end customer management system designed and customized in-house by us. The SAP-developed sub-systems and our POS system are linked under our ERP system for smooth data exchange and integration. We use our ERP system to manage our design, research and development, product procurement and merchandising, warehousing, logistics, sales to distributors, marketing, retail sales management, inventory, finance and human resources. We provide the Retail system platform and the POS system to all of our distributors and their sub-distributors free of charge, and we require each distributor and sub-distributor to install them at every retail outlet and upload management data relating to logistics, retail sales and inventory on a real time basis. We then use our BW system to analyze these data when required to provide information for our management decision-making. As a result, we are able to track and monitor purchases, sales and inventories of each distributor and sub-distributor on a real time basis, make our sales forecasts, provide purchase guidance to distributors and manage inventories in our distribution network in a more reliable and efficient manner. For example, these data enable us to provide guidance to distributors to reallocate inventories among distributors, lower the inventory level in our distribution network and improve the efficiency of our distribution network. Based on our guidance, our distributors can also conduct their own promotion events to reduce their inventories. As the Retail system provides linkage between us and all of our distributors and their sub-distributors, it also helps us implement our operating guidelines and maintain a unified brand culture.

As a result of the ERP system, we are also able to evaluate our distributors more accurately by comparing the sales performance of each distributor against that of other distributors and historical records. In addition, real-time operating data from retail outlets enables us to perform timely and accurate analysis of consumer preferences and habits, allows us to conduct surveys among our end customers

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regularly and provides valuable information and guidance for our product design and improvement. We believe that the combination of a strong designer team and a comprehensive information system enables us to anticipate and react quickly to shifting market trends, ensures that our designs possess market potential and allows us to continuously introduce products that are likely to gain wide market acceptance and become commercial successes. We believe that this business model where our advanced information system complements our experienced designer team helps to distinguish us from our competitors and is expected to continue to provide us with a significant competitive advantage as we further expand our business.

Highly scalable business model with effective management of distributors

We primarily sell our products to distributors on a wholesale basis. Our distributors either sell the products to end customers at retail outlets that they operate themselves, or they may resell them to their sub-distributors who in turn sell them to end customers at retail outlets that those sub-distributors operate. We believe that our business model allows us to focus on the key links of the value chain that would deliver the most value to our business, such as brand promotion, design, marketing, quality control and managing our relationships with suppliers, distributors and end customers. In addition, we believe that this business model enables us to improve our efficiency in the use of our capital, human and other resources and generate higher returns on our assets. As this business model does not require significant investments in fixed assets, we believe that our operations are highly scalable and we would be able to expand our business and distribution network more easily than our competitors that operate on a direct sales model. We ranked second as of December 31, 2012 in terms of penetration rate in mid-to-high end department stores and shopping malls in China, according to a survey conducted by Frost & Sullivan. For details of this survey and the methodology used, see “Industry Overview — Competitive Landscape of the PRC Fashion Casual Menswear Market”. The total number of our branded retail outlets increased by 43.6% from 637 as of December 31, 2010 to 915 as of June 30, 2013, including two self-operated retail outlets. As of June 30, 2013, we had 36 distributors who, together with their sub-distributors, operated a total of 913 retail outlets under our brands in prime locations in over 300 cities throughout 30 provinces in China, including 412 street shops, 386 department store concessions and 115 shopping mall outlets. Our highly scalable business model allows us to expand by leveraging the resources and local retail networks of our distributors.

We have been able to maintain strong, effective and centralized management control over our distributors as our distributor network expanded rapidly in recent years. We have a variety of incentive programs and awards for distributors with good sales performances to motivate them and enhance their loyalty to us. We set operating guidelines for our distributors and provide regular training, guidance and support to them. We work together with our distributors to select locations for our branded retail outlets and they require our prior approval before opening any retail outlets. In addition, we are closely involved in the design and decoration of each retail outlet to ensure that the layout and appearance reflect our brand culture and conform to our guidelines. We have established two self-operated retail outlets as model stores to demonstrate our standards for store appearance and operational management. In addition, we help to manage our distributors’ inventory in order to maintain an effective and efficient distribution system. We review our distributors’ orders at our sales fairs to ensure that they are reasonable and in line with the relevant distributor’s capacity and growth plans. We closely monitor our distributors’ inventory levels, adjust orders and re-allocate excess inventories among distributors as appropriate to lower the aggregate inventory level within our distribution network. We require our distributors and their sub-distributors to

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install our Retail system and POS system to manage their operating information and report retail data to us. As a result, we are able to monitor the daily operations of our distributors and their sub-distributors closely and provide timely operating guidance to them. Through our effective management of and extensive collaboration with distributors, we are able to convey our messages to and receive timely feedback from our end customers, which further enables us to anticipate shifts in fashion trends and adjust our product offerings accordingly. We believe that our centralized management control over our nationwide distribution network helps to ensure that our brand concepts are reflected and our sales and promotion strategies are executed at the retail sale level.

Customer-oriented sales management and loyal end customer base

We have built a loyal end customer base as a result of our successful brand marketing and our customer-oriented sales management. We ranked second among fashion casual menswear brands in China in a “brand loyalty and repeat purchases” survey conducted by Frost & Sullivan in 2012. We maintain centralized management over our distribution network and retail sales to end customers. Our large VIP end customer base and value-added after-sale customer services contribute to our success in building and maintaining a loyal end customer base. As of June 30, 2013, we had over 70,000 and 90,000 active members in our Gold VIP program and Silver VIP program, respectively.

Through our advanced management information systems, we conduct surveys of our VIP end customers regularly and perform detailed analysis of their consumer behavior and spending habits. We communicate directly with VIP end customers through our Internet platform and VIP club and are able to gather from them first-hand data on consumer preference. Consumer data generated from our VIP end customers provide important references in the promotion of our brand and the design and improvement of our products. We send SMS notifications to our VIP end customers prior to releases of new products. For our Gold VIP members, we send them our own product catalog and Cabbeen Vision (賓視雜誌), every quarter to keep them updated on our product development and new releases. We also encourage distributors to create and provide their own value-added services to our VIP end customers. We believe that our customer-oriented sales management has helped us build a large and loyal end customer base, which has contributed and is expected to continue to contribute to the growth of our business.

Experienced management team with a proven track record

Our management team is led by our founder, chairman and chief designer, Mr. Ziming Yang. Mr. Yang has over 20 years of experience in the apparel industry and over 15 years of experience in the fashion design industry. Mr. Yang is currently a member of the standing committee and the arts committee of the China Fashion Association (中國服裝設計師協會理事會理事和藝術委員會委員) and has been the vice president of the Fashion Designers' Association of Guangdong Province* (廣東省服裝設計師協會副會長) since November 2008. Our chief executive officer, Mr. Siu Keung Ng, has over 15 years of experience in the apparel industry. Members of our senior management team have had extensive experience in their respective fields and they have been with our Company for an average of eight years. We have developed a corporate culture that reflects the core values of our management and employees. To support the professional development of our management team members and employees, we provide continuous learning and career development opportunities, such as Executive MBA programs with Lingnan College of Sun Yat-Sen University.

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Our management team has demonstrated strong execution capabilities and successfully established our brand and expanded our distribution network from 637 retail outlets as of December 31, 2010 to 915 retail outlets to cover over 300 cities in 30 provinces in China as of June 30, 2013. Due to our effective management and advanced information systems, we have been able to achieve rapid growth in recent years while maintaining management control, high quality and consistent brand image throughout our nationwide operations. We believe that the knowledge, skills and strategic vision of our management team have enabled us to establish ourselves as a leading fashion casual menswear enterprise in China.

OUR STRATEGIES

We intend to further strengthen our leading position in the fashion casual menswear market in China. In the long run, we aim to become a leading international designer brand with a portfolio of well-known brands. We plan to achieve our goals by pursuing the following principal strategies:

Continue to promote our brand name and enhance our brand recognition throughout China

We believe that the strong association of our brand with our lifestyle concepts and brand culture has helped position our Cabbeen brand as the leading Chinese designer brand. We intend to continue to focus on delivering a consistent and unified brand image from product design to sales and marketing initiatives and further grow our end customer base. Beginning in December 2012, we have started to establish a small number of self-operated retail outlets in selected regions primarily as model stores to enhance our brand recognition, demonstrate our standards for store appearance and provide guidance to distributors in brand promotion and retail management. We believe that these model stores, along with our other efforts, would help to further improve and unify our brand image at the retail level.

We seek to further promote our Cabbeen brand in China by increasing our advertising efforts and enhance our visibility within the fashion industry. We plan to continue to explore and expand innovative advertising forms. We intend to strengthen and continue to devote significant resources to our multi-channel advertising, including through e-commerce, social media, other Internet media, indoor video displays and other media channels, with particular emphasis on new media. We plan to increase our participation in both domestic and international fashion shows to enhance our visibility within the fashion industry. We also intend to promote our brand through special events associated with sales fairs, new product launches and new retail outlet launches. In addition, we plan to continue to sponsor sports events, such as basketball tournaments in the Chinese Basketball Association, charity events and other social events. To further enhance our brand recognition among our target customer base, we intend to expand our VIP program and increase the value-added services we offer to VIP members.

We believe that these marketing and promotion strategies should help to elevate the level of awareness of our Cabbeen brand in our target consumer groups, raise our brand profile and enhance customer loyalty.

Further enhance our design and research and development capabilities

As a leading designer brand in China, we believe that strong design and research and development capabilities are critical to our future development and sustainable growth. We intend to invest more resources to further strengthen our design and research and development capabilities and acquire

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additional premises to expand our design and research and development center in Guangzhou, China. We plan to invest in equipment for the design, research and development of denims, knitwear and footwear, and recruit related process technologists, raw material engineers and production technicians. We may also consider adding equipment and a design team for custom orders from certain VIP end customers in the future. In our product development, we intend to continuously improve our product mix and expand our product portfolio based on market information and focus on products and segments that cater to evolving fashion trends and consumer preferences. In particular, we plan to expand our offerings of non-seasonal products, such as footwear and accessories.

We intend to expand our design and research and development team by recruiting approximately 20 people each year in the next three years, including designers, pattern developers, quality controllers and other production technicians, to support our further growth. We plan to continue to provide extensive training to our designers and instill our values and brand culture in them and to enhance the creative process in the design and development of our products. We also plan to establish design studios outside the PRC and collaborate with well-known domestic and international designers and design institutes in our design and research and development efforts, including for apparel, fabrics and auxiliary materials.

Through timely collection and detailed analysis of market information gathered from our retail network and suppliers, we intend to continue to improve our existing designs and develop new products that are tailored to meet our target end customers' preferences and reflect our brand culture.

Further strengthen and enhance the efficiency of our distribution network

We intend to work with our distributors to expand our distribution network to new markets and increase our penetration in existing markets in order to further increase the retail coverage of our products. We believe that it is important to expand our distribution network to capture the growth potential in Tier 2 and Tier 3 cities. We intend to continue to identify experienced distributors with established retail networks and work together with them to expand our retail coverage. We will continue to work with distributors to plan the expansion of our distribution network and set specific requirements on the number, type and locations of new retail outlets to be opened. We also plan to leverage our existing cooperative relationships with leading commercial real estate developers and establish our presence in shopping malls in prime locations across China. In addition, we plan to work with our distributors to open additional retail outlets in prime locations in our existing markets and increase the retail coverage of our products in those markets. We currently expect our distributors to add approximately 100 retail outlets in China in 2013.

We intend to continue to establish a limited number of self-operated model stores to enhance our brand recognition and demonstrate to distributors our standards for store appearance and retail management. As of the Latest Practicable Date, we had established two self-operated retail outlets in China. We currently intend to open not more than 30 self-operated model stores in selected regions by the end of 2014. We believe that these model stores will help distributors to understand and adhere to our retail management standards.

Furthermore, we plan to continue to integrate distributors into our business operations and improve the efficiency and effectiveness of our existing distribution network. We will continue to centrally monitor distributors' inventory levels and make adjustments and re-allocations among distributors to optimize the aggregate inventory level in our distribution network. We plan to further enhance our communications with

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our distributors and replenish distributors' stock in between sales fairs with new products that reflect the latest market trends. We intend to provide our distributors with enhanced operational, sales and marketing support, such as participation in promotion of new stores, on-going training of sales staff, and installation of the visual marketing system and retail management system. We plan to increase our training for professional buyers of our distributors to enhance their capabilities to identify shifting consumer preferences and make purchases in advance accordingly. We also plan to help our distributors strengthen their data analysis and product management capabilities.

Continue to upgrade and expand our ERP system to enhance the management of our value chain

To improve our operational efficiency and ensure effective coordination among various aspects of our business as we expand rapidly, we intend to further enhance our management information systems. We intend to focus on developing an advanced system for supply chain management, which would enable us to connect the key links in our value chain in one integrated management information system platform, strengthen the cooperation among our suppliers, enhance the competitiveness of our products and shorten the time-to-market of our products. In addition, we plan to continue to upgrade the Retail system in our ERP system to enhance our distribution network management. We plan to introduce additional management information systems to further improve the efficiency of our business operations, such as the BI system to analyze our business data, the product life cycle management system to manage our design and research and development, the vendor coordination system for our supply chain management, the E-Learning training system for the training of retail personnel and the budget management financial planning system to enhance our cost control. In the past we have primarily relied on distributors to gather feedback on our promotional events from end customers. With our planned call center, we expect to communicate directly with end customers, especially the VIP members, on a more regular basis. We believe the enhanced management information systems will enable us to record details of sales, monitor and optimize our SKUs, track our inventories and analyze consumer behavior and market trends in a more effective manner, which in turn will improve the communication and coordination among various links in our value chain and improve our overall operational efficiencies. We also believe that further enhanced management information systems will help us obtain and process market data on an expedited basis, support our decision-making process in product design and development, and further reduce the time-to-market of our new products.

OUR BUSINESS MODEL

We primarily design, market and sell men's apparel, footwear and accessories under our two brands, Cabbeen Lifestyle and Cabbeen Urban. We also design, market and sell men's apparel, footwear and accessories under Cabbeen Chic, which is a high-end sub-brand under our Cabbeen Lifestyle brand. The following diagram illustrates our business model:



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One of our key strengths is our designer brand image. We believe that the distinct lifestyle concepts behind each of our brands and sub-brand attract our target end customers and distinguish us from our competitors. We manage and operate each brand through a closely-integrated cycle of brand management, marketing and promotion, design and product development, outsourced production, procurement of raw materials and products, sale to distributors and retail sales:

- *Brand Management, Marketing and Promotion*, where we manage our brands at the retail level and organize marketing and promotional events to raise our brand profile and enhance our brand awareness;
- *Design and Research and Development*, which involves designing, researching and developing seasonal collections under our brands and sub-brand;
- *Outsourced Production and Procurement*, where we contract with OEMs and suppliers to produce our apparel products and procure our raw materials, footwear and accessory products; and
- *Sale and Distribution*, where we primarily sell our products on a wholesale basis to our distributors, who then sell our products to end customers through retail outlets operated by them or resell to their sub-distributors and we also sell a small portion of our products directly to end customers through our self-operated retail outlets.

BRANDS AND PRODUCTS

Our Brands

We primarily offer our products under our two brands: Cabbeen Lifestyle and Cabbeen Urban. We also offer some of our products under Cabbeen Chic, which is a high-end sub-brand under our Cabbeen Lifestyle brand. We believe that our brand image conveys certain key concepts that have wide appeal among our target consumers, including a modern, trendy, individualistic and innovative lifestyle, confidence and zest for life. Our Cabbeen Lifestyle brand is designed to project a trendy, carefree and casual style and primarily targets young male consumers. Our Cabbeen Urban brand is designed to project a modern and sophisticated style and primarily targets young and middle-aged urban male professionals. As a high-end sub-brand under our Cabbeen Lifestyle brand, Cabbeen Chic is designed to project an innovative, elegant and designer fashion style and primarily targets male consumers in the fashion, entertainment and art-related industries. Our founder and chairman, Mr. Ziming Yang, has been our chief designer from our inception and helped us establish a distinct and consistent brand culture across our product lines and business operations. We believe that being a designer brand allows us to maintain a distinct brand culture that appeals to our target consumer groups.

Initially, our products from all our Cabbeen brands and sub-brand were sold together as three product series in retail outlets. We began to reorganize retail outlets in the second half of 2010 to separate our major brands in order to strengthen our brand identity and to more easily reach the target consumers of each brand. In order to further improve cost efficiencies and leverage synergies with the well-established sales network under our Cabbeen Lifestyle brand, we decided in October 2012 to operate our Cabbeen Chic brand as a high-end sub-brand under our Cabbeen Lifestyle brand.

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In 2012, our Cabbeen brand won the “2012 Annual Fashion Brand Award”* (2012年度時尚品牌獎) during the China International Fashion Week (中國國際時裝週). In 2011, our Cabbeen Chic brand won the “Annual Menswear Design Award of the Year” (年度男裝設計獎) issued by the China International Fashion Week Organizing Committee. In 2010, our Cabbeen trademark was recognized as a “Well-known Trademark in China”* (中國馳名商標). In 2009, the Cabbeen brand was recognized as the “Most Valuable Chinese Designer Brand”* (中國最具市場價值設計師品牌) during the China (Guangzhou) International Fashion Week and “Most Influential PRC Casual Wear Brand”* (中國休閒服裝最具影響力品牌). Our Cabbeen brand also won the “2007-2008 Innovative Award among China’s Apparel Brands”* (2007-2008中國服裝品牌年度創新大獎) and the “Best Menswear Design” award (最佳男裝設計) in 2007. Moreover, we were the first Chinese designer brand that was invited to attend the New York Fashion Week in 2007. We believe the wide recognition of our brand throughout China has been one of the key factors contributing to our success.

Cabbeen Cabbeen Lifestyle Lifestyle

Brand concept	<ul style="list-style-type: none"> Trendy and carefree lifestyle concept, which seeks to evoke a sense of “freedom”, “modernity” and “vibrancy”
Product range	<ul style="list-style-type: none"> Offer a wide range of men’s apparel, footwear and accessory products, including T-shirts, sweaters, windbreakers, coats, jeans, shorts, casual shoes, sandals, headgear, bags, belts, scarves, socks and glasses
Target end customers	<ul style="list-style-type: none"> Young urban consumers who follow and enjoy a diversified lifestyle, pursue novelty and have passion for life
Suggested retail price range for main product categories	<ul style="list-style-type: none"> Apparel: RMB299 to RMB1,299 Footwear: RMB659 to RMB1,099 Accessories: RMB39 to RMB399

Cabbeen Chic Cabbeen Chic

Sub-brand concept	<ul style="list-style-type: none"> A fashionable designer style with natural elements, which seeks to evoke a sense of “innovation” and “elegance”
Product range	<ul style="list-style-type: none"> Offer a wide range of men’s apparel, footwear and accessory products, including T-shirts, dress shirts, blazers, pants, casual shoes, dress shoes, bags, belts, ties, scarves and cufflinks
Target end customers	<ul style="list-style-type: none"> Individuals in the fashion, entertainment and art-related industries
Suggested retail price range for main product categories	<ul style="list-style-type: none"> Apparel: RMB1,199 to RMB4,299 Footwear: RMB2,399 Accessories: RMB899 to RMB1,699
Contribution to our revenue for the six months ended June 30, 2013⁽¹⁾	<ul style="list-style-type: none"> 95.0%
Retail network as of June 30, 2013⁽²⁾	<ul style="list-style-type: none"> 842 Cabbeen Lifestyle branded retail outlets, including 386 street shops, 366 department store concessions and 90 shopping mall outlets

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Notes:

- (1) Contribution to our revenue for the six months ended June 30, 2013 included our revenue derived from sale of products under both of our Cabbeen Lifestyle brand and Cabbeen Chic sub-brand.
- (2) The number of Cabbeen Lifestyle branded retail outlets as of June 30, 2013 included the number of Cabbeen Chic branded retail outlets in our retail network as of June 30, 2013.

Cabbeen Urban Cabbeen Urban

Brand concept	<ul style="list-style-type: none"> • Modern, upscale and elegant lifestyle concept, which seeks to evoke a sense of “individuality” and “sophistication”
Product range	<ul style="list-style-type: none"> • Offer a wide range of men’s apparel, footwear and accessory products, including dress shirts, blazers, leather jackets, vests, pants, dress shoes, bags, belts and ties
Target end customers	<ul style="list-style-type: none"> • Young and middle-aged urban male professionals
Suggested retail price range for main product categories	<ul style="list-style-type: none"> • Apparel: RMB599 to RMB1,999 • Footwear: RMB959 to RMB1,299 • Accessories: RMB39 to RMB1,399
Contribution to our revenue for the six months ended June 30, 2013	<ul style="list-style-type: none"> • 5.0%
Retail network as of June 30, 2013	<ul style="list-style-type: none"> • 73 Cabbeen Urban branded retail outlets, including 27 street shops, 20 department store concessions and 26 shopping mall outlets

Our Products

We offer a wide range of men’s fashion casual and business casual apparel, footwear and accessories. Each season, we generally introduce a new collection from each of our brands and sub-brand. For the years ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2013, we offered a total of approximately 4,145, 5,444, 4,039 and 3,192 new SKUs under our brands and sub-brand. Each of our brands and sub-brand features a variety of seasonal apparel, footwear and accessory items designed to appeal to the brand’s or sub-brand’s targeted consumer group. During the Track Record Period, we manufactured part of our products at our production facilities in Shishi, Fujian province. After February 2012, we outsource the production of all of our products to third-party domestic OEMs. Products offered under our brands include:

- **Apparel:** t-shirts, dress shirts, sweaters, windbreakers, suit jackets, leather jackets, blazers, coats, vests, pants, jeans, shorts;
- **Footwear:** casual shoes, sandals, dress shoes; and
- **Accessories:** headgear, bags, belts, ties, scarves, socks and glasses.

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DESIGN AND RESEARCH AND DEVELOPMENT

We believe as a leading designer brand, strong in-house design and research and development capabilities are essential to our business as they establish the key concepts and identity for each of our brands and products. We develop four seasonal collections under each of our Cabbeen Lifestyle and Cabbeen Urban brands and Cabbeen Chic sub-brand. We introduced over 2,845, 784 and 410 SKUs in total and 2,208, 830 and 154 SKUs in total of men's apparel, footwear and accessories under our Cabbeen Lifestyle and Cabbeen Urban brands and Cabbeen Chic sub-brand, respectively, for our four seasonal collections in 2012 and 2013, respectively. For our Cabbeen Lifestyle and Cabbeen Urban brands, we release our new styles in batches throughout each season to create a continuous flow of new products and attract recurring purchases from end customers. Each of our brands and sub-brand has its own dedicated design and research and development team which understands the concepts behind each brand and sub-brand and design and research and develop products that meet the tastes and preferences of the target consumer base. Because the design of our products strictly adheres to the key concepts and identity of our brands and sub-brand, we believe our collections can evolve in line with fashion and seasonal trends while maintaining a unified brand image and our unique style.

Our design and research and development team consisted of 113 members as of June 30, 2013 and is led by our founder, chairman and chief designer, Mr. Ziming Yang, who won the award for the "14th China Fashion Design Top Award"* (第14屆中國時裝設計金頂獎), which is recognized within the industry as the top honor in apparel design in China, in 2010 and was recognized as an "Outstanding Young Fashion Designer in Asia" in 2010 by Asia Fashion Federation* (亞洲時尚聯合會). He won the award for "Best Menswear Designer"* (最佳男裝設計師) at the China International Fashion Week* (中國國際時裝週) in 2009 and was also selected as one of China's Top Ten Best Apparel Designers in 2004 by China Fashion Association* (中國服裝設計師協會). Mr. Yang is also the council member of the China Fashion Association (中國服裝設計師協會理事會理事) and the chairman of the Designers' Association of Fujian province (福建省服裝設計師協會主席).

Our design team is primarily responsible for researching fashion trends, conceptualizing, designing and developing apparel products and sourcing footwear and accessory products. Our research and development team is primarily responsible for developing and sourcing raw materials, developing production technology and cost and quality control. We established our design, research and development center in 2003. Our design and research and development center houses an operational management center, an order handling department, a technology department and sample clothing workshops. Our design and research and development center also makes apparel samples and reviews each cost component in every bid submitted by our OEMs in order to control our cost of and maintain our profitability through outsourced production. Our design and research and development team consists of designers, pattern developers, production technicians, cutters, and quality controllers who work together to create designs for the current and upcoming seasonal collections. We work with our raw material suppliers and OEMs to research and develop new designs and manufacture a portion of new fabrics and require them, as stated in our framework purchase agreements, to keep our intellectual property strictly confidential to any third party so that our new designs and fabrics reflect our brand culture and are suitable for the intended styles while protecting our intellectual property at the same time. We also gather information on market trends and consumer feedback from our raw material suppliers, OEMs and distributors, which we use for reference and guidance for adoption of new raw materials, updating our existing products and design and development of our products. In addition, we have a five-year scholarship arrangement with Beijing

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Institute of Fashion Technology (北京服装學院), a top fashion college in China, to provide new designers for our design and development team commencing from 2010. As of June 30, 2013, our design and research and development team consisted of a total of 113 employees, including 40 designers, 10 of whom have been working in the fashion and design industry for more than five years.

In addition, we have entered into strategic agreements with international design institutes for them to provide additional research and development support on various aspects of our design and development of products, including seasonal fashion elements, cut, patterns, color mix and matching accessories, and the design of store appearance and layout. We are entitled to use the work products, or further research and develop our own products based on the results and ideas provided to us by these design institutes, in association with their services. These design institutes are obligated to keep confidential our trade secrets or intellectual properties known or used by them during their services. The consulting fees we paid to these design institutes were approximately RMB5.4 million for the year ended December 31, 2012 and RMB1.8 million for the six months ended June 30, 2013.

Our design and research and development team works closely with the production and distribution processes to ensure we create original designs at economically feasible costs. By controlling the initial sample production at our in-house facilities, we are able to set the design and technical specifications that ensure we maintain a unified brand image as well as strict quality standards while also maintaining control over costs of production.

Research

Our design and research and development process typically begins by identifying fashion trends and observing fashion styles through various channels such as visiting major international fashion cities, attending fashion shows and exhibitions, following international and local fashion industry media, drawing inspirations from daily life and analyzing our sales information to understand fashion trends and end customer purchasing trends. We also gather information on market trends and consumer preferences through communications with international design institutes that have entered into strategic agreements with us, raw material suppliers and our OEMs, which we then use for reference and guidance in the design and development of our products.

Design and development

Our founder, chairman and chief designer, Mr. Yang, leads our designers to determine the themes and color elements of our new seasonal collections. After the seasonal themes have been determined, our design team commences design of the collections by preparing drawings and sketches of the products and develops the technical specifications for the materials and accessories to match the design of the collection. Our design team closely works with our research and development team to match our design concepts, ideas and color and product theme with our technical and industrial know-how. This allows us to assess the feasibility of developing our design ideas into full-scale production of a collection, as well as to evaluate the availability and procurement costs of raw materials such as fabrics. Our design and research and development team also works with our raw material suppliers and OEMs to research and develop new fabrics and designs used to make our apparel in order to ensure that our new products reflect our brand culture and are suitable for the intended styles or technical qualities. To ensure the originality of our design, we require our raw material suppliers to provide some specialized fabrics to us exclusively.

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Sample creation

Once the design team has completed research and design of the new collections, we make initial apparel samples of our new designs in our design and research and development center to analyze our procurement and production cost. We work to ensure that the samples adhere to our original design concepts and can be replicated on an industrial scale in a cost-effective way. Using the samples, we introduce the technical specifications of our new products, including raw materials specified by us, production steps, quality standards and delivery requirements, to our raw material suppliers and OEMs. Our raw material suppliers and OEMs then provide feedback on production aspects such as technical specifications, risk control in respect of manufacturing, projected costs and delivery terms. Once we have implemented all of the feedback, we further liaise with our OEMs to produce finalized product samples for use in our sales fairs. After final examination of these sample products, we select and enter into purchase contracts with certain OEMs for each product.

For the years ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2013, our design and research and development expenses were approximately RMB8.9 million, RMB17.6 million, RMB25.1 million and RMB10.0 million, respectively, representing approximately 3.0%, 2.0%, 2.7% and 3.0% of our revenue, respectively.

SALES AND DISTRIBUTION

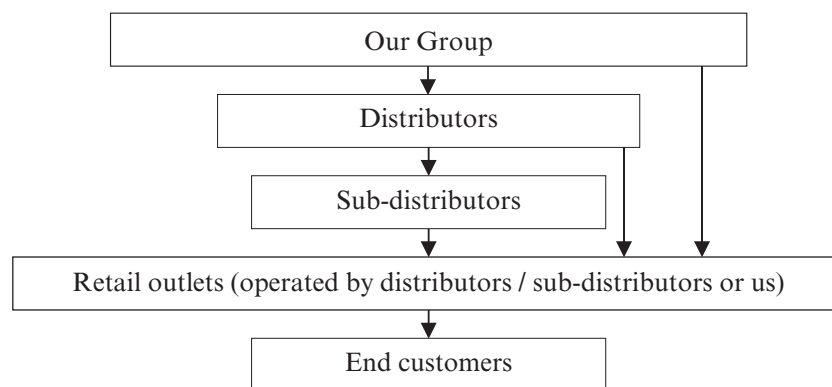
Overview

We primarily sell our products on a wholesale basis to our distributors, who in turn sell our products through retail outlets operated by them or resell to their sub-distributors. Beginning in December 2012, we started to establish a small number of self-operated retail outlets primarily as model stores to enhance our brand recognition, demonstrate our standards for store appearance and provide guidance to distributors in brand promotion and retail management. We sell a small portion of our products directly to end customers through these self-operated retail outlets. We believe that our distribution business model which primarily rely on wholesale distribution is commonly adopted by brand owners in China. We recognize revenue upon delivery of our products to our distributors. Our distributors and/or their sub-distributors through their retail outlets then sell our products directly to the end customers. We believe that our business model allows us to focus on increasing our brand awareness and distribute our products to a wide geographical area and penetrate markets by leveraging the local market knowledge of our distributors and their sub-distributors. This also allows us to maintain relatively low investments in fixed assets, allocate our resources to our core competitive strengths of design, product development and brand management and to assist our distributors improve their operation of retail outlets. We believe that our cooperation with our distributors has enabled us to expand our business and accelerate our sales growth at lower costs and operational risk and achieve wide brand recognition in China. We started to establish two Cabbeen Urban branded retail outlets in December 2012 and also plan to establish a small number of self-operated retail outlets in 2013 so that these self-operated retail outlets can serve the purpose as model stores for our distributors and help to ensure that our brand concepts are reflected and our operational, sales and promotion strategies can be executed at the retail sale level and at the same time promote our brand more efficiently.

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Our distributors have established an extensive retail network for our products in the PRC, covering over 300 cities ranging from Tier 1 to Tier 4 cities across 30 provinces of the PRC. Our brand has recognition in Tier 2 and Tier 3 cities, which have achieved substantial economic growth in recent years. Moreover, the increasing affluence of households in these cities has led to an increase in demand for consumer goods. In addition, since international menswear brands have not established significant presence in these cities, we face less competition in the mid-to-high end menswear markets as compared to Tier 1 cities in China. We believe these favorable market conditions have led to recognition of our brands and contributed to our fast growth in our loyal end customer base.

We generally designate each retail outlet as a Cabbeen Lifestyle or Cabbeen Urban branded retail outlet and our distributors are generally authorized to sell only products under that brand at the retail outlet. In October 2012, we began to sell our Cabbeen Chic products in Cabbeen Lifestyle branded outlets as a high-end sub-brand under our Cabbeen Lifestyle brand. As of June 30, 2013, there were nine Cabbeen Chic branded retail outlets, which we expect to gradually convert into either Cabbeen Lifestyle or Cabbeen Urban branded retail outlets or close down in 2013. As of June 30, 2013, in our distribution network, there were 386 street shops, 366 department stores concessions and 90 shopping mall outlets under our Cabbeen Lifestyle brand and 27 street shops, 20 department stores concessions and 26 shopping mall outlets under our Cabbeen Urban brand. Other than our two self-operated retail outlets, all of these Cabbeen branded retail outlets are operated by our distributors and their sub-distributors, and we do not have any ownership in, or contractual relationship with, these retail outlets. We generally require our distributors and their sub-distributors to seek to open street shops in central business districts in cities, concessions in large and well-known department stores and shopping mall outlets in high-end shopping malls. As of the Latest Practicable Date, we had two self-operated retail outlets as our model stores. We believe that the nationwide distribution network for our products with retail outlets in prime locations allows us to meet the demand of a diversified group of end customers across different geographic regions in China. The following chart illustrates our current distribution model:



Our Distribution Network

Overview

As of June 30, 2013, we had 36 distributors who, together with their 387 sub-distributors, operated a total of 913 retail outlets, including 386 street shops, 366 department stores concessions and 90 shopping

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mall outlets under our Cabbeen Lifestyle brand and 26 street shops, 20 department stores concessions and 25 shopping mall outlets under our Cabbeen Urban brand. We also had two self-operated retail outlets as our model stores as of the Latest Practicable Date. In October 2012, we decided to operate our Cabbeen Chic brand as a high-end sub-brand under our Cabbeen Lifestyle brand.

We require all of our branded retail outlets to install our POS system. Beginning in 2010, we have used separate POS systems to manage our products under different brands and sub-brand. In our calculation of the number of our retail outlets, we count sales space with a stand-alone POS system as a separate retail outlet. In some of the physical stores carrying our products under more than one of our brands and sub-brand with a separate POS system for each brand or sub-brand, each stand-alone POS system is counted as a separate retail outlet, even though it may be housed together with other POS systems at the same physical location.

The following map sets out a breakdown of our branded retail outlets by province as of June 30, 2013:



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The following table sets out the number of retail outlets for our products in the PRC by city type and brand as of June 30, 2013:

City Type	Cabbeen Lifestyle	Cabbeen Urban
Tier 1	46	11
Tier 2	201	18
Tier 3	425	33
Tier 4	170	11
Total	<u>842</u>	<u>73</u>

The following table sets forth a breakdown of our branded retail outlets by distribution channel and by brand as of December 31, 2010, 2011 and 2012 and June 30, 2013¹:

	As of December 31,						As of June 30,	
	2010		2011		2012		2013	
	Cabbeen Lifestyle	Cabbeen Urban	Cabbeen Lifestyle	Cabbeen Urban	Cabbeen Lifestyle	Cabbeen Urban	Cabbeen Lifestyle	Cabbeen Urban
Street shops	299	28	412	46	394	22	386	27
Department store concessions.....	258	8	392	24	399	28	366	20
Shopping mall outlets	41	3	79	12	92	23	90	26
Total	<u>598</u>	<u>39</u>	<u>883</u>	<u>82</u>	<u>885</u>	<u>73</u>	<u>842</u>	<u>73</u>

Note:

- As of December 31, 2010, 2011 and 2012 and June 30, 2013, there were 11, 27, 15 and nine Cabbeen Chic retail outlets, respectively. The number of Cabbeen Lifestyle branded retail outlets as of December 31, 2010, 2011 and 2012 and June 30, 2013 included the number of Cabbeen Chic branded retail outlets as of December 31, 2010, 2011, and 2012 and June 30, 2013, respectively. Following our conversion of Cabbeen Chic from a stand-alone brand to a sub-brand under Cabbeen Lifestyle, all of the Cabbeen Chic branded retail outlets will be either converted into Cabbeen Lifestyle or Cabbeen Urban branded retail outlets or closed down in 2013.

The following table sets forth changes in the number of retail outlets by brands during the periods indicated¹:

	Year ended December 31,									Six months ended June 30,						
	2009			2010			2011			2012			2013			
	Total	Opened	Closed	Total	Opened	Closed	Total	Opened	Closed	Total	Opened	Closed	Total			
Cabbeen Lifestyle ...	361	272	35	598	396	111	883	194	192	885	83	126	842			
Cabbeen Urban	—	39	—	39	47	4	82	41	50	73	10	10	73			
Total	<u>361</u>	<u>311</u>	<u>35</u>	<u>637</u>	<u>443</u>	<u>115</u>	<u>965</u>	<u>235</u>	<u>242</u>	<u>958</u>	<u>93</u>	<u>136</u>	<u>915</u>			

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Note:

- As of December 31, 2010, 2011 and 2012 and June 30, 2013, there were 11, 27, 15 and nine Cabbeen Chic retail outlets, respectively. The number of Cabbeen Lifestyle branded retail outlets as of December 31, 2010, 2011 and 2012 and June 30, 2013 included the number of Cabbeen Chic branded retail outlets as of December 31, 2010, 2011, and 2012 and June 30, 2013, respectively. Following our conversion of Cabbeen Chic from a stand-alone brand to a sub-brand under Cabbeen Lifestyle, all of the Cabbeen Chic branded retail outlets will be either converted into Cabbeen Lifestyle or Cabbeen Urban branded retail outlets or closed down in 2013.

The following table sets forth breakdowns of our branded retail outlets by geographical region and by brand as of December 31, 2010, 2011 and 2012 and June 30, 2013¹:

	As of December 31,						As of June 30,	
	2010		2011		2012		2013	
	Cabbeen Lifestyle	Cabbeen Urban	Cabbeen Lifestyle	Cabbeen Urban	Cabbeen Lifestyle	Cabbeen Urban	Cabbeen Lifestyle	Cabbeen Urban
Eastern China ²	90	5	132	17	128	15	105	16
Northern China ³	48	1	81	3	86	1	84	1
Northwestern China ⁴	40	—	48	—	47	—	46	—
Southwestern China ⁵	104	3	151	5	150	10	151	11
Southern China ⁶	168	13	247	22	228	27	217	28
Northeastern China ⁷	31	—	33	—	28	1	24	1
Central China ⁸	117	17	191	35	218	19	215	16
Total	598	39	883	82	885	73	842	73

Notes:

- As of December 31, 2010, 2011 and 2012 and June 30, 2013, there were 11, 27, 15 and nine Cabbeen Chic retail outlets, respectively. The number of Cabbeen Lifestyle branded retail outlets as of December 31, 2010, 2011 and 2012 and June 30, 2013 included the number of Cabbeen Chic branded retail outlets as of December 31, 2010, 2011, and 2012 and June 30, 2013, respectively. Following our conversion of Cabbeen Chic from a stand-alone brand to a sub-brand under Cabbeen Lifestyle, all of the Cabbeen Chic branded retail outlets will be either converted into Cabbeen Lifestyle or Cabbeen Urban branded retail outlets or closed down in 2013.
- Eastern China includes Shanghai, Zhejiang, Jiangsu and Anhui.
- Northern China includes Beijing, Tianjin, Henan, Hebei, Shanxi, Shandong and Inner Mongolia.
- Northwestern China includes Shaanxi, Gansu, Qinghai and Xinjiang.
- Southwestern China includes Sichuan, Chongqing, Guizhou, Yunnan and Tibet.
- Southern China includes Guangdong, Guangxi, Fujian and Hainan.
- Northeastern China includes Heilongjiang, Jilin and Liaoning.
- Central China includes Hunan, Hubei and Jiangxi.

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The following table sets forth changes in the number of retail outlets by geographical region and by brand during the periods indicated¹:

	Year ended December 31,									Six months ended June 30,						
	2009			2010			2011			2012			2013			
	Total	Opened	Closed	Total	Opened	Closed	Total	Opened	Closed	Total	Opened	Closed	Total			
Eastern China ²	58	48	11	95	84	30	149	65	71	143	14	36	121			
Northern China ³	32	20	3	49	54	19	84	24	21	87	12	14	85			
Northwestern China ⁴ ..	20	23	3	40	15	7	48	7	8	47	6	7	46			
Southwestern China ⁵ ..	62	48	3	107	65	16	156	35	31	160	18	16	162			
Southern China ⁶	95	95	9	181	104	16	269	46	60	255	25	35	245			
Northeastern China ⁷ ..	23	13	5	31	14	12	33	6	10	29	1	5	25			
Central China ⁸	71	64	1	134	107	15	226	52	41	237	17	23	231			
Total.....	<u>361</u>	311	35	<u>637</u>	443	115	<u>965</u>	235	242	<u>958</u>	93	136	<u>915</u>			

Notes:

- As of December 31, 2010, 2011 and 2012 and June 30, 2013, there were 11, 27, 15 and nine Cabbeen Chic retail outlets, respectively. The number of Cabbeen Lifestyle branded retail outlets as of December 31, 2010, 2011 and 2012 and June 30, 2013 included the number of Cabbeen Chic branded retail outlets as of December 31, 2010, 2011, and 2012 and June 30, 2013, respectively. Following our conversion of Cabbeen Chic from a stand-alone brand to a sub-brand under Cabbeen Lifestyle, all of the Cabbeen Chic branded retail outlets will be either converted into Cabbeen Lifestyle or Cabbeen Urban branded retail outlets or closed down in 2013.
- Eastern China includes Shanghai, Zhejiang, Jiangsu and Anhui.
- Northern China includes Beijing, Tianjin, Henan, Hebei, Shanxi, Shandong and Inner Mongolia.
- Northwestern China includes Shaanxi, Gansu, Qinghai and Xinjiang.
- Southwestern China includes Sichuan, Chongqing, Guizhou, Yunnan and Tibet.
- Southern China includes Guangdong, Guangxi, Fujian and Hainan.
- Northeastern China includes Heilongjiang, Jilin and Liaoning.
- Central China includes Hunan, Hubei and Jiangxi.

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The following table sets forth changes in the number of our distributors¹ during the periods indicated:

	For the year ended December 31,			For the six months ended June 30,
	2010	2011	2012	2013
	Distributors as of January 1	27	27	28
Newly-appointed	44	8	18	1
Terminated.....	44	7	9	2
Distributors as of December 31/June 30.....	27	28	37	36

Note:

1. Distributors do not include the online distributor.

During the year ended December 31, 2010, we adopted a corporate strategy to expand our distribution network and the geographical coverage of our products, and we appointed 44 new distributors to help us increase our market penetration. To evaluate the performance of our distributors following the significant increase in the number of newly appointed distributors in 2010, we established a set of criteria we use to evaluate distributors including: (i) the financial capability of the relevant distributors; (ii) the business scale and management resources of the distributors to support our expansion plans; (iii) the ability of the relevant distributors to meet our operating standards and comply with our operating policies; (iv) the overall sales performance of the retail outlets operated by the relevant distributors; and (v) our overall strategic expansion plan. After our evaluations, we terminated a number of distributors, which were primarily small in size and less experienced with weak performance in 2010. During the year ended December 31, 2011, we established our market presence in our primary sales regions, gained wider brand recognition and increased our sales volume significantly. As a result of our strengthened brand appeal and our expanded business scale, we are able to be more selective with respect to distributor appointment. We added eight new distributors and terminated seven in 2011 based on our evaluation criteria. During the year ended December 31, 2012, we focused on strengthening our existing distribution network instead of expansion in light of market conditions. We added 18 new distributors and terminated nine in 2012. After our ERP system became fully operational in August 2011 and each retail outlet under our distributors or their sub-distributors was linked to our ERP system, we were able to evaluate the performance of those distributors and sub-distributors through our ERP system. As a result, we terminated business relationships with distributors that failed to meet our standards for retail management or supporting the growth of their sub-distributors, or lacked other capabilities to adjust to changing market conditions in 2012. On the other hand, we invited some of the sub-distributors with good sales and operating track record to become our distributors. We adopt the same strict procedures we use to evaluate distributors when we invite sub-distributors to become our distributors. We have selected three and ten sub-distributors to become our distributors in 2011 and 2012, respectively. In the six months ended June 30, 2013, we added one new distributor and terminated two distributors, which subsequently became our sub-distributors. As of June 30, 2013, we had 36 distributors, 18 of which had been our distributors for three years or more. Further, seven and 11 distributors had been cooperating with us for two years and one year, respectively. We believe we have established good and stable relationships with our distributors and most of them have been an important part in the development of our sales network.

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The following table sets forth the number of retail outlets of our brands newly opened and closed during the periods indicated. The increase in the number of retail outlets was primarily due to the expansion of our distribution network. The closings were primarily due to the unsatisfactory sales efficiency of particular retail outlets.

	For the year ended December 31,						For the six months ended June 30,					
	2010		2011		2012		2013					
	Opened	Closed	Opened	Closed	Opened ¹	Closed ²	Opened	Closed	Opened	Closed		
Retail outlets	311	35	637	443	115	965	235	242	958	93	136	915

Note:

1., 2. “Opened retail outlets” and “closed retail outlets” do not include (i) 13 retail outlets that were relocated within the same business districts or department stores or shopping malls but still operated by the same distributors or sub-distributors, or (ii) four retail outlets with the same locations that were later transferred to and operated by a different sub-distributor due to change of the business focus of the previous sub-distributor.

Our distributors

Our distributors purchase our products on a wholesale basis and sell them to our end customers directly or resell to their sub-distributors. As of the Latest Practicable Date, all of our distributors and their sub-distributors were Independent Third Parties.

In our agreements with our distributors, we specify the general criteria for the locations where our distributors may open our branded retail outlets. Our prior approval is needed to open each retail outlet of our distributors and their sub-distributors. We generally designate each retail outlet as a Cabbeen Lifestyle or Cabbeen Urban branded retail outlet and our distributors and their sub-distributors are generally authorized to sell only products of that Cabbeen brand at the retail outlet based on our standardized nationwide pricing guidelines. In October 2012, we began to sell our products under Cabbeen Chic in selected Cabbeen Lifestyle branded outlets as a high-end sub-brand under our Cabbeen Lifestyle brand.

Each of our distributors is generally given exclusivity over the area or region in which it operates. We believe this can lead to increased loyalty and provide greater incentive to our distributors to expand the market share for our products within their respective exclusive territory while at the same time minimize the potential cannibalization effect. For the years of December 31, 2010, 2011 and 2012 and the six months ended June 30, 2013, we appointed 44, eight, 18 and one new distributors and terminated 44, seven, nine and two distributors.

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Criteria for selection of distributors

We typically meet our potential distributors through exhibitions or sales fairs in the apparel industry or by way of introduction from our business acquaintances or self-introduction by the potential distributors. We adopt strict procedures in selecting our distributors. We require our potential distributor applicants to possess the “general taxpayer status” under PRC laws and have managerial and retail industry specific experience, strong operating capabilities, a sound financial track record and sufficient working capital. We may send our sales personnel to visit retail outlets of our potential distributor applicants under other brands and analyze each candidate’s market position, sales platform, inventory control, logistics and integrated service capabilities in their regions in relation to their prior or existing retail experience.

In addition, we require our distributors to comply with all applicable laws and regulations for their operations pursuant to our distribution agreements. We examine and obtain copies of business licenses and tax registration certificates from our distributors upon their joining our distribution network. We also require our distributors to submit copies of their renewed business licenses if there has been any amendment of business registration with their local industrial and commercial administration authorities. Further, beginning from 2012, our distributors are required to submit copies of their renewed business licenses every year after completing their annual inspection by the local industrial and commercial administration authorities. We also designate retail management team members to carry both on-site inspection and spot checks to ensure that our distributors comply with our sales policies. We reserve the right to terminate distribution agreements if our distributors deviate from any key terms.

Distribution agreements with our distributors

We enter into a distribution agreement with each of our distributors which generally includes the following principal terms:

- *Designated geographical areas* — Distributors are typically authorized to establish retail outlets to sell our products within designated areas or geographical regions or engage sub-distributors to operate retail outlets within designated geographical areas provided that they procure their sub-distributors to operate in compliance with our sale policies.
- *Brands and products* — Distributors are typically authorized to sell our products of apparel, footwear and accessories under one of our brands at each retail outlet they operate. Our distributors are generally not allowed to sell other products that directly compete with ours.
- *Our principal rights and obligations* — We have rights to (i) carry on-site inspections and spot checks to ensure retail outlets that sell our products comply with our sales and inventory policies; and (ii) check sales data of our distributors on both regular and spontaneous basis; we have obligations to (i) provide regular training in respect of retail outlet operations, our brand culture, product information, sales techniques and customer service skills, to our distributors and their sales personnel; (ii) assist our distributors in selecting the locations of their retail outlets; and (iii) provide guidelines of store design and layout to our distributors.

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- *Principal rights and obligations of distributors* — Our distributors have rights to organize local promotional, sales events or VIP value-added services within their designated geographical areas with our prior approval; our distributors have obligations to (i) comply with all laws and regulations of the PRC relating to the qualification of engaging in the retail business; (ii) strictly comply with our unified nationwide sale and pricing policies; (iii) install ERP systems and upload accurate operating data on a timely basis; (iv) use their best efforts to participate in all the promotional events organized by us; and (v) adopt our standardized retail outlet design and layout and maintain our brand image and reputation.
- *Initial deposit* — Distributors are required to pay an initial deposit ranged between RMB30,000 to RMB300,000 depending on their general purchase value from us. Initial deposit is refundable after the expiration of the distribution agreements provided that they operate in compliance with our sale policies.
- *Annual purchase guidance* — We generally discuss with and provide annual purchase guidance for our distributors to place orders at our four sales fairs commencing from 2012. The annual purchase guidance varies among distributors and is based on their historical sales performance, market position and influence, management experience, operational ability, financial capability and local competitors' performance in their designated geographical areas. We are entitled to reduce the designated geographical coverage of or terminate the distribution agreement with our distributors in the event that they fail to order our products in accordance with the annual purchase guidance.
- *Expansion target* — Commencing from 2012, distributors are generally required to open an agreed minimum number of retail outlets each year and the expansion target varies among our distributors depending on their sales capabilities and geographical areas granted to them. We are entitled to reduce the designated geographical coverage of or terminate the distribution agreement with our distributors in the event that they fail to open the agreed minimum number of retail outlets.
- *Sale and pricing policies* — Our distributors are required to and shall ensure that their sub-distributors adhere to our standardized nationwide sale and pricing policies for our products.
- *Profit and cost sharing mechanism* — Distributors are typically required to pay in full for our products upon delivery. Distributors are typically responsible for the sale of our products and accountable for their own profit or loss.
- *Payment* — Distributors are generally required to pay 3% to 14% of the purchase prices of the products they pre-order under our different brands in our sales fairs within ten days as deposit. Distributors are typically required to pay the remaining amount upon our delivery of the products to the designated areas or geographical regions.

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- *Restriction on operations* — Distributors are typically prohibited from distributing our products online, in any undesignated geographical areas or selling self-manufactured products. Distributors are not allowed to engage sub-distributors without our prior consents. Distributors are required to adopt our standardized retail outlet design and layout, use our standard product labels and packaging, and follow our standardized marketing brochures. Distributors are required to undergo mandatory training sessions provided by us.
- *Sales return policy* — Distributors are typically required to make purchase orders based on their sales capabilities. Apart from product defects caused by quality issues, distributors are not allowed to return the products they have purchased from us.
- *Duration* — The distribution agreements generally have a term of one year and are renewable subject to negotiation of new terms of the distribution agreements three months prior to the expiration of the current distribution agreements.
- *Termination* — We are entitled to terminate the agreement in writing with distributors for their non-compliance with our sales policy, for instance, engaging in the sale of unauthorized products, changing retail prices without our approval, failing to develop and manage sub-distributors in accordance to our operational standard, refusing to attend sales trainings or materially damaging our brands' reputation, if such distributors do not rectify the wrongdoings within 15 days.
- *Confidentiality* — Distributors are obligated to keep confidential any our trade secrets known or used by such distributors, and to not disclose the same to any other third party under any circumstances pursuant to the distribution agreements.
- *Anti-bribery* — We also require distributors to sign anti-bribery sub-agreements when they enter into distribution agreements with us. These anti-bribery sub-agreements impose obligations on both distributors and us to comply with certain PRC laws and regulations in relation to unfair competition and anti-bribery. We are entitled to terminate the distribution agreements with distributors for their non-compliance with the terms of the anti-bribery sub-agreements.

Although our agreements with distributors typically require them to pay in full for our products upon delivery, we grant credit limits on a case-by-case basis, usually in instances when we believe that the extension of liquidity to our distributors would support them in opening new retail outlets or engaging their sub-distributors and expanding our distribution network. In July 2012, we established a credit system based on our distributors' financial and operational conditions, and factors such as our distributors' background, capital, reputation, scale and repayment history. Based on this credit system, we grant different credit limits ranging from 30 to 180 days to our distributors according to their credit classification. We only allow a longer period of up to 180 days for distributors with good credit history and larger operational scale after the delivery of our product and before they settle our outstanding trade receivables.

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Management of our distributors

We believe that maintaining the brand image for each of our brands and the public perception of our brands in association with our lifestyle concepts and brand culture is critical to our success. Accordingly, we require our distributors and their sales personnel to undergo our mandatory training sessions on brand history, product knowledge and retail outlet operation, including visual display, decoration and fixtures and ERP system, to ensure that they understand our brand culture and maintain our unified brand image in their daily operations. We divide our retail operations into seven sales regions in the PRC, namely, eastern China, northern China, northwestern China, southwestern China, southern China, northeastern China and central China. All retail outlets in these seven sales regions are under the management and supervision of our retail management department, which focuses primarily on product sales, retail outlet operation and customer services. Each sales region has a regional retail management team which consists of one regional sales manager and various team members who are respectively responsible for products, display, retail operations and trainings. Our regional retail management team conducts site visits to retail outlets within the sales region on a regular basis to assist our distributors on retail outlet operations and staff training. From time to time, we also designate retail management team members to be stationed at retail outlets to assist distributors in complying with our standards. Our distributors are required to adopt our standardized retail outlet design and layout in their retail outlets and a majority of our distributors have assigned their own personnel to be responsible for the display and decoration in their retail outlets. We have also dedicated staff who monitor the establishment process of these retail outlets and verify that the construction work meets our standards. We also require our distributors and their sub-distributors to connect their retail data information system to our ERP system and report retail data to us on a daily basis. As a result, we are able to monitor the daily inventory of our distributors closely and provide timely operating guidance to them.

We typically grant our distributors exclusive rights with respect to each of our brands in a designated province or geographical region to avoid competition among retail outlets. To avoid cannibalization at the retail level, all of our distributors and their sub-distributors are required to obtain our prior approval before opening a new retail outlet. Further, our distributors are generally not allowed to re-allocate inventories or obsolete products among themselves without our prior approval, except in the case of two distributors in Hubei province owned by the same major shareholder, we permit them to access each other's inventory information and re-allocate inventory between the two of them as needed without our prior approval. We closely monitor inventories of our distributors, assist with communication between our distributors and facilitate the re-allocation of inventories between different retail outlets on a case-by-case basis. We did not maintain operational data for inventory re-allocations between retail outlets in 2010 and 2011 as our ERP system only became operational in August 2011. For the year ended December 31, 2012, excluding re-allocations between the two distributors in Hubei province owned by the same major shareholder, there were over 400 instances of inventory re-allocations among distributors involving a total retail sales revenue of approximately RMB18.0 million. The 400 instances primarily represented re-allocations of excess inventory from one region to another region where there was demand for the products. We believe that as certain sizes, colors and styles of our products were more popular in some regions of the PRC than others, our distributors re-allocated inventory among retail outlets in response to the varying consumption pattern across the regions in the PRC. For the six months ended June 30, 2013, there were no inventory re-allocations among distributors. We typically permit our distributors to rent a booth in special sales events organized by department stores or shopping malls to sell out-of-season products after obtaining our

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prior approval. Our distributors are typically required to make purchase orders based on their sales capabilities and generally not allowed to return the products they have purchased. Our distributors are typically required to notify us of any problems by writing within three days upon receipt of our products and generally allowed to exchange defective products with quality issues after our further examination.

For marketing purposes, our distributors participate in various promotional campaigns and events initiated by department stores, shopping malls, or business districts where their respective retail outlets are located and file records with us after the participation. Our distributors are required to obtain our prior approval for any promotional campaigns or events organized by them. Our distributors are also required to participate in all promotional events we initiate within a particular region or nationwide. We meet with our distributors at our sales fairs to collect feedback and exchange ideas regarding market trends, consumers' responses to our products and retail outlet operation. We also communicate our latest marketing strategies with our distributors on a regular basis to maintain consistent business operation and brand image across our distribution network.

We evaluate our distributors' performance on a regular basis. In 2012, we began to implement a reward system to provide incentives for our distributors. Under this reward system, our distributors are eligible for additional discounts when they purchase products from us if they meet certain criteria. Such criteria include:

- Ordering products in accordance with our annual purchase guidance;
- Opening new retail outlets in accordance with our expansion target;
- Improvement in the overall sales performance and same store sales growth;
- Maintaining and enhancing store appearance; and
- Improvement in operating and business management capabilities.

Under our reward system, distributors typically receive reward points when they meet or exceed performance targets based on our criteria described above. We typically grant three types of reward points to our distributors, namely, annual points, quarterly points and monthly points. These points can be subsequently converted to a specific additional discount, which is referred to as "sales rebate", for our distributors to use when they purchase our products later. We make a provision for sales rebate based on the reward points granted in a year/period and such sales rebate is recognized as a reduction of our revenue. Our distributors are allowed to use (i) annual points in the following year; (ii) quarterly points within the next two quarters; and (iii) monthly points within the next three months. Our distributors are only allowed to use sales rebate to cover up to 30% of their total purchase price for each purchase order, and unutilized reward points will be forfeited upon expiration. Our provision for sales rebate amounted to approximately RMB82.9 million for the year ended December 31, 2012 which was deducted from our revenue and of which RMB51.1 million had been utilized as of December 31, 2012. Our provision for sales rebate was RMB19.7 million for the six months ended June 30, 2013, which was deducted from our revenue. For the six months ended June 30, 2013, we utilized RMB33.3 million out of the available provision for sales rebate, which included both the unutilized balance of RMB31.8 million as of December 31, 2012 and the RMB19.7 million provision we made in the six months ended June 30, 2013.

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As we sell products to distributors on a wholesale basis, our distributors have no right to return unsold inventory to us and we did not experience any return of unsold inventory by distributors upon their termination during the Track Record Period. Our distributors that terminate their business relationships with us and do not become sub-distributors are generally allowed to continue to sell our products they have already purchased in their respective retail outlet or special sales booth in department stores or shopping malls for approximately three to six months as agreed by us, or resell to their respective sub-distributors or to our designated online distributor. The retail outlets of these terminated distributors were typically closed due to the unsatisfactory sales efficiency or upon the expiration of the concessionaire or lease agreements with department stores/shopping malls or landlords for these retail outlets.

Sub-distributors

Our distributors are generally allowed to engage sub-distributors in their designated geographical region by obtaining our prior approval, and we give authorization on the retail outlets operated by sub-distributors to sell our products. We do not require our distributors and their sub-distributors to be independent from each other. As we do not have direct contractual relationships with sub-distributors, they place orders for our products in our sales fair through our distributors. The principal terms of the sub-distribution agreements entered into between our distributors and their sub-distributors such as, brand image and promotion and our standardized nationwide pricing policy, are generally consistent with the terms of the distribution agreements entered into between us and our distributors. Moreover, our distributors are required to procure their sub-distributors to operate in compliance with our sales policies pursuant to the distribution agreements and our distributors and their sub-distributors shall be jointly liable for all our damages and losses caused by their misconducts. Our distributors are also required to notify us within seven days upon signing the sub-distribution agreements with their sub-distributors. In addition, our prior approval is needed to open each retail outlet of the sub-distributors. By allowing the engagement of sub-distributors by our distributors, we are able to directly manage a smaller number of distributors. We believe that this strategy enables us to focus more on assisting our distributors to improve their operation of retail outlets and manage them more efficiently.

As of December 31, 2010, 2011 and 2012 and June 30, 2013, there were 283, 393, 391 and 387 sub-distributors engaged by 27, 28, 37 and 36 distributors, respectively. The increase in the number of sub-distributors from 2010 to 2011 was primarily due to our strategic plan to expand our distribution network to cover a wide geographical area and increase our market penetration by leveraging the resources and local networks of sub-distributors. The number of sub-distributors decreased from December 31, 2011 to December 31, 2012 and further to June 30, 2013 primarily due to closings of retail outlets operated by certain sub-distributors. Many of these sub-distributors operated only one retail outlet for our products, and they ceased to be sub-distributors following the closings of the retail outlets. These retail outlets, in turn, closed primarily due to (i) low sales efficiency or (ii) the inability of sub-distributors to secure locations on similar terms when the lease or department store concessionaire agreements expires. We have also selected three and ten sub-distributors with good sales and operating track record to become our distributors in 2011 and 2012, respectively, based on the same evaluation criteria we use for our

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distributors. As of December 31, 2010, 2011 and 2012 and June 30, 2013, we had 637, 965, 958 and 915 Cabbeen branded retail outlets in our distribution network, of which 455, 683, 557 and 540 were operated by sub-distributors. The following table sets forth changes in the number of sub-distributors during the period indicated:

	Year ended December 31,			Six months ended June 30,
	2010	2011	2012	2013
Sub-distributors as of January 1	187	283	393	391
Newly appointed	113	151	75	38
Terminated.....	17	41	77	42
Sub-distributors as of December 31/ June 30	283	393	391	387

Sub-distributors that terminate their business relationships with their distributors are generally allowed to continue to sell our products at their retail outlets. In the case where sub-distributors are terminated upon closure of their retail outlets, the respective distributors in charge of such sub-distributors typically take back all residual inventories of the sub-distributors. Such distributors then sell these residual inventories either at their own retail outlets or re-allocate to other sub-distributors under them.

Sales Fairs and Purchase Orders

We generally hold sales fairs for our distributors and their sub-distributors to present our new collections. We currently organize sales fairs four times a year for Cabbeen Lifestyle brand and Cabbeen Chic sub-brand and twice a year for our Cabbeen Urban brand. During the sales fairs, we typically engage male models to present our new collections and our designers will introduce the concept of the new collections, product mix, the production techniques, fabric used and the theme of our advertising campaigns to our distributors and their sub-distributors. Our designers also provide our distributors and their sub-distributors with ideas about the current and future trends of the menswear industry in general. We also assist our distributors and their sub-distributors to place initial orders based on their historical performance and local end customers' preference. In addition, we provide general training at our sales fairs and the sales fairs also allow our distributors and their sub-distributors to share operating knowledge and provide feedback from their retail outlets. We also hold award ceremonies for a variety of our incentive programs during our sales fairs to recognize the outstanding performance of our distributors and their sales personnel to motivate them and enhance their loyalty to us.

We collect orders from our distributors primarily at our sales fair four times a year under our Cabbeen Lifestyle brand and Cabbeen Chic sub-brand and twice a year under our Cabbeen Urban brand. We allow our distributors to place purchase orders for our new collections at the sales fairs directly in our information management system. Our sales team generally assists our distributors to make purchase orders for our new collections by making recommendations on product mix, size range, purchase quantities and display set-up based on each distributor's preferences, with an objective to maintaining our brand image and theme of the current collection. Sub-distributors are also invited to attend our sales fairs with their distributors and are allowed to place orders for our products directly in our information management

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system under the guidance and review of their distributors. After our distributors submit their purchase orders for both their own retail outlets and retail outlets operated by their sub-distributors, we then conduct the final analysis and review, and determine the production schedule and scale for each of our products and place our orders with our selected OEMs for mass production. We sell products to our distributors at our wholesale selling price which represents a discount from our retail selling prices.

Pricing

Our profitability depends in part on the market positioning of our brands and products. In order to maintain our price competitiveness and sales volume, we review our retail pricing strategy regularly and make adjustments based on the following factors:

- procurement costs of our products;
- historical data of sales of our products;
- the characteristics of our products;
- the expected profit margin of our individual product;
- the price of our competitors' products; and
- the degree of saturation of the current market, anticipated market trends and expected changes of demand from end customers.

The retail price range of our products is typically determined by our headquarters. All retail outlets are required to follow our nationwide retail pricing policy pursuant to the terms of the distribution agreements entered into by us and our distributors. Sub-distributors are also required to adhere to our nationwide retail pricing policy. Our products are sold to our distributors at an annual pre-determined discount to suggested retail prices. The amount of pre-determined discount to the suggested retail price varies among our distributors depending on the historical performance of and our annual evaluation on a particular distributor.

Retail Outlets for Our Products

We generally seek to open shopping mall outlets in high-end shopping malls and establish concessions in large and well-known department stores in selected prime locations in the cities where our products are sold. The street shops under our brand are primarily located in central business districts with high levels of pedestrian traffic flow, which typically attract frequent visits by our target end customer base.

Street shops

Street shops are the most established sales channel in our distribution network. Street shops under our Cabbeen Lifestyle brand and Cabbeen Urban brand are individual stores located in prime commercial areas or pedestrian streets with high traffic volume and consumer spending power. Our branded street

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shops have an average floor area of 137 sq.m. They have large display areas and are free-standing, which allow our distributors and their sub-distributors more flexibility to carry out our promotional activities. As of June 30, 2013, we had 413 Cabbeen branded street shops. Among them, there were 386 street shops under our Cabbeen Lifestyle brand and 27 street shops under our Cabbeen Urban brand, all of which were operated by our distributors or their sub-distributors except for one self-operated street shop under our Cabbeen Urban brand.

Department store concessions

Our distributors and their sub-distributors lease concession space for display and sale of our products in major department stores across China. The department store concessions have an average floor area of 110 sq.m. As of June 30, 2013, we had approximately 386 concessions in 30 provinces and over 300 cities in China with the majority located in prime commercial locations in most of the provincial capital cities. Among them, there were 366 department store concessions under our Cabbeen Lifestyle brand and 20 department store concessions under our Cabbeen Urban brand, all of which were operated by our distributors or their sub-distributors.

Shopping mall outlets

Our Cabbeen Lifestyle and Cabbeen Urban shopping mall outlets are independent stores in large shopping malls with an average floor area of 145 sq.m. Shopping mall outlets' wide-ranging product portfolio under each of our Cabbeen brands, premium locations and effective market promotion have attracted large end customer volumes. As of June 30, 2013, we had 116 Cabbeen branded shopping mall outlets, all of which were operated by our distributors or their sub-distributors except for one self-operated shopping mall outlet under our Cabbeen Urban brand. Among them, there were 90 shopping mall outlets under our Cabbeen Lifestyle brand and 26 shopping mall outlets under our Cabbeen Urban brand.

Management of Retail Outlets

Location

We believe that location selection is critical to the success of the operation of retail outlets in our distribution network. As a result, all of our distributors and their sub-distributors are required to obtain our prior approval to open new retail outlet. Retail outlets in our distribution network are typically located in large and well-known department stores or shopping malls as well as in flourishing business districts. In accordance with our handbook of retail outlet selection we provide to our distributors, we specify the general criteria of the locations where they may open retail outlets for our products. We typically consider the following factors when selecting a location to establish a new retail outlet:

- proposed location of the retail outlets and the shopping patterns and spending power of the target end customers;
- analysis of the population density and growth, and development potential;
- geographical location;

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- competition in the surrounding area of the proposed location; and
- estimated initial capital investment, investment payback period and rate of return on investment.

Design and appearance

Each of our Cabbeen Lifestyle and Cabbeen Urban branded retail outlets are characterized by a distinctive store identity as we believe each of these two brands has a unique and defining culture and end customer base. We also aim to create a comfortable and uniform shopping environment for our end customers by adopting a set of visual standards of different styles and using design elements and facilities with modern feeling. The design, space planning and display layout of retail outlets for our brands follow visual system guidelines set by our headquarters and are readjusted every season based on the featured themes. Under the guidelines, all the retail outlets for each brand must present a consistent visual image, particularly through the design and color of the products, shop set up, merchandise, window and model display, and sales personnel uniforms.

Self-Operated Retail Outlets

Beginning in December 2012, we have started to establish a small number of self-operated retail outlets in selected regions primarily as model stores to enhance our brand recognition, demonstrate our standards for store appearance and provide guidance to distributors in brand promotion and retail management. We believe that these model stores, along with our other efforts, would help to further improve and unify our brand image at the retail level.

There are certain potential risks associated with self-operated retail outlets. Our management team members do not have sufficient prior experience directly operating retail outlets, and they may have to divert their attention from our other daily operations to retail management matters. In addition, we incur expenses and capital expenditures for our self-operated retail outlets, including rental for the premises, utilities and cost of display furniture and fixtures for them, and we maintain inventories for our self-operated retail outlets, all of which put pressure on our cash flows.

To manage these risks, we plan to expand our self-operated retail outlets in a phased and well-paced manner. We intend to open self-operated retail outlets initially in Guangdong and nearby provinces, which are close to our corporate headquarters and most concentrated resources, to ensure that we would have adequate support for our first self-operated retail outlets. We intend to open additional self-operated retail outlets gradually and keep the total number of self-operated retail outlets under 30 by the end of 2014 to limit the impact on our cash flows and allow our management to continue to focus on our principal operations. Before we open a self-operated retail outlet in a geographical market, we discuss with our distributor covering that market to avoid potential competition. In our selection of the premises for our self-operated retail outlet as model stores to enhance our brand recognition, demonstrate our standards for store appearance and provide guidance to distributors in brand promotion and retail management, we would seek to complement and not duplicate the coverage of retail outlets operated by our distributors and their sub-distributors.

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We have established two self-operated retail outlets in Guangdong province, where our corporate headquarters are located, as of the Latest Practicable Date. As of June 30, 2013, there were 111 retail outlets operated by our distributors and their sub-distributors in Guangdong province. We incurred an average of approximately RMB2.5 million in initial set-up cost for each self-operated retail outlets, including store decoration, furniture, computer equipment, inventory and staff and other operating costs. We used our working capital to fund the establishment of these retail outlets. We currently expect that the payback period for initial set-up costs for the majority of our self-operated retail outlets to be two to four years. We also expect to open a small number of self-operated retail outlets in premium commercial locations, which may incur higher rental costs but at the same time are expected to have broader advertising effect and raise our profile. For these self-operated retail outlets, we expect to achieve positive operating cashflow within four years but does not currently have any planned payback period for the initial setup costs. We have currently entered into two lease agreements with shopping malls or their designated property management companies, which generally include the following principal terms:

- *Initial deposit* — We are required to pay initial deposits to shopping malls or their designated property management companies before entering into shopping malls. The amount of this deposit is usually three months of the agreed rent. Initial deposit is refundable after the termination of the lease agreement provided that there is no event resulting in deduction of such deposit pursuant to relevant agreement.
- *Renovation and maintenance* — we are typically required to obtain approval from the designated property management companies of shopping malls for design and layout of our shopping mall retail outlets before we commence renovation. We are responsible for the renovation costs of our shopping mall retail outlets and are required to comply with certain realty management policies or guidelines.
- *Rent and other operating expenses* — We are required to settle the payment of rent and other relevant operating expenses including property management fees and utilities with the designated property management companies on a monthly basis.
- *Arrangement of payment settlement* — We generally collect payment directly from end customers upon their purchases. With regard to our self-operated shopping mall outlet, we are required to collect payment from the shopping mall, which first collects the payment made by cheque or bank cards from end customers. The shopping mall then arranges for payment to us within the pre-agreed payment period.
- *Duration* — The lease agreement generally has a term of up to two years.
- *Termination* — The lease agreement can generally be terminated upon its expiration or mutual agreement between us and shopping malls. In certain circumstances, the shopping malls are entitled to terminate the lease agreements if we fail to pay for the rent and other operating expenses within 20 days or fail to meet certain sales targets.

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MARKETING AND PROMOTION

We believe that an effective marketing and promotion strategy is imperative in building our brand. As Mr. Yang, our founder, chairman and Executive Director, becomes more well-known in the PRC fashion industry, he has received increased media attention from fashion and design-related media and television programs and hence has become the icon of our Cabbeen brands. Moreover, our marketing and promotion activities such as VIP programs, advertising campaigns and fashion shows enable us to help raise our brand profile and increase awareness of our brand and lifestyle concepts. We ensure that each of our activities is tailored to the image of the brand being promoted. We also maintain direct in-store marketing to tie into such marketing and promotion activities. Through the use of consistent product displays, window displays, furnishings and style at our Cabbeen branded retail outlets in connection with our marketing and promotion activities, we seek to increase the consumers' awareness of our brands. We believe in-store marketing is effective as retail outlets in our distribution network are located in strategically positioned locations in department stores, shopping malls and business districts with heavy consumer traffic. In 2011, we used television commercials for advertising. In 2012, we ceased using television commercials and relied on various other means of advertising, which were less expensive and we believe more effective for our target consumer groups. Our brand promotion and marketing division is responsible for understanding the brand position and make appropriate sales and marketing plan. As of June 30, 2013, we had 15 employees in our brand promotion and marketing division.

The following are our main promotional activities:

VIP Program

To promote loyalty of our end customers and stimulate sales, we cooperate with our distributors and their sub-distributors on our nationwide VIP program. Membership in our VIP program enables our end customers to receive SMS notification of new collections, special promotions and discounts, invitation to our promotional events, fashion shows and special discounts during their birthday month. We also encourage our distributors to design and provide their own local value-added services to our VIP end customers, for instance, providing personalized end customer services such as free alteration and dry-cleaning of their purchased apparels. Each of our end customers receives a VIP point card tied to one of our brands when our end customer makes a certain amount of purchase of our products. The VIP membership of our Cabbeen Lifestyle brand can be upgraded to a silver VIP membership after spending RMB3,000, and a gold VIP membership after spending RMB8,000, at retail outlets for our Cabbeen Lifestyle products. The VIP membership of our Cabbeen Urban brand can be upgraded to a silver VIP membership after spending RMB4,000, and a gold VIP membership after spending RMB10,000, at retail outlets for our Cabbeen Urban products. Each level of VIP membership gives the member privileges specific to that VIP membership level. For example, we regularly send notification to our VIP point members of our new product releases and sales events. Our VIP members are entitled to special discounts during their birthday month, and our silver and gold VIP members are generally entitled to 10% and 15% discounts, respectively, when they purchase our products. We also send our own fashion magazine, Cabbeen Vision (賓視) and product catalog, to our gold VIP members every quarter to keep them updated on our product development and new release. As of June 30, 2013, we had approximately 575,000 VIP members. Our VIP cards are generally valid for two years. Our VIP point card holders will lose their accumulated points if they are unable to achieve our silver VIP membership status prior to the expiration of their membership. Our silver and gold VIP memberships can be automatically renewed for another two

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years from the last purchase date prior to the expiration of their silver or gold VIP membership cards. However, our silver and gold VIP members will lose their previously accumulated points upon the renewal of their membership cards. Further, our silver and gold VIP members will lose their status if they have not made any purchase within the two years of their membership.

Our advanced management information systems enable us to conduct surveys of our VIP end customers in different regions regularly and perform detailed analysis of their age, professions, consumer behavior and spending habits. Consumer data generated from our VIP end customers provide important reference in the promotion of our brand and the design and improvement of our products. We have a separate VIP system for each of our Cabbeen Lifestyle brand and Cabbeen Urban brand, and we take into consideration the differences in the profiles and consumer preferences among these target end customer groups in determining the VIP system guidelines and customized services we provide to our VIP members under each of our brands. We also communicate our survey results and analysis with our distributors to assist them in understanding the preferences of our VIP end customers.

Advertising Campaigns

We generally organize our advertising campaigns with the release of our seasonal collections for our brands. We believe these advertising campaigns, which we organize and manage internally on an individual basis for each brand, are important to each brand's image. We ensure that our advertising campaigns embrace the characteristics of our brand image and reflect the lifestyle concepts behind our brands. We appear in popular fashion magazines, such as BAZAAR MEN (《時尚芭莎男士》) and Men's Style (《魅力先生》). During the Track Record Period, we ran television commercials on national television networks such as Hunan TV (湖南衛視). We also place various indoor and outdoor advertisements in department stores and shopping malls to promote our products and brand image. We also occasionally create large advertising platforms which are run in conjunction with our other marketing and promotion activities. For example, in 2012, we created a series of advertising campaigns throughout China to celebrate our 15-year anniversary in the fashion industry. In accordance with our slogan "see the world from a different angle" (換個角度看世界), we made a mini-movie and used advertisement balloons, large campaign displays, product giveaways, memorial souvenir badges, special edition apparels and a collection of classic apparel from our 15-year anniversary distributed through our authorized distribution network.

Website, Microblog and Other Social Media Outlets

We focus on promotional activities through new media, which suits the lifestyles of our target consumer groups. Consumers can access our official company website (www.cabbeen.com) and Sina microblog (www.weibo.com/cabbeen) (新浪微博) to obtain more information about our brands, store locations, latest products and promotional events. We have also created a mini-movie (微電影) for our Cabbeen brand entitled "Maple Street No. 33" (楓樹街33號), which tells the story of a Chinese fashion designer and the origin of our Cabbeen brand. "Maple Street No. 33" (楓樹街33號) for our 15-year anniversary celebration was shown on video websites such as Youku (優庫網) and Qiyi (奇藝網) in June 2012 and advertising preview and promotional materials for the mini-movie was also displayed in retail outlets throughout our authorized distribution network.

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Fashion Shows

We are regularly invited to organize fashion shows during fashion industry events to showcase our Cabbeen collections, such as China International Fashion Week (中國國際時裝週) and West Taiwan Strait International Fashion Week (海西國際時裝週). We organized our first fashion show in 2002 at Beijing International Hotel (北京國際飯店) in Beijing. In 2004, our fashion show themed “Cabbeen, Cabbeen” was broadcasted live on the French television channel Fashion TV. We were also the first Chinese designer brand to be invited to attend in the New York Fashion Week in 2007. We have generally organized fashion shows to launch our new seasonal collections during China International Fashion Week during the past ten years. We believe that fashion shows represent one of our key communication channels to reach our end customers, and the effective presentation of our Cabbeen collections at the fashion shows is an important part of our brand development strategy.

In general, we organize two fashion shows every year and attend various fashion weeks. In addition to these regular fashion shows, we may also hold special fashion show events as part of our publicity and communications strategy. We devote a considerable amount of attention to the execution of each fashion show. For each fashion show, our founder, chairman and chief designer, Mr. Yang, selects a theme for the fashion show which reinforces the lifestyle concepts behind each of our brands as well as the spirit of the new collections. Several of our departments, including our design and research and development team and brand promotion and marketing division, are actively involved with the preparation of the fashion show to ensure that the design, set-up, layout, lighting, music and all other components of the show work together to capture the audience’s attention on the showcase collection and to effectively communicate our seasonal design theme.

