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 our Company. Investors should also pay particular attention to the fact that we conduct a significant part 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, results of our operations or prospects could be adversely and materially affected by such risk and uncertainties. The trading price of our Shares could decline due to any of these risks and investors may lose all or part of their investment.

RISKS RELATING TO OUR BUSINESS

Our success depends on our own ability and our customers' ability to anticipate and respond in a timely manner to the rapid changes in consumer preferences, increasing demand for design and quality, and advances in technologies

Our success depends on the market perception and consumer acceptance of our products, which depends in large part, on our ability to anticipate and respond to different consumer preferences in a timely manner. This requires us to continuously create new products and modify existing products in order to attract and retain customers. Demand for our products may decrease and our business would suffer if we are unable to utilise new technologies and techniques to appropriately anticipate market opportunities or to create and modify products in response to market and consumer preferences in a timely manner.

Similarly, the demand for our products also depends on whether our customers are able to create products with sufficient market appeal. If they are unable to do so, the demand for their end-products may decrease, leading to a decrease in the size of subsequent product orders placed with us. As our success is directly affected by the performance of our customers, their inability to keep in pace with consumer preferences and increasing demand for quality and design may adversely affect our results of operations and financial condition. We cannot assure you that we or our customers will be able to anticipate changes in consumer preferences accurately or to respond in a timely manner.

We do not enter into long-term contracts with our customers, which exposes us to uncertainty and potential volatility with respect to our revenue from period to period

We do not enter into long-term contracts with our customers and we typically enter into individual purchase orders with them. Accordingly, the volume of our customers' purchase orders and our product mix may vary significantly from period to period, and it is difficult for us to accurately forecast future order quantities. We cannot assure you that any of our customers will continue to place purchase orders with us in the future at the same level as current or prior periods, or at all. Furthermore, the actual volume of our customers' purchase orders may be inconsistent with our expectations at the time we plan our expansion and expenditures. As a result, our results of operations may vary from period to period and may fluctuate significantly in the future.

Our sales may be subject to seasonality and any comparison of our operating results between interim and annual results may not be meaningful

The supply and demand for lingerie materials and lingerie products change from season to season and from year to year due to evolving fashion trends as well as other factors. In general, we recorded higher sales during the second half of the year. Revenue generated in the second half of the year accounted for approximately 56%, 57% and 56% of the total revenue for the years ended 31 December 2011, 2012 and 2013, respectively. Our operating results may fluctuate from period to period due to changes in fashion trends, consumer demand and the seasonality of consumer spending on the end products manufactured with our lingerie materials. Therefore, any comparison of our operating results between interim and annual results may not be meaningful. Our results of operations are likely to continue to be affected by seasonality in the future.

We depend on a stable and adequate supply of raw materials and we do not enter into any long-term agreements with our suppliers, which exposes us to uncertainty and potential volatility with respect to our cost of raw materials

For the years ended 31 December 2011, 2012 and 2013, our cost of raw materials accounted for 66.6%, 62.0% and 59.9%, respectively, of our total cost of sales. As a result, our production volume and production costs depend on our ability to source quality materials at competitive prices. We have not entered into any long-term agreements with any of our current raw materials suppliers, nor have we entered into any hedging arrangements or transactions to reduce our exposure to fluctuations in raw material costs. If we experience an interruption, reduction or termination in supply of raw materials from our suppliers, or an increase in the cost of raw materials due to fluctuations in the price of nylon or spandex, we may not be able to obtain the supply of raw materials needed for the production of our products. Any increase in the prices of our major raw materials could result in additional costs to us and may lead to a reduction in our gross profit margin to the extent that we are unable to pass these increased costs on to our customers. As a result, our results of operations may vary from period to period and may fluctuate significantly in the future.

An increase in the cost of labour and labour shortage may adversely affect our business, financial condition, results of operations and growth prospects

We rely on our employees to carry out production and other operating activities. For the years ended 31 December 2011, 2012 and 2013, our cost of direct labour amounted to HK$73.6 million, HK$88.4 million and HK$121.0 million, respectively, representing approximately 7.7%, 9.3% and 10.6% of our total cost of sales, respectively. The labour costs in the PRC have been gradually increasing in recent years and may continue to increase in the future. In addition, as the competition for skilled workers is increasingly intensive, we may need to enhance our remuneration packages and welfare to our employees in order to recruit and retain staff. We cannot assure you that our labour force will not demand an increase in their salaries. If we encounter such demands from our labour force or if we are unable to employ appropriate means to control our labour costs, or if we are unable to pass on such increase in our labour costs to our customers, our business, financial condition, results of operations and growth prospects may be adversely affected.

We may be unable to obtain financing on favourable terms, or at all, to meet our funding requirements

We currently fund our operations and capital expenditure primarily from cash flow generated from our operating activities and bank loans. With an aim to continually expanding our business and keep our leading market position, we may need to obtain further financing from external sources to supplement our liquidity in the future. Our ability to obtain external financing in the future is subject to a number of uncertainties, including but not limited to the following: (i) our financial condition, results of operation, business reputation, cash flow and credit history; and (ii) the condition of the global and domestic financial markets. As at 31 March 2014, being the latest practicable date for the preparation of the indebtedness statement in this prospectus, our total borrowings amounted to HK$761.1 million. However, we cannot assure you that we will be able to obtain bank loans or renew existing facilities in the future on favourable terms or at all. We also cannot assure you that we will not be affected by any fluctuation in the interest rates on external financing secured or to be secured to fund our operations and planned expansion. If adequate funding is not available to us on favourable terms, or at all, our finance costs may increase or we may not be able to continue our existing operations, develop or expand our business, and therefore, our business, financial condition and results of operations would be materially and adversely affected.

We had a net current liabilities position as at 31 December 2011 and 2012

As at 31 December 2011 and 2012, our current liabilities exceeded our current assets by HK$403.7 million and HK$365.3 million, respectively. We cannot assure you that we will not incur net current liabilities in the future. Please see more information regarding our net current liabilities in the section headed "Financial Information" in this prospectus. Our net current liabilities expose us to certain liquidity risks and could constrain our operational flexibility as well as adversely affect our ability to expand our business. Our future liquidity, the payment of trade and bills payables, the payment of other payables and accruals, and the repayment of outstanding debt obligations as and when they become due will primarily depend on our ability to maintain adequate cash inflows from operating activities and adequate external financing. If adequate funds are not available, whether on satisfactory terms or at all, we may be forced to delay or abandon our development and expansion plans, and our business, financial condition and results of operations may be adversely affected. In addition, the interest cost of such obligations could undermine our future profitability.

We have previously entered into certain bill financing transactions and such transactions were not in compliance with PRC laws

During the Track Record Period, our PRC subsidiary, Dongguan BPT, entered into certain non-compliant