We invite local celebrities, designers, media and members of the fashion industry to attend our fashion shows in order to generate stronger media coverage of our fashion shows. We may also organize some events in combination with our fashion shows in order to strengthen our relationship with our end customers and the fashion industry. We believe that fashion shows are good opportunities for us to deliver a powerful presentation of the styles and designs embodied in our collections and our brands. Our fashion shows typically capture the attention of the fashion industry and the general media, such as CCTV (中央電視台), fashion.ifeng.com (鳳凰網時尚) and Yoka.com (Yoka時尚網).

Sponsorship

We periodically sponsor large scale events. For example, between August 2010 and December 2010, we sponsored the Guangzhou regional of “Creative Star” (創意星空), a talent show organized by CCTV-6 to discover talented fashion designers and provide them with opportunities in the fashion and movie industries. We are also the sponsor for the Chinese Basketball Association (中國籃球男籃職業聯賽) 2011-2012 and 2012-2013 seasons. These events allow us to promote our brands through product placements.

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Seasonal Events

In addition, we require our distributors and their sub-distributors to actively participate in the seasonal promotional events held by department stores, shopping malls and business districts where our Cabbeen branded retail outlets are located. Such promotions generally entail price reductions storewide and are typically held during holidays, new product release and change of seasonal collections. We also allow our distributors and their sub-distributors offer discounts on select products during promotional periods which usually take place at the end of each season.

For the years ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2013, our advertising and promotion expenses were approximately RMB7.1 million, RMB44.9 million, RMB19.2 million and RMB4.2 million, respectively, representing approximately 2.4%, 5.0%, 2.0% and 1.3% of our revenue, respectively.

PRODUCTION OUTSOURCING AND PROCUREMENT

We currently outsource the production of all of our products to domestic OEMs. We believe that this strategy allows us to reduce the amount of fixed assets we carry on our balance sheet and generate higher returns on our assets. In addition, our management are able to focus on the portion of the value chain that we consider would deliver most value to our business, namely brand promotion, design, marketing, quality control, and managing our relationships with suppliers, distributors and end customers. In this process, we are able to reduce our asset base while enhancing our efficiency in the use of our capital and human and other resources.

Our Production

Prior to March 2012, we manufactured part of our apparel products at our production facilities in Shishi, Fujian province. For the years ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2013, apparel products that were manufactured by us at the Shishi production facilities accounted for approximately 35.9%, 19.0%, 2.4% and nil of all our products. In 2011, we sold the buildings, land and construction-in-progress on which our production facilities were located to Junyuan Development, a company wholly-owned by Mr. Yang. In February 2012, we sold our manufacturing equipment, raw materials and products in progress to Shishi Haoyu, an Independent Third Party. After February 2012, we ceased all self-production of our products. Please refer to the paragraph headed “Our History and Development” under the section of “History and Corporate Structure” for details of the disposals of our production facilities.

Production Outsourcing

Following the disposal of our manufacturing business in February 2012, we outsourced the production of all our apparel, footwear and accessory products under our Cabbeen brands to various domestic OEMs who are engaged for the entire production process. Our purchases of products from our OEMs amounted to RMB147.1 million, RMB484.9 million, RMB537.8 million and RMB188.3 million, representing approximately 63.9%, 80.0%, 96.1% and 98.6% of our total cost of sales for the years ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2013, respectively. As of June 30, 2013, we engaged 64 OEMs to manufacture our goods, all of whom are Independent Third Parties. Our

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major OEMs are enterprises with extensive experience in the production of men's apparel, footwear and accessories with advanced manufacturing facility and technologies, some of which also possess experience of providing OEM services to internationally-recognized brands, so they are familiar with the requirements associated with designers' brands, such as unified brand image, brand culture, attention to details and superior quality. We have on average more than four years of relationship with our top five OEMs and seven years of relationship with one of our top five OEMs. We did not experience any labor strikes of or disputes with our OEMs during the Track Record Period.

We carefully select our OEMs and require them to satisfy certain evaluation and assessment criteria. We carefully evaluate their overall track record, financial strength, experience, reputation, ability to produce high-quality products and quality control effectiveness. We also conduct annual evaluation of our existing OEMs to identify and remove unqualified OEMs from our approved list of OEMs. In addition, we generally require our OEMs to keep confidential of any of our commercial secrets known or used during our cooperation period. Our OEMs shall be liable for all our financial losses if such OEMs disclose our commercial secrets to any other third party under any circumstances without our prior consent. We are also entitled to terminate our purchase agreements with such OEMs and claim back all payments we made to such OEMs pursuant to the purchase agreements.

We closely work with our OEMs in respect of creating apparel samples, finalizing production specifications, determining production schedules and setting up cost control plans. We also specify requirements for the quality of raw materials procured for their production. The turnaround time from placing our orders with OEMs to product delivery varies from approximately three to six months depending on our pre-determined production schedules with our OEMs and the release time of our new styles in batches throughout each season. Set out below are the material terms of the framework purchase agreements we generally enter into with our OEMs:

- *Quality* — OEMs are generally required to procure raw materials, manufacture and package our products in accordance with national standards and our guidelines. Our OEMs are not allowed to sub-contract their work to other third parties without our prior written approval. OEMs are required to provide quality inspection reports issued by Fujian Institute of Fiber Inspection (福建纖維檢驗所) or Guangzhou Fiber Product Testing Institute (廣州市纖維產品檢測院) on raw materials they procured and quality inspection reports by a third-party quality inspection institution designated by us on finished products. We also periodically despatch order handling and quality control staff to inspect the production process. OEMs are required to obtain our approvals upon our inspection of the product samples before a volume production can be taken place.
- *Price, types and quantities* — We generally enter into purchase contracts with OEMs before each volume production takes place. The purchase contracts typically set out the price, types and quantities for each of our products required.
- *Delivery* — OEMs are generally required to deliver the finished products to our designated warehouse.

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- *Payment* — We are generally required to pay 0% to 30% of our total contract value as an initial deposit four months prior to the delivery of our pre-ordered products. We shall pay the remaining amount upon receiving the tax invoices from and confirming the quality and quantity of the finished products delivered by OEMs.
- *Product defects* — OEMs are generally liable for damages and losses in connection with the quality of the supplied products that occur within one year of product delivery and within three months of product sold to end customers upon presenting the tax invoices. We are entitled to request OEMs to unconditionally refund the purchase price paid for the defective products within one year after we receive such products.
- *Term* — The framework purchase agreements generally have a term of one year.
- *Termination* — We reserve the right to terminate the framework purchase agreement with OEMs for their delay or failure in product delivery, defective products, non-compliance with our production guidelines.
- *Confidentiality and non-competition* — OEMs are obligated to keep confidential of any of our intellectual properties and/or trade secrets known or used by such OEM, and to not disclose or pass the same to any other third party under any circumstances pursuant to the framework purchase agreements. Our OEMs are required to use the labels imprinted with our brand logo provided by us or our designated suppliers and are required not to use the residue without our authorization. Neither we or OEMs are permitted under the framework purchase agreements to hire employees from the other party during the term of these framework purchase agreements and within three years after the termination of these framework purchase agreements.
- *Anti-bribery* — We also require OEMs to sign anti-bribery sub-agreements when they enter into framework purchase agreements with us. These anti-bribery sub-agreements impose obligations on both OEMs and us to comply with certain PRC laws and regulations in relation to unfair competition and anti-bribery. We are entitled to terminate the framework purchase agreements with OEMs for their non-compliance with the terms of the anti-bribery sub-agreements.

We have engaged Shishi Haoyu as one of our OEMs after we sold our manufacturing equipment, raw materials and products in progress to it as we believe it would be familiar with our production requirements and standards. Shishi Haoyu also agreed to retain all of the employees responsible for our previous production at the time of disposal and has been responsible for the payment of salaries and other associated employee benefits to these employees since then. Our Directors confirm that all of our transactions with Shishi Haoyu since they purchased our manufacturing facilities in February 2012 have been conducted on an arm's length basis.

Our five largest OEMs to whom we outsource accounted for approximately 57.4%, 42.9%, 51.8% and 48.4% of our total purchase of outsourced products for the years ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2013, respectively. Our largest OEM to whom we outsource accounted for approximately 17.8%, 15.1%, 22.3% and 18.6% of our total purchase of outsourced products for the years ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2013, respectively. For the year ended December 31, 2010, one of our top five OEMs was our connected person, namely Shishi

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Cabbeen Trading Co., Ltd.* (石獅市卡賓貿易有限公司) (“Shishi Cabbeen”). In 2010 and 2011, Shishi Cabbeen was our sourcing agent and procured finished garment products from third-party manufacturers for us. Shishi Cabbeen was owned as to 80% by Mr. Ziming Yang, our Controlling Shareholder, and 20% by Mr. Rongqin Ke, one of our Executive Directors before May 14, 2013. Shishi Cabbeen ceased its business relationship with us in 2011. Except for Shishi Cabbeen, none of our Directors, their associates, or any shareholders who, to the knowledge of our Directors owns more than 5% of our issued share capital, had any interest in any of our top five OEMs to whom we outsource, during the years ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2013.

Raw Materials

Prior to the end of February 2012, we manufactured part of our apparel products at our production facilities in Shishi, Fujian province. In 2011, we sold the buildings and land on which our production facilities were located and we subsequently disposed of our manufacturing equipment, raw materials and products in progress in February 2012. As a result, after February 2012, we ceased all production of our products and contractual relationships with a majority of our raw material suppliers. We believe that we had good relationships with our raw material suppliers during the Track Record Period and we will keep working with some of them in the future to develop new raw fabrics for our products.

As of June 30, 2013, we still maintained engagements with 80 raw material suppliers to procure a small amount of raw materials for our OEMs to manufacture products under our Cabbeen Chic sub-brand as well as to make sample apparel for its own design, research and development purpose. We also typically require our OEMs to procure raw materials from these raw material suppliers. In addition, we cooperate with certain raw material suppliers to develop fabrics and print technology for our products.

Our total cost of raw materials accounted for approximately 19.4%, 11.3%, 0.9% and nil of our total cost of sales for the years ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2013, respectively. For the years ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2013, our purchases of raw materials and finished goods from related persons of our Group represented 14.2%, 0.1%, nil and nil of our total purchases of raw materials and finished goods, respectively. Our raw material suppliers are responsible for the transportation costs incurred for delivering raw materials to our designated warehouse. Our Directors confirmed that we had not incurred any shortage of supply in raw materials during the Track Record Period.

Quality Control

We believe that our commitment to quality control is one of the principal factors contributing to our success. We have established a strict quality control system and a set of quality standards. All of our safety standards for the inspection of our products are based on relevant national standards and industry standards, such as GB/T24001-2004 – ISO14001:2004 Standard, and are updated according to any changes of such national and industry standards.

Our quality control process starts early in the design and research and development stage when we carefully examine the functionality and quality of raw materials to be used for manufacturing. We then provide the technical specifications of our new products to our OEMs for them to produce product samples for our review and further modification if necessary. Once we had made sure that the samples properly

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reflect our original design concepts and can be replicated on an industrial scale in a cost-effective way, production specifications of final designs, including detailed specifications and requirements in respect of production, product quality standards, risk control in respect of manufacturing, inspection and packaging are provided to our OEMs. Volume production by our OEMs will only commence upon our approval. We arrange for our quality control staff members to carry out spot checks of semi-finished products at the production facilities of our OEMs. After the manufacturing process, the finished products shall be delivered to our warehouse, and our quality control staff generally conducts random sample tests at our quality control workshops before packaging and admission to the warehouse. For defective products that need to be returned to our OEMs, we require our OEMs to remove any tags that have our trademarks or logos on and return them to us. Our OEMs are required to seal and keep the defective products in safe for one year before further handling. Our Directors confirm that there were no material product recalls, major complaints against our products. For the year ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2013, sales returns represented approximately 0.5%, 0.9%, 0.5% and 0.5% of our total revenue, respectively.

We comply with relevant PRC consumer protection laws with respect to policies on the return of merchandise. Our sales team is also trained to deal with any complaints that may arise from end customers, including the verification of any alleged defects in the merchandise.

MANAGEMENT INFORMATION SYSTEMS

We believe that a well-implemented information system is important in improving our efficiency in administering and operating our business. We maintain a comprehensive ERP system which integrates the internal and external management information across various aspects of our business operations, including procurement, inventory management, quality control, sales, financial management, distribution, human resources and end customer management. Our management information systems also enable us to administer and supervise our fast-growing and nationwide authorized distribution network of street shops, department store concessions and shopping mall outlets operated by our distributors and their sub-distributors.

We require each retail outlet carrying our products to install the POS system upon establishment. In 2009, we began to develop a centrally-administered ERP management information system, which became operational in August 2011. Beginning in August 2011, all of retail outlets in our distribution network are equipped with our ERP system which enables our headquarters and sales regions to analyze and record sales details and to track inventory on a timely basis. Through the ERP system, sales information from each retail outlet is collected and uploaded to the host system of the respective sales region as well as our headquarters. It is designed to provide comprehensive coverage of various aspects of our business, including product cataloging, supply chain management, purchase orders, sales, procurement, logistics, inventory management, branch office management, retail sales management, business data analysis and decision-making support.

Our ERP system is centered around the AFS, Retail, BW, EWM system and HR sub-systems designed by SAP, the international market leader in enterprise application software, and also includes POS, a retail and end customer management system designed and customized in-house by us. The SAP-developed sub-systems and our POS system are linked under our ERP system for smooth data exchange and integration. Our AFS system is an enterprise application designed specifically for the apparel and footwear

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industry. We use the AFS to standardize our business operating process and integrate business and financial data. Our AFS provides the basic information management platform upon which our other information systems are built. We use the Retail system to manage our distributors and their sub-distributors and unify our brand operation standard. Our Retail system is directly connected to our distributors and their sub-distributors' systems and we track and monitor the purchases, sales and inventories of our distributors and their sub-distributors through the Retail system. We provide the Retail system and the POS system free of charge to all of our distributors and their sub-distributors, and require each distributor and sub-distributor to install them and upload management data relating to logistics, retail sales and inventory to our BW system for analysis. We then use the BW system to analyze these data when required. Our BW system enables us to establish a uniform data and financial reporting system and better understand the sales performance, revenue generated, sales productivity levels and VIP purchasing ratio from each of our branded retail outlets so that we can quickly implement strategies in response to market conditions. Timely feedback of data from distributors and sub-distributors allows us to make our sales forecasts and provide purchase guidance to distributors in a more reliable and efficient manner. These data also enable us to provide guidance to distributors to reallocate inventories among distributors, lower the inventory level in our distribution network and improve the efficiency of our distribution network. Based on our guidance, our distributors can also conduct their own promotion events to reduce their inventories. As the Retail system provides linkage between us and all of our distributors and their sub-distributors, it also helps us implement our operating guidelines and maintain a unified brand culture.

Our information systems enable us to gather information on consumer purchases, monitor consumer preferences, make timely assessments regarding market trends, and improve our designs and plan for our product portfolios of the new collections. In addition, we use VMS to manage our VIP customers under our Cabbeen brands. Our VMS enables us to gather information on personal details and consumer preferences of our VIP customers. We also monitor and review their purchase patterns and records in order to determine our corresponding marketing and promotional events offered and customer services provided to our VIP customers.

Our retail management teams and regional sales managers monitor each distributor's sales revenue every day through our ERP system, review and analyze each distributor's sales by product category each week and send a sales report to each distributor each month with analysis of their sales performance, rank among all distributors within the same sales region, areas for improvement and recommendations. We believe these comprehensive operational data generated by our ERP system enable us to provide clear guidance to and create healthy competitions among our distributors.

To improve our operational efficiency and ensure effective coordination among various aspects of our business, we intend to further enhance our management information systems. We intend to focus on developing an advanced system for supply chain management, which would enable us to connect the key links in our value chain in one integrated management information system platform, strengthen the cooperation among our suppliers, enhance the competitiveness of our products and shorten the time-to-market of our products. In addition, we plan to continue to upgrade the Retail system in our ERP system to enhance our distribution network management. We plan to introduce additional management information systems to further improve the efficiency of our business operations, such as the BI system to analyze our business data, the product life cycle management system to manage our design and research and development, the vendor coordination system for our supply chain management, the E-Learning training system for the training of retail personnel and the budget management financial planning system

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to enhance our cost control. In the past we have primarily relied on distributors to gather feedback on our promotional events from end customers. With our planned call center, we expect to communicate directly with end customers, especially the VIP members, on a more regular basis. We believe the enhanced management information systems will enable us to record details of sales, monitor and optimize our SKUs, track our inventories and analyze consumer behavior and market trends in a more effective manner, which in turn will improve the communication and coordination among various links in our value chain and improve our overall operational efficiencies. We also believe that further enhanced management information systems will help us obtain and process market data on an expedited basis, support our decision-making process in product design and development, and further reduce the time-to-market of our new products.

INVENTORY CONTROL AND LOGISTICS

We recognize that controlling the level of inventory is important to our overall operational efficiency and cost control. Based on the purchase orders our distributors place at our sales fairs, we are able to anticipate the demand for our products in advance and plan ahead for the orders we will be required to place with our OEMs. Prior to the implementation of our ERP system in August 2011, we required our sales personnel to gather sales data at the retail level through communications with our distributors and visiting their retail outlets. We then used such sales data together with purchase orders made by our distributors as reference in making business decisions. Beginning in August 2011, we also began to collect sales data from retail outlets operated by our distributors and their sub-distributors and generate analytical reports at regular intervals using our ERP system after our centrally-administered ERP management information system became fully operational. We track transaction patterns of retail outlets, the purpose of which is mainly to allow us to gather with information regarding consumer preferences and enables us to make timely assessments on market trends.

We closely monitor inventories of our distributors, including inventory levels, inventory age and inventory composition. In the case that certain retail outlets have excess inventory due to the change of market conditions, we liaise with our distributors and facilitate the re-allocation of inventories between different retail outlets on a case-by-case basis. To further minimize the risk of building up aged inventories, it is our policy that our distributors regularly review the obsolescence of inventories based on the expected future sale ability and the age of the inventories. We also conduct spot checks and physical stock counts at retail outlets of our distributors to identify obsolete or damaged goods. As we closely control our outsourcing production and procurement in line with our expected sales to distributors, we generally have low levels of aged inventories. Following the commencement of operations of our self-operated retail outlets in January 2013, we have implemented inventory policies for our self-operated retail outlets. We formulate inventory guidelines for each self-operated retail outlet based on its sales forecast, expansion plans, promotional events and current sales. We make a provision for inventory when the amount of realization value is lower than the book value.

In order to assist our distributors to maintain adequate liquidity and manage their inventories efficiently, we generally allow them, with our prior approval, to rent a booth in special sales events organized by department stores or shopping malls to sell out-of-season products. Certain of our major distributors are also allowed to establish a small number of regular discount outlets in their designated geographical regions in the form of street shops, department store concessions or shopping mall outlets. In addition, we have authorized one online distributor (“online distributor”) since January 2009 to sell our

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distributors' out-of-season products online either to end customers directly or to online platforms who then resell them to end customers through consignment arrangement. In general, we regularly provide our distributors' inventory information to the online distributor and the online distributor is responsible for further liaison and negotiation with our distributors to purchase their out-of-season stock for resale online. We require our distributors to obtain our prior approval before entering into sales and purchase agreements with the online distributor, but we do not review or approve the terms of these agreements. Beginning in 2011, we also occasionally sell our out-of-season products to the online distributors under special circumstances. For example, our distributors purchased additional products from us in 2011 in anticipation of new retail outlets to be opened, which were not opened as of December 31, 2011 due to various factors including changing market conditions and market strategies. As a result, we sold part of these additional products pre-ordered by our distributors in 2011 to the online distributor in 2012 as part of our inventories. Our sale of out-of-season products to the online distributor was immaterial for each of the years ended December 31, 2011 and 2012 and the six months ended June 30, 2013, respectively.

In addition, we adopted a series of adjustments and measures in 2011 and 2012 in view of the weaker consumer demand and rising inventory levels in our industry that began in the second half of 2011. To help our distributors lower their inventory levels, we reduced their purchase orders for our 2012 summer collections. Further, we discussed with our distributors at sales fairs for our 2012 autumn and winter collections and 2013 spring and summer collections to manage their purchase orders at lower levels in line with the industry condition at the time. We also postponed the introduction of our 2013 spring collection in order to allow more time for distributors and sub-distributors to sell their out-of-season products in January 2013 during the pre-Chinese New Year peak sales season. As a result of these adjustments and measures, our revenue decreased by 20.7% to RMB335.4 million for the six months ended June 30, 2013 from RMB423.2 million for the six months ended June 30, 2012. In 2013, we have seen a decrease in the total inventory level of out-of-season products in our distribution network and expect it to continue to decrease due to the adjustments and measures we have taken. We plan to continue to monitor inventory at retail level and target to maintain reasonable and healthy inventory level.

We currently lease one warehouse in Shishi, Fujian province, with a total site area of approximately 5,403.7 sq.m. Our leased warehouse is strategically located in the same region in which a majority of our raw material suppliers and OEMs are located. Raw materials supplied by our raw material suppliers are delivered to our warehouse for later production at our raw material suppliers' own cost and risk. All of the finished products supplied by our OEMs are delivered directly to our warehouse for our products to be reallocated among retail outlets. We deliver our products to retail outlets operated by our distributors or our self-operated retail outlets through third-party logistics companies which bear the risks and losses associated with the delivery of our products. As of June 30, 2013, we engaged six logistics companies in the PRC, all of which are Independent Third Parties, and we did not experience any material loss in the delivery of our products during the Track Record Period. Beginning in 2012, we began to use EWM system, a management information system also developed by SAP, to better facilitate our logistics management in our warehouse by standardizing warehouse operating process, increasing logistics efficiency and usable space and further reducing labor input.

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AWARDS AND RECOGNITION

Our brands, products and our founder, chairman and chief designer, Mr. Ziming Yang, have won various awards and recognitions in the PRC since 2004, as evidenced by the following awards and certificates:

Year	Award/Certificate	Awarding Body
2013.....	The Cabbeen brand was recognized as a “Leading Chinese Apparel Designer Brand”* (規模最大的服裝設計師品牌)	China Fashion Association (中國服裝設計師協會)
2013.....	Mr. Ziming Yang won the “2012 Innovation Figure of China Textile Industry”* (2012 中國紡織行業年度創新人物)	China National Textile and Apparel Council (中國紡織工業聯合會)
2012.....	The Cabbeen brand won the “2012 Product Development Contribution Award”* (2012年度中國紡織工業聯合會產品開發貢獻獎)	China National Textile and Apparel Council (中國紡織工業聯合會)
	The Cabbeen brand won the “2012 Annual Fashion Brand Award”* (2012年度時尚品牌獎) at China International Fashion Week (中國國際時裝週)	China International Fashion Week Organizing Committee (中國國際時裝週組委會)
2011.....	The Cabbeen Chic brand won the “2011 Annual Menswear Design Award” (2011年度男裝設計獎) at China International Fashion Week (中國國際時裝週)	China International Fashion Week Organizing Committee (中國國際時裝週組委會)
2010.....	The Cabbeen brand was accredited as “Well-known Trademark in China” (中國馳名商標)	State Administration for Industry and Commerce of the PRC (國家工商行政管理總局)
2010.....	The Cabbeen brand was accredited as the “Most Internationalized Chinese Menswear Brand” at 2010 China New Men’s Fashion Design Exhibition (2010年中國式新男裝設計展最具國際風範獎)	China Fashion Association (中國服裝設計師協會); Beijing Garment and Textile Association* (北京服裝紡織行業協會)
2010.....	Mr. Ziming Yang won the “14 th China Fashion Design Top Award” (第14屆中國時裝設計金頂獎)	China Fashion Association (中國服裝設計師協會)

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Year	Award/Certificate	Awarding Body
2010.....	Mr. Ziming Yang was accredited as “2010 Outstanding Young Fashion Designer of Asia” (2010年度亞洲傑出青年時裝設計師)	Six Committees of Asia Fashion Federation — China, Japan, Korea, Singapore, Thailand and Vietnam (亞洲時尚聯合會 — 中國、日本、韓國、新加坡、泰國和越南)
2009.....	The Cabbeen brand was accredited as “2009 Most Valuable Chinese Designer Brand”* (2009年度中國最具市場價值設計師品牌) at China (Guangzhou) International Fashion Week 2009 (2009中國(廣州)國際時尚週)	China’s Fashion Industry Research Center* (中國時尚產業研究院); Southern China Fashion Federation Committee* (南國時尚品牌聯盟委員會); China (Guangzhou) International Fashion Week Organizing Committee* (中國(廣州)國際時尚週組委會)
2009.....	The Cabbeen brand was accredited as “China’s Casual Wear Apparel — Most Influential Brand” (中國休閒服裝 — 最具影響力品牌獎)	Chinese national Commerce Information Center* (中華全國商業信息中心); China’s Textile Economics Research Center* (中國紡織經濟研究中心); China’s Casual Wear Apparel Exhibition (China, Shaxi) Organizing Committee* (中國休閒服裝博覽會(中國•沙溪)組委會)
2009.....	Mr. Ziming Yang won the “2009 Best Menswear Designer Award” (2009年度最佳男裝設計師) at China International Fashion Week (中國國際時裝週)	China International Fashion Week Organizing Committee (中國國際時裝週組委會)
2009.....	Mr. Ziming Yang won the “2009 China Fashionista Award”* (2009年第六屆中國(廣州)時尚風雲人物) at China (Guangzhou) International Fashion Week 2009 (2009中國(廣州)國際時尚週)	China’s Fashion Industry Research Center* (中國時尚產業研究院); Southern China Fashion Federation Committee* (南國時尚品牌聯盟委員會); China (Guangzhou) International Fashion Week Organizing Committee* (中國(廣州)國際時尚週組委會)
2007-2008	The Cabbeen brand won the “Innovative Award” at 2007-2008 China’s Apparel Brand Award (2007-2008中國服裝品牌年度大獎創新大獎)	China Fashion Association (中國服裝協會) - China’s Apparel Brand Organizing Committee (中國服裝品牌年度大獎組委會)

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Year	Award/Certificate	Awarding Body
2007.....	The Cabbeen brand won the Bronze Prize of “2007 China Youth Most Favorite Apparel Brand”* (2007中國青年最喜愛的服裝品牌紅幫銅獎) at the 4th China Youth Fashion Week (中國青年服裝時尚週)	The 4th China Youth Fashion Week Organizing Committee (中國青年服裝時尚週組委會)
2007.....	The Cabbeen brand won the “Best Menswear Design” for 2007 (2007年度最佳男裝設計) at China International Fashion Week 2007 (2007年中國國際時裝週)	China International Fashion Week Organizing Committee (中國國際時裝週組委會)
2006.....	The Cabbeen brand was accredited as “2006 Most Fashionable Menswear Brand in Southern China” (2006年度南國最具時尚男裝品牌) at 2006 Southern China Annual Fashion Awards (2006年南國時尚年度大獎)	Southern China Fashion Federation Committee* (南國時尚品牌聯盟委員會); China (Guangzhou) International Fashion Week Organizing Committee* (中國(廣州)國際時尚週組委會)
2006.....	Mr. Ziming Yang was accredited as “Outstanding Chinese Mentor”* (華人傑出名師勳章) at 2006 Southern China Annual Fashion Awards (2006年南國時尚年度大獎)	Southern China Fashion Federation Committee* (南國時尚品牌聯盟委員會); China (Guangzhou) International Fashion Week Organizing Committee (中國(廣州)國際時尚週組委會)
2005-2008	The Cabbeen brand was accredited as “Fujian Province Famous Brand” (福建省名牌產品)	Fujian Provincial People’s Government (福建省人民政府)
2005-2008	The Cabbeen brand was accredited as “Well-known Trademark in Fujian Province” (福建省著名商標)	Identification Committee of “Well-known Trademark in Fujian Province” (福建省著名商標認定委員會)
2004.....	Mr. Ziming Yang was accredited as one of the “China Top Ten Fashion Designers” (中國十佳時裝設計師) at China’s International Fashion Week (中國國際時裝週)	China Fashion Association (中國服裝設計師協會)
2004.....	Mr. Ziming Yang was accredited as Prix Jeune Styliste* (最具潛質時尚服裝設計師) at Pierre Cardin China Grand Prix (中國皮爾•卡丹風華盛典)	Pierre Cardin China Grand Prix Committee (中國皮爾•卡丹風華盛典組委會)

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OUR CUSTOMERS

As of June 30, 2013, our five largest customers were all our distributors and Independent Third Parties. They were all primarily engaged in the business of sales of apparel and other related products. We have more than two years of relationship on average with our top five customers and over five years of relationship with one of our top five customers. Our five largest customers accounted for approximately 48.9%, 54.9%, 35.9% and 43.1% of our total revenue for the years ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2013, respectively, while our largest customer accounted for approximately 13.7%, 21.8%, 10.1% and 11.9% of our total revenue for those respective periods. We generated over 10% of our revenue from three, one, one and one customers for the years ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2013, respectively. The amount of sales to these customers amounted to approximately RMB111.5 million, RMB194.1 million, RMB94.6 million and RMB40.0 million for the years ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2013, respectively.

For the year ended December 31, 2010, two of our top five customers were our connected persons, namely Shangahi Binshi Garment Development Co., Ltd.* (上海賓視服飾發展有限公司) (“Shanghai Binshi”) and Guangzhou Fenghaisi Trading Co., Ltd.* (廣州市風海斯貿易有限公司) (“Guangzhou Fenghaisi”). Shanghai Binshi is owned as to 55% by Mr. Yang, our Controlling Shareholder, 16% by Mr. Dongliang Tian, one of our Executive Directors, and 29% by an Independent Third Party. Shanghai Binshi ceased its business relationship with us and also ceased to conduct business altogether in 2012. The retail outlets previously operated by Shanghai Binshi were gradually transferred to an Independent Third Party in the first quarter of 2012 upon the expiration of the concession or lease agreements with the department stores or shopping malls for these retail outlets. Such Independent Third Party was initially a sub-distributor of Shanghai Binshi and subsequently became our distributor upon the cessation of our business relationship with Shanghai Binshi. The remaining products of these retail outlets were either sold at these retail outlets, or the retail outlets of the successor, or special sales booth in department stores of shopping malls. Guangzhou Fenghaisi was previously owned as to 89% by Mr. Yang and 11% by Mr. Dongliang Tian. On April 16, 2010, Mr. Yang and Mr. Dongliang Tian transferred their entire equity interests to two Independent Third Parties. Guangzhou Fenghaisi has remained as our distributor and an Independent Third Party since then. Our sales to Guangzhou Fenghaisi accounted for approximately 13.3%, 1.2%, 2.5% and 1.9% of our revenue for the years ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2013, respectively. For the years ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2013, our sales of products to related persons of our Group represented 11.4%, 3.4%, nil and nil of our total sales, respectively. None of our Directors, senior management or any person who, to the knowledge of our Directors, owns more than 5% of our issued share capital or any of our subsidiaries, or any of their respective associates, had any interest in any of our top five customers, for the years ended December 31, 2011 and 2012 and the six months ended June 30, 2013.

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RISK MANAGEMENT MEASURES

We currently do not have written risk management policies and guidelines. Our board of Directors meets periodically to assess the risks we face and formulate measures to manage the risks. The following table sets out some of the primary risks relating to our business and our existing risk management measures:

<u>Risk Identified</u>	<u>Our Risk Management Measures and Procedures</u>
Protection of product design	<ul style="list-style-type: none">• We require our designers to sign confidentiality and non-competition agreements upon joining us.• We have in place security measures at our sales fairs, such as:<ul style="list-style-type: none">— We only allow sales personnel of distributors and sub-distributors to attend sales fairs with our invitations, and we check their identification documents upon arrival.— All product catalogs used at our sales fairs are printed in black and white to prevent imitation.— We do not allow voice or video recording or anyone to take our product catalogs away with them when they leave our sales fairs.
Working capital management	<ul style="list-style-type: none">• We closely monitor the aging profile of our trade and bills receivables and take follow-up measures to ensure timely collection.• We perform monthly budgeting and review to ensure adequate liquidity to meet our payment obligations.• We maintain a minimum cash reserve level to fulfill our working capital requirements for at least six months.
Stable supply of products and raw materials	<ul style="list-style-type: none">• We require all of our OEMs to sign confidentiality and non-competition agreements and anti-bribery sub-agreements when they enter into framework purchase agreements with us.• We have also established internal standards to select and evaluate our OEMs.• We generally engage two or more OEMs to secure adequate supply for every category of our products so that we do not overly rely on any single OEM for any type of products as well as to avoid any production disruption or delay in product delivery.

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There are various other risks relating to our business and industry. For further details, please refer to the section headed “Risk Factors” in this prospectus.

CORPORATE GOVERNANCE

We established a corporate governance committee on October 8, 2013. The corporate governance committee will be responsible for, among other things:

- developing and reviewing our policies and practices on corporate governance and making recommendations to our board;
- reviewing and monitoring the training and continuous professional development of our Directors and senior management;
- reviewing and monitoring our policies and practices on compliance with legal and regulatory requirements;
- ensuring that we maintain sound and effective internal controls, including financial, operational and risk management functions, to safeguard shareholders’ investment and our assets.

For further details of our corporate governance, please refer to “Board Committees — Corporate Governance Committee” in the section of “Directors and Senior Management” and section headed “Relationship with our Controlling Shareholders” in this prospectus.

COMPETITION

The PRC market for menswear is a highly competitive field, but the demand for mid-to-high end menswear products has been growing steadily in recent years, in line with economic growth in the PRC. We face competition from several international brands and domestic manufacturers of fashion casual menswear in our regional markets, such as Jack & Jones, Zuoan, GXG and Mark Fairwhale. We believe that we compete on the basis of brand image, design, product mix, quality, price, end customer service and the breadth of our distribution network. For a description of some of the risks associated with the competition we face, see “Risk Factors — Risks Relating to Our Business and Our Industry — We operate in a very competitive market. If we fail to compete effectively, our market share and profit margins may decline.”

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EMPLOYEES

As of June 30, 2013, we had total of 398 full-time employees in the PRC and Hong Kong. The following table set forth a breakdown of our employees by department as of June 30, 2013:

	<u>Number of employees</u>
Management and administration, finance and enterprise planning	125
Product design and research and development.....	113
Sales and marketing	81
Procurement, logistics and quality control.....	<u>79</u>
Total	<u><u>398</u></u>

Welfare Contributions

Under the relevant PRC laws and regulations, we are required to contribute to social insurance funds for our employees. During the Track Record Period, we did not make all contributions to the social insurance fund for some of employees in our production site located in Shishi city, Fujian province due to practical difficulties in making contributions for employees with short-term employment and high turnover rate.

For our unpaid contribution to the social insurance funds accrued prior to the effectiveness of *The Social Insurance Law of the PRC* (中華人民共和國社會保險法) on July 1, 2011, relevant authorities may require us to pay the outstanding amount within a prescribed time limit. If we fail to make the overdue contribution within such time limit, an additional late payment penalty at daily rate of 0.2% of the outstanding amount may be imposed. For our unpaid contribution to the social insurance funds accrued after July 1, 2011, relevant authorities may require us to pay the outstanding amount within the prescribed time limit with an additional late payment penalty at the daily rate of 0.05% from the due date. If we fail to make the overdue contribution within such time limit, the relevant authorities may also impose a fine on us equal to an amount between 100% and 300% of the total amount of the overdue contribution.

We have also received a confirmation letter from the local government authorities stating that we have made all requisite contributions to the social insurance funds in a timely manner. Our PRC legal advisors, Jingtian & Gongcheng, is of the view that the risks of local government authorities demanding outstanding payments or imposing any penalty on us are low. As of the Latest Practicable Date, we have not received any notification from any government authorities alleging that we had not fully contributed to the social insurance. We have made provisions for accrued but unpaid social insurance, which amounted to RMB4.7 million as of June 30, 2013.

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Remuneration

We incurred staff costs of approximately RMB43.7 million, RMB90.5 million, RMB65.3 million and RMB28.3 million for the years ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2013, respectively, representing 14.9%, 10.2%, 6.9% and 8.4%, respectively, of our revenue for those periods.

We review the performance of our employees annually, the results of which are used in his or her annual salary review and promotion appraisal. In order to attract and retain valuable employees and remain competitive in the labor market, we also conduct research on the remuneration packages that are offered by other companies in the same industry.

Our senior management are also entitled to participate in our Pre-IPO Share Option Scheme, details of which are more fully set out in Appendix V to this prospectus. We believe that by offering our key employees a shareholding stake in us, we are aligning their interests with that of ours, thereby providing our key employees with additional incentives to improve our performance.

We consider our relationship with our employees to be good. We have not experienced any strikes, work stoppages or significant labor disputes in the past and have not experienced any significant difficulties in recruiting or retaining qualified staff.

Training

We are committed to employee development and have implemented various programs for the development of our employees. All our newly recruited employees are required to participate in training programs to learn basic information about our culture and brands and the skills needed in his or her particular job. We also place particular importance on the training of sales personnel in retail outlets operated by our distributors and their sub-distributors. In addition, to support the professional development of our management team members and employees, we provide continuous learning and career development opportunities, such as Executive MBA programs at Lingnan College of Sun Yat-Sen University. We believe that such training equips them with skills and knowledge to provide uniform and better service to our end customers.

INTELLECTUAL PROPERTY RIGHTS

Patents

In order to protect our intellectual property rights, we have obtained 23 registered patents in China for new types of fabrics and clothing configurations that we developed.

Trademarks and Other Intellectual Properties

As of the Latest Practicable Date, we have registered 265 trademarks in the PRC and 41 trademarks in countries and regions outside the PRC for our Cabbeen brands under different classes. As of the Latest Practicable Date, we had also applied for 63 additional trademarks of our Cabbeen brands both in and outside the PRC.

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We have also entered into employment contracts, confidentiality agreements, non-compete agreement and cooperation agreements, with our research and development personnel and parties we cooperate with in research and development activities to protect our intellectual property rights.

In addition to patented intellectual property rights and trademarks, we rely on know-how and processes and other intellectual property rights in our operations. For further details of the intellectual property rights of the Group, please see the paragraph headed “Further Information about our Business — Intellectual Property Rights of our Group” in Appendix V to this prospectus. For risks associated with our intellectual property rights, please see “Risk Factors — Risks Relating to Our Business and Our Industry — We may not be able to adequately protect our intellectual property rights, which could harm our brand and our business”.

PROPERTIES

As of the Latest Practicable Date, we did not own any properties. As of June 30, 2013, we leased 16 properties with various structures with an aggregate gross floor area of approximately 18,875.4 sq.m. located in the PRC. Our leased properties include a warehouse used for the storage of our products with a total gross floor area of approximately 5,403.7 sq.m. and an office use by Cabbeen China with a total gross floor area of approximately 2,070.3 sq.m. from Junyuan Development, all of which are located in Shishi city, Fujian province. We have also leased ten office units in the same building used by Cabbeen Guangzhou and Guangzhou Zixi with a total gross floor area of approximately 8,482.0 sq.m., one floor in a building for our design, research and development center with a total gross floor area of approximately 1,702.0 sq.m. in Guangzhou, Guangdong province from two Independent Third Parties and warehouse spacing with a total gross floor area of approximately 929.0 sq.m. located in Shishi city, Fujian province from Junyuan Development. Since December 2012, we have established two self-operated retail outlets under our Cabbeen Urban brand. As a result, we have also leased two properties with a gross floor area of approximately 122.1 sq.m. and 166.3 sq.m., respectively.

According to section 6(1) of the Companies Ordinance (Exemption of Companies and Prospectus from Compliance with Provisions) Notice, this prospectus is exempted from compliance with the requirements of section 38(1) of the Companies Ordinance in relation to paragraph 34(2) of the Third Schedule to the Companies Ordinance, which require a valuation report which respect to all our company’s interest in land or building, since we do not self-own any properties.

ENVIRONMENTAL AND SAFETY MATTERS

We are subject to PRC environmental laws and regulations, which include the Environmental Protection Law of the PRC, Law of the PRC on the Prevention and Control of Water Pollution, Law of the PRC on the Prevention and Control of Atmospheric Pollution, Law of the PRC on the Prevention and Control of Pollution From Environmental Noise and Law of the PRC on the Prevention and Control of Environmental Pollution by Solid Waste. These laws and regulations govern a broad range of environmental matters, including air pollution, noise emissions and water and waste discharge.

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Though our Directors have confirmed that our business operation does not involve substantial creation of pollutants and our operation is not subject to any material environmental risk as we have disposed all of our production facilities in February 2012, we still consider the protection of the environment to be important and to ensure our compliance with all applicable environmental laws and regulations. We will continue to ensure compliance with applicable environmental laws and regulations by (i) providing relevant training to our staff (including but not limited to provide training to our Directors in respect of the compliance with PRC environmental laws and regulations); (ii) enforcing internal rules on environmental protection; and (iii) immediately reporting to and coordinating with competent authorities in the event that any incident or non-compliance arises.

We have also made continuous efforts to monitor the compliance of the relevant PRC environmental laws and regulations by our OEMs. For instance, we normally require our OEMs to obtain certificates and accreditations in relation to environmental protection and occupation health such as ISO quality management system certificate, ISO environmental management system certificates and occupational health and safety management system certificates, or written undertakings from our OEMs that they will comply with the relevant PRC environmental laws and regulations. We also arrange our quality control staff to conduct routine on-site inspections of our OEMs from time to time to monitor their working environment and their compliance of the relevant PRC environmental laws and regulations.

INSURANCE

Our insurance coverage includes personal insurance for our employees, property and car insurance. We generally do not maintain product liability insurance for our products, which is in line with the general practice in the PRC. During the Track Record Period, we did not receive any material claim from end customers or consumers relating to any liability arising or relating to the use of our products.

LITIGATION AND LEGAL COMPLIANCE

As of the Latest Practicable Date, we were not involved in any litigation, arbitration or claim of material importance, and no litigation, arbitration or claim is known to our Directors to be pending or threatened by or against us, that would have a material and adverse effect on our results of operations or financial condition.

As of the Latest Practicable Date, our PRC legal advisers, Jingtian & Gongcheng, and our Directors have confirmed that we have complied with applicable PRC laws and regulations in all material aspects, and have obtained all material licenses, approvals, permits and certificates from appropriate regulatory authorities for our business operations in the PRC.

During the Track Record Period, we made advances to third party enterprises without entering into any agreements. These advances were unsecured, interest-free and had no fixed repayment terms. According to our PRC legal advisers, Jingtian & Gongcheng, such advancing activities between enterprises did not comply with certain provisions of the Lending General Provisions (貸款通則) promulgated by the PBOC in 1996. According to the Lending General Provisions (貸款通則) in a case where enterprises engage in borrowing and lending without authorization, the PBOC may impose a fine on the lending party in an amount equal to one to five times of the illegal proceeds generated from the lending activity, and concurrently, invalidate such lending activity. Our PRC legal advisers, Jingtian & Gongcheng, are of the

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view that, as we (i) did not receive any interest income from the lending activities; and (ii) had settled our advances to the third party enterprises in December 2012, the risk of the PBOC imposing any penalty on us is low. Our Directors confirm that we will not continue such lending activities to third party enterprises after the Listing.

During the Track Record Period, our Group has failed to comply with certain requirements of Companies Ordinance, a summary of which is set out as follows:

Event of non-compliance	Reason for the non-compliance	Rectification action taken and latest status	Legal consequence and financial impact including potential maximum penalty	Measures to prevent future breach and ensure on-going compliance
<p>Cabbeen Investments, Cabbeen International and Ziming Limited (collectively, the “Hong Kong Subsidiaries”) held annual general meeting or adopted a sole shareholder’s written resolution in lieu of annual general meeting each year during the Track Record Period. However, the director of the Hong Kong Subsidiaries, namely, Mr. Ziming Yang, did not lay the accounts of the respective companies before any of the annual general meetings held by the relevant companies or provide the accounts of the respective companies to their shareholders before or at the same time as the respective written resolutions were provided to the relevant shareholders, contrary to the requirements of sections 111 and 122 of the Companies Ordinance.</p>	<p>The occurrence of the non-compliance was primarily due to the unfamiliarity of the director with the relevant rules and regulations under Hong Kong laws, his reliance on the then company secretary and the insufficient advice on the relevant requirements provided by the then company secretary.</p>	<p>The non-compliance had already been rectified as of the Latest Practicable Date.</p> <p>Application was made to the High Court of Hong Kong by each of the Hong Kong Subsidiaries on February 28, 2013 for an order to extend the period of nine months to lay the respective accounts before the respective companies to within 28 days from the date of the relevant court orders or such a date as the court may think fit. Such orders was granted by the High Court of Hong Kong on March 14, 2013.</p> <p>On April 11, 2013, each of the Hong Kong Subsidiaries held a general meeting in accordance with the aforesaid court orders, at which the respective accounts were laid before the respective companies.</p>	<p>As maximum penalty for non-compliance with section 111 of the Companies Ordinance, the company and each officer of the company who is in default shall be liable to a fine of HK\$50,000.</p> <p>As maximum penalty for non-compliance with section 122 of the Companies Ordinance, each director of the company shall be liable to a fine of HK\$300,000 and, if the court is of the opinion that such offence was committed willfully, a 12-month imprisonment.</p> <p>No provision has been made in the consolidated financial statements of our Group as the non-compliance with the Companies Ordinance have been rectified as of the Latest Practicable Date.</p>	<p>To avoid future occurrence of the non-compliance, our Company intends to engage Hong Kong legal advisors to continue to provide legal advice to us after the Listing and keep us updated about our on-going obligations and duties under the relevant laws of Hong Kong. After the Listing, we also plan to engage Hong Kong legal advisors to provide training to our Directors on the latest development of various compliance matters that relate to us including the Listing Rules and the Companies Ordinance, from time to time, as and when needed.</p>

Measures to prevent recurrence of non-compliance

In order to continuously improve our corporate governance and to prevent recurrence of non-compliance in the future, our Group intends to adopt or have adopted the following measures:

- (1) we have established a corporate governance committee on October 8, 2013, comprising Mr. Siu Keung Ng, Mr. Qiang Wei, Mr. Yung Kwok Tsui and Mr. Ming Shu Leung with Mr. Siu Keung Ng as the chairman of the corporate governance committee, to ensure the effectiveness of corporate governance and system of internal controls of our Group;

BUSINESS

- (2) we have established an internal audit department led by Mr. Qiang Wei, our executive Director primarily responsible for our daily operation and legal affairs, to, among other responsibilities, assess and manage the risks associated with our operation from time to time to ensure due compliance of laws, rules and regulations applicable to our Group;
- (3) we have also designated Ms. Lai Wah Wong (our chief financial officer and our company secretary), who is experienced in compliance issues of a listed company in Hong Kong, to assist our Board to ensure due compliance of laws, rules and regulations applicable to our Group in Hong Kong;
- (4) we will provide our Directors, senior management and employees with training regarding the legal and regulatory requirements applicable to the business operations of our Group from time to time;
- (5) we will appoint external Hong Kong and PRC legal counsel to advise us on compliance with the Listing Rules and the applicable laws and regulations in Hong Kong and the PRC, respectively.

Views of our Directors and the Joint Sponsors

On the basis of the preventive measures mentioned above, our Directors are of the view that we have adequate internal control procedures in place for the purpose of Rule 3A.15(5) of the Listing Rules. Furthermore, having considered the facts and circumstances leading to the non-compliance incidents as disclosed in this section and our Group's internal control measures to avoid recurrence of these non-compliances, our Directors are of the view that these past non-compliance incidents do not affect their suitability to act as directors of a listed issuer under Rules 3.08, 3.09 and 8.15 of the Listing Rules, and the suitability for listing of our Company under Rule 8.04 of the Listing Rules.

The Joint Sponsors concur with the Directors that the occurrence of the non-compliance incidents were principally due to the lack of knowledge of and familiarity with the applicable legal requirements rather than any material deficiencies in the Group's internal control system. As part of the listing process, the Directors have undergone directors' training and have also engaged Hong Kong and PRC legal advisers to advise them on applicable legal or regulatory requirements. In addition, after making enquiries of the management of the Company and interviewing its internal control consultant regarding the Group's internal control system, nothing has come to the Joint Sponsors' attention that the Company's enhanced internal control measures are inadequate and ineffective under Rule 3A.15(5) of the Listing Rules. The Joint Sponsors are of the view that these past non-compliance incidents do not affect the suitability of the Directors under Rules 3.08, 3.09 and 8.15 of the Listing Rules, and the suitability for listing of the Company under Rule 8.04 of the Listing Rules.

CONNECTED TRANSACTIONS

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

Certain members of our Group have entered into the following transactions (the “Leases”) with a party who is a connected person of our Company and the Leases will continue after the Listing, thereby constitute continuing connected transactions of our Group under the Listing Rules. The Leases will be exempt from the independent shareholders’ approval requirements but are subject to the reporting and announcement requirements set out in Rules 14A.45 to 14A.47 of the Listing Rules, the annual review requirements set out in Rules 14A.37 to 14A.40 of the Listing Rules and the requirements set out in Rules 14A.35(1) and 14A.35(2) of the Listing Rules. A summary of these non-exempt continuing connected transactions is set out below:

Type of Transaction	Term	Applicable Listing Rule	Waiver Sought
1. Lease of warehouse between Cabbeen China and Junyuan Development	From the Listing Date to December 31, 2015	Rule 14A.34(1)	Announcement requirement
2. Lease of office between Cabbeen China and Junyuan Development	From the Listing Date to December 31, 2015	Rule 14A.34(1)	Announcement requirement
3. Lease of storage area between Cabbeen Guangzhou and Junyuan Development	From the Listing Date to December 31, 2015	Rule 14A.34(1)	Announcement requirement

CONNECTED PERSON

The relevant connected person, with whom certain members of our Group have entered into the exempted continuing connected transactions, is Junyuan Development. As at the Latest Practicable Date, Junyuan Development is wholly-owned by Mr. Ziming Yang, our Controlling Shareholder and an executive Director of our Company. Accordingly, being an associate of Mr. Yang, Junyuan Development is thus a connected person of our Company.

Lease Agreements entered into by Cabbeen Guangzhou and Cabbeen China with Junyuan Development

Background of the Leases

As set out in the section headed “History and Corporate Structure — Our History and Development” in this prospectus, in order to focus the Group’s resource on key stages of the product life cycle, we disposed of certain buildings, land and construction-in-progress at its production facilities site to Junyuan Development in 2011 and leased back from Junyuan Development certain premises located in Shishi city, Fujian province, for use as office and storage since November 2011. We intend to continue to lease these premises after the Listing. Accordingly, Cabbeen China and Cabbeen Guangzhou have entered into the Leases with Junyuan Development for the lease of these premises.

CONNECTED TRANSACTIONS

Lease of warehouse between Cabbeen China and Junyuan Development

On October 8, 2013, Cabbeen China, an indirect wholly-owned subsidiary of our Company, entered into a lease agreement (the “Cabbeen China Warehouse Lease”) with Junyuan Development, pursuant to which, Cabbeen China leased part of the first, second and third floors of a building located at Block 3, Industry Park, Baogai town, Shishi city, Fujian province, PRC, with a total floor area of approximately 5,403.7 sq.m. (the “Cabbeen China Warehouse”), from Junyuan Development for storage purpose at RMB48,633.30 per month. The term of the lease agreement will commence on the Listing Date and will end on December 31, 2015.

Lease of office between Cabbeen China and Junyuan Development

On October 8, 2013, Cabbeen China also entered into another lease agreement (the “Cabbeen China Office Lease”) with Junyuan Development, pursuant to which, Cabbeen China leased an office building located at Industry Park, Baogai town, Shishi city, Fujian province, PRC, with a total floor area of approximately 2,070.3 sq.m. (the “Cabbeen China Office”) from Junyuan Development for office use at RMB22,772.86 per month. The term of the lease agreement will commence on the Listing Date and will end on December 31, 2015.

Lease of storage area between Cabbeen Guangzhou and Junyuan Development

On October 8, 2013, Cabbeen Guangzhou, an indirect wholly-owned subsidiary of our Company, entered into a lease agreement (the “Cabbeen Guangzhou Lease”) with Junyuan Development pursuant to which, Cabbeen Guangzhou leased part of the first and second floors of a building located at Block 3, Industry Park, Baogai town, Shishi city, Fujian province, PRC, with a total floor area of approximately 929.0 sq.m. (the “Cabbeen Guangzhou Storage Area”), from Junyuan Development for storage purpose at RMB8,361.00 per month. The term of the lease agreement will commence on the Listing Date and will end on December 31, 2015.

Historical transaction amounts

The following table sets for the amount of rent paid to Junyuan by the Group during the Track Record Period for the lease of Cabbeen China Warehouse, Cabbeen China Office and Cabbeen Guangzhou Storage Area:

	Year ended December 31,			Six months ended
	2010	2011	2012	June 30,
	(RMB'000)	(RMB'000)	(RMB'000)	2013 (RMB'000)
Lease of the Cabbeen China Warehouse	—	—	644	292
Lease of the Cabbeen China Office.....	—	—	301	137
Lease of the Cabbeen Guangzhou Storage Area	—	—	111	50
Total	<u>—</u>	<u>—</u>	<u>1,056</u>	<u>479</u>

CONNECTED TRANSACTIONS

Annual Caps

Our Directors anticipated that the annual caps for the Cabbeen China Warehouse Lease, the Cabbeen China Office Lease and the Cabbeen Guangzhou Lease for each of the years ending December 31, 2013, 2014 and 2015 are as follows:

	Year ending December 31,		
	2013	2014	2015
	(RMB)	(RMB)	(RMB)
Cabbeen China Warehouse Lease	583,600	583,600	583,600
Cabbeen China Office Lease.....	273,275	273,275	273,275
Cabbeen Guangzhou Lease	100,332	100,332	100,332
Total	<u>957,207</u>	<u>957,207</u>	<u>957,207</u>

Reasons for and benefit of the Leases

By entering into the Cabbeen China Office Lease, Cabbeen China Warehouse Lease and the Cabbeen Guangzhou Lease, the Group will be able to continue to lease the Cabbeen China Office, Cabbeen China Warehouse and the Cabbeen Guangzhou Storage Area, respectively, from Junyuan Development after the Listing to conduct its business operations without the need to relocate the relevant business operations or change the relevant logistics arrangements. Our property valuer, Jones Lang LaSalle Corporate Appraisal and Advisory Limited, advises that the rental rate under each of the Cabbeen China Warehouse Lease, the Cabbeen China Office Lease and the Cabbeen Guangzhou Lease is fair and reasonable and comparable to the current market rents for similar premises in similar location.

Our Directors (including the independent non-executive Directors) are of the view that (i) the Leases have been entered into in the ordinary and usual course of business of our Group, are on normal commercial terms and are fair and reasonable and are in the interests of the Shareholders as a whole; and (ii) the annual caps for each of the Leases are fair and reasonable and in the interest of the Shareholders as a whole.

Implications under the Listing Rules

Having considered that the Cabbeen Warehouse Lease, the Cabbeen Office Lease and the Cabbeen Guangzhou Lease are of the same nature and the relevant counterparty is the same and controlled by the same shareholder, our Directors are of the view that the transactions under such lease agreements shall be aggregated pursuant to Rule 14A.25 of the Listing Rules.

Each of the applicable percentage ratios of the Lease Agreements, on an aggregated basis, is expected to be more than 0.1% but less than 5% and the annual aggregate consideration will be more than HK\$1,000,000. Accordingly, pursuant to Rule 14A.34 of the Listing Rules, the Leases are exempt from the independent shareholders' approval requirements but are subject to the reporting and announcement requirements set out in Rules 14A.45 to 14A.47 of the Listing Rules, the annual review requirements set out in Rules 14A.37 to 14A.40 of the Listing Rules and the requirements set out in Rules 14A.35(1) and 14A.35(2) of the Listing Rules.

CONNECTED TRANSACTIONS

Confirmation from the Joint Sponsors

The Joint Sponsors are of the view that the non-exempt continuing connected transactions stated above (i) have been and shall be entered into in our ordinary and usual course of business and on normal commercial terms; and (ii) the terms and the annual caps are fair and reasonable as far as our Shareholders are concerned and in the interests of our Shareholders as a whole.

APPLICATION FOR WAIVER

As the Leases, which will constitute non-exempt continuing connected transactions upon the Listing, will continue after the Listing on a recurring basis, our Directors consider that strict compliance with the announcement requirement under the Listing Rules would be unduly burdensome and impractical. As such, we have applied for, and have received from, the Stock Exchange a conditional waiver from strict compliance with the announcement requirement as set out in Chapter 14A of the Listing Rules for the said non-exempt continuing connected transactions, subject to the Joint Sponsors and our Directors, including the independent non-executive Directors, confirming that in their views:

- (i) that the transactions under the Leases have been and shall be entered into in the ordinary and usual course of business of the Group, on normal commercial terms that are fair and reasonable and in the interests of the Shareholders as a whole; and
- (ii) that the annual caps for the transactions under the Leases are fair and reasonable and in the interests of the Shareholders as a whole.

If any terms of the transactions under the Leases are altered or if our Company enters into any new agreements with any connected persons (within the meaning of the Listing Rules) in the future, our Company must fully comply with the relevant requirements under Chapter 14A of the Listing Rules unless we apply for and obtain a separate waiver from the Stock Exchange.

In addition, we will comply with all applicable rules as prescribed under Chapter 14A of the Listing Rules unless they are specifically exempted.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

CONTROLLING SHAREHOLDERS

The Controlling Shareholders of our Company are Mr. Ziming Yang and the three investment holding companies wholly-owned by him, namely, Acute Result, Ascend Fame and Prime Ascend. The Controlling Shareholders are entitled to exercise or control the exercise of in aggregate 75% of the voting power at any general meeting of the Company immediately following completion of the Global Offering and Capitalization Issue (assuming the Over-allotment Option is not exercised and without taking into account any Shares which may be issued upon exercise of options granted under the Pre-IPO Share Option Scheme or options which may be granted under the Share Option Scheme).

In addition to the 57.75% voting rights attached to the Shares held by Acute Result and Ascend Fame, Mr. Yang is also entitled to control the exercise of a total of 17.25% voting rights attached to the Shares held by Multiplus International and Keen Network in aggregate by virtue of the two shareholders' agreements both dated July 31, 2012 entered into by and among the shareholders of Multiplus International and Keen Network, respectively, by which Mr. Yang has the right to control the exercise of the voting rights attached to all the issued shares of Multiplus International and Keen Network. The shareholders of Keen Network entered into the shareholders agreement to reflect the principles underlying the Management Shareholders Arrangement among Mr. Ziming Yang and the Management Shareholders before the Corporate Reorganization, such that the Management Shareholders will be indirectly interested in the Shares of the Company with Mr. Ziming Yang being entitled to control and manage Keen Network. Please refer to the section headed "History and Corporate Structure — Our Group Companies — Cabbeen China" for further information about the Management Shareholders Arrangement. The shareholders agreement between the shareholders of Multiplus International reflects the mutual agreement and arrangement between the shareholders of Multiplus International, being Mr. Ziming Yang and Ms. Liting Ke, the spouse of Mr. Ziming Yang, that Mr. Ziming Yang is entitled to control and manage Multiplus International for the purpose of efficient administration and management of Multiplus International.

Immediately after completion of the Capitalization Issue and the Global Offering, the Controlling Shareholders will together control the exercise of voting rights of more than 30% of the Shares eligible to vote in the general meeting of our Company (assuming the Over-allotment Option is not exercised and without taking into account any Shares which may be issued upon exercise of options granted under the Pre-IPO Share Option Scheme or options which may be granted under the Share Option Scheme). Except for their respective interests in Acute Result, Multiplus International, Ascend Fame, Keen Network, Prime Ascend and our Company, the Controlling Shareholders had no interest in any other companies as of the Latest Practicable Date, which (i) held interests in our business during the Track Record Period and ceased to hold such interests after the Corporate Reorganization; or (ii) may, directly or indirectly, compete with our Group's business.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

The related parties of the Group in which Mr. Ziming Yang held equity interests and entered into material related party transactions with our Group during the Track Record Period were as follows:

Name of the related company	Place of incorporation/ establishment	Percentage of interest held by Mr. Yang	Primary business activities as at the Latest Practicable Date
Shanghai Binshi Garment Development Co., Ltd.* (上海賓視服飾發展有限公司)	PRC	55%	Ceased all business operations in 2012 and the company has been deregistered for tax purpose in November 2012
Shishi Cabbeen Trading Co., Ltd.* (石獅市卡賓貿易有限公司) ¹ ("Shishi Cabbeen")	PRC	80%	Wholesales of apparel and ancillary materials for apparel
Shishi City Junyuan Development Co., Ltd.* (石獅市駿源發展有限公司)	PRC	100%	No business operations other than holding of certain land use rights
Zhangzhou Boyue Shoes Co., Ltd.* (漳州市博越鞋業有限公司) ("Zhangzhou Boyue") ²	PRC	90%	No business operations other than holding of certain land use rights
Quanzhou Cabbeen Enterprise Co., Ltd.* (泉州市卡賓實業有限公司) ("Quanzhou Cabbeen")	PRC	100%	No business operations other than holding certain land use rights
Shishi City Xiangyu Development Co., Ltd.* (石獅市翔宇發展有限公司) ("Shishi Xiangyu")	PRC	100%	No business operations other than being the holding company of Fujian Yibin
Fujian Yibin Properties Co., Ltd.* (福建貽賓置業有限公司) ("Fujian Yibin")	PRC	100%	No business operations other than holding certain land use rights
Zhangzhou Cabbeen Clothing Co., Ltd.* (漳州市卡賓服飾有限公司)	PRC	90%	No business operations other than holding certain land use rights
Zhangzhou Yuxuan Apparel Co., Ltd.* (漳州市語軒服飾有限公司) ("Zhangzhou Yuxuan") ³	PRC	90%	No business operations other than holding certain land use rights

Notes:

- Mr. Yang and Mr. Rongqin Ke ceased to hold any equity interest in Shishi Cabbeen since May 14, 2013. Prior to the disposal of the respective equity interests by Mr. Yang and Mr. Rongqin Ke, Shishi Cabbeen was primarily engaged in the trading of fabric and garment materials. In 2010 and 2011, Shishi Cabbeen was our sourcing agent and procured finished garment products from third-party manufacturers for us. Shishi Cabbeen sold finished garment products only to us during the relevant periods.
- Mr. Yang and Mr. Dongliang Tian ceased to hold any equity interest in Zhangzhou Boyue since November 29, 2012.
- Mr. Yang and Mr. Rongqin Ke ceased to hold any equity interest in Zhangzhou Yuxuan since January 15, 2013.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

Name of the related company	Place of incorporation/ establishment	Percentage of interest held by Mr. Yang	Primary business activities as at the Latest Practicable Date
Zhangzhou Kaiyue Sports Products Co., Ltd.* (漳州市凱越體育用品有限公司) (“Zhangzhou Kaiyue”) ⁴	PRC	90%	No business operations other than holding certain land use rights
Guangzhou Fenghaisi Trading Co., Ltd.* (廣州市風海斯貿易有限公司) (“Guangzhou Fenghaisi”) ⁵	PRC	89%	As at the Latest Practicable Date, Guangzhou Fenghaisi was one of our distributors. ⁵
Cabbeen China Technology Limited	Hong Kong	100%	No business operations other than being the holding company of Quanzhou Cabbeen
Enrich Luck Limited	Hong Kong	100%	No business operations
Precise Investment Limited	Hong Kong	100%	No business operations other than being a holding company of Junyuan Development and Shishi Xiangyu
Cabbeen Hong Kong Investments Limited	BVI	100%	Investment in publicly traded shares
Elite Sail Limited	BVI	100%	No business operations other than being a holding company of Precise Investment Limited
Corporate Synergy Limited	BVI	100%	No business operations other than being a holding company of Enrich Luck Limited
Future Leader Investments Limited	BVI	100%	No business operations other than being a holding company of Cabbeen China Technology Limited

As of the Latest Practicable Date, Mr. Yang confirmed that none of the above companies was or will be in competition with the Group’s business.

4. Mr. Yang ceased to hold any equity interest in Zhangzhou Kaiyue since March 7, 2013.

5. Guangzhou Fenghaisi ceased to be a related party since April 16, 2010 after Mr. Ziming Yang and Mr. Dongliang Tian sold their respective equity interests to independent third parties.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

NON-COMPETITION UNDERTAKING OF THE CONTROLLING SHAREHOLDERS

The Controlling Shareholders has entered into the Deed of Non-competition in favor of our Company, pursuant to which the Controlling Shareholders have jointly and severally and irrevocably undertaken with our Company (for itself and for the benefit of its subsidiaries) that it or he would not, and would procure that its or his associates (except any members of our Group) would not, during the restricted period set out below, directly or indirectly, either on its or his own account or in conjunction with or on behalf of any person, firm or company, among other things, carry on, participate or be interested or engaged in or hold (in each case whether as a shareholder, partner, agent, employee or otherwise) any business which is or may be in competition with the business of any member of our Group from time to time (the “**Restricted Business**”).

The above non-competition undertaking does not apply to:

- (a) any interests in the shares of any member of our Group; or
- (b) interests in the shares of a company other than our Group which shares are listed on a recognized stock exchange provided that:
 - (i) any Restricted Business conducted or engaged in by such company (and assets relating thereto) accounts for less than 5% of that company’s consolidated turnover or consolidated assets, as shown in that company’s latest audited accounts; or
 - (ii) the total number of the shares held by the Controlling Shareholders and/or its/his respective associates in aggregate does not exceed 5% of the issued shares of that class of that company and such Controlling Shareholders and/or its/his respective associates are not entitled to appoint a majority of the directors of that company and at any time there should exist at least another shareholder of that company whose shareholdings in that company should be more than the total number of shares held by the Controlling Shareholders and its/his respective associates in aggregate.

The “restricted period” stated in the Deed of Non-competition refers to the period during which (i) the Shares of our Company remain listed on the Stock Exchange; and (ii) in relation to each Controlling Shareholder, the relevant Controlling Shareholder or any of its/his associate still holds directly or indirectly an equity interest in our Company and (iii) the Controlling Shareholders and/or its/his respective associates jointly or severally are entitled to exercise or control the exercise of not less than 30% in aggregate of the voting power at general meetings of our Company.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

CORPORATE GOVERNANCE MEASURES

Our Company will adopt the following measures to manage the conflict of interests arising from the competing business and to safeguard the interests of our Shareholders:

- (a) the independent non-executive Directors will review, on an annual basis, the compliance with the undertaking given by the Controlling Shareholders under the Deed of Non-competition;
- (b) the Controlling Shareholders undertake to provide all information requested by our Company which is necessary for the annual review by the independent non-executive Directors and the enforcement of the Deed of Non-competition;
- (c) our Company will disclose decisions on matters reviewed by the independent non-executive Directors relating to compliance and enforcement of the non-compete undertaking of the Controlling Shareholders under the Deed of Non-competition in the annual reports of our Company; and
- (d) the Controlling Shareholders will make an annual declaration on compliance with their undertaking under the Deed of Non-competition in the annual report of our Company.

INDEPENDENCE FROM THE CONTROLLING SHAREHOLDERS

Having considered the matters described above and the following factors, we believe that our Group is capable of carrying on its business independently of the Controlling Shareholders and its/his respective associates after completion of the Global Offering:

Management independence

Our Board comprises five executive Directors and three independent non-executive Directors. Mr. Ziming Yang, a Controlling Shareholder, is one of our executive Directors and the chairman of the Board.

Save as disclosed above, no other Controlling Shareholder holds any directorship in our Company. Each of our Directors is aware of his fiduciary duties as a Director of our Company which requires, among other things, that he acts for the benefit and in the best interests of our Company and does not allow any conflict between his duties as a Director and his personal interest. In the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Group and our Directors or their respective associates, the interested Director(s) shall abstain from voting at the relevant board meetings of our Company in respect of such transactions and shall not be counted in the quorum. In addition, we have an independent senior management team to carry out the business decisions of our Group independently.

Having considered the above factors, our Directors are satisfied that they are able to perform their roles in our Company independently, and our Directors are of the view that we are capable of managing our business independently from the Controlling Shareholders following the completion of the Global Offering.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

Operational independence

We have independent access to sources of supplies or raw materials for the production of our products as well as independent access to our distributors. We have also established a set of internal control procedures to facilitate the effective operation of our business.

We believe that we are capable of carrying on our business independently of the Controlling Shareholders and its/his respective associates. Our Directors confirmed that our Group will not enter into any transactions of similar nature with our connected persons and its/his associates after the Listing that will affect our operational independence.

Financial independence

Our Group has an independent financial system and makes financial decisions according to our Group's own business needs. Our Directors confirm that all financial assistance, including amounts due to or from, and loans or guarantees provided by our Controlling Shareholders, will be fully repaid or released before the Listing and our Group's accounting and finance functions are independent of our Controlling Shareholders. Our Directors confirm that our Group does not intend to obtain any further borrowing from any of the Controlling Shareholders. Therefore, there is no financial dependence on the Controlling Shareholders.

DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

Our Board of Directors is responsible and has general powers for the management and conduct of our business. Our Board of Directors currently consists of eight Directors, including five executive Directors and three independent non-executive Directors. The following table sets forth information regarding members of our Board.

Name	Age	Position	Date of Appointment	Role and Responsibilities
Mr. Ziming Yang.....	41	Executive Director and Chairman	November 3, 2011	overall corporate strategies, planning and business development
Mr. Siu Keung Ng.....	43	Executive Director and chief executive officer	February 18, 2013	overall corporate planning and strategy execution
Mr. Rongqin Ke.....	38	Executive Director	February 18, 2013	procurement and outsourcing production
Mr. Dongliang Tian...	38	Executive Director	February 18, 2013	product branding and sales
Mr. Qiang Wei.....	39	Executive Director	February 18, 2013	finance, operation and legal affairs and human resource
Mr. Yung Kwok Tsui .	44	Independent Non-executive Director	February 18, 2013	provide inputs to all key decisions of the Group
Mr. Honghui Chen ...	42	Independent Non-executive Director	February 18, 2013	provide inputs to all key decisions of the Group
Mr. Ming Shu Leung	37	Independent Non-executive Director	February 18, 2013	provide inputs to all key decisions of the Group

Executive Directors

Mr. Ziming Yang (楊紫明), aged 41, is the founder of our Group. He is also the chairman of the Board of our Company. He was appointed as an executive Director on November 3, 2011. Mr. Yang has over 20 years of experience in the fashion and retail industry and is primarily responsible for our overall corporate strategies, planning and business development. Mr. Yang first started his fashion and retail business when he established Zian Fashion Shop* (紫安時裝店) in April 1992 to engage in the retail and wholesale business of apparel. In October 1997, Mr. Yang formed Cabbeen Fashion Trading Co. (卡賓時裝貿易公司) (“Cabbeen Trading”), a partnership, and began to design and wholesale our Cabbeen branded apparel. Mr. Yang has over 20 year of experience in design and leads our design and research and development team. He has been one of the most famous designers in China, who won the award for “Best Menswear Designer”* (最佳男裝設計師) at the China International Fashion Week* (中國國際時裝週) in 2009 and “The 14th China Fashion Design Top Award”* (第14屆中國時裝設計金頂獎), which is the top honor in apparel design in China in 2010. Mr. Yang was accredited as “2010 Quanzhou Economic Figure”

DIRECTORS AND SENIOR MANAGEMENT

(2010年度泉州經濟人物) and was the member of the 10th China Young Entrepreneurs Association (第十屆中國青年企業家協會會員) in 2010. In 2011, he was the chairperson of Shishi Youth Chamber of Commerce's Council (石獅市青年商會理事會會長), honorable president of Shishi Textile & Garments Commerce Chamber's Council (石獅市紡織服裝商會理事會名譽會長) and committee member of the 11th Committee of All-China Youth Federation (中華全國青年聯合會第十一屆委員會委員). In 2012, Mr. Yang was the first president of the Fashion Designers' Association of Fujian Province* (福建省服裝設計師協會第一屆會長) and the honorable president of Quanzhou APEC Commerce Chamber's Council* (泉州APEC商務協會名譽會長). In March 2013, Mr. Yang became the consulting professor of Beijing Institute of Fashion Technology (北京服裝學院). In addition, Mr. Yang is currently a member of the standing committee and the arts committee of the China Fashion Designers Association (中國服裝設計師協會) and has been the vice president of the Fashion Designers' Association of Guangdong Province* (廣東省服裝設計師協會副會長) since November 2008. Mr. Yang received his EMBA in Sun Yat-Sen University (中山大學) in June 2011. Mr. Yang is the cousin of Mr. Dongliang Tian (田棟樑) and brother-in-law of Mr. Rongqin Ke (柯榕欽), both of whom are also our executive Directors.

Mr. Siu Keung Ng (吳少強), aged 43, is one of the founding members of our Group and has been appointed as an executive Director of our Company on February 18, 2013. Mr. Siu Keung Ng is primarily responsible for our overall corporate planning and strategy execution and is the chief executive officer of our Group since July 2010. He has also been the general manager of our Cabbeen Lifestyle business division since April 2013. Mr. Ng has over 15 years of experience in various aspects, including business operation, management, sales, procurement, financial and human resource. Being one of the Management Shareholders, Mr. Ng has been with our Group since 1997 when Mr. Yang incorporated Cabbeen Trading. From October 1997 to December 2003, Mr. Ng was the product procurement manager of Cabbeen Trading. From January 2004 to June 2010, Mr. Ng had been the vice manager of Cabbeen China and subsequently, Cabbeen Guangzhou and Guangzhou Zixi, primarily responsible for human resource, legal compliance and financials. Mr. Ng obtained his bachelor's degree in material engineering majoring in forge craft and equipment from Shanghai Jiao Tong University (上海交通大學) in July 1992.

Mr. Rongqin Ke (柯榕欽), aged 38, is one of the founding members of our Group and has been appointed as an executive Director of our Company on February 18, 2013. Mr. Rongqin Ke has been our vice president since July 2010 and is primarily responsible for the procurement and outsourcing production of our Group. He has also been the general manager of our Cabbeen Urban business division since April 2013. Mr. Ke has over 15 years of experience in various aspects, including manufacturing, product design and research and development and procurement. Being one of the Management Shareholders, Mr. Ke has been with our Group since 1997 when Mr. Yang incorporated Cabbeen Trading. From October 1997 to September 1998 and October 1998 to January 2003, Mr. Ke had been the manufacturing and product design and research and development manager of Cabbeen Trading and Shishi Zihua Footwear and Apparel Development Co., Ltd.* (石獅市紫華鞋服發展有限公司) ("Shishi Zihua"), respectively. Shishi Zihua was established by Mr. Yang and Mr. Ke in September 1998 to sell our Cabbeen branded apparel in the PRC. Shishi Zihua was owned as to 60% by Mr. Yang and 40% by Mr. Ke. From January 2004 to June 2010, Mr. Ke had been the vice manager of Cabbeen China and subsequently, Cabbeen Guangzhou, primarily responsible for the manufacturing, product design and research and development, procurement and supply chain. Mr. Ke obtained his diploma certificate in business administration from Hunan University of Technology (湖南工業大學) in January 2008. He is also currently taking his EMBA program at Lingnan College of Sun Yat-Sen University (中山大學嶺南學院). Mr. Ke was accredited as "2011-2012 Top Ten Professional Managers of Apparel Industry in Guangdong Province"* (2011-2012年度廣東省服裝行業十佳職業經理人) in August 2012. Mr. Rongqin Ke is the brother-in-law of Mr. Ziming Yang.

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Mr. Dongliang Tian (田棟樑), aged 38, is one of the founding members of our Group and has been appointed as an executive Director of our Company on February 18, 2013. Mr. Dongliang Tian has been our vice president since July 2010 and is primarily responsible for the product branding and sales of our Group. Mr. Tian has over 15 years of experience in sales and marketing. Being one of the Management Shareholders, Mr. Tian has been with our Group since 1997 when Mr. Yang incorporated Cabbeen Trading. From October 1997 to September 1998 and October 1998 to January 2003, Mr. Tian had been the sales manager of Cabbeen Trading and Shishi Zihua, respectively, primarily responsible for the sales of our Cabbeen branded apparel in Fujian and Zhejiang province. From February 2003 to June 2010, Mr. Tian had been the vice manager of Cabbeen China and subsequently, Cabbeen Guangzhou, primarily responsible for the product sales and branding. Mr. Tian obtained his diploma certificate in business administration from Hunan University of Technology (湖南工業大學) in January 2008. He also completed the “Cabbeen Guangzhou Mini-EMBA” program* (廣州市卡賓服裝有限公司Mini-EMBA課程研修班) at Lingnan College of Sun Yat-Sen University (中山大學嶺南學院) on December 2007. Mr. Dongliang Tian is the cousin of Mr. Yang.

Mr. Qiang Wei (韋強), aged 39, has been the vice president of our Group since July 2010 and was appointed as an executive Director of our Company on February 18, 2013. Mr. Wei is primarily responsible for our finance, operation and legal affairs and human resource of our Group. Mr. Wei has over 15 years of experience in finance and accounting and prior to joining us, Mr. Wei was an accountant in Guangxi Bobai County Foreign Trade and Economic Company* (廣西博白縣對外經濟貿易總公司) from January 1997 to October 1998. He was then worked in the finance department of Guangzhou Complacent Industrial Co., Ltd. (廣州永益有限公司) from November 1998 to October 2002. From April 2003 to March 2004 and from March 2004 to September 2008, Mr. Wei had been the finance manager and finance director, respectively, in Guangzhou Sai De Electrical Equipment Co., Ltd.* (廣州賽德機電設備有限公司) and Foshan U Right Garment Co., Ltd. (佛山佑威服裝有限公司). Mr. Wei joined our Group in December 2008 as the financial director of Cabbeen China and took in charge of the company’s finance. Since July 2010, Mr. Wei has been the vice president of our Group, primarily responsible for the finance of Cabbeen China and Cabbeen Guangzhou. Since September 2012, Mr. Wei has been primarily responsible for the finance, operation, administration and legal compliance of Cabbeen China, Cabbeen Guangzhou and Guangzhou Zixi. Mr. Wei completed a self-taught accounting diploma course in April 1999 held by the Commission of Self-taught Higher Education Examination of Guangxi Zhaung Autonomous Region (廣西壯族自治區高等教育自學考試委員會), and subsequently obtained the Medium Level Accountant title granted by Ministry of Finance of the PRC in May 2002. Mr. Wei obtained his diploma certificate in accounting through online courses from China University of Geosciences (中國地質大學) in July 2007. Mr. Wei also completed the “Cabbeen China-EMBA” program* (卡賓服飾(中國)有限公司EMBA高級課程研修班) in November 2009 at Lingnan College of Sun Yat-Sen University (中山大學嶺南學院).

Independent Non-executive Directors

Mr. Yung Kwok Tsui (徐容國), aged 44, is our independent non-executive Director and was appointed to our Board on February 18, 2013. Mr. Tsui has over 20 years of extensive experience in auditing and accounting, including experience from corporations and an international accounting firm. From February 1994 to October 2003, Mr. Tsui served various positions at the Assurance and Advisory Business Services Department of Ernst & Young, including senior accountant and senior manager. From November 2003 to August 2004, he was the chief financial officer and company secretary of Qin Jia Yuan Media Services Company Limited (勤+緣媒體服務有限公司), a company listed on the Stock Exchange

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(stock code: 2366). Mr. Tsui joined Ju Teng International Holdings Limited (巨騰國際控股有限公司) (stock code: 3336) in August 2004 and has been the company's executive director, chief financial officer and company secretary since its listing in the Stock Exchange. He has also respectively been an independent non-executive director of Shenguan Holdings (Group) Limited (神冠控股(集團)有限公司) (stock code: 829) since September 2009, SITC International Holdings Company Limited (海豐國際控股有限公司) (stock code: 1308) since September 2010 and 361 Degrees International Limited (361度國際有限公司) (stock code: 1361) since September 2012, all of which are listed on the Stock Exchange. Mr. Tsui obtained his bachelor's degree of business in accounting from Curtin University of Technology in August 1992 and his master's degree of corporate governance from The Hong Kong Polytechnic University in December 2007. Mr. Tsui has been a member of Hong Kong Institute of Certified Public Accountants since February 1997, a member of The Institute of Chartered Accountants in Australia since June 2000, and a member of CPA Australia since September 1996. He has also been a member of The Hong Kong Institute of Chartered Secretaries since December 2007.

Mr. Honghui Chen (陳宏輝), aged 42, is our independent non-executive Director and was appointed to our Board on February 18, 2013. Mr. Chen has over 20 years of extensive experience teaching universities in the fields of management, economics and corporate social responsibility. From July 1993 to June 2003, Mr. Chen worked in Wuhan University of Science and Technology, primarily teaching management and economics. From July 2003 till now, Mr. Chen has worked in Sun Yat-Sen University, primarily teaching courses including strategic management and corporate social responsibility. Mr. Chen had been granted the title of deputy professor from April 2004 to July 2008 and has been subsequently granted the title of professor since July 2008. Mr. Chen had also been the deputy dean of Lingnan College in Sun Yat-Sen University from November 2007 to March 2012 and has been the director of the Research Center for Corporate Social Responsibility at Lingnan College of Sun Yat-Sen University* (中山大學嶺南學院企業社會責任研究中心主任) from July 2009 and the chair of the Department of Business Management at Lingnan College of Sun Yat-Sen University* (中山大學嶺南學院經濟管理系主任), respectively. From 2004 till now, Mr. Chen has done various researches on the topics of corporate social responsibility and strategic management and economics efficiency, which were subsidies by the PRC or local government. The essay written by Mr. Chen in 2007 was accredited as the Second Prize of The Philosophy and Society Science Outstanding Achievement in Guangdong Province* (廣東省哲學社會科學優秀成果二等獎). Mr. Chen has also been the independent director of Guangdong Telepower Communication Co., Ltd.* (廣東天波資訊技術股份有限公司) since January 2012. Mr. Chen obtained the Qualification of Teacher of the PRC in 1996. He also obtained his doctoral degree in enterprise management from Zhejiang University in June 2003.

Mr. Ming Shu Leung (梁銘樞), aged 37, was appointed as an independent non-executive Director on February 18, 2013. Mr. Leung has been the chief financial officer and company secretary of China ITS (Holdings) Co., Ltd. (中國智能交通系統(控股)有限公司), a company listed on the Stock Exchange (stock code: 1900), since January 2008. He has also been an independent non-executive director of Comtec Solar Systems Group Limited (卡姆丹克太陽系統集團有限公司) (stock code: 712), a company listed on the Stock Exchange, since June 2008, and was an independent non-executive director of Shengli Oil & Gas Pipe Holdings Limited (勝利油氣管道控股有限公司) (stock code: 1080), a company listed on the Stock Exchange, from January 2011 to April 2013. Mr. Leung has 15 years of experience in the areas of corporate finance and accounting. Mr. Leung started his professional career at PricewaterhouseCoopers in Hong Kong as an auditor in 1998. He then worked at the global corporate finance division of Arthur Andersen & Co. in Hong Kong, which subsequently merged with PricewaterhouseCoopers, until December 2000.

DIRECTORS AND SENIOR MANAGEMENT

From July 2001 to February 2003, Mr. Leung also worked as a business consultant in Market Catalyst International (Hong Kong) Limited, where he advised companies on issues of strategy, organization and operations. Mr. Leung then spent approximately three years from February 2003 to January 2006 at CDC Corporation, a NASDAQ-listed company, as a senior manager in the mergers and acquisitions department, and as the chief financial officer of China.com Inc., a subsidiary of CDC Corporation and a company listed on the Stock Exchange. From February 2006 to October 2006, Mr. Leung served as the chief financial officer of Beijing Xinwei Telecom Technology Co., Ltd., a related party of 大唐電信科技股份有限公司 (Datang Telecom Technology Co., Ltd., a company listed on The Shanghai Stock Exchange) which is engaged in the development of telecommunication standard and manufacture of telecommunication equipment. From November 2006 to January 2008, he served as the chief financial officer of Beijing Lingtu Spacecom Technology Co., Ltd (北京靈圖星訊科技有限公司), a subsidiary of Beijing Lingtu Software Co., Ltd (北京靈圖軟件技術有限公司), a PRC digital mapping and navigation software company. Mr. Leung obtained his bachelor's degree in arts with honor in accountancy from The City University of Hong Kong in June 1998 and a master's degree in accountancy from The Chinese University of Hong Kong in November 2001. He is a fellow member of the Association of Chartered Certified Accountants (FCCA) and a fellow member of The Hong Kong Institute of Certified Public Accountants (FCPA).

SENIOR MANAGEMENT

Ms. Lai Wah Wong (黃麗華), aged 38, is the chief financial officer of our Group. Ms. Wong is also our company secretary and one of the authorized representatives of our Company. Ms. Wong joined our Group in April 2012 and is primarily responsible for our overall financial management and company secretarial affairs and coordination of investor relations. Ms. Wong has over 15 years of experience in auditing, tax and accounting. Prior to joining us, Ms. Wong had been an auditor at KPMG from September 1997 to October 1999. She then joined PWC from February 2000 to September 2003 as a senior associate at the assurance and business advisory services department. From November 2003 to October 2004, Ms. Wong was a business analyst at Richmond Luxury Asia Pacific Ltd. During October 2004 to June 2009, Ms. Wong was re-employed by KPMG and was promoted to the position of senior audit manager since July 2007. Ms. Wong had been the finance director, company secretary and authorized representative of Qin Jia Yuan Media Services Company (勤+緣媒體服務有限公司), a company listed on the Stock Exchange (stock code: 2366), from July 2009 to February 2010 and financial controller, company secretary and authorized representative of China Modern Dairy Holdings Limited (中國現代牧業控股有限公司), a company also listed on the Stock Exchange (stock code: 1117), from August 2010 to March 2012. Ms. Wong obtained her bachelor's degree of arts in accounting at The Hong Kong Polytechnic University in November 1997. She is also a fellow member of The Hong Kong Institute of Certified Public Accountants.

Ms. Tsang Jioe (游崢), aged 43, is the vice president of our Group. Ms. Jioe joined our Group in July 2011 and primarily responsible for the supply chain and retail management of our Cabbeen Lifestyle brand. Ms. Jioe has over five years experience in retail industry and over 13 years of experience in human resource. Prior to joining us, Ms. Jioe had worked in Fila Sport (HK) Ltd for 15 years from May 1991 to December 2006 and held various positions, including administration officer, human resource and administration manager and the regional human resource and administration manager. From January 2007 to May 2007, Ms. Jioe was the corporate human resource manager in Pacific Coffee Company Ltd. From June 2007 to February 2011, Ms. Jioe worked at Fila Marketing (Hong Kong) Limited as the general manager. She also took up the role as the PRC vice president of product and retail marketing of Fila

DIRECTORS AND SENIOR MANAGEMENT

Marketing (Hong Kong) Limited from November 2009 to September 2010. Since joined our Group in July 2011, Ms. Jioe has been the deputy general manager of our Cabbeen Lifestyle business division, primarily responsible for the supply chain. Ms. Jioe has also been responsible for the retail development of our Cabbeen Lifestyle brand since January 2013. Ms. Jioe was promoted to be the vice president of our Group since April 2013. Ms. Jioe obtained her bachelor's degree in business administration from The Open University of Hong Kong in June 2003. She also completed the "First Semester of Shenzhen Executive Certificate Program in Human Resource Management"* (人力資源管理高級經理研究課程專案深圳第一期) in January 2006 held by The School of Economics and Management of Tsinghua University (清華大學經濟管理學院).

COMPANY SECRETARY

Ms. Lai Wah Wong (黃麗華). Please refer to the paragraph headed "Senior Management" above for Ms. Wong's biography.

MANAGEMENT PRESENCE IN HONG KONG

Rule 8.12 of the Listing Rules requires that a new applicant applying for a primary listing on the Stock Exchange must have a sufficient management presence in Hong Kong. This normally means that at least two of its executive directors must be ordinarily resident in Hong Kong. Since our principal business operations are conducted and retail outlets under our brands are located in the PRC, members of our senior management (other than Ms. Lai Wah Wong, our company secretary and chief financial officer, who is ordinarily resident in Hong Kong) are and will therefore be expected to continue to be based in the PRC. Further, none of our executive Directors, other than Mr. Siu Keung Ng, will be ordinary resident or based in Hong Kong upon the Listing. We have applied to the Stock Exchange for and have obtained a waiver from the strict compliance with the requirement under Rule 8.12 of the Listing Rules. For details of the waiver, please see the paragraph headed "Management presence" under the section headed "Waivers from strict compliance with the Listing Rules" in this prospectus.

REMUNERATION POLICY

Our Directors and senior management receive compensation in the form of salaries, benefits in kind and discretionary bonuses related to the performance of our Company. We also reimburse them for expenses which are necessarily and reasonably incurred for providing services to us or executing their functions in relation to our operations. We regularly review and determine the remuneration and compensation package of our Directors and senior management, by reference to, among other things, market level of salaries paid by comparable companies, the respective responsibilities of our Directors and the performance of our Company.

After the Listing, our Directors and senior management may also receive options to be granted under the Share Option Scheme.

DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS' AND SENIOR MANAGEMENT'S REMUNERATION DURING THE TRACK RECORD PERIOD

For the years ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2013, the aggregate remuneration including basic salaries, allowance, other benefits and contribution to retirement benefit scheme, paid to our Directors by us and our subsidiaries was approximately RMB0.9 million, RMB1.9 million, RMB4.5 million and RMB2.5 million, respectively.

Save as disclosed in this prospectus, no other emoluments have been paid, or are payable, by us to our Directors in respect of the years ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2013.

Under the arrangements currently in force, we estimate that the aggregate remuneration payable to, and benefits in kind receivable by, our Directors (excluding discretionary bonus and share-based payment compensation granted under the Pre-IPO Share Option Scheme) for the year ending December 31, 2013 will be approximately RMB5,161,000.

During the Track Record Period, no remuneration was paid by us to, or received by, our Directors as an inducement to join or upon joining us or as compensation for loss of office. There was no arrangement under which a director waived or agreed to waive any remuneration during the Track Record Period.

For additional information on Directors' remuneration during the Track Record Period as well as information on the highest paid individuals, please refer to the accountants' report set out in Appendix I to this prospectus.

BOARD COMMITTEES

Audit Committee

We have established an audit committee pursuant to a resolution of our Directors passed on October 8, 2013 in compliance with Rule 3.21 of and paragraph C.3 of the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Listing Rules. The primary duties of the audit committee are to assist our Board in providing an independent view of the effectiveness of our financial reporting process, internal control and risk management systems, oversee the audit process and perform other duties and responsibilities as assigned by our Board. At present, the audit committee of our Company consists of three independent non-executive Directors, being Mr. Yung Kwok Tsui, Mr. Honghui Chen and Mr. Ming Shu Leung, and Mr. Yung Kwok Tsui is the chairman of the audit committee.

Remuneration Committee

We have established a remuneration committee on October 8, 2013 with written terms of reference in compliance with Rule 3.25 of and paragraph B.1 of the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Listing Rules. The primary duties of the remuneration committee are to review and approve the management's remuneration proposals with reference to the

DIRECTORS AND SENIOR MANAGEMENT

Board's corporate goals and objects and make recommendations to the Board on the remuneration package of individual executive Director and senior management. The remuneration committee consists of three members, namely Mr. Yung Kwok Tsui, Mr. Ming Shu Leung and Mr. Siu Keung Ng, and Mr. Yung Kwok Tsui is the chairman of the remuneration committee.

Nomination Committee

We have established a nomination committee on October 8, 2013 with written terms of reference in compliance with paragraph A.5 of the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Listing Rules. The primary function of the nomination committee is to make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the chairman and the chief executive. The nomination committee consists of three members, comprising Mr. Ziming Yang, Mr. Ming Shu Leung and Mr. Honghui Chen, and Mr. Yang is the chairman of the nomination committee.

Corporate governance committee

We have established a corporate governance committee on October 8, 2013 with written terms of reference in compliance with paragraph D.3 of the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Listing Rules. The primary duties of the corporate governance committee are to enhance our corporate governance and our statutory compliance. The corporate governance committee consists of four members, namely Mr. Siu Keung Ng, Mr. Qiang Wei, Mr. Yung Kwok Tsui and Mr. Ming Shu Leung and Mr. Siu Keung Ng is the chairman of the corporate governance committee.

COMPLIANCE ADVISER

Our Company will appoint Guotai Junan Capital Limited as its compliance advisor pursuant to Rule 3A.19 of the Listing Rules. Pursuant to Rule 3A.23 of the Listing Rules, the compliance advisor will advise our Company on the following matters:

- (a) the publication of any regulatory announcement, circular or financial report;
- (b) where a transaction, which might be a notifiable or connected transaction, is contemplated including share issues and share repurchases;
- (c) where our Company proposes to use the proceeds of the Global Offering in a manner different from that detailed in this prospectus or where its business activities, developments or results deviate from any forecast, estimate, or other information in this prospectus; and
- (d) where the Stock Exchange makes an inquiry of our Company regarding unusual movements in the price or trading volume of the Shares of our Company.

The term of the appointment shall commence on the Listing Date and end on the date on which our Company distributes its annual report in respect of its financial results for the first full financial year commencing after the Listing Date and such appointment may be subject to extension by mutual agreement.

SHARE CAPITAL

SHARE CAPITAL

The authorized share capital of our Company is as follows:

		HK\$
Authorized share capital:		
<u>10,000,000,000</u>	Shares	<u>100,000,000.00</u>

Assuming the Over-allotment Option is not exercised at all and without taking into account any Shares which may be issued upon the exercise of any options granted under the Pre-IPO Share Option Scheme or options that may be granted under the Share Option Scheme, our Company's issued share capital immediately following the completion of the Global Offering and the Capitalisation Issue will be as follows:

**Issued and to be issued, fully paid or credited
as fully paid upon completion of the Global
Offering and the Capitalisation Issue:**

Shares		HK\$	Approximate percentage of issued share capital (%)
200	Shares in issue as at the date of this prospectus	2.00	0.00
524,999,800	Shares to be issued under the Capitalisation Issue	5,249,998.00	75.00
<u>175,000,000</u>	Shares to be issued under the Global Offering	<u>1,750,000.00</u>	<u>25.00</u>
<u>700,000,000</u>	Total	<u>7,000,000.00</u>	<u>100.00</u>

SHARE CAPITAL

Assuming the Over-allotment Option is exercised in full and without taking into account any Shares which may be issued upon the exercise of any options granted under the Pre-IPO Share Option Scheme or options that may be granted under the Share Option Scheme, our Company's issued share capital immediately following the completion of the Global Offering and the Capitalisation Issue will be as follows:

**Issued and to be issued, fully paid or credited
as fully paid upon completion of the Global Offering
and the Capitalisation Issue:**

Shares		HK\$	Approximate percentage of issued share capital (%)
200	Shares in issue as at the date of this prospectus	2.00	0.00
524,999,800	Shares to be issued under the Capitalisation Issue	5,249,998.00	72.29
<u>201,250,000</u>	Shares to be issued under the Global Offering	<u>2,012,500.00</u>	<u>27.71</u>
<u>726,250,000</u>	Total	<u>7,262,500.00</u>	<u>100.00</u>

Note:

- 1 The Shares referred to in the above table have been or will be fully paid or credited as fully paid when issued.

ASSUMPTIONS

The above table does not take into account (i) any Shares issued upon exercise of options granted under the Pre-IPO Share Option Scheme or options that may be granted under the Share Option Scheme, or (ii) any Shares which may be allotted and issued or repurchased under the general mandates given to our Directors to issue or repurchase Shares.

RANKING

The Offer Shares are ordinary shares in the share capital of our Company and will rank equally in all respects with all Shares in issue or to be issued as set out in the above table, and will qualify and rank equally for all dividends or other distributions declared, made or paid after the date of this prospectus.

SHARE CAPITAL

THE PRE-IPO SHARE OPTION SCHEME AND THE SHARE OPTION SCHEME

We have conditionally adopted the Pre-IPO Share Option Scheme and the Share Option Scheme on October 8, 2013. Under the Pre-IPO Share Option Scheme, certain persons were conditionally granted options immediately prior to the Listing Date to subscribe for our Shares. The principal terms of the Pre-IPO Share Option Scheme and the Share Option Scheme are summarized in the section headed “Pre-IPO Share Option Scheme” and “Share Option Scheme”, respectively, in Appendix V to this prospectus.

GENERAL MANDATE TO ISSUE SHARES

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

- (i) 20% of the aggregate nominal value of the share capital of our Company in issue immediately following completion of the Capitalization Issue and the Global Offering (excluding any Shares which may fall to be issued pursuant to the Over-allotment Option); and
- (ii) the aggregate nominal value of share capital of our Company repurchased by our Company (if any) under the general mandate to repurchase Shares referred to below.

This mandate will expire at the earliest of:

- (i) the conclusion of our Company’s next annual general meeting unless renewed by an ordinary resolution of our Shareholders in an general meeting, either unconditionally or subject to conditions; or
- (ii) the expiration of the period within which our Company is required by law or the Articles of Association to hold its next annual general meeting; or
- (iii) the time when such mandate is varied, revoked or renewed by an ordinary resolution of our Company’s Shareholders in a general meeting.

Further details of this general mandate are set out in the paragraph headed “Further information about our Company — Written resolutions of our Shareholders passed on October 8, 2013” in Appendix V to this prospectus.

GENERAL MANDATE TO REPURCHASE SHARES

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

SHARE CAPITAL

This mandate only relates to repurchases made on the Stock Exchange, or any other approved stock exchange(s) on which the Shares are listed (and which is recognized by the SFC and the Stock Exchange for this purpose), and which are made in accordance with all applicable laws and/or requirements of the Listing Rules. A summary of the relevant Listing Rules is set out in the paragraph headed “Further information about our Company — Repurchase of our shares” in Appendix V to this prospectus.

This mandate will expire at the earliest of:

- (i) the conclusion of our Company’s next annual general meeting unless renewed by an ordinary resolution of our Shareholders in an general meeting, either unconditionally or subject to conditions; or
- (ii) the expiration of the period within which our Company is required by law or Articles of Association to hold its next annual general meeting; or
- (iii) the time when such mandate is varied, revoked or renewed by an ordinary resolution of our Company’s Shareholders in a general meeting.

For further details of this repurchase mandate, see the paragraph headed “Further information about our Company — Written resolutions of our Shareholders passed on October 8, 2013” in Appendix V to this prospectus.

SUBSTANTIAL SHAREHOLDERS

Each of the following persons will, immediately following completion of the Capitalization Issue and the Global Offering (without taking into account the Shares which may be issued upon the exercise of the Over-allotment Option or the Shares which may be issued upon the exercise of any options granted under the Pre-IPO Share Option Scheme or options which may be granted under the Share Option Scheme), have an interest or short position in Shares or underlying Shares which would be required to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group:

Name	Capacity/ Nature of interest	Number of Shares	Approximate percentage of shareholding ⁽⁵⁾
Mr. Ziming Yang ⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾	Interest in a controlled corporation/Interest of spouse	525,000,000	75.0%
Ms. Liting Ke ⁽²⁾⁽³⁾	Interest in a controlled corporation/Interest of spouse	525,000,000	75.0%
Acute Result ⁽¹⁾	Beneficial owner	351,750,000	50.25%
Multiplus International ⁽³⁾	Beneficial owner	78,750,000	11.25%
Ascend Fame ⁽¹⁾	Beneficial owner	52,500,000	7.5%
Keen Network ⁽⁴⁾	Beneficial owner	42,000,000	6.0%
Prime Ascend ⁽¹⁾⁽⁴⁾	Interest in a controlled corporation	42,000,000	6.0%

Note:

- (1) Acute Result, Ascend Fame and Prime Ascend are wholly-owned and controlled by Mr. Yang and Mr. Yang is therefore deemed to be interested in all the Shares in which Acute Result, Ascend Fame and Prime Ascend are interested.
- (2) Mr. Yang is the spouse of Ms. Liting Ke. Accordingly, Mr. Yang is deemed to be interested in all the Shares in which Ms. Liting Ke is interested and Ms. Liting Ke is deemed to be interested in all the Shares in which Mr. Yang is interested.
- (3) Multiplus International is owned as to 99% by Ms. Liting Ke and 1% by Mr. Yang. Accordingly, Ms. Liting Ke is deemed to be interested in all the Shares in which Multiplus International is interested. In addition, by virtue of a shareholders' agreement dated July 31, 2012 by and between Ms. Liting Ke and Mr. Yang, in addition to the voting right attached to the share Mr. Yang holds in Multiplus International, he also has the right to control the exercise of the voting rights attached to all the shares in Multiplus International held by Ms. Liting Ke. Accordingly, Mr. Yang is deemed to be interested in all the Shares in which Multiplus International is interested.
- (4) Keen Network is owned as to 25% by Prime Ascend, 25% by Dominant Success, 25% by Rosy Connect and 25% by Zhang Hong. Prime Ascend is directly and wholly-owned by Mr. Yang. Dominant Success is directly and wholly by Mr. Siu Keung Ng. Rosy Connect is directly and wholly-owned by Mr. Rongqin Ke. Zhang Hong is directly and wholly-owned by Mr. Dongliang Tian. All of Mr. Yang, Mr. Siu Keung Ng, Mr. Rongqin Ke and Mr. Dongliang Tian are executive Directors.

By virtue of a shareholders' agreement dated July 31, 2012 by and among the shareholders of Keen Network, in addition to the voting rights attached to the shares in Keen Network that Prime Ascend holds, Prime Ascend also has the right to control the exercise of the voting rights attached to all the shares in Keen Network held by other shareholders. Accordingly, Prime Ascend is deemed to be interested in all the Shares in which Keen Network is interested.

SUBSTANTIAL SHAREHOLDERS

- (5) Assuming the Over-allotment Option is not exercised and without taking into account any Shares which may be issued upon exercise of options granted under the Pre-IPO Share Option Scheme or options which may be granted under the Share Option Scheme.

Save as disclosed herein, our Directors are not aware of any person who will, immediately following the Capitalization Issue and the Global Offering (without taking into account the Shares which may be issued upon the exercise of the Over-allotment Option or the Shares which may be issued upon the exercise of any options granted under the Pre-IPO Share Option Scheme or options which may be granted under the Share Option Scheme), have an interest or short position in Shares or underlying Shares which would be required to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company.

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You should read the following discussion and analysis of our financial condition and results of operations together with our consolidated financial statements as of and for each of the years ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2013 and the accompanying notes included in the accountants' report set out in Appendix I to this prospectus (the "Accountants' Report"). The consolidated financial statements have been prepared in accordance with IFRS. Potential investors should read the Accountants' Report and not rely merely on the information contained in this section. The following discussion and analysis contains forward-looking statements that involve risks and uncertainties. For additional information regarding these risks and uncertainties, please see "Risk Factors" in this prospectus for more details.

OVERVIEW

We are a leading fashion casual menswear company in China based on market share by retail revenue for the year ended December 31, 2012, according to Frost & Sullivan. The menswear market in China is highly fragmented. We accounted for approximately 2.7% of the fashion casual menswear market and the fashion casual menswear market accounted for approximately 16.5% of the total PRC menswear market, both in terms of retail revenue in 2012, according to Frost & Sullivan. We offer a wide range of men's apparel, footwear and accessories under two brands, Cabbeen Lifestyle and Cabbeen Urban, which cater to different consumer groups. Our Cabbeen Lifestyle brand is designed to project a trendy, carefree and casual style and primarily targets young male consumers. Our Cabbeen Urban brand is designed to project a modern and sophisticated style and primarily targets young and middle-aged urban male professionals. In addition, we have a high-end sub-brand under our Cabbeen Lifestyle brand, Cabbeen Chic, which is designed to project an innovative, elegant and designer fashion style and primarily targets male consumers in the fashion, entertainment and art-related industries.

We primarily sell our products on a wholesale basis to distributors. The distributors sell our products either directly to end customers at retail outlets owned by them or to their sub-distributors, who then resell the products to end customers at retail outlets owned by the sub-distributors. Our distributors and their sub-distributors have established a nationwide network of retail outlets in China. As of June 30, 2013, we had 36 distributors who, together with their sub-distributors, operated a total of 913 retail outlets under our brands in over 300 cities throughout 30 provinces in China, including 412 street shops, 386 department store concessions and 115 shopping mall outlets. Beginning in December 2012, we have started to establish a small number of self-operated retail outlets in selected regions primarily as model stores to enhance our brand recognition, demonstrate our standards for store appearance and operational management, and provide guidance to distributors in brand promotion and efficient retail management. We sell our products directly to end customers through these self-operated retail outlets. As of the Latest Practicable Date, we had two self-operated retail outlets in China. Currently, we do not expect the total number of our self-operated retail outlets to exceed 30 by the end of 2014.

Our brand marketing and consumer-oriented sales management have helped us attract a loyal end customer base. We have a large VIP membership program to encourage end customer spending and develop end customer loyalty. As of June 30, 2013, we had over 70,000 and 90,000 active members in our Gold VIP program and Silver VIP program, respectively.

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During the Track Record Period, we manufactured a portion of our products at our production facilities in Shishi, Fujian province. We disposed of our production operations in February 2012 and have since then outsourced the production of all of our products to domestic OEMs. We believe this allows us to focus our resources on key stages of our value chain, such as design and product development, brand promotion and management, and sales and marketing. As of June 30, 2013, we engaged 64 OEMs to manufacture our products. Our major OEMs are enterprises with extensive experience in the production of apparel, footwear and accessories, some of which also possess experience of providing OEM services to internationally-recognized brands. We have a stringent quality control system to help maintain the quality of our products.

Our revenue increased from RMB292.4 million for the year ended December 31, 2010 to RMB890.2 million for the year ended December 31, 2011 and then to RMB940.1 million for the year ended December 31, 2012. Our operating results improved significantly from a net loss of RMB7.0 million for the year ended December 31, 2010 to a net profit of RMB78.0 million for the year ended December 31, 2011 and then to RMB130.2 million for the year ended December 31, 2012. Our revenue decreased from RMB423.2 million for the six months ended June 30, 2012 to RMB335.4 million for the six months ended June 30, 2013, while our net profit increased from RMB59.9 million for the six months ended June 30, 2012 to RMB76.9 million for the six months ended June 30, 2013.

BASIS OF PRESENTATION

Our Company was incorporated as an exempted company under the laws of the Cayman Islands with limited liability on November 3, 2011. Following the completion of the Corporate Reorganization on July 31, 2012, our Company became the holding company of companies now comprising our Group. The companies involved in the Corporate Reorganization were controlled by the same Controlling Shareholder, Mr. Ziming Yang, prior to and after the Corporate Reorganization. The control is not transitional and, consequently, there was a continuation of risks and benefits to the Controlling Shareholder. As a result, the Corporate Reorganization is considered as a combination of entities under common control.

The financial information in the Accountants' Report has been prepared by applying the principles of merger accounting as if the companies now comprising the Group have been combined at the beginning of the Track Record Period. The net assets of the combining companies are combined using the existing book values from the Controlling Shareholder's perspective.

The consolidated balance sheets of the Group as of December 31, 2010, 2011 and 2012 and June 30, 2013 as set forth in the Accountants' Report have been prepared to present the state of affairs of the Group as of the respective dates as if the Corporate Reorganization had been completed at the beginning of the Track Record Period. The consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated cash flow statements of the Group for the Track Record Period as set forth in the Accountants' Report include the results of operations of the companies now comprising the Group as if the current group structure had been in existence throughout the Track Record Period.

All material intra-group transactions and balances have been eliminated on consolidation.

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FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our results of operations have been and will continue to be affected by a number of external factors, including the following:

Brand recognition

We currently sell all our products under our two brands, Cabbeen Lifestyle and Cabbeen Urban. We believe the strong association of these brands with the lifestyle concepts and brand culture behind them has helped us attract our target end customers and position us as the leading Chinese designer brand in menswear. Market acceptance of our brand may affect the selling prices and market demand for our products, the profit margin we are able to achieve, and our ability to further grow our business. As a result, we believe that market recognition of our brand is critical to our success. We spent approximately RMB7.1 million, RMB44.9 million, RMB19.2 million and RMB4.2 million on our brand promotion and marketing activities for the years ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2013, respectively. In 2011, we incurred approximately RMB33.7 million of expenses for television commercials. In 2012, we ceased using television commercials and relied on various other means of advertising, which were less expensive and we believe more effective at reaching our target consumer groups. We currently do not plan to use television commercials again in the foreseeable future. We work closely with our distributors to ensure that our brand culture is reflected at the retail level and that our unified brand image is maintained at all of the retail outlets for our branded products. Beginning in December 2012, we have started to establish a small number of self-operated retail outlets primarily as model stores to enhance our brand recognition, demonstrate our standards for store appearance and operational management, and provide guidance to distributors in brand promotion and efficient retail management. We intend to strengthen our promotional efforts and continue to devote significant resources to raise our brand profile through multiple advertising channels and platforms. We expect our target consumers will become increasingly brand conscious as the PRC menswear market matures. Our success to grow our end customer base depends on our ability to continue to enhance the awareness of our brand and to maintain a consistent brand culture that appeals to potential customers. If we are unsuccessful in promoting our Cabbeen brand or fail to maintain our brand position, market perception and consumer acceptance of our brand may be eroded, and our business, results of operations and prospects may be materially and adversely affected.

Expansion and efficiency of our distribution network

We primarily sell our products on a wholesale basis to distributors. The distributors sell our products either directly to end customers at retail outlets they own or resell our products to their sub-distributors, who in turn sell them to end customers at retail outlets that those sub-distributors own. As of December 31, 2010, 2011 and 2012 and June 30, 2013, there were 637, 965, 958 and 915 retail outlets in China for our branded products. For further details of our retail outlet breakdown by brand or by region, please see “Business — Sales and Distribution — Our Distribution Network.” The coverage and performance of retail outlets directly affect our revenue growth. We intend to increase our penetration in existing markets and work with our distributors to expand our distribution network to new markets to further increase the retail

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coverage of our products. We believe that it is important to further enhance the efficiency of our distribution network in Tier 2 and Tier 3 cities, where we believe the growth potential is significant. Our sales and profit growth will continue to depend on our ability to effectively manage our distributors to optimize the performance of our retail outlets and to further strengthen our distribution network.

Pricing of our products and product mix

Our revenue and profitability are affected by the retail pricing of our products, which, in turn, is determined by factors including general economic conditions and consumers' purchasing power in China, our brand recognition, cost of sales and our competitors' pricing. Our brand recognition is a significant factor that we take into consideration in determining the suggested retail prices of our products. Our ability to continue to price our products at levels that reflect our brand equity is crucial to our financial performance. We sell our products to distributors at wholesale selling prices, which represent a discount to the suggested retail prices of our products. The average wholesale selling price of our products has a direct impact on our revenue and profitability. We adjust this discount rate on a case-by-case basis depending on a particular distributor's performance, general market conditions and our strategic goals. In addition, beginning in 2012, we started granting reward points to distributors based on their performance, which can be converted into an additional discount known as "sales rebate" that distributors can use when they purchase our products subsequently. Provision for sales rebates is deducted from our revenue, thus impacting our revenue and gross profit directly.

Our product mix also has an impact on our results of operations. We offer a wide range of menswear under Cabbeen Lifestyle and Cabbeen Urban. In addition, we have Cabbeen Chic, a high-end sub-brand under Cabbeen Lifestyle. These brands and sub-brand have their own brand concepts and positioning, target different consumer groups and command different selling prices. Our products include apparel, footwear and accessories. These product lines have different profit margins. If the sales mix of our product lines or brands and sub-brand changes, our revenue and profitability will be affected. We intend to further diversify our product portfolio and develop additional non-seasonal products that we believe will have higher market demand and help to increase our sales and revenue. We plan to continuously enhance our product mix and our profitability.

Cost of outsourced production and raw materials

During the Track Record Period, we manufactured a portion of our products at our own production facilities. We disposed of our production operations in February 2012 and have since then outsourced the production of all of our products to domestic OEMs. Outsourced production costs were RMB147.1 million, RMB484.9 million, RMB537.8 million and RMB188.3 million for the years ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2013, respectively, representing approximately 63.9%, 80.0%, 96.1% and 98.6% of our total cost of sales for the same periods. As outsourced production currently represents substantially all of our total costs, any material changes will significantly affect our results of operations. In particular, as our outsourced production costs reflect the cost of raw materials and labor costs incurred by our OEMs for the manufacture of our products, changes in the cost of raw materials and labor will affect our outsourcing costs. We either supply our OEMs with raw materials or require the OEMs to procure raw materials from suppliers approved by us.

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In recent years, the cost of outsourced production and the price of raw materials have increased due to various factors, including inflation. Our performance in the future will continue to depend on our ability to pass such increases to our end customers and our ability to find and manage qualified OEMs who meet our standards at commercially acceptable prices. Please see “Risk Factors — Risks Relating to Our Business and Our Industry — Increase in cost of outsourced production, raw materials and labor in the PRC may adversely affect our business and our profitability” for more details.

Economic growth and per capita disposable income in the PRC

We conduct all of our operations and generate all of our revenue in the PRC. The PRC has experienced significant economic growth in recent years, achieving a CAGR for nominal GDP of approximately 13.4% from 2008 to 2012. Economic growth in the PRC contributes to increases in disposable income and consumer spending among its population, which, in turn, drive demand for consumer products. According to Frost & Sullivan, per capita annual disposable income of urban residents in China, which make up the majority of our end customers, grew from approximately RMB15,780.8 in 2008 to approximately RMB24,565.0 in 2012, representing a CAGR of approximately 11.7%. From 2008 to 2012, total retail sales of consumer goods grew by a CAGR of approximately 15.9%, according to data from Frost & Sullivan. In addition, economic development and increase in disposable income tend to help increase demand for branded lifestyle products, which creates demand for fashionable menswear products. We believe that the growth of the PRC economy will help to expand our end customer base and contribute to the growth in our revenue and profits. On the other hand, any slow down or decline in the PRC economy may adversely affect consumer demand in general and the demand for our products and therefore negatively affect our results of operations.

Seasonality and weather conditions

Our business and operating results are subject to seasonal fluctuations. We typically achieve higher revenue from the sales of our autumn and winter collections and lower revenue from the sales of our spring and summer collections due to the higher average unit selling price for our autumn and winter apparel compared with that for our spring and summer apparel. We also record higher sales to distributors typically before holiday seasons such as the Chinese New Year and the Chinese National Day holidays. Chinese New Year’s Day typically falls between late January and mid-February. If Chinese New Year’s Day is in January, we would typically ask OEMs to deliver and distributors to pay deposits for a portion of our spring collection products to us before the end of the previous year, which would affect our year-end financial position. Our quarterly operating results may also fluctuate from period to period based on changes in fashion trends, consumer demand and the seasonality of consumer spending on men’s apparel. As a result, any comparison of our sales and operating results between different periods within a single financial year, or between different periods in different financial years, are not necessarily meaningful and cannot be relied on as indicators of our performance. Our results of operations are likely to continue to fluctuate due to seasonality.

Competition

The menswear industry in China is highly competitive. We compete primarily with domestic and international menswear brands on the basis of brand recognition, product design, product quality, marketing and promotion, end customer service, retail network coverage and price. We have limited ability

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to set price levels of our products in our target markets, and we therefore may take actions such as adjusting prices of our products, providing sales incentives and increasing expenditure on advertising in order to be competitive in the market, which may in turn materially and adversely affect our profit margins and other results of operations. Please see “Risk Factors — Risks Relating to Our Business and Our Industry — We operate in a very competitive market. If we fail to compete effectively, our market share and profit margins may decline” for more details.

CRITICAL ACCOUNTING POLICIES, ESTIMATES AND JUDGMENTS

The methods, estimates and judgments we use in applying our accounting policies have a significant impact on our financial position and operating results. Some of the accounting policies require us to apply estimates and judgments on matters that are inherently uncertain. Set forth below are discussions of the accounting policies applied in preparing our financial information that we believe are most dependent on the application of these estimates and judgments, and, in addition, certain other accounting policies that we believe are material to an understanding of our financial information.

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 us and the revenue and costs, if applicable, can be measured reliably. Revenue from sale of goods is recognized when the customer has accepted the related risks and rewards of ownership. Revenue represented the sales value of goods sold less returns, discounts, rebates and VAT.

Inventories and Net Realizable Value of Inventories

Inventories are carried at the lower of cost and net realizable value. Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realizable value of inventories is the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale. These estimates are based on the current market conditions and the historical experience of selling products with similar nature. Any change in the assumptions would increase or decrease the amount of inventories write-down or the related reversals of write-down made in prior years and affect our net assets value. We reassess these estimates at each balance sheet date.

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

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Trade and Other Receivables and Impairment of Trade and Other Receivables

Trade and other receivables are initially recognized at fair value and thereafter stated at amortized cost using the effective interest method less allowance for impairment of doubtful debts, 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.

Trade and other receivables are derecognized if substantially all the risks and rewards of ownership of the trade and other receivables are transferred. If substantially all the risks and rewards of ownership of trade and other receivables are retained, the trade and other receivables continue to be recognized in the consolidated balance sheets. For discounted commercial acceptance bills receivable to banks with recourse, the bills receivable are not derecognized until the customer settled the respective bills with the banks.

We estimate the impairment allowances for trade and other receivables by assessing the recoverability based on credit history and prevailing market conditions. This requires the use of estimates and judgments. Allowances are applied to trade and other receivables where events or changes in circumstances indicate that the balances may not be collectible. Where the expectation is different from the original estimate, such difference will affect the carrying amounts of trade and other receivables and thus the impairment loss in the period in which such estimate is changed. We reassess the impairment allowances at each balance sheet date.

Bank acceptance bills and commercial acceptance bills

We derecognize bank acceptance bills as financial assets upon discounting or endorsement. Transferees of bank acceptance bills have recourse to us in case of default by the issuing banks. In such cases, we would have to repurchase these bank acceptance bills at face value. We only accept bank acceptance bills issued by major banks in the PRC and consider the credit risk associated with such bank acceptance bills to be insignificant. We monitor the credit risks of issuing banks. The judgment to derecognize bank acceptance bills upon discounting or endorsement is reviewed when the credit risk of issuing banks deteriorates significantly.

Following our discounting or endorsement of commercial acceptance bills, transferees of such commercial acceptance bills still have recourse to us in case of default by those customers that issued the commercial acceptance bills. As such, we do not derecognize commercial acceptance bills upon discounting or endorsement.

Since July 1, 2012, we have ceased to accept commercial acceptance bills for settlement of trade receivables and only accepted bank acceptance bills or cash.

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Useful lives and residual value of property, plant and equipment and intangible assets

Property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives, after taking into account the estimated residual value. Intangible assets except for those with indefinite lives are amortized on a straight-line basis over the estimated useful lives. We review the estimated useful lives of the assets regularly in order to determine the amount of depreciation and amortization expenses to be recorded during any reporting period. The useful lives are based on our historical experience with similar assets and taking into account anticipated technological changes. The depreciation and amortization expenses for future periods are adjusted prospectively if there are significant changes from previous estimates.

RESULTS OF OPERATIONS

The following table sets forth selected items of our income statement for the periods indicated:

	Year ended December 31,			Six months ended June 30,	
	2010	2011	2012	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	292,429	890,190	940,057	423,171	335,427
Cost of sales	(230,317)	(606,490)	(559,757)	(249,805)	(191,031)
Gross profit	62,112	283,700	380,300	173,366	144,396
Other revenue.....	1,165	2,306	4,588	2,773	32,007
Other net income	536	5,451	2,019	101	2,798
Selling and distribution expenses ..	(14,136)	(70,440)	(48,288)	(21,760)	(16,416)
Administrative and other operating expenses	(51,118)	(89,959)	(110,595)	(49,044)	(45,893)
(Loss)/profit from operations	(1,441)	131,058	228,024	105,436	116,892
Finance costs.....	(2,694)	(21,962)	(27,249)	(19,952)	(3,900)
(Loss)/profit before taxation	(4,135)	109,096	200,775	85,484	112,992
Income tax expense.....	(2,856)	(31,124)	(70,558)	(25,574)	(36,083)
(Loss)/profit for the year/ period	<u>(6,991)</u>	<u>77,972</u>	<u>130,217</u>	<u>59,910</u>	<u>76,909</u>

PRINCIPAL INCOME STATEMENT COMPONENTS

Revenue

During the Track Record Period, we derived our revenue primarily from sale of our products to distributors on a wholesale basis. Revenue represents the sales value of goods sold, less returns, discounts, rebates and value-added taxes. Our distributors have no right to return purchased goods to us except when the products are defective. We have made provision for the total amounts of sales rebates granted to distributors. Such provision amounted to approximately RMB82.9 million for the year ended December 31, 2012 (which represented approximately 8.8% of our revenue for the year ended December 31, 2012) and

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RMB19.7 million for the six months ended June 30, 2013 (which represented approximately 5.9% of our revenue for the six months ended June 30, 2013). Our revenue is net of such provision. We do not believe the sales rebates would have significant impact on our results of operations. Please see “Business — Our Distributor Network — Our Distributors” for more details on our sales rebates to distributors. The table below sets forth our revenue by product category for the periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2010		2011		2012		2012		2013	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
Revenue										
Apparel	267,897	91.6	832,046	93.5	861,024	91.6	375,673	88.8	309,204	92.2
Footwear	14,285	4.9	37,143	4.2	50,991	5.4	29,269	6.9	17,115	5.1
Accessories	10,247	3.5	21,001	2.3	28,042	3.0	18,229	4.3	9,108	2.7
Total	<u>292,429</u>	<u>100.0</u>	<u>890,190</u>	<u>100.0</u>	<u>940,057</u>	<u>100.0</u>	<u>423,171</u>	<u>100.0</u>	<u>335,427</u>	<u>100.0</u>

The table below sets forth our sales volume and average wholesale selling price for the periods indicated:

	Year ended December 31,			Six months ended June 30,	
	2010	2011	2012	2012	2013
Sales volume (million units).....	2.9	6.7	5.8	3.4	2.6
Average wholesale selling price (RMB).....	101	133	162	124	129

Our wholesale selling price to distributors represents a discount from the retail selling price. During the early stage of our business, we adopted a strategy to keep our wholesale selling price to distributors relatively low to allow our distributors to retain more profits, grow their business and expand their retail network. As our business scale expanded and we gained wider brand recognition, we were able to gradually increase our wholesale selling price in 2011 and 2012, and we believe that the discount rates we offered to distributors were still competitive in our industry after such increases. Our average wholesale selling price for the six months ended June 30, 2013 slightly increased compared with the six months ended June 30, 2012 primarily because the provision we made for sales rebates decreased to RMB19.7 million for the six months ended June 30, 2013 from RMB38.0 million for the six months ended June 30, 2012. Since our provision for sales rebates decreased, we deducted a smaller amount from our revenue, resulting in the slight increase in our average wholesale selling price. In addition, our business is subject to seasonality. The average wholesale selling price for our autumn and winter collection products is generally higher than that for our spring and summer collection products. As a result, the average wholesale selling prices for the first six months of 2012 and 2013 are lower than the average wholesale selling price for the whole year of 2012.

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Cost of Sales

Cost of sales primarily includes purchases of products from our OEMs. Cost of sales also included cost of raw materials, direct labor, overhead and sub-contracting charges when we had our own production. During the Track Record Period, we manufactured a portion of our products at our own production facilities. We disposed of our production operations in February 2012 and have since then outsourced the production of all of our products to OEMs. As a result, we did not incur costs relating to our own production for the six months ended June 30, 2013. The following table sets forth a breakdown of our cost of sales by category for the periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2010		2011		2012		2012		2013	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
Outsourced										
Production										
Purchases of products	147,115	63.9	484,947	80.0	537,849	96.1	233,316	93.4	188,272	98.6
Own Production										
Raw materials.....	44,719	19.4	68,706	11.3	5,293	0.9	5,293	2.1	—	0.0
Direct labor	13,410	5.8	24,084	4.0	1,551	0.3	1,551	0.6	—	0.0
Production										
overhead	10,055	4.3	16,253	2.7	5,063	0.9	3,480	1.4	—	0.0
Subcontracting										
charges	14,669	6.4	5,980	1.0	1,657	0.3	1,657	0.7	—	0.0
Subtotal	82,853	35.9	115,023	19.0	13,564	2.4	11,981	4.8	—	0.0
Urban construction										
tax and other										
levies	349	0.2	6,520	1.0	8,344	1.5	4,508	1.8	2,759	1.4
Total Cost of Sales ..	230,317	100.0	606,490	100.0	559,757	100.0	249,805	100.0	191,031	100.0

Cost of outsourced production is a major component of our cost of sales, representing 63.9%, 80.0%, 96.1% and 98.6%, respectively, of our total cost of sales for the years ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2013. For the years ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2013, it is estimated that an increase/decrease by 1% in our average unit cost of outsourced production, with all other variables held unchanged, would have decreased/increased our profit for the year/period by approximately RMB1.1 million, RMB3.6 million, RMB4.0 million and RMB1.4 million, respectively.

Raw materials represent approximately 19.4%, 11.3%, 0.9% and nil, respectively, of our total cost of sales for the years ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2013. Raw materials primarily consist of fabrics and auxiliary materials used in our own production.

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Direct labor represent approximately 5.8%, 4.0%, 0.3% and nil, respectively, of our total cost of sales for the years ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2013. Direct labor consists of salaries and benefits for employees in our production operations.

Production overhead costs mainly comprise indirect labor (representing primarily staff costs for quality control, production and sourcing management team), depreciation of plant and machinery, maintenance, fuel and utilities.

Subcontracting charges primarily arise from our outsourcing of certain parts of our production process that requires special techniques, such as embroidery and washing.

Urban construction tax and other levies are charged by PRC local government. Beginning in December 2010, foreign invested enterprises are required to pay urban construction tax and education levy. As a result, our costs for urban construction tax and other levies increased significantly in 2011.

Gross Profit and Gross Profit Margin

For the years ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2013, our gross profit was approximately RMB62.1 million, RMB283.7 million, RMB380.3 million and RMB144.4 million, respectively, and our gross profit margin was 21.2%, 31.9%, 40.5% and 43.0%, respectively, for the same periods. Our gross profit margin is affected by factors including the retail selling price of our products, the wholesale discount rates and provision for sales rebates we offer to distributors and cost of sales.

Other Revenue and Other Net Income

Other revenue and other net income primarily consists of interest income from bank deposits, rental income, government grants and net gain on sales of promotion and display materials, loss on disposal of property, plant and equipment and net fair value gain on financial assets. Government grants represent local government cash awards in recognition of our contribution to the economic development in the region or cash incentives for development of apparel design software and design awards we won. The grants are non-recurring in nature and the amounts are subject to the government's discretion. Rental income represents income from the lease of an unused part of our factory building to an Independent Third Party for its manufacturing of apparel. This lease arrangement ended in November 2011 when we disposed of the factory buildings. Net gain on sales of promotion and display materials represents income from our sales to distributors of promotional and display materials used for display in their retail outlets net of our related costs. Loss on disposal of property, plant and equipment represents loss we incurred upon disposing of used equipment. Loss on disposal of intangible assets represents loss we incurred on disposal of certain management software. Net fair value gain on financial assets represent the net gain in fair value of certain wealth management products we purchased in 2012. For the years ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2013, our other revenue and other net income was RMB1.7

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million, RMB7.8 million, RMB6.6 million and RMB34.8 million, respectively. The following table sets forth a breakdown of our other revenue and other net income for the periods indicated:

	Year ended December 31,			Six months ended June 30,	
	2010	2011	2012	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Other Revenue					
Interest income.....	165	1,606	4,425	2,610	3,008
Rental income	400	367	—	—	—
Government grants.....	600	300	163	163	28,999
Others.....	—	33	—	—	—
	<u>1,165</u>	<u>2,306</u>	<u>4,588</u>	<u>2,773</u>	<u>32,007</u>
Other Net Income					
Net gain on disposal of promotion and display materials	656	5,408	723	147	390
Net foreign exchange gain/(loss)...	191	(24)	8	8	1
Loss on disposal of property, plant and equipment	(297)	(97)	(187)	(185)	(152)
Loss on disposal of intangible assets.....	—	(89)	—	—	—
Net fair value gain on financial assets at fair value through profit or loss	—	—	1,205	—	2,319
Others.....	(14)	253	270	131	240
	<u>536</u>	<u>5,451</u>	<u>2,019</u>	<u>101</u>	<u>2,798</u>
Total Other Revenue and Other Net Income	<u>1,701</u>	<u>7,757</u>	<u>6,607</u>	<u>2,874</u>	<u>34,805</u>

Selling and Distribution Expenses

Selling and distribution expenses primarily consist of advertising and promotion expenses relating to television advertisements, store display, billboard advertisements and sponsorship of sports events, salaries and benefits for sales and marketing personnel, transportation costs, travelling and meeting expenses, depreciation expenses, and rental expenses. In 2011, we incurred approximately RMB33.7 million of expenses for television commercials. In 2012, we ceased using television commercials and relied on various other means of advertising, which were less expensive and we believe more effective at reaching our target consumer groups. We currently do not plan to use television commercials again in the foreseeable future. In addition, we ceased using billboards in April 2013 after concluding that it was no longer cost effective when customer traffic for the nearby retail outlets had been established. These and other factors are expected to cause our advertising and promotion expenses to further decrease in 2013. Depreciation expenses primarily include depreciation for property, plant and equipment used for selling and distribution purposes. Rental expenses primarily consist of expenses for renting (i) our warehouses, (ii) office space allocated to selling and distribution, and (iii) self-operated retail outlets. We began to rent

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our warehouse in Shishi, Fujian province in November 2011, after we disposed of our land and real property related to our production. We entered into rental leases in December 2012 for the premises for our two self-operated retail outlets, which began operating under us in January and February of 2013, respectively. For the years ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2013, our selling and distribution expenses were approximately RMB14.1 million, RMB70.4 million, RMB48.3 million and RMB16.4 million, respectively. The following table sets forth a breakdown of our selling and distribution expenses for the periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2010		2011		2012		2012		2013	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
Advertising and promotion expenses	7,072	50.0	44,884	63.7	19,206	39.8	7,182	33.0	4,236	25.8
Staff costs.....	4,268	30.2	16,464	23.4	17,767	36.8	8,888	40.8	5,878	35.8
Transportation costs.....	1,519	10.7	3,214	4.6	2,575	5.3	977	4.5	871	5.3
Traveling and meeting expenses	738	5.2	3,579	5.1	3,595	7.4	1,595	7.3	853	5.2
Depreciation	66	0.5	235	0.3	563	1.2	302	1.4	581	3.5
Rental	354	2.5	581	0.8	2,397	5.0	1,495	6.9	2,903	17.7
Others ⁽¹⁾	119	0.9	1,483	2.1	2,185	4.5	1,321	6.1	1,094	6.7
Total Selling and Distribution Expenses	<u>14,136</u>	<u>100.0</u>	<u>70,440</u>	<u>100.0</u>	<u>48,288</u>	<u>100.0</u>	<u>21,760</u>	<u>100.0</u>	<u>16,416</u>	<u>100.0</u>

Note:

(1) Others primarily includes training expenses, insurance expenses and utility expenses.

For the years ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2013, our selling and distribution expenses represented 4.8%, 7.9%, 5.1% and 4.9%, respectively, of our revenue for the relevant period.

Administrative and Other Operating Expenses

Our administrative and other operating expenses primarily consist of salaries and benefits for administrative personnel, design, research and development expenses, fees for consulting services provided by international design institutes that collaborate with us, depreciation expenses relating to property, plant and equipment used for administrative purposes and amortization expenses for our management information systems, rental and property management fees relating to our office building and design and research and development center in Guangzhou, travelling and meeting expenses, communication expenses, donations, and expenses in connection with our proposed Global Offering and Listing. After the Listing, we will also incur expenses relating to the cost of the Shares granted under the Pre-IPO shares Option Scheme and additional compliance costs relating to continued listing. For the years

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ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2013, our administrative and other operating expenses were RMB51.1 million, RMB90.0 million, RMB110.6 million and RMB45.9 million, respectively. The following table sets forth a breakdown of our administrative and other operating expenses for the periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2010		2011		2012		2012		2013	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
Staff salaries and benefits....	17,899	35.0	31,183	34.7	30,906	27.9	17,521	35.7	14,902	32.6
Design, research and development expenses ⁽¹⁾ ..	8,918	17.4	17,600	19.6	25,125	22.7	8,089	16.5	10,026	21.9
Depreciation and amortization	4,838	9.5	10,625	11.8	12,006	10.9	5,829	11.9	6,125	13.3
Fees for consulting services .	2,233	4.3	6,700	7.4	5,971	5.4	2,934	6.0	2,330	5.1
Rental and property management fees.....	2,177	4.2	3,776	4.2	7,491	6.8	3,899	7.9	3,670	8.0
Travelling and meeting expenses	2,236	4.4	6,622	7.4	6,842	6.2	2,399	4.9	2,076	4.5
Consumables and office expenses	2,650	5.2	4,588	5.1	3,581	3.2	1,471	3.0	938	2.0
Communication expenses	705	1.4	2,945	3.3	2,772	2.5	686	1.4	1,024	2.2
Donations ⁽²⁾	6,543	12.8	200	0.2	30	—	30	0.1	100	0.2
Utilities.....	960	1.9	2,236	2.5	1,499	1.4	706	1.4	376	0.8
Other taxes and levies.....	896	1.8	1,300	1.4	413	0.4	234	0.5	153	0.3
Listing expenses	—	—	—	—	11,451	10.3	4,224	8.6	2,750	6.0
Others ⁽³⁾	1,063	2.1	2,184	2.4	2,508	2.3	1,022	2.1	1,423	3.1
Total Administrative and Other Operating Expenses	<u>51,118</u>	<u>100.0</u>	<u>89,959</u>	<u>100.0</u>	<u>110,595</u>	<u>100.0</u>	<u>49,044</u>	<u>100.0</u>	<u>45,893</u>	<u>100.0</u>

(1) Design, research and development expenses include expenses for raw materials and consumables used in design, research and development and staff costs of employees in the design, research and development department, and consulting fees paid to international design institutes.

(2) Donations for the year ended December 31, 2010 primarily consisted of a RMB5.0 million donation to the Young Entrepreneur and Career Development Fund of China and a RMB1.5 million donation to the earthquake-stricken areas in Sichuan province. All our donations are non-recurring.

(3) Others primarily include motor vehicle expenses, trademark registration costs and bank charges.

For the years ended December 31, 2010, 2011, 2012 and the six months ended June 30, 2013, our administrative and other operating expenses represented 17.5%, 10.1%, 11.8% and 13.7%, respectively, of our revenue for the relevant period. Our administrative and other operating expenses represented a lower percentage of our revenue for the year ended December 31, 2011 primarily because our business expanded rapidly in 2011. Our administrative and other operating expenses as a percentage of revenue increased in 2012 compared with 2011 primarily as a result of expenses we incurred relating to our proposed Listing,

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our increased design, research and development efforts and increased rental expenses. Our administrative and other operating expenses as a percentage of revenue increased from 11.6% for the six months ended June 30, 2012 to 13.7% for the six months ended June 30, 2013 primarily because our administrative expenses remained relatively stable while our revenue decreased during these periods.

Finance Costs

Our finance costs represent interest on bank borrowings and on discounting of bills. We pledge our bills receivable to banks for cash at a discount to the face amounts of such bills receivable. The cash we receive from banks is treated as other bank borrowings and this discount is treated as interest on discounting of bills receivable. Our finance costs were RMB2.7 million, RMB22.0 million, RMB27.2 million and RMB3.9 million for the years ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2013, respectively. We stopped accepting commercial acceptance bills as a method of settlement from distributors in July 2012 and since then have required cash or bank acceptance bills for payment. Since July 2012, in substantially all of our sales we require that distributors bear discount costs when we pledge bank acceptance bills at a discount. As a result, our interest payment for discounting bills decreased substantially for the six months ended June 30, 2013.

Income Tax

Income tax consists of current tax, PRC dividend withholding tax and movements in deferred tax assets. Current tax comprises primarily PRC corporate income tax payable by our PRC subsidiaries. PRC dividend withholding tax represents tax withheld by us as required by PRC tax authorities relating to dividends distributed to Cabbeen Investments by Cabbeen China in December 2012. Deferred tax comprises mainly movement in deferred tax assets on recognized deductible temporary differences arising from accrued expenses, prepayments and unrealized profits in inventories.

Under the relevant rules and regulations of the Cayman Islands and the BVI, we are not subject to any income tax in the Cayman Islands or the BVI. We did not earn any taxable income subject to Hong Kong income tax during the Track Record Period.

Under the PRC Corporate Income Tax Law, our subsidiaries in the PRC are subject to PRC income tax at the statutory PRC corporate income tax rate of 25%.

Pursuant to the PRC Corporate Income Tax Law and its related regulations, non-PRC resident enterprises are levied withholding tax at 10% (unless otherwise reduced by tax treaties/arrangements) on dividends receivable from PRC enterprises for profits earned since January 1, 2008. Distributions of earnings generated prior to January 1, 2008 are exempt from such withholding tax. We adopted the 10% withholding tax rate for PRC dividend withholding tax purposes during the Track Record Period.

Our income tax expenses for the years ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2013 were RMB2.9 million, RMB31.1 million, RMB70.6 million and RMB36.1 million, respectively. For the year ended December 31, 2010, we recorded income tax expenses even though we had a loss before taxation of RMB4.1 million for the year, primarily as a result of the effect of non-deductible expenses, which consisted of accounting losses incurred by our BVI and Hong Kong companies, non-deductible donations and other non-deductible business and administrative expenses. For the year

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ended December 31, 2012 and the six months ended June 30, 2013, we recorded RMB13.4 million and RMB6.4 million, respectively, in PRC dividend withholding tax in connection with dividends Cabbeen China declared to Cabbeen Investments. Our effective tax rates for the year ended December 31, 2011 and 2012 and the six months ended June 30, 2013 were 28.5%, 35.1% and 31.9%, respectively.

PERIOD TO PERIOD COMPARISON OF RESULTS OF OPERATIONS

Six months ended June 30, 2013 compared with six months ended June 30, 2012

Revenue

Our revenue decreased by RMB87.8 million, or 20.7%, from RMB423.2 million for the six months ended June 30, 2012 to RMB335.4 million for the six months ended June 30, 2013. The decrease primarily reflects the decrease from 3.4 million to 2.6 million in the volume of products we sold to our distributors, as partially offset by a slight increase in the average wholesale selling price of our products from RMB124 to RMB129. We adopted certain measures and adjustments in light of weaker consumer demand in the retail industry in the PRC since 2011. In particular, to help our distributors lower inventory levels of their out-of-season products, we reduced their purchase orders for our 2013 spring and summer collections by 37.0% and 13.6%, respectively, compared with the same seasonal collections for 2012, which resulted in decreases in our sales volume and revenue for the six months ended June 30, 2013 compared with the same period in 2012.

Cost of sales

Our cost of sales decreased by RMB58.8 million, or 23.5%, from RMB249.8 million for the six months ended June 30, 2012 to RMB191.0 million for the six months ended June 30, 2013. The decrease was primarily due to the decrease in our sales volume. Our average cost of sales per unit remained stable at RMB73 for the six months ended June 30, 2013 and 2012.

Gross profit and gross profit margin

As a result of the foregoing, our gross profit decreased by RMB29.0 million, or 16.7%, from RMB173.4 million for the six months ended June 30, 2012 to RMB144.4 million for the six months ended June 30, 2013. Our gross profit margin increased from 41.0% for the six months ended June 30, 2012 to 43.0% for the six months ended June 30, 2013. The increase was primarily due to the increase in the average wholesale selling price of our products, which, in turn, was primarily because our provision for sales rebates was lower for the six months ended June 30, 2013 as the amount of sales rebates we granted during this period decreased compared with the same period in 2012.

Other revenue and other net income

Our other revenue and other net income increased from RMB2.9 million for the six months ended June 30, 2012 to RMB34.8 million for the six months ended June 30, 2013. The increase was primarily as a result of (i) an increase by RMB28.8 million in government grant due to a cash award we received in May 2013 from the Finance Bureau of Shishi, Fujian province in the amount of RMB29.0 million for

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our contribution to the economic development in the region, and (ii) RMB2.3 million in net fair value gain on financial assets at fair value through profit or loss we recognized in the six months ended June 30, 2013 relating to a RMB70.0 million wealth management product which reached maturity in April 2013 and a wealth management product of RMB60.0 million with a maturity date of December 2013.

Selling and distribution expenses

Our selling and distribution expenses decreased by RMB5.4 million, or 24.8%, from RMB21.8 million for the six months ended June 30, 2012 to RMB16.4 million for the six months ended June 30, 2013. The decrease was primarily due to (i) a RMB3.0 million decrease in staff costs primarily as a result of the decrease in the number of our sales and distribution personnel. The total number of our sales and distribution personnel decreased significantly in the first six months of 2013 compared with the same period in 2012 because (a) we closed our warehouse in Guangzhou in November 2012 and (b) we restructured our brand promotion staff following the conversion of Cabbeen Chic from a stand-alone brand to a sub-brand under Cabbeen Lifestyle in October 2012; and (ii) a RMB2.9 million decrease in advertising and promotion expenses primarily as a result of a decrease in our expenses for promotional and store display materials, which in turn was because fewer retail outlets were opened in the first six months of 2013 compared with the same period in 2012. In addition, we incurred additional promotion expenses in the six months ended June 30, 2012 in connection with our Group's 15th anniversary events, which we did not incur for the same period in 2013. These decreases were partially offset by a RMB1.4 million increase in rental expenses, which primarily consisted of rental expenses for the self-operated retail outlets we established in the six months ended June 30, 2013.

Administrative and other operating expenses

Administrative and other operating expenses decreased by RMB3.1 million, or 6.3%, from RMB49.0 million for the six months ended June 30, 2012 to RMB45.9 million for the six months ended June 30, 2013. The decrease was primarily due to (i) a RMB2.6 million decrease in staff salaries and benefits because the number of our administrative staff decreased following our restructuring of administrative departments and departure of certain personnel in the first six months of 2013; and (ii) a RMB1.5 million decrease in listing expenses incurred.

Finance costs

Our finance costs decreased by RMB16.1 million, or 80.5%, from RMB20.0 million for the six months ended June 30, 2012 to RMB3.9 million for the six months ended June 30, 2013. The decrease was primarily as a result of a RMB16.1 million decrease in costs relating to discounting of bills. In the first six months of 2012, we were primarily responsible for discount costs when we pledged bills to banks for cash. We stopped accepting commercial acceptance bills as a method of settlement from distributors in July 2012 and since then have required cash or bank acceptance bills for payment. Since July 2012, in substantially all of our sales we require that distributors bear discount costs when we pledge bank acceptance bills at a discount. As a result, our finance costs decreased significantly for the six months ended June 30, 2013 compared with the same period in 2012.

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Income tax

Our income tax increased by RMB10.5 million, or 41.0%, from RMB25.6 million for the six months ended June 30, 2012 to RMB36.1 million for the six months ended June 30, 2013. The increase was primarily as a result of the increase in our profit before taxation. Our effective income tax rate increased slightly from 29.9% for the six months ended June 30, 2012 to 31.9% for the six months ended June 30, 2013.

Profit for the period

As a result of the foregoing, our profit for the period increased by RMB17.0 million, or 28.4%, from RMB59.9 million for the six months ended June 30, 2012 to RMB76.9 million for the six months ended June 30, 2013.

Year ended December 31, 2012 compared with year ended December 31, 2011

Revenue

Our revenue increased by RMB49.9 million, or 5.6%, from RMB890.2 million for the year ended December 31, 2011 to RMB940.1 million for the year ended December 31, 2012. The increase was primarily as a result of an increase from RMB133 to RMB162 in the average wholesale selling price of our products, as partially offset by a decrease from 6.7 million to 5.8 million in the volume of products we sold to our distributors. Our distributors ordered products in 2011 for sale later in the second half of 2011 and the first half of 2012 in anticipation of sales growth at existing retail outlets and new retail outlets to be opened, which did not fully materialize due to various factors including changing market conditions and market strategies and resulted in a decrease in their orders for our products in 2012. In the second half of 2011, the PRC retail industry began to experience weaker consumer demand and rising inventory levels. In response, we have adopted strategies to focus on strengthening our existing business and distribution network instead of expanding aggressively. The total number of our branded retail outlets decreased slightly from 965 as of December 31, 2011 to 958 as of December 31, 2012 primarily as a result of our efforts to consolidate our sales channels to improve the efficiency of our distribution network.

Cost of sales

Our cost of sales decreased by RMB46.7 million, or 7.7%, from RMB606.5 million for the year ended December 31, 2011 to RMB559.8 million for the year ended December 31, 2012. The decrease was primarily caused by the decrease in our sales volume. Our average cost of sales per unit, however, increased from RMB91 for the year ended December 31, 2011 to RMB97 for the year ended December 31, 2012 primarily as a result of our increased use of higher value materials and more complex production processes and the general increase in the cost of labor in China, which also contributed to increased costs for our outsourced production.

Gross profit and gross profit margin

As a result of the foregoing, our gross profit increased by RMB96.6 million, or 34.1%, from RMB283.7 million for the year ended December 31, 2011 to RMB380.3 million for the year ended December 31, 2012. Our gross profit margin increased by 8.6% from 31.9% for the year ended December 31, 2011 to 40.5% for the year ended December 31, 2012. The increase in our gross profit margin during this period was primarily due to the increase in the average wholesale selling price of our products.

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Other revenue and other net income

Our other revenue and other net income decreased by RMB1.2 million, or 15.4%, from RMB7.8 million for the year ended December 31, 2011 to RMB6.6 million for the year ended December 31, 2012. The decrease was primarily as a result of the decrease in net gain on sales of promotional and display materials, as partially offset by an increase in our interest income and a RMB1.2 million net fair value gain on financial assets we recorded in 2012. Our net gain on sale of promotion and display materials decreased by RMB4.7 million primarily because we reduced our price markup for promotion and display materials sold to our distributors in order to encourage them to improve the display and appearance of the retail outlets. Our interest income increased by RMB2.8 million due to increased average bank deposits throughout the year that we pledged as security for bank acceptance bills we used to make payments to our suppliers. Net fair value gain on financial assets represent the net gain in the fair value of certain wealth management products we purchased in 2012.

Selling and distribution expenses

Our selling and distribution expenses decreased by RMB22.1 million, or 31.4%, from RMB70.4 million for the year ended December 31, 2011 to RMB48.3 million for the year ended December 31, 2012. The decrease was primarily because we incurred approximately RMB33.7 million of expenses for television commercials in 2011, while in 2012 we ceased using television commercials but relied on various other means of advertising, which were less expensive and, we believe, more effective at reaching our target consumer groups.

Administrative and other operating expenses

Administrative and other operating expenses increased by RMB20.6 million, or 22.9%, from RMB90.0 million for the year ended December 31, 2011 to RMB110.6 million for the year ended December 31, 2012. The increase was primarily due to approximately RMB11.5 million of expenses we incurred in 2012 relating to our proposed Global Offering and Listing, an approximately RMB7.5 million increase in design and research and development expenses and an approximately RMB3.7 million increase in rental and property management fees. Our rental and property management fees increased because rental for our office building in Guangzhou increased in September 2011 and we entered into a lease for our research and development center in Guangzhou in April 2011.

Finance costs

Our finance costs increased by RMB5.2 million, or 23.6%, from RMB22.0 million for the year ended December 31, 2011 to RMB27.2 million for the year ended December 31, 2012. The increase was primarily as a result of the increase in the interest on other bank borrowings secured by commercial acceptance bills receivable. We pledge all bills upon receipt for cash at a discount. Bills have maturity periods, which are typically six months, and the finance costs relating to their discounting are allocated to the period following the discounting and prior to the maturity date of the bills. Our outstanding bills receivable increased from RMB32.5 million as of December 31, 2010 to RMB286.6 million as of December 31, 2011. A significant portion of our outstanding bills receivable as of December 31, 2011 related to bills we discounted in November and December 2011 and, as a result, the majority of the discount costs relating

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to these bills were charged to our finance costs in the first half of 2012. As a result, finance costs recognized in 2012 relating to discount costs for prior year's bills receivable were higher than the corresponding costs recognized in 2011, which contributed to the increase in our finance costs in 2012 compared with 2011.

Income tax

Our income tax increased by RMB39.5 million, or 127.0%, from RMB31.1 million for the year ended December 31, 2011 to RMB70.6 million for the year ended December 31, 2012. The increase was primarily as a result of (i) an increase of RMB30.8 million in PRC corporate income tax primarily as a result of an increase in our profit before taxation, as partially offset by an increase of RMB4.7 million in deferred tax assets resulting primarily from our sales rebate provision of RMB31.8 million as of December 31, 2012 and (ii) RMB13.4 million in withholding tax on the dividends we declared on December 3, 2012. As a result, our effective income tax rate increased from 28.5% for the year ended December 31, 2011 to 35.1% for the year ended December 31, 2012.

Profit for the year

As a result of the foregoing, our profit for the year increased by RMB52.2 million, or 66.9%, from RMB78.0 million for the year ended December 31, 2011 to RMB130.2 million for the year ended December 31, 2012.

Year ended December 31, 2011 compared with year ended December 31, 2010

Revenue

Our revenue increased by RMB597.8 million, or 204.4%, from RMB292.4 million for the year ended December 31, 2010 to RMB890.2 million for the year ended December 31, 2011. This increase primarily resulted from (i) the increase from 2.9 million to 6.7 million in the volume of products we sold to our distributors, and (ii) the increase from RMB101 to RMB133 in the average wholesale selling price of our products to our distributors. The increase in the volume of products sold to our distributors was primarily a result of (i) the expansion of our distribution network, which included 637 retail outlets as of December 31, 2010 compared with 965 retail outlets as of December 31, 2011; (ii) actual and expected increases in sales in our existing retail outlets due to growing market demand; and (iii) additional products purchased by our distributors in anticipation of new retail outlets to be opened, some of which were not opened as of December 31, 2011 due to various factors including changing market conditions and market strategies. These additional products were subsequently sold to end customers after 2011. The increase in the average wholesale selling price of our products was primarily attributable to (i) increases in retail selling prices of our products due to our strengthened brand identity and brand positioning; and (ii) our enhanced bargaining power as our business scale expanded.

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Cost of sales

Our cost of sales increased by RMB376.2 million, or 163.4%, from RMB230.3 million for the year ended December 31, 2010 to RMB606.5 million for the year ended December 31, 2011. This increase was primarily as a result of the significant increase in our sales volume and the general increase in the cost of raw materials and labor in China due in large part to inflation, which also contributed to increased costs for our outsourced production. Our average cost of sales per unit increased from RMB80 for the year ended December 31, 2010 to RMB91 for the year ended December 31, 2011.

Gross profit and gross profit margin

As a result of the foregoing, our gross profit increased by RMB221.6 million, or 356.8%, from RMB62.1 million for the year ended December 31, 2010 to RMB283.7 million for the year ended December 31, 2011. Our gross profit margin increased from 21.2% in 2010 to 31.9% in 2011. The increase in our gross profit margin during this period was primarily due to the increase in the average wholesale selling price of our products to our distributors.

Other revenue and other net income

Our other revenue and other net income increased by RMB6.1 million, or 358.8% from RMB1.7 million for the year ended December 31, 2010 to RMB7.8 million for the year ended December 31, 2011. This increase was primarily as a result of (i) an increase by RMB4.8 million in net gain on sale of promotion and display materials because of the increase in the number of retail outlets opened during the year and (ii) an increase in interest income of RMB1.4 million due to increased bank deposits and increased interest rates. Our bank deposits increased significantly over this period primarily because we deposited more cash with banks as security for bank acceptance bills, which we use to make payments to our suppliers. Our pledged bank deposits increased significantly from RMB8.8 million as of December 31, 2010 to RMB132.6 million as of December 31, 2011 because in 2011 we increased our use of bills to make payments.

Selling and distribution expenses

Our selling and distribution expenses increased significantly by RMB56.3 million, or 399.3%, from RMB14.1 million for the year ended December 31, 2010 to RMB70.4 million for the year ended December 31, 2011. This increase was primarily as a result of an increase in advertising and promotion expenses. In 2010, our advertising and promotion were primarily conducted through the Internet and magazines. In 2011, we ran television commercials during prime time to raise our brand profile and further enhance our brand recognition, for which we incurred RMB33.7 million in advertising expenses. As a result, our advertising and promotion expenses increased significantly in 2011. In addition, our sales and marketing staff increased significantly in 2011 as our business expanded and their average salary also increased, both of which contributed to the increase in our selling and distribution expenses.

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Administrative and other operating expenses

Administrative and other operating expenses increased by RMB38.9 million, or 76.1%, from RMB51.1 million for the year ended December 31, 2010 to RMB90.0 million for the year ended December 31, 2011. This increase was primarily as a result of increases in salaries and benefits for administrative and design and research and development personnel, depreciation and amortization expenses and research and development expenses. Salaries and benefits increased significantly in 2011 because the number of our administrative and design and research and development personnel increased significantly as our business expanded and a number of our managerial and product design personnel joined us in 2011. Our depreciation expenses increased primarily because we began to record depreciation expenses for interior decoration of our office in Guangzhou in 2011. Our design and research and development expenses increased as we continued to invest resources into product development and improvement.

Finance costs

Our finance costs increased significantly by RMB19.3 million, or 714.8%, from RMB2.7 million for the year ended December 31, 2010 to RMB22.0 million for the year ended December 31, 2011. This increase was primarily as a result of the increase in the interest on other bank borrowings secured by commercial acceptance bills receivable. In 2011, we accepted more commercial acceptance bills from our customers for settlement as our sales volume increased.

Income tax

Our income tax increased significantly by RMB28.2 million, or 972.4%, from RMB2.9 million for the year ended December 31, 2010 to RMB31.1 million for the year ended December 31, 2011, primarily as a result of the increase in our taxable income. Our effective income tax rate was not applicable for the year ended December 31, 2010 as we had a loss before tax. Our effective income tax rate for the year ended December 31, 2011 was 28.5%. As a result of our non-deductible expenses, our effective tax rate for 2011 was higher than the PRC statutory corporate income tax rate and we had income tax expenses for 2010 despite incurring a loss before tax.

(Loss)/profit for the year

As a result of the foregoing, our results improved significantly from a net loss of RMB7.0 million for the year ended December 31, 2010 to a net profit of RMB78.0 million for the year ended December 31, 2011.

LIQUIDITY AND CAPITAL RESOURCES

Our primary uses of cash are to fund our working capital requirements, invest in our ERP system, property, plant and equipment, and to repay loans and related interest expenses. To date, we have funded our operations principally with cash generated from our operations, capital contributions from our Shareholders and bank borrowings. In the future, we believe that our liquidity requirements will be

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satisfied with a combination of cash flows generated from our operating activities, bank loans and other borrowings, net proceeds from this Global Offering and other funds raised from the capital markets from time to time. Any significant decrease in demand for, or pricing of, our products or a significant decrease in the availability of bank loans may adversely impact our liquidity.

Cash flow

As of December 31, 2010, 2011 and 2012 and June 30, 2013, we had cash and cash equivalents of RMB17.9 million, RMB61.8 million, RMB186.0 million and RMB166.2 million, respectively. The following table sets forth our cash flows for the years ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2012 and 2013:

	Year ended December 31,			Six months ended June 30,	
	2010	2011	2012	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Net cash (used in)/generated from operating activities.....	(56,645)	(58,071)	561,297	210,937	122,304
Net cash (used in)/generated from investing activities.....	(41,809)	(142,806)	(96,195)	31,846	(112,769)
Net cash generated from/(used in) financing activities.....	<u>96,245</u>	<u>244,896</u>	<u>(340,857)</u>	<u>(111,570)</u>	<u>(28,544)</u>
Net (decrease)/increase in cash and cash equivalents.....	(2,209)	44,019	124,245	131,213	(19,009)
Cash and cash equivalents at the beginning of the year/period.....	20,081	17,856	61,817	61,817	186,044
Effect of foreign exchange rate changes	<u>(16)</u>	<u>(58)</u>	<u>(18)</u>	<u>8</u>	<u>(826)</u>
Cash and cash equivalents at the end of the year/period.....	<u><u>17,856</u></u>	<u><u>61,817</u></u>	<u><u>186,044</u></u>	<u><u>193,038</u></u>	<u><u>166,209</u></u>

Cash flows (used in)/generated from operating activities

For the six months ended June 30, 2013, our net cash generated from operating activities amounted to RMB122.3 million, primarily reflecting our profit before taxation of RMB113.0 million, as positively adjusted primarily by (i) RMB144.7 million in decrease in amounts due from related parties; (ii) RMB19.7 million in decrease in inventories; (iii) RMB5.1 million in depreciation; and (iv) RMB4.6 million in net foreign exchange loss; and offset in part primarily by (i) RMB130.6 million in decrease in trade and other payables; (ii) RMB3.0 million in interest income; (iii) RMB2.3 million in net fair value gain on financial assets at fair value through profit or loss; and (iv) RMB36.2 million in income tax paid.

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For the year ended December 31, 2012, our net cash generated from operating activities amounted to RMB561.3 million, primarily reflecting our profit before taxation of RMB200.8 million, as positively adjusted primarily by (i) RMB350.5 million in decrease in trade and other receivables; (ii) RMB124.6 million in decrease in advances to third parties as the third parties paid back these advances by us; (iii) RMB86.6 million in decrease in inventories and (iv) RMB27.2 million in interest expense, and offset primarily by (i) RMB97.5 million in increase in amounts due from related parties; (ii) RMB64.8 million in decrease in trade and other payables; (iii) RMB21.4 million in decrease in advances from third parties as we paid back these advances; and (iv) RMB52.4 million in income tax paid.

For the year ended December 31, 2011, our net cash used in operating activities amounted to RMB58.1 million, primarily reflecting our profit before taxation of RMB109.1 million, as positively adjusted primarily by (i) RMB362.7 million in increase in trade and other payables; and (ii) RMB22.0 million in interest expense, and offset primarily by (i) RMB359.0 million in increase in trade and other receivables; (ii) RMB124.6 million in increase in advances to third parties, which represents one-off advances to two Independent Third Parties for their short-term financing needs. These third parties were companies held by personal friends of our Controlling Shareholder. These one-off advances to them were not related to our business operations. These amounts were repaid in full in December 2012; (iii) RMB33.9 million in increase in inventories and (iv) RMB27.7 million in income tax paid.

For the year ended December 31, 2010, our net cash used in operating activities amounted to RMB56.6 million, primarily reflecting our loss before taxation of RMB4.1 million, as positively adjusted primarily by RMB74.2 million in increase in trade and other payables, and offset primarily by (i) RMB71.5 million in increase in trade and other receivables, (ii) RMB53.2 million in increase in inventories, (iii) RMB4.5 million in repayment of advances from third parties, (iv) RMB12.0 million in increase in amounts due from related parties and (v) RMB2.7 million in income tax paid.

Cash flows (used in)/generated from investing activities

For the six months ended June 30, 2013, our net cash used in investing activities amounted to RMB112.8 million, reflecting cash outflows primarily due to (i) RMB101.2 million in increase in pledged bank deposits; (ii) RMB64.0 million in placement of deposits with banks with original maturity date over three months; (iii) RMB40.0 million in payment for the purchase of an available-for-sales financial asset; (iv) RMB2.0 million in payment for the purchase of intangible assets; and (v) RMB1.2 million in payment for the purchase of property, plant and equipment, as partially offset primarily by (i) RMB72.1 million in proceeds from disposal of a financial asset at fair value through profit or loss; (ii) RMB21.1 million in proceeds from disposal of property, plant and equipment, which represented an installment of payment from Junyuan Development for its purchase of land, property and construction-in-progress from us when we disposed of our production operations; and (iii) RMB2.3 million in interest received.

For the year ended December 31, 2012, our net cash used in investing activities amounted to RMB96.2 million, reflecting cash outflows primarily due to (i) RMB130.0 million in payment for certain wealth management products we purchased in 2012 and (ii) RMB11.0 million in payment for the purchase of intangible assets, which primarily consisted of software for our management information systems, as partially offset by RMB34.9 million in decrease in pledged bank deposits. As of December 31, 2012, we pledged wealth management products as security for bank borrowings and bills payable and, as a result, we pledged less bank deposits as security.

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For the year ended December 31, 2011, our net cash used in investing activities amounted to RMB142.8 million, reflecting cash outflows primarily due to (i) an increase in pledged bank deposits of RMB123.8 million as security for bank acceptance bills we use to pay our suppliers; (ii) payment of RMB14.5 million for our production equipment and office building interior decoration; and (iii) payment of RMB6.2 million for the purchase of human resources and warehouse management modules of our ERP system. Such cash outflows were partially offset by interest received of RMB1.6 million.

For the year ended December 31, 2010, our net cash used in investing activities amounted to RMB41.8 million, reflecting cash outflows primarily due to (i) payment of RMB33.2 million for the construction of production facilities and purchase of production equipment; (ii) payment of RMB8.5 million for the purchase of Retail and AFS modules of our ERP system; and (iii) increase in pledged bank deposits of RMB0.4 million. Such cash outflows were partially offset by interest received of RMB0.2 million.

Cash flows generated from/(used in) financing activities

For the six months ended June 30, 2013, our net cash used in financing activities amounted to RMB28.5 million, primarily reflecting cash outflows of (i) RMB120.0 million in dividend paid; (ii) RMB61.7 million in repayment of bank loans; and (iii) RMB4.8 million in interest paid, as partially offset by (i) RMB118.3 million in proceeds from bank loans; and (ii) RMB39.7 million in increase in the net amount due to the Controlling Shareholder.

For the year ended December 31, 2012, our net cash used in financing activities amounted to RMB340.9 million, primarily reflecting cash outflow of RMB503.2 million we recognized upon maturity of commercial acceptance bills we pledged to banks for cash, RMB165.5 million in repayment of short-term bank borrowings and RMB65.1 million in repayment of amount due to the Controlling Shareholder, as partially offset by cash inflow of RMB216.6 million in proceeds from discounting of commercial acceptance bills receivable and RMB193.0 million in proceeds from bank loans.

For the year ended December 31, 2011, our net cash generated from financing activities amounted to RMB244.9 million, primarily reflecting cash inflow of (i) RMB430.9 million in proceeds from bank advances for discounted bills; and (ii) RMB123.5 million in proceeds from short-term bank borrowings. Such cash inflows were partially offset by (i) maturity of bank advances for discounted bills of RMB176.8 million; (ii) repayment of short-term bank borrowings of RMB106.5 million, and (iii) interest paid of RMB31.7 million.

For the year ended December 31, 2010, our net cash generated from financing activities amounted to RMB96.2 million, primarily reflecting cash inflow of (i) RMB193.8 million in proceeds from short term bank loans; and (ii) proceeds from bank advances for discounted bills of RMB32.5 million. Such cash inflows were partially offset by (i) repayment of short term bank loans of RMB123.8 million; and (ii) interest paid of RMB3.6 million.

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Current Assets and Liabilities

The following table sets forth details of our current assets and liabilities as of the dates indicated:

	As of December 31,			As of	As of
	2010	2011	2012	June 30,	August 31,
	RMB'000	RMB'000	RMB'000	2013	2013
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Current assets					
Inventories	93,764	127,625	41,025	21,322	48,512
Trade and other receivables	153,370	706,012	337,282	132,226	210,128
Current tax recoverable	—	3,576	—	—	—
Other financial assets	—	—	131,205	101,377	101,377
Deposits with banks with original maturity date over three months	—	—	—	64,000	64,000
Pledged bank deposits	8,811	132,584	97,660	198,891	184,048
Cash and cash equivalents ..	17,856	61,817	186,044	166,209	63,786
Total current assets	<u>273,801</u>	<u>1,031,614</u>	<u>793,216</u>	<u>684,025</u>	<u>671,851</u>
Current liabilities					
Bank borrowings	125,000	396,115	136,961	193,568	177,352
Trade and other payables	204,510	575,744	569,150	316,986	367,332
Current tax payable	4,420	12,412	32,740	22,167	10,677
Total current liabilities	<u>333,930</u>	<u>984,271</u>	<u>738,851</u>	<u>532,721</u>	<u>555,361</u>
Net current (liabilities)/ assets	<u>(60,129)</u>	<u>47,343</u>	<u>54,365</u>	<u>151,304</u>	<u>116,490</u>

We recorded net current liabilities as of December 31, 2010 of RMB60.1 million, primarily because we used short-term bank borrowings and our internal cash to fund the purchases of our ERP system and property, plant and equipment, which are all categorized as long-term assets.

We recorded net current assets of RMB47.3 million as of December 31, 2011. This improvement was primarily due to (i) an increase of RMB33.9 million in inventories primarily as a result of the growth of our business; (ii) an increase of RMB371.5 million in trade and bills receivables, as a result of the increase in our sales volume; (iii) an increase of RMB124.6 million in advances to third parties, which represents one-off advances to two Independent Third Parties for their short-term financing needs. These amounts were repaid in full in December 2012; (iv) an increase of RMB123.8 million in pledged bank deposits primarily as a result of our increased use of bank acceptance bills to settle payment with suppliers and our increased sales and cost of sales; and (v) an increase of RMB44.0 million in cash and cash equivalents. These increases were partially offset by an increase in trade and bills payables of RMB264.8 million due to the increase in our purchase amount, increase of receipts in advances from customers for RMB81.6 million due to the increase in sales orders received and an increase in accruals of other operating expense.

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We recorded net current assets of RMB54.4 million as of December 31, 2012, primarily as a result of (i) RMB131.2 million in financial assets at fair value through profit or loss; (ii) an increase of RMB124.2 million in cash and cash equivalents; and (iii) a decrease of RMB259.2 million in bank borrowings, as partially offset by (i) a decrease of RMB368.7 million in trade and other receivables; (ii) a decrease of RMB86.6 million in inventories; and (iii) a decrease of RMB34.9 million in pledged bank deposits primarily as a result of our use of wealth management products to secure our bank acceptance bills in 2012.

We recorded net current assets of RMB151.3 million as of June 30, 2013, as a result of (i) RMB198.9 million in pledged bank deposits; (ii) RMB166.2 million in cash and cash equivalents; (iii) RMB132.2 million in trade and other receivables; (iv) RMB101.4 million in other financial assets; (v) RMB64.0 million in deposits with banks with original maturity date over three months; and (vi) RMB21.3 million in inventories, as partially offset by (i) RMB317.0 million in trade and other payables; (ii) RMB193.6 million in bank borrowings; and (iii) RMB22.2 in current tax payable.

Financial Assets

We purchased three wealth management products in August 2012, December 2012 and June 2013, respectively, issued by major banks in the PRC with principal amounts of RMB70.0 million with a maturity date of April 29, 2013, RMB60.0 million with a maturity date of December 13, 2013 and RMB40.0 million with a maturity date of July 29, 2013, respectively. We are not entitled to termination or redemption of these wealth management products prior to maturity. Under the terms of the investment agreements for these wealth management products, we are expected to receive at least the principal amount of the wealth management product at maturity. The wealth management product with a principal amount of RMB70.0 million reached maturity on April 29, 2013, and we have received full settlement from the bank in the amount of RMB72.1 million, representing the principal amount together with an annualized return of 4.5%. The wealth management product with a principal amount of RMB40.0 million reached maturity on July 29, 2013, and we have received full settlement from the issuing bank in the amount of RMB40.2 million, representing the principal amount together with an annualized return of 6.0%.

Since June 30, 2013, we have purchased three additional wealth management products issued by major banks in the PRC, including (i) a product with a principal amount of RMB40.0 million that was purchased on July 5, 2013 with a maturity date of August 7, 2013 and an annualized return of 5.5%; (ii) a product with a principal amount of RMB30.0 million that was purchased on July 10, 2013 with a maturity date of July 23, 2013 and an annualized return of 5.5%; and (iii) a product with a principal amount of RMB40.0 million that was purchased on August 1, 2013 with an expected maturity date of September 10, 2013 and an annualized return of 4.8%.

Our PRC legal advisers, Jingtian & Gongcheng, have confirmed that according to our investment agreements with the banks and Measures for the Administration of the Sale of Wealth Management Products of Commercial Banks (《商業銀行理財產品銷售管理辦法》), the wealth management products we purchased are “principal protected” investment products. Such investment products guarantee the return of the principal amount of our investment without guaranteeing any future yield. In addition, as the wealth management products were issued by major banks in the PRC, the risk of the issuing banks’ default is considered remote. As a result of the above, our Directors do not believe that we face any loss exposure for our purchase of such wealth management products.

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We evaluate the risks and returns of our investments in these two wealth management products by comparison to fixed term deposits with financial institutions for the purpose of providing pledged deposits for bank facilities. During the Track Record Period, all material investments and capital expenditures were reviewed and approved by our senior management, and then approved and signed off by our chief executive officer. After the Listing, each material investment that amounts to 5% or more of our total assets would require prior approval by the Board and the Board is also expected to review our investments on a quarterly basis. Investments representing less than 5% of our total assets would be reviewed and approved by our senior management and heads of our finance and legal departments, and then approved and signed off by our chief executive officer. The primary investment criteria the Board is expected to follow include investing our surplus cash in financial assets that are “principal protected” issued by major financial institutions to enhance the return on our shareholders’ investments when appropriate investment opportunities are available.

Working Capital

Taking into consideration our cash resources, available credit lines, cash flows from our operations and estimated net proceeds from the Global Offering, our Directors are satisfied, after due and careful inquiry, that we have sufficient working capital for at least the 12 months commencing from the date of this prospectus.

Inventories

After we disposed of our production operations in February 2012, our inventories primarily consist of apparel, footwear and accessories procured from our OEMs for sale by us and a small amount of raw materials used in our design, research and development activities. Prior to February 2012, our inventories primarily consisted of (i) apparel, footwear and accessories procured from OEMs; (ii) work in progress and finished goods manufactured by us and (iii) fabrics and auxiliary materials. The following table sets forth the breakdown of our inventories as of the dates indicated:

	As of December 31,			As of June 30,
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Raw materials.....	33,377	28,657	2,103	1,851
Work in progress.....	254	8,944	—	—
Finished goods.....	60,133	90,024	38,922	19,471
	93,764	127,625	41,025	21,322

Our inventories increased by 36.0% from RMB93.8 million as of December 31, 2010 to RMB127.6 million as of December 31, 2011, primarily as a result of an increase in finished goods in line with the growth in our sales. Our inventories decreased to RMB41.0 million as of December 31, 2012, primarily because (i) we disposed of our production operations in February 2012. Our inventory as of December 31, 2011 included raw materials, work in progress and finished products from our production business, which we did not have any more as of December 31, 2012; (ii) the Chinese New Year’s Day is later in 2013 than it was in 2012. Products for our 2012 spring collection had already started to be shipped to us and recorded as our inventory as of December 31, 2011, whereas most products for our 2013 spring collection had not

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yet been shipped to us as of December 31, 2012 due to the late Chinese New Year's Day in 2013; and (iii) our Extended Warehouse Management system, which is part of our ERP system, became operational in 2012 and, together with our other management efforts, enhanced the efficiency of our inventory and logistics management and reduced our need for warehousing space. As a result, we closed our warehouse in Guangzhou in November 2012. As a result of the above factors, our inventory as of December 31, 2012 decreased compared with December 31, 2011. Our inventories decreased by 48.0% from RMB41.0 million as of December 31, 2012 to RMB21.3 million as of June 30, 2013, primarily because (i) as of June 30, 2013, we had shipped out our summer collection products but had not yet received most of our autumn collection products from our OEMs; and (ii) the efficiency of our logistics system had further improved.

As of September 30, 2013, approximately RMB16.8 million, or 79.0%, of our inventories as of June 30, 2013 had been sold or utilized.

The following table sets forth our average inventory turnover days for the periods indicated:

	Year ended December 31,			Six months ended June 30,
	2010	2011	2012	2013
	Average inventory turnover days ⁽¹⁾	106	67	55

(1) Average inventory turnover days equal to the average of the opening and closing balances of inventories of the relevant period divided by cost of sales of the relevant year/period and multiplied by 365/181 days.

Our average inventory turnover days decreased from 106 days for the year ended December 31, 2010 to 67 days for the year ended December 31, 2011, primarily as a result of our improved inventory and EWM system and better production planning, and our increased cost of sales due to our expanded business scale. Our average inventory turnover days further decreased to 55 days for the year ended December 31, 2012 primarily because our inventories as of December 31, 2012 decreased compared with December 31, 2011. Our average inventories turnover days further decreased to 30 days for the six months ended June 30, 2013 primarily because our inventories as of June 30, 2013 decreased significantly compared with December 31, 2012.

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Trade and Other Receivables

The following table sets forth a breakdown of our trade and other receivables as of the dates indicated:

	As of December 31,			As of June 30,
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables				
- third parties	36,499	159,279	78,092	51,918
- related parties	5,410	—	—	—
Bills receivable				
- third parties	29,500	286,625	—	27,140
- related parties	3,000	—	—	—
Trade and bills receivables	<u>74,409</u>	<u>445,904</u>	<u>78,092</u>	<u>79,058</u>
Prepayments to suppliers	32,439	12,343	3,698	14,037
Amount due from the Controlling Shareholder	—	—	39,564	—
Amounts due from related parties.....	33,200	92,110	189,637	23,842
Advances to third parties	—	124,580	—	—
Other deposits, prepayments and receivables	13,322	31,075	41,552	30,550
VAT deductible	5,079	11,518	—	693
Prepaid interest on discounted bills	933	10,624	—	—
Prepaid interest on bank loan	—	—	—	1,095
Proceeds from sales of raw materials	—	—	34,806	20,261
Others	7,310	8,933	6,746	8,501
Other receivables	<u>78,961</u>	<u>260,108</u>	<u>274,451</u>	<u>68,429</u>
	153,370	706,012	352,543	147,487
Less: non-current portion of other receivables	—	—	(15,261)	(15,261)
Current portion of trade and other receivables	<u>153,370</u>	<u>706,012</u>	<u>337,282</u>	<u>132,226</u>

Trade and bills receivables

Our trade and bills receivables primarily relate to receivables for goods sold to our distributors. Our trade and bills receivables increased significantly from RMB74.4 million as of December 31, 2010 to RMB445.9 million as of December 31, 2011, primarily because our sales increased significantly and we granted credit limits to more distributors. Our distributors order products from us based on expected sales volume in subsequent periods. In 2011, many of our distributors' actual sales were lower than their

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expected sales due to weaker consumer demand. We granted credit limits to more distributors in 2011 compared with 2010 to help alleviate the liquidity pressure on distributors and to support their operations and growth. Our trade and bills receivables decreased significantly from RMB445.9 million as of December 31, 2011 to RMB78.1 million as of December 31, 2012 primarily because (i) we stopped accepting commercial acceptance bills as a method of settlement from distributors in July 2012 and since then have required cash or bank acceptance bills for payment, which are derecognized from accounts receivable upon discounting or endorsement as the risk of default by issuing banks is considered remote, (ii) we granted shorter credit periods to distributors in 2012, and (iii) we enhanced our credit control policy in July 2012 and increased our collection efforts. Our trade and bills receivables increased slightly from RMB78.1 million as of December 31, 2012 to RMB79.1 million as of June 30, 2013. Our bills receivable balance of RMB27.1 million as of June 30, 2013 represented bank acceptance bills we had not discounted as of June 30, 2013.

Although our contracts with distributors typically require them to pay in full for our products upon delivery, we grant credit limits on a case-by-case basis, usually in instances when we believe that the extension of liquidity to our distributors would support them in opening new retail outlets or engaging their sub-distributors and expanding our distribution network. In July 2012, we enhanced our credit evaluation and control policy and established a credit system based on our customers' financial and operational conditions, and factors such as our customers' background, capital, reputation, scale and repayment history. Based on this credit system, we grant different credit limits ranging from 30 to 180 days to our customers according to their credit classification. For customers with good credit history and larger operational scale, we may also allow a longer period of up to 180 days after the delivery of our product and before they settle our outstanding trade receivables.

The following table sets forth the aging analysis of our trade and bills receivables as of the dates indicated:

	As of December 31,			As of June 30,
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Within 3 months	73,783	294,555	72,885	72,324
More than 3 months but within				
6 months	534	151,349	5,207	6,109
More than 6 months but within				
1 year	—	—	—	625
More than 1 year	92	—	—	—
	<u>74,409</u>	<u>445,904</u>	<u>78,092</u>	<u>79,058</u>

As of September 30, 2013, approximately RMB75.0 million, or 94.8%, of our trade and bills receivables as of June 30, 2013 had been settled.

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Trade receivables are initially recognized at fair value and subsequently measured at amortized costs less provision of impairment on bad and doubtful accounts. For the determination of the allowance for provision of impairment, we consider factors such as significant financial difficulties of the debtors, the probability that the debtor will file for bankruptcy or be subject to a financial reorganization, and the possibility of default or delinquent payments. During the Track Record Period, we did not record any impairment for trade receivables.

The table below sets forth the aging analysis of trade and bills receivables that are neither individually nor collectively considered to be impaired as of December 31, 2012 and June 30, 2013:

	As of December 31, 2012	As of June 30, 2013
	RMB'000	RMB'000
Neither past due nor impaired	76,687	79,058
Less than 1 month past due	1,405	—
	78,092	79,058

Receivables that were neither past due nor impaired related to a wide range of customers for whom there was no recent history of default.

The following table sets forth the average turnover days of our trade and bills receivables for the periods indicated:

	Year ended December 31,			Six months ended June 30,
	2010	2011	2012	2013
Average turnover days of our trade and bills receivables ⁽¹⁾	44	91	87	36

(1) Average turnover days of our trade and bills receivables equal to the average of the opening and closing balances of trade and bills receivables for the relevant period divided by revenue (plus value-added tax) of the relevant year/period and multiplied by 365/181 days.

The average turnover days of our trade and bills receivables increased from 44 days for the year ended December 31, 2010 to 91 days for the year ended December 31, 2011, primarily as a result of an increase in the credit limits given to our distributors as our business expanded and the increased use by distributors of commercial acceptance bills with a six-month maturity period to make payments. The average turnover days of our trade and bills receivables decreased to 87 days for the year ended December 31, 2012 primarily because we stopped accepting commercial acceptance bills, granted shorter credit periods, enhanced our credit control policy and increased our collection efforts. The average turnover days for our trade and bills receivables further decreased to 36 days for the six months ended June 30, 2013 primarily because our trade and bills receivables as of June 30, 2013 and December 31, 2012 were significantly lower compared with December 31, 2011.

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Other receivables

Other receivables mainly comprise (i) prepayments to suppliers, (ii) other deposits and prepaid expenses and (iii) advances to and amounts due from the Controlling Shareholder, related parties and certain third parties.

Prepayments to suppliers amounted to RMB32.4 million, RMB12.3 million, RMB3.7 million and RMB14.0 million as of December 31, 2010, 2011 and 2012 and June 30, 2013, respectively. The decrease in prepayments to suppliers from 2010 to 2011 then to 2012 was due to our stronger bargaining power resulting from the increase in our orders and the more established relationships with our OEMs and suppliers. Prepayments to suppliers increased to RMB14.0 million as of June 30, 2013 primarily because our prepayments to suppliers as of June 30, 2013 were primarily for our autumn and winter collections while our prepayments to suppliers as of December 31, 2012 were primarily for our spring and summer collections. Purchase prices and volume for our autumn and winter collection products are generally higher than for our spring and summer collection products and, as a result, our suppliers require higher prepayments for autumn and winter collection products than for spring and summer collection products.

Other deposits, prepayments and receivables amounted to RMB13.3 million, RMB31.1 million, RMB41.6 million and RMB30.6 million as of December 31, 2010, 2011 and 2012 and June 30, 2013, respectively. The increase in other deposits, prepayments and receivables as of December 31, 2011 as compared to December 31, 2010 was primarily due to a RMB9.7 million increase in prepaid interest and a RMB6.4 million increase in our VAT deductible. The discounted commercial acceptance bills typically have a maturity period of six months. Interest is paid at the time of discount but is accounted for as prepaid interest relating to the accounting period during which the bills reach maturity. Our prepaid interest increased significantly in 2011 as our sales grew significantly and we accepted more commercial acceptance bills for payment. Our VAT deductible as of December 31, 2011 increased compared with December 31, 2010 primarily because we had more finished products in our inventory at December 31, 2011 as a result of our expanded business scale and the relatively early Chinese New Year's Day in 2012.

Other deposits, prepayments and receivables further increased to RMB41.6 million as of December 31, 2012 primarily as a result of the RMB30.3 million receivable from Shishi Haoyu for our sale of raw materials and auxiliary materials to it in February 2012 for a consideration of approximately RMB47.3 million (with RMB17.0 million already paid, RMB15.0 million due by December 2013 and RMB15.3 million due by December 2014) as part of our disposal of production operations, as partially offset by a decrease of RMB11.5 million in VAT deductible and a decrease of RMB10.6 million in prepaid interest as we stopped accepting commercial acceptance bills in July 2012. Our VAT deductible decreased from RMB11.5 million as of December 31, 2011 to nil as of December 31, 2012. We did not have VAT deductible as of December 31, 2012 because the amount of sales invoiced exceeded the amount of purchases during December 2012. Other deposits, prepayments and receivables decreased to RMB30.6 million as of June 30, 2013 primarily as a result of (i) the decrease of RMB14.5 million in proceeds receivable from sales of raw materials (reflecting in part RMB10.0 million received from Shishi Haoyu) and (ii) a decrease of RMB1.7 million in prepaid advertising expenses because we made prepayments for billboard advertisements in 2012 but did not incur such prepayments as of June 30, 2012, as partially offset

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by (i) an increase of RMB1.1 million in prepaid interest on bank loan in connection with the US\$15.0 million bank loan we borrowed from Bank of China, Macau Branch in April 2013, (ii) an increase of RMB2.7 million in prepaid listing expenses and (iii) an increase of RMB1.0 million in rental deposit relating to self-operated retail outlets.

Amounts due from the Controlling Shareholder and related parties represent amounts due from entities controlled by our Controlling Shareholders. Amounts due from related parties increased from RMB33.2 million as of December 31, 2010 to RMB92.1 million as of December 31, 2011 and further increased to RMB189.6 million as of December 31, 2012 before decreasing to RMB23.8 million as of June 30, 2013. Amount due from the Controlling Shareholder increased to RMB39.6 million as of December 31, 2012 primarily as a result of (i) our disposal of land, property, and construction-in-progress to Junyuan Development in 2011 and 2012 for a total amount of RMB44.9 million (with RMB21.1 million settled during the six months ended June 30, 2013 and outstanding balance of RMB23.8 million to be settled before the Listing) as part of our disposal of production operations, and (ii) our provision of funds to entities controlled by our Controlling Shareholder for their investment purposes. These amounts due from the Controlling Shareholder and related parties other than those related to our disposal of production operations are not related to our business and are all one-off in nature. Amount due from the Controlling Shareholder decreased to nil as of June 30, 2013 because the Controlling Shareholder repaid this amount during the six months ended June 30, 2013. We intend to settle outstanding amounts due from related parties before the Listing and the Controlling Shareholder confirmed that the amounts due from related parties would be financed by their own cash resources and bank borrowings. Advances to third parties decreased from RMB124.6 million as of December 31, 2011 to nil as of December 31, 2012 due to settlements of RMB124.6 million received from third parties during this period. During the six months ended June 30, 2013, we did not make any advances to third parties.

As of December 31, 2010, 2011 and 2012 and June 30, 2013, amounts due from related parties are unsecured, interest-free and have no fixed repayment terms. Our Directors confirm that we intend to settle these amounts before the Listing.

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Trade and Other Payables

The following table sets forth the components of our trade and other payables as of the dates indicated:

	As of December 31,			As of June 30,
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables				
- third parties	45,050	74,667	67,017	18,274
- related parties	15,383	5,124	—	—
Bills payable.....	<u>39,860</u>	<u>285,348</u>	<u>290,631</u>	<u>216,523</u>
Trade and bills payables.....	100,293	365,139	357,648	234,797
Receipts in advance				
- third parties	41,928	124,817	27,243	42,619
- related parties	1,257	—	—	—
Amount due to the Controlling				
Shareholder	20,080	25,514	—	122
Amounts due to related parties.....	12,718	110	—	137
Advances from third parties.....	15,525	21,448	—	—
Dividend payable	—	—	120,000	—
Other payables and accruals	12,709	38,716	64,259	39,311
- Provision for sales rebates ⁽¹⁾	—	—	31,794	18,218
- Payables for purchases of property, plant and equipment and ERP	280	10,056	5,296	3,341
- Accrued salaries	3,702	6,800	5,785	5,444
- Social insurance payable ⁽²⁾	4,310	9,045	4,753	4,735
- Payable for listing expenses	—	—	3,147	990
- Others ⁽³⁾	4,417	12,815	13,484	6,583
Other payables	<u>104,217</u>	<u>210,605</u>	<u>211,502</u>	<u>82,189</u>
Total:.....	<u>204,510</u>	<u>575,744</u>	<u>569,150</u>	<u>316,986</u>

Note:

- (1) On January 1, 2012, we introduced a reward system for distributors. Under this system, our distributors earn points throughout the year based on certain performance-related criteria. They are then entitled to redeem the points for a discount from our normal wholesale selling prices for up to twelve months following the end of the year. For details, please see “Business — Sales and Distribution — Our Distribution Network — Our distributors”.
- (2) During the Track Record Period, we did not make contributions to social insurance funds for certain employees in our production department. We made provisions as of December 31, 2010, 2011 and 2012 and June 30, 2013 for social insurance accordingly. For details, see “Risk Factors — Risks relating to Our Business and Our Industry — We may be required to make additional contributions of social insurance under PRC national laws and regulations.”
- (3) Others primarily include other taxes and levies, accrued operating expenses and initial deposits from distributors.

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Trade and bills payable

Trade and bills payable primarily consist of payments we owe to suppliers. Bills payable as of December 31, 2010, 2011 and 2012 and June 30, 2013 were secured by pledged bank deposits. In addition, bills payable as of December 31, 2012 were secured by certain wealth management products with a carrying value of RMB70.6 million. Our trade and bills payables increased from RMB100.3 million as of December 31, 2010 to RMB365.1 million as of December 31, 2011 primarily because our purchases increased as our sales grew and we were able to obtain longer credit periods from our suppliers due to an increase in our purchase amount and more established relationships with them. Our trade and bills payables decreased slightly to RMB357.6 million as of December 31, 2012 in line with the decrease in our cost of sales over the same period. Our trade and bills payables decreased to RMB234.8 million as of June 30, 2013, primarily because our purchases of finished goods decreased as our sales volume decreased. In addition, our trade and bills payables as of June 30, 2013 primarily related to our spring and summer collection products, which had lower purchase prices and volume compared with our autumn and winter collection products that our trade and bills payables as of December 31, 2012 primarily related to.

As of September 30, 2013, approximately RMB117.1 million, or 49.9%, of our trade and bills payables as of June 30, 2013 had been settled.

The following table sets forth the aging analysis of our trade and bills payables as of the dates indicated:

	As of December 31,			As of June 30,
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Within 3 months	83,971	299,774	245,578	121,759
More than 3 months but within 6 months	11,660	60,876	112,021	111,872
More than 6 months but within 1 year	725	17	49	1,166
More than 1 year	3,937	4,472	—	—
	<u>100,293</u>	<u>365,139</u>	<u>357,648</u>	<u>234,797</u>

The following table sets forth the average turnover days of our trade and bills payables for the periods indicated:

	Year ended December 31,			Six months ended June 30,
	2010	2011	2012	2013
Average turnover days of our trade and bills payables ⁽¹⁾	110	140	236	281

(1) Average turnover days of our trade and bills payables equal to the average of the opening and closing balances of trade and bills payables of the relevant period divided by cost of sales of the relevant year/period and multiplied by 365/181 days.

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The average turnover days of our trade and bills payables increased from 110 days for the year ended December 31, 2010 to 140 days for the year ended December 31, 2011, primarily because we settled most of our payables in cash in 2010 while we used more bills with maturity periods of 90 to 180 days to settle our payables in 2011. The average turnover days of our trade and bills payables increased to 236 days for the year ended December 31, 2012 primarily because we used more bills with longer maturity periods to settle our accounts payable in 2012. Our suppliers normally grant us a credit period of 60 days, at the end of which we settle payment with bills, which typically have a maturity period of six months. Since the second half of 2011, in light of the uncertain market conditions and prospects our industry faced, we chose to extend our payment period by using more bills with longer maturity periods in order to enhance our working capital. The average turnover days for our trade and bills payables further increased to 281 days for the six months ended June 30, 2013, primarily because (i) we continued to use bills with longer maturity to settle payment with our suppliers; and (ii) our cost of sales for the six months ended June 30, 2013, on a pro rata basis, decreased by a larger extent than the decrease in ending balances of trade and bills payable compared with the same period in 2012.

Other payables

Other payables primarily consist of (i) receipts in advance, (ii) amounts due to the Controlling Shareholder and related parties, (iii) advances from third parties (iv) dividend payable, and (v) other payables and accruals. As of December 31, 2010 and 2011, (i) amounts due to related parties and advances from third parties were non-trade related, unsecured, interest-free and had no fixed repayment terms and (ii) amount due to the Controlling Shareholder was unsecured, interest-free and had no fixed repayment terms. Receipts in advance from third parties represent prepayments and deposits from our distributors. Amounts due to the Controlling Shareholder and related parties represent our payables to entities controlled by our Controlling Shareholders and primarily include rental, administrative expenses and consulting fees for international design institutes, all of which were incurred by our Hong Kong office and paid by entities controlled by our Controlling Shareholder. Advances from third parties represent advances from unrelated third parties for our working capital purposes. Other payables and accruals primarily included provision for sales rebates, payables for purchases of plant, property and equipment and development costs of the ERP system, accrued salaries, social insurance, payable for listing expenses and others.

Other payables increased from RMB104.2 million as of December 31, 2010 to RMB210.6 million as of December 31, 2011 primarily because (i) our receipts in advance from third parties increased from RMB41.9 million as of December 31, 2010 to RMB124.8 million as of December 31, 2011 as a result of an increase in orders from distributors, and (ii) our advances from third parties increased from RMB15.5 million as of December 31, 2010, which represented an advance from an unrelated third party for working capital purposes, to RMB21.4 million as of December 31, 2011, which represented an advance in 2011 from a distributor for our working capital purposes, as partially offset by a decrease of RMB12.6 million in amounts due to related parties as we paid back this amount in 2011. The unrelated third party and the distributor that made advances to us in 2010 and 2011, respectively, were owned by personal friends of our Controlling Shareholder. We did not pay any consideration or provide any benefits to these parties for these advances from them.

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Other payables increased from RMB210.6 million as of December 31, 2011 to RMB211.5 million as of December 31, 2012 primarily as a result of (i) RMB120.0 million in dividend payable we recorded in 2012 and (ii) RMB31.8 million in provision for sales rebates as of December 31, 2012, as partially offset by (i) a decrease of RMB97.6 million in receipts in advance from third parties, which resulted from the later delivery schedule for our 2013 spring collection due to the late Chinese New Year's Day in 2013. We had already received customers' advance payments for the 2012 spring collection as of December 31, 2011, while significant amounts of our customers' advance payments for the 2013 spring collection were not made until after December 31, 2012, (ii) a decrease of RMB25.5 million in amount due to the Controlling Shareholder and a decrease of RMB21.4 million in advances from third parties as we paid back these amounts in 2012.

According to our PRC legal advisers, Jingtian & Gongcheng, such advancing activities between enterprises did not comply with certain provisions of the Lending General Provisions (貸款通則) promulgated by the PBOC in 1996. According to the Lending General Provisions (貸款通則), in a case where enterprises engage in borrowing and lending without authorization, the PBOC may impose a fine on the lending party in an amount equal to one to five times of the illegal proceeds generated from the lending activity, and concurrently, invalidate such lending activity. Our PRC legal advisers, Jingtian & Gongcheng, are of the view that, as we (i) did not receive any interest income from the lending activities; and (ii) had settled our advances to the third parties in December 2012, the risk of the PBOC imposing any penalty on us is low. Our Directors confirm that we will not continue such lending activities to third parties after the Listing.

Other payables decreased from RMB211.5 million as of December 31, 2012 to RMB82.2 million as of June 30, 2013, primarily because (i) dividend payable decreased from RMB120.0 million as of December 31, 2012 to nil as of June 30, 2013 as we paid the dividend in April and May 2013 and (ii) other payables and accruals decreased by RMB25.0 million from RMB64.3 million as of December 31, 2012 to RMB39.3 million as of June 30, 2013 primarily as a result of the decrease in provision for sales rebates, as partially offset by an increase of RMB15.4 million in receipts in advance from third parties. Receipts in advance from third parties as of June 30, 2013 were primarily deposits from distributors for our autumn and winter collection products and receipts in advance from third parties as of December 31, 2012 were primarily deposit for our spring and summer collection products. As the wholesale selling prices for our autumn and winter collection products are higher than for our spring and summer collection products, deposits from distributors are higher for autumn and winter collection products than for spring and summer collection products. Amount due to the Controlling Shareholder in the amount of RMB122,000 as of June 30, 2013 represented administrative expenses incurred by our Hong Kong office and pre-paid by the Controlling Shareholder on our behalf. Amount due to related parties in the amount of RMB137,000 as of June 30, 2013 represented rental payments due to Junyuan Development for our warehouse and office building in Fujian province.

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CAPITAL EXPENDITURES

Historical Capital Expenditures

Our capital expenditures have principally consisted of purchases of property, plant and equipment, construction in progress costs for our ERP system and software license fees. For the years ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2013, we incurred capital expenditures in the amounts of RMB45.7 million, RMB31.0 million, RMB8.5 million and RMB1.2 million, respectively. The following table sets out our historical capital expenditures during the periods indicated:

	Year ended December 31,			Six months ended June 30,
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Manufacturing, production and office equipment, and leasehold improvements	24,710	13,818	2,150	1,151
Construction in progress	10,729	913	—	—
ERP system and other computer software	10,221	16,222	6,346	—
Total	<u>45,660</u>	<u>30,953</u>	<u>8,496</u>	<u>1,151</u>

The capital expenditures incurred in the year ended December 31, 2010 primarily related to decoration cost for our office building in Guangzhou, purchase of production and office equipment, construction of our production facilities in Shishi, Fujian, installment payments for our ERP system and software license fees. The capital expenditures incurred in the year ended December 31, 2011 primarily related to purchases of production equipment, motor vehicles and office equipment, and installment payments for our ERP system. The capital expenditure incurred in the year ended December 31, 2012 primarily related to cost for purchasing computer software and development of ERP system. The capital expenditures incurred in the six months ended June 30, 2013 primarily related to interior decoration for our two self-operated retail outlets, office equipment and furniture, and equipment for our design, research and development.

Planned Capital Expenditures

As part of our future growth strategy, we currently expect to incur RMB10.8 million in capital expenditures in the year ending December 31, 2013 and RMB71.8 million in the year ending December 31, 2014 for the establishment of additional self-operated retail outlets, the expansion of our design, research and development center and further enhancing and upgrading our ERP system.

We anticipate that our planned capital expenditures will be financed by cash generated from our operations, proceeds from the Global Offering and bank borrowings. The estimated amounts of expenditures set out above may vary from the actual amounts of expenditures for a variety of reasons, including changes in market conditions, competition, and other factors.

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Our current plan with respect to future capital expenditures is subject to change based on the evolution of our business plan, including potential acquisitions, the progress of our capital projects, market conditions and our outlook of future business conditions. As we continue to expand, we may incur additional capital expenditures. Our ability to obtain additional funding in the future is subject to a variety of uncertainties including our future results of operations, economic, political and other conditions in the PRC, PRC government policies relating to our industry and relevant rules and regulations in the PRC and Hong Kong regarding debt and equity financing. Other than as required by law, we do not undertake any obligation to publish updates of our capital expenditure plans. See “Forward-looking Statements” in this prospectus.

CONTRACTUAL COMMITMENTS

Capital Commitments

Our capital commitments primarily relate to the construction of our production facilities, the purchase and use of our ERP system and related computer software, the purchase of equipment for our design and research and development and the establishment of our self-operated retail outlets. The following table sets forth a summary of our capital commitments as of the dates indicated:

	As of December 31,			As of June 30,
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Contracted for				
Production facilities	24,531	—	—	—
ERP system and computer software.	1,381	1,882	—	—
Office interior decoration and improvement	—	—	—	253
Subtotal	<u>25,912</u>	<u>1,882</u>	<u>—</u>	<u>253</u>
Authorized but not contracted for				
Equipment for design and research and development	—	—	970	894
ERP system and computer software.	15,122	4,127	1,030	1,030
Establishment of self-operated retail outlets	—	—	3,000	3,000
Subtotal	<u>15,122</u>	<u>4,127</u>	<u>5,000</u>	<u>4,924</u>
Total	<u>41,034</u>	<u>6,009</u>	<u>5,000</u>	<u>5,177</u>

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Operating Lease Commitments

During the Track Record Period, we leased a number of properties under operating leases, including our offices in Hong Kong and Guangzhou and warehouses in Guangzhou and Shishi, Fujian province. We began to lease our warehouse in Shishi, Fujian province in November 2011 after we disposed of our land and real property related to our production facilities. We had leased our warehouse in Guangzhou since the beginning of the Track Record Period through November 2012, when we terminated that lease. We began to lease office space in our office building in Guangzhou in February 2010. We leased our office in Hong Kong throughout the Track Record Period. The table below sets forth our future minimum lease payments payable under non-cancellable operating leases as of the dates indicated:

	As of December 31,			As of June 30,
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 year.....	2,616	7,538	11,654	12,137
After 1 year but within 5 years.....	10,293	24,608	28,524	25,496
After 5 years	11,561	17,151	11,168	8,066
Total.....	24,470	49,297	51,346	45,699

CONTINGENT LIABILITIES

As of December 31, 2010, 2011 and 2012, Cabbeen China provided a corporate guarantee of RMB30.0 million to a related party controlled by our Controlling Shareholder, Shishi Cabbeen Trading Co., Ltd., for its banking facilities. This guarantee was released on February 25, 2013. We did not recognize any deferred income in respect of the guarantee as its fair value was not reliably estimable and the guaranteed amount was not material. During the Track Record Period, no claim was made against us under this guarantee.

Except as disclosed in this prospectus, as of the Latest Practicable Date, we did not have any outstanding loan capital, bank overdraft, liabilities under acceptances or other similar indebtedness, debentures, mortgages, charges, loans, acceptance credits, hire purchase commitments, guarantees or other contingent liabilities.

LISTING EXPENSES

Approximately RMB14.2 million of our listing expenses have been charged to our administrative and other operating expenses and reflected in our financial information for the Track Record Period. We expect to incur an additional RMB56.3 million in listing expenses in connection with the Global Offering and the Listing after the Track Record Period, of which RMB15.5 million is expected to be charged to our administrative and other operating expenses for the year ending December 31, 2013 and RMB40.8 million is expected to be charged to share premium. We do not expect such listing expenses to have a material impact on our results of operations for the year ending December 31, 2013.

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INDEBTEDNESS

Bank Loans

Our bank borrowings primarily consisted of short-term loans for working capital purposes. We also had other bank borrowings secured by bills receivable as of December 31, 2010 and 2011. All of our loans and bank borrowings as of December 31, 2010, 2011 and 2012 and June 30, 2013 were due within one year. Our bank loans as of December 31, 2010, 2011 and 2012, June 30, 2013 and August 31, 2013, for the purpose of calculating our indebtedness, were as follows:

	As of December 31,			As of June 30,	As of August 31,
	2010	2011	2012	2013	2013
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Bank borrowings					
- secured	40,500	59,500	76,961	175,268	177,352
- unsecured	<u>52,000</u>	<u>50,000</u>	<u>60,000</u>	<u>18,300</u>	<u>—</u>
	92,500	109,500	136,961	193,568	177,352
Other bank borrowings secured by bills receivable - secured .	<u>32,500</u>	<u>286,615</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total	<u>125,000</u>	<u>396,115</u>	<u>136,961</u>	<u>193,568</u>	<u>177,352</u>

The following table details the interest rate profile of our borrowings as of the balance sheet dates:

	As of December 31,						As of June 30,	
	2010		2011		2012		2013	
	Effective interest rate	Amount RMB'000	Effective interest rate	Amount RMB'000	Effective interest rate	Amount RMB'000	Effective interest rate	Amount RMB'000
Fixed rate borrowings:								
Bank borrowings	5.73%	125,000	10.55%	377,615	7.25%	80,000	7.50%	18,300
Variable rate borrowings:								
Bank borrowings	—	<u>—</u>	6.56%	<u>18,500</u>	1.71%	<u>56,961</u>	1.64%	<u>175,268</u>
Total borrowings	5.73%	<u>125,000</u>	10.37%	<u>396,115</u>	4.95%	<u>136,961</u>	2.19%	<u>193,568</u>

Our overall effective interest rate increased as of December 31, 2011 compared with December 31, 2010 primarily because in 2011 (i) the PRC raised interest rates on short-term bank borrowings and (ii) we began to accept commercial acceptance bills and pledge commercial acceptance bills for cash, which resulted in interest payment by us at a rate higher than that for short-term bank borrowings. Our overall

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effective interest rate decreased as of December 31, 2012 compared with December 31, 2011 primarily because in December 2012 we borrowed a loan in the amount of US\$9,140,000 at the rate of LIBOR + 1.4%, which was lower than the prevailing interest rate in the PRC. We used this loan to pay back advances from our Controlling Shareholder. Our overall effective interest rate decreased as of June 30, 2013 compared to December 31, 2012 primarily because (i) we had repaid by June 2013 a substantial portion of the loans that were outstanding in 2012 with relatively high interest rates; and (ii) during the six months ended June 30, 2013, we were able to borrow bank loans with lower interest rates.

As of December 31, 2011 and 2012 and June 30, 2013, secured bank loans in the amounts of RMB59.5 million, RMB20.0 million and RMB nil million, respectively, were secured by buildings and land use rights pledged by a related company.

As of December 31, 2010, unsecured bank loans in the amounts of RMB30.0 million and RMB22.0 million, respectively, were guaranteed by the Controlling Shareholder and one of our suppliers, which is an Independent Third Party. We and this supplier provided guarantees for each other's unsecured bank loans. All of such guarantees between us and this supplier had been terminated as of August 31, 2011. As of December 31, 2011, (i) unsecured bank loans in the amounts of RMB10.0 million and RMB20.0 million were jointly guaranteed by the Controlling Shareholder and one of our subsidiaries and (ii) an unsecured bank loan of RMB20.0 million was jointly guaranteed by the Controlling Shareholder, one of our subsidiaries and Ms. Liting Ke. As of December 31, 2012, (i) unsecured bank loans in the amount of RMB40.0 million were jointly guaranteed by the Controlling Shareholder and one of our subsidiaries and (ii) an unsecured bank loan of RMB20.0 million was jointly guaranteed by the Controlling Shareholder, one of our subsidiaries, a related party and an Independent Third Party, Shishi Haoyu. We used to pledge our land use rights and factory buildings as security for this bank loan before we disposed of our buildings, land and construction-in-progress to Junyuan Development in 2011. Upon releasing such security in January 2012 and at the request of the lending bank, Shishi Haoyu agreed to provide corporate guarantee for this bank loan as a favor to us. We did not pay any consideration or provide any benefits to Shishi Haoyu for this guarantee.

All these guarantees were released during the six months ended June 30, 2013.

As of August 31, 2013, being the most recent practicable date for the purpose of this indebtedness statement in this prospectus, we had RMB687.8 million of revolving credit facilities made available to us, of which RMB392.7 million were utilized.

Except as disclosed above, we did not have any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptable credits, debentures, mortgages, charges, hire purchases commitments, guarantees or other material contingent liabilities.

Our Directors confirm that there has not been any material change in our indebtedness and contingent liabilities since August 31, 2013 up to the date of this prospectus.

FINANCIAL INFORMATION

FINANCIAL RATIOS

	Year ended/as of December 31,			Six months ended/as of June 30,
	2010	2011	2012	2013
Net profit margin ⁽¹⁾	(2.4)%	8.8%	13.9%	22.9%
Current ratio ⁽²⁾	0.82	1.05	1.07	1.28
Quick ratio ⁽³⁾	0.54	0.92	1.02	1.24
Return on assets ⁽⁴⁾	(1.9)%	7.1%	15.0%	20.6%
Return on equity ⁽⁵⁾	(19.3)%	67.2%	102.9%	74.2%
Interest coverage ratio ⁽⁶⁾	(0.5)	6.0	8.4	30.0
Net debt to equity ⁽⁷⁾	296.1%	288.2%	(38.8)%	13.2%
Gearing ratio ⁽⁸⁾	345.4%	341.5%	108.2%	93.4%

Notes:

- (1) Net profit margin equals our net profit after tax divided by revenue as of the end of the period.
- (2) Current ratio equals our current assets divided by current liabilities as of the end of the period.
- (3) Quick ratio equals our current assets less inventories divided by current liabilities as of the end of the period.
- (4) Return on assets equals net profit for the period divided by total assets as of the end of the period. Return on assets for the six months ended June 30, 2013 is calculated on an annualized basis.
- (5) Return on equity equals net profit for the period divided by total equity amounts as of the end of the period. Return on equity for the six months ended June 30, 2013 is calculated on an annualized basis.
- (6) Interest coverage ratio equals profit before interest and tax of one period divided by interest expenses of the same period.
- (7) Net debt to equity ratio equals net debt divided by total equity as of the end of the period. Net debt includes all borrowings net of cash and cash equivalents.
- (8) Gearing ratio equals total debt divided by total equity.

Net Profit Margin

Net profit margin increased throughout the Track Record Period primarily as a result of the decrease in expenses as a percentage to revenue and increase in other revenue.

Current Ratio and Quick Ratio

In line with the growth in our business and the increase in our current assets, in particular our bank deposits and trade and other receivables at each balance sheet date during the Track Record Period, our current ratio and quick ratio had increased at each balance sheet date during the Track Record Period. The increase in current ratio as of December 31, 2011 was primarily due to our increased ending balance in bank deposits, trade and other receivables and inventories at the balance sheet date as a result of our business expansion and our increased sales, which increased at a faster pace than our current liabilities. The increase in current ratio and quick ratio as of December 31, 2012 was attributable to the increase in

FINANCIAL INFORMATION

ending balance in bank deposits and decrease in bank borrowings and other current liabilities. The increase in current ratio and quick ratio as of June 30, 2013 was due to a larger decrease in current liabilities than current assets as both trade and other payables and trade and other receivables decreased but bank deposits increased.

Return on Assets and Return on Equity

Return on equity and return on assets increased year-to-year primarily due to our increased profitability resulting from the general increase in revenue and decrease in expenses as a percentage to revenue. Our return on assets as of June 30, 2013 was 20.6% on an annualized basis. Our return on equity as of June 30, 2013 was 74.2% on an annualized basis. The increase of annualized return on assets as of June 30, 2013 was due to a higher annualized net profit. The annualized return on equity as of June 30, 2013 decreased as the equity balance as of December 31, 2012 was reduced by our declared dividend of RMB120.0 million.

Interest Coverage Ratio

Interest coverage ratio increased throughout the Track Record Period because of the increase in operating profit. Interest coverage ratio increased further in 2012 due to decrease in bank borrowings and increased operating profit. Interest coverage ratio as of June 30, 2013 increased due to a decrease in finance costs, which in turn was because beginning in July 2012 we did not bear discount costs when we pledged bills at a discount.

Net debt to Equity Ratio and Gearing Ratio

Net debt to equity ratio and gearing ratio decreased throughout the period from December 31, 2010 to December 31, 2012 because of the increase of total assets, particularly bank deposits and trade and bills receivables resulting from increases in sales. Net debt to equity ratio and gearing ratio decreased in 2012 also because of the decrease in bank borrowings from RMB396.1 million as of December 31, 2011 to RMB137.0 million as of December 31, 2012. Net debt to equity ratio increased as of June 30, 2013 because of an increase in bank borrowings. Gearing ratio as of June 30, 2013 decreased as total equity increased at a faster pace than our total debt.

RELATED PARTY TRANSACTIONS

With respect to the related parties transactions set out in the Accountants' Report, our Directors confirm that these transactions were conducted on normal commercial terms and/or terms that are no less favorable than terms available from Independent Third Parties which are considered fair and reasonable and in the interest of our Shareholders as a whole. Except for the lease of properties from Junyuan Development, all other related party transactions set out in the Accountants' Report will be discontinued upon our Listing.

FINANCIAL INFORMATION

Below is a summary of the related party transactions between our Group and its related parties during the Track Record Period.

Related Party	Nature of transaction	Pricing and credit limit (if applicable)	Reasons for cessation (if applicable)	Transaction amount of related party transactions				
				For the year ended December 31,			Six months ended June 30,	
				2010	2011	2012	2012	2013
				RMB'000	RMB'000	RMB'000	(unaudited) RMB'000	
Guangzhou Fenghaisi Trading Co., Ltd.* (廣州市風海斯貿易有限公司) ("Guangzhou Fenghaisi")	Sale of products by the Group	Standard wholesale selling prices and cash on delivery	Ceased to be a related party since April 16, 2010 after Mr. Ziming Yang and Mr. Dongliang Tian sold their interests to independent third parties ¹	2,735	—	—	—	—
Xi'an Cabbeen Garments Development Co., Ltd.* (西安卡賓服飾發展有限公司) ("Xi'an Cabbeen")	Sale of products by the Group	Standard wholesale selling prices and credit limit of up to RMB9.0 million	Ceased to be a related party since June 1, 2011 after Ms. Liting Ke sold her interest to independent third parties ²	13,695	13,438	—	—	—
Shanghai Binshi Garment Development Co., Ltd.* (上海賓視服飾發展有限公司) ("Shanghai Binshi")	Sale of products by the Group	Standard wholesale selling prices and credit limit of up to RMB9.0 million	Ceased business relationship with us and was also subsequently deregistered for tax purpose in November 2012 as Mr. Ziming Yang and Mr. Dongliang Tian decided to devote more time and energy in the Group's business	16,753	16,117	—	—	—
Shishi Cabbeen Trading Co., Ltd.* (石獅市卡賓貿易有限公司) ("Shishi Cabbeen")	Sale of excess raw materials by the Group	Prevailing market price for the relevant raw materials	Non-recurring transactions	114	914	—	—	—

FINANCIAL INFORMATION

Related Party	Nature of transaction	Pricing and credit limit (if applicable)	Reasons for cessation (if applicable)	Transaction amount of related party transactions				
				For the year ended December 31,			Six months ended June 30,	
				2010	2011	2012	2012	2013
				RMB'000	RMB'000	RMB'000	(unaudited)	
				RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	Purchase of raw materials and finished products from Shishi Cabbeen Trading Co., Ltd.* as sourcing agent, by the Group	Purchase prices were comparable to the prices at which the relevant types of finished goods and raw materials were offered by independent third party suppliers	In 2011, we expanded our production management team to deal with our suppliers directly and as a result, we ceased purchasing raw materials and finished products through Shishi Cabbeen in 2011	35,076	629	—	—	—
Junyuan Development	Lease of properties from Junyuan Development	Rental was paid on an arm's length basis	Not applicable. The transaction will continue after the Listing. Please refer to the section headed "Connected Transactions" in this prospectus for details	—	148	1,200	721	479

Notes:

- Guangzhou Fenghaisi has remained as our distributor after Mr. Ziming Yang and Mr. Dongliang Tian transferred their entire equity interests to two independent third parties.
- Xi'an Cabbeen has remained as our distributor after Ms. Liting Ke transferred her entire equity interest to an independent third party.

The Directors confirmed that the cessation of sale of products to Shanghai Binshi did not have material impact on our performance and liquidity position because the retail outlets previously operated by Shanghai Binshi have been transferred to an Independent Third Party, which was the sub-distributor of Shanghai Binshi and subsequently became our distributor upon the cessation of our business relationship with Shanghai Binshi.

The Directors also confirmed that the cessation of purchase of raw materials and finished good from Shishi Cabbeen did not have material impact on our performance and liquidity position because our production management team has been able to handle the sourcing functions previously performed by Shishi Cabbeen without material increase in our cost.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As of the Latest Practicable Date, we had not entered into any off-balance sheet transactions.

FINANCIAL INFORMATION

PROFIT FORECAST

Our unaudited pro forma forecast earnings per Share for the year ending December 31, 2013 have been prepared on the basis of the notes set out below for the purpose of illustrating the effect of the Global Offering and the Capitalization Issue as if they had taken place on January 1, 2013. This unaudited pro forma forecast earnings per Share has been prepared for illustrative purposes only and, because of its hypothetical nature, may not provide a true picture of our financial results following the Global Offering and the Capitalization Issue.

Forecast consolidated profit attributable to equity shareholders of
the Company for the year ending December 31, 2013^{(1) (3)} not less than RMB189.1 million
(approximately HK\$237.4 million)

Unaudited pro forma forecast earnings per Share
for the year ending December 31, 2013⁽²⁾⁽³⁾ not less than RMB0.27
(approximately HK\$0.34)

-
- (1) The bases and assumptions on which the above profit forecast for the year ending December 31, 2013 has been prepared are summarized in Part (1) of Appendix III to this prospectus. The Directors have prepared the forecast consolidated profit attributable to equity holders of the Company for the year ending December 31, 2013 based on the audited consolidated results for the six months ended June 30, 2013 and the forecast consolidated results for the remaining six months ending December 31, 2013.
- (2) The calculation of unaudited pro forma forecast earnings per Share is based on the forecast profit attributable to the equity shareholders of the Company for the year ending December 31, 2013 of RMB189.1 million and on the assumption that our Company had been listed since January 1, 2013 and a total number of 700,000,000 Shares were in issue during the entire year. The calculation of the forecast earnings per share does not take into account any shares which may be issued upon the exercise of the Over-allotment Option, any options granted under the Pre-IPO Share Option Scheme or options that may be granted under the Share Option Scheme.
- (3) The forecast profit attributable to equity shareholders of the Company and unaudited pro forma forecast earnings per Share are converted into Hong Kong dollars at an exchange rate of RMB0.79655 to HK\$1.00, the PBOC rate on June 28, 2013.

Cost of Sales Sensitivity Analysis

The sensitivity analysis below shows the impact of variations of 2.5%, 5.0% and 7.5% in our projected cost of sales on our projected net profit for the year ending December 31, 2013:

Variations of projected costs of sales	Increase/(decrease) in	
	Net profit	% impact on net profit
	RMB'000	%
2.5% increase	(10,355)	-5.5%
5.0% increase	(20,709)	-10.9%
7.5% increase	(31,063)	-16.4%
2.5% decrease	10,355	5.5%
5.0% decrease	20,709	10.9%
7.5% decrease	31,063	16.4%

FINANCIAL INFORMATION

DISTRIBUTABLE RESERVES

As of June 30, 2013, we had RMB nil of distributable reserves.

DIVIDEND POLICY

The payment and the amount of any dividends, if paid, will depend on the results of operations, cash flows, financial condition, statutory and regulatory restrictions on the payment of dividends by us, future prospects and other factors that we may consider relevant. Holders of the Shares will be entitled to receive such dividends pro rata according to the amounts paid up or credited as paid up on the Shares. The declaration, payment and amount of dividends will be subject to our discretion.

Dividends may be paid only out of our distributable profits as permitted under the relevant laws. To the extent profits are distributed as dividends, such portion of profits will not be available to be reinvested in our operations. There can be no assurance that we will be able to declare or distribute any dividend in the amount set out in any plan of the Board or at all. The dividend distribution record in the past may not be used as a reference or basis to determine the level of dividends that may be declared or paid by us in the future.

Our Company declared dividends (i) in the amount of RMB120.0 million on December 3, 2012, which were paid in April and May 2013; and (ii) in the amount of RMB55.0 million on August 9, 2013, which were paid later in August 2013. Subject to the factors described above, our Board of Directors intends to recommend at the relevant shareholders meetings an annual dividend of no less than 30% of our net profit available for distribution to the shareholders in the foreseeable future.

DISCLOSURE REQUIRED UNDER CHAPTER 13 OF THE LISTING RULES

Our Directors have confirmed that, as of the Latest Practicable Date, there are no circumstances which, had we been required to comply with Rules 13.13 to 13.19 in Chapter 13 of the Listing Rules, would have given rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that as of the date of this prospectus, there has been no material adverse change in our financial or trading position since June 30, 2013 and no event has occurred since June 30, 2013 that would materially and adversely affect the information shown in the Accountants' Report set forth in Appendix I.

FINANCIAL INFORMATION

UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

The following is an illustrative and pro forma statement of our adjusted net tangible assets, which has been prepared on the basis of the notes set out below for the purpose of illustrating the effect of the Global Offering and the Capitalization Issue as if they had taken place on June 30, 2013. This unaudited pro forma statement of adjusted net tangible assets has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of our financial position had the Global Offering and the Capitalization Issue been completed as of June 30, 2013 or any future dates.

	Consolidated net tangible assets of the Group attributable to the equity holders of our Company as of June 30, 2013⁽¹⁾	Estimated net proceeds from the Global Offering⁽²⁾	Unaudited pro forma adjusted net tangible assets	Unaudited pro forma adjusted net tangible assets per Share⁽³⁾	
	RMB (million)	RMB (million)	RMB (million)	RMB	HK\$
Based on the Offer Price of HK\$2.25	<u>181.5</u>	<u>257.4</u>	<u>438.9</u>	<u>0.63</u>	<u>0.79</u>
Based on the Offer Price of HK\$2.80.....	<u>181.5</u>	<u>334.0</u>	<u>515.5</u>	<u>0.74</u>	<u>0.92</u>

-
- (1) The consolidated net tangible assets attributable to our equity holders as of June 30, 2013 is extracted from the Accountants' Report set out in Appendix I to this prospectus, which is based on our audited consolidated net assets attributable to our equity shareholders as of June 30, 2013 of RMB207.3 million with an adjustment for the intangible assets as of June 30, 2013 of RMB25.8 million.
- (2) The estimated net proceeds from the Global Offering are based on an indicative Offer Price of HK\$2.25 (equivalent to RMB1.79) and HK\$2.80 (equivalent to RMB2.23) per Share respectively (after deducting the underwriting fees and other related expenses), and takes no account of any Shares which may be issued pursuant to the Over-allotment Option and the options that may be granted under the Pre-IPO Share Option Scheme and the Share Option Scheme. For the purpose of the estimated net proceeds from the Global Offering, the translation of RMB into HK dollars was made at the rate of RMB0.79655 to HK\$1, the PBOC rate on June 28, 2013.
- (3) The unaudited pro forma net tangible assets per Share are arrived at by dividing the unaudited pro forma adjusted net tangible assets by 700,000,000 Shares, being the number of shares in issue assuming that the Global Offering and the Capitalization Issue have been completed on June 30, 2013 but takes no account of any Shares which may be issued upon the exercise of the Over-allotment Option and the options that may be granted under the Pre-IPO Share Option Scheme and the Share Option Scheme.

FINANCIAL INFORMATION

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to various types of market risks in the ordinary course of our business, including credit, liquidity, interest rate and currency risks. We manage our exposure to these and other market risks through regular operating and financial activities.

Credit risk

Our credit risk is primarily attributable to trade and other receivables, deposits with bank and financial assets at fair value through profit or loss. We have a credit policy in place and monitor our exposure to credit risks on an ongoing basis.

(i) Trade and other receivables

For the years ended December 31, 2010 and 2011, certain amounts of revenue and trade receivables are related to sales to our related parties. We consider that related parties are under the influence of the Controlling Shareholder, and as a result no material credit risk exists on sales to related companies. In respect of sales to third party customers, credit evaluations are performed on customers requiring credit terms. These evaluations focus on the customer's past history of making payments and current abilities to pay and take into account information specific to the customer as well as to the economic environment. Normally, we do not obtain collateral from customers.

Our exposure to credit risk is influenced mainly by the individual characteristics of each customer and significant concentrations of credit risk primarily arise when we have significant exposure to individual customers. As of December 31, 2010, 2011, 2012 and June 30, 2013, 29%, 14%, 1% and 7% of the total trade and bills receivables were due from our largest customer, and 58%, 46%, 19% and 17% of the total trade and bills receivables were due from our five largest customers, respectively.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated balance sheets after deducting any impairment allowance. Except for the guarantee provided by us as described above in "Contingent Liabilities", we have not provided any other guarantees that would expose us to credit risk.

As of December 31, 2012 and June 30, 2013, we had transferred bank acceptance bills totalling RMB245.0 million and RMB121.0 million, which were derecognized as financial assets. The transferees have recourse to us in case of default by the issuing banks. In such cases, we would have to repurchase these bank acceptance bills at face value. Because these bank acceptance bills mature between six and twelve months from issue, our maximum loss in case of default is RMB245.0 million as of December 31, 2012 and RMB121.0 million as of June 30, 2013, respectively, before these bills mature.

We only accept bank acceptance bills issued by major banks in the PRC and consider that the credit risk associated with such bank acceptance bills to be insignificant.

FINANCIAL INFORMATION

(ii) *Deposits with banks*

We mitigate our exposure to credit risk by placing deposits with financial institutions with established credit rating. Given the high credit ratings of the banks, we do not expect any counterparty to fail to meet its obligations.

(iii) *Financial assets at fair value through profit or loss*

We purchased wealth management products from a bank, the underlying assets of the wealth management products are linked to derivative financial instruments of three-month US dollar LIBOR interest rate. We consider the counterparty is a bank with high credit rating and the default risk is remote.

Liquidity risk

Individual operating entities within our 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 our management and the Directors when the borrowings exceed certain predetermined levels of authority. Our policy is to regularly monitor liquidity requirements and our compliance with lending covenants, to ensure that we maintain sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet our requirements in the short and longer terms.

All of our non-interest bearing financial liabilities and discounted bills are carried at amount not materially different from their contractual undiscounted cash flow as all the financial liabilities are with maturities within one year or repayable on demand at the respective balance sheet date.

The following table shows the remaining scheduled maturities at the respective balance sheet date of our bank borrowings if the bank borrowings are to be repaid over the agreed repayment schedules, which are based on scheduled undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the balance sheet date):

	Total contractual undiscounted cash flow/ within 1 year or on demand	Balance sheet carrying amount
	RMB'000	RMB'000
Bank borrowings		
As of December 31, 2010	128,149	125,000
As of December 31, 2011	399,471	396,115
As of December 31, 2012	141,234	136,961
As of June 30, 2013	195,824	193,568

FINANCIAL INFORMATION

Interest rate risk

Our interest rate risk arises primarily from bank borrowings. Borrowings issued at variable rates and at fixed rates expose us to cash flow interest rate risk and fair value interest rate risk, respectively. Our interest rate profiles as monitored by our management is set out in (i) below.

(i) *Interest rate profile*

The following table details the interest rate profile of our borrowings at the balance sheet dates:

	As of December 31,						As of June 30,	
	2010		2011		2012		2013	
	Effective interest rate	Amount	Effective interest rate	Amount	Effective interest rate	Amount	Effective interest rate	Amount
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Fixed rate borrowings:								
Bank borrowings.....	5.73%	125,000	10.55%	377,615	7.25%	80,000	7.50%	18,300
Variable rate borrowings:								
Bank borrowings.....	—	—	6.56%	18,500	1.71%	56,961	1.64%	175,268
Total borrowings.....	5.73%	125,000	10.37%	396,115	4.95%	136,961	2.19%	193,568

(ii) *Sensitivity analysis*

As of December 31, 2010, 2011, 2012 and June 30, 2013, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, would have decreased/increased our profit after tax for the year/six-month period and retained profits by approximately RMB nil, RMB139,000, RMB569,000 and RMB877,000, respectively. Other components of equity would not be affected by the changes in interest rates.

The sensitivity analysis above indicates the impact on our profit for the year and retained profits that would arise assuming that there is an annualized impact on interest income and expense by a change in interest rates. The analysis has been performed on the same basis throughout the Track Record Period.

Currency risk

Our businesses are principally conducted in RMB and most of our monetary assets and liabilities are denominated in RMB. Accordingly, we consider our exposure to currency risk insignificant.

FUTURE PLANS AND USE OF PROCEEDS

FUTURE PLANS

Please refer to the section headed “Business — Our business strategies” in this prospectus for a detailed discussion of our future plans.

USE OF PROCEEDS

We estimate that we will receive net proceeds of approximately HK\$354.3 million from the Global Offering, assuming that the Over-allotment Option is not exercised, after deducting the underwriting commissions and other estimated offering expenses payable by us and assuming an Offer Price of HK\$2.53 per Share, being the mid-point of the indicative Offer Price range set forth on the cover page of this prospectus. If the Over-allotment Option is exercised in full, we estimate that our additional net proceeds from the offering of these additional Shares will be approximately HK\$65.9 million, after deducting the underwriting commissions and our estimated expenses, assuming an Offer Price of HK\$2.53 per Share.

We intend to use the proceeds from the Global Offering for the purposes and in the amounts set out below:

- approximately 40%, or HK\$141.7 million, is expected to be used primarily for further enhancing our design, research and development capabilities, including acquiring land and constructing a new building in Guangzhou, Guangdong province for the planned expansion of our design, research and development center, and acquiring fixed assets and technological equipment both for our current use and for the new design, research and development center. We plan to finalize the blueprint of the new building for our design, research and development center and apply for relevant PRC government approvals in 2014 and commence construction in 2014. The new building for our design, research and development center is expected to be operational in 2016. Our budgeted capital expenditures for acquiring land and constructing the new building and acquiring fixed assets and technological equipment are estimated to be approximately RMB195.0 million;
- approximately 20%, or HK\$70.9 million, is expected to be used primarily for brand promotion and marketing, such as advertising through the Internet and other new media, and promoting our VIP program by offering additional value-added services to VIP end customers;
- approximately 20%, or HK\$70.9 million, is expected to be used primarily for the establishment of additional self-operated retail outlets. We currently plan to establish five Cabbeen Urban branded retail outlets in 2013, and five Cabbeen Lifestyle branded and five Cabbeen Urban branded retail outlets in 2014, all of which are expected to be located in Guangdong province. We also intend to set up additional self-operated retail outlets in 2015 and beyond. Currently, we plan to establish between 15 and 30 self-operated retail outlets from 2013 through the end of 2014 and no more than 50 self-operated retail outlets in total through the end of 2017. We are not able to provide the exact number of new self-operated retail outlets and amount of investments at this stage for 2015 and beyond because our management team would need to review and assess (i) the operating results of the new self-operated retail outlets set up in 2013 and 2014; (ii) the market condition at the time; and (iii) the suitability of locations, before

FUTURE PLANS AND USE OF PROCEEDS

making decisions to establish additional self-operated retail outlets in 2015 and beyond. Our budgeted initial set-up cost for each self-operated retail outlet is estimated to be HK\$2.5 million, including approximately HK\$750,000 for store decoration and acquisition of furniture and equipment for the retail outlet and the remaining amount for inventory and staff costs;

- approximately 10%, or HK\$35.4 million, is expected to be used primarily for enhancing and upgrading our ERP system; and
- the remaining approximately 10%, or HK\$35.4 million, is expected to be used to fund our working capital and general corporate purposes.

To the extent that the net proceeds from the Global Offering are not immediately applied to the above purposes, we intend to deposit the proceeds into interest-bearing bank accounts, such as demand deposit accounts, with licensed commercial banks and/or authorized financial institutions in Hong Kong.

If the Over-allotment Option is exercised in full, the net proceeds from the Global Offering will increase to approximately HK\$420.1 million, assuming an Offer Price of HK\$2.53 per Share, being the mid-point of the proposed Offer Price range. If the Offer Price is set at the high-end or low-end of the proposed Offer Price range, the net proceeds of the Global Offering (including the proceeds from the exercise of the Over-allotment Option) will increase or decrease by approximately HK\$54.4 million. We intend to apply the additional net proceeds to the above uses in the proportions stated above.

CORNERSTONE INVESTOR

THE CORNERSTONE INVESTMENT

We have entered into a cornerstone investment agreement (the “**Cornerstone Investment Agreement**”) with Milestone Fashion II Limited (the “**Cornerstone Investor**”). Pursuant to the Cornerstone Investment Agreement, the Cornerstone Investor has agreed to subscribe for such number of Shares (rounded down to the nearest whole board lot of 1,000 Shares) which may be purchased with an aggregate amount of US\$18.0 million at the Offer Price (exclusive of brokerage of 1%, SFC transaction levy of 0.003% and Stock Exchange trading fee of 0.005%). It is expected that, based on the US\$ to HK\$ noon buying rate as set out in the H.10 statistical release of the Federal Reserve Board on June 28, 2013, at the Offer Price of HK\$2.25, HK\$2.53 and HK\$2.80 (being the low end, mid-point and high end of the Offer Price range), the number of Shares that the Cornerstone Investor will subscribe for will be approximately 62,048,000 Shares, 55,181,000 Shares and 49,860,000 Shares, respectively, representing approximately 8.9%, 7.9% and 7.1%, respectively, of the issued share capital of the Company upon completion of the Capitalization Issue and the Global Offering (assuming that the Over-allotment Option, options granted under the Pre-IPO Share Option Scheme and options that may be granted under the Share Option Scheme are not exercised).

The placing of Shares pursuant to the Cornerstone Investment Agreement (the “**Corporate Placing**”) forms part of the International Placing. The Shares to be purchased by the Cornerstone Investor will not be affected by any reallocation of the Shares between the International Offering and the Hong Kong Public Offering in the event of over-subscription under the Hong Kong Public Offering as described in the section “Structure of the Global Offering — The Hong Kong Public Offering”. Details of the allocations to the Cornerstone Investor will be disclosed in the announcement of results of allocations in the Hong Kong Public Offering to be published on October 25, 2013.

INFORMATION ABOUT THE CORNERSTONE INVESTOR

Milestone Fashion II Limited is a limited liability company organized under the laws of the BVI with investment as its main business. Milestone Fashion II Limited is wholly owned by Milestone China Opportunities Fund III, L.P., an exempted limited partnership formed under the laws of the Cayman Islands focused on investments in high-growth enterprises in China. The general partner of Milestone China Opportunities Fund III, L.P. is Milestone Capital Partners III Limited, a limited liability company incorporated under the laws of the Cayman Islands. Milestone China Opportunities Fund III, L.P., along with Milestone China Opportunities Fund I, L.P. and Milestone China Opportunities Fund II, L.P., (collectively, the “Milestone China Funds”) are managed by the same management team of Milestone Capital Partners III Limited. The Milestone China Funds have made investments in a number of growth industries in China, such as consumer and retail, healthcare, clean technology and alternative energy. Some of Milestone China Funds’ investments include Focus Media Holdings Limited, which was listed on the NASDAQ; Trina Solar Limited (Ticker: TSL), listed on the New York Stock Exchange; VisionChina Media Inc. (Ticker: VISN), listed on the NASDAQ; GCL Silicon Technology Holdings Inc., which was acquired by a listed company GCL-Poly Energy Holdings Limited (listed on the Stock Exchange, Ticker: 3800.HK), Dehaier Medical Systems Limited (Ticker: DHRM), listed on the NASDAQ; Xiao Nan Guo Restaurants Holdings Limited (listed on the Stock Exchange, Ticker: 3666.HK), and Tenwow International Holdings Limited (listed on the Stock Exchange, Ticker: 1219.HK).

CORNERSTONE INVESTOR

The Cornerstone Investor is independent from our Company, our connected persons and their respective associates. The Cornerstone Investor will not subscribe for any Shares under the Global Offering other than pursuant to the Cornerstone Investment Agreement. Immediately following the completion of the Global Offering, the Cornerstone Investor will not have any board representation in our Company, nor will the Cornerstone Investor become a substantial shareholder of our Company. The shareholding of the Cornerstone Investor will be counted towards the public float of our Shares.

CONDITIONS PRECEDENT

The subscription obligation of the Cornerstone Investor is subject to, among other things, the following conditions precedent:

- (1) the Hong Kong Underwriting Agreement and the International Placing Agreement having been entered into and having become effective and unconditional (in accordance with their respective original terms or as subsequently varied by agreement of the parties thereto) by no later than the respective time and date as specified in such agreements;
- (2) the Offer Price having been agreed upon between our Company and the Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters and the International Underwriters);
- (3) neither of the Hong Kong Underwriting Agreement nor the International Placing Agreement having been terminated;
- (4) the Listing Committee having granted the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Global Offering and such approval or permission not having been revoked;
- (5) the warranties and undertakings given by the Cornerstone Investor and the Company under the Cornerstone Investment Agreement are true and correct; and
- (6) no statute, rule or regulation having been enacted or promulgated by any governmental authority of any relevant jurisdiction which prohibits the consummation of the investment in the Shares and there being no order or injunction of a court of competent and relevant jurisdiction in effect precluding or prohibiting consummation of the investment in the Shares.

RESTRICTIONS ON THE CORNERSTONE INVESTOR'S INVESTMENT

The Cornerstone Investor has agreed that without the prior written consent of the Company and the Joint Global Coordinators, it shall not, whether directly or indirectly, at any time during the period of six months following the Listing Date (the “**Lock-up-Period**”) (i) dispose of any of the Shares acquired by the Cornerstone Investor pursuant to the Cornerstone Investment Agreement (the “**Relevant Shares**”) or any interest in any company or entity holding (directly or indirectly) any of the Relevant Shares, (ii) enter into any transactions directly or indirectly with the same economic effect as any aforesaid transactions; (iii) publicly announce any intention to enter into any aforesaid transactions; or (iv) agree or contract to

CORNERSTONE INVESTOR

do any of the aforesaid transactions, other than transfers to any wholly-owned subsidiary of the Cornerstone Investor provided that such wholly-owned subsidiary undertakes in writing that it will, and the Cornerstone Investor undertakes to procure that such wholly-owned subsidiary will, abide by the relevant terms and restrictions imposed on the Cornerstone Investor.

The Cornerstone Investor has further agreed that, after the Lock-up Period, it will be free to dispose of any of the Relevant Shares on the Stock Exchange, provided that it shall use all reasonable endeavors to ensure that any such disposal is strictly in accordance with all applicable laws and regulations including the Listing Rules and the SFO, and does not create a disorderly or false market in the Shares.

The Cornerstone Investor has further agreed that, save with the prior written consent of our Company and the Joint Global Coordinators, the aggregate holding (direct and indirect) of the Cornerstone Investor and its associates in the total issued share capital of our Company shall be less than 10% of our Company's issued share capital for 12 months from the Listing Date.

UNDERWRITING

HONG KONG UNDERWRITERS

Joint Lead Managers

Merrill Lynch Far East Limited
CCB International Capital Limited

Co-Managers

GF Securities (Hong Kong) Brokerage Limited
South China Securities Limited

UNDERWRITING ARRANGEMENTS AND EXPENSES

Hong Kong Public Offering

Hong Kong Underwriting Agreement

Pursuant to the Hong Kong Public Offering, we are offering the Hong Kong Offer Shares for subscription by the public in Hong Kong on and subject to the terms and conditions of this prospectus and the Application Forms. Subject to the Listing Committee of the Stock Exchange granting listing of, and permission to deal in, among others, the Shares to be offered as mentioned herein and to certain other conditions set out in the Hong Kong Underwriting Agreement, the Hong Kong Underwriters have agreed severally to subscribe or procure subscribers for, their respective applicable proportions of the Hong Kong Offer Shares which are being offered but are not taken up under the Hong Kong Public Offering on the terms and subject to the conditions of this prospectus, the Application Forms and the Hong Kong Underwriting Agreement.

The Hong Kong Underwriting Agreement is conditional upon and subject to the International Placing Agreement having been signed and becoming unconditional.

Grounds for termination

The obligations of the Hong Kong Underwriters to subscribe for the Hong Kong Offer Shares are subject to termination, if, at any time prior to 8:00 a.m. on the Listing Date:

- (i) there shall develop, occur, exist or come into effect:
 - any change or prospective change (whether or not permanent) in the business or in the earnings, operations, financial or trading position or prospects of our Group or any change in capital stock or long-term debt of the Company or any other member of the Group, which (in any such case) is not set forth or contemplated in this prospectus;
 - any change or development involving a prospective change or development, or any event or series of events resulting or representing or likely to result in any change or development involving a prospective change or deterioration (whether or not permanent)

UNDERWRITING

in local, national, regional or international financial, political, military, industrial, economic, legal framework, regulatory, fiscal, currency, credit or market conditions (including, without limitation, conditions in stock and bond markets, money and foreign exchange markets and inter-bank markets) in or affecting any of Hong Kong, the PRC, the BVI, the Cayman Islands, the United States, any member of the European Union, Japan or any other jurisdictions where any member of our Group is incorporated (collectively, the “**Relevant Jurisdictions**”);

- any deterioration of any pre-existing local, national, regional or international financial, economic, political, military, industrial, fiscal, regulatory, currency, credit or market conditions in or affecting any of the Relevant Jurisdictions;
- any new Law or change (whether or not forming part of a series of changes) or development involving a prospective change in existing Laws or any change or development involving a prospective change in the interpretation or application thereof by any court or governmental authority in or affecting any of the Relevant Jurisdictions;
- a change or development or event involving a prospective change in taxation or exchange control (or the implementation of any exchange control) or foreign investment regulations in or affecting any of the Relevant Jurisdictions adversely affecting an investment in shares;
- any local, national, regional or international outbreak or escalation of hostilities (whether or not war is or has been declared) or other state of emergency or crisis involving or affecting any of the Relevant Jurisdictions;
- any event, act or omission which gives rise to or is likely to give rise to any liability of any of the warrantors under the Hong Kong Underwriting Agreement pursuant to the indemnity contained therein;
- the imposition or declaration of (i) any suspension or restriction on dealings in shares or securities generally on the Stock Exchange, the New York Stock Exchange, the Nasdaq National Market, the London Stock Exchange, the Shanghai Stock Exchange, the Shenzhen Stock Exchange, the Tokyo Stock Exchange, or any other major international stock exchange or (ii) any moratorium on commercial banking activities or disruption in commercial banking activities or foreign exchange trading or securities settlement or clearance services in or affecting any of the Relevant Jurisdictions;
- the imposition of economic or other sanctions, in whatever form, directly or indirectly, in or affecting any of the Relevant Jurisdictions;
- any event, or series of events, in the nature of force majeure (including without limitation, any acts of God, acts of government, declaration of a national or international emergency

UNDERWRITING

or war, acts or threat of war, calamity, crisis, economic sanction, riot, public disorder, civil commotion, fire, flooding, explosion, earthquake, volcanic eruption, epidemic (including but not limited to severe acute respiratory syndrome or avian flu), pandemic, outbreak of disease, terrorism, strike or lockout) in or affecting any of the Relevant Jurisdictions;

- any change or development or event involving a prospective change, or a materialization of, any of the risks set out in the section headed “Risk Factors” of this prospectus;
- any change in the system under which the value of the HK dollar is linked to that of the US dollar or the value of the Renminbi is determined by reference to a basket of world currencies or a material devaluation of Hong Kong dollars or the Renminbi against any foreign currency;
- any demand by any creditor for repayment or payment of any indebtedness of any member of our Group or in respect of which any member of our Group is liable prior to its stated maturity;
- save as disclosed in this prospectus, a contravention by any member of our Group of the Listing Rules or applicable Laws;
- a prohibition on our Company for whatever reason from offering, allotting, issuing or selling any of the Shares (including the Over-allotment Shares) pursuant to the terms of the Global Offering;
- non-compliance of any of this prospectus or the Application Forms or any aspect of the Global Offering with the Listing Rules or any other applicable Law;
- other than with the prior approval of the Joint Sponsors (for themselves and on behalf of the Hong Kong Underwriters), the issue or requirement to issue by our Company of a supplementary prospectus (or any other documents used in connection with the contemplated subscription and sale of the Shares) pursuant to the Companies Ordinance or the Listing Rules or any requirement or request of the Stock Exchange and/or the SFC;
- an order being made or a petition being presented for the winding-up or liquidation of any member of our Group or any member of our Group making any composition or arrangement with our creditors or entering into a scheme of arrangement or any resolution being passed for the winding-up of any member of our Group or a provisional liquidator, receiver or manager being appointed over all or part of the assets or undertaking of any member of our Group or anything analogous thereto in respect of any member of our Group;
- any litigation or claim of any third party being threatened or instigated against any member of our Group;

UNDERWRITING

- a Director being charged with an indictable offence or prohibited by operation of law or is otherwise disqualified from taking part in the management of a company;
- the chairman or chief executive officer of the Company vacating his or her office;
- the commencement by any governmental, regulatory, political or judicial body or organization of any action against a Director or an announcement by any governmental, regulatory, political or judicial body or organization that it intends to take any such action,

which in the sole and absolute opinion of the Joint Sponsors:

- (a) is or will or may individually or in the aggregate have a material adverse effect on the business, financial, trading or other condition or prospects of any member of our Group and/or our Group taken as a whole and/or to any present or prospective shareholder in its capacity as such;
 - (b) has or will or may have a material adverse effect on the success of the Hong Kong Public Offering, the International Placing and/or the Global Offering or the level of Offer Shares being applied for or accepted or the distribution of Offer Shares; or
 - (c) is or will or may make it impracticable, inadvisable, inexpedient or not commercially viable (i) for any material part of the Hong Kong Underwriting Agreement, the International Placing Agreement, the Hong Kong Public Offering, the International Placing and/or the Global Offering to be performed or implemented in accordance with its terms or (ii) to proceed with or to market the Hong Kong Public Offering, the International Placing and/or the Global Offering on the terms and in the manner contemplated in this prospectus;
- (ii) any of the Hong Kong Underwriters shall become aware of the fact that, or have reasonable cause to believe that:
- (a) any of the warranties given by the warrantors under the Hong Kong Underwriting Agreement is untrue, inaccurate, misleading or breached in any respect when given or as repeated, or has been declared or determined by any court or governmental authorities to be illegal, invalid or unenforceable in any material respect;
 - (b) any statement contained in this prospectus was or is untrue, incorrect or misleading in any material respect, or any matter arises or is discovered which would, if this prospectus were to be issued at that time, constitute a material omission therefrom, or that any forecasts, expressions of opinion, intention or expectation expressed in this prospectus and/or any announcements issued by our Company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto) are not fair and honest and based on reasonable assumptions, when taken as a whole, which are material in the context of the Global Offering; or

UNDERWRITING

- (c) there has been a breach on the part of any of the warrantors under the Hong Kong Underwriting Agreement of any of the provisions of the Hong Kong Underwriting Agreement or the International Placing Agreement as determined by the Joint Sponsors or the Joint Global Coordinators in their sole and absolute discretion, respectively.

Undertakings from our Company and the Controlling Shareholders

Our Company has undertaken to the Joint Sponsors and the other Hong Kong Underwriters that the Company will, and each of the Controlling Shareholders has undertaken to procure that our Company will:

- (a) not, from the date of the Hong Kong Underwriting Agreement up to and including the date falling six months after the Listing Date (“**First Six Month Period**”), except pursuant to the Global Offering (including the Over-allotment Option and the Capitalization Issue), the exercise of any options granted under the Share Option Scheme or the Pre-IPO Share Option Scheme, without the prior written consent of the Joint Sponsors (on their behalf and on behalf of the Hong Kong Underwriters), and subject always to the provisions of the Listing Rules:
 - (1) offer, allot, issue or sell, or agree to allot, issue or sell, hedge, grant or agree to grant any option, right or warrant over, or otherwise dispose of (or enter into any transaction which is designed to, or might reasonably be expected to, result in the disposition (whether by actual disposition or effective economic disposition due to cash settlement or otherwise) by our Company), either directly or indirectly, conditionally or unconditionally, any Shares or any securities convertible into or exchangeable for such Shares; or
 - (2) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of subscription or ownership of Shares or such securities, whether any of the foregoing transactions is to be settled by delivery of Shares or such securities, in cash or otherwise; or
 - (3) offer or agree to do any of the foregoing transactions and publicly announce any intention to effect any such transaction,

(whether or not such issue of Share or securities will be completed within the First Six Month Period)

- (b) not at any time within the period of six months immediately following the expiry of the First Six Month Period (“**Second Six Month Period**”) do any of the acts set out in paragraph (a) above such that our Controlling Shareholders in aggregate, directly or indirectly, would cease to be a controlling shareholder (within the meaning defined in the Listing Rules) of our Company;
- (c) in the event that our Company does any of the acts set out in paragraphs (a) and (b) above after the expiry of the First Six Month Period or the Second Six Month Period, as the case may be, take all steps to ensure that any such act, if done, will not create a disorderly or false market for any Shares or other securities of the Company or any interest therein.

UNDERWRITING

Each of the Controlling Shareholders has undertaken to each of the Hong Kong Underwriters and our Company that except pursuant to the Stock Borrowing Agreement it shall not, and shall procure that none of its associates (as defined in the Listing Rules) or companies controlled by it and any nominee or trustee holding in trust for it will, without the prior written consent of the Joint Sponsors (on behalf of themselves and the Hong Kong Underwriters):

- (i) offer, pledge, sell, mortgage, assign, charge, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, lend or otherwise transfer or dispose of, either directly or indirectly, conditionally or unconditionally, any of the share capital or other securities of the Company or any interest therein, beneficially owned by it or through such associates, companies, nominees or trustee as of the Listing Date (including, without limitation, any securities that are convertible into or exercisable or exchangeable for, or that represent the right to receive, any such share capital or other securities of our Company or any interest therein) immediately following completion of the Global Offering and the Capitalization Issue;
- (ii) enter into any swap, derivative or other arrangement that transfers to another, in whole or in part, directly or indirectly, any of the economic consequences of subscription or ownership of such share capital, or other securities of our Company or any interest therein;
- (iii) enter into any transaction with the same economic effect as any transaction described in paragraphs (i) and (ii) above; or
- (iv) offer to or agree to contract to, or publicly announce any intention to enter into, any foregoing transaction described in paragraphs (i) through (iii) above whether any of the foregoing transactions described in paragraph (i), (ii) or (iii) above is to be settled by delivery of share capital or such other securities, in cash or otherwise, at any time during the First Six Month Period, it will not, and will procure that such associate, companies, nominee or trustee will not, without the prior written consent of the Joint Sponsors, dispose of or otherwise create any options, rights, interests or encumbrances in respect of any Shares or any interest therein at any time during the Second Six Month Period, such that immediately following such disposal or upon exercise or enforcement of such options, rights, interests or encumbrances, shall not result in the Controlling Shareholders in aggregate, directly or indirectly, ceasing to be a controlling shareholder (as defined in the Listing Rules) of our Company at any time during the Second Six Month Period, and it shall take all reasonable steps to ensure that any such act, if done, will not create a disorderly or false market for any Shares or other securities of our Company or any interest therein.

UNDERWRITING

Each of the Controlling Shareholders has also undertaken to each of our Company and the Stock Exchange that, during the period commencing on the date by reference to which disclosure of such Controlling Shareholder's shareholding in our Company is made in this prospectus and ending on the date which is 12 months from the Listing Date, such Controlling Shareholder shall:

- (i) when such Controlling Shareholder pledges or charges any of the Shares or other securities of our Company beneficially owned by such Controlling Shareholder in favour of any authorized institution pursuant to Note (2) to Rule 10.07(2) of the Listing Rules, immediately inform our Company of such pledge or charge (as the case may be) together with the number of Shares or securities so pledged or charged; and
- (ii) when such Controlling Shareholder receives any indication, either verbal or written, from the pledgee or chargee of any of the Shares or securities of our Company so pledged or charged shall be disposed of, immediately inform our Company of such indication.

Each of the Controlling Shareholders has also undertaken to each of the Hong Kong Underwriters and our Company that, within the First Six Month Period and the Second Six Month Period it shall:

- (i) if and when it pledges or charges, directly or indirectly, any Shares or other securities of our Company beneficially owned by it, immediately inform our Company and the Joint Sponsors in writing of such pledge or charge together with the number of such Shares or other securities so pledged or charged; and
- (ii) if and when it receives indications, either verbal or written, from any pledgee or chargee that any securities in our Company pledged or charged by it will be disposed of, immediately inform the Company and the Joint Sponsors in writing of such indications.

Our Company shall inform the Stock Exchange as soon as our Company has been informed by any of our Controlling Shareholders of the above matters (if any) and disclose such matters by way of an announcement which is published in the accordance with Rule 2.07C of the Listing Rules as soon as possible.

The International Placing

In connection with the International Placing, it is expected that our Company and the International Underwriters will enter into the International Placing Agreement. Under the International Placing Agreement, the International Underwriters will severally agree to purchase, or procure purchasers for, all Shares being sold in the International Placing.

UNDERWRITING

Our Company is expected to grant to the International Underwriters the Over-allotment Option, exercisable by the Joint Global Coordinators on behalf of the International Underwriters up to the 30th day after the last day for lodging application under the Hong Kong Public Offering, to require our Company to issue and allot up to an aggregate of 26,250,000 additional Shares, representing approximately 15% of the Offer Shares initially available under the Global Offering, at the same price per Share under the International Placing, solely to cover over-allocations, if any, in the International Placing.

Commission and expenses

The Hong Kong Underwriters will receive an underwriting commission of 3.0% of the aggregate Offer Price payable for the Hong Kong Offer Shares initially offered under the Hong Kong Public Offering, out of which they will pay any sub-underwriting commission. For unsubscribed or unpurchased Hong Kong Offer Shares reallocated to the International Placing, we will pay an underwriting commission at the rate applicable to the International Placing and such commission will be paid to the Joint Global Coordinators (on behalf of the International Underwriters). For International Placing Shares reallocated to the Hong Kong Public Offering, we will pay an underwriting commission, at the rate applicable to the International Placing, to the International Underwriters. In addition, the Company may, at its sole and absolute discretion, pay the Hong Kong Underwriters an incentive fee of up to 1.0% of the aggregate Offer Price payable for the Hong Kong Offer Shares.

The aggregate underwriting commissions and fees, together with listing fees, SFC transaction levy, the Stock Exchange trading fee, legal and other professional fees, and printing and other expenses relating to the Global Offering payable by us are estimated to amount to approximately HK\$88.5 million, assuming an Offer Price of HK\$2.53 per Share, being the mid-point of the proposed Offer Price range of HK\$2.25 to HK\$2.80, and the Over-allotment Option is not exercised.

Hong Kong Underwriters' Independence

As of July 31, 2013 China Construction Bank Corporation ("CCB") had amounts due from our Company amounting to RMB44.03 million, which represents 5.90% of the total assets of our Group as of June 30, 2013 and 0.00030% of the total assets of CCB as of June 30, 2013. CCB is the ultimate holding company of CCB International Capital Limited. These amounts fall below the percentage threshold as set out in Rule 3A.07 (5) and (6) of the Listing Rules.

Therefore, each of the Joint Sponsors satisfies the independence criteria applicable to sponsors as set out in Rule 3A.07 of the Listing Rules.

Hong Kong Underwriters' Interests in our Company

Save for their respective obligations under the Hong Kong Underwriting Agreement, none of the Hong Kong Underwriters is legally or beneficially interested in any shares of any member of our Group or has the right or option (whether legally enforceable or not) to subscribe for or purchase or to nominate persons to subscribe for or purchase securities in any member of our Company nor any interest in the Global Offering.

UNDERWRITING

Restrictions on Offer of the Offer Shares

The Hong Kong Offer Shares are offered solely on the basis of the information contained and representations made in this prospectus and the Application Forms, and on the terms and subject to the conditions set out herein and therein. No action has been taken to permit a public offering of the Offer Shares or the distribution of this prospectus in any jurisdiction other than Hong Kong. This prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorized or to any person to whom it is unlawful to make such an offer or invitation.

The offering of the International Placing Shares under the International Placing will be made pursuant to an offering memorandum. The distribution of the offering memorandum and the offer of the International Placing Shares may be restricted by law in certain jurisdictions. Persons who come into possession of the offering memorandum or any of the International Placing Shares are required to inform themselves about and to observe any such restrictions. The offering memorandum contains a description of certain restrictions on the offering of the International Placing Shares under the International Placing.

STRUCTURE OF THE GLOBAL OFFERING

THE GLOBAL OFFERING

The Global Offering comprises 175,000,000 Shares initially being offered by us for subscription by way of International Placing and Hong Kong Public Offering (assuming the Over-allotment Option is not exercised). A total of 157,500,000 Shares, representing an aggregate of 90% of the initial total number of the Offer Shares, will initially be offered under the International Placing to professional, institutional and/or other investors in Hong Kong and certain other jurisdictions outside the US in accordance with Regulation S. A total of 17,500,000 Shares, representing 10% of the initial total number of the Offer Shares, will initially be offered under the Hong Kong Public Offering.

The number of Shares to be offered under the Hong Kong Public Offering and the International Placing are subject to reallocation and, in the case of the International Placing only, the Over-allotment Option, as described below.

Investors may apply for Shares under the Hong Kong Public Offering or indicate an interest for Shares under the International Placing, but may not do both. Reasonable steps will be taken to identify and reject applications in the Hong Kong Public Offering from investors that received International Placing Shares, and to identify and reject indications of interest in the International Placing from investors that received Hong Kong Offer Shares. The Hong Kong Public Offering is open to members of the public in Hong Kong as well as to institutional, professional and/or other investors. The International Placing will involve selective marketing of the International Placing Shares to institutional, professional and/or other investors, which are anticipated to have a sizeable demand for such Shares. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities.

Assuming the Over-allotment Option and options granted or which may be granted under the Pre-IPO Share Option Scheme and the Share Option Scheme are not exercised, the Offer Shares will represent 25% of our enlarged issued share capital immediately after completion of the Global Offering and the Capitalization Issue.

If the Over-allotment Option is exercised in full, the Shares comprised in the Global Offering will represent approximately 27.7% of the enlarged issued share capital of us immediately after completion of the Global Offering, the Capitalization Issue and the exercise of the Over-allotment Option, but takes no account of the options that may be granted under the Pre-IPO Share Option Scheme and the Share Option Scheme.

PRICE PAYABLE ON APPLICATION

The maximum Offer Price of HK\$2.80 per Share plus brokerage of 1%, trading fee payable to the Stock Exchange of 0.005% and transaction levy payable to the SFC of 0.003% in each case of the Offer Price amounting to a total of HK\$2,828.22 per board lot of 1,000 Hong Kong Offer Shares is payable in full on application.

STRUCTURE OF THE GLOBAL OFFERING

If the Offer Price, as finally determined in the manner as set out below, is lower than the maximum Offer Price of HK\$2.80 per Share, appropriate refund payments will be made. Further details in this regard are set out in the section headed “How to Apply for Hong Kong Offer Shares”.

DETERMINING THE OFFER PRICE

The International Underwriters are soliciting from prospective investors indications of interest in acquiring the International Placing Shares. Prospective investors will be required to specify the number of International Placing Shares they would be prepared to acquire either at different prices or at a particular price. This process, known as “bookbuilding”, is expected to continue up to, and to cease on or about Monday, October 21, 2013.

The Offer Price will be determined by agreement between our Company, the Joint Sponsors (on behalf of the Hong Kong Underwriters) and the Joint Global Coordinators (on behalf of the International Underwriters) at or before the Price Determination Date, which is expected to be on Monday, October 21, 2013 or by the latest on Sunday, October 27, 2013. If the Joint Sponsors (on behalf of the Hong Kong Underwriters), the Joint Global Coordinators (on behalf of the International Underwriters) and our Company are unable to reach an agreement on the Offer Price on Sunday, October 27, 2013, the Global Offering will not proceed and will lapse.

The Offer Price will not be more than HK\$2.80 per Share and is currently expected to be not less than HK\$2.25 per Share. Prospective investors should be aware that the Offer Price to be determined at or before the Price Determination Date may be, but is not expected to be, lower than the indicative Offer Price range stated in this prospectus.

If, based on the level of interest expressed by prospective investors during the “book-building” process, the Joint Sponsors and the Joint Global Coordinators (on behalf of the Underwriters, as the case may be), think it is appropriate (for instance, if the level of interest expressed by prospective investors is below the indicative Offer Price range stated in this prospectus), the number of Offer Shares and/or the indicative Offer Price range may be reduced below that stated in this prospectus at any time prior to the morning of the day which is the last day for lodging applications under the Hong Kong Public Offering. In such a case, our Company will, as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the day which is the last day for lodging applications under the Hong Kong Public Offering cause to be published in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) and on the websites of the Stock Exchange at www.hkexnews.hk and the Company at www.ir.cabbeen.com notice of such a change. Applicants should have regard to the possibility that any announcement of a reduction in the number of Offer Shares and/or the indicative Offer Price range may not be made until the day which is the last day for lodging applications under the Hong Kong Public Offering. Such notice will also include confirmation or revision, as appropriate, of the working capital statement, the offer statistics, as currently set out in “Summary” and any other financial information which may change materially as a result of any such change. Applicants under the Hong Kong Public Offering should note that, even if the number of Offer Shares and/or the indicative Offer Price is so reduced, in no circumstances can applications be withdrawn once submitted, except where a person responsible for this prospectus under section 40 of the Companies Ordinance gives

STRUCTURE OF THE GLOBAL OFFERING

a public notice under that section before the fifth day after the time of the opening of the application lists (excluding any day which is a Saturday, Sunday or public holiday in Hong Kong) which limits the responsibility of that person for this prospectus, in which case applications made may be revoked before the said fifth day.

In the absence of any notice being published in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) and on the websites of the Stock Exchange and the Company of a reduction of the number of Offer Shares and/or the indicative Offer Price range in the manner set out above, the number of Offer Shares and/or the Offer Price, if agreed upon with our Company, will under no circumstances be set outside the number of Offer Shares and the Offer Price range as stated in this prospectus.

The Offer Price, the level of indication of interest in the International Placing, results of the applications and basis of allotment of the Hong Kong Public Offering are expected to be published in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) and on the websites of the Stock Exchange and the Company on Friday, October 25, 2013.

CONDITIONS OF THE GLOBAL OFFERING

Acceptance of applications for the Offer Shares in the Global Offering are conditional upon:

(a) **Listing**

The Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Shares in issue and the Shares to be issued as mentioned in this prospectus (including Shares which may fall to be issued upon the exercise of the Over-allotment Option and any additional Shares up to 10% of the issued share capital of our Company as of the Listing Date, which may be issued pursuant to the exercise of options which may be granted under the Pre-IPO Share Option Scheme and the Share Option Scheme); and

(b) **Underwriting Agreements**

- (i) the execution and delivery of the International Placing Agreement in accordance with their terms or otherwise, prior to on or about the date of the Price Determination Agreement; and
- (ii) the obligations of the Underwriters under each of the respective Underwriting Agreements becoming unconditional (which requires, among other things, that the Offer Price be agreed by no later than the Price Determination Date and the Price Determination Agreement be entered into) and the obligations under any of the Underwriting Agreements not being terminated in accordance with their terms or otherwise, prior to 8:00 a.m. on the day on which the Shares commence trading on the Main Board of the Stock Exchange.

If, for any reason, the Price Determination Agreement or the International Placing Agreement is not entered into, the Global Offering will not proceed and will lapse.

STRUCTURE OF THE GLOBAL OFFERING

The consummation of each of the Hong Kong Public Offering and the International Placing is conditional upon, amongst other things, the other becoming unconditional and not having been terminated in accordance with their respective terms.

If any of the above conditions is not fulfilled at or before 8:00 a.m. on the Listing Date, the Global Offering will lapse and notice of the lapse will be published by our Company in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese), and on our Company's website at www.ir.cabbeen.com and the website of the Stock Exchange at www.hkexnews.hk on the next day following such lapse unless and to the extent such conditions are validly waived on or before such date and time. In such event, application monies will be returned, without interest. The terms on which money will be returned are set out in the section headed "Refund of your money" on the Application Forms.

In the meantime, application monies will be held in one or more separate bank account(s) with the receiving bank(s) or any other bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong).

THE HONG KONG PUBLIC OFFERING

Pursuant to the Hong Kong Public Offering, our Company is initially offering 17,500,000 new Shares, representing 10% of the total number of Offer Shares initially available under the Global Offering (assuming the Over-allotment Option is not exercised), for subscription to the public in Hong Kong at the Offer Price. The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters subject to the terms and conditions of the Hong Kong Underwriting Agreement.

Allocation of the Hong Kong Offer Shares to investors under the Hong Kong Public Offering will be based solely on the level of valid applications received. The basis of allocation may vary, depending on the number of Hong Kong Offer Shares validly applied for by each applicant. However, this may involve balloting, which would mean that some applicants may be allotted more Shares than others who have applied for the same number of Hong Kong Offer Shares and that applicants who are not successful in the ballot may not receive any Hong Kong Offer Shares.

For allocation purposes only, the Hong Kong Offer Shares (after taking into account of any reallocation of Offer Shares between the International Placing and the Hong Kong Public Offering referred to below) will be divided equally into two pools: pool A and pool B. The Hong Kong Offer Shares in pool A will initially consist of 8,750,000 Shares and will be allocated on an equitable basis to successful applicants who have applied for Hong Kong Offer Shares with a total subscription amount (excluding amounts of brokerage and Stock Exchange trading fee and SFC transaction levy) of HK\$5 million or less. The Hong Kong Offer Shares in pool B will initially consist of 8,750,000 Shares and will be allocated on an equitable basis to successful applicants who have applied for Hong Kong Offer Shares with a total subscription amount (excluding amounts of brokerage and Stock Exchange trading fee and SFC transaction levy) of more than HK\$5 million and up to the total value of pool B. Applicants should be aware that applications in pool A and applications in pool B may receive different allocation ratios. If Hong Kong Offer Shares in one pool (but not both pools) are under-subscribed, the surplus Hong Kong Offer Shares will be transferred to the other pool to satisfy demand in that pool and be allocated accordingly. Applicants can only receive an allocation of Hong Kong Offer Shares from either pool A or pool B but not from both pools and may only apply for Hong Kong Offer Shares in either pool A or pool B.

STRUCTURE OF THE GLOBAL OFFERING

The Hong Kong Public Offering is open to all members of the public in Hong Kong. An applicant for Shares under the Hong Kong Public Offering will be required to give an undertaking and confirmation in the Application Form submitted by him that he has not taken up any Shares under the International Placing nor otherwise participated in the International Placing nor has he indicated (nor will he indicate) an interest under the International Placing, and such applicant's application will be rejected if the said undertaking and confirmation is breached and/or found to be untrue (as the case may be). The Hong Kong Public Offering will be subject to the conditions stated in the paragraph headed "Conditions of the Global Offering" above. The attention of applicants, including nominees who wish to submit separate applications on behalf of different beneficial owners, is drawn to the information regarding multiple applications contained in the section headed "How to Apply for Hong Kong Offer Shares" in this prospectus. Multiple or suspected multiple applications and any application for more than 100% of the Hong Kong Offer Shares in either pool A or pool B initially being offered for subscription pursuant to the Hong Kong Public Offering will be rejected at the discretion of the Joint Sponsors on our behalf.

THE INTERNATIONAL PLACING

Pursuant to the International Placing, our Company is initially offering 157,500,000 Shares for subscription, representing 90% of the total number of Shares initially available under the Global Offering (assuming the Over-allotment Option is not exercised).

It is expected that the International Underwriters or selling agents nominated by them on behalf of our Company will conditionally place the International Placing Shares at the Offer Price with professional, institutional and/or other investors in Hong Kong and certain other jurisdictions. Professional and/or institutional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and/or other securities and corporate entities which regularly invest in shares and /or other securities. In Hong Kong, retail investors should apply for the Hong Kong Offer Shares under the Hong Kong Public Offering, as retail investors applying for the International Placing Shares (including applying through banks and/or other institutions) are unlikely to be allocated any International Placing Shares. Prospective investors may be required to give an undertaking and confirmation that he has not applied for or taken up any Hong Kong Offer Shares.

The International Placing is subject to the same conditions as stated in the paragraph headed "Conditions of the Global Offering" above. The total number of International Placing Shares to be allotted and issued or transferred pursuant to the International Placing may change as a result of the clawback arrangement referred to in the paragraph headed "Reallocation of the Offer Shares between the Hong Kong Public Offering and the International Placing" below, exercise of the Over-allotment Option and any reallocation of unsubscribed Shares originally included in the Hong Kong Public Offering.

Allocation of International Placing Shares to investors pursuant to the International Placing will be effected in accordance with the "book-building" process undertaken by the International Underwriters. Final allocation of the International Placing Shares pursuant to the International Placing is based on a number of factors, including the level and timing of demand and whether or not it is expected that the relevant investor is likely to buy further Shares or hold or sell its Shares, after the listing of the Shares on the Main Board of the Stock Exchange. Such allocation is generally intended to result in a distribution of the International Placing Shares on a basis which would lead to the establishment of a solid shareholder base for the benefit of us and our shareholders taken as a whole.

STRUCTURE OF THE GLOBAL OFFERING

Professional and institutional investors may apply for Offer Shares under the Hong Kong Public Offering or receive Offer Shares under the International Placing. However, such investor will only receive Offer Shares under either the Hong Kong Public Offering or the International Placing, but not both.

REALLOCATION OF THE OFFER SHARES BETWEEN THE PUBLIC OFFERING AND THE INTERNATIONAL PLACING

The allocation of Offer Shares between the Hong Kong Public Offering and the International Placing is subject to adjustment on the following basis:

- (a) if the number of Shares validly applied for under the Hong Kong Public Offering represents 15 times or more but less than 50 times of the number of Shares initially available under the Hong Kong Public Offering, then an additional 35,000,000 Shares, representing 20% of the Shares being offered pursuant to the Global Offering (assuming the Over-allotment Option is not exercised) will be reallocated to the Hong Kong Public Offering from the International Placing, so that an aggregate of 52,500,000 Shares will be available under the Hong Kong Public Offering, representing 30% of the Shares being offered pursuant to the Global Offering (assuming the Over-allotment Option is not exercised);
- (b) if the number of Shares validly applied for under the Hong Kong Public Offering represents 50 times or more but less than 100 times of the number of Shares initially available under the Hong Kong Public Offering, then an additional 52,500,000 Shares, representing 30% of the Shares being offered pursuant to the Global Offering (assuming the Over-allotment Option is not exercised) will be reallocated to the Hong Kong Public Offering from the International Placing, so that an aggregate of 70,000,000 Shares will be available under the Hong Kong Public Offering, representing 40% of the Shares being offered pursuant to the Global Offering (assuming Over-allocation Option is not exercised); and
- (c) if the number of Shares validly applied for under the Hong Kong Public Offering represents 100 times or more of the number of Shares initially available under the Hong Kong Public Offering, then an additional 70,000,000 Shares, representing 40% of the Shares initially being offered pursuant to the Global Offering (assuming the Over-allotment Option is not exercised) will be reallocated to the Hong Kong Public Offering from the International Placing, so that an aggregate of 87,500,000 Shares will be available under the Hong Kong Public Offering, representing 50% of the Shares being offered pursuant to the Global Offering (assuming the Over-allotment Option is not exercised).

International Placing Shares being offered in the International Placing may be reallocated and made available as additional Hong Kong Offer Shares at the discretion of the Joint Global Coordinators (on behalf of the Underwriters) to satisfy valid applications made pursuant to the Hong Kong Public Offering.

If the Hong Kong Offer Shares are not fully subscribed for, the Joint Global Coordinators (on behalf of the Underwriters) have the authority (but not an obligation) to re-allocate all or any of the unsubscribed Hong Kong Offer Shares originally included in the Hong Kong Public Offering to the International Placing in such proportions as it deems appropriate.

STRUCTURE OF THE GLOBAL OFFERING

The number of International Placing Shares available under the International Placing will be correspondingly reduced or increased (as the case may be) as a result of reallocation (if any) described above.

OVER-ALLOTMENT OPTION

Pursuant to the International Placing Agreement, we are expected to grant the International Underwriters a right (but not an obligation), exercisable by the Joint Global Coordinators on behalf of the International Underwriters, to exercise the Over-allotment Option up to the 30th day after the last date for the lodging of applications under the Hong Kong Public Offering, to require our Company to issue up to an aggregate of 26,250,000 additional Shares, representing approximately 15% of the number of the Offer Shares initially available under the Global Offering. These Shares will be issued or sold (as the case be) at the Offer Price for the purpose of covering over-allocations in the International Placing, if any. Any election in respect of the Over-allotment Option may be exercised in whole or in part and from time to time.

The Offer Shares will constitute 25% of our issued share capital before the exercise of the Over-allotment Option and about 27.7% of the enlarged issued share capital of our Company immediately following the exercise of the Over-allotment Option in full. In the event that the Over-allotment Option is exercised, an announcement will be made in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese), and on our Company's website at www.ir.cabbeen.com and the website of the Stock Exchange at www.hkexnews.hk as soon as practicable in accordance to the requirements of the Listing Rules.

OVER-ALLOTMENT AND STABILIZATION

Stabilization is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilize, the underwriters may bid for, or purchase, the newly issued securities in the secondary market, during a specified period of time, to retard and, if possible, prevent a decline in the initial public offer prices of the securities. In Hong Kong and certain other jurisdictions, activity aimed at reducing the market price is prohibited, and the price at which stabilization is effected is not permitted to exceed the Offer Price.

In connection with the Global Offering, Merrill Lynch Far East Limited, as stabilizing manager, or its authorized agents, may, but is not obliged to, over-allocate and/or effect any other transactions with a view to stabilizing or supporting the market price of the Shares at a level higher than which might otherwise prevail in the open market for a limited period. Such stabilizing activity may include stock borrowing, making market purchases of Shares in the secondary market or selling Shares to liquidate a position held as a result of those purchases as well as exercising the Over-allotment Option. Any such stabilizing activity will be effected in compliance with all applicable laws, rules and regulatory requirements in Hong Kong on stabilization including the Securities and Futures (Price Stabilizing) Rules made under the SFO. However, there is no obligation on the stabilizing manager or its authorized agents to conduct any such stabilizing activity, which if commenced, will be done at the absolute discretion of

STRUCTURE OF THE GLOBAL OFFERING

the stabilizing manager or its authorized agents and may be discontinued at any time. The number of Shares that may be over-allocated will not exceed the number of Shares that may be issued under the Over-allotment Option, namely 26,250,000 Shares, which is approximately 15% of the number of Shares initially available under the Global Offering.

As a result of effecting transactions to stabilize or maintain the market price of the Shares, the stabilizing manager or its authorized agents may maintain a long position in the Shares. The size of the long position, and the period for which the stabilizing manager or its authorized agents will maintain the long position is at the discretion of the stabilizing manager or its authorized agents and is uncertain. In the event that the stabilizing manager or its authorized agents liquidates this long position by making sales in the open market, this may lead to a decline in the market price of the Shares.

Stabilizing activity by the stabilizing manager or its authorized agents is not permitted to support the price of the Shares for longer than the stabilizing period, which begins on the day on which trading of the Shares commences on the Stock Exchange and ends on the 30th day after the day on which the application lists close under the Hong Kong Public Offering. The stabilizing period is expected to end on Wednesday, November 20, 2013. As a result, demand for the Shares, and its market price, may fall after the end of the stabilizing period.

Any stabilizing activity taken by the stabilizing manager or its authorized agents may not necessarily result in the market price of the Shares staying at or above the Offer Price either during or after the stabilizing period. Bids for or market purchases of the Shares by the stabilizing manager or its authorized agents may be made at a price at or below the Offer Price and therefore at or below the price paid for the Shares by investors.

In order to facilitate the settlement of over-allocations, the stabilizing manager or its authorized agents may, among other means, purchase Shares in the secondary market, enter into stock borrowing arrangements with holders of Shares, exercise the Over-allotment Option, engage in a combination of these means or otherwise as may be permitted under applicable laws. Any such secondary market purchases will be made in compliance with all applicable laws, rules and regulations.

The stabilizing manager or its authorized agents may borrow up to 26,250,000 shares from Acute Result, equivalent to the maximum number of additional Shares to be offered on a full exercise of the Over-allotment Option, under the Stock Borrowing Agreement. The Stock Borrowing Agreement is not subject to the restrictions of Rule 10.07(1)(a) of the Listing Rules, provided that the requirements set forth in Rule 10.07(3) of the Listing Rules are to be complied with as follows:

- (i) the stock borrowing agreement will only be effected by the stabilizing manager or its authorized agents for settlement of over-allocations in the International Placing and covering any short position prior to the exercise of the Over-allotment Option;
- (ii) the maximum number of Shares to be borrowed from Acute Result will be limited to the maximum number of Shares which may be issued or sold upon exercise of the Over-allotment Option;

STRUCTURE OF THE GLOBAL OFFERING

- (iii) the same number of Shares so borrowed must be returned to Acute Result on or before the third business day, a day that is not a Saturday, Sunday or public holiday in Hong Kong, following the earlier of (i) the last day on the Over-allotment Option may be exercised, or (ii) the day on which the Over-allotment Option is exercised in full;
- (iv) borrowing of Shares pursuant to the Stock Borrowing Agreement will be effected in compliance with all applicable Listing Rules, laws and other regulatory requirements; and
- (v) no payments will be made to Acute Result in relation to the Stock Borrowing Agreement.

DEALING ARRANGEMENTS

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on Monday, October 28, 2013, it is expected that dealings in the Shares on the Stock Exchange will commence at 9:00 a.m. on Monday, October 28, 2013.

The Shares will be traded in board lots of 1,000 Shares each.

HOW TO APPLY FOR HONG KONG OFFER SHARES

1. HOW TO APPLY

If you apply for Hong Kong Offer Shares, then you may not apply for or indicate an interest for International Placing Shares.

To apply for Hong Kong Offer Shares, you may:

- use a **WHITE** or **YELLOW** Application Form;
- apply online via the White Form eIPO service at www.eipo.com.hk; or
- electronically cause HKSCC Nominees to apply on your behalf.

None of you or your joint applicant(s) may make more than one application, except where you are a nominee and provide the required information in your application.

The Company, the Joint Global Coordinators, the White Form eIPO Service Provider and their respective agents may reject or accept any application in full or in part for any reason at their discretion.

2. WHO CAN APPLY

You can apply for Hong Kong Offer Shares on a **WHITE** or **YELLOW** Application Form if you or the person(s) for whose benefit you are applying:

- are 18 years of age or older;
- have a Hong Kong address;
- are outside the United States, and are not a United States Person (as defined in Regulation S under the U.S. Securities Act); and
- are not a legal or natural person of the PRC.

If you apply online through the White Form eIPO service, in addition to the above, you must also: (i) have a valid Hong Kong identity card number and (ii) provide a valid e-mail address and a contact telephone number.

If you are a firm, the application must be in the individual members' names. If you are a body corporate, the application form must be signed by a duly authorized officer, who must state his representative capacity, and stamped with your corporation's chop.

If an application is made by a person under a power of attorney, the Joint Global Coordinators may accept it at their discretion and on any conditions they think fit, including evidence of the attorney's authority.

HOW TO APPLY FOR HONG KONG OFFER SHARES

The number of joint applicants may not exceed four and they may not apply by means of White Form eIPO service for the Hong Kong Offer Shares.

Unless permitted by the Listing Rules, you cannot apply for any Hong Kong Offer Shares if you are:

- an existing beneficial owner of Shares in the Company and/or any its subsidiaries;
- a Director or chief executive officer of the Company and/or any of its subsidiaries;
- an associate (as defined in the Listing Rules) of any of the above;
- a connected person (as defined in the Listing Rules) of the Company or will become a connected person of the Company immediately upon completion of the Global Offering; and
- have been allocated or have applied for any International Placing Shares or otherwise participate in the International Placing.

3. APPLYING FOR HONG KONG OFFER SHARES

Which Application Channel to Use

For Hong Kong Offer Shares to be issued in your own name, use a **WHITE** Application Form or apply online through www.eipo.com.hk.

For Hong Kong Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your or a designated CCASS Participant's stock account, use a **YELLOW** Application Form or electronically instruct HKSCC via CCASS to cause HKSCC Nominees to apply for you.

Where to Collect the Application Forms

You can collect a **WHITE** Application Form and a prospectus during normal business hours from 9:00 a.m. on Wednesday, October 16, 2013 until 12:00 noon on Monday, October 21, 2013 from:

- (i) Merrill Lynch Far East Limited, 15th Floor, Citibank Tower, 3 Garden Road, Hong Kong; or
- (ii) CCB International Capital Limited, 12/F, CCB Tower, 3 Connaught Road Central, Central, Hong Kong; or

HOW TO APPLY FOR HONG KONG OFFER SHARES

(iii) any of the branches of the following receiving banks:

China Construction Bank (Asia) Corporation Limited:

District	Branch	Address
Hong Kong Island	Central Branch	6 Des Voeux Road Central, Central
	Causeway Bay Plaza Branch	G/F, Causeway Bay Plaza 1, Causeway Bay
Kowloon	Amoy Gardens Branch	Shop 181, G/F, Phase IIA, Amoy Gardens
	Yaumati Branch	556 Nathan Road, Yaumati
	Mei Foo Branch	Shop N46, G/F, Mei Foo Sun Chuen, Stage 6
New Territories	Tsuen Wan Branch	282 Sha Tsui Road, Tsuen Wan

Standard Chartered Bank (Hong Kong) Limited:

District	Branch	Address
Hong Kong Island.....	Des Voeux Road Branch	Standard Chartered Bank Building, 4-4A, Des Voeux Road Central, Central
	North Point Centre Branch	Shop G, G/F, North Point Centre, 284 King's Road, North Point
Kowloon.....	Kwun Tong Hoi Yuen Road	G/F, Fook Cheong Building, No. 63 Hoi Yuen Road, Kwun Tong, Kowloon
	Mongkok Branch	Shop B, G/F, 1/F & 2/F, 617-623 Nathan Road, Mongkok
New Territories	Tuen Mun Town Plaza Branch	Shop No. G047 - G052, Tuen Mun Town Plaza Phase I, Tuen Mun
	Tseung Kwan O Branch	Shop G37-40, G/F, Hau Tak Shopping Centre East Wing, Hau Tak Estate, Tseung Kwan O

HOW TO APPLY FOR HONG KONG OFFER SHARES

You can collect a **YELLOW** Application Form and a prospectus during normal business hours from 9:00 a.m. on Wednesday, October 16, 2013 until 12:00 noon on Monday, October 21, 2013 from the Depository Counter of HKSCC at 2nd Floor, Infinitus Plaza, 199 Des Voeux Road Central, Hong Kong or from your stockbroker.

Time for Lodging Application Forms

Your completed **WHITE** or **YELLOW** Application Form, together with a cheque or a banker's cashier order attached and marked payable to "Horsford Nominees Limited — Cabbeen Fashion Public Offer" for the payment, should be deposited in the special collection boxes provided at any of the branches of the receiving banks listed above, at the following times:

- Wednesday, October 16, 2013 — 9:00 a.m. to 5:00 p.m.
- Thursday, October 17, 2013 — 9:00 a.m. to 5:00 p.m.
- Friday, October 18, 2013 — 9:00 a.m. to 5:00 p.m.
- Saturday, October 19, 2013 — 9:00 a.m. to 1:00 p.m.
- Monday, October 21, 2013 — 9:00 a.m. to 12:00 noon

The application lists will be open from 11:45 a.m. to 12:00 noon on Monday, October 21, 2013, the last application day or such later time as described in "Effect of Bad Weather on the Opening of the Applications Lists" in this section.

4. TERMS AND CONDITIONS OF AN APPLICATION

Follow the detailed instructions in the Application Form carefully; otherwise, your application may be rejected.

By submitting an Application Form or applying through the White Form eIPO service, among other things, you:

- (i) undertake to execute all relevant documents and instruct and authorize the Company and/or the Joint Global Coordinators (or their agents or nominees), as agents of the Company, to execute any documents for you and to do on your behalf all things necessary to register any Hong Kong Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Articles of Association;
- (ii) agree to comply with the Companies Ordinance and the Articles of Association;
- (iii) confirm that you have read the terms and conditions and application procedures set out in this prospectus and in the Application Form and agree to be bound by them;

HOW TO APPLY FOR HONG KONG OFFER SHARES

- (iv) confirm that you have received and read this prospectus and have only relied on the information and representations contained in this prospectus in making your application and will not rely on any other information or representations except those in any supplement to this prospectus;
- (v) confirm that you are aware of the restrictions on the Global Offering in this prospectus;
- (vi) agree that none of the Company, the Joint Global Coordinators, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering is or will be liable for any information and representations not in this prospectus (and any supplement to it);
- (vii) undertake and confirm that you or the person(s) for whose benefit you have made the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the International Placing nor participated in the International Placing;
- (viii) agree to disclose to the Company, our Hong Kong Share Registrar, receiving banks, the Joint Global Coordinators, the Underwriters and/or their respective advisers and agents any personal data which they may require about you and the person(s) for whose benefit you have made the application;
- (ix) if the laws of any place outside Hong Kong apply to your application, agree and warrant that you have complied with all such laws and none of the Company, the Joint Global Coordinators and the Underwriters nor any of their respective officers or advisers will breach any law outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this prospectus and the Application Form;
- (x) agree that once your application has been accepted, you may not rescind it because of an innocent misrepresentation;
- (xi) agree that your application will be governed by the laws of Hong Kong;
- (xii) represent, warrant and undertake that (i) you understand that the Hong Kong Offer Shares have not been and will not be registered under the U.S. Securities Act; and (ii) you and any person for whose benefit you are applying for the Hong Kong Offer Shares are outside the United States (as defined in Regulation S) or are a person described in paragraph (h)(3) of Rule 902 of Regulation S;
- (xiii) warrant that the information you have provided is true and accurate;
- (xiv) agree to accept the Hong Kong Offer Shares applied for, or any lesser number allocated to you under the application;

HOW TO APPLY FOR HONG KONG OFFER SHARES

- (xv) authorize the Company to place your name(s) or the name of the HKSCC Nominees, on the Company's register of members as the holder(s) of any Hong Kong Offer Shares allocated to you, and the Company and/or its agents to send any share certificate(s) and/or any e-Refund payment instructions and/or any refund cheque(s) to you or the first-named applicant for joint application by ordinary post at your own risk to the address stated on the application, unless you have chosen to collect the share certificate(s) and/or refund cheque(s) in person;
- (xvi) declare and represent that this is the only application made and the only application intended by you to be made to benefit you or the person for whose benefit you are applying;
- (xvii) understand that the Company and the Joint Global Coordinators will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Hong Kong Offer Shares to you and that you may be prosecuted for making a false declaration;
- (xviii) (if the application is made for your own benefit) warrant that no other application has been or will be made for your benefit on a **WHITE** or **YELLOW** Application Form or by giving electronic application instructions to HKSCC or through the White Form eIPO service by you or by any one as your agent or by any other person; and
- (xix) (if you are making the application as an agent for the benefit of another person) warrant that
- (i) no other application has been or will be made by you as agent for or for the benefit of that person or by that person or by any other person as agent for that person on a **WHITE** or **YELLOW** Application Form or by giving electronic application instructions to HKSCC; and
 - (ii) you have due authority to sign the Application Form or give electronic application instructions on behalf of that other person as their agent.

Additional Instructions for Yellow Application Form

You may refer to the Yellow Application Form for details.

5. APPLYING THROUGH WHITE FORM eIPO SERVICE

General

Individuals who meet the criteria in "Who can apply" section, may apply through the White Form eIPO service for the Offer Shares to be allotted and registered in their own names through the designated website at www.eipo.com.hk.

Detailed instructions for application through the White Form eIPO service are on the designated website. If you do not follow the instructions, your application may be rejected and may not be submitted to the Company. If you apply through the designated website, you authorize the White Form eIPO Service Provider to apply on the terms and conditions in this prospectus, as supplemented and amended by the terms and conditions of the White Form eIPO service.

HOW TO APPLY FOR HONG KONG OFFER SHARES

Time for Submitting Applications under the White Form eIPO service

You may submit your application through the White Form eIPO service at www.eipo.com.hk (24 hours daily, except on the last application day) from 9:00 a.m. on Wednesday, October 16, 2013 until 11:30 a.m. on Monday, October 21, 2013 and the latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Monday, October 21, 2013 or such later time under the “Effects of Bad Weather on the Opening of the Applications Lists” in this section.

No Multiple Applications

If you apply by means of White Form eIPO service, once you complete payment in respect of any electronic application instruction given by you or for your benefit through the White Form eIPO service to make an application for Hong Kong Offer Shares, an actual application shall be deemed to have been made. For the avoidance of doubt, giving an electronic application instruction under White Form eIPO service more than once and obtaining different application reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

If you are suspected of submitting more than one application through the White Form eIPO service or by any other means, all of your applications are liable to be rejected.

Section 40 of the Companies Ordinance

For the avoidance of doubt, the Company and all other parties involved in the preparation of this prospectus acknowledge that each applicant who gives or causes to give electronic application instructions is a person who may be entitled to compensation under Section 40 of the Companies Ordinance (as applied by Section 342E of the Companies Ordinance).

Environmental Protection

The obvious advantage of White Form eIPO is to save the use of paper via the self-serviced and electronic application process. Computershare Hong Kong Investor Services Limited, being the designated White Form eIPO Service Provider, will contribute HK\$2 for each “CABBEEN FASHION LIMITED” White Form eIPO application submitted via the www.eipo.com.hk to support the funding of “Source of DongJiang — Hong Kong Forest” project initiated by Friends of Earth (HK).

6. APPLYING BY GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC VIA CCASS

General

CCASS Participants may give electronic application instructions to apply for the Hong Kong Offer Shares and to arrange payment of the money due on application and payment of refunds under their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures.

HOW TO APPLY FOR HONG KONG OFFER SHARES

If you are a CCASS Investor Participant, you may give these electronic application instructions through the CCASS Phone System by calling 2979 7888 or through the CCASS Internet System <https://ip.ccass.com> (using the procedures in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time).

HKSCC can also input electronic application instructions for you if you go to:

Hong Kong Securities Clearing Company Limited
Customer Service Center
2nd Floor, Infinitus Plaza
199 Des Voeux Road Central
Hong Kong

and complete an input request form.

You can also collect a prospectus from this address.

If you are not a CCASS Investor Participant, you may instruct your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give electronic application instructions via CCASS terminals to apply for the Hong Kong Offer Shares on your behalf.

You will be deemed to have authorized HKSCC and/or HKSCC Nominees to transfer the details of your application to the Company, the Joint Global Coordinators and our Hong Kong Share Registrar.

Giving Electronic Application Instructions to HKSCC via CCASS

Where you have given electronic application instructions to apply for the Hong Kong Offer Shares and a **WHITE** Application Form is signed by HKSCC Nominees on your behalf:

- (i) HKSCC Nominees will only be acting as a nominee for you and is not liable for any breach of the terms and conditions of the **WHITE** Application Form or this prospectus;
- (ii) HKSCC Nominees will do the following things on your behalf:
 - agree that the Hong Kong Offer Shares to be allotted shall be issued in the name of HKSCC Nominees and deposited directly into CCASS for the credit of the CCASS Participant's stock account on your behalf or your CCASS Investor Participant's stock account;
 - agree to accept the Hong Kong Offer Shares applied for or any lesser number allocated;
 - undertake and confirm that you have not applied for or taken up, will not apply for or take up, or indicate an interest for, any Offer Shares under the International Placing;
 - declare that only one set of electronic application instructions has been given for your benefit;

HOW TO APPLY FOR HONG KONG OFFER SHARES

- (if you are an agent for another person) declare that you have only given one set of electronic application instructions for the other person's benefit and are duly authorized to give those instructions as their agent;
- confirm that you understand that the Company, the Directors and the Joint Global Coordinators will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Hong Kong Offer Shares to you and that you may be prosecuted if you make a false declaration;
- authorize the Company to place HKSCC Nominees' name on the Company's register of members as the holder of the Hong Kong Offer Shares allocated to you and to send share certificate(s) and/or refund monies under the arrangements separately agreed between us and HKSCC;
- confirm that you have read the terms and conditions and application procedures set out in this prospectus and agree to be bound by them;
- confirm that you have received and/or read a copy of this prospectus and have relied only on the information and representations in this prospectus in causing the application to be made, save as set out in any supplement to this prospectus;
- agree that none of the Company, the Joint Global Coordinators, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering, is or will be liable for any information and representations not contained in this prospectus (and any supplement to it);
- agree to disclose your personal data to the Company, our Hong Kong Share Registrar, receiving banks, the Joint Global Coordinators, the Underwriters and/or its respective advisers and agents;
- agree (without prejudice to any other rights which you may have) that once HKSCC Nominees' application has been accepted, it cannot be rescinded for innocent misrepresentation;
- agree that any application made by HKSCC Nominees on your behalf is irrevocable before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), such agreement to take effect as a collateral contract with us and to become binding when you give the instructions and such collateral contract to be in consideration of the Company agreeing that it will not offer any Hong Kong Offer Shares to any person before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), except by means of one of the procedures referred to in this prospectus. However, HKSCC Nominees may revoke the application before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is a Saturday, Sunday or public holiday in Hong Kong) if a person responsible for this prospectus under Section 40 of the Companies Ordinance gives a public notice under that section which excludes or limits that person's responsibility for this prospectus;

HOW TO APPLY FOR HONG KONG OFFER SHARES

- agree that once HKSCC Nominees' application is accepted, neither that application nor your electronic application instructions can be revoked, and that acceptance of that application will be evidenced by the Company's announcement of the Hong Kong Public Offering results;
- agree to the arrangements, undertakings and warranties under the participant agreement between you and HKSCC, read with the General Rules of CCASS and the CCASS Operational Procedures, for the giving electronic application instructions to apply for Hong Kong Offer Shares;
- agree with the Company, for itself and for the benefit of each Shareholder (and so that the Company will be deemed by its acceptance in whole or in part of the application by HKSCC Nominees to have agreed, for itself and on behalf of each of the Shareholders, with each CCASS Participant giving electronic application instructions) to observe and comply with the Companies Ordinance and the Articles of Association; and
- agree that your application, any acceptance of it and the resulting contract will be governed by the Laws of Hong Kong.

Effect of Giving Electronic Application Instructions to HKSCC via CCASS

By giving electronic application instructions to HKSCC or instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give such instructions to HKSCC, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have done the following things. Neither HKSCC nor HKSCC Nominees shall be liable to the Company or any other person in respect of the things mentioned below:

- instructed and authorized HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for the Hong Kong Offer Shares on your behalf;
- instructed and authorized HKSCC to arrange payment of the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee by debiting your designated bank account and, in the case of a wholly or partially unsuccessful application and/or if the Offer Price is less than the maximum Offer Price per Offer Share initially paid on application, refund of the application monies (including brokerage, SFC transaction levy and the Stock Exchange trading fee) by crediting your designated bank account; and
- instructed and authorized HKSCC to cause HKSCC Nominees to do on your behalf all the things stated in the **WHITE** Application Form and in this prospectus.

HOW TO APPLY FOR HONG KONG OFFER SHARES

Minimum Purchase Amount and Permitted Numbers

You may give or cause your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give electronic application instructions for a minimum of 1,000 Hong Kong Offer Shares. Instructions for more than 1,000 Hong Kong Offer Shares must be in one of the numbers set out in the table in the Application Forms. No application for any other number of Hong Kong Offer Shares will be considered and any such application is liable to be rejected.

Time for Inputting Electronic Application Instructions

CCASS Clearing/Custodian Participants can input electronic application instructions at the following times on the following dates:

- Wednesday, October 16, 2013 — 9:00 a.m. to 8:30 p.m.⁽¹⁾
- Thursday, October 17, 2013 — 8:00 a.m. to 8:30 p.m.⁽¹⁾
- Friday, October 18, 2013 — 8:00 a.m. to 8:30 p.m.⁽¹⁾
- Saturday, October 19, 2013 — 8:00 a.m. to 1:00 p.m.⁽¹⁾
- Monday, October 21, 2013 — 8:00 a.m.⁽¹⁾ to 12:00 noon

Note:

- (1) These times are subject to change as HKSCC may determine from time to time with prior notification to CCASS Clearing/Custodian Participants.

CCASS Investor Participants can input electronic application instructions from 9:00 a.m. on Wednesday, October 16, 2013 until 12:00 noon on Monday, October 21, 2013 (24 hours daily, except on the last application day).

The latest time for inputting your electronic application instructions will be 12:00 noon on Monday, October 21, 2013, the last application day or such later time as described in “Effect of Bad Weather on the Opening of the Application Lists” in this section.

No Multiple Applications

If you are suspected of having made multiple applications or if more than one application is made for your benefit, the number of Hong Kong Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Hong Kong Offer Shares for which you have given such instructions and/or for which such instructions have been given for your benefit. Any electronic application instructions to make an application for the Hong Kong Offer Shares given by you or for your benefit to HKSCC shall be deemed to be an actual application for the purposes of considering whether multiple applications have been made.

HOW TO APPLY FOR HONG KONG OFFER SHARES

Section 40 of the Companies Ordinance

For the avoidance of doubt, the Company and all other parties involved in the preparation of this prospectus acknowledge that each CCASS Participant who gives or causes to give electronic application instructions is a person who may be entitled to compensation under Section 40 of the Companies Ordinance (as applied by Section 342E of the Companies Ordinance).

Personal Data

The section of the Application Form headed “Personal Data” applies to any personal data held by the Company, the Hong Kong Share Registrar, the receiving bankers, the Joint Global Coordinators, the Underwriters and any of their respective advisers and agents about you in the same way as it applies to personal data about applicants other than HKSCC Nominees.

7. WARNING FOR ELECTRONIC APPLICATIONS

The subscription of the Hong Kong Offer Shares by giving electronic application instructions to HKSCC is only a facility provided to CCASS Participants. Similarly, the application for Hong Kong Offer Shares through the White Form eIPO service is also only a facility provided by the White Form eIPO Service Provider to public investors. Such facilities are subject to capacity limitations and potential service interruptions and you are advised not to wait until the last application day in making your electronic applications. The Company, the Directors, the Joint Bookrunners, the Joint Sponsors, the Joint Global Coordinators and the Underwriters take no responsibility for such applications and provide no assurance that any CCASS Participant or person applying through the White Form eIPO service will be allotted any Hong Kong Offer Shares.

To ensure that CCASS Investor Participants can give their electronic application instructions, they are advised not to wait until the last minute to input their instructions to the systems. In the event that CCASS Investor Participants have problems in the connection to CCASS Phone System/CASS Internet System for submission of electronic application instructions, they should either (i) submit a **WHITE** or **YELLOW** Application Form, or (ii) go to HKSCC’s Customer Service Centre to complete an input request form for electronic application instructions before 12:00 noon on Monday, October 21, 2013.

8. HOW MANY APPLICATIONS CAN YOU MAKE

Multiple applications for the Hong Kong Offer Shares are not allowed except by nominees. If you are a nominee, in the box on the Application Form marked “For nominees” you must include:

- an account number; or
- some other identification code,

for each beneficial owner or, in the case of joint beneficial owners, for each joint beneficial owner. If you do not include this information, the application will be treated as being made for your benefit.

HOW TO APPLY FOR HONG KONG OFFER SHARES

All of your applications will be rejected if more than one application on a **WHITE** or **YELLOW** Application Form or by giving electronic application instructions to HKSCC or through White Form eIPO service, is made for your benefit (including the part of the application made by HKSCC Nominees acting on electronic application instructions). If an application is made by an unlisted company and:

- the principal business of that company is dealing in securities; and
- you exercise statutory control over that company,

then the application will be treated as being for your benefit.

“Unlisted company” means a company with no equity securities listed on the Stock Exchange.

“Statutory control” means you:

- control the composition of the board of directors of the company;
- control more than half of the voting power of the company; or
- hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

9. HOW MUCH ARE THE HONG KONG OFFER SHARES

The **WHITE** and **YELLOW** Application Forms have tables showing the exact amount payable for Shares.

You must pay the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee in full upon application for Shares under the terms set out in the Application Forms.

You may submit an application using a **WHITE** or **YELLOW** Application Form or through the White Form eIPO service in respect of a minimum of 1,000 Hong Kong Offer Shares. Each application or electronic application instruction in respect of more than 1,000 Hong Kong Offer Shares must be in one of the numbers set out in the table in the Application Form, or as otherwise specified on the designated website at www.eipo.com.hk.

If your application is successful, brokerage will be paid to the Exchange Participants, and the SFC transaction levy and the Stock Exchange trading fee are paid to the Stock Exchange (in the case of the SFC transaction levy, collected by the Stock Exchange on behalf of the SFC).

For further details on the Offer Price, see the section headed “Structure of the Global Offering — Pricing and Allocation”.

HOW TO APPLY FOR HONG KONG OFFER SHARES

10. EFFECT OF BAD WEATHER ON THE OPENING OF THE APPLICATION LISTS

The application lists will not open if there is:

- a tropical cyclone warning signal number 8 or above; or
- a “black” rainstorm warning,

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Monday, October 21, 2013. Instead they will open between 11:45 a.m. and 12:00 noon on the next business day which does not have either of those warnings in Hong Kong in force at any time between 9:00 a.m. and 12:00 noon.

If the application lists do not open and close on Monday, October 21, 2013 or if there is a tropical cyclone warning signal number 8 or above or a “black” rainstorm warning signal in force in Hong Kong that may affect the dates mentioned in the section headed “Expected Timetable”, an announcement will be made in such event.

11. PUBLICATION OF RESULTS

The Company expects to announce the final Offer Price, the level of indication of interest in the International Placing, the level of applications in the Hong Kong Public Offering and the basis of allocation of the Hong Kong Offer Shares on Friday, October 25, 2013 in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) on the Company’s website at www.ir.cabbeen.com and the website of the Stock Exchange at www.hkexnews.hk.

The results of allocations and the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants under the Hong Kong Public Offering will be available at the times and date and in the manner specified below:

- in the announcement to be posted on the Company’s website at www.ir.cabbeen.com and the Stock Exchange’s website at www.hkexnews.hk by no later than 8:00 a.m. on Friday, October 25, 2013;
- from the designated results of allocations website at www.iporeresults.com.hk with a “search by ID” function on a 24-hour basis from 8:00 a.m. on Friday, October 25, 2013 to 12:00 midnight on Thursday, October 31, 2013;
- by telephone enquiry line by calling (852) 2862 8669 between 9:00 a.m. and 10:00 p.m. from Friday, October 25, 2013 to Monday, October 28, 2013;
- in the special allocation results booklets which will be available for inspection during opening hours from Friday, October 25, 2013 to Saturday, October 26, 2013 and Monday, October 28, 2013 at all the receiving bank branches.

HOW TO APPLY FOR HONG KONG OFFER SHARES

If the Company accepts your offer to purchase (in whole or in part), which it may do by announcing the basis of allocations and/or making available the results of allocations publicly, there will be a binding contract under which you will be required to purchase the Hong Kong Offer Shares if the conditions of the Global Offering are satisfied and the Global Offering is not otherwise terminated. Further details are contained in the section headed “Structure of the Global Offering”.

You will not be entitled to exercise any remedy of rescission for innocent misrepresentation at any time after acceptance of your application. This does not affect any other right you may have.

12. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOTTED OFFER SHARES

You should note the following situations in which the Hong Kong Offer shares will not be allotted to you:

(i) If your application is revoked:

By completing and submitting an Application Form or giving electronic application instructions to HKSCC or through the White Form eIPO service, you agree that your application or the application made by HKSCC Nominees on your behalf cannot be revoked on or before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is Saturday, Sunday or public holiday in Hong Kong). This agreement will take effect as a collateral contract with the Company.

Your application or the application made by HKSCC Nominees on your behalf may only be revoked on or before such fifth day if a person responsible for this prospectus under Section 40 of the Companies Ordinance (as applied by Section 342E of the Companies Ordinance) gives a public notice under that section which excludes or limits that person’s responsibility for this prospectus.

If any supplement to this prospectus is issued, applicants who have already submitted an application will be notified that they are required to confirm their applications. If applicants have been so notified but have not confirmed their applications in accordance with the procedure to be notified, all unconfirmed applications will be deemed revoked.

If your application or the application made by HKSCC Nominees on your behalf has been accepted, it cannot be revoked. For this purpose, acceptance of applications which are not rejected will be constituted by notification in the press of the results of allocation, and where such basis of allocation is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to the satisfaction of such conditions or results of the ballot respectively.

(ii) If the Company or its agents exercise their discretion to reject your application:

The Company, the Joint Global Coordinators, the White Form eIPO Service Provider and their respective agents and nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

HOW TO APPLY FOR HONG KONG OFFER SHARES

(iii) **If the allotment of Hong Kong Offer Shares is void:**

The allotment of Hong Kong Offer Shares will be void if the Listing Committee of the Stock Exchange does not grant permission to list the Shares either:

- within three weeks from the closing date of the application lists; or
- within a longer period of up to six weeks if the Listing Committee notifies the Company of that longer period within three weeks of the closing date of the application lists.

(iv) **If:**

- you make multiple applications or suspected multiple applications;
- you or the person for whose benefit you are applying have applied for or taken up, or indicated an interest for, or have been or will be placed or allocated (including conditionally and/or provisionally) Hong Kong Offer Shares and International Placing Shares;
- your Application Form is not completed in accordance with the stated instructions;
- your electronic application instructions through the White Form eIPO service are not completed in accordance with the instructions, terms and conditions on the designated website;
- your payment is not made correctly or the cheque or banker's cashier order paid by you is dishonoured upon its first presentation;
- the Underwriting Agreements do not become unconditional or are terminated;
- the Company or the Joint Global Coordinators believe that by accepting your application, it or they would violate applicable securities or other laws, rules or regulations; or
- your application is for more than 50% of the Hong Kong Offer Shares initially offered under the Hong Kong Public Offering.

13. REFUND OF APPLICATION MONIES

If an application is rejected, not accepted or accepted in part only, or if the Offer Price as finally determined is less than the maximum offer price of HK\$2.80 per Offer Share (excluding brokerage, SFC transaction levy and the Stock Exchange trading fee thereon), or if the conditions of the Hong Kong Public Offering are not fulfilled in accordance with "Structure of the Global Offering — Conditions of the Hong Kong Public Offering" in this prospectus or if any application is revoked, the application monies, or the appropriate portion thereof, together with the related brokerage, SFC transaction levy and the Stock Exchange trading fee, will be refunded, without interest or the cheque or banker's cashier order will not be cleared.

HOW TO APPLY FOR HONG KONG OFFER SHARES

Any refund of your application monies will be made on Friday, October 25, 2013.

14. DESPATCH/COLLECTION OF SHARE CERTIFICATES AND REFUND MONIES

You will receive one share certificate for all Hong Kong Offer Shares allotted to you under the Hong Kong Public Offering (except pursuant to applications made on **YELLOW** Application Forms or by electronic application instructions to HKSCC via CCASS where the share certificates will be deposited into CCASS as described below).

No temporary document of title will be issued in respect of the Shares. No receipt will be issued for sums paid on application. If you apply by **WHITE** or **YELLOW** Application Form, subject to personal collection as mentioned below, the following will be sent to you (or, in the case of joint applicants, to the first-named applicant) by ordinary post, at your own risk, to the address specified on the Application Form:

- share certificate(s) for all the Hong Kong Offer Shares allotted to you (for **YELLOW** Application Forms, share certificates will be deposited into CCASS as described below); and
- refund cheque(s) crossed “Account Payee Only” in favour of the applicant (or, in the case of joint applicants, the first-named applicant) for (i) all or the surplus application monies for the Hong Kong Offer Shares, wholly or partially unsuccessfully applied for; and/or (ii) the difference between the Offer Price and the maximum Offer Price per Offer Share paid on application in the event that the Offer Price is less than the maximum Offer Price (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest). Part of the Hong Kong identity card number/ passport number, provided by you or the first-named applicant (if you are joint applicants), may be printed on your refund cheque, if any. Your banker may require verification of your Hong Kong identity card number/passport number before encashment of your refund cheque(s). Inaccurate completion of your Hong Kong identity card number/passport number may invalidate or delay encashment of your refund cheque(s).

Subject to arrangement on despatch/collection of share certificates and refund monies as mentioned below, any refund cheques and share certificates are expected to be posted on or around Friday, October 25, 2013. The right is reserved to retain any share certificate(s) and any surplus application monies pending clearance of cheque(s) or banker’s cashier’s order(s).

Share certificates will only become valid at 8:00 a.m. on Monday, October 28, 2013 provided that the Global Offering has become unconditional and the right of termination described in the “Underwriting” section in this prospectus has not been exercised. Investors who trade shares prior to the receipt of Share certificates or the Share certificates becoming valid do so at their own risk.

HOW TO APPLY FOR HONG KONG OFFER SHARES

Personal Collection

(i) If you apply using a WHITE Application Form

If you apply for 1,000,000 or more Hong Kong Offer Shares and have provided all information required by your Application Form, you may collect your refund cheque(s) and/or share certificate(s) from the Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Friday, October 25, 2013 or such other date as notified by us in the newspapers.

If you are an individual who is eligible for personal collection, you must not authorize any other person to collect for you. If you are a corporate applicant which is eligible for personal collection, your authorized representative must bear a letter of authorization from your corporation stamped with your corporation's chop. Both individuals and authorized representatives must produce, at the time of collection, evidence of identity acceptable to the Hong Kong Share Registrar.

If you do not collect your refund cheque(s) and/or share certificate(s) personally within the time specified for collection, they will be despatched promptly to the address specified in your Application Form by ordinary post at your own risk.

If you apply for less than 1,000,000 Hong Kong Offer Shares, your refund cheque(s) and/or share certificate(s) will be sent to the address on the relevant Application Form on Friday, October 25, 2013, by ordinary post and at your own risk.

(ii) If you apply using a YELLOW Application Form

If you apply for 1,000,000 Hong Kong Offer Shares or more, please follow the same instructions as described above. If you have applied for less than 1,000,000 Hong Kong Offer Shares, your refund cheque(s) will be sent to the address on the relevant Application Form on Friday, October 25, 2013, by ordinary post and at your own risk.

If you apply by using a **YELLOW** Application Form and your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for credit to your or the designated CCASS Participant's stock account as stated in your Application Form on Friday, October 25, 2013, or upon contingency, on any other date determined by HKSCC or HKSCC Nominees.

- *If you apply through a designated CCASS participant (other than a CCASS investor participant)*

For Hong Kong Offer shares credited to your designated CCASS participant's stock account (other than CCASS Investor Participant), you can check the number of Hong Kong Offer shares allotted to you with that CCASS participant.

HOW TO APPLY FOR HONG KONG OFFER SHARES

- *If you apply as a CCASS investor participant*

The Company will publish the results of CCASS Investor Participants' applications together with the results of the Hong Kong Public Offering in the manner described in "Publication of Results" above. You should check the announcement published by the Company and report any discrepancies to HKSCC before 5:00 p.m. on Friday, October 25, 2013 or any other date as determined by HKSCC or HKSCC Nominees. Immediately after the credit of the Hong Kong Offer Shares to your stock account, you can check your new account balance via the CCASS Phone System and CCASS Internet System.

(iii) If you apply through the White Form eIPO service

If you apply for 1,000,000 Hong Kong Offer Shares or more and your application is wholly or partially successful, you may collect your Share certificate(s) from Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Friday, October 25, 2013, or such other date as notified by the Company in the newspapers as the date of despatch/collection of Share certificates/e-Refund payment instructions/refund cheques.

If you do not collect your Share certificate(s) personally within the time specified for collection, they will be sent to the address specified in your application instructions by ordinary post at your own risk.

If you apply for less than 1,000,000 Hong Kong Offer Shares, your Share certificate(s) (where applicable) will be sent to the address specified in your application instructions on Friday, October 25, 2013 by ordinary post at your own risk.

If you apply and pay the application monies from a single bank account, any refund monies will be despatched to that bank account in the form of e-Refund payment instructions. If you apply and pay the application monies from multiple bank accounts, any refund monies will be despatched to the address as specified in your application instructions in the form of refund cheque(s) by ordinary post at your own risk.

(iv) If you apply via Electronic Application Instructions to HKSCC

Allocation of Hong Kong Offer Shares

For the purposes of allocating Hong Kong Offer Shares, HKSCC Nominees will not be treated as an applicant. Instead, each CCASS Participant who gives electronic application instructions or each person for whose benefit instructions are given will be treated as an applicant.

Deposit of Share Certificates into CCASS and Refund of Application Monies

- If your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit of your designated CCASS Participant's stock account or your CCASS Investor Participant stock account on Friday, October 25, 2013, or, on any other date determined by HKSCC or HKSCC Nominees.

HOW TO APPLY FOR HONG KONG OFFER SHARES

- The Company expects to publish the application results of CCASS Participants (and where the CCASS Participant is a broker or custodian, the Company will include information relating to the relevant beneficial owner), your Hong Kong identity card number/passport number or other identification code (Hong Kong business registration number for corporations) and the basis of allotment of the Hong Kong Public Offering in the manner specified in “Publication of Results” above on Friday, October 25, 2013. You should check the announcement published by the Company and report any discrepancies to HKSCC before 5:00 p.m. on Friday, October 25, 2013 or such other date as determined by HKSCC or HKSCC Nominees.
- If you have instructed your broker or custodian to give electronic application instructions on your behalf, you can also check the number of Hong Kong Offer Shares allotted to you and the amount of refund monies (if any) payable to you with that broker or custodian.
- If you have applied as a CCASS Investor Participant, you can also check the number of Hong Kong Offer Shares allotted to you and the amount of refund monies (if any) payable to you via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC’s “An Operating Guide for Investor Participants” in effect from time to time) on Friday, October 25, 2013. Immediately following the credit of the Hong Kong Offer Shares to your stock account and the credit of refund monies to your bank account, HKSCC will also make available to you an activity statement showing the number of Hong Kong Offer Shares credited to your CCASS Investor Participant stock account and the amount of refund monies (if any) credited to your designated bank account.
- Refund of your application monies (if any) in respect of wholly and partially unsuccessful applications and/or difference between the Offer Price and the maximum Offer Price per Offer Share initially paid on application (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest) will be credited to your designated bank account or the designated bank account of your broker or custodian on Friday, October 25, 2013.

15. ADMISSION OF THE SHARES INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the Shares and we comply with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares or any other date HKSCC chooses. Settlement of transactions between Exchange Participants (as defined in the Listing Rules) is required to take place in CCASS on the second Business Day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Investors should seek the advice of their stockbroker or other professional adviser for details of the settlement arrangement as such arrangements may affect their rights and interests.

All necessary arrangements have been made enabling the Shares to be admitted into CCASS.

The following is the text of a report, prepared for the purpose of incorporation in this prospectus, received from the Company's reporting accountants, KPMG, Certified Public Accountants, Hong Kong.



8th Floor
Prince's Building
10 Chater Road
Central
Hong Kong

16 October 2013

The Directors
Cabbeen Fashion Limited

Merrill Lynch Far East Limited
CCB International Capital Limited

Dear Sirs

Introduction

We set out below our report on the financial information relating to Cabbeen Fashion Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") comprising the consolidated balance sheets of the Group as at 31 December 2010, 2011 and 2012 and 30 June 2013 and the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated cash flow statements of the Group, for each of the years ended 31 December 2010, 2011 and 2012 and the six months ended 30 June 2013 (the "Relevant Periods"), together with the explanatory notes thereto (the "Financial Information"), for inclusion in the prospectus of the Company dated 16 October 2013 (the "Prospectus").

The Company was incorporated in the Cayman Islands on 3 November 2011 as an exempted company with limited liability under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. Pursuant to a group reorganisation completed on 31 July 2012 (the "Reorganisation") as detailed in the section headed "History and Corporate Structure" in the Prospectus, the Company became the holding company of the companies now comprising the Group, details of which are set out in note 1(b) of Section B below. The Company has not carried on any business since the date of its incorporation save for the aforementioned Reorganisation.

As at the date of this report, no audited financial statements have been prepared for First Express Global Limited, Grandfull International Holdings Limited and Cabbeen International Holdings Limited, as they either have not carried out any business since the date of incorporation or are investment holding companies and are not subject to statutory audit requirements under the relevant rules and regulations in their respective jurisdictions of incorporation.

All the companies now comprising the Group have adopted 31 December as their financial year end date. Details of the companies comprising the Group that are subject to audit during the Relevant Periods and the names of the respective auditors are set out in note 30 of Section B. The statutory financial statements of these companies were prepared in accordance with either Hong Kong Financial Reporting Standards (“HKFRSs”) or the relevant accounting rules and regulations applicable to enterprises in the People’s Republic of China (the “PRC”).

The directors of the Company have prepared the consolidated financial statements of the Group for the Relevant Periods (the “Underlying Financial Statements”) in accordance with the same basis as set out in Section B below. The Underlying Financial Statements for each of the years ended 31 December 2010, 2011 and 2012 and the six months ended 30 June 2013 were audited by KPMG Huazhen (Special General Partnership) in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

The Financial Information has been prepared by the directors of the Company for inclusion in the Prospectus in connection with the listing of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited based on the Underlying Financial Statements, with no adjustments made thereon and in accordance with the applicable disclosure provisions of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

Directors’ responsibility for the financial information

The directors of the Company are responsible for the preparation of the Financial Information that gives a true and fair view in accordance with International Financial Reporting Standards (“IFRSs”) issued by the International Accounting Standards Board (the “IASB”), the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the Listing Rules, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants’ responsibility

Our responsibility is to form an opinion on the Financial Information based on our procedures performed in accordance with Auditing Guideline “Prospectuses and the Reporting Accountant” (Statement 3.340) issued by the HKICPA.

We have not audited any financial statements of the Company, its subsidiaries or the Group in respect of any period subsequent to 30 June 2013.

Opinion

In our opinion, the Financial Information gives, for the purpose of this report and on the basis of preparation set out in note 1(b) of Section B below, a true and fair view of the state of affairs of the Group as at 31 December 2010, 2011 and 2012 and 30 June 2013 and the Group's consolidated results and cash flows for the Relevant Periods then ended.

Corresponding financial information

For the purpose of this report, we have also reviewed the unaudited corresponding interim financial information of the Group comprising the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the six months ended 30 June 2012, together with the notes thereon (the "Corresponding Financial Information"), for which the directors are responsible, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA.

The directors of the Company are responsible for the preparation of the Corresponding Financial Information in accordance with the same basis adopted in respect of the Financial Information. Our responsibility is to express a conclusion on the Corresponding Financial Information based on our review.

A review consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the Corresponding Financial Information.

Based on our review, for the purpose of this report, nothing has come to our attention that causes us to believe that the Corresponding Financial Information is not prepared, in all material respects, in accordance with the same basis adopted in respect of the Financial Information.

A CONSOLIDATED FINANCIAL INFORMATION

1 Consolidated statements of comprehensive income

	Section B Note	Year ended 31 December			Six months ended 30 June	
		2010	2011	2012	2012	2013
		RMB'000	RMB'000	RMB'000	(Unaudited) RMB'000	
Turnover	2	292,429	890,190	940,057	423,171	335,427
Cost of sales		(230,317)	(606,490)	(559,757)	(249,805)	(191,031)
Gross profit		62,112	283,700	380,300	173,366	144,396
Other revenue.....	3	1,165	2,306	4,588	2,773	32,007
Other net income	3	536	5,451	2,019	101	2,798
Selling and distribution expenses		(14,136)	(70,440)	(48,288)	(21,760)	(16,416)
Administrative and other operating expenses.....		(51,118)	(89,959)	(110,595)	(49,044)	(45,893)
(Loss)/profit from operations..		(1,441)	131,058	228,024	105,436	116,892
Finance costs	4(a)	(2,694)	(21,962)	(27,249)	(19,952)	(3,900)
(Loss)/profit before taxation...	4	(4,135)	109,096	200,775	85,484	112,992
Income tax expense	5	(2,856)	(31,124)	(70,558)	(25,574)	(36,083)
(Loss)/profit for the year/ period.....		(6,991)	77,972	130,217	59,910	76,909
Other comprehensive income for the year/period						
Item that may be reclassified subsequently to profit or loss:						
- Exchange differences on translation of financial information of operations outside the mainland China.....		1,056	1,840	392	(243)	3,823
Total comprehensive income for the year/period		(5,935)	79,812	130,609	59,667	80,732
(Loss)/earnings per share (RMB)	9					
Basic and diluted		(0.01)	0.15	0.25	0.11	0.15

The accompanying notes form part of the Financial Information.

2 Consolidated balance sheets

	Section B Note	As at 31 December			As at 30 June
		2010	2011	2012	2013
		RMB'000	RMB'000	RMB'000	RMB'000
Non-current assets					
Property, plant and equipment.....	10	69,752	38,866	18,044	13,896
Intangible assets.....	11	10,277	24,079	27,453	25,821
Lease prepayments.....	12	11,170	—	—	—
Prepayments for acquisition of property, plant and equipment.....		441	—	—	—
Other receivables.....	15	—	—	15,261	15,261
Deferred tax assets.....	13(b)	4,676	5,711	11,485	7,458
		<u>96,316</u>	<u>68,656</u>	<u>72,243</u>	<u>62,436</u>
Current assets					
Inventories.....	14	93,764	127,625	41,025	21,322
Trade and other receivables.....	15	153,370	706,012	337,282	132,226
Current tax recoverable.....	13(a)	—	3,576	—	—
Other financial assets.....	16	—	—	131,205	101,377
Deposits with banks with original maturity date over three months....		—	—	—	64,000
Pledged bank deposits.....	17	8,811	132,584	97,660	198,891
Cash and cash equivalents.....	18	17,856	61,817	186,044	166,209
		<u>273,801</u>	<u>1,031,614</u>	<u>793,216</u>	<u>684,025</u>
Current liabilities					
Bank borrowings.....	19	125,000	396,115	136,961	193,568
Trade and other payables.....	20	204,510	575,744	569,150	316,986
Current tax payable.....	13(a)	4,420	12,412	32,740	22,167
		<u>333,930</u>	<u>984,271</u>	<u>738,851</u>	<u>532,721</u>
Net current (liabilities)/assets.....		<u>(60,129)</u>	<u>47,343</u>	<u>54,365</u>	<u>151,304</u>
Total assets less current liabilities .		<u>36,187</u>	<u>115,999</u>	<u>126,608</u>	<u>213,740</u>
Non-current liabilities					
Deferred tax liabilities.....	13(b)	—	—	—	6,400
NET ASSETS.....		<u>36,187</u>	<u>115,999</u>	<u>126,608</u>	<u>207,340</u>
CAPITAL AND RESERVES					
Capital.....	22	139	139	—	—
Reserves.....	23	36,048	115,860	126,608	207,340
TOTAL EQUITY.....		<u>36,187</u>	<u>115,999</u>	<u>126,608</u>	<u>207,340</u>

The accompanying notes form part of the Financial Information.

3 Consolidated statements of changes in equity

	<i>Section B Note</i>	Capital	Capital reserve	Statutory reserve	Exchange reserve	Retained profits/ (accumulated losses)	Total
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		Note 22	Note 23(a)	Note 23(b)	Note 23(c)		
As at 1 January 2010.....		139	37,354	769	33	3,827	42,122
Changes in equity for 2010:							
Loss for the year.....		—	—	—	—	(6,991)	(6,991)
Other comprehensive income for the year.....		—	—	—	1,056	—	1,056
Total comprehensive income for the year		<u>—</u>	<u>—</u>	<u>—</u>	<u>1,056</u>	<u>(6,991)</u>	<u>(5,935)</u>
Appropriation to statutory reserves.....	23(b)	—	—	1,222	—	(1,222)	—
As at 31 December 2010 and 1 January 2011.....		139	37,354	1,991	1,089	(4,386)	36,187
Changes in equity for 2011:							
Profit for the year		—	—	—	—	77,972	77,972
Other comprehensive income for the year.....		—	—	—	1,840	—	1,840
Total comprehensive income for the year		<u>—</u>	<u>—</u>	<u>—</u>	<u>1,840</u>	<u>77,972</u>	<u>79,812</u>
Appropriation to statutory reserves.....	23(b)	—	—	9,141	—	(9,141)	—
As at 31 December 2011 and 1 January 2012.....		139	37,354	11,132	2,929	64,445	115,999
Changes in equity for 2012:							
Profit for the year		—	—	—	—	130,217	130,217
Other comprehensive income for the year.....		—	—	—	392	—	392
Total comprehensive income for the year		<u>—</u>	<u>—</u>	<u>—</u>	<u>392</u>	<u>130,217</u>	<u>130,609</u>

	<i>Section B Note</i>	Capital	Capital reserve	Statutory reserve	Exchange reserve	Retained profits/ (accumulated losses)	Total
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		Note 22	Note 23(a)	Note 23(b)	Note 23(c)		
Dividend declared	8	—	—	—	—	(120,000)	(120,000)
Appropriation to statutory reserves.....	23(b)	—	—	18,730	—	(18,730)	—
Elimination of capital on Reorganisation.....	22, 23(a)	(139)	139	—	—	—	—
As at 31 December 2012 and 1 January 2013.....		—	37,493	29,862	3,321	55,932	126,608
Changes in equity for the six months ended 30 June 2013:							
Profit for the period		—	—	—	—	76,909	76,909
Other comprehensive income for the period.....		—	—	—	3,823	—	3,823
Total comprehensive income for the period		<u>—</u>	<u>—</u>	<u>—</u>	<u>3,823</u>	<u>76,909</u>	<u>80,732</u>
Appropriation to statutory reserves.....	23(b)	—	—	93	—	(93)	—
As at 30 June 2013		<u>—</u>	<u>37,493</u>	<u>29,955</u>	<u>7,144</u>	<u>132,748</u>	<u>207,340</u>
(Unaudited)							
As at 1 January 2012.....		139	37,354	11,132	2,929	64,445	115,999
Changes in equity for the six months ended 30 June 2012:							
Profit for the period		—	—	—	—	59,910	59,910
Other comprehensive income for the period.....		—	—	—	(243)	—	(243)
Total comprehensive income for the period		<u>—</u>	<u>—</u>	<u>—</u>	<u>(243)</u>	<u>59,910</u>	<u>59,667</u>
As at 30 June 2012		<u>139</u>	<u>37,354</u>	<u>11,132</u>	<u>2,686</u>	<u>124,355</u>	<u>175,666</u>

The accompanying notes form part of the Financial Information.

4 Consolidated cash flow statements

	<i>Section B Note</i>	<u>Year ended 31 December</u>			<u>Six months ended 30 June</u>	
		<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2012</u>	<u>2013</u>
		RMB'000	RMB'000	RMB'000	(unaudited) RMB'000	RMB'000
Operating activities						
Cash (used in)/generated						
from operations	18(b)	(53,918)	(30,328)	613,725	250,060	158,533
Income tax paid.....		<u>(2,727)</u>	<u>(27,743)</u>	<u>(52,428)</u>	<u>(39,123)</u>	<u>(36,229)</u>
Net cash (used in)/ generated from operating activities.....		<u>(56,645)</u>	<u>(58,071)</u>	<u>561,297</u>	<u>210,937</u>	<u>122,304</u>
Investing activities						
Payment for the purchase of property, plant and equipment.....		(33,176)	(14,507)	(2,213)	(1,139)	(1,151)
Payment for the purchase of intangible assets.....		(8,509)	(6,228)	(11,044)	(10,296)	(1,955)
Proceeds from disposal of property, plant and equipment.....		65	96	7,258	2,821	21,114
Proceeds from disposal of intangible assets.....		—	—	455	455	—
Placement of deposits with banks with original maturity date over three months.....		—	—	—	—	(64,000)
(Increase)/decrease in pledged bank deposits		(354)	(123,773)	34,924	37,395	(101,231)
Proceeds from disposal of a financial asset at fair value through profit or loss	16	—	—	—	—	72,147
Payment for the purchase of financial assets at fair value through profit or loss	16	—	—	(130,000)	—	—
Payment for the purchase of an available-for-sales financial asset	16	—	—	—	—	(40,000)
Interest received.....		<u>165</u>	<u>1,606</u>	<u>4,425</u>	<u>2,610</u>	<u>2,307</u>
Net cash (used in)/ generated from investing activities.....		<u>(41,809)</u>	<u>(142,806)</u>	<u>(96,195)</u>	<u>31,846</u>	<u>(112,769)</u>

	<i>Section B</i>	Year ended 31 December			Six months ended 30 June	
		<i>Note</i>	2010	2011	2012	2012
		RMB'000	RMB'000	RMB'000	(unaudited) RMB'000	RMB'000
Financing activities						
Proceeds from bank loans....		193,800	123,500	192,961	76,000	118,307
Repayment of bank loans		(123,800)	(106,500)	(165,500)	(41,500)	(61,700)
Proceeds from discounting of commercial acceptance bills receivable		32,500	430,945	216,610	203,420	—
Repayment of other bank borrowings obtained by bills discounting.....		—	(176,830)	(503,225)	(273,225)	—
(Decrease)/increase in amount due to the Controlling Shareholder (net)		(2,628)	5,434	(65,078)	(63,371)	39,686
Dividend paid		—	—	—	—	(120,000)
Interest paid		(3,627)	(31,653)	(16,625)	(12,894)	(4,837)
Net cash generated from/ (used in) financing activities		<u>96,245</u>	<u>244,896</u>	<u>(340,857)</u>	<u>(111,570)</u>	<u>(28,544)</u>
Net (decrease)/increase in cash and cash equivalents		(2,209)	44,019	124,245	131,213	(19,009)
Cash and cash equivalents at 1 January.....		20,081	17,856	61,817	61,817	186,044
Effect of foreign exchange rate changes		(16)	(58)	(18)	8	(826)
Cash and cash equivalents at 31 December/30 June .	18(a)	<u>17,856</u>	<u>61,817</u>	<u>186,044</u>	<u>193,038</u>	<u>166,209</u>

The accompanying notes form part of the Financial Information.

B NOTES TO CONSOLIDATED FINANCIAL INFORMATION**1 Significant accounting policies****(a) Statement of compliance**

The Financial Information set out in this report has been prepared in accordance with IFRSs, which collective term includes International Accounting Standards and related Interpretations, promulgated by the IASB. Further details of the significant accounting policies adopted are set out in the remainder of this Section B.

The IASB has issued certain new and revised IFRSs. For the purpose of preparing the Financial Information, the Group has adopted all applicable new and revised IFRSs to the Relevant Periods, except for any new standards or interpretations that are not yet effective for the accounting period beginning on 1 January 2013. The revised and new accounting standards and interpretations issued but not yet effective for the accounting period beginning on 1 January 2013 are set out in note 32.

The Financial Information also complies with the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the Listing Rules.

The accounting policies set out below have been applied consistently to all periods presented in the Financial Information.

The Corresponding Financial Information for the six months ended 30 June 2012 has been prepared in accordance with the same basis and accounting policies adopted in respect of the Financial Information.

(b) Basis of preparation and presentation

The Financial Information comprises the Company and its subsidiaries and has been prepared using the merger basis of accounting as if the Group had always been in existence.

The Company was incorporated as an exempted company under the laws of Cayman Islands with limited liability on 3 November 2011. Pursuant to the Reorganisation completed on 31 July 2012, the Company became the holding company of companies now comprising the Group. The companies that took part in the Reorganisation were controlled by the same equity shareholder, Mr. Yang Ziming (the "Controlling Shareholder"), prior to and after the Reorganisation. The control is not transitional and, consequently, there was a continuation of the risks and benefits to the Controlling Shareholder. Therefore, the Reorganisation is considered as a combination of entities under common control.

The Financial Information has been prepared by applying the principles of merger accounting as if the companies now comprising the Group have been combined at the beginning of the Relevant Periods. The net assets of the combining companies are combined using the existing book values from the Controlling Shareholder's perspective.

The consolidated balance sheets of the Group as at 31 December 2010, 2011 and 2012 and 30 June 2013 as set out in Section A of this report have been prepared to present the state of affairs of the Group as at the respective dates as if the Reorganisation was completed at the beginning of the Relevant Periods. The consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated cash flow statements of the Group for the Relevant Periods as set out in Section A of this report include the results of operations of the companies now comprising the Group as if the current group structure had been in existence throughout the Relevant Periods.

All material intra-group transactions and balances have been eliminated on consolidation.

At the date of this report, the Company has direct or indirect interests in the following subsidiaries, all of which are private companies, particulars of which are set out below:

Name of company	Place and date of incorporation/ establishment	Issued and fully paid up capital/registered capital	Proportion of equity interest attributable to the Company		Principal activities
			Direct	Indirect	
First Express Global Limited ("First Express")	British Virgin Islands ("BVI")/ 10 April 2008	US\$50,000	100%	—	Investment holding
Grandfull International Holdings Limited ("Grandfull International")	BVI/ 1 May 2008	US\$10,000	100%	—	Investment holding
Cabbeen International Holdings Limited ("Cabbeen International Holdings")	BVI/ 23 December 2008	US\$10,000	100%	—	Investment holding
Cabbeen International Limited ("Cabbeen International")	Hong Kong/ 2 May 2008	HK\$10,000	—	100%	Investment holding
Ziming Limited	Hong Kong/ 2 May 2008	HK\$10,000	—	100%	Investment holding
Cabbeen China Investments Limited ("Cabbeen Investments")	Hong Kong/ 20 January 2009	HK\$10,000	—	100%	Investment holding
Cabbeen Clothing (China) Co., Ltd.* ("Cabbeen China") (卡賓服飾(中國)有限公司)	PRC/ 27 January 2003	HK\$50,000,000	—	100%	Wholesale of menswear
Guangzhou Cabbeen Clothing Co., Ltd.* ("Cabbeen Guangzhou") (廣州市卡賓服飾有限公司)	PRC/ 8 May 2009	HK\$20,000,000	—	100%	Wholesale of menswear

Name of company	Place and date of incorporation/ establishment	Issued and fully paid up capital/registered capital	Proportion of equity interest attributable to the Company		Principal activities
			Direct	Indirect	
Guangzhou Zixi Enterprise Management Co., Ltd.* ("Guangzhou Zixi") (廣州市紫曦企業管理有限公司)	PRC/ 17 May 2010	HK\$2,000,000	—	100%	Trademark holding and retail of menswear

* The English translation of the companies' names is for reference only. The official names of these companies are in Chinese.

(c) ***Basis of measurement***

The Financial Information is presented in Renminbi ("RMB"), rounded to the nearest thousand. RMB is the functional currency for the Company's subsidiaries established in the mainland China. The functional currency of the Company and the Company's subsidiaries outside the mainland China are Hong Kong dollars.

The Financial Information is prepared on the historical cost basis except that financial assets at fair value through profit or loss and available-for-sale financial assets which are stated at their fair value as explained set out below.

(d) ***Use of estimates and judgements***

The preparation of Financial Information in conformity with IFRSs 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 IFRSs that have significant effect on the Financial Information and major sources of estimation uncertainty are discussed in note 28.

(e) *Subsidiaries*

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

An investment in a subsidiary is consolidated into the Financial Information from the date that control commences until the date that control ceases. Intra-group balances, transactions and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the Financial Information. 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.

In the Company's balance sheet, an investment in a subsidiary is stated at cost less impairment losses (see note 1(k)).

(f) *Financial assets at fair value through profit or loss and available-for-sale financial assets*

(i) *Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss are initially stated at fair value, which is their transaction price unless fair value can be more reliably estimated using valuation techniques whose variables include only data from observable markets. Cost includes attributable transaction cost.

Financial assets at fair value through profit or loss are classified as current assets. Any attributable transaction costs are recognised in profit or loss as incurred. At each balance sheet date 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 interest earned on these financial assets as these are recognised in accordance with the policies set out in note 1(t)(iii).

(ii) *Available-for-sale financial assets*

Available-for-sale financial assets are initially stated at fair value plus any directly attributable transaction costs. Interest income from these financial assets is recognised using the effective interest method in profit or loss in accordance with the policy set out in note 1(t)(iii). When these financial assets are derecognised or impaired (see note 1(k)), the cumulative gain or loss is reclassified from equity to profit or loss.

(g) *Property, plant and equipment*

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see note 1(k)).

The cost of self-constructed items of property, plant and equipment includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads and borrowing costs (see note 1(v)).

No depreciation is provided in respect of construction in progress.

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:

- Buildings held for own use which are situated on leasehold land are depreciated over the shorter of the unexpired term of lease and their estimated useful lives, being no more than 20 years after the date of completion.

- Plant and machinery 5 - 10 years

- Leasehold improvements Shorter of 3 - 5 years or remaining term of the lease

- Motor vehicles 4 - 5 years

- Furniture, fixtures and equipment 3 - 5 years

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

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.

(h) *Lease prepayments*

Lease prepayments represent cost of acquiring land use rights paid to the PRC's governmental authorities. Land use rights are stated at cost less accumulated amortisation and impairment losses (see note 1(k)). Amortisation is charged to profit or loss on a straight-line basis over the respective periods of the rights which are 50 years.

(i) *Intangible assets*

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(k)).

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. Computer software with finite useful life is amortised from the date it is available for use and its estimated useful life is 5 to 10 years.

Both the useful life and method of amortisation are reviewed annually.

(j) *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 terms, 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.

(k) *Impairment of assets*

(i) *Impairment of available-for-sale financial assets, current and non-current receivables*

Current and non-current receivables that are stated at cost or amortised cost and available-for-sale financial assets are reviewed annually 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 current and non-current 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 these financial assets 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 periods.

- For available-for-sale financial assets, the cumulative loss that has been recognised in the fair value reserve is reclassified to profit or loss. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss on that asset previously recognised in profit or loss.

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognised in respect of trade and bills 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 and bills 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 annually to identify indications that the following assets may be impaired or an impairment loss previously recognised no longer exists or may have decreased:

- property, plant and equipment;
- construction in progress;
- lease prepayments;
- intangible assets; and
- investments in subsidiaries

If any such indication exists, the asset's recoverable amount is estimated.

- 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 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

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. A reversal of impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior periods. Reversals of impairment losses are credited to profit or loss in the period in which the reversals are recognised.

(l) *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, costs of conversion 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 of completion and 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.

(m) *Trade and other receivables*

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method, less allowance for impairment of doubtful debts (see note 1(k)), 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 (see note 1(k)).

Trade and other receivables are derecognised if substantially all the risks and rewards of ownership of the trade and other receivables are transferred. If substantially all the risks and rewards of ownership of trade and other receivables are retained, the trade and other receivables are continued to recognise in the consolidated balance sheets. For discounted commercial acceptance bills to banks with recourse, the bills receivable are not derecognised until the customer settled the respective bills with the banks.

(n) *Interest-bearing borrowings*

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.

(o) *Trade and other payables*

Trade and other payables are initially recognised at fair value and subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(p) *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.

(q) *Employee benefits*

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the period 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.

Contributions to appropriate local defined contribution retirement schemes pursuant to the relevant labour rules and regulations in the PRC are recognised as an expense in profit or loss as incurred, except to the extent that they are included in the cost of inventories not yet recognised as an expense.

(r) *Income tax*

Income tax for the year/period 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 business combinations, or 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/period, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous periods.

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 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 balance sheet date. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at each balance sheet date and is reduced to the extent that it is no longer probable that sufficient taxable profit 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.

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 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 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.

(s) *Provisions and contingent liabilities*

Provisions are recognised for other liabilities of uncertain timing or amount when the Group 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.

(t) *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 the customer has accepted the related risks and rewards of ownership. Revenue represented the sales value of goods sold less returns, discounts, rebates and value added tax ("VAT").

(ii) *Dividends*

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

(iii) *Interest income*

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

(iv) *Government grants*

Government grants are recognised in the balance sheet initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as revenue in profit or loss on a systematic basis in the same year in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are deducted from the carrying amount of the asset and consequently are effectively recognised in profit or loss over the useful lives of the asset by way of reduced depreciation expense.

Unconditional discretionary government grants from the local municipal government authorities are recognised in the profit or loss as other revenue when the amount is received.

(v) *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.

(u) *Translation of foreign currencies*

Foreign currency transactions during the period 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 balance sheet date. 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 operations outside mainland China are translated into Renminbi at the average exchange rates for the period which approximating the foreign exchange rates ruling at the dates of the transactions. Balance sheet items are translated into Renminbi at the closing foreign exchange rates ruling at the balance sheet date. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve.

On disposal of an operation outside mainland China, 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.

(v) *Borrowing costs*

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

(w) *Research and development*

Expenditure on research activities is recognised as an expense in the period in which it is incurred. Expenditure on development activities is capitalised if the product or process is technically and commercially feasible and the Group has sufficient resources and the intention to complete development. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads. Other development expenditure is recognised as an expense in the period which it is incurred.

(x) *Related parties*

(a) A person, or a close member of that person's family, is related to the Group if that person:

(i) has control or joint control over the Group;

- (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or the Group's parent.
- (b) An entity is related to the Group if any of the following conditions applies:
- (i) The entity and the Group are members of the same Group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
 - (vi) The entity is controlled or jointly controlled by a person identified in (a).
 - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

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.

(y) ***Segment reporting***

Operating segments, and the amounts of each segment item reported in the Financial Information, 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.

The Group operates in a single business, manufacturing and wholesaling of menswear in the PRC. Accordingly, no segmental analysis is presented.

2 Turnover

The principal activities of the Group are manufacturing and wholesaling of menswear in the mainland China. Turnover represents the sales value of goods sold less returns, discounts, rebates and VAT.

The Group had three, one, one, one and one customers with whom transactions have exceeded 10% of the Group's turnover for the years ended 31 December 2010, 2011 and 2012 and the six months ended 30 June 2012 and 2013, respectively. The amount of sales to these customers amounted to approximately RMB111,458,000, RMB194,085,000, RMB94,593,000, RMB44,491,000 (unaudited) and RMB40,022,000 for the years ended 31 December 2010, 2011 and 2012 and the six months ended 30 June 2012 and 2013, respectively. Details of concentrations of credit risk arising from customers are set out in note 24(a).

3 Other revenue and other net income

	Year ended 31 December			Six months ended 30 June	
	2010	2011	2012	2012	2013
				(Unaudited)	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Other revenue					
Interest income	165	1,606	4,425	2,610	3,008
Rental income	400	367	—	—	—
Government grants (note)	600	300	163	163	28,999
Others	—	33	—	—	—
	<u>1,165</u>	<u>2,306</u>	<u>4,588</u>	<u>2,773</u>	<u>32,007</u>
Other net income					
Net gain on disposal of promotion and display materials	656	5,408	723	147	390
Net foreign exchange gain/(loss)	191	(24)	8	8	1
Loss on disposal of property, plant and equipment	(297)	(97)	(187)	(185)	(152)
Loss on disposal of intangible assets	—	(89)	—	—	—
Net fair value gain on financial assets at fair value through profit or loss	—	—	1,205	—	2,319
Others	(14)	253	270	131	240
	<u>536</u>	<u>5,451</u>	<u>2,019</u>	<u>101</u>	<u>2,798</u>

Note: Government grants in the six months ended 30 June 2013 represented unconditional cash awards granted by Shishi Finance Bureau.

4 (Loss)/profit before taxation

(Loss)/profit before taxation is arrived at after charging:

	Year ended 31 December			Six months ended 30 June	
	2010	2011	2012	2012	2013
	RMB'000	RMB'000	RMB'000	(Unaudited) RMB'000	RMB'000
(a) Finance costs					
Interest on bank borrowings	2,694	21,962	27,249	19,952	3,900
(b) Staff costs					
Contributions to defined contribution retirement plans (note 21)	5,098	7,849	3,990	2,030	1,637
Salaries, wages and other benefits.....	38,593	82,685	61,290	33,699	26,636
	<u>43,691</u>	<u>90,534</u>	<u>65,280</u>	<u>35,729</u>	<u>28,273</u>
(c) Other items					
Amortisation of lease prepayments.....	257	236	—	—	—
Amortisation of intangible assets	1,049	1,876	2,972	1,341	1,632
Depreciation	6,256	11,453	9,894	5,086	5,082
Auditor's remuneration.....	25	34	125	121	178
Operating lease charges in respect of properties.....	2,325	3,536	9,013	4,951	6,134
Research and development cost (note (i)).....	8,918	17,600	25,125	8,089	10,026
Cost of inventories (note (ii))	<u>230,317</u>	<u>606,490</u>	<u>559,757</u>	<u>249,805</u>	<u>191,031</u>

Notes:

- (i) Research and development costs include staff costs of employees in the design, research and development department of RMB2,613,000, RMB7,281,000, RMB10,725,000, RMB5,020,000 (unaudited) and RMB5,911,000 for the years ended 31 December 2010, 2011 and 2012 and the six months ended 30 June 2012 and 2013, respectively, which are included in the staff costs as disclosed in note 4(b).
- (ii) Cost of inventories includes RMB21,568,000, RMB38,312,000, RMB6,283,000, RMB4,700,000 (unaudited) and RMB1,583,000 for the years ended 31 December 2010, 2011 and 2012 and the six months ended 30 June 2012 and 2013, respectively, relating to staff costs, depreciation and operating lease charges in respect of properties, which amount is also included in the respective total amounts disclosed separately above or in note 4(b) for each of these types of expenses.

5 Income tax in the consolidated statements of comprehensive income

(a) *Income tax in the consolidated statements of comprehensive income represents:*

	Year ended 31 December			Six months ended 30 June	
	2010	2011	2012	2012	2013
	RMB'000	RMB'000	RMB'000	(Unaudited) RMB'000	
Current tax					
PRC corporate income tax	6,872	32,159	62,912	33,212	25,656
PRC dividend withholding tax (note (iv))	—	—	13,420	—	—
	6,872	32,159	76,332	33,212	25,656
Deferred tax					
Origination and reversal of temporary differences (note 13(b))	(4,016)	(1,035)	(5,774)	(7,638)	10,427
	2,856	31,124	70,558	25,574	36,083

Notes:

- (i) Pursuant to the rules and regulations of the Cayman Islands and the BVI, the Group is not subject to any income tax in the Cayman Islands and the BVI.
- (ii) No provision was made for Hong Kong Profits Tax as the Group did not earn any assessable profit subject to Hong Kong Profits Tax during the Relevant Periods.
- (iii) The Company's subsidiaries in the PRC are subject to income tax at the statutory rate of 25%.
- (iv) Pursuant to the PRC Corporate Income Tax Law and its related regulations, non-PRC-resident enterprises are levied withholding tax at 10% (unless reduced by tax treaties/arrangements) on dividends receivable from PRC enterprises for profits earned since 1 January 2008. Distributions of earnings generated prior to 1 January 2008 are exempt from such withholding tax. The Group has adopted the 10% withholding tax rate for PRC withholding tax purposes during the Relevant Periods.

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

	Year ended 31 December			Six months ended 30 June	
	2010	2011	2012	2012	2013
	(Unaudited)				
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
(Loss)/profit before taxation	<u>(4,135)</u>	<u>109,096</u>	<u>200,775</u>	<u>85,484</u>	<u>112,992</u>
Notional tax on (loss)/profit before taxation, calculated at the standard tax rates applicable to the respective tax jurisdictions	225	28,078	51,501	21,905	28,504
Effect of non-deductible expenses	2,580	3,002	5,702	3,538	820
Effect of temporary differences not recognised.....	51	(51)	—	—	—
Effect of tax losses not recognised.....	—	95	—	131	390
Utilisation of previously unrecognised tax losses	—	—	(65)	—	(31)
PRC dividend withholding tax	—	—	13,420	—	6,400
Actual tax expense.....	<u>2,856</u>	<u>31,124</u>	<u>70,558</u>	<u>25,574</u>	<u>36,083</u>

6 Directors' remuneration

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

Year ended 31 December 2010

	Fee	Basic salaries, allowances and other benefits	Contributions to retirement benefit scheme	Discretionary bonuses	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors					
Mr. Yang Ziming	—	345	3	—	348
Mr. Ng Siu Keung	—	215	6	—	221
Mr. Tian Dongliang	—	116	2	—	118
Mr. Ke Rongqin	—	98	3	—	101
Mr. Wei Qiang	—	78	2	—	80
Independent non-executive directors					
Mr. Tsui Yung Kwok	—	—	—	—	—
Mr. Chen Honghui	—	—	—	—	—
Mr. Leung Ming Shu	—	—	—	—	—
Total	—	852	16	—	868

Year ended 31 December 2011

	Fee	Basic salaries, allowances and other benefits	Contributions to retirement benefit scheme	Discretionary bonuses	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors					
Mr. Yang Ziming	—	585	7	—	592
Mr. Ng Siu Keung	—	394	11	—	405
Mr. Tian Dongliang	—	393	4	—	397
Mr. Ke Rongqin	—	274	2	—	276
Mr. Wei Qiang	—	237	4	—	241
Independent non-executive directors					
Mr. Tsui Yung Kwok	—	—	—	—	—
Mr. Chen Honghui	—	—	—	—	—
Mr. Leung Ming Shu	—	—	—	—	—
Total	—	1,883	28	—	1,911

Year ended 31 December 2012

	Fee	Basic salaries, allowances and other benefits	Contributions to retirement benefit scheme	Discretionary bonuses	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors					
Mr. Yang Ziming.....	—	895	38	—	933
Mr. Ng Siu Keung.....	—	1,143	11	—	1,154
Mr. Tian Dongliang	—	930	36	—	966
Mr. Ke Rongqin	—	903	12	—	915
Mr. Wei Qiang	—	477	36	—	513
Independent non-executive directors					
Mr. Tsui Yung Kwok	—	—	—	—	—
Mr. Chen Honghui	—	—	—	—	—
Mr. Leung Ming Shu	—	—	—	—	—
Total	—	4,348	133	—	4,481

Six months ended 30 June 2012 (unaudited)

	Fee	Basic salaries, allowances and other benefits	Contributions to retirement benefit scheme	Discretionary bonuses	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors					
Mr. Yang Ziming.....	—	426	12	—	438
Mr. Ng Siu Keung.....	—	464	5	—	469
Mr. Tian Dongliang	—	353	14	—	367
Mr. Ke Rongqin	—	325	5	—	330
Mr. Wei Qiang	—	186	14	—	200
Independent non-executive directors					
Mr. Tsui Yung Kwok	—	—	—	—	—
Mr. Chen Honghui	—	—	—	—	—
Mr. Leung Ming Shu	—	—	—	—	—
Total	—	1,754	50	—	1,804

Six months ended 30 June 2013

	Fee	Basic salaries, allowances and other benefits	Contributions to retirement benefit scheme	Discretionary bonuses	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors					
Mr. Yang Ziming.....	—	438	19	—	457
Mr. Ng Siu Keung.....	—	610	7	—	617
Mr. Tian Dongliang	—	577	12	—	589
Mr. Ke Rongqin	—	556	11	—	567
Mr. Wei Qiang	—	268	12	—	280
Independent non-executive directors					
Mr. Tsui Yung Kwok	—	—	—	—	—
Mr. Chen Honghui	—	—	—	—	—
Mr. Leung Ming Shu	—	—	—	—	—
Total	—	2,449	61	—	2,510

During the Relevant Periods, there were no amounts paid or payable by the Group to the directors or any of the highest paid individuals set out in note 7 below as an inducement to join or upon joining the Group or as a compensation for loss of office. There was no arrangement under which a director waived or agreed to waive any remuneration during the Relevant Periods.

7 Individual with highest emoluments

Of the five individuals with the highest emoluments, four, three, one, three and three of them are directors for the years ended 31 December 2010, 2011 and 2012 and the six months ended 30 June 2012 and 2013, respectively, whose emoluments are disclosed in note 6 above. The aggregate of the emoluments in respect of the remaining individuals are as follows:

	Year ended 31 December			Six months ended 30 June	
	2010	2011	2012	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Salaries and other emoluments	232	1,332	4,407	1,075	1,176
Contributions to retirement benefit scheme...	5	18	58	10	17
	237	1,350	4,465	1,085	1,193

The emoluments of the one, two, four, two and two individuals with the highest emoluments for the years ended 31 December 2010, 2011 and 2012 and the six months ended 30 June 2012 and 2013, respectively are within the following bands:

	Year ended 31 December			Six months ended 30 June	
	2010	2011	2012	2012	2013
				(Unaudited)	
	Number of individuals	Number of individuals	Number of individuals	Number of individuals	Number of individuals
HK\$ Nil to HK\$1,000,000.....	<u>1</u>	<u>1</u>	<u>—</u>	<u>2</u>	<u>2</u>
HK\$1,000,001 to HK\$1,500,000	<u>—</u>	<u>1</u>	<u>4</u>	<u>—</u>	<u>—</u>

8 Dividends

The Company declared a dividend of RMB120,000,000 on 3 December 2012. On 9 August 2013, the Company declared a dividend of RMB55,000,000, the amount was fully paid on 13 August 2013. The dividend declared after the balance sheet date has not been recognised as a liability as at 30 June 2013.

9 (Loss)/earnings per share

The calculation of basic (loss)/earnings per share during the Relevant Periods is based on the result attributable to equity shareholders of the Company for the respective years/period and on the assumption that 525,000,000 ordinary shares of the Company were in issue throughout the Relevant Periods comprising 200 ordinary shares in issue as at the date of the Prospectus, and 524,999,800 ordinary shares to be issued pursuant to the capitalisation issue as detailed in the section headed "Share Capital" in the Prospectus.

There were no dilutive potential ordinary shares during the Relevant Periods and, therefore, diluted (loss)/earnings per share are the same as the basic (loss)/earnings per share.

10 Property, plant and equipment

	Buildings	Leasehold improvements	Plant and machinery	Motor vehicles	Furniture, fixtures and equipment	Sub-total	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Cost:								
At 1 January 2010	25,146	—	7,072	9,460	3,475	45,153	1,889	47,042
Additions	—	8,719	3,848	246	11,897	24,710	10,729	35,439
Transfer from construction in progress ...	7,434	—	—	—	—	7,434	(7,434)	—
Disposals	—	—	(652)	—	(2)	(654)	—	(654)
At 31 December 2010 and								
1 January 2011	32,580	8,719	10,268	9,706	15,370	76,643	5,184	81,827
Additions	183	1,310	3,530	1,610	7,185	13,818	913	14,731
Disposals	(32,763)	—	(432)	—	—	(33,195)	(6,097)	(39,292)
Exchange adjustment	—	—	—	(15)	—	(15)	—	(15)
At 31 December 2011 and								
1 January 2012	—	10,029	13,366	11,301	22,555	57,251	—	57,251
Additions	—	625	73	229	1,223	2,150	—	2,150
Disposals	—	(377)	(12,561)	(1,480)	(6,531)	(20,949)	—	(20,949)
Exchange adjustment	—	—	—	(5)	—	(5)	—	(5)
At 31 December 2012 and								
1 January 2013	—	10,277	878	10,045	17,247	38,447	—	38,447
Additions	—	609	76	—	466	1,151	—	1,151
Disposals	—	—	—	—	(335)	(335)	—	(335)
Exchange adjustment	—	—	—	(15)	(1)	(16)	—	(16)
At 30 June 2013	—	10,886	954	10,030	17,377	39,247	—	39,247
Accumulated depreciation:								
At 1 January 2010	2,268	—	1,580	1,372	891	6,111	—	6,111
Charge for the year	1,224	234	975	2,086	1,737	6,256	—	6,256
Written back on disposals	—	—	(292)	—	—	(292)	—	(292)
At 31 December 2010 and								
1 January 2011	3,492	234	2,263	3,458	2,628	12,075	—	12,075
Charge for the year	1,410	1,888	1,488	2,377	4,290	11,453	—	11,453
Written back on disposals	(4,902)	—	(239)	—	—	(5,141)	—	(5,141)
Exchange adjustment	—	—	—	(2)	—	(2)	—	(2)
At 31 December 2011 and								
1 January 2012	—	2,122	3,512	5,833	6,918	18,385	—	18,385
Charge for the year	—	2,253	331	2,504	4,806	9,894	—	9,894
Written back on disposals	—	(219)	(3,593)	(1,273)	(2,786)	(7,871)	—	(7,871)
Exchange adjustment	—	—	—	(5)	—	(5)	—	(5)

	Buildings	Leasehold improvements	Plant and machinery	Motor vehicles	Furniture, fixtures and equipment	Sub-total	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 31 December 2012 and								
1 January 2013	—	4,156	250	7,059	8,938	20,403	—	20,403
Charge for the period	—	1,178	50	1,232	2,622	5,082	—	5,082
Written back on disposals	—	—	—	—	(119)	(119)	—	(119)
Exchange adjustment	—	—	—	(15)	—	(15)	—	(15)
At 30 June 2013	—	5,334	300	8,276	11,441	25,351	—	25,351
	=====	=====	=====	=====	=====	=====	=====	=====
Net book value:								
At 31 December 2010	29,088	8,485	8,005	6,248	12,742	64,568	5,184	69,752
At 31 December 2011	—	7,907	9,854	5,468	15,637	38,866	—	38,866
At 31 December 2012	—	6,121	628	2,986	8,309	18,044	—	18,044
At 30 June 2013	—	5,552	654	1,754	5,936	13,896	—	13,896
	=====	=====	=====	=====	=====	=====	=====	=====

- (a) The buildings held for own use are located in the PRC under medium-term leases.
- (b) At 31 December 2010, certain buildings with carrying value of RMB21,028,000 were pledged as security for bank loans of RMB40,500,000. The charge was released in November 2011 (see note (c) and note 19).
- (c) In November 2011, Cabbeen China disposed all of its properties, construction in progress together with the land use rights (see note 12) with carrying value of RMB44,892,000 to Shishi City Junyuan Development Co., Ltd. (石獅市駿源發展有限公司), a company wholly owned by the Controlling Shareholder for a consideration of RMB44,892,000. The amount is included in amounts due from related parties (see note 15) as at 31 December 2011 and 2012 and 30 June 2013, respectively.

Immediately after the disposal of the properties, Cabbeen China and Cabbeen Guangzhou leased back certain parts of these properties for office and warehouse for a period to 29 February 2012 at a monthly rental of RMB76,000 and 31 December 2014 at a monthly rental of RMB80,000, respectively.

- (d) In February 2012, Cabbeen China disposed its production facilities with carrying value of RMB12,635,000 to an independent third party, Shishi Haoyu Clothing Co., Ltd. (“Shishi Haoyu”) (石獅市豪宇服飾有限公司), further detail of the consideration is set out in note 18(c).

11 Intangible assets

	Computer software
	RMB'000
Cost:	
At 1 January 2010.....	1,351
Additions.....	<u>10,221</u>
At 31 December 2010 and 1 January 2011.....	11,572
Additions.....	16,222
Disposals.....	<u>(1,121)</u>
At 31 December 2011 and 1 January 2012.....	26,673
Additions.....	<u>6,346</u>
At 31 December 2012, 1 January 2013 and 30 June 2013.....	<u>33,019</u>
Accumulated amortisation:	
At 1 January 2010.....	246
Charge for the year.....	<u>1,049</u>
At 31 December 2010 and 1 January 2011.....	1,295
Charge for the year.....	1,876
Written back on disposals.....	<u>(577)</u>
At 31 December 2011 and 1 January 2012.....	2,594
Charge for the year.....	<u>2,972</u>
At 31 December 2012 and 1 January 2013.....	5,566
Charge for the period.....	<u>1,632</u>
At 30 June 2013.....	<u>7,198</u>
Net book value:	
At 31 December 2010.....	<u>10,277</u>
At 31 December 2011.....	<u>24,079</u>
At 31 December 2012.....	<u>27,453</u>
At 30 June 2013.....	<u>25,821</u>

The amortisation charges of intangible assets during the Relevant Periods are included in administrative and other operating expenses in the consolidated statements of comprehensive income.

12 Lease prepayments

	<u>Land use rights</u>
	RMB'000
Cost:	
At 1 January 2010, 31 December 2010 and 1 January 2011	12,616
Disposals	<u>(12,616)</u>
At 31 December 2011, 31 December 2012 and 30 June 2013.....	— -----
Accumulated amortisation:	
At 1 January 2010.....	1,189
Charge for the year	<u>257</u>
At 31 December 2010 and 1 January 2011.....	1,446
Charge for the year	236
Written back on disposals	<u>(1,682)</u>
At 31 December 2011, 31 December 2012 and 30 June 2013.....	— -----
Net book value:	
At 31 December 2010	<u>11,170</u>
At 31 December 2011, 31 December 2012 and 30 June 2013.....	— =====

At 31 December 2010, the land use rights with carrying value of RMB11,170,000 had been pledged as security for bank loans of RMB40,500,000. The charge was released in November 2011 (see note 10(c) and note 19).

13 Income tax in the consolidated balance sheets*(a) Current taxation in the consolidated balance sheets represents:*

	<u>As at 31 December</u>			<u>As at 30 June</u>
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
PRC Corporate Income Tax	4,420	8,836	19,320	16,319
Withholding tax on dividends	—	—	<u>13,420</u>	<u>5,848</u>
	<u>4,420</u>	<u>8,836</u>	<u>32,740</u>	<u>22,167</u>
Representing:				
Current tax recoverable	—	3,576	—	—
Current tax payable	<u>4,420</u>	<u>12,412</u>	<u>32,740</u>	<u>22,167</u>
	<u>4,420</u>	<u>8,836</u>	<u>32,740</u>	<u>22,167</u>

(b) Deferred tax assets/(liabilities) recognised:

The components of deferred tax assets/(liabilities) recognised in the consolidated balance sheets and the movements during the Relevant Periods are as follows:

	Depreciation	Accrued	Unrealised	Withholding	Total
	charges in excess of depreciation allowance			tax on dividends	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2010.....	108	552	—	—	660
(Charged)/credited to consolidated statements of comprehensive income (note 5(a))	(32)	2,170	1,878	—	4,016
At 31 December 2010 and 1 January 2011	76	2,722	1,878	—	4,676
(Charged)/credited to consolidated statements of comprehensive income (note 5(a))	(18)	1,728	(675)	—	1,035
At 31 December 2011 and 1 January 2012	58	4,450	1,203	—	5,711
(Charged)/credited to consolidated statements of comprehensive income (note 5(a))	(45)	7,022	(1,203)	—	5,774
At 31 December 2012 and 1 January 2013	13	11,472	—	—	11,485
(Charged)/credited to consolidated statements of comprehensive income (note 5(a))	(13)	(4,080)	66	(6,400)	(10,427)
At 30 June 2013	—	7,392	66	(6,400)	1,058
	As at 31 December			As at 30 June	
	2010	2011	2012	2013	
	RMB'000	RMB'000	RMB'000	RMB'000	
Represented by:					
Deferred tax assets.....	4,676	5,711	11,485	7,458	
Deferred tax liabilities.....	—	—	—	(6,400)	
	<u>4,676</u>	<u>5,711</u>	<u>11,485</u>	<u>1,058</u>	

(c) Deferred tax assets not recognised

At 31 December 2011 and 2012 and 30 June 2013, the Group did not recognise deferred tax assets in respect of tax loss of a subsidiary of RMB380,000, RMB121,000 and RMB1,560,000, respectively, which will be expired by the end of 2016, 2017 and 2018, if unused. The tax effect on such tax losses has not been recognised as the amount is insignificant.

(d) Deferred tax liabilities not recognised

At 31 December 2010, 2011 and 2012 and 30 June 2013, deferred tax liabilities in respect of the PRC dividend withholding tax relating to the undistributed profits of the Company's PRC subsidiaries of RMB5,548,000, RMB83,609,000, RMB84,287,000 and RMB106,508,000 were not recognised as the Company controls the dividend policy of these subsidiaries. Based on the assessment made by management as at each of the reporting date, it was determined that the undistributed profits of the Company's PRC subsidiaries would not be distributed in the foreseeable future.

14 Inventories

Inventories in the consolidated balance sheets comprise:

	As at 31 December			As at 30 June
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Raw materials.....	33,377	28,657	2,103	1,851
Work in progress.....	254	8,944	—	—
Finished goods.....	60,133	90,024	38,922	19,471
	<u>93,764</u>	<u>127,625</u>	<u>41,025</u>	<u>21,322</u>

15 Trade and other receivables

	As at 31 December			As at 30 June
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables				
— third parties	36,499	159,279	78,092	51,918
— related parties	5,410	—	—	—
Bills receivable				
— third parties	29,500	286,625	—	27,140
— related parties	3,000	—	—	—
Trade and bills receivables	74,409	445,904	78,092	79,058
Prepayments to suppliers	32,439	12,343	3,698	14,037
Amount due from the Controlling				
Shareholder	—	—	39,564	—
Amounts due from related parties.....	33,200	92,110	189,637	23,842
Advances to third parties	—	124,580	—	—
Other deposits, prepayments and				
receivables	13,322	31,075	41,552	30,550
	153,370	706,012	352,543	147,487
Less: non-current portion of other				
receivables	—	—	(15,261)	(15,261)
	<u>153,370</u>	<u>706,012</u>	<u>337,282</u>	<u>132,226</u>

All of the current trade and other receivables are expected to be recovered or recognised as expense within one year, except for the Group's deposits which are expected to be recovered after more than one year. Such deposits amounted to RMB944,000, RMB855,000, RMB1,009,000 and RMB1,256,000 as at 31 December 2010, 2011 and 2012 and 30 June 2013, respectively.

Non-current portion of other receivables represented a portion of the consideration for the Group's disposal of production facilities (see note 10(d)) and inventories to Shishi Haoyu which are scheduled to be settled in 2014.

Bills receivables as at 31 December 2010 and 2011 of RMB32,500,000 and RMB286,615,000, respectively, represented outstanding commercial acceptance bills which had been transferred to banks by discounting them. However, as the transferees have recourse to the Group in case of default by the Group's customers, the issuers of these commercial acceptance bills, the Group has not derecognised these bills receivable.

Since 1 July 2012, the Group ceased to accept commercial acceptance bills for settlement of trade receivables; however, the Group has since accepted bank acceptance bills. As the Group only accepts bank acceptance bills from major banks in the PRC, the management considered that the risk of these bills relates substantially to interest rate risk. Accordingly, when these bills were transferred by either discounting or endorsement, they were derecognised as a financial asset. At 31 December 2012 and 30 June 2013, the Group transferred bank acceptance bills totalling RMB245,194,000 and RMB129,315,000, respectively, and derecognised them as financial assets. These bank acceptance bills mature between six to twelve months from the date of issue.

At 31 December 2010 and 2011, bills receivable with carrying value of RMB32,500,000 and RMB286,615,000, respectively, were pledged as security for bank borrowings (see note 19).

At 31 December 2012, the amount due from the Controlling Shareholder is unsecured, interest-free and has no fixed repayment terms.

At 31 December 2010, 2011 and 2012 and 30 June 2013, the amounts due from related parties and advances to third parties are unsecured, interest-free and have no fixed repayment terms. The directors of the Company confirm that the amounts will be settled before the listing of the Company's shares on The Stock Exchange of Hong Kong Limited.

(a) Ageing analysis

Included in trade and other receivables are trade and bills receivables with the following ageing analysis based on invoice date as at 31 December 2010, 2011 and 2012 and 30 June 2013 are as follows:

	As at 31 December			As at 30 June
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Within 3 months	73,783	294,555	72,885	72,324
More than 3 months but within 6 months	534	151,349	5,207	6,109
More than 6 months but within 1 year	—	—	—	625
More than 1 year	92	—	—	—
	<u>74,409</u>	<u>445,904</u>	<u>78,092</u>	<u>79,058</u>

For the years ended 31 December 2010 and 2011, there was no specific payment terms stated in the sales agreements and credit limits were granted to certain customers with no recent history of default and had long history of relationship. As the sales agreements have no specific payment terms and credit limits are granted case by case, the management considers that the disclosure of due date ageing analysis as at 31 December 2010 and 2011 is not meaningful to the Group.

Since 2012, the Group has enhanced credit evaluation and control policy and has adopted specific payment terms to its customers. Trade and bills receivables for the year ended 31 December 2012 and the six months ended 30 June 2013 are mainly due within 30-180 days from the date of billing. Further details on the Group's credit policy are set out in note 24(a).

(b) Impairment of trade and bills receivables

Impairment losses in respect of trade and bills receivables are recorded using allowance account unless the Group is satisfied that the recovery of the amount is remote, in which case the impairment loss is written off against trade and bills receivables directly (see note 1(k)(i)). For the years ended 31 December 2010, 2011 and 2012 and the six months ended 30 June 2012 and 2013, the Group did not record any impairment losses in respect of trade and bills receivables.

(c) Trade and bills receivables that are not impaired

The ageing analysis of trade and bills receivables that are neither individually nor collectively considered to be impaired as at 31 December 2012 and 30 June 2013 are as follows:

	As at 31 December	As at 30 June
	2012	2013
	RMB'000	RMB'000
Neither past due nor impaired.....	76,687	79,058
Less than 1 month past due	1,405	—
	<u>78,092</u>	<u>79,058</u>

Receivables that were neither past due nor impaired related to a wide range of customers for whom there was no recent history of default.

16 Other financial assets

	As at 31 December			As at 30 June
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets at fair value through profit or loss (note (i) and (iii)).....	—	—	131,205	61,377
Available-for-sale financial asset (note (ii) and (iii))	—	—	—	40,000
	—	—	131,205	101,377

Notes:

- (i) During the year ended 31 December 2012, the Group invested into two wealth management products issued by a bank with aggregate principal amount of RMB130,000,000. One product, with principal amount of RMB70,000,000 matured on 29 April 2013 and the other with principal amount of RMB60,000,000 will mature on 13 December 2013. These wealth management products bear an interest between 4.3% per annum and 4.6% per annum on the condition that the three-month US dollar LIBOR interest rate falls within the range of 0% to 5.2% during the period to their maturity.

The fair value of these wealth management products as at 31 December 2012 and 30 June 2013 have been determined based on the valuation as at that date carried out by an independent valuer, BMI Appraisals Limited.

At 31 December 2012, these financial assets with carrying value of RMB131,205,000 have been pledged as security for bank borrowings and bills payable, respectively. At 30 June 2013, the financial asset with carrying value of RMB61,377,000 have been pledged as security for bank borrowings (see note 19 and note 20).

- (ii) On 24 June 2013, the Group invested into an available-for-sale financial asset issued by a bank with principal amount of RMB40,000,000. The asset matured on 29 July 2013 and a gain of RMB230,000 was recorded. As at 30 June 2013, the fair value of the available-for-sale financial asset is not materially different from the principal amount of RMB40,000,000.
- (iii) The Group is not entitled to early termination or redemption on these financial assets. In addition, in accordance with the principles of securing gain and minimising loss for the Group, the bank shall have the right but not the obligation to early terminate these financial assets based on market conditions, the balance of these financial assets after settlement to be distributed to the Group shall be based on the Group's pro rata share of the underlying assets of these financial assets as at the date of the early termination.

The valuation technique and assumptions used in estimating the fair value of these financial assets are set out in note 24(f). Details of the credit risk associated with these financial assets are set out in note 24(a)(iv).

17 Pledged bank deposits

Bank deposits have been pledged as security for bills payable (see note 20) and bank borrowings (see note 19). The pledged bank deposits will be released upon the settlement of relevant bills payable and bank borrowings.

18 Cash and cash equivalents

(a) *Cash and cash equivalents comprise:*

	As at 31 December			As at 30 June
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Cash at bank and in hand	<u>17,856</u>	<u>61,817</u>	<u>186,044</u>	<u>166,209</u>

At 31 December 2010, 2011 and 2012 and 30 June 2013, cash and cash equivalents placed with banks in the mainland China amounted to RMB15,039,000, RMB60,509,000, RMB183,638,000 and RMB131,091,000, respectively. Remittance of funds out of mainland China is subject to the relevant rules and regulations of foreign exchange control promulgated by the PRC government.

(b) Reconciliation of (loss)/profit before taxation to cash (used in)/generated from operations:

Note	Year ended 31 December			Six months ended 30 June	
	2010	2011	2012	2012	2013
	(Unaudited)				
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
(Loss)/profit before taxation.....	(4,135)	109,096	200,775	85,484	112,992
Adjustments for:					
Depreciation.....	4(c) 6,256	11,453	9,894	5,086	5,082
Amortisation of intangible assets....	4(c) 1,049	1,876	2,972	1,341	1,632
Amortisation of lease prepayments..	4(c) 257	236	—	—	—
Interest expense.....	4(a) 2,694	21,962	27,249	19,952	3,900
Net foreign exchange loss.....	1,072	1,911	410	(251)	4,649
Interest income.....	3 (165)	(1,606)	(4,425)	(2,610)	(3,008)
Loss on disposal of property, plant and equipment.....	3 297	97	187	185	152
Loss on disposal of intangible assets.....	3 —	89	—	—	—
Net fair value gain on financial assets at fair value through profit or loss.....	3 —	—	(1,205)	—	(2,319)
Changes in working capital:					
(Increase)/decrease in inventories....	(53,212)	(33,861)	86,600	72,209	19,703
(Increase)/decrease in trade and other receivables.....	(71,482)	(359,006)	350,534	88,146	1,494
Increase/(decrease) in trade and other payables.....	74,166	362,708	(64,761)	(137,817)	(130,626)
(Increase)/decrease in amounts due from related parties.....	(11,950)	(14,018)	(97,527)	(6,035)	144,745
Decrease/(increase) in advances to third parties.....	1,000	(124,580)	124,580	74,500	—
Increase/(decrease) in amounts due to related parties.....	4,778	(12,608)	(110)	49,870	137
(Decrease)/increase in advances from third parties.....	(4,543)	5,923	(21,448)	—	—
Cash (used in)/generated from operations.....	<u>(53,918)</u>	<u>(30,328)</u>	<u>613,725</u>	<u>250,060</u>	<u>158,533</u>

When the Group discounts commercial acceptance bills, the cash received is classified under cash inflows generated from financing activities (cash proceeds from discounting of commercial acceptance bills receivable). During the years ended 31 December 2010, 2011 and 2012 and the six months ended 30 June 2012 and 2013, cash received from such borrowings were RMB32,500,000, RMB430,945,000, RMB216,610,000, RMB203,420,000 (unaudited) and RMB Nil, respectively.

Subsequently when the customers settle these commercial acceptance bills, the corresponding cash inflow is included in the operating cash inflow under cash inflow from operating activities. During the years ended 31 December 2010, 2011 and 2012 and the six months ended 30 June 2012 and 2013, such settlements included in operating cash inflow were RMB Nil, RMB176,830,000, RMB503,225,000, RMB273,225,000 (unaudited) and RMB Nil, respectively. Correspondingly, the same amounts were included in cash outflow from financing activities.

(c) Significant non-cash transactions

In February 2012, Cabbeen China disposed its production facilities (see note 10(d)) and inventories to Shishi Haoyu for a total consideration of RMB47,262,000.

During the year ended 31 December 2012, Cabbeen China received settlement of RMB17,001,000 from Shishi Haoyu, a portion of the settlement amounted to RMB10,000,000 was settled through netting off against trade payable to Shishi Haoyu. During the six months ended 30 June 2013, Cabbeen China received cash settlement of RMB10,000,000 and the remaining RMB5,000,000 and RMB15,261,000 are scheduled to be settled at 31 December 2013 and 2014, respectively, according to the supplementary repayment schedule entered into between both parties.

19 Bank borrowings

At 31 December 2010, 2011 and 2012 and 30 June 2013, the bank borrowings were repayable within one year or on demand as follows:

	As at 31 December			As at 30 June
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Bank loans				
— secured	40,500	59,500	76,961	175,268
— unsecured.....	52,000	50,000	60,000	18,300
	92,500	109,500	136,961	193,568
Other bank borrowings secured by bills receivable				
— secured	32,500	286,615	—	—
	<u>125,000</u>	<u>396,115</u>	<u>136,961</u>	<u>193,568</u>

Certain bank borrowings were secured by assets of the Group, the carrying amounts of these assets are as follows:

	As at 31 December			As at 30 June
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Property, plant and equipment (note 10)	21,028	—	—	—
Lease prepayments (note 12).....	11,170	—	—	—
Bills receivable - commercial acceptance bills (note 15).....	32,500	286,615	—	—
Other financial assets (note 16).....	—	—	60,580	61,377
Pledged bank deposits (note 17).....	—	—	—	60,000
	<u>64,698</u>	<u>286,615</u>	<u>60,580</u>	<u>121,377</u>

At 31 December 2011 and 2012, secured bank loans of RMB59,500,000 and RMB20,000,000, respectively, were also secured by buildings and land use rights pledged by a related company.

At 31 December 2010, unsecured bank loans of RMB30,000,000 and RMB22,000,000 were guaranteed by the Controlling Shareholder and a third party company, respectively.

At 31 December 2011, unsecured bank loans of RMB10,000,000 and RMB20,000,000 were jointly guaranteed by the Controlling Shareholder and a subsidiary of the Group and an unsecured bank loan of RMB20,000,000 was jointly guaranteed by the Controlling Shareholder, a subsidiary of the Group and a related party.

At 31 December 2012, unsecured bank loans of RMB40,000,000 were jointly guaranteed by the Controlling Shareholder and a subsidiary of the Group and an unsecured bank loan of RMB20,000,000 was jointly guaranteed by the Controlling Shareholder, a subsidiary of the Group, a related party and a third party company.

All these guarantees were released during the six months ended 30 June 2013.

20 Trade and other payables

	As at 31 December			As at 30 June
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables				
— third parties	45,050	74,667	67,017	18,274
— related parties	15,383	5,124	—	—
Bills payable (note (a)).....	<u>39,860</u>	<u>285,348</u>	<u>290,631</u>	<u>216,523</u>
Trade and bills payables (note (b)).....	100,293	365,139	357,648	234,797
Receipts in advance				
— third parties	41,928	124,817	27,243	42,619
— related parties	1,257	—	—	—
Amount due to the Controlling				
Shareholder	20,080	25,514	—	122
Amounts due to related parties.....	12,718	110	—	137
Advances from third parties.....	15,525	21,448	—	—
Dividend payable	—	—	120,000	—
Other payables and accruals.....	<u>12,709</u>	<u>38,716</u>	<u>64,259</u>	<u>39,311</u>
	<u>204,510</u>	<u>575,744</u>	<u>569,150</u>	<u>316,986</u>

All of the trade and other payables are expected to be settled or recognised as income within one year or are repayable on demand.

At 31 December 2010 and 2011, amounts due to related parties and advances from third parties were non-trade related, unsecured, interest-free and had no fixed repayment terms.

At 31 December 2010 and 2011 and 30 June 2013, amount due to the Controlling Shareholder was unsecured, interest-free and had no fixed repayment terms. The directors of the Company confirm that the amounts will be settled before the listing of the Company's share on The Stock Exchange of Hong Kong Limited.

- (a) Bills payable as at 31 December 2010, 2011 and 2012 and 30 June 2013 were secured by financial assets at fair value through profit or loss with carrying amount of RMB Nil, RMB Nil, RMB70,625,000 and RMB Nil, respectively, and pledged bank deposits of RMB8,811,000, RMB132,584,000, RMB97,660,000 and RMB138,891,000, respectively (see notes 16 and 17).

(b) An ageing analysis of the trade and bills payables based on the invoice date is as follows:

	As at 31 December			As at 30 June
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Within 3 months	83,971	299,774	245,578	121,759
More than 3 months but within 6 months	11,660	60,876	112,021	111,872
More than 6 months but within 1 year	725	17	49	1,166
More than 1 year	3,937	4,472	—	—
	<u>100,293</u>	<u>365,139</u>	<u>357,648</u>	<u>234,797</u>

21 Employee retirement benefits

Defined contribution retirement plans

The PRC subsidiaries of the Group participate in defined contribution retirement benefit schemes (the “Schemes”) organised by the PRC municipal and provincial government authorities whereby the PRC subsidiaries are required to make contributions at the rate of 12% to 18% of the eligible employees’ salaries to the Schemes. The Group has accrued for the required contributions which are remitted to the respective local government authorities when the contributions become due. The local government authorities are responsible for the pension obligations payable to the retired employees covered under the Schemes.

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 and not previously covered by the defined benefit retirement plan. 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 prior to June 2012 and HK\$25,000 after June 2012. Contributions to the plan vest immediately.

The Group has no other material obligation for the payment of pension benefits beyond the contributions described above.

22 Capital

The Company was incorporated as an exempted company under the laws of the Cayman Islands with limited liability on 3 November 2011 with authorised share capital of HK\$380,000 divided into 38,000,000 shares of HK\$0.01 each and issued one share, credited as fully paid.

The Reorganisation was not completed as at 31 December 2011, hence the capital in the consolidated balance sheets as at 31 December 2010 and 2011 represented the aggregate amount of capital of the companies now comprising the Group in which the equity shareholders of the Company held direct interests, after elimination of investments in subsidiaries.

On 31 July 2012, in connection with the Reorganisation, the Company issued and allotted 99 shares with par value of HK\$0.01 each.

On 31 July 2012, the Company issued and allotted 100 shares with par value of HK\$0.01 each as a consideration to purchase the entire issued share capital of Grandfull International and Cabbeen International Holdings from the Controlling Shareholder.

23 Reserves

(a) *Capital reserve*

On 18 May 2009, the Controlling Shareholder sold his entire equity interest in Cabbeen China to Cabbeen Investments, so that Cabbeen Investments became the holding company of Cabbeen China. The consideration for the transaction was RMB11,200,000. The difference of RMB37,354,000 between the initial cash consideration and the capital of Cabbeen China was recorded as a capital reserve.

On 31 July 2012, the Company issued and allotted 100 shares with par value of HK\$0.01 each as a consideration to purchase the entire issued share capital of Grandfull International and Cabbeen International Holdings from the Controlling Shareholder. The difference of RMB139,000 between the purchase consideration and the share capital of Grandfull International and Cabbeen International Holdings was recorded as an increase of shareholder's contribution in capital reserve.

(b) *Statutory reserve*

As stipulated by regulations in the PRC, the Company's subsidiaries established and operated in the mainland China are required to appropriate 10% of their after-tax-profit (after offsetting prior year losses) as determined in accordance with the PRC accounting rules and regulations, to the statutory surplus reserve until the reserve balance reaches 50% of the registered capital. The transfer to this reserve must be made before distribution of profits to parent companies.

The statutory reserve can be utilised, upon approval by the relevant authorities, to offset accumulated losses or to increase capital of the subsidiary, provided that the balance after such issue is not less than 25% of its registered capital.

(c) *Exchange reserve*

Exchange reserve comprises all foreign exchange differences arising from the translation of financial statements of operations outside mainland China which are dealt with in accordance with the accounting policies as set out in note 1(u).

(d) *Distributable reserves*

The Company was incorporated on 3 November 2011. Prior to completion of the Reorganisation and on the basis set out in note 1(b) of Section B above, the aggregate amount of distributable reserves as at 31 December 2010 and 2011 of the companies now comprising the Group were RMB7,551,000 and RMB84,209,000, respectively.

After the completion of the Reorganisation, the Company became the holding company of companies now comprising the Group, the aggregate amount of distributable reserves of the Company was RMB243,000 and RMB Nil as at 31 December 2012 and 30 June 2013, respectively.

(e) *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 its shareholders and benefits for other stakeholders, by pricing products commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

The Group monitors its capital structure with reference to its debt position. The Group's strategy is to maintain the equity and debt in a balanced position and ensure there are adequate working capital to service its debt obligations. The Group's debt to asset ratio, being the Group's total liabilities over its total assets, at 31 December 2010, 2011 and 2012 and 30 June 2013 was 90%, 89%, 85% and 72%, respectively.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

24 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'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 trade and other receivables, non-current portion of other receivables, deposits with banks and other financial assets. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

(i) *Trade and other receivables*

For the years ended 31 December 2010 and 2011, certain amounts of turnover and trade receivables are related to sales to related parties (see note 27(a) for further details). The management considers that related parties are under influence of the Group's Controlling Shareholder, hence no material credit risk exists on sales to related companies. In respect of sales to third party customers, credit evaluations are performed on customers requiring credit terms. These evaluations focus on the customer's past history of making payments and current abilities to pay and take into account information specific to the customer as well as to the economic environment. Normally, the Group does not obtain collateral from customers.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. As at 31 December 2010, 2011 and 2012 and 30 June 2013, 29%, 14%, 1% and 7%, respectively, of the total trade and bills receivables were due from the Group's largest customer, and 58%, 46%, 19% and 17%, respectively, of the total trade and bills receivables were due from the Group's five largest customers.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated balance sheets after deducting any impairment allowance. Except for the financial guarantees given by the Group as set out in note 26, the Group does not provide any other guarantees which would expose the Group to credit risk.

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade and other receivables are set out in note 15.

As set out in note 15, as at 31 December 2012 and 30 June 2013, the Group had transferred bank acceptance bills totalling RMB245,017,000 and RMB120,993,000 respectively, which were derecognised as financial assets. The transferees have recourse to the Group in case of default by the issuing banks. In such cases, the Group would have to repurchase these bank acceptance bills at face value. Because these bank acceptance bills mature between six to twelve months from issue, the Group's maximum loss in case of default are RMB245,017,000 and RMB120,993,000 as at 31 December 2012 and 30 June 2013 respectively before these bills mature.

The Group only accepts bank acceptance bills issued by major banks in the PRC and considers that the credit risk associated with such bank acceptance bills to be insignificant.

(ii) *Non-current receivables*

Non-current receivables represented consideration outstanding for the Group's disposal of production facilities (see note 10(d)) and inventories to Shishi Haoyu which are scheduled to be settled in 2014. The Board of Directors considered that the amount is fully recoverable given the creditworthiness, financial resources and past payment record.

(iii) *Deposits with banks*

The Group mitigates its exposure to credit risk by placing deposits with financial institutions with established credit rating. Given the high credit ratings of the banks, management does not expect any counterparty to fail to meet its obligations.

(iv) *Other financial assets*

During the Relevant Periods, the Group entered into certain financial assets with banks. The management considers the counterparties are banks with high credit rating and the default risk is remote.

(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 management and directors when the borrowings exceed certain predetermined levels of authority.

The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, 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 terms.

All non-interest bearing financial liabilities and discounted bills of the Group are carried at amount not materially different from their contractual undiscounted cash flow as all the financial liabilities are with maturities within one year or repayable on demand at the respective balance sheet date.

The following table shows the remaining scheduled maturities at the respective balance sheet date of the Group's bank borrowings if the bank borrowings are to be repaid over the agreed repayment schedules, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the balance sheet dates):

	Total contractual undiscounted cash flow/within 1 year or on demand	Balance sheet carrying amount
	RMB'000	RMB'000
Bank borrowings		
At 31 December 2010	<u>128,149</u>	<u>125,000</u>
At 31 December 2011	<u>399,471</u>	<u>396,115</u>
At 31 December 2012	<u>141,234</u>	<u>136,961</u>
At 30 June 2013	<u>195,824</u>	<u>193,568</u>

(c) *Interest rate risk*

The Group's interest rate risk arises primarily from bank borrowings. 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's interest rate profiles as monitored by management is set out in (i) below.

(i) *Interest rate profile*

The following table details the interest rate profile of the Group's borrowings at the balance sheet dates:

	As at 31 December						As at 30 June	
	2010		2011		2012		2013	
	Effective interest rate	Amount	Effective interest rate	Amount	Effective interest rate	Amount	Effective interest rate	Amount
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Fixed rate borrowings:								
Bank borrowings	5.73%	125,000	10.55%	377,615	7.25%	80,000	7.50%	18,300
Variable rate borrowings:								
Bank borrowings	—	—	6.56%	18,500	1.71%	56,961	1.64%	175,268
Total borrowings		<u>125,000</u>		<u>396,115</u>		<u>136,961</u>		<u>193,568</u>

(ii) *Sensitivity analysis*

At 31 December 2010, 2011 and 2012 and 30 June 2013, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, would have decrease/increase the Group's profit after tax for the year/six-month period and retained profits by approximately RMB Nil, RMB139,000, RMB569,000 and RMB877,000, respectively. Other components of equity would not be affected by the changes in interest rates.

The sensitivity analysis above indicates the impact on the Group's profit for the period and retained profits that would arise assuming that there is an annualised/or pro-rata six-month impact on interest income and expense by a change in interest rates. The analysis has been performed on the same basis throughout the Relevant Periods.

(d) *Currency risk*

The Group's businesses are principally conducted in RMB and most of the Group's monetary assets and liabilities are denominated in RMB. Accordingly, the management consider the Group's exposure to currency risk is insignificant.

(e) *Fair value*(i) *Financial instruments carried at fair value*

The following table presents the carrying value of financial instruments measured at fair value at the balance sheet date across the three levels of the fair value hierarchy defined in IFRS 7, *Financial instruments: Disclosures*, with the fair value of each financial instrument 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 price (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

	As at 31 December 2012				As at 30 June 2013			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Assets								
Financial assets at fair value through profit or loss	—	131,205	—	131,205	—	61,377	—	61,377

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

The carrying amounts of the Group's financial instruments are carried at amounts not materially different from their fair values as at 31 December 2010, 2011 and 2012 and 30 June 2013.

(f) *Estimation of fair values*

The estimate of the fair values of the financial assets at fair value through profit or loss are measured using discounted cash flow analysis by taking into account the nature, terms, conditions and the contractual period of the financial assets.

25 Commitments**(a) Capital commitments**

Capital commitments outstanding at 31 December 2010, 2011 and 2012 and 30 June 2013 not provided for in this Financial Information were as follows:

	As at 31 December			As at 30 June
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Contracted for.....	25,912	1,882	—	253
Authorised but not contracted for.....	15,122	4,127	5,000	4,924
	<u>41,034</u>	<u>6,009</u>	<u>5,000</u>	<u>5,177</u>

(b) Operating leases commitments

At 31 December 2010, 2011 and 2012 and 30 June 2013, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	As at 31 December			As at 30 June
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 year.....	2,616	7,538	11,654	12,137
After 1 year but within 5 years.....	10,293	24,608	28,524	25,496
After 5 years	<u>11,561</u>	<u>17,151</u>	<u>11,168</u>	<u>8,066</u>
	<u>24,470</u>	<u>49,297</u>	<u>51,346</u>	<u>45,699</u>

The Group leases a number of properties under operating leases. The leases typically run for an initial period for one to seven years, at the end of which period all terms are renegotiated. None of the leases includes contingent rentals.

26 Contingent liabilities

At 31 December 2010, 2011 and 2012, Cabbeen China provided a corporate guarantee of RMB30,000,000, respectively to a related company, Shishi Cabbeen Trading Co., Ltd. (石獅市卡賓貿易有限公司), for its banking facilities. The guarantee was released on 25 February 2013.

The Group did not recognise any deferred income in respect of the guarantee issued as its fair value was not reliably estimable and the guaranteed amount was not material.

During the Relevant Periods, no claims had been made against the Group under the guarantee.

27 Material related party transactions

In addition to the related party information disclosed elsewhere in the Financial Information, the Group entered into the following material related party transactions:

During the Relevant Periods, the directors are of the view that the following are related parties of the Group:

Name of party	Relationships
Mr. Yang Ziming	Controlling Shareholder
Ms. Ke Liting	Spouse of Mr. Yang Ziming
Mr. Ke Rongqin	Director and brother in-law of Mr. Yang Ziming
Mr. Tian Dongliang	Director and cousin of Mr. Yang Ziming
Guangzhou Fenghaisi Trading Co., Ltd.* (“Guangzhou Fenghaisi”) (廣州市風海斯貿易有限公司)	89% and 11% owned by Mr. Yang Ziming and Mr. Tian Dongliang respectively (ceased to be a related party since 16 April 2010 as their interests were sold to third parties)
Xi'an Cabbeen Garments Development Co., Ltd.* (“Xi'an Cabbeen”) (西安卡賓服飾發展有限公司)	33% owned by Ms. Ke Liting (ceased to be a related party since 1 June 2011 as her interests were sold to third parties)
Shanghai Binshi Garment Development Co., Ltd.* (“Shanghai Binshi”) (上海賓視服飾發展有限公司)	55% and 16% owned by Mr. Yang Ziming and Mr. Tian Dongliang respectively (ceased to be a related party since 25 June 2013 as their interests were sold to third parties)
Shishi Cabbeen Trading Co., Ltd.* (“Shishi Cabbeen”) (石獅市卡賓貿易有限公司)	80% and 20% owned by Mr. Yang Ziming and Mr. Ke Rongqin respectively (ceased to be a related party since 14 May 2013 as their interests were sold to third parties)
Shishi City Junyuan Development Co., Ltd.* (“Junyuan Development”) (石獅市駿源發展有限公司)	100% indirectly owned by Mr. Yang Ziming
Zhangzhou Boyue Shoes Co., Ltd.* (“Zhangzhou Boyue”) (漳州市博越鞋業有限公司)	90% and 10% owned by Mr. Yang Ziming and Mr. Tian Dongliang respectively (ceased to be a related party since 29 November 2012 as their interests were sold to third parties)

Name of party	Relationships
Quanzhou Cabbeen Enterprise Co., Ltd.* (“Quanzhou Cabbeen”) (泉州市卡賓實業有限公司)	100% indirectly owned by Mr. Yang Ziming
Zhangzhou Cabbeen Clothing Co., Ltd.* (“Zhangzhou Cabbeen”) (漳州市卡賓服飾有限公司)	90% and 10% owned by Mr. Yang Ziming and Mr. Ke Rongqin respectively
Zhangzhou Yuxuan Apparel Co., Ltd.* (“Zhangzhou Yuxuan”) (漳州市語軒服飾有限公司)	90% and 10% owned by Mr. Yang Ziming and Mr. Ke Rongqin respectively (ceased to be a related party since 15 January 2013 as their interests were sold to third parties)
Cabbeen Hong Kong Investments Limited (“Cabbeen HK”)	100% owned by Mr. Yang Ziming
Cabbeen China Technology Limited (“Cabbeen Technology”)	100% indirectly owned by Mr. Yang Ziming
Elite Sail Limited (“Elite Sail”)	100% owned by Mr. Yang Ziming
Corporate Synergy Limited (“Corporate Synergy”)	100% owned by Mr. Yang Ziming
Enrich Luck Limited (“Enrich Luck”)	100% indirectly owned by Mr. Yang Ziming
Future Leader Investments Limited (“Future Leader”)	100% owned by Mr. Yang Ziming
Precise Investment Limited (“Precise Investment”)	100% indirectly owned by Mr. Yang Ziming

* The English translation of the companies' names is for reference only. The official names of these companies are in Chinese.

(a) *Transactions with related parties*

In addition to the related party transactions disclosed elsewhere in the Financial Information, the Group entered into the following material related party transactions during the Relevant Periods:

	Year ended 31 December			Six months ended 30 June	
	2010	2011	2012	2012	2013
				(Unaudited)	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Sales of products to					
— Guangzhou Fenghaisi (note (i)) ...	2,735	—	—	—	—
— Xi'an Cabbeen (note (i)).....	13,695	13,438	—	—	—
— Shanghai Binshi	16,753	16,117	—	—	—
— Shishi Cabbeen.....	114	914	—	—	—
	<u>33,297</u>	<u>30,469</u>	<u>—</u>	<u>—</u>	<u>—</u>
Purchases of products from					
— Shishi Cabbeen.....	<u>35,076</u>	<u>629</u>	<u>—</u>	<u>—</u>	<u>—</u>
Lease of properties from					
— Junyuan Development (note (ii)) .	<u>—</u>	<u>148</u>	<u>1,200</u>	<u>721</u>	<u>479</u>

Notes:

- (i) The above transactions cover the transactions between the Group and Guangzhou Fenghaisi and Xi'an Cabbeen from 1 January 2010 to 16 April 2010 and 1 January 2010 to 1 June 2011 respectively during which those parties are the related parties of the Group only.
- (ii) The directors expect the transactions will be continued in the future after the listing of the Company's share on The Stock Exchange of Hong Kong Limited.

(b) *Balances with related parties*

At 31 December 2010, 2011 and 2012 and 30 June 2013, the Group had the following balances with related parties:

(i) Due from related parties

	As at 31 December			As at 30 June
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Trade-related				
Trade and bills receivables				
— Xi'an Cabbeen	3,779	—	—	—
— Shanghai Binshi	4,631	—	—	—
	<u>8,410</u>	<u>—</u>	<u>—</u>	<u>—</u>
Non-trade-related				
Other receivables				
— Zhangzhou Boyue.....	222	903	—	—
— Quanzhou Cabbeen.....	32,908	20,803	55,803	—
— Junyuan Development.....	—	70,404	133,834	23,842
— Enrich Luck	6	—	—	—
— Cabbeen HK	8	—	—	—
— Future Leader.....	10	—	—	—
— Corporate Synergy.....	10	—	—	—
— Elite Sail	10	—	—	—
— Precise Investment.....	13	—	—	—
— Cabbeen Technology.....	13	—	—	—
	<u>33,200</u>	<u>92,110</u>	<u>189,637</u>	<u>23,842</u>
Amount due from the				
Controlling Shareholder				
— Mr. Yang Ziming	—	—	39,564	—
	<u>41,610</u>	<u>92,110</u>	<u>229,201</u>	<u>23,842</u>

(ii) Due to related parties

	As at 31 December			As at 30 June
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Trade-related				
Trade and bills payables				
— Shishi Cabbeen.....	15,383	5,124	—	—
Receipts in advance				
— Xi'an Cabbeen	1,257	—	—	—
	<u>16,640</u>	<u>5,124</u>	<u>—</u>	<u>—</u>
Non-trade-related				
Other payables				
— Zhangzhou Cabbeen.....	878	—	—	—
— Shishi Cabbeen.....	11,450	—	—	—
— Zhangzhou Yuxuan	390	110	—	—
— Junyuan Development.....	—	—	—	137
	<u>12,718</u>	<u>110</u>	<u>—</u>	<u>137</u>
Amount due to the Controlling Shareholder				
— Mr. Yang Ziming	20,080	25,514	—	122
Dividend payable	—	—	120,000	—
	<u>49,438</u>	<u>30,748</u>	<u>120,000</u>	<u>259</u>

At 31 December 2010, 2011 and 2012, certain banking facilities of the Group were guaranteed by Mr. Yang Ziming, Ms. Ke Liting and Shishi Cabbeen, and secured by certain assets of Junyuan Development, Zhangzhou Boyue and Zhangzhou Cabbeen. All these guarantees/pledges were released during the six months ended 30 June 2013.

(c) *Operating leases commitments*

In additional to the disposal of its properties to Junyuan Development as disclosed in note 10(c), at 31 December 2011 and 2012 and 30 June 2013, the total future minimum lease payments under non-cancellable operating leases are payable to Junyuan Development as follows:

	As at 31 December		As at 30 June
	2011	2012	2013
	RMB'000	RMB'000	RMB'000
Within 1 year.....	1,110	957	957
After 1 year but within 5 years.....	1,914	957	479
	<u>3,024</u>	<u>1,914</u>	<u>1,436</u>

(d) *Key management personnel compensation*

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors as disclosed in note 6 and certain of the highest paid employees as disclosed in note 7, is as follows:

	Year ended 31 December			Six months ended 30 June	
	2010	2011	2012	2012	2013
	RMB'000	RMB'000	RMB'000	(Unaudited) RMB'000	RMB'000
Short-term employee benefits.....	947	3,066	8,404	3,393	4,632
Contributions to retirement benefit scheme.....	18	45	261	100	110
	<u>965</u>	<u>3,111</u>	<u>8,665</u>	<u>3,493</u>	<u>4,742</u>

Total remuneration is included in "staff costs" (note 4(b)).

28 Significant accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The selection of critical accounting policies, the judgements and other uncertainties affecting application of those policies and the sensitivity of reported results to changes in condition and assumptions are factors to be considered when reviewing the Financial Information. The principal accounting policies are set forth in note 1. The Group believes the following critical accounting policies involve the most significant judgements and estimates used in the preparation of the Financial Information.

(a) *Impairments*

If circumstances indicate that the carrying value of an asset may not be recoverable, the asset may be considered “impaired”, and an impairment loss may be recognised in profit or loss. The carrying amounts of assets are reviewed periodically in order to assess whether the recoverable amounts have declined below the carrying amounts. These assets are tested for impairment whenever events or changes in circumstances indicate that their recorded carrying amounts may not be recoverable. When such a decline has occurred, the carrying amount is reduced to recoverable amount.

The recoverable amount is the greater of the fair value less costs to sell and the value in use. In determining the value in use, expected cash flows generated by the asset are discounted to their present value, which requires significant judgement relating to level of sales volume, sales revenue and amount of operating costs. The Group uses all readily available information in determining an amount that is a reasonable approximation of recoverable amount, including estimates based on reasonable and supportable assumptions and projections of sales volume, sales revenue and amount of operating costs.

(b) *Net realisable value of inventories*

Net realisable value of inventories is the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale. These estimates are based on the current market conditions and the historical experience of selling products with similar nature. Any change in the assumptions would increase or decrease the amount of inventories write-down or the related reversals of write-down made in prior years and affect the Group’s net assets value. The Group reassesses these estimates annually.

(c) *Impairment of trade and other receivables*

The Group estimates the impairment allowances for trade and other receivables by assessing the recoverability based on credit history and prevailing market conditions. This requires the use of estimates and judgements. Allowances are applied to trade and other receivables where events or changes in circumstances indicate that the balances may not be collectible. Where the expectation is different from the original estimate, such difference will affect the carrying amounts of trade and other receivables and thus the impairment loss in the period in which such estimate is changed. The Group reassesses the impairment allowances annually.

(d) *Depreciation and amortisation*

Property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives, after taking into account the estimated residual value. Intangible assets except for those with an indefinite live are amortised on a straight-line basis over the estimated useful lives. The Group reviews the estimated useful lives of the assets regularly in order to determine the amount of depreciation and amortisation expenses to be recorded during any reporting period. The useful lives are based on the Group’s historical experience with similar assets and taking into account anticipated technological changes. The depreciation and amortisation expenses for future periods are adjusted prospectively if there are significant changes from previous estimates.

(e) *Bank acceptance bills*

As set out in note 24(a)(i), the Group considers that the credit risk associated with bank acceptance bills issued by major banks in the PRC to be insignificant. The Group monitors the credit risk of issuing banks. The judgement to derecognise bank acceptance bills upon discounting or endorsement is reviewed when the credit risk of issuing banks deteriorates significantly.

29 Balance sheets of the Company

The particulars of the balance sheets of the Company as at 31 December 2011 and 2012 and 30 June 2013 are set out below:

	As at 31 December		As at 30 June
	2011	2012	2013
	RMB'000	RMB'000	RMB'000
Non-current asset			
Investments in subsidiaries (note (a))	—	486	486
Current assets			
Other receivable.....	—	—	3,540
Amount due from a subsidiary (note (b)).....	—	120,200	181
	—	120,200	3,721
Current liabilities			
Amounts due to subsidiaries (note (b))	63	443	5,641
Dividend payable	—	120,000	—
	63	120,443	5,641
Net current liabilities	(63)	(243)	(1,920)
NET (LIABILITIES)/ASSETS	(63)	243	(1,434)
CAPITAL AND RESERVES			
Capital (note 22).....	—	—	—
Capital reserves (note 23(a)).....	—	139	139
(Accumulated losses)/retained profits	(63)	70	(1,619)
Exchange reserves.....	—	34	46
TOTAL EQUITY	(63)	243	(1,434)

Notes:

- (a) Investments in subsidiaries are stated at cost. Details of subsidiaries are set out in note 1(b) of Section B of the Financial Information.
- (b) Amount due from a subsidiary and amounts due to subsidiaries are unsecured, interest-free and has no fixed repayment terms.

30 List of auditors of the subsidiaries

The following list contains details of the companies included in the Financial Information that are subject to audit during the Relevant Periods and the names of the respective auditors.

Name of company	Financial period	Statutory auditors
Cabbeen International.....	For the years ended 31 December 2010, 2011 and 2012	RIW C.P.A Limited
Ziming Limited.....	For the years ended 31 December 2010, 2011 and 2012	RIW C.P.A Limited
Cabbeen Investments.....	For the years ended 31 December 2010, 2011 and 2012	RIW C.P.A Limited
Cabbeen China.....	For the years ended 31 December 2010, 2011 and 2012	Quanzhou Fengze Minghua Certified Public Accountants * 泉州豐澤明華聯合會計師事務所
Cabbeen Guangzhou.....	For the year ended 31 December 2010	Guangzhou Haizheng Certified Public Accountants * 廣州海正會計師事務所
	For the years ended 31 December 2011 and 2012	Guangzhou Hengyue Certified Public Accountants * 廣州恆越會計師事務所
Guangzhou Zixi	For the period from 17 May 2010 (date of establishment) to 31 December 2010	Guangzhou Haizheng Certified Public Accountants * 廣州海正會計師事務所
	For the years ended 31 December 2011 and 2012	Guangzhou Hengyue Certified Public Accountants * 廣州恆越會計師事務所

* The English translation of the auditors is for reference only. The official names of these companies are in Chinese.

31 Immediate and ultimate controlling parties

As at 30 June 2013, the directors consider the immediate controlling party of the Company to be Acute Result Holdings Limited, which is incorporated in the British Virgin Islands, and the ultimate controlling party of the Company to be Mr. Yang Ziming.

32 Possible impact of amendments, new standards and interpretations issued but not yet effective for the Relevant Periods

Up to the date of issue of these Financial Information, the IASB has issued a number of amendments, new standards and interpretations which are not yet effective for the Relevant Periods and which have not been adopted in these Financial Information.

	Effective for accounting periods beginning on or after
Amendments to IAS 32, <i>Financial instruments: Presentation - Offsetting financial assets and financial liabilities</i>	1 January 2014
IFRIC 21, <i>Levies</i>	1 January 2014
IFRS 9, <i>Financial instruments</i>	1 January 2015

The Group is in the process of making an assessment of what the impact of these amendments, new standards and interpretations 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 results of operations and financial position.

33 Subsequent events

The following events took place subsequent to 30 June 2013:

- (a) On 9 August 2013, the Company declared final dividend of RMB55,000,000. Further details are disclosed in note 8.

C SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company or its subsidiaries comprising the Group in respect of any period subsequent to 30 June 2013.

Yours faithfully

KPMG

Certified Public Accountants

Hong Kong

For illustrative purpose only, the unaudited pro forma financial information prepared in accordance with Rule 4.29 of the Hong Kong Listing Rules is set forth below to provide the prospective investors with further information on how the proposed listing might have affected the financial position of the Group after the completion of the Global Offering.

The unaudited pro forma financial information is derived according to a number of adjustments. Although reasonable care has been exercised in preparing such information, prospective investors who read the information should bear in mind that these figures are inherently subject to adjustments and may not give a complete picture of the actual financial performance condition of the Group during the Track Record Period or any future date or period.

The information set out below does not form part of the Accountants' Report prepared by the independent reporting accountants, KPMG, Certified Public Accountants, Hong Kong, as set out in "Appendix I — Accountants' Report", and is included in this prospectus for information purposes only.

The unaudited pro forma financial information should be read in conjunction with the section headed "Financial Information" and the Accountants' Report set out in "Appendix I — Accountants' Report" in this prospectus.

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

The following unaudited pro forma statement of adjusted net tangible assets of the Group which has been prepared in accordance with paragraph 4.29 of the Listing Rules and on the basis of the notes set out below is for illustrative purposes only, and is set out below to illustrate the effect of the Global Offering and Capitalization Issue on net tangible assets of the Group attributable to equity holders of the Company as at 30 June 2013 as if the Global Offering had taken place on 30 June 2013.

This unaudited pro forma statement of adjusted net tangible assets has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of the Group had the Global Offering and Capitalization Issue been completed as of 30 June 2013 or at any future dates.

It is prepared based on the consolidated net assets attributable to equity holders of the Company as of 30 June 2013 as shown in the Accountants' Report, the text of which is set out in Appendix I to this Prospectus, and adjusted as described below.

	Consolidated net tangible assets of the Group attributable to equity holders of the Company as of 30 June 2013⁽¹⁾	Estimated net proceeds from the Global Offering⁽²⁾	Unaudited pro forma adjusted net tangible assets⁽⁴⁾	Unaudited pro forma adjusted net tangible assets per Share⁽³⁾	
	RMB (million)	RMB (million)	RMB (million)	RMB	HK\$
Based on an Offer Price of HK\$2.25 per Share.....	<u>181.5</u>	<u>257.4</u>	<u>438.9</u>	<u>0.63</u>	<u>0.79</u>
Based on an Offer Price of HK\$2.80 per Share.....	<u>181.5</u>	<u>334.0</u>	<u>515.5</u>	<u>0.74</u>	<u>0.92</u>

Notes:

- (1) The consolidated net tangible assets attributable to equity holders of the Company as of 30 June 2013 was calculated based on the consolidated net assets attributable to equity holders of the Company as of 30 June 2013 of approximately RMB207.3 million as extracted from the Accountants' Report set out in Appendix I to this Prospectus, with adjustments for the intangible assets of approximately RMB25.8 million.
- (2) The estimated net proceeds from the Global Offering are based on an indicative Offer Price of HK\$2.25 per Share and HK\$2.80 per Share, respectively, after deduction of the underwriting commissions, fees and other related expenses payable as estimated by the Company in connection with the Global Offering and do not take into account of any Shares which may be issued upon the exercise of the Over-allotment Option and the options that may be granted under the Pre-IPO Share Option Scheme and the Share Option Scheme. The estimated net proceeds from the Global Offering are translated at the exchange rate of RMB0.79655 to HK\$1.00, the PBOC rate on 28 June 2013.
- (3) The unaudited pro forma adjusted net tangible assets per Share are arrived at by dividing the unaudited pro forma adjusted net tangible assets by 700,000,000 Shares, being the number of shares in issue assuming the Global Offering and the Capitalization Issue have been completed on 30 June 2013 and do not take into account of any Shares which may be issued upon the exercise of the Over-allotment Option and the options that may be granted under the Pre-IPO Share Option Scheme and the Share Option Scheme. The unaudited pro forma adjusted net tangible assets per Share is translated at the exchange rate of RMB0.79655 to HK\$1.00, the PBOC rate on 28 June 2013.
- (4) No adjustment has been made to the unaudited pro forma adjusted net tangible assets to reflect any trading results or other transactions of the Group entered into subsequent to 30 June 2013.

B. UNAUDITED PRO FORMA FORECAST EARNINGS PER SHARE

The following unaudited pro forma forecast earnings per share for the year ending 31 December 2013 has been prepared on the basis of the notes set out below for the purpose of illustrating the effect of the Global Offering and the Capitalization Issue as if they had taken place on 1 January 2013. This unaudited pro forma forecast earnings per share had been prepared for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of the financial results of the Group for the year ending 31 December 2013 or for any future period.

Forecast consolidated profit attributable to
equity holders of the Company for the
year ending 31 December 2013⁽¹⁾⁽³⁾ Not less than RMB189.1 million
(approximately HK\$237.4 million)

Unaudited pro forma forecast earnings per share
for the year ending December 31, 2013⁽²⁾⁽³⁾ Not less than RMB0.27
(approximately HK\$0.34)

Notes:

- (1) The bases and assumptions on which the above profit forecast has been prepared are summarised in Appendix III to this Prospectus. The Directors have prepared the forecast consolidated profit attributable to equity holders of the Company for the year ending 31 December 2013 based on the audited consolidated results for the six months ended 30 June 2013 and the forecast consolidated results for the remaining six months ending 31 December 2013.
- (2) The calculation of the unaudited pro forma forecast earnings per share is based on the forecast consolidated results for the year ending 31 December 2013 attributable to equity holders of the Company, assuming that a total of 700,000,000 shares had been issued during the entire year. The calculation of the forecast earnings per share does not take into account any shares which may be issued upon the exercise of the Over-allotment Option, any options granted under the Pre-IPO Share Option Scheme or options that may be granted under the Share Option Scheme.
- (3) The forecast consolidated profit attributable to equity holders of the Company and the unaudited pro forma forecast earnings per share are converted into Hong Kong Dollars at the exchange rate of RMB0.79655 to HK\$1.00, the PBOC rate on 28 June 2013.

**C. INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE
COMPILATION OF PRO FORMA FINANCIAL INFORMATION****TO THE DIRECTORS OF CABBEEN FASHION LIMITED**

We have completed our assurance engagement to report on the compilation of pro forma financial information of Cabbeen Fashion Limited (the “Company”) and its subsidiaries (collectively the “Group”) by the directors of the Company (the “Directors”) for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted net tangible assets as at 30 June 2013 and the unaudited pro forma forecast earnings per share for the year ending 31 December 2013 and related notes as set out in Part A and B of Appendix II to the prospectus dated 16 October 2013 (the “Prospectus”) issued by the Company. The applicable criteria on the basis of which the Directors have compiled the pro forma financial information are described in Part A and B of Appendix II to the Prospectus.

The pro forma financial information has been compiled by the Directors to illustrate the impact of the proposed offering of the ordinary shares of the Company (the “Global Offering”) on the Group’s financial position as at 30 June 2013 and the forecast financial performance of the Company for the year ending 31 December 2013 as if the Global Offering had taken place at 30 June 2013 and 1 January 2013 respectively. As part of this process, information about the Group’s financial position as at 30 June 2013 has been extracted by the Directors from the Group’s historical financial statements included in the Accountants’ Report as set out in Appendix I to the Prospectus. Information about the Group’s forecast of the consolidated profit attributable to the equity shareholders of the Company for the year ending 31 December 2013 (the “Profit Forecast”) has been extracted by the Directors from the section headed “Financial Information” in the Prospectus on which an accountants’ report has been published as set out in Appendix III to the Prospectus.

Directors’ Responsibilities for the Pro Forma Financial Information

The Directors are responsible for compiling the pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” (“AG 7”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

Reporting Accountants’ Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements (“HKSAE”) 3420 “Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus” issued by the HKICPA. This standard requires that the reporting accountants comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the pro forma financial information in accordance with paragraph 4.29 of the Listing Rules, and with reference to AG 7 issued by the HKICPA.

For purpose of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical or forecast financial information used in compiling the pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information.

The purpose of pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of events or transactions as at 30 June 2013 or 1 January 2013 would have been as presented.

A reasonable assurance engagement to report on whether the pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants’ judgement, having regard to the reporting accountants’ understanding of the nature of the Group, the event or transaction in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our procedures on the pro forma financial information have not been carried out in accordance with attestation standards or other standards and practices generally accepted in the United States of America, auditing standards of the Public Company Accounting Oversight Board (United States) or any overseas standards and accordingly should not be relied upon as if they had been carried out in accordance with those standards and practices.

We make no comments regarding the reasonableness of the amount of net proceeds from the issuance of the Company's shares, the application of those net proceeds, or whether such use will actually take place as described in the section headed "Use of Proceeds" in the Prospectus.

Opinion

In our opinion:

- a) the pro forma financial information has been properly compiled on the basis stated;
- b) such basis is consistent with the accounting policies of the Group, and
- c) the adjustments are appropriate for the purposes of the pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

KPMG

Certified Public Accountants

8th Floor, Prince's Building

10 Chater Road

Central, Hong Kong

16 October 2013

PROFIT FORECAST

The forecast of the consolidated profit attributable to the equity shareholders of the Company for the year ending 31 December 2013 is set out in the paragraph headed “Profit forecast” in the section headed “Financial information” in this prospectus.

(1) Basis and assumptions

The forecast of the consolidated profit attributable to the equity shareholders of the Company for the year ending 31 December 2013 prepared by the Directors is based on the audited results of our Group for the six months ended 30 June 2013 and the forecast results of the Group for the remaining six months ending 31 December 2013. The Directors are not aware of any extraordinary items which have arisen or are likely to arise during the year ending 31 December 2013. The forecast has been prepared on the basis of the accounting policies consistent in all material aspects with those currently adopted by our Group as summarized in the accountants’ report, the text of which is set out in Appendix I to this prospectus and is based on the following principal assumptions:

- (a) there will be no material changes in the existing government policies, legislation, rules or regulations, bases or rates of taxation, interest rates, exchange rates, inflation rates in the PRC, Hong Kong and other countries in which the Group operates;
- (b) the Group is not materially and adversely affected by any of the risk factors set out in the section headed “Risk Factors” in this prospectus; and
- (c) the Group’s operations and business will not be materially affected or interrupted by any force majeure events or unforeseeable factors or any unforeseeable reasons that are beyond the control of the Directors, including but not limited to the occurrence of natural disasters, supply failure, labour dispute, significant lawsuit and arbitration.

SENSITIVITY ANALYSIS

The profit forecast included in the section headed “Financial Information — Profit Forecast” is based on a number of assumptions which are outlined in this Appendix III and is subject to a number of risks as outlined in the section headed “Risk Factors”. Prospective investors should be aware that future events cannot be predicted with any certainty and deviations from the figures forecast in this prospectus are to be expected.

The following tables demonstrate the sensitivity of the consolidated net profit attributable to the equity shareholders of the Group to certain changes in assumptions as set forth below. The sensitivity illustrations are based exclusively on movements in consolidated net profit resulting from the circumstances considered and are not profit forecasts for the purposes of the Listing Rules or any other purpose and accordingly have not been reported on by the reporting accountants or the Joint Sponsors.

Results of a sensitivity analysis of the impact of changes in forecasted sales orders on the consolidated net profit attributable to the equity shareholders of the Group would be as follows:

	Increase/(decrease) in	
	Net profit	% Impact on forecast net profit
	RMB'000	%
Variations of forecast sales orders		
2.5% increase	7,343	3.9%
5.0% increase	14,684	7.8%
7.5% increase	22,028	11.6%
2.5% decrease.....	(7,343)	-3.9%
5.0% decrease.....	(14,684)	-7.8%
7.5% decrease.....	(22,028)	-11.6%

Results of a sensitivity analysis of the impact of changes in the OEM production costs on the consolidated net profit attributable to the equity shareholders of the Group would be as follows:

	Increase/(decrease) in	
	Net profit	% Impact on net profit
	RMB'000	%
Variations of forecast costs of sales		
2.5% increase	(10,355)	-5.5%
5.0% increase	(20,709)	-10.9%
7.5% increase	(31,063)	-16.4%
2.5% decrease.....	10,355	5.5%
5.0% decrease.....	20,709	10.9%
7.5% decrease.....	31,063	16.4%

The above sensitivity analyses are for reference only and are intended to show a range of possible outcomes under different market conditions. Actual variation could exceed the ranges shown above. They are not meant to be exhaustive, and the profit forecast is subject to additional uncertainty.

(2) Letters

Set out below are texts of letters received by the Directors from (i) KPMG, the reporting accountants of our Company, and (ii) the Joint Sponsors prepared for the purpose of incorporation in this prospectus in connection with the profit forecast of our Group for the year ending 31 December 2013.

(i) Letter from KPMG

8th Floor
Prince's Building
10 Chater Road
Central
Hong Kong

The Directors
Cabbeen Fashion Limited

Merrill Lynch Far East Limited
CCB International Capital Limited

16 October 2013

Dear Sirs

We have reviewed, in accordance with the Auditing Guideline 3.341 "Accountants' report on profit forecasts" issued by the Hong Kong Institute of Certified Public Accountants, the accounting policies adopted and calculations made in arriving at the forecast of the consolidated profit attributable to equity shareholders of Cabbeen Fashion Limited ("the Company") and its subsidiaries (collectively referred to as "the Group") for the year ending 31 December 2013 ("the Profit Forecast"), for which the directors of the Company are solely responsible, as set forth in the section headed "Financial Information" in the prospectus of the Company dated 16 October 2013 ("the Prospectus").

The Profit Forecast has been prepared by the directors of the Company based on the audited consolidated results of the Group for the six months ended 30 June 2013 and a forecast of the consolidated results of the Group for the remaining six months ending 31 December 2013.

In our opinion, so far as the accounting policies and calculations are concerned, the Profit Forecast has been properly compiled in accordance with the assumptions made by the directors as set out in Appendix III of the Prospectus and is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group as set out in our accountants' report dated 16 October 2013, the text of which is set out in Appendix I of the Prospectus.

Yours faithfully
KPMG
Certified Public Accountants
Hong Kong

(ii) *Letter from the Joint Sponsors*

BofA Merrill Lynch



The Directors
Cabbeen Fashion Limited

October 16, 2013

Dear Sirs,

We refer to the forecast of the consolidated profit attributable to equity shareholders of Cabbeen Fashion Limited (the “**Company**”, together with its subsidiaries hereinafter collectively referred to as the “**Group**”) for the year ended December 31, 2013 (the “**Profit Forecast**”) as set out in the prospectus issued by the Company dated October 16, 2013 (the “**Prospectus**”).

The Profit Forecast, for which the Directors of the Company are solely responsible, has been prepared by them based on the audited consolidated results of the Group for the six months ended June 30, 2013 and a forecast of the consolidated results of the Group for the remaining six months ended December 31, 2013.

We have discussed with you the bases and assumptions made by the Directors of the Company as set out in Appendix III to the Prospectus upon which the Profit Forecast has been made. We have also considered the letter dated October 16, 2013 addressed to yourselves and ourselves from KPMG regarding the accounting policies and calculations upon which the Profit Forecast has been made.

On the basis of the information comprising the Profit Forecast and on the basis of the accounting policies and calculations adopted by you and reviewed by KPMG, we are of the opinion that the Profit Forecast, for which you as Directors of the Company are solely responsible, has been made after due and careful enquiry.

Yours faithfully,

For and on behalf of
Merrill Lynch Far East Limited
John Lee
Managing Director

Yours faithfully,

For and on behalf of
CCB International Capital Limited
Lai Voon Wai
Managing Director - Corporate Finance

Set out below is a summary of certain provisions of the Memorandum and Articles of Association of the Company and of certain aspects of Cayman Islands company law.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on November 3, 2011 under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands (the “Companies Law”). The Memorandum of Association (the “Memorandum”) and the Amended and Restated Articles of Association (the “Articles”) comprise its constitution.

1. MEMORANDUM OF ASSOCIATION

- (a) The Memorandum states, inter alia, that the liability of members of the Company is limited to the amount, if any, for the time being unpaid on the Shares respectively held by them and that the objects for which the Company is established are unrestricted (including acting as an investment company), and that the Company shall have and be capable of exercising all the functions of a natural person of full capacity irrespective of any question of corporate benefit, as provided in section 27(2) of the Companies Law and in view of the fact that the Company is an exempted company that the Company will not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of the Company carried on outside the Cayman Islands.
- (b) The Company may by special resolution alter its Memorandum with respect to any objects, powers or other matters specified therein.

2. ARTICLES OF ASSOCIATION

The Articles were conditionally adopted on October 8, 2013 which shall become effective upon commencement of dealings of the Shares on the Stock Exchange. The following is a summary of certain provisions of the Articles:

(a) Directors

(i) *Power to allot and issue shares and warrants*

Subject to the provisions of the Companies Law and the Memorandum and Articles and to any special rights conferred on the holders of any shares or class of shares, any share may be issued with or have attached thereto such rights, or such restrictions, whether with regard to dividend, voting, return of capital, or otherwise, as the Company may by ordinary resolution determine (or, in the absence of any such determination or so far as the same may not make specific provision, as the board may determine). Subject to the Companies Law, the rules of any Designated Stock Exchange (as defined in the Articles) and the Memorandum and Articles, any share may be issued on terms that, at the option of the Company or the holder thereof, they are liable to be redeemed.

The board may issue warrants conferring the right upon the holders thereof to subscribe for any class of shares or securities in the capital of the Company on such terms as it may from time to time determine.

Subject to the provisions of the Companies Law and the Articles and, where applicable, the rules of any Designated Stock Exchange (as defined in the Articles) and without prejudice to any special rights or restrictions for the time being attached to any shares or any class of shares, all unissued shares in the Company shall be at the disposal of the board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times, for such consideration and on such terms and conditions as it in its absolute discretion thinks fit, but so that no shares shall be issued at a discount.

Neither the Company nor the board shall be obliged, when making or granting any allotment of, offer of, option over or disposal of shares, to make, or make available, any such allotment, offer, option or shares to members or others with registered addresses in any particular territory or territories being a territory or territories where, in the absence of a registration statement or other special formalities, this would or might, in the opinion of the board, be unlawful or impracticable. Members affected as a result of the foregoing sentence shall not be, or be deemed to be, a separate class of members for any purpose whatsoever.

(ii) Power to dispose of the assets of the Company or any subsidiary

There are no specific provisions in the Articles relating to the disposal of the assets of the Company or any of its subsidiaries. The Directors may, however, exercise all powers and do all acts and things which may be exercised or done or approved by the Company and which are not required by the Articles or the Companies Law to be exercised or done by the Company in general meeting.

(iii) Compensation or payments for loss of office

Pursuant to the Articles, payments to any Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually entitled) must be approved by the Company in general meeting.

(iv) Loans and provision of security for loans to Directors

There are provisions in the Articles prohibiting the making of loans to Directors.

(v) Disclosure of interests in contracts with the Company or any of its subsidiaries.

A Director may hold any other office or place of profit with the Company (except that of the auditor of the Company) in conjunction with his office of Director for such period and, subject to the Articles, upon such terms as the board may determine, and may be paid such extra remuneration therefor (whether by way of salary, commission, participation in profits or otherwise) in addition to any remuneration provided for by or pursuant to any other Articles. A Director may be or become a director or other officer of, or otherwise interested in, any company promoted by the Company or any

other company in which the Company may be interested, and shall not be liable to account to the Company or the members for any remuneration, profits or other benefits received by him as a director, officer or member of, or from his interest in, such other company. Subject as otherwise provided by the Articles, the board may also cause the voting power conferred by the shares in any other company held or owned by the Company to be exercised in such manner in all respects as it thinks fit, including the exercise thereof in favour of any resolution appointing the Directors or any of them to be directors or officers of such other company, or voting or providing for the payment of remuneration to the directors or officers of such other company.

Subject to the Companies Law and the Articles, no Director or proposed or intended Director shall be disqualified by his office from contracting with the Company, either with regard to his tenure of any office or place of profit or as vendor, purchaser or in any other manner whatsoever, nor shall any such contract or any other contract or arrangement in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company or the members for any remuneration, profit or other benefits realised by any such contract or arrangement by reason of such Director holding that office or the fiduciary relationship thereby established. A Director who to his knowledge is in any way, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with the Company shall declare the nature of his interest at the meeting of the board at which the question of entering into the contract or arrangement is first taken into consideration, if he knows his interest then exists, or in any other case, at the first meeting of the board after he knows that he is or has become so interested.

A Director shall not vote (nor be counted in the quorum) on any resolution of the board approving any contract or arrangement or other proposal in which he or any of his associates is materially interested, but this prohibition shall not apply to any of the following matters, namely:

- (aa) any contract or arrangement for giving to such Director or his associate(s) any security or indemnity in respect of money lent by him or any of his associates or obligations incurred or undertaken by him or any of his associates at the request of or for the benefit of the Company or any of its subsidiaries;
- (bb) any contract or arrangement for the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his associate(s) has himself/themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;
- (cc) any contract or arrangement concerning an offer of shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase, where the Director or his associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;

- (dd) any contract or arrangement in which the Director or his associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company; or
- (ee) any proposal or arrangement concerning the adoption, modification or operation of a share option scheme, a pension fund or retirement, death, or disability benefits scheme or other arrangement which relates both to Directors, his associates and employees of the Company or of any of its subsidiaries and does not provide in respect of any Director, or his associate(s), as such any privilege or advantage not accorded generally to the class of persons to which such scheme or fund relates.

(vi) Remuneration

The ordinary remuneration of the Directors shall from time to time be determined by the Company in general meeting, such sum (unless otherwise directed by the resolution by which it is voted) to be divided amongst the Directors in such proportions and in such manner as the board may agree or, failing agreement, equally, except that any Director holding office for part only of the period in respect of which the remuneration is payable shall only rank in such division in proportion to the time during such period for which he held office. The Directors shall also be entitled to be prepaid or repaid all travelling, hotel and incidental expenses reasonably expected to be incurred or incurred by them in attending any board meetings, committee meetings or general meetings or separate meetings of any class of shares or of debentures of the Company or otherwise in connection with the discharge of their duties as Directors.

Any Director who, by request, goes or resides abroad for any purpose of the Company or who performs services which in the opinion of the board go beyond the ordinary duties of a Director may be paid such extra remuneration (whether by way of salary, commission, participation in profits or otherwise) as the board may determine and such extra remuneration shall be in addition to or in substitution for any ordinary remuneration as a Director. An executive Director appointed to be a managing director, joint managing director, deputy managing director or other executive officer shall receive such remuneration (whether by way of salary, commission or participation in profits or otherwise or by all or any of those modes) and such other benefits (including pension and/or gratuity and/or other benefits on retirement) and allowances as the board may from time to time decide. Such remuneration may be either in addition to or in lieu of his remuneration as a Director.

The board may establish or concur or join with other companies (being subsidiary companies of the Company or companies with which it is associated in business) in establishing and making contributions out of the Company's monies to any schemes or funds for providing pensions, sickness or compassionate allowances, life assurance or other benefits for employees (which expression as used in this and the following paragraph shall include any Director or ex-Director who may hold or have held any executive office or any office of profit with the Company or any of its subsidiaries) and ex-employees of the Company and their dependents or any class or classes of such persons.

The board may pay, enter into agreements to pay or make grants of revocable or irrevocable, and either subject or not subject to any terms or conditions, pensions or other benefits to employees and ex-employees and their dependents, or to any of such persons, including pensions or benefits additional to those, if any, to which such employees or ex-employees or their dependents are or may become entitled under any such scheme or fund as is mentioned in the previous paragraph. Any such pension or benefit may, as the board considers desirable, be granted to an employee either before and in anticipation of, or upon or at any time after, his actual retirement.

(vii) Retirement, appointment and removal

At each annual general meeting, one third of the Directors for the time being (or if their number is not a multiple of three, then the number nearest to but not less than one third) will retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. The Directors to retire in every year will be those who have been longest in office since their last re-election or appointment but as between persons who became or were last re-elected Directors on the same day those to retire will (unless they otherwise agree among themselves) be determined by lot. There are no provisions relating to retirement of Directors upon reaching any age limit.

The Directors shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy on the board or as an addition to the existing board. Any Director appointed to fill a casual vacancy shall hold office until the first general meeting of members after his appointment and be subject to re-election at such meeting and any Director appointed as an addition to the existing board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election. Neither a Director nor an alternate Director is required to hold any shares in the Company by way of qualification.

A Director may be removed by an ordinary resolution of the Company before the expiration of his period of office (but without prejudice to any claim which such Director may have for damages for any breach of any contract between him and the Company) and may by ordinary resolution appoint another in his place. Unless otherwise determined by the Company in general meeting, the number of Directors shall not be less than two. There is no maximum number of Directors.

The office of director shall be vacated:

- (aa) if he resigns his office by notice in writing delivered to the Company at the registered office of the Company for the time being or tendered at a meeting of the Board;
- (bb) becomes of unsound mind or dies;
- (cc) if, without special leave, he is absent from meetings of the board (unless an alternate director appointed by him attends) for six (6) consecutive months, and the board resolves that his office is vacated;

- (dd) if he becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors;
- (ee) if he is prohibited from being a director by law;
- (ff) if he ceases to be a director by virtue of any provision of law or is removed from office pursuant to the Articles.

The board may from time to time appoint one or more of its body to be managing director, joint managing director, or deputy managing director or to hold any other employment or executive office with the Company for such period and upon such terms as the board may determine and the board may revoke or terminate any of such appointments. The board may delegate any of its powers, authorities and discretions to committees consisting of such Director or Directors and other persons as the board thinks fit, and it may from time to time revoke such delegation or revoke the appointment of and discharge any such committees either wholly or in part, and either as to persons or purposes, but every committee so formed shall, in the exercise of the powers, authorities and discretions so delegated, conform to any regulations that may from time to time be imposed upon it by the board.

(viii) Borrowing powers

The board may exercise all the powers of the Company to raise or borrow money, to mortgage or charge all or any part of the undertaking, property and assets (present and future) and uncalled capital of the Company and, subject to the Companies Law, to issue debentures, bonds and other securities of the Company, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

Note: These provisions, in common with the Articles in general, can be varied with the sanction of a special resolution of the Company.

(ix) Proceedings of the Board

The board may meet for the despatch of business, adjourn and otherwise regulate their meetings as they think fit. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have an additional or casting vote.

(x) Register of Directors and Officers

The Companies Law and the Articles provide that the Company is required to maintain at its registered office a register of directors and officers which is not available for inspection by the public. A copy of such register must be filed with the Registrar of Companies in the Cayman Islands and any change must be notified to the Registrar within thirty (30) days of any change in such directors or officers.

(b) Alterations to constitutional documents

The Articles may be rescinded, altered or amended by the Company in general meeting by special resolution. The Articles state that a special resolution shall be required to alter the provisions of the Memorandum, to amend the Articles or to change the name of the Company.

(c) Alteration of capital

The Company may from time to time by ordinary resolution in accordance with the relevant provisions of the Companies Law:

- (i) increase its capital by such sum, to be divided into shares of such amounts as the resolution shall prescribe;
- (ii) consolidate and divide all or any of its capital into shares of larger amount than its existing shares;
- (iii) divide its shares into several classes and without prejudice to any special rights previously conferred on the holders of existing shares attach thereto respectively any preferential, deferred, qualified or special rights, privileges, conditions or restrictions as the Company in general meeting or as the directors may determine;
- (iv) sub-divide its shares or any of them into shares of smaller amount than is fixed by the Memorandum, subject nevertheless to the provisions of the Companies Law, and so that the resolution whereby any share is sub-divided may determine that, as between the holders of the shares resulting from such sub-division, one or more of the shares may have any such preferred or other special rights, over, or may have such deferred rights or be subject to any such restrictions as compared with the others as the Company has power to attach to unissued or new shares; or
- (v) cancel any shares which, at the date of passing of the resolution, have not been taken, or agreed to be taken, by any person, and diminish the amount of its capital by the amount of the shares so cancelled.

The Company may subject to the provisions of the Companies Law reduce its share capital or any capital redemption reserve or other undistributable reserve in any way by special resolution.

(d) Variation of rights of existing shares or classes of shares

Subject to the Companies Law, all or any of the special rights attached to the shares or any class of shares may (unless otherwise provided for by the terms of issue of that class) be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting the provisions of the Articles relating to general meetings will *mutatis mutandis* apply, but so that the necessary quorum

(other than at an adjourned meeting) shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class and at any adjourned meeting two holders present in person or by proxy whatever the number of shares held by them shall be a quorum. Every holder of shares of the class shall be entitled to one vote for every such share held by him.

The special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

(e) Special resolution-majority required

Pursuant to the Articles, a special resolution of the Company must be passed by a majority of not less than three-fourths of the votes cast by such members as, being entitled so to do, vote in person or, in the case of such members as are corporations, by their duly authorized representatives or, where proxies are allowed, by proxy at a general meeting of which notice of not less than twenty-one (21) clear days and not less than ten (10) clear business days specifying the intention to propose the resolution as a special resolution, has been duly given. Provided that if permitted by the Designated Stock Exchange (as defined in the Articles), except in the case of an annual general meeting, if it is so agreed by a majority in number of the members having a right to attend and vote at such meeting, being a majority together holding not less than ninety-five per cent. (95%) in nominal value of the shares giving that right and, in the case of an annual general meeting, if so agreed by all Members entitled to attend and vote thereat, a resolution may be proposed and passed as a special resolution at a meeting of which notice of less than twenty-one (21) clear days and less than ten (10) clear business days has been given.

A copy of any special resolution must be forwarded to the Registrar of Companies in the Cayman Islands within fifteen (15) days of being passed.

An ordinary resolution is defined in the Articles to mean a resolution passed by a simple majority of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of corporations, by their duly authorized representatives or, where proxies are allowed, by proxy at a general meeting held in accordance with the Articles.

(f) Voting rights

Subject to any special rights or restrictions as to voting for the time being attached to any shares by or in accordance with the Articles, at any general meeting on a poll every member present in person or by proxy or, in the case of a member being a corporation, by its duly authorized representative shall have one vote for every fully paid share of which he is the holder but so that no amount paid up or credited as paid up on a share in advance of calls or installments is treated for the foregoing purposes as paid up on the share. A member entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

At any general meeting a resolution put to the vote of the meeting is to be decided by way of a poll save that the chairman of the meeting may in good faith, allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands in which case every member present in person (or being a corporation, is present by a duly authorized representative), or by proxy(ies) shall have one vote provided that where more than one proxy is appointed by a member which is a clearing house (or its nominee(s)), each such proxy shall have one vote on a show of hands.

If a recognised clearing house (or its nominee(s)) is a member of the Company it may authorize such person or persons as it thinks fit to act as its representative(s) at any meeting of the Company or at any meeting of any class of members of the Company provided that, if more than one person is so authorized, the authorization shall specify the number and class of shares in respect of which each such person is so authorized. A person authorized pursuant to this provision shall be deemed to have been duly authorized without further evidence of the facts and be entitled to exercise the same powers on behalf of the recognised clearing house (or its nominee(s)) as if such person was the registered holder of the shares of the Company held by that clearing house (or its nominee(s)) including, where a show of hands is allowed, the right to vote individually on a show of hands.

Where the Company has any knowledge that any shareholder is, under the rules of the Designated Stock Exchange (as defined in the Articles), required to abstain from voting on any particular resolution of the Company or restricted to voting only for or only against any particular resolution of the Company, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.

(g) Requirements for annual general meetings

An annual general meeting of the Company must be held in each year, other than the year of adoption of the Articles (within a period of not more than fifteen (15) months after the holding of the last preceding annual general meeting or a period of eighteen (18) months from the date of adoption of the Articles, unless a longer period would not infringe the rules of any Designated Stock Exchange (as defined in the Articles)) at such time and place as may be determined by the board.

(h) Accounts and audit

The board shall cause true accounts to be kept of the sums of money received and expended by the Company, and the matters in respect of which such receipt and expenditure take place, and of the property, assets, credits and liabilities of the Company and of all other matters required by the Companies Law or necessary to give a true and fair view of the Company's affairs and to explain its transactions.

The accounting records shall be kept at the registered office or at such other place or places as the board decides and shall always be open to inspection by any Director. No member (other than a Director) shall have any right to inspect any accounting record or book or document of the Company except as conferred by law or authorized by the board or the Company in general meeting. However, an exempted

company shall make available at its registered office in electronic form or any other medium, copies of its books of account or parts thereof as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law (2009 Revision) of the Cayman Islands.

A copy of every balance sheet and profit and loss account (including every document required by law to be annexed thereto) which is to be laid before the Company at its general meeting, together with a printed copy of the Directors' report and a copy of the auditors' report, shall not less than twenty-one (21) days before the date of the meeting and at the same time as the notice of annual general meeting be sent to every person entitled to receive notices of general meetings of the Company under the provisions the Articles; however, subject to compliance with all applicable laws, including the rules of the Designated Stock Exchange (as defined in the Articles), the Company may send to such persons summarised financial statements derived from the Company's annual accounts and the directors' report instead provided that any such person may by notice in writing served on the Company, demand that the Company sends to him, in addition to summarised financial statements, a complete printed copy of the Company's annual financial statement and the directors' report thereon.

Auditors shall be appointed and the terms and tenure of such appointment and their duties at all times regulated in accordance with the provisions of the Articles. The remuneration of the auditors shall be fixed by the Company in general meeting or in such manner as the members may determine.

The financial statements of the Company shall be audited by the auditor in accordance with generally accepted auditing standards. The auditor shall make a written report thereon in accordance with generally accepted auditing standards and the report of the auditor shall be submitted to the members in general meeting. The generally accepted auditing standards referred to herein may be those of a country or jurisdiction other than the Cayman Islands. If so, the financial statements and the report of the auditor should disclose this fact and name such country or jurisdiction.

(i) Notices of meetings and business to be conducted thereat

An annual general meeting shall be called by notice of not less than twenty-one (21) clear days and not less than twenty (20) clear business days and any extraordinary general meeting at which it is proposed to pass a special resolution shall (save as set out in sub-paragraph (e) above) be called by notice of at least twenty-one (21) clear days and not less than ten (10) clear business days. All other extraordinary general meetings shall be called by notice of at least fourteen (14) clear days and not less than ten (10) clear business days. The notice must specify the time and place of the meeting and, in the case of special business, the general nature of that business. In addition notice of every general meeting shall be given to all members of the Company other than such as, under the provisions of the Articles or the terms of issue of the shares they hold, are not entitled to receive such notices from the Company, and also to the auditors for the time being of the Company.

Notwithstanding that a meeting of the Company is called by shorter notice than that mentioned above if permitted by the rules of the Designated Stock Exchange, it shall be deemed to have been duly called if it is so agreed:

- (i) in the case of a meeting called as an annual general meeting, by all members of the Company entitled to attend and vote thereat; and
- (ii) in the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting, being a majority together holding not less than ninety-five per cent (95%) in nominal value of the issued shares giving that right.

All business shall be deemed special that is transacted at an extraordinary general meeting and also all business shall be deemed special that is transacted at an annual general meeting with the exception of the following, which shall be deemed ordinary business:

- (aa) the declaration and sanctioning of dividends;
- (bb) the consideration and adoption of the accounts and balance sheet and the reports of the directors and the auditors;
- (cc) the election of directors in place of those retiring;
- (dd) the appointment of auditors and other officers;
- (ee) the fixing of the remuneration of the directors and of the auditors;
- (ff) the granting of any mandate or authority to the directors to offer, allot, grant options over or otherwise dispose of the unissued shares of the Company representing not more than twenty per cent (20%) in nominal value of its existing issued share capital; and
- (gg) the granting of any mandate or authority to the directors to repurchase securities of the Company.

(j) Transfer of shares

All transfers of shares may be effected by an instrument of transfer in the usual or common form or in a form prescribed by the Designated Stock Exchange (as defined in the Articles) or in such other form as the board may approve and which may be under hand or, if the transferor or transferee is a clearing house or its nominee(s), by hand or by machine imprinted signature or by such other manner of execution as the board may approve from time to time. The instrument of transfer shall be executed by or on behalf of the transferor and the transferee provided that the board may dispense with the execution of the instrument of transfer by the transferee in any case in which it thinks fit, in its discretion, to do so and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members in respect thereof. The board may also resolve either generally or in any particular case, upon request by either the transferor or the transferee, to accept mechanically executed transfers.

The board in so far as permitted by any applicable law may, in its absolute discretion, at any time and from time to time transfer any share upon the principal register to any branch register or any share on any branch register to the principal register or any other branch register.

Unless the board otherwise agrees, no shares on the principal register shall be transferred to any branch register nor may shares on any branch register be transferred to the principal register or any other branch register. All transfers and other documents of title shall be lodged for registration and registered, in the case of shares on a branch register, at the relevant registration office and, in the case of shares on the principal register, at the registered office in the Cayman Islands or such other place at which the principal register is kept in accordance with the Companies Law.

The board may, in its absolute discretion, and without assigning any reason, refuse to register a transfer of any share (not being a fully paid up share) to a person of whom it does not approve or any share issued under any share incentive scheme for employees upon which a restriction on transfer imposed thereby still subsists, and it may also refuse to register any transfer of any share to more than four joint holders or any transfer of any share (not being a fully paid up share) on which the Company has a lien.

The board may decline to recognise any instrument of transfer unless a fee of such maximum sum as any Designated Stock Exchange (as defined in the Articles) may determine to be payable or such lesser sum as the Directors may from time to time require is paid to the Company in respect thereof, the instrument of transfer, if applicable, is properly stamped, is in respect of only one class of share and is lodged at the relevant registration office or registered office or such other place at which the principal register is kept accompanied by the relevant share certificate(s) and such other evidence as the board may reasonably require to show the right of the transferor to make the transfer (and if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do).

The registration of transfers may be suspended and the register closed on giving notice by advertisement in a relevant newspaper and, where applicable, any other newspapers in accordance with the requirements of any Designated Stock Exchange (as defined in the Articles), at such times and for such periods as the board may determine and either generally or in respect of any class of shares. The register of members shall not be closed for periods exceeding in the whole thirty (30) days in any year.

(k) Power for the Company to purchase its own shares

The Company is empowered by the Companies Law and the Articles to purchase its own Shares subject to certain restrictions and the Board may only exercise this power on behalf of the Company subject to any applicable requirements imposed from time to time by any Designated Stock Exchange (as defined in the Articles).

(l) Power for any subsidiary of the Company to own shares in the Company and financial assistance to purchase shares of the Company

There are no provisions in the Articles relating to ownership of shares in the Company by a subsidiary.

Subject to compliance with the rules and regulations of the Designated Stock Exchange (as defined in the Articles) and any other relevant regulatory authority, the Company may give financial assistance for the purpose of or in connection with a purchase made or to be made by any person of any shares in the Company.

(m) Dividends and other methods of distribution

Subject to the Companies Law, the Company in general meeting may declare dividends in any currency to be paid to the members but no dividend shall be declared in excess of the amount recommended by the board.

The Articles provide dividends may be declared and paid out of the profits of the Company, realised or unrealised, or from any reserve set aside from profits which the directors determine is no longer needed. With the sanction of an ordinary resolution dividends may also be declared and paid out of share premium account or any other fund or account which can be authorized for this purpose in accordance with the Companies Law.

Except in so far as the rights attaching to, or the terms of issue of, any share may otherwise provide, (i) all dividends shall be declared and paid according to the amounts paid up on the shares in respect whereof the dividend is paid but no amount paid up on a share in advance of calls shall for this purpose be treated as paid up on the share and (ii) all dividends shall be apportioned and paid pro rata according to the amount paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. The Directors may deduct from any dividend or other monies payable to any member or in respect of any shares all sums of money (if any) presently payable by him to the Company on account of calls or otherwise.

Whenever the board or the Company in general meeting has resolved that a dividend be paid or declared on the share capital of the Company, the board may further resolve either (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that the shareholders entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment, or (b) that shareholders entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the board may think fit. The Company may also upon the recommendation of the board by an ordinary resolution resolve in respect of any one particular dividend of the Company that it may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to shareholders to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, interest or other sum payable in cash to the holder of shares may be paid by cheque or warrant sent through the post addressed to the holder at his registered address, or in the case of joint holders, addressed to the holder whose name stands first in the register of the Company in respect of the shares at his address as appearing in the register or addressed to such person and at such addresses as the holder or joint holders may in writing direct. Every such cheque or warrant shall, unless the holder or joint holders otherwise direct, be made payable to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first on the register in respect of such shares, and shall be sent at

his or their risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to the Company. Any one of two or more joint holders may give effectual receipts for any dividends or other moneys payable or property distributable in respect of the shares held by such joint holders.

Whenever the board or the Company in general meeting has resolved that a dividend be paid or declared the board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind.

All dividends or bonuses unclaimed for one year after having been declared may be invested or otherwise made use of by the board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends or bonuses unclaimed for six years after having been declared may be forfeited by the board and shall revert to the Company.

No dividend or other monies payable by the Company on or in respect of any share shall bear interest against the Company.

(n) Proxies

Any member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company or at a class meeting. A proxy need not be a member of the Company and shall be entitled to exercise the same powers on behalf of a member who is an individual and for whom he acts as proxy as such member could exercise. In addition, a proxy shall be entitled to exercise the same powers on behalf of a member which is a corporation and for which he acts as proxy as such member could exercise if it were an individual member. Votes may be given either personally (or, in the case of a member being a corporation, by its duly authorized representative) or by proxy.

(o) Call on shares and forfeiture of shares

Subject to the Articles and to the terms of allotment, the board may from time to time make such calls upon the members in respect of any monies unpaid on the shares held by them respectively (whether on account of the nominal value of the shares or by way of premium). A call may be made payable either in one lump sum or by installments. If the sum payable in respect of any call or instalment is not paid on or before the day appointed for payment thereof, the person or persons from whom the sum is due shall pay interest on the same at such rate not exceeding twenty per cent. (20%) per annum as the board may agree to accept from the day appointed for the payment thereof to the time of actual payment, but the board may waive payment of such interest wholly or in part. The board may, if it thinks fit, receive from any member willing to advance the same, either in money or money's worth, all or any part of the monies uncalled and unpaid or installments payable upon any shares held by him, and upon all or any of the monies so advanced the Company may pay interest at such rate (if any) as the board may decide.

If a member fails to pay any call on the day appointed for payment thereof, the board may serve not less than fourteen (14) clear days' notice on him requiring payment of so much of the call as is unpaid, together with any interest which may have accrued and which may still accrue up to the date of actual payment and stating that, in the event of non-payment at or before the time appointed, the shares in respect of which the call was made will be liable to be forfeited.

If the requirements of any such notice are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the board to that effect. Such forfeiture will include all dividends and bonuses declared in respect of the forfeited share and not actually paid before the forfeiture.

A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares but shall, notwithstanding, remain liable to pay to the Company all monies which, at the date of forfeiture, were payable by him to the Company in respect of the shares, together with (if the board shall in its discretion so require) interest thereon from the date of forfeiture until the date of actual payment at such rate not exceeding twenty per cent. (20%) per annum as the board determines.

(p) Inspection of register of members

Pursuant to the Articles the register and branch register of members shall be open to inspection for at least two (2) hours during business hours by members without charge, or by any other person upon a maximum payment of HK\$2.50 or such lesser sum specified by the board, at the registered office or such other place at which the register is kept in accordance with the Companies Law or, upon a maximum payment of HK\$1.00 or such lesser sum specified by the board, at the Registration Office (as defined in the Articles), unless the register is closed in accordance with the Articles.

(q) Quorum for meetings and separate class meetings

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, but the absence of a quorum shall not preclude the appointment of a chairman.

Save as otherwise provided by the Articles the quorum for a general meeting shall be two members present in person (or, in the case of a member being a corporation, by its duly authorized representative) or by proxy and entitled to vote. In respect of a separate class meeting (other than an adjourned meeting) convened to sanction the modification of class rights the necessary quorum shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class.

A corporation being a member shall be deemed for the purpose of the Articles to be present in person if represented by its duly authorized representative being the person appointed by resolution of the directors or other governing body of such corporation to act as its representative at the relevant general meeting of the Company or at any relevant general meeting of any class of members of the Company.

(r) Rights of the minorities in relation to fraud or oppression

There are no provisions in the Articles relating to rights of minority shareholders in relation to fraud or oppression. However, certain remedies are available to shareholders of the Company under Cayman law, as summarised in paragraph 3(f) of this Appendix.

(s) Procedures on liquidation

A resolution that the Company be wound up by the court or be wound up voluntarily shall be a special resolution.

Subject to any special rights, privileges or restrictions as to the distribution of available surplus assets on liquidation for the time being attached to any class or classes of shares (i) if the Company shall be wound up and the assets available for distribution amongst the members of the Company shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed *pari passu* amongst such members in proportion to the amount paid up on the shares held by them respectively and (ii) if the Company shall be wound up and the assets available for distribution amongst the members as such shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up on the shares held by them respectively.

If the Company shall be wound up (whether the liquidation is voluntary or by the court) the liquidator may, with the authority of a special resolution and any other sanction required by the Companies Law divide among the members in specie or kind the whole or any part of the assets of the Company whether the assets shall consist of property of one kind or shall consist of properties of different kinds and the liquidator may, for such purpose, set such value as he deems fair upon any one or more class or classes of property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members. The liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator, with the like authority, shall think fit, but so that no contributory shall be compelled to accept any shares or other property in respect of which there is a liability.

(t) Untraceable members

Pursuant to the Articles, the Company may sell any of the shares of a member who is untraceable if (i) all cheques or warrants in respect of dividends of the shares in question (being not less than three in total number) for any sum payable in cash to the holder of such shares have remained uncashed for a period of 12 years; (ii) upon the expiry of the 12 year period, the Company has not during that time received any indication of the existence of the member; and (iii) the Company has caused an advertisement to be published in accordance with the rules of the Designated Stock Exchange (as defined in the Articles) giving notice of its intention to sell such shares and a period of three (3) months, or such shorter period as may be permitted by the Designated Stock Exchange (as defined in the Articles), has elapsed since the date of such advertisement and the Designated Stock Exchange (as defined in the Articles) has been notified of

such intention. The net proceeds of any such sale shall belong to the Company and upon receipt by the Company of such net proceeds, it shall become indebted to the former member of the Company for an amount equal to such net proceeds.

(u) Subscription rights reserve

The Articles provide that to the extent that it is not prohibited by and is in compliance with the Companies Law, if warrants to subscribe for shares have been issued by the Company and the Company does any act or engages in any transaction which would result in the subscription price of such warrants being reduced below the par value of a share, a subscription rights reserve shall be established and applied in paying up the difference between the subscription price and the par value of a share on any exercise of the warrants.

3. CAYMAN ISLANDS COMPANY LAW

The Company is incorporated in the Cayman Islands subject to the Companies Law and, therefore, operates subject to Cayman Islands law. Set out below is a summary of certain provisions of Cayman Islands company law, although this does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of Cayman Islands company law and taxation, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar:

(a) Operations

As an exempted company, the Company's operations must be conducted mainly outside the Cayman Islands. The Company is required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the amount of its authorized share capital.

(b) Share capital

The Companies Law provides that where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the value of the premiums on those shares shall be transferred to an account, to be called the "share premium account". At the option of a company, these provisions may not apply to premiums on shares of that company allotted pursuant to any arrangement in consideration of the acquisition or cancellation of shares in any other company and issued at a premium. The Companies Law provides that the share premium account may be applied by the company subject to the provisions, if any, of its memorandum and articles of association in (a) paying distributions or dividends to members; (b) paying up unissued shares of the company to be issued to members as fully paid bonus shares; (c) the redemption and repurchase of shares (subject to the provisions of section 37 of the Companies Law); (d) writing-off the preliminary expenses of the company; and (e) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company.

No distribution or dividend may be paid to members out of the share premium account unless immediately following the date on which the distribution or dividend is proposed to be paid, the company will be able to pay its debts as they fall due in the ordinary course business.

The Companies Law provides that, subject to confirmation by the Grand Court of the Cayman Islands (the “Court”), a company limited by shares or a company limited by guarantee and having a share capital may, if so authorized by its articles of association, by special resolution reduce its share capital in any way.

The Articles includes certain protections for holders of special classes of shares, requiring their consent to be obtained before their rights may be varied. The consent of the specified proportions of the holders of the issued shares of that class or the sanction of a resolution passed at a separate meeting of the holders of those shares is required.

(c) Financial assistance to purchase shares of a company or its holding company

Subject to all applicable laws, the Company may give financial assistance to Directors and employees of the Company, its subsidiaries, its holding company or any subsidiary of such holding company in order that they may buy Shares in the Company or shares in any subsidiary or holding company. Further, subject to all applicable laws, the Company may give financial assistance to a trustee for the acquisition of Shares in the Company or shares in any such subsidiary or holding company to be held for the benefit of employees of the Company, its subsidiaries, any holding company of the Company or any subsidiary of any such holding company (including salaried Directors).

There is no statutory restriction in the Cayman Islands Companies Law on the provision of financial assistance by a company to another person for the purchase of, or subscription for, its own or its holding company’s shares. Accordingly, a company may provide financial assistance if the directors of the company consider, in discharging their duties of care and acting in good faith, for a proper purpose and in the interests of the company, that such assistance can properly be given. Such assistance should be on an arm’s length basis.

(d) Purchase of shares and warrants by a company and its subsidiaries

Subject to the provisions of the Companies Law, a company limited by shares or a company limited by guarantee and having a share capital may, if so authorized by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a shareholder and the Companies Law expressly provides that it shall be lawful for the rights attaching to any shares to be varied, subject to the provisions of the company’s articles of association, so as to provide that such shares are to be or are liable to be so redeemed. In addition, such a company may, if authorized to do so by its articles of association, purchase its own shares, including any redeemable shares. However, if the articles of association do not authorize the manner and terms of purchase, a company cannot purchase any of its own shares unless the manner and terms of purchase have first been authorized by an ordinary resolution of the company. At no time may a company redeem or purchase its shares unless they are fully paid. A company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any issued shares of the company other than shares held as treasury shares. A payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

Shares purchased by a company shall be treated as cancelled unless, subject to the memorandum and articles of association of the company, the directors of the company resolve to hold such shares in the name of the company as treasury shares prior to the purchase. Where shares of a company are held as treasury shares, the company shall be entered in the register of members as holding those shares, however, notwithstanding the foregoing, the company shall not be treated as a member for any purpose and shall not exercise any right in respect of the treasury shares, and any purported exercise of such a right shall be void, and a treasury share shall not be voted, directly or indirectly, at any meeting of the company and shall not be counted in determining the total number of issued shares at any given time, whether for the purposes of the company's articles of association or the Companies Law. Further, no dividend may be declared or paid, and no other distribution (whether in cash or otherwise) of the company's assets (including any distribution of assets to members on a winding up) may be made to the company, in respect of a treasury share.

A company is not prohibited from purchasing and may purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. There is no requirement under Cayman Islands law that a company's memorandum or articles of association contain a specific provision enabling such purchases and the directors of a company may rely upon the general power contained in its memorandum of association to buy and sell and deal in personal property of all kinds.

Under Cayman Islands law, a subsidiary may hold shares in its holding company and, in certain circumstances, may acquire such shares.

(e) Dividends and distributions

With the exception of section 34 of the Companies Law, there is no statutory provisions relating to the payment of dividends. Based upon English case law, which is regarded as persuasive in the Cayman Islands, dividends may be paid only out of profits. In addition, section 34 of the Companies Law permits, subject to a solvency test and the provisions, if any, of the company's memorandum and articles of association, the payment of dividends and distributions out of the share premium account (see paragraph 2(m) above for further details).

(f) Protection of minorities

The Cayman Islands courts ordinarily would be expected to follow English case law precedents which permit a minority shareholder to commence a representative action against or derivative actions in the name of the company to challenge (a) an act which is ultra vires the company or illegal, (b) an act which constitutes a fraud against the minority and the wrongdoers are themselves in control of the company, and (c) an irregularity in the passing of a resolution which requires a qualified (or special) majority.

In the case of a company (not being a bank) having a share capital divided into shares, the Court may, on the application of members holding not less than one fifth of the shares of the company in issue, appoint an inspector to examine into the affairs of the company and to report thereon in such manner as the Court shall direct.

Any shareholder of a company may petition the Court which may make a winding up order if the Court is of the opinion that it is just and equitable that the company should be wound up or, as an alternative to a winding up order, (a) an order regulating the conduct of the company's affairs in the future, (b) an order requiring the company to refrain from doing or continuing an act complained of by the shareholder petitioner or to do an act which the shareholder petitioner has complained it has omitted to do, (c) an order authorizing civil proceedings to be brought in the name and on behalf of the company by the shareholder petitioner on such terms as the Court may direct, or (d) an order providing for the purchase of the shares of any shareholders of the company by other shareholders or by the company itself and, in the case of a purchase by the company itself, a reduction of the company's capital accordingly.

Generally claims against a company by its shareholders must be based on the general laws of contract or tort applicable in the Cayman Islands or their individual rights as shareholders as established by the company's memorandum and articles of association.

(g) Management

The Companies Law contains no specific restrictions on the power of directors to dispose of assets of a company. However, as a matter of general law, every officer of a company, which includes a director, managing director and secretary, in exercising his powers and discharging his duties must do so honestly and in good faith with a view to the best interests of the company and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

(h) Accounting and auditing requirements

A company shall cause proper books of account to be kept with respect to (i) all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place; (ii) all sales and purchases of goods by the company; and (iii) the assets and liabilities of the company.

Proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

(i) Exchange control

There are no exchange control regulations or currency restrictions in the Cayman Islands.

(j) Taxation

Pursuant to section 6 of the Tax Concessions Law (1999 Revision) of the Cayman Islands, the Company has obtained an undertaking from the Governor-in-Cabinet:

- (1) that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciation shall apply to the Company or its operations; and

- (2) that the aforesaid tax or any tax in the nature of estate duty or inheritance tax shall not be payable on or in respect of the shares, debentures or other obligations of the Company.

The undertaking for the Company is for a period of twenty years from 22 November, 2011.

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands save certain stamp duties which may be applicable, from time to time, on certain instruments executed in or brought within the jurisdiction of the Cayman Islands. The Cayman Islands are not party to any double tax treaties.

(k) Stamp duty on transfers

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands.

(l) Loans to directors

There is no express provision in the Companies Law prohibiting the making of loans by a company to any of its directors.

(m) Inspection of corporate records

Members of the Company will have no general right under the Companies Law to inspect or obtain copies of the register of members or corporate records of the Company. They will, however, have such rights as may be set out in the Company's Articles.

An exempted company may maintain its principal register of members and any branch registers at such locations, whether within or without the Cayman Islands, as the directors may, from time to time, think fit. A branch register shall be kept in the same manner in which a principal register is by the Companies Law required or permitted to be kept. The company shall cause to be kept at the place where the company's principal register is kept a duplicate of any branch register duly entered up from time to time. There is no requirement under the Companies Law for an exempted company to make any returns of members to the Registrar of Companies of the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection. However, an exempted company shall make available at its registered office, in electronic form or any other medium, such register of members, including any branch register of members, as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law (2009 Revision) of the Cayman Islands.

(n) Winding up

A company may be wound up compulsorily by order of the Court voluntarily; or, under supervision of the Court. The Court has authority to order winding up in a number of specified circumstances including where it is, in the opinion of the Court, just and equitable to do so.

A company may be wound up voluntarily when the members so resolve in general meeting by special resolution, or, in the case of a limited duration company, when the period fixed for the duration of the company by its memorandum or articles expires, or the event occurs on the occurrence of which the memorandum or articles provides that the company is to be dissolved, or, the company does not commence business for a year from its incorporation (or suspends its business for a year), or, the company is unable to pay its debts. In the case of a voluntary winding up, such company is obliged to cease to carry on its business from the time of passing the resolution for voluntary winding up or upon the expiry of the period or the occurrence of the event referred to above.

For the purpose of conducting the proceedings in winding up a company and assisting the Court, there may be appointed one or more than one person to be called an official liquidator or official liquidators; and the Court may appoint to such office such qualified person or persons, either provisionally or otherwise, as it thinks fit, and if more persons than one are appointed to such office, the Court shall declare whether any act hereby required or authorized to be done by the official liquidator is to be done by all or any one or more of such persons. The Court may also determine whether any and what security is to be given by an official liquidator on his appointment; if no official liquidator is appointed, or during any vacancy in such office, all the property of the company shall be in the custody of the Court. A person shall be qualified to accept an appointment as an official liquidator if he is duly qualified in terms of the Insolvency Practitioners Regulations. A foreign practitioner may be appointed to act jointly with a qualified insolvency practitioner.

In the case of a members' voluntary winding up of a company, the company in general meeting must appoint one or more liquidators for the purpose of winding up the affairs of the company and distributing its assets. A declaration of solvency must be signed by all the directors of a company being voluntarily wound up within twenty-eight (28) days of the commencement of the liquidation, failing which, its liquidator must apply to Court for an order that the liquidation continue under the supervision of the Court.

Upon the appointment of a liquidator, the responsibility for the company's affairs rests entirely in his hands and no future executive action may be carried out without his approval. A liquidator's duties are to collect the assets of the company (including the amount (if any) due from the contributories), settle the list of creditors and, subject to the rights of preferred and secured creditors and to any subordination agreements or rights of set-off or netting of claims, discharge the company's liability to them (*pari passu* if insufficient assets exist to discharge the liabilities in full) and to settle the list of contributories (shareholders) and divide the surplus assets (if any) amongst them in accordance with the rights attaching to the shares.

As soon as the affairs of the company are fully wound up, the liquidator must make up an account of the winding up, showing how the winding up has been conducted and the property of the company has been disposed of, and thereupon call a general meeting of the company for the purposes of laying before it the account and giving an explanation thereof. At least twenty-one (21) days before the final meeting, the liquidator shall send a notice specifying the time, place and object of the meeting to each contributory in any manner authorized by the company's articles of association and published in the Gazette in the Cayman Islands.

(o) Reconstructions

There are statutory provisions which facilitate reconstructions and amalgamations approved by a majority in number representing seventy-five per cent. (75%) in value of shareholders or class of shareholders or creditors, as the case may be, as are present at a meeting called for such purpose and thereafter sanctioned by the Court. Whilst a dissenting shareholder would have the right to express to the Court his view that the transaction for which approval is sought would not provide the shareholders with a fair value for their shares, the Court is unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management.

(p) Compulsory acquisition

Where an offer is made by a company for the shares of another company and, within four (4) months of the offer, the holders of not less than ninety per cent. (90%) of the shares which are the subject of the offer accept, the offeror may at any time within two (2) months after the expiration of the said four (4) months, by notice in the prescribed manner require the dissenting shareholders to transfer their shares on the terms of the offer. A dissenting shareholder may apply to the Court within one (1) month of the notice objecting to the transfer. The burden is on the dissenting shareholder to show that the Court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority shareholders.

(q) Indemnification

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the court to be contrary to public policy (e.g. for purporting to provide indemnification against the consequences of committing a crime).

4. GENERAL

Conyers Dill & Pearman (Cayman) Limited, the Company's special legal counsel on Cayman Islands law, have sent to the Company a letter of advice summarising certain aspects of Cayman Islands company law. This letter, together with a copy of the Companies Law, is available for inspection as referred to in the paragraph headed "Documents available for inspection" in Appendix VI. Any person wishing to have a detailed summary of Cayman Islands company law or advice on the differences between it and the laws of any jurisdiction with which he is more familiar is recommended to seek independent legal advice.

A. FURTHER INFORMATION ABOUT OUR COMPANY**1. Incorporation**

Our Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on November 3, 2011. Our Company has been registered as a non-Hong Kong company under Part XI of the Companies Ordinance on May 27, 2013 and our Company's principal place of business in Hong Kong is at Room 03, 16/F, Billion Plaza, 8 Cheung Yue Street, Cheung Sha Wan, Kowloon. Ms. Lai Wah Wong of Room 2005, 20/F, Block R, Luk Yeung Sun Chuen, Tsuen Wan, Hong Kong, a Hong Kong resident, has been appointed as the authorized representative of our Company for the acceptance of service of process and notices in Hong Kong.

As our Company was incorporated in the Cayman Islands, it operates subject to the relevant law of the Cayman Islands and its constitution which comprises a memorandum of association and the articles of association. A summary of the relevant aspects of the Companies Law and certain provisions of Articles of Association is set out in Appendix IV to this prospectus.

2. Changes in share capital of our Company

As at the date of the incorporation of our Company, its authorized share capital was HK\$380,000 divided into 38,000,000 Shares of HK\$0.01 each. The following sets out the changes in the share capital of our Company since the date of its incorporation:

- (a) On November 3, 2011, one fully paid share of par value of HK\$0.01 was allotted and issued to Codan Trust Company (Cayman) Limited as the initial subscriber, which was subsequently transferred to Acute Result on the same day.
- (b) On July 31, 2012, our Company allotted and issued 66, 15, ten and eight new Shares, credited as fully paid, to Acute Result, Multiplus International, Ascend Fame and Keen Network, respectively.
- (c) On July 31, 2012, as the consideration for the acquisition of the entire issued share capital of Grandfull International and Cabbeen International Holdings from our Controlling Shareholder, Mr. Ziming Yang, our Company, at the direction of Mr. Yang, allotted and issued 67, 15, ten and eight new Shares to Acute Result, Multiplus International, Ascend Fame and Keen Network, respectively, all credited as fully paid, and such Shares rank pari passu in all respects with all other Shares then in issue.
- (d) On October 8, 2013, our Shareholders resolved to increase the authorized share capital of our Company from HK\$380,000 divided into 38,000,000 Shares of HK\$0.01 each to HK\$100,000,000 divided into 10,000,000,000 Shares of HK\$0.01 each.

Immediately following completion of the Capitalization Issue and the Global Offering and assuming that the Over-allotment Option is not exercised, the authorized share capital of our Company will be HK\$100,000,000 divided into 10,000,000,000 Shares, of which 700,000,000 Shares will be issued as fully paid, and 9,300,000,000 Shares will remain unissued. Other than pursuant to the general mandate to issue Shares referred to in the paragraph headed “4. Written resolutions of our Shareholders passed on October 8, 2013” in this Appendix, our Directors do not have any present intention to issue any of the authorized but unissued share capital of our Company and, without prior approval of our Shareholders in general meeting, no issue of Shares will be made which would effectively alter the control of our Company.

Save as disclosed in this prospectus, there has been no alteration in the share capital of our Company since its incorporation.

3. Changes in share capital of our subsidiaries

The following alterations in the share capital or registered capital of our subsidiaries took place within the two years immediately preceding the date of this prospectus:

Grandfull International

On July 31, 2012, our Company acquired the entire issued share capital of Grandfull International from Mr. Yang. Immediately upon the completion of such transfer, Grandfull International became a direct wholly-owned subsidiary of our Company.

Cabbeen International Holdings

On July 31, 2012, our Company acquired the entire issued share capital of Cabbeen International Holdings from Mr. Yang. Immediately upon the completion of such transfer, Cabbeen International Holdings became a direct wholly-owned subsidiary of our Company.

First Express

On July 31, 2012, our Company acquired the entire issued share capital of First Express from Grandfull International. Immediately upon the completion of such transfer, First Express became a direct wholly-owned subsidiary of our Company.

Save as set out above, there has been no alteration in the share capital of any of our subsidiaries of our Company within the two years immediately preceding the date of this prospectus.

4. Written resolutions of our Shareholders passed on October 8, 2013

Pursuant to the written resolutions of all Shareholders entitled to vote at general meetings of our Company, which were passed on October 8, 2013:

- (a) the authorized share capital of our Company was increased from HK\$380,000 divided into 38,000,000 Shares of HK\$0.01 each to HK\$100,000,000 divided into 10,000,000,000 Shares of HK\$0.01 each which shall rank pari passu in all respects with the Shares in issue as at the date of the passing of these written resolutions;
- (b) subject to the share premium account of our Company being credited as a result of the Global Offering, our Directors were authorized to allot and issue a total of 524,999,800 Shares and apply it towards paying up in full at par to the Shareholders whose names appear on the register of members of our Company as at 8:00 a.m. on October 28, 2013 (or such other date and time as may be agreed between the Joint Global Coordinators and our Company, being the latest time for the Global Offering becoming unconditional) in proportion (as nearly as possible without involving fractions) to their respective existing shareholdings by way of capitalization of the sum of HK\$5,249,998 standing to the credit of the share premium account of our Company and the Shares to be allotted and issued pursuant to this resolution shall rank pari passu in all respects with the existing issued Shares;
- (c) conditional upon (i) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, our Shares in issue and to be issued (pursuant to the Capitalization Issue, the Global Offering, the Over-allotment Option, the Pre-IPO Share Option Scheme and the Share Option Scheme) as mentioned in this prospectus; and (ii) the obligations of the Underwriters under the Underwriting Agreements becoming unconditional (including, if relevant, as a result of the waiver of any condition(s)) and not being terminated in accordance with the terms of the Underwriting Agreements or otherwise:
 - (i) the Global Offering and the Over-allotment Option were approved and our Directors were authorized to allot and issue the Offer Shares and the Shares as may be required to be allotted and issued upon the exercise of the Over-allotment Option on and subject to the terms and conditions stated in this prospectus, the relevant application forms and the Underwriting Agreements;
 - (ii) the rules of the Pre-IPO Share Option Scheme, the principal terms of which are set out in the paragraph headed “G. Pre-IPO Share Option Scheme” in this Appendix were approved and adopted and our Directors were authorized to take all such actions as they consider necessary and/or desirable to implement and give effect to the Pre-IPO Share Option Scheme and to grant options to subscribe for Shares thereunder and to allot, issue and deal with Shares pursuant to the exercise of options granted thereunder;

- (iii) the rules of the Share Option Scheme were approved and adopted, and our Directors or any committee thereof established by the Board were authorized, at their sole discretion, to: (i) administer the Share Option Scheme; (ii) modify/amend the Share Option Scheme from time to time as requested by the Stock Exchange; (iii) grant options to subscribe for Shares under the Share Option Scheme up to the limits referred to in the Share Option Scheme; (iv) allot, issue and deal with Shares pursuant to the exercise of any option which may be granted under the Share Option Scheme; (v) make application at the appropriate time or times to the Stock Exchange for the listing of, and permission to deal in, any Shares or any part thereof that may hereafter from time to time be issued and allotted pursuant to the exercise of the options granted under the Share Option Scheme; and (vi) take all such actions as they consider necessary, desirable or expedient to implement or give effect to the Share Option Scheme;
- (d) a general unconditional mandate was given to our Directors to exercise all the powers of our Company to allot, issue and deal with (including the power to make an offer or agreement, or grant securities which would or might require Shares to be allotted and issued), otherwise than by way of Rights Issue, or pursuant to any scrip dividend schemes or similar arrangements providing for the allotment and issue of Shares in lieu of the whole or part of a dividend on Shares in accordance with the Articles or pursuant to the issue of Shares upon the exercise of any subscription rights attached to any warrants of our Company or pursuant to the exercise of options granted under the Pre-IPO Share Option Scheme and may be granted under the Share Option Scheme or any other option scheme(s) or similar arrangement for the time being adopted for the grant or issue to directors and/or officers and/or employees of our Group or rights to acquire Shares or pursuant to a specific authority granted by the Shareholders in general meeting, the Shares with an aggregate nominal amount not exceeding 20% of the aggregate nominal amount of the share capital of our Company in issue immediately following completion of the Capitalization Issue and the Global Offering but before any exercise of the Over-allotment Option;

For the purpose of this paragraph, “Rights Issue” means an offer of shares in our Company, or offer or issue of warrants, options or other securities giving rights to subscribe for shares open for a period fixed by our Directors to holders of shares in our Company on the register on a fixed record date in proportion to their holdings of shares (subject to such exclusion or other arrangements as our Directors may deem necessary or expedient in relation to fractional entitlements, or having regard to any restrictions or obligations under the laws of, or the requirements of, or the expense or delay which may be involved in determining the existence or extent of any restrictions or obligations under the laws of, or the requirements of, any jurisdiction applicable to our Company, or any recognized regulatory body or any stock exchange applicable to our Company);

- (e) a general unconditional mandate was given to our Directors to exercise all powers of our Company to repurchase on the Stock Exchange, or on any other stock exchange on which the securities of our Company may be listed and which is recognized by the SFC and the Stock Exchange for this purpose, such number of Shares with an aggregate nominal value not exceeding 10% of the aggregate nominal amount of the share capital of our Company in issue immediately following completion of the Capitalization Issue and the Global Offering but before the exercise of the Over-allotment Option, any options granted under the Pre-IPO Share Option Scheme and any options which may be the Share Option Scheme;
- (f) the extension of the general mandate to allot, issue and deal with Shares as mentioned in paragraph (d) above by the addition to the aggregate nominal value of the share capital of our Company which may be allotted or agreed conditionally or unconditionally to be allotted by our Directors pursuant to such general mandate of an amount representing the aggregate nominal value of the share capital of our Company repurchased by our Company pursuant to paragraph (e) above was given to our Directors, provided that such extended amount shall not exceed 10% of the aggregate of the total nominal value of the share capital of our Company in issue immediately following completion of the Capitalization Issue and the Global Offering but before the exercise of the Over-allotment Option was approved;
- (g) the Articles of Association were conditionally adopted;
- (h) the service agreements entered into by our Company with each of our Directors were approved; and
- (i) each of the Cabbeen China Warehouse Lease, Cabbeen China Office Lease and Cabbeen Guangzhou Lease was approved.

Each of the general mandates referred to in paragraphs (d), (e) and (f) above will remain in effect until whichever is the earliest of:

- (1) the conclusion of our next annual general meeting, unless renewed by an ordinary resolution of our Shareholders in a general meeting, either unconditionally or subject to conditions;
- (2) the expiration of the period within which our Company is required by any applicable law or the Articles of Association to hold our next annual general meeting; or
- (3) the time when such mandate is varied or revoked by an ordinary resolution of our Shareholders in a general meeting.

5. Repurchase of our Shares

This section includes information relating to the repurchases of securities, including information required by the Stock Exchange to be included in this prospectus concerning such repurchase.

(a) Provisions of the Listing Rules

The Listing Rules permit companies whose primary listing is on the Stock Exchange to repurchase their securities on the Stock Exchange subject to certain restrictions, the most important restrictions are summarized below:

(i) Shareholders' approval

All proposed repurchases of Shares must be approved in advance by an ordinary resolution of the Shareholders in a general meeting, either by way of general mandate or by specific approval in relation to a particular transaction.

Pursuant to the written resolutions passed on October 8, 2013 by all our Shareholders, a general unconditional mandate (the "Repurchase Mandate") was given to our Directors to exercise all powers of our Company to repurchase Shares (Shares which may be listed on the Stock Exchange) with a total nominal value of not more than 10% of the aggregate nominal value of our share capital in issue or to be issued immediately following completion of the Global Offering, further details of which have been described above in the paragraph headed "4. Written resolutions of our Shareholders passed on October 8, 2013" in this Appendix.

(ii) Source of funds

Any repurchases of Shares by us must be paid out of funds legally available for the purpose in accordance with our Articles of Association, the Listing Rules and the Companies Law. We are not permitted to repurchase our Shares on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time.

(iii) Shares to be repurchased

The Listing Rules provide that the Shares which are proposed to be repurchased by us must be fully-paid up.

(b) Reasons for repurchases

Our Directors believe that it is in the best interests of our Company and our Shareholders for our Directors to have general authority from the Shareholders to enable them to repurchase Shares in the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share and will only be made where the Directors believe that such repurchases will benefit our Company and our Shareholders.

(c) *Funding of repurchases*

In repurchasing Shares, we may only apply funds legally available for such purpose in accordance with the Articles of Association, the Listing Rules and the applicable laws and regulations of the Cayman Islands.

On the basis of our Company's current financial position as disclosed in this prospectus and taking into account its current working capital position, our Directors consider that, if the Repurchase Mandate is exercised in full, it might have a material adverse effect on our working capital and/or gearing position as compared with the position disclosed in this prospectus. However, our Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on our working capital requirements or the gearing levels which in the opinion of our Directors are from time to time appropriate for us.

(d) *General*

None of our Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their associates (as defined in the Listing Rules) currently intends to sell any Shares to us.

Our Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the Listing Rules and the applicable laws and regulations of the Cayman Islands. If, as a result of any repurchase of Shares, a shareholder's proportionate interest in the voting rights is increased, such increase will be treated as an acquisition for the purposes of the Hong Kong Code on Takeovers and Mergers (the "Takeovers Code"). Accordingly, a shareholder or a group of shareholders acting in concert could obtain or consolidate control of us and become obliged to make a mandatory offer in accordance with rule 26 of the Takeovers Code. Save as aforesaid, our Directors are not aware of any consequences which would arise under the Takeovers Code as a consequence of any repurchases pursuant to the Repurchase Mandate.

We have not made any repurchases of our own securities in the past six months.

No connected person has notified us that he/she has a present intention to sell Shares to us, or has undertaken not to do so, if the Repurchase Mandate is exercised.

B. CORPORATE REORGANIZATION

In order to streamline the corporate structure and rationalize our corporate structure for the Listing, our Group underwent the Corporate Reorganization. Please see the sub-section headed "History and Corporate Structure — Corporate Reorganization" in this prospectus for details.

C. FURTHER INFORMATION ABOUT OUR BUSINESS**1. Summary of the material contracts**

The following contracts (not being contracts entered into in the ordinary course of business) were entered into by our Group within the two years preceding the date of this prospectus and are or may be material:

- (a) a sales and purchase agreement in Chinese dated February 28, 2012 entered into between Cabbeen China First Branch and Shishi Haoyu, pursuant to which Cabbeen China First Branch agreed to sell certain inventory of apparel products to Shishi Haoyu for a consideration of RMB12,775,402.47;
- (b) a sales and purchase agreement in Chinese dated February 28, 2012 entered into between Cabbeen China First Branch and Shishi Haoyu, pursuant to which Cabbeen China First Branch agreed to sell certain inventory of raw materials and apparel products to Shishi Haoyu for a consideration of RMB22,457,778.25;
- (c) a sales and purchase agreement in Chinese dated February 28, 2012 entered into between Cabbeen China First Branch and Shishi Haoyu, pursuant to which Cabbeen China First Branch agreed to sell certain equipment and fixed assets to Shishi Haoyu for a consideration of RMB14,321,230.80;
- (d) a share transfer agreement in Chinese dated July 31, 2012 entered into between Mr. Yang and our Company, pursuant to which Mr. Yang agreed to transfer the entire issued share capital of each of Grandfull International and Cabbeen International Holdings to our Company in consideration for our Company allotting and issuing 67 Shares to Acute Result, 15 Shares to Multiplus International, 10 Shares to Ascend Fame and eight Shares to Keen Network, all credited as fully paid;
- (e) a repayment agreement in Chinese dated September 30, 2012 entered into between Cabbeen China and Shishi Haoyu, pursuant to which the parties agreed that the amount of RMB45,260,967.25 owed by Shishi Haoyu to Cabbeen China as at September 30, 2012 shall be repaid in accordance with the repayment schedule set out therein, as described in the paragraph headed “History and Corporate Structure — Our History and Development” in this prospectus;
- (f) the Deed of Non-competition;
- (g) the Deed of Indemnity;
- (h) a cornerstone investment agreement dated October 14, 2013 entered into among our Company, the Joint Global Coordinators, Merrill Lynch Far East Limited and Milestone Fashion II Limited, pursuant to which Milestone Fashion II Limited agreed to subscribe for such maximum number of our Shares as may be purchased with US\$18 million at the Offer Price as described in the section “Cornerstone Investor” in this prospectus; and
- (i) the Hong Kong Underwriting Agreement.










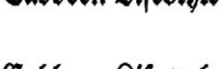


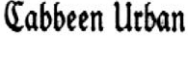
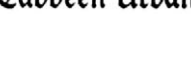

2. Intellectual property rights of our Group

Trademarks

As at the Latest Practicable Date, we have registered 265 trademarks in the PRC, including the following trademarks which, in the opinion of our Directors, material to our business:




No.	Trademark	Place of registration	Class	Registration number	Expiry date
1		PRC	25	1089172	August 27, 2017
2		PRC	35	1397647	May 13, 2020
3		PRC	25	1713135	February 13, 2022
4		PRC	35	5939869	July 27, 2020
5		PRC	18	5939870	August 6, 2021
6		PRC	25	9282803	April 6, 2022
7	卡宾	PRC	25	1210777	September 27, 2018
8	卡宾	PRC	35	5939867	July 27, 2020
9	卡宾	PRC	18	5939868	August 6, 2021
10	卡宾	PRC	25	9282824	April 6, 2022
11	卡賓	PRC	35	1397646	May 13, 2020
12	 卡賓	PRC	18	1624640	August 27, 2021
13	 卡賓	PRC	25	1633243	September 13, 2021

No.	Trademark	Place of registration	Class	Registration number	Expiry date
14	 卡 賓	PRC	26	1641060	September 27, 2021
15	 卡 賓	PRC	03	3047628	April 6, 2013
16	 卡 賓	PRC	06	3047629	March 27, 2023
17	 卡 賓	PRC	09	3047631	January 27, 2014
18	 卡 賓	PRC	14	3047635	December 27, 2022
19	 卡 賓	PRC	20	3047637	May 20, 2013
20	 卡 賓	PRC	24	3047642	May 20, 2013
21	 卡 賓	PRC	26	3047643	February 13, 2014
22	 卡 賓	PRC	32	3047648	March 13, 2023
23	 卡 賓	PRC	33	3047649	February 27, 2023

No.	Trademark	Place of registration	Class	Registration number	Expiry date
24		PRC	25	1705481	January 27, 2022
25		PRC	9	9397244	June 20, 2022
26		PRC	24	9397453	June 13, 2022
27		PRC	18	8370959	June 20, 2021
28		PRC	25	8371007	June 27, 2021
29		PRC	26	9397499	May 13, 2022
30		PRC	35	8371046	November 6, 2021
31		PRC	3	9470641	June 6, 2022
32		PRC	6	9470715	June 6, 2022
33		PRC	20	9475976	June 6, 2022
34		PRC	32	9480808	June 6, 2022
35		PRC	33	9480870	June 6, 2022
36		PRC	3	9287582	April 13, 2022
37		PRC	6	9293260	April 13, 2022
38		PRC	9	9293887	May 20, 2022








No.	Trademark	Place of registration	Class	Registration number	Expiry date
39	Cabbeen Urban	PRC	14	9311079	April 20, 2022
40	Cabbeen Urban	PRC	18	7850360	December 13, 2020
41	Cabbeen Urban	PRC	20	9317320	April 20, 2022
42	Cabbeen Urban	PRC	24	9323621	June 20, 2022
43	Cabbeen Urban	PRC	25	7850483	December 13, 2020
44	Cabbeen Urban	PRC	26	9325214	April 27, 2022
45	Cabbeen Urban	PRC	32	9335271	April 27, 2022
46	Cabbeen Urban	PRC	33	9335344	April 27, 2022
47	Cabbeen Urban	PRC	35	7854295	July 27, 2021
48	Cabbeen Chic	PRC	3	9287595	April 13, 2022
49	Cabbeen Chic	PRC	6	9293422	April 13, 2022
50	Cabbeen Chic	PRC	9	9293966	May 20, 2022
51	Cabbeen Chic	PRC	14	9316717	April 20, 2022
52	Cabbeen Chic	PRC	18	7850390	July 6, 2022
53	Cabbeen Chic	PRC	20	9322946	April 20, 2022
54	Cabbeen Chic	PRC	24	9325157	April 27, 2022
55	Cabbeen Chic	PRC	25	7850513	January 27, 2021
56	Cabbeen Chic	PRC	26	9330194	May 13, 2022

No.	Trademark	Place of registration	Class	Registration number	Expiry date
57	Cabbeen Chic	PRC	32	9335297	April 27, 2022
58	Cabbeen Chic	PRC	33	9335368	April 27, 2022
59	Cabbeen Chic	PRC	35	7854311	July 27, 2021
60		PRC	18	7850403	November 6, 2022
61		PRC	25	7850521	December 6, 2022
62		PRC	35	7854313	July 27, 2021
63		PRC	35	3596186	March 27, 2015
64		PRC	25	3596187	May 20, 2018
65		PRC	18	3596188	September 13, 2018
66		PRC	32	4133198	January 27, 2019
67		PRC	26	4133203	January 13, 2018
68		PRC	24	4133204	April 20, 2019
69		PRC	20	4133208	August 6, 2017
70		PRC	14	4133210	June 27, 2017
71		PRC	09	4133215	December 6, 2019
72		PRC	06	4133217	October 13, 2016
73		PRC	03	4133218	June 13, 2017

No.	Trademark	Place of registration	Class	Registration number	Expiry date
74		PRC	33	4133347	September 13, 2016
75		PRC	25	5662624	August 27, 2020
76		PRC	35	5662625	October 27, 2019
77	Cabbeen , new vision, new world	PRC	25	9742502	September 13, 2022
78	Cabbeen , new vision, new world	PRC	35	9742936	September 27, 2022
79	Cabbeen , new vision, new world	PRC	18	9747992	September 13, 2022
80	Cabbeen , vision create world	PRC	35	9742962	September 27, 2022
81	卡宾, 换个角度看世界	PRC	18	9747964	September 13, 2022
82	卡宾, 换个角度看世界	PRC	35	9742907	September 13, 2022
83	卡宾, 视界创造世界	PRC	35	9742876	September 13, 2022
84	卡宾, 视界另有世界	PRC	35	9742863	September 13, 2022
85	Cabbeen Lifestyle	PRC	14	9397351	April 6, 2023

As at the Latest Practicable Date, we have registered 41 trademarks in countries and regions outside the PRC, including the following trademarks which, in the opinion of our Directors, material to our business:

No.	Trademark	Place of registration	Class	Registration number	Expiry date
1	^A 卡賓 ^B 卡宾	Hong Kong	18	301774116	November 26, 2020
2	 卡賓	Hong Kong	25	300013599	May 2, 2023
3	Cabbeen	Hong Kong	18	301774125	November 26, 2020
4	Cabbeen	Macau	18	N/017879	November 9, 2019
5	Cabbeen	Macau	35	N/017880	November 9, 2019
6	卡宾	Macau	18	N/053089	October 11, 2018
7	Cabbeen	Macau	25	N/053088	October 11, 2018
8	卡宾	Macau	25	N/053090	October 11, 2018
9	卡宾	Macau	35	N/053091	October 11, 2018
10	 卡賓	Taiwan	25	01035395	February 28, 2023
11	 卡賓	Taiwan	25	01071795	November 30, 2013
12	 卡賓	Taiwan	18	01101658	May 15, 2014

No.	Trademark	Place of registration	Class	Registration number	Expiry date
13		Taiwan	35	01116744	August 15, 2014
14	Cabbeen	Taiwan	18	01499440	January 15, 2022
15	卡宾	Taiwan	25	01499655	January 15, 2022
16	卡宾	Taiwan	18	01502645	January 31, 2022
17	Cabbeen	Taiwan	25	01502866	January 31, 2022
18	卡宾	Taiwan	35	01503566	January 31, 2022
19	Cabbeen	Taiwan	35	01503567	January 31, 2022
20		Vietnam	18/25/35	66090	March 17, 2014
21		Thailand	18	TM222780	August 23, 2014
22		Thailand	25	TM222781	August 23, 2014
23		Thailand	35	SM32351	August 23, 2014
24		Malaysia	25	04012340	August 20, 2014
25		Malaysia	18	04012341	August 20, 2014



No.	Trademark	Place of registration	Class	Registration number	Expiry date
26		Malaysia	35	04012342	August 20, 2014
27		Indonesia	18	IDM000079829	November 7, 2014
28		Indonesia	25	IDM000224647	March 18, 2014
29		Indonesia	35	IDM000235899	February 22, 2015
30		Philippines	18/25/35	4-2004-008084	June 8, 2016
31	Cabbeen	India	18	2072801	December 21, 2020
32	Cabbeen	Singapore	18	T04/20896D	November 29, 2014
33	Cabbeen	Singapore	25	T04/20897B	November 29, 2014
34	Cabbeen	Singapore	35	T04/20898J	November 29, 2014
35	Cabbeen	Brunei	25	36619	October 27, 2014
36		Korea	25	40-0555350	August 1, 2023
37		Australia	18/25/35	1026226	October 20, 2014








No.	Trademark	Place of registration	Class	Registration number	Expiry date
38	 卡 宾	New Zealand	18/25/35	720297	October 20, 2014
39	 卡 宾	USA	25	2971485	July 18, 2015
40	Cabbeen 卡 宾	USA	18/35	3353767	December 10, 2017
41	Cabbeen	Designations under the Madrid Agreement and Protocol ⁽¹⁾	25	G797221	February 18, 2023

Note:

(1) This trademark has been registered in Bosnia and Herzegovina, Bulgaria, Belarus, Croatia, Cuba, Estonia, European Community, France, Georgia, Iceland, Italy, Ireland, Japan, Kazakhstan, Liechtenstein, Monaco, Morocco, Netherlands Antilles, Norway, Romania, Russian Federation, San-Marino, Singapore, Sudan, Switzerland, Syrian Arab Republic, Tajikistan, Turkmenistan, Turkey, Ukraine, United Kingdom, Uzbekistan

As at the Latest Practicable Date, 63 applications have been made for the registration of trademarks both in and outside the PRC, including the following trademarks which, in the opinion of our Directors, material to our business:

No.	Trademark	Place of Application	Class	Application number	Application date
1	卡宾, 换个角度看世界	PRC	25	9742453	July 20, 2011
2	换个角度看世界	PRC	18	9736169	July 19, 2011
3	换个角度看世界	PRC	25	9737631	July 19, 2011
4	换个角度看世界	PRC	35	9738433	July 19, 2011
5		PRC	3	11285341	July 31, 2012
6		PRC	6	11291700	August 1, 2012

No.	Trademark	Place of Application	Class	Application number	Application date
7		PRC	9	11285358	July 31, 2012
8		PRC	14	11285439	July 31, 2012
9		PRC	20	11285471	July 31, 2012
10		PRC	24	11285523	July 31, 2012
11		PRC	26	11285597	July 31, 2012
12		PRC	32	11304127	August 3, 2012
13		PRC	33	11304134	August 3, 2012

Domain Names/Internet keyword (通用地址)

As at the Latest Practicable Date, we have registered the following domain names/Internet keywords in the PRC:

Registrant	Domain Name/China Internet keyword	Date of Registration	Expiration Date
Cabbeen China	cabbeen.com	October 16, 2001	October 16, 2016
Cabbeen China	卡宾服饰.cn	October 9, 2003	October 9, 2013
Cabbeen China	卡宾服饰.com	October 10, 2003	October 10, 2013
Cabbeen China	卡宾	February 4, 2013	February 4, 2023
Cabbeen Guangzhou	cabbeenmall.com	May 12, 2010	May 12, 2020
Cabbeen Guangzhou	cabbeenonline.com	May 12, 2010	May 12, 2020
Cabbeen Guangzhou	cabbeenshop.com	May 12, 2010	May 12, 2020
Cabbeen Guangzhou	Cabbeen	April 23, 2011	April 23, 2021

Patents

As at the Latest Practicable Date, we are the registered owner of the following patents which, in the opinion of our Directors, are material to our business:

Type	Patent number	Place of Registration	Expiration Date
Upholstery fabrics* (裝飾布)	ZL200830001067.2	PRC	January 14, 2018
Upholstery fabrics* (裝飾布)	ZL200830001068.7	PRC	January 14, 2018
A type of multifunctional antibacterial fabric that can absorb humidity and help relieve sweat* (一種吸濕排汗抗菌多功能面料)	ZL201220167917.7	PRC	April 20, 2022
A novel fabric with surface mounting technology* (一種新型貼片面料)	ZL201220167911.X	PRC	April 20, 2022
A nap fabric with multilayer* (一種多層絨毛面料)	ZL201220167914.3	PRC	April 20, 2022
A novel tying fabric with double layer* (一種接結雙層新型面)	ZL201220167913.9	PRC	April 20, 2022
A composite radiation proof textile* (一種複合防輻射織物)	ZL201220167915.8	PRC	April 20, 2022
A novel woolen fabric* (一種新型呢子面料)	ZL201220167919.6	PRC	April 20, 2022
A novel wind protection heating fabrics* (一種新型防風保暖面料)	ZL201220289116.8	PRC	June 20, 2022
A novel stretch textile down fabrics* (一種新型彈力針織羽絨面料)	ZL201220289123.8	PRC	June 20, 2022
A novel non-slip pants* (一種新型防滑褲子)	ZL201220289122.3	PRC	June 20, 2022
A printed fabric with invisible patterns* (一種隱形花型印花面料)	ZL201220289121.9	PRC	June 20, 2022
A novel striped fabric* (一種新型條紋面料)	ZL201220289119.1	PRC	June 20, 2022
A novel anti-crease finishing of fine suit* (一種新型抗皺高檔西裝)	ZL201220289117.2	PRC	June 20, 2022

Type	Patent number	Place of Registration	Expiration Date
A novel water-proof moisture transmission composite fabrics* (一種新型防水透濕複合面料)	ZL201220289118.7	PRC	June 20, 2022
A novel casual top with multi-pockets* (一種新型多口袋休閒上裝)	ZL201220289118.7	PRC	June 20, 2022
A novel portable heating coat with wind protection* (一種新型便攜式防風保暖外套)	ZL201220289124.2	PRC	June 20, 2022
A type of clothing that can be re-configured into bag* (一種可折成包狀的服裝)	ZL.2010 2 0520364.X	PRC	August 31, 2020
A novel hooded clothing configuration* (一種新型連衣帽結構)	ZL.2010 2 0520380.9	PRC	August 31, 2020
A type of clothing with an adjustable waist* (一種腰圍可調節的服裝)	ZL.2010 2 0520417.8	PRC	August 31, 2020
A novel sleeve* (一種新型袖子)	ZL.2010 2 0520472.7	PRC	August 31, 2020
An anti-theft pocket configuration* (一種防盜口袋結構)	ZL.2010 2 0520488.8	PRC	August 31, 2020
A type of clothing which is capable of changing styles* (一種可變換樣式的衣服)	ZL.2010 2 0520507.7	PRC	August 31, 2020

3. Further information about our PRC establishments

Cabbeen China

- (i) nature of the company: wholly foreign-owned enterprise
- (ii) term of business operation: from January 27, 2003 to January 27, 2053
- (iii) total investment: HK\$50.0 million
- (iv) registered capital: HK\$50.0 million (fully paid)
- (v) attributable interest of our Company: 100%

- (vi) scope of business: Manufacturing of apparel, accessories, bags, footwear and sports goods (sports goods administrated by export permit are excluded); wholesale of apparel, accessories, bags, footwear, sports goods and apparel shelves and props (all above goods are the goods unrelated to government trades and not administrated by import and export quota permit, export quota bidding or export permit)

Cabbeen China First Branch

- (i) nature of the company: wholly foreign-owned enterprise branch company
- (ii) term of business operation: from May 27, 2011 to 26 May 2053
- (iii) attributable interest of our Company: 100%
- (iv) scope of business: Manufacturing of apparel, accessories, bags, footwear and sports goods (sports goods administrated by export permit are excluded); wholesale of apparel, accessories, bags, footwear, sports goods and apparel shelves and props (all above goods are the goods unrelated to government trades and not administrated by import and export quota permit, export quota bidding or export permit)

Cabbeen Guangzhou

- (i) nature of the company: wholly foreign-owned enterprise
- (ii) term of business operation: from May 8, 2009 to May 8, 2024
- (iii) total investment: HK\$20.0 million
- (iv) registered capital: HK\$20.0 million (fully paid)
- (v) attributable interest of our Company: 100%
- (vi) scope of business: Wholesale and import and export of apparel, accessories, footwear, hat, cloth, daily necessities and related goods; apparel branding, design, operational and management consultation (subject to any quota permit or administrative licenses, if applicable)

Cabbeen Guangzhou First Branch

- (i) nature of the company: wholly foreign-owned enterprise branch company
- (ii) term of business operation: From May 23, 2011 to May 8, 2024
- (iii) attributable interest of our Company: 100%
- (iv) scope of business: Wholesale and import and export of apparel, accessories, footwear, hat, cloth, daily necessities and related goods; apparel branding, design, operational and management consultation (subject to any quota permit or administrative licenses, if applicable)

Guangzhou Zixi

- (i) nature of the company: wholly foreign-owned enterprise
- (ii) term of business operation: From May 17, 2010 to May 17, 2025
- (iii) total investment: HK\$2.0 million
- (iv) registered capital: HK\$2.0 million (fully paid)
- (v) attributable interest of our Company: 100%
- (vi) scope of business: Planning consultation of apparel, footwear and hat, branded apparel and accessories; enterprise management information consulting; wholesale and retail (need to submit for a separate approval for retail shops) of apparel, footwear and hat, accessories, leather products, sports goods and associated products (subject to any administrative licenses, if applicable)

Guangzhou Zixi Tianhecheng Branch

- | | |
|---|--|
| (i) nature of the company: | wholly foreign-owned enterprise branch company |
| (ii) term of business operation: | From December 28, 2012 to May 17, 2025 |
| (iii) attributable interest of our Company: | 100% |
| (iv) scope of business: | Planning consultation of apparel, footwear and hat, branded apparel and accessories; enterprise management information consulting; wholesale and retail of apparel, footwear and hat, accessories, leather products, sports goods and associated products (other than those prohibited by law or regulations, and subject to license, if required) |

Guangzhou Zixi Shenzhen Branch

- | | |
|---|---|
| (i) nature of the company: | wholly foreign-owned enterprise branch company |
| (ii) term of business operation: | From February 6, 2013 to May 17, 2025 |
| (iii) attributable interest of our Company: | 100% |
| (iv) scope of business: | Planning consultation of apparel, footwear and hat, branded apparel and accessories; enterprise management information consulting; wholesale and retail (need to submit for a separate approval for retail shops) of apparel, footwear and hat, accessories, leather products, sports goods and associated products (subject to any administrative licenses, if applicable) |

D. FURTHER INFORMATION ABOUT THE DIRECTORS**1. Directors' service contracts**

Each of our executive Directors has entered into a service contract with us for a fixed term of three years commencing from the Listing Date which can be terminated before the expiration of the term by not less than three months' notice in writing served by either party on the other.

Each of our independent non-executive Directors has entered into a service contract with us for a fixed term of three years commencing from the Listing Date which can be terminated before the expiration of the term by not less than three months' notice in writing served by either party or the other.

Each of our executive Directors and independent non-executive Directors is entitled to the respective basic salary set out below. An executive Director may not vote on any resolution of our Directors regarding the increment of annual salary and the amount of the discretionary bonus payable to him.

The current basic annual salaries of our Directors are as follows:

	RMB'000
Mr. Ziming Yang.....	914
Mr. Siu Keung Ng.....	1,234
Mr. Rongqin Ke.....	1,178
Mr. Dongliang Tian.....	1,134
Mr. Qiang Wei.....	560
Mr. Yung Kwok Tsui	282
Mr. Honghui Chen	282
Mr. Ming Shu Leung	282

Save as aforesaid, none of our Directors has or is proposed to have a service contract with us or any of our subsidiaries (other than contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation)).

2. Directors' remuneration during the Track Record Period

For the years ended December 31, 2010, 2011 and 2012, the aggregate of the remuneration paid and benefits in kind granted to our Directors by us and our subsidiaries was RMB868,000, RMB1,911,000 and RMB4,481,000, respectively.

Save as disclosed in this prospectus, no other emoluments have been paid or are payable, in respect of the years ended December 31, 2010, 2011 and 2012 by us to our Directors.

Under the arrangements currently in force, we estimate that the aggregate remuneration payable to, and benefits in kind receivable by, our Directors (excluding discretionary bonus and share-based payment compensation granted under the Pre-IPO Share Option Scheme) for the year ended December 31, 2013 will be approximately RMB5,161,000.

E. DISCLOSURE OF INTERESTS**1. Disclosure of interests***(a) Interests and short positions of our Directors in our share capital and our associated corporations following the Capitalization Issue and the Global Offering*

Immediately following completion of the Capitalization Issue and the Global Offering and taking no account of any Shares which may be allotted and issued pursuant to the Pre-IPO Share Option Scheme and the Share Option Scheme or the exercise of the Over-allotment Option, the interests or short positions of the Directors and the chief executive in our Shares, underlying Shares and debentures of our associated corporations, within the meaning of Part XV of the SFO which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein or which will be required to be notified to us and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules, will be as follows:

Interests and short positions in the shares, underlying shares and debentures and associated corporations:

Long positions in our Company

<u>Name of Director</u>	<u>Number of Shares</u>	<u>Number of Shares subject to options granted under the Pre-IPO Share Option Scheme</u>	<u>Approximate percentage of interest in our Company ⁽⁵⁾</u>
Mr. Ziming Yang ⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾	525,000,000	Nil	75.0%
Mr. Siu Keung Ng ⁽⁴⁾	Nil	900,000	0.12857%
Mr. Dongliang Tian ⁽⁴⁾	Nil	700,000	0.10000%
Mr. Rongqin Ke ⁽⁴⁾	Nil	700,000	0.10000%
Mr. Qiang Wei ⁽⁴⁾	Nil	700,000	0.10000%

Note:

- (1) Acute Result, Ascend Fame and Prime Ascend are wholly-owned and controlled by Mr. Yang and Mr. Yang is therefore deemed to be interested in all the Shares in which Acute Result, Ascend Fame and Prime Ascend are interested.
- (2) By virtue of a shareholders' agreement dated July 31, 2012 by and between Ms. Liting Ke and Mr. Yang, in addition to the voting right attached to the share Mr. Yang holds in Multiplus International, he also has the right to control the exercise of the voting rights attached to all the shares in Multiplus International held by Ms. Liting Ke. Accordingly, Mr. Yang is deemed to be interested in all the Shares in which Multiplus International is interested.

- (3) Mr. Yang is the spouse of Ms. Liting Ke. Accordingly, Mr. Yang is deemed to be interested in all the Shares in which Ms. Liting Ke is interested.
- (4) Keen Network is owned as to 25% by Prime Ascend, 25% by Dominant Success, 25% by Rosy Connect and 25% by Zhang Hong. Prime Ascend is directly and wholly-owned by Mr. Yang. Dominant Success is directly and wholly by Mr. Siu Keung Ng. Rosy Connect is directly and wholly-owned by Mr. Rongqin Ke. Zhang Hong is directly and wholly-owned by Mr. Dongliang Tian. All of Mr. Yang, Mr. Siu Keung Ng, Mr. Rongqin Ke and Mr. Dongliang Tian are executive Directors.

By virtue of a shareholders' agreement dated July 31, 2012 by and among the shareholders of Keen Network, in addition to the voting rights attached to the shares in Keen Network that it holds, Prime Ascend also has the right to control the exercise of the voting rights attached to all the shares in Keen Network held by other shareholders. Accordingly, Prime Ascend is deemed to be interested in all the Shares in which Keen Network is interested.

- (5) Assuming the Over-allotment Option is not exercised and without taking into account any Shares which may be issued upon exercise of options granted under the Pre-IPO Share Option Scheme or options which may be granted under the Share Option Scheme.

(b) Interests and short positions discloseable under Divisions 2 and 3 of Part XV of the SFO

Immediately following completion of the Capitalization Issue and the Global Offering and taking into no account of any shares which may be allotted and issued pursuant to the Pre-IPO Share Option Scheme and the Share Option Scheme or the exercise of the Over-allotment Option, in addition to the interests disclosed under paragraph (a) above, so far as the Directors are aware, the following persons are expected to have interests or short positions in our shares or underlying shares which are required to be disclosed to the provisions of Divisions 2 and 3 of Part XV of the SFO or, are expected to be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of our Group.

Interests and short positions in our shares and underlying shares:

Name	Capacity/ Nature of interest	Number of Shares	Approximate percentage of shareholding ⁽⁴⁾
Ms. Liting Ke ⁽¹⁾⁽²⁾	Interest in a controlled corporation/Interest of spouse	525,000,000	75.0%
Acute Result	Beneficial owner	351,750,000	50.25%
Multiplus International ⁽²⁾	Beneficial owner	78,750,000	11.25%
Ascend Fame	Beneficial owner	52,500,000	7.5%
Keen Network ⁽³⁾	Beneficial owner	42,000,000	6.0%
Prime Ascend ⁽³⁾	Interest in a controlled corporation	42,000,000	6.0%

Note:

- (1) Ms. Liting Ke is the spouse of Mr. Yang. Accordingly, Ms. Liting Ke is deemed to be interested in all the Shares in which Mr. Yang is interested.

- (2) Multiplus International is owned as to 99% by Ms. Liting Ke and 1% by Mr. Yang. Accordingly, Ms. Liting Ke is deemed to be interested in all the Shares in which Multiplus International is interested.
- (3) Keen Network is owned as to 25% by Prime Ascend, 25% by Dominant Success, 25% by Rosy Connect and 25% by Zhang Hong. Prime Ascend is directly and wholly-owned by Mr. Yang. Dominant Success is directly and wholly by Mr. Siu Keung Ng. Rosy Connect is directly and wholly-owned by Mr. Rongqin Ke. Zhang Hong is directly and wholly-owned by Mr. Dongliang Tian. All of Mr. Yang, Mr. Siu Keung Ng, Mr. Rongqin Ke and Mr. Dongliang Tian are executive Directors.

By virtue of a shareholders' agreement dated July 31, 2012 by and among the shareholders of Keen Network, in addition to the voting rights attached to the shares in Keen Network that Prime Ascend holds, Prime Ascend also has the right to control the exercise of the voting rights attached to all the shares in Keen Network held by other shareholders. Accordingly, Prime Ascend is deemed to be interested in all the Shares in which Keen Network is interested.

- (4) Assuming the Over-allotment Option is not exercised and without taking into account any Shares which may be issued upon exercise of options granted under the Pre-IPO Share Option Scheme or options which may be granted under the Share Option Scheme.

2. Disclaimers

Save as disclosed in this prospectus:

- (a) our Directors are not aware of any person (not being our Director or chief executive) who will, immediately after completion of the Capitalization Issue and the Global Offering (without taking into account Shares which may be issued upon the exercise of the Over-allotment Option or the Shares which may be issued upon the exercise of options granted under our Pre-IPO Share Option Scheme and which may be granted under the Share Option Scheme), have an interest or a short position in Shares or underlying Shares which would fall to be disclosed to us under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who will, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at our general meetings;
- (b) none of our Directors has any interest or short position in any of the Shares, underlying Shares or debentures or any shares, underlying shares or debentures of any associated corporation within the meaning of Part XV of the SFO, which will have to be notified to us and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which will be required to be notified to us and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, in each case once the Shares are listed;
- (c) none of our Directors nor any of the parties listed in the section headed "Other Information — Consents of experts" in this Appendix is interested in the promotion of our Company, or in any assets which have been, within the two years immediately preceding the date of this prospectus, acquired or disposed of by or leased to our Company or any of our subsidiaries, or are proposed to be acquired or disposed of by or leased to our Company or any of our subsidiaries;
- (d) none of our Directors nor any of the parties listed in the section headed "Other Information — Consents of experts" in this Appendix is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to our business;

- (e) save in connection with the Underwriting Agreements, none of the parties listed in the section headed “Other Information — Consents of experts” in this Appendix:
 - (i) is interested legally or beneficially in any securities of our Company or any of our subsidiaries; or
 - (ii) has any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities of our Company or any of our subsidiaries;
- (f) none of our Directors or their associates (as defined in the Listing Rules) or the existing Shareholders (who, to the knowledge of our Directors, owns more than 5% of our issued share capital) has any interest in any of the five largest customers or the five largest suppliers of our Group.

F. OTHER INFORMATION

1. Estate duty, tax and other indemnity

Our Controlling Shareholders (the “**Indemnifiers**”) have entered into a deed of indemnity with our Company (for ourselves and as trustee for each of our subsidiaries) on October 8, 2013 (the “**Deed of Indemnity**”) to provide indemnities in respect of, among other matters, certain liability for Hong Kong estate duty which might be incurred by any member of our Group by reason of certain transfers of property (by virtue of section 35 of the Estate Duty Ordinance, Chapter 111 of the Laws of Hong Kong) to any member of our Group on or before the date on which the conditions of the Global Offering are fulfilled or waived in accordance with the terms set forth in the sub-section headed “Structure of the Global Offering — Conditions of the Global Offering” in this prospectus (the “**Relevant Date**”).

Pursuant to the Deed of Indemnity, our Controlling Shareholders have also given joint and several indemnities to our Company for ourselves and as trustee for our subsidiaries in connection with, among other things, any taxation which might be payable by any member of our Group resulting from or by reference to any income, profits or gains earned, accrued or received (or deemed to be so earned or accrued or received) on or before the Relevant Date or any event occurring or deemed to occur on or before such date whether alone or in conjunction with any other event whenever occurring.

Our Controlling Shareholders will however, not be liable under the Deed of Indemnity for taxation liability:

- (a) to the extent that provision, reserve or allowance has been made for such taxation in the audited combined accounts of our Company and its subsidiaries as set out in the accountants’ report set out in Appendix I to this prospectus or in the audited accounts of the relevant members of our Group for the three years ended December 31, 2012 and the six months ended June 30, 2013 (“**Accounts**”);

- (b) for which the Company or any member of our Group is liable as a result of any event occurring or income, profits earned, accrued or received or alleged to have been earned, accrued or received or transactions entered into in the ordinary course of business or in the ordinary course of acquiring and disposing of capital assets after June 30, 2013 up to and including the Relevant Date or consisting of our Company or any member of our Group ceasing, or being deemed to cease, to be a subsidiary of our Company for the purposes of any matter of the taxation;
- (c) to the extent that such claim arises or is incurred as a consequence of any retrospective change in the law or the interpretation or practice by the Hong Kong Inland Revenue Department or the tax authorities or any other authority in any part of the world coming into force after the Relevant Date or to the extent such claim arises or is increased by an increase in the rates of taxation after the Relevant Date with retrospective effect; or
- (d) to the extent that any provision or reserve made for such taxation in the Accounts is finally established to be an over-provision or an excessive reserve as certified by a firm of accountants acceptable to our Company then the Indemnifiers' liability (if any) in respect of such taxation shall be reduced by an amount not exceeding such over-provision or excess reserve.

2. Litigation

As at the Latest Practicable Date, neither we nor any of our subsidiaries were/was engaged in any litigation, arbitration or claim of material importance, and no litigation, arbitration or claim of material importance is known to our Directors to be pending or threatened by or against us, that would have a material adverse effect on its results of operations or financial condition.

3. Preliminary expenses

Our estimated preliminary expenses are approximately US\$5,370 and have been paid by us.

4. Promoter

There are no promoters of our Company.

5. Sponsors

The Joint Sponsors made an application on our behalf to the Listing Committee of the Stock Exchange for listing of, and permission to deal in, the Shares in issue as mentioned herein, the Shares to be issued pursuant to the Capitalization Issue and any Shares falling to be issued pursuant to the exercise of the Over-allotment Option, and the Shares that may be issued upon the exercise of options granted under the Pre-IPO Share Option Scheme and may be granted under the Share Option Scheme. All necessary arrangements have been made to enable such Shares to be admitted into CCASS.

6. No material adverse change

Our Directors confirm that as of the date of this prospectus, there has been no material adverse change in their financial or trading position or prospects since June 30, 2013 (being the date to which our latest audited consolidated financial statements were made up).

7. Binding effect

This prospectus shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all the provisions (other than the penal provisions) of sections 44A and 44B of the Companies Ordinance so far as applicable.

8. Miscellaneous

Save as disclosed in this prospectus:

- (a) within the two years immediately preceding the date of this prospectus, no share or loan capital of our Company or any of our subsidiaries has been issued or agreed to be issued fully or partly paid either for cash or for a consideration other than cash;
- (b) no share or loan capital of our Company or any of our subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;
- (c) neither our Company nor any of our subsidiaries have issued or agreed to issue any founder shares, management shares or deferred shares;
- (d) within the two years immediately preceding the date of this prospectus, no commissions, discounts, brokerage or other special terms have been granted in connection with the issue or sale of any shares or loan capital of any member of our Group;
- (e) within the two years preceding the date of this prospectus, no commission has been paid or payable (except commissions to the Underwriters) for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription of any Shares in our Company;
- (f) none of the equity and debt securities of our Company is listed or dealt with in any other stock exchange nor is any listing or permission to deal being or proposed to be sought; and
- (g) we have no outstanding convertible debt securities.

9. Qualifications of experts

The following are the qualifications of the experts who have given opinion or advice which are contained in this prospectus:

Name	Qualification
Merrill Lynch Far East Limited	Licensed under the SFO for Type 1 (dealing in securities), Type 2 (dealing in future contracts), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
CCB International Capital Limited	Licensed to conduct Type 1 regulated activity (dealing in securities) and Type 6 (advising on corporate finance) regulated activity under the SFO
KPMG	Certified Public Accountants
Conyers Dill & Pearman (Cayman) Limited	Cayman Islands attorneys-at-law
Jingtian & Gongcheng	PRC legal adviser to our Company
Jones Lang LaSalle Corporate Appraisal and Advisory Limited	Property valuer

10. Consents of experts

Each of Merrill Lynch Far East Limited, CCB International Capital Limited, KPMG, Conyers Dill & Pearman (Cayman) Limited, Jingtian & Gongcheng and Jones Lang LaSalle Corporate Appraisal and Advisory Limited has given and has not withdrawn their respective consent to the issue of this prospectus with the inclusion of its report and/or letter and/or summary of valuations and/or legal opinion (as the case may be) and references to its name included in the form and context in which it respectively appears.

None of the experts named above has any shareholding interests in our Company or any of our subsidiaries or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in our Company or any of our subsidiaries.

11. Bilingual prospectus

The English language and the Chinese language versions of this prospectus are being published separately, in reliance upon the exemption provided by section 4 of the Companies Ordinance (Exemption of Companies and prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

G. PRE-IPO SHARE OPTION SCHEME**1. Summary of terms**

The purpose of the Pre-IPO Share Option Scheme is to aid us in recruiting and retaining key employees, directors or consultants and business partners of outstanding ability and to motivate such employees, directors, consultants and business partners to exert their best efforts on behalf of our Company through the granting of options. The principal terms of the Pre-IPO Share Option Scheme, approved by written resolutions of our Shareholders dated October 8, 2013 are substantially the same as the terms of the Share Option Scheme except that:

- (a) the subscription price per Share under the Pre-IPO Share Option Scheme shall not be less than the nominal value of a Share;
- (b) the Pre-IPO Share Option Scheme shall be valid for a period of 10 years effective from the adoption date, and no option shall be granted and no acceptance to such option shall be effective after the Listing Date;
- (c) an eligible participant may be granted or offered an option on one or more occasions provided that no option may be granted or offered to be granted to an eligible participant if, as a result, such eligible participant would be entitled to subscribe, pursuant to such option and any other option previously granted or offered to be granted (where such offer is still open for acceptance) to such eligible participant under the Pre-IPO Share Option Scheme, for more than twenty-five percent (25%) of the aggregate of all Shares subject to the Pre-IPO Share Option Scheme; and
- (d) the Company may grant an option to an eligible participant in such form and manner as the Board may in its discretion decide;

Application has been made to the Listing Committee of the Stock Exchange for the approval of the listing of and permission to deal in the 8,520,000 Shares to be issued pursuant to the exercise of the options granted under the Pre-IPO Share Option Scheme.

2. Outstanding options granted

As at the date of this prospectus, options to subscribe for an aggregate of 8,520,000 Shares (representing approximately 1.2% of the enlarged issued share capital of our Company immediately after completion of the Global Offering, assuming that the Over-allotment Option is not exercised) at an exercise price equal to a 80% of the Offer Price have been conditionally granted to 22 participants by our Company at a consideration of HK\$1.00 under the Pre-IPO Share Option Scheme. All the options under the Pre-IPO Share Option Scheme were granted on October 8, 2013 and no further options will be granted under the Pre-IPO Share Option Scheme prior to the Listing Date.

The options have been conditionally granted based on the performance of the grantees who have made important contributions and are important to the long term growth and profitability of our Group. 21 employees, including 4 Directors and 2 members of the senior management of our Group (set out in the section headed “Directors and Senior Management” of this prospectus), and one distributor owner have been conditionally granted options under the Pre-IPO Share Option Scheme.

The Pre-IPO Share Options shall vest according to the following schedule:

- (i) 30% of each option may be exercised from the first anniversary of the Listing Date;
- (ii) 60% of each option may be exercised from the second anniversary of the Listing Date; and
- (iii) 100% of each option may be exercised from the third anniversary of the Listing Date.

A summary of the grantees who have been granted options under the Pre-IPO Share Option Scheme is set out below:

Grantee	Position	Address	Number of Shares to be issued upon full exercise of the Pre-IPO Share Option	Percentage of enlarged issue share capital of our Company after full exercise of the Pre-IPO Share Option
Siu Keung Ng	Chief Executive Officer and Executive Director	Room 2601, Ming Yue Building B, No. 2-2 Zhu Jiang Xin Cheng Hua Cheng Road, Tian He District, Guangzhou, Guangdong province, PRC	900,000	0.1286%
Dongliang Tian	Vice-President and Executive Director	Room 2708, No. 1, Hua Cheng Road, Zhu Jiang Xin Cheng, Guangzhou, Guangdong province, PRC	700,000	0.1000%
Rongqin Ke	Vice-President and Executive Director	Level 5-7, No. 15, Building 6, Jiu Er Road East, Shishi city, Fujian province, PRC	700,000	0.1000%
Qiang Wei	Vice-President and Executive Director	Room 403, No. 23, Cui Shan Lan Tian Yuan, Hua Nan Bi Gui Garden, Nan Cun Zhen Ying Bin Road, Fan Yu District Guangzhou, Guangdong province, PRC	700,000	0.1000%
Lai Wah Wong	Chief Financial Officer and Company Secretary	Flat 5, 20/F, Block R, Luk Yeung Sun Chuen, Tsuen Wan, New Territories, Hong Kong	550,000	0.0786%

APPENDIX V
STATUTORY AND GENERAL INFORMATION

Grantee	Position	Address	Number of Shares to be issued upon full exercise of the Pre-IPO Share Option	Percentage of enlarged issue share capital of our Company after full exercise of the Pre-IPO Share Option
Tsang Jioe	Vice-President	Flat D, 8/F, Block 5, Bayview Garden 633 Castle Peak Road, Tsuen Wan, New Territories, Hong Kong	550,000	0.0786%
Cheuk Kwan Lee	Vice-President	38, Sun Lee Tsuen, Tin Ha Road, Hung Shui Kiu, Yuen Long, Hong Kong	550,000	0.0786%
Jianhua Zhang	Distributor owner	Room 1307, Caiyuan Building, Shundao Street, Qiaokou District, Wuhan, PRC	550,000	0.0786%
Lei Liu	Vice-General Manager of Brand Center	No. 408, Gate 4, Building 16, Staff Building No. 2, Northeast Normal University, Changchun City, PRC	330,000	0.0471%
Qiaohua He	Vice-General Manager of Operations Center	No. 502, 11 Xiasha Street, Huangpu District, Guangzhou, PRC	330,000	0.0471%
Chunyong Huang	Vice-General Manager of Business Division	No. 67 of Street 12, B-zone Villa, Qi Fu Xin Cun, Panyu District, Guangzhou	330,000	0.0471%
Ying Mo	Vice-General Manager of Business Division	Room 202, Block 29, Huadong Garden, 25 Guanghua North Road, Shiji Town, Panyu City, Guangzhou, PRC	330,000	0.0471%
Yaling Shi	Assistant to Chairman	Room 702, Section 1, Jiahuan Garden, 1 Jiahua Road, Shishi City, Fujian Province, PRC	200,000	0.0286%
Yan Jiang	Senior assistant to Chief Executive Officer	Room 1604, Unit 2, Building 1, Maijing New Garden, 7 Maidi East Road, Huicheng District, Huizhou City, Guangdong Province, PRC	200,000	0.0286%
Yu Zhang	Chief Logistics Officer	D1502, Building No. 2, Haojiang Lijing Gangnan Road, Shishi City, Fujian Province, PRC	200,000	0.0286%

<u>Grantee</u>	<u>Position</u>	<u>Address</u>	<u>Number of Shares to be issued upon full exercise of the Pre-IPO Share Option</u>	<u>Percentage of enlarged issue share capital of our Company after full exercise of the Pre-IPO Share Option</u>
Hui Wang	Chief Legal Officer	Room 603, 35 Dongxing South Road, Yuexiu District, Guangzhou, PRC	200,000	0.0286%
Guanzheng Hong	Chief Capital Management Officer	Flat D1502, Section 1, Huafu Yuan, Hua Qiao Xin Cheng, No. 228 Xilinan Road, Panyu District, Guangzhou, PRC	200,000	0.0286%
Xixia Chen	Head of General Manager's Office	No. 708, West Section, Block C, Huajing Software Park, 89 Zongshan Road West, Guangzhou, PRC	200,000	0.0286%
Haiyan Jie	Chief Design Officer	Flat 28A, Block D, Tao Yuan Ting Yuan, Huajingxincheng, Tianhe District, Guangzhou, PRC	200,000	0.0286%
Shuk Ming Sze	Chief R&D Officer	Flat 7C, Block 3, The Astoria, No. 198 Argyle Street, Kowloon, Hong Kong	200,000	0.0286%
Cong Zou	Chief Information Management Officer	Building No. 905, 99 Duanhe Road, Haizhu District, Guangzhou, PRC	200,000	0.0286%
Tik Pan Sin	Chief Retail Development Officer	Flat C, 8/F, Block 1, Parkside Villa, 23 Town Park Road South, Yuen Long, New Territories, Hong Kong	200,000	0.0286%
		Total	8,520,000	1.2171%

The options issued under the Pre-IPO Share Option Scheme represent approximately 1.2% of our Company's enlarged issued share capital as at the Listing Date. If all options are exercised, this would have a dilutive effect on our Shareholders' shareholding of approximately 1.2% and a dilutive effect of approximately 1.2% on our earnings per Share. However, as the options are exercisable for a period of ten years, any such dilution and impact on earnings per Share will be staggered over several years. No further options will be granted under the Pre-IPO Share Option Scheme after the Listing Date.

Each of Mr. Siu Keung Ng, Mr. Dongliang Tian, Mr. Rongqin Ke and Mr. Qiang Wei has undertaken to our Company that they will not exercise the Options granted under the Pre-IPO Share Option Scheme to such extent that the Shares held by the public (as defined in the Listing Rules) after completion of the Global Offering and the Capitalization Issue will fall below the required percentage set out in Rule 8.08 of the Listing Rules or such other percentage as approved by the Stock Exchange from time to time.

H. SHARE OPTION SCHEME

The following is a summary of principal terms of the Share Option Scheme conditionally approved by a resolution of our Shareholders passed on October 8, 2013 and adopted by a resolution of the Board on October 8, 2013 (the “Adoption Date”). The terms of the Share Option Scheme are in compliance with the provisions of Chapter 17 of the Listing Rules.

1. Purpose

The purpose of the Share Option Scheme is to give the Eligible Persons (as mentioned in the following paragraph) an opportunity to have a personal stake in our Company and help motivate them to optimize their future performance and efficiency to our Group and/or to reward them for their past contributions, to attract and retain or otherwise maintain on-going relationships with such Eligible Persons who are significant to and/or whose contributions are or will be beneficial to the performance, growth or success of our Group, and additionally in the case of Executives (as defined below), to enable our Group to attract and retain individuals with experience and ability and/or to reward them for their past contributions.

2. Who may join

The Board may, at its absolute discretion, offer options (“Options”) to subscribe for such number of Shares in accordance with the terms set out in the Share Option Scheme to:-

- (a) any executive director of, manager of, or other employee holding an executive, managerial, supervisory or similar position in any member of our Group (“Executive”), any full-time or part-time employee, or a person for the time being seconded to work full-time or part-time for any member of our Group (“Employee”);
- (b) a director or proposed director (including an independent non-executive director) of any member of our Group;
- (c) a direct or indirect shareholder of any member of our Group;
- (d) a supplier of goods or services to any member of our Group;
- (e) a customer, consultant, business or joint venture partner, franchisee, contractor, agent or representative of any member of our Group;

- (f) a person or entity that provides design, research, development or other support or any advisory, consultancy, professional or other services to any member of our Group;
- (g) an associate of any of the persons referred to in paragraphs (a) to (f) above; and
- (h) any person involved in the business affairs of the Company whom the Board determines to be appropriate to participate in the Share Option Scheme (the persons referred above are the “Eligible Persons”).

3. Maximum number of Shares

The maximum number of Shares which may be issued upon exercise of all options to be granted under the Scheme and any other schemes of our Group shall not in aggregate exceed 10% of the Shares in issue as at the Listing Date, excluding Shares which may fall to be issued upon the exercise of the Over-allotment Option granted by our Company (the “Scheme Mandate Limit”) provided that:

- (a) our Company may at any time as our Board may think fit seek approval from our Shareholders to refresh the Scheme Mandate Limit, save that the maximum number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other schemes of our Company shall not exceed 10% of the Shares in issue as at the date of approval by our Shareholders in general meeting where the Scheme Mandate Limit is refreshed. Options previously granted under the Share Option Scheme and any other schemes of our Company (including those outstanding, cancelled, lapsed or exercised in accordance with the terms of the Share Option Scheme or any other schemes of our Company) shall not be counted for the purpose of calculating the Scheme Mandate Limit as refreshed. Our Company shall send to our Shareholders a circular containing the details and information required under the Listing Rules;
- (b) Our Company may seek separate approval from our Shareholders in general meeting for granting Options beyond the Scheme Mandate Limit, provided that the Options in excess of the Scheme Mandate Limit are granted only to the Eligible Person specified by our Company before such approval is obtained. Our Company should issue a circular to our Shareholders containing the details and information required under the Listing Rules.
- (c) The maximum number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other schemes of our Group shall not exceed 30% of our Company’s issued share capital from time to time. No Options may be granted under the Share Option Scheme and any other share option scheme of our Company if this will result in such limit being exceeded.

4. Maximum entitlement of each participant

No Option may be granted to any one person such that the total number of Shares issued and to be issued upon exercise of Options granted and to be granted to that person in any 12-month period exceeds 1% of our Company’s issued share capital from time to time. Where any further grant of Options to such an Eligible Person would result in the Shares issued and to be issued upon exercise of all Options granted and to be granted to such Eligible Person (including exercised, cancelled and outstanding Options) in the

12-month period up to and including the date of such further grant representing in aggregate over 1% of the Shares in issue, such further grant shall be separately approved by our Shareholders in general meeting with such Eligible Person and his or her associates abstaining from voting. Our Company shall send a circular to our Shareholders disclosing the identity of the Eligible Person, the number and terms of the Options to be granted (and Options previously granted) to such Eligible Person, and containing the details and information required under the Listing Rules. The number and terms (including the subscription price) of the Options to be granted to such Eligible Person must be fixed before the approval of our Shareholders and the date of the Board meeting proposing such grant shall be taken as the offer date for the purpose of calculating the subscription price of those Options.

5. Offer and grant of Options

Subject to the terms of the Share Option Scheme, the Board shall be entitled at any time within 10 years from the Adoption Date to offer the grant of an Option to any Eligible Person as the Board may in its absolute discretion select to subscribe at the subscription price for such number of Shares as the Board may (subject to the terms of the Share Option Scheme) determine (provided the same shall be a board lot for dealing in the Shares on the Stock Exchange or an integral multiple thereof).

6. Granting Options to connected persons

Subject to the terms in the Share Option Scheme, only insofar as and for so long as the Listing Rules require, where any offer of an Option is proposed to be made to a director, chief executive or a substantial shareholder (as defined in the Listing Rules) of our Company or any of their respective associates, such offer must first be approved by the independent non-executive Directors of our Company (excluding the independent non-executive Director who or whose associates is the grantee of an Option).

Where any grant of Options to a substantial shareholder (as defined in the Listing Rules) or an independent non-executive Director of our Company, or any of their respective associates, would result in the securities issued and to be issued upon exercise of all Options already granted and to be granted (including Options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant:

- (a) representing in aggregate over 0.1% of the relevant class of securities in issue; and
- (b) (where the securities are listed on the Stock Exchange), having an aggregate value, based on the closing price of the securities at the date of each grant, in excess of HK\$5.0 million,

such further grant of Options must be approved by our Shareholders (voting by way of a poll). Our Company shall send a circular to our Shareholders containing the information required under the Listing Rules. All connected persons (as defined in the Listing Rules) of our Company must abstain from voting in favor at such general meeting.

Approval from our Shareholders is required for any change in the terms of Options granted to a participant who is a substantial shareholder or an independent non-executive Director of our Company, or any of their respective associates.

7. Restriction on the time of grant of Options

The Board shall not grant any Option under the Share Option Scheme after a price sensitive development has occurred or a price sensitive matter has been the subject of a decision until such price sensitive information has been announced pursuant to the requirements of the Listing Rules. In particular, no Option shall be granted during the period commencing one month immediately preceding the earlier of the date of the Board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of our Company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules) and the deadline for our Company to publish an announcement of its results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules), and ending on the date of the results announcements.

8. Minimum holding period, vesting and performance target

Subject to the provisions of the Listing Rules, the Board may in its absolute discretion when offering the grant of an Option impose any conditions, restrictions or limitations in relation thereto in addition to those set forth in the Share Option Scheme as the Board may think fit (to be stated in the letter containing the offer of the grant of the Option) including (without prejudice to the generality of the foregoing) qualifying and/or continuing eligibility criteria, conditions, restrictions or limitations relating to the achievement of performance, operating or financial targets by our Company and/or the grantee, the satisfactory performance or maintenance by the grantee of certain conditions or obligations or the time or period before the right to exercise the Option in respect of any of the Shares shall vest provided that such terms or conditions shall not be inconsistent with any other terms or conditions of the Share Option Scheme. For the avoidance of doubt, subject to such terms and conditions as the Board may determine as aforesaid (including such terms and conditions in relation to their vesting, exercise or otherwise) there is no minimum period for which an Option must be held before it can be exercised and no performance target which need to be achieved by the grantee before the Option can be exercised.

9. Amount payable for Options and offer period

An offer of the grant of an Option shall remain open for acceptance by the Eligible Person concerned for a period of 28 days from the offer date provided that no such grant of an Option may be accepted after the expiry of the effective period of the Share Option Scheme. An Option shall be deemed to have been granted and accepted by the Eligible Person and to have taken effect when the duplicate offer letter comprising acceptance of the offer of the Option duly signed by the grantee together with a remittance in favor of our Company of HK\$1.00 by way of consideration for the grant thereof is received by our Company on or before the date upon which an offer of an Option must be accepted by the relevant Eligible Person, being a date no later than 28 days after the offer date (the "Acceptance Date"). Such remittance shall in no circumstances be refundable.

Any offer of the grant of an Option may be accepted in respect of less than the number of Shares in respect of which it is offered provided that it is accepted in respect of board lots for dealing in Shares on the Stock Exchange or an integral multiple thereof and such number is clearly stated in the duplicate offer letter comprising acceptance of the offer of the Option. To the extent that the offer of the grant of an Option is not accepted by the Acceptance Date, it will be deemed to have been irrevocably declined.

10. Subscription price

The subscription price in respect of any particular Option shall be such price as the Board may in its absolute discretion determine at the time of grant of the relevant Option (and shall be stated in the letter containing the offer of the grant of the Option) but the subscription price shall not be less than whichever is the highest of:

- (a) the nominal value of a Share;
- (b) the closing price of a Share as stated in the Stock Exchange's daily quotations sheet on the offer date; and
- (c) the average closing price of a Share as stated in the Stock Exchange's daily quotations sheets for the five Business Days (as defined in the Listing Rules) immediately preceding the offer date.

11. Exercise of Option

- (a) An Option shall be exercised in whole or in part (but if in part only, in respect of a board lot or any integral multiple thereof) within the Option period in the manner as set out in this Share Option Scheme by the grantee (or his or her legal personal representative(s)) by giving notice in writing to our Company stating that the Option is thereby exercised and specifying the number of Shares in respect of which it is exercised. Each such notice must be accompanied by a remittance for the full amount of the aggregate subscription price for the Shares in respect of which the notice is given. Within 30 days after receipt of the notice and, where appropriate, receipt of a certificate from our auditors pursuant to the Share Option Scheme, our Company shall accordingly allot and issue the relevant number of Shares to the grantee (or his or her legal personal representative(s)) credited as fully paid with effect from (but excluding) the relevant exercise date and issue to the grantee (or his or her legal personal representative(s)) share certificate(s) in respect of the Shares so allotted.
- (b) The exercise of any Option may be subject to a vesting schedule to be determined by the Board in its absolute discretion, which shall be specified in the offer letter.
- (c) The exercise of any Option shall be subject to the members of our Company in general meeting approving any necessary increase in the authorized share capital of our Company.

- (d) Subject as hereinafter provided:
- (i) in the event that the grantee dies or becomes permanently disabled before exercising an Option (or exercising it in full) and none of the events for termination of employment or engagement pursuant to the terms of the Share Option Scheme exists with respect to such grantee, he or she (or his or her legal representative(s)) may exercise the Option up to the grantee's entitlement immediately prior to the death or permanent disability (to the extent not already exercised) within a period of 12 months following his or her death or permanent disability unless the Board in its absolute discretion otherwise determines in which event the Option (or such remaining part thereof) shall be exercisable within such period as the Board has determined;
 - (ii) in the event that the Grantee ceases to be an Executive by reason of his retirement pursuant to such retirement scheme applicable to the Group at the relevant time, his Option (to the extent not already exercised) shall be exercisable until the expiry of the relevant Option Period unless the Board in its absolute discretion otherwise determines in which event the Option (or such remaining part thereof) shall be exercisable within such period as the Board has determined;
 - (iii) in the event that the Grantee ceases to be an Executive by reason of his transfer of employment to an affiliate company, his Option (to the extent not already exercised) shall be exercisable until the expiry of the relevant Option Period unless the Board in its absolute discretion otherwise determines in which event the Option (or such remaining part thereof) shall be exercisable within such period as the Board has determined;
 - (iv) in the event that the Grantee ceases to be an Executive by reason of the termination of his employment by resignation or termination on the ground of misconduct, his Option (to the extent not already exercised) shall lapse on the date on which the notice of termination is served (in the case of resignation) or the date on which the Grantee is notified of the termination of his employment (in the case of Culpable Termination) and not be exercisable unless the Board otherwise determines in which event the Option (or such remaining part thereof) shall be exercisable within such period as the Board may in its absolute discretion determine following the date of such service or notification. A resolution of the Board resolving that the Executive's Option has lapsed pursuant to this paragraph (iv) shall be final and conclusive;
 - (v) in the event that the Grantee ceases to be an Executive by reason of the termination of his employment other than by termination on the ground of misconduct, his Option (to the extent not already exercised) shall be exercisable within a period of 6 months following the termination of his employment unless the Board in its absolute discretion otherwise determines in which event the Option (or such remaining part thereof) shall be exercisable within such period as the Board has determined;

- (vi) in the event that the Grantee ceases to be an Executive for any reason (including his employment company ceasing to be a member of the Group) other than those referred to in paragraphs (i) to (v), his Option (to the extent not already exercised) shall lapse on the date of cessation of him being an Executive and not be exercisable unless the Board in its absolute discretion otherwise determines in which event the Option (or such remaining part thereof) shall be exercisable within such period as the Board has determined;
- (vii) in the event that the Grantee is not an employee of the Group and ceases to be an Eligible Person by reason of the cessation of the business relationship between the Grantee and the Group as the Board may in its absolute discretion at any time determine, his option shall lapse on the date on which the Grantee is notified of such termination of the business relationship and not be exercisable unless the Board otherwise determines in which event the Option (or such remaining part thereof) shall be exercisable within such period as the Board may in its absolute discretion determine following the date of such service or notification. A resolution of the Board resolving that the Grantee's Option has lapsed pursuant to this paragraph (vii) shall be final and conclusive;
- (viii) if a Grantee being;
- (1) an executive director of the Company ceases to be an Executive but remains a non-executive director, his Option (to the extent not already exercised) shall be exercisable until the expiry of the relevant Option Period unless the Board in its absolute discretion otherwise determines in which event the Option (or such remaining part thereof) shall be exercisable within such period as the Board has determined; or
 - (2) a non-executive director of the Company ceases to be a director;
 - (aa) by reason of his retirement, his Option (to the extent not already exercised) shall be exercisable until the expiry of the relevant Option Period unless the Board in its absolute discretion otherwise determines in which event the Option (or such remaining part thereof) shall be exercisable within such period as the Board has determined; or
 - (bb) for reasons other than his retirement, his Option (to the extent not already exercised) shall lapse on the date of cessation of such appointment and not be exercisable unless the Board otherwise determines in which event the Option (or such remaining part thereof) shall be exercised within such period as the Board may in its absolute discretion determine following the date of such cessation;

(ix) if:

- (1) the Board in its absolute discretion at any time determines that a Grantee has ceased to be an Eligible Person; or
- (2) a Grantee has failed to or no longer satisfies or complies with such criteria or terms and conditions that may be attached to the grant of the Option or which were the basis on which the Option was granted;

the Option (to the extent not already exercised) shall lapse on the date on which the Grantee is notified thereof (in the case of (1)) or on the date on which the Grantee has failed to or no longer satisfies or complies with such criteria or terms and conditions as aforesaid (in the case of (2)) and not be exercisable unless the Board otherwise determines in which event the Option (or such remaining part thereof) shall be exercisable within such period as the Board may in its absolute discretion determine following the date of such notification or the date of such failure, non-satisfaction or non-compliance. In the case of (1), a resolution of the Board resolving that the Grantee's Option has lapsed pursuant to this paragraph (ix) shall be final and conclusive;

(x) if a Grantee (being a corporation):

- (1) has a liquidator or receiver appointed anywhere in the world in respect of the whole or any part of the assets or undertaking of the Grantee; or
- (2) has suspended, ceased or threatened to suspend or cease business; or
- (3) is unable to pay its debts; or
- (4) otherwise becomes insolvent; or
- (5) suffers a change in its constitution, management, directors or shareholding which in the opinion of the Board is material; or
- (6) commits a breach of any contract entered into between the Grantee or his associate and any member of the Group,

the Option (to the extent not already exercised) shall lapse on the date of appointment of the liquidator or receiver or on the date when the Grantee is deemed to be unable to pay its debts as aforesaid or on the date of notification by the Company that the said change in constitution, management, directors or shareholding is material or on the date of notification by the Company of the said breach of contract (as the case may be) and not be exercisable unless the Board otherwise determines in which event the Option (or such remaining part thereof) shall be exercisable within such period as the Board may in its absolute discretion determine following the date of such occurrence. A resolution of the Board resolving that the Grantee's Option has lapsed pursuant to this paragraph (x) by reason of breach of contract or material change in the constitution, management, directors or shareholding as aforesaid shall be final and conclusive;

- (xi) if a Grantee (being an individual);
- (1) is unable or has no reasonable prospects of being able to pay his debts within the meaning of the Bankruptcy Ordinance (Chapter 6 of the Laws of Hong Kong) or any other applicable law or has otherwise become insolvent; or
 - (2) has made any arrangement or composition with his creditors generally; or
 - (3) has been convicted of any criminal offence involving his integrity or honest; or
 - (4) commits a breach of any contract entered into between the Grantee or his associate and any member of the Group,

the Option (to the extent not already exercised) shall lapse on the date on which he is deemed unable or to have no reasonable prospects of being able to pay his debts as aforesaid or on the date on which a petition for bankruptcy has been presented in any jurisdiction or on the date on which he enters into the said arrangement or composition with his creditors or on the date of his conviction or on the date of the said breach of contract (as the case may be) and not be exercisable unless the Board otherwise determines in which event the Option (or such remaining part thereof) shall be exercisable within such period as the Board may in its absolute discretion determine following the date of such occurrence. A resolution of the Board resolving that the Grantee's Option has lapsed pursuant to this paragraph (xi) for breach of contract as aforesaid shall be final and conclusive;

- (xii) if a general offer is made to all holders of Shares and such offer becomes or is declared unconditional (in the case of a takeover offer) or is approved by the requisite majorities at the relevant meetings of our Shareholders (in the case of a scheme of arrangement), the grantee shall be entitled to exercise the Option (to the extent not already exercised) at any time (in the case of a takeover offer) within one month after the date on which the offer becomes or is declared unconditional or (in the case of a scheme of arrangement) prior to such time and date as shall be notified by our Company;
- (xiii) if a compromise or arrangement between our Company and its members or creditors is proposed for the purpose of or in connection with a scheme for the reconstruction of our Company or its amalgamation with any other company, our Company shall give notice thereof to the grantees who have Options unexercised at the same time as it despatches notices to all members or creditors of our Company summoning the meeting to consider such a compromise or arrangement and thereupon each grantee (or his or her legal representatives or receiver) may until the expiry of the earlier of:
- (1) the Option period (in respect of any particular Option, the period commencing immediately after the business day (as defined in the Listing Rules) on which the Option is deemed to be granted and accepted in accordance with the Share Option Scheme and expiring on a date to be determined and notified by our Directors to each grantee provided that such period shall not exceed the period of 10 years from the date of the grant of a particular Option but subject to the provisions for early termination thereof contained in the Share Option Scheme);

- (2) the period of two months from the date of such notice; or
 - (3) the date on which such compromise or arrangement is sanctioned by the court, exercise in whole or in part his or her Option.
- (xiv) in the event a notice is given by our Company to its members to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind-up our Company, our Company shall on the same date as or soon after it despatches such notice to each member of our Company give notice thereof to all grantees and thereupon, each grantee (or his or her legal personal representative(s)) shall be entitled to exercise all or any of his or her options at any time not later than two Business Days (as defined in the Listing Rules) prior to the proposed general meeting of our Company by giving notice in writing to our Company, accompanied by a remittance for the full amount of the aggregate subscription price for the Shares in respect of which the notice is given whereupon our Company shall as soon as possible and, in any event, no later than the Business Day (as defined in the Listing Rules) immediately prior to the date of the proposed general meeting referred to above, allot the relevant Shares to the grantee credited as fully paid.

12. Life of Share Option Scheme

Subject to the terms of this Share Option Scheme, the Scheme shall be valid and effective for a period of 10 years from the date on which it becomes unconditional, after which no further options will be granted or offered but the provisions of the Share Option Scheme shall remain in force and effect to the extent necessary to give effect to the exercise of any subsisting Options granted prior to the expiry of the 10-year period or otherwise as may be required in accordance with the provisions of the Share Option Scheme.

13. Lapse of Share Option Scheme

An Option shall lapse automatically and not be exercisable, to the extent not already exercised, on the earliest of:

- (a) the expiry of the Option period;
- (b) the expiry of any of the period referred to paragraphs related to exercise of the Option;
- (c) subject to the terms of the period mentioned in the paragraph headed “Share Option Scheme — Exercise of Option” in this section, the date of the commencement of the winding-up of our Company;
- (d) there is an unsatisfied judgment, order or award outstanding against the grantee or the Board has reason to believe that the grantee is unable to pay or to have no reasonable prospect of being able to pay his/her/its debts;

- (e) there are circumstances which entitle any person to take any action, appoint any person, commence proceedings or obtain any order of the type mentioned in this Share Option Scheme with respect to the excise of the Option;
- (f) a bankruptcy order has been made against any director or shareholder of the grantee (being a corporation) in any jurisdiction.

No compensation shall be payable upon the lapse of any Option, provided that the Board shall be entitled in its discretion to pay such compensation to the grantee in such manner as it may consider appropriate in any particular case.

14. Adjustment

In the event of any alteration to the capital structure of our Company while any Option remains exercisable, whether by way of capitalization of profits or reserves, right issue, consolidations, reclassification, reconstruction, sub-division or reduction of the share capital of our Company, the Board may, if it considers the same to be appropriate, direct that adjustments be made to:

- (a) the maximum number of Shares subject to the Share Option Scheme; and/or
- (b) the aggregate number of Shares subject to the Option so far as unexercised; and/or
- (c) the subscription price of each outstanding Option.

Where the Board determines that such adjustments are appropriate (other than an adjustment arising from a capitalization issue), the auditors appointed by our Company shall certify in writing to the Board that any such adjustments are in their opinion fair and reasonable, provided that:

- (a) any such adjustments shall be made on the basis that the aggregate subscription price payable by the grantee on the full exercise of any Option shall remain as nearly as practicable same as (but shall not be greater than) as it was before such event;
- (b) no such adjustments shall be made the effect of which would be to enable a Share to be issued at less than its nominal value;
- (c) any such adjustments shall be made to in accordance with the provisions as stipulated under Chapter 17 of the Listing Rules and supplementary guidance on the interpretation of the Listing Rules issued by the Stock Exchange from time to time (including the supplemental guidance attached to the letter from the Stock Exchange dated September 5, 2005 to all issuers relating to Share Option Schemes); and
- (d) the issue of securities as consideration in a transaction shall not be regarded as a circumstance requiring any such adjustments.

15. Cancellation of Options not exercised

The Board shall be entitled for the following causes to cancel any Option in whole or in part by giving notice in writing to the grantee stating that such Option is thereby cancelled with effect from the date specified in such notice (the “Cancellation Date”):

- (a) the grantee commits or permits or attempts to commit or permit a breach of restriction on transferability of Option or any terms or conditions attached to the grant of the Option;
- (b) the grantee makes a written request to the Board for the Option to be cancelled; or
- (c) if the grantee has, in the opinion of the Board, conducted himself in any manner whatsoever to the detriment of or prejudicial to the interests of our Company or its subsidiary.

The Option shall be deemed to have been cancelled with effect from the Cancellation Date in respect of any part of the Option which has not been exercised as at the Cancellation Date. No compensation shall be payable upon any such cancellation, provided that the Board shall be entitled in its discretion to pay such compensation to the grantee in such manner as it may consider appropriate in any particular case.

16. Ranking of Shares

The Shares to be allotted upon the exercise of an Option will be subject to all the provisions of the Articles of Association and the laws of the Cayman Islands from time to time and shall rank *pari passu* in all respects with the then existing fully paid Shares in issue on the allotment date or, if that date falls on a day when the register of members of our Company is closed, the first date of the re-opening of the register of members, and accordingly will entitle the holders to participate in all dividends or other distributions paid or made on or after the allotment date or, if that date falls on a day when the register of members of our Company is closed, the first day of the re-opening of the register of members, other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefore shall be before the allotment date.

Shares issued upon the exercise of an Option shall not carry rights until the registration of the grantee (or any other person) as the holder thereof.

17. Termination

Our Company may by resolution in general meeting at any time terminate the operation of the Share Option Scheme. Upon termination of the Share Option Scheme as aforesaid, no further Options shall be offered but the provisions of the Share Option Scheme shall remain in force and effect in all other respects. All Options granted prior to such termination and not then exercised shall continue to be valid and exercisable subject to and in accordance with the Share Option Scheme.

18. Transferability

The Option shall be personal to the grantee and shall not be assignable and no grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest (legal or beneficial) in favor of any third party over or in relation to any Option or attempt to do so (save that the grantee may nominate a nominee in whose name the Shares issued pursuant to the Share Option Scheme may be registered). Any breach of the foregoing shall entitle our Company to cancel any outstanding Option or part thereof granted to such grantee.

19. Alteration of Share Option Scheme

The Share Option Scheme may be altered in any respect by a resolution of the Board except that the following shall not be carried out except with the prior sanction of an ordinary resolution of our Shareholders in a general meeting:

- (a) any material alteration to its terms and conditions or any change to the terms of Options granted (except where the alterations take effect under the existing terms of the Share Option Scheme);
- (b) any alteration to the provisions of the Share Option Scheme in relation to the matters set out in Rule 17.03 of the Listing Rules to the advantage of grantee; and
- (c) any alteration to the aforesaid termination provisions.

provided always that the amended terms of the Share Option Scheme shall comply with the applicable requirements of the Listing Rules.

20. Conditions of the Share Option Scheme

The Share Option Scheme shall come into effect on the date on which the following conditions are fulfilled:

- (a) subject to (b) and (c) below, the approval and adoption of the Share Option Scheme by all our Shareholders;
- (b) the approval of the Stock Exchange for the listing of and permission to deal in, a maximum of 70,000,000 Shares to be allotted and issued pursuant to the exercise of the Share Option Scheme in accordance with the terms and conditions of the Share Option Scheme; and
- (c) the commencement of dealing of the Shares on the Main Board of the Stock Exchange.

If any of the above conditions are not satisfied on or before the date which is 30 days after the date of this prospectus (or such later date as the Board may decide), the Share Option Scheme shall forthwith terminate and no person shall be entitled to any rights or benefits or be under any obligations under or in respect of the Share Option Scheme. Application has been made to the Stock Exchange for the listing of 70,000,000 Shares which may be issued pursuant to the exercise of Options under the Share Option Scheme.

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to the copy of this prospectus delivered to the Registrar of Companies in Hong Kong for registration were copies of the **WHITE**, **YELLOW** and **GREEN** Application Forms, the written consents referred to in the paragraph headed “Consents of experts” in Appendix V and copies of the material contracts referred to in the paragraph headed “Summary of the material contracts” in Appendix V.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the offices of Orrick, Herrington & Sutcliffe at 43rd Floor, Gloucester Tower, The Landmark, 15 Queen’s Road Central, Hong Kong during normal business hours from 9:00 a.m. to 5:00 p.m. from the date of this prospectus up to and including October 29, 2013:

- (1) our Memorandum and the Articles of Association;
- (2) the Accountants’ Report prepared by KPMG, the text of which is set out in Appendix I to this prospectus;
- (3) the audited financial statements as have been prepared for the companies now comprising our Group for the years ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2013;
- (4) the report received from KPMG on unaudited pro forma financial information, the texts of which is set out in Appendix II to this prospectus;
- (5) the letters prepared by KPMG and the Joint Sponsors relating to the profit forecast, the texts of which are set out in Appendix III to this prospectus;
- (6) the material contracts referred to in the paragraph headed “Summary of the Material Contracts” of Appendix V to this prospectus;
- (7) the service contracts with Directors, referred to in the paragraph headed “Directors’ service contracts” of Appendix V to this prospectus;
- (8) the written consents referred to in the paragraph headed “Consents of experts” of Appendix V to this prospectus;
- (9) the PRC legal opinions prepared by Jingtian & Gongcheng, our legal adviser as to the PRC law, in respect of certain aspects of our Group and our property interests;
- (10) the letter of advice prepared by Conyers Dill & Pearman (Cayman) Limited summarizing certain aspects of Companies Law referred to in Appendix IV to this prospectus;
- (11) the Companies Law;
- (12) the rules of the Pre-IPO Share Option Scheme; and
- (13) the rules of the Share Option Scheme.

Cabbeen

CABBEEN FASHION LIMITED
卡賓服飾有限公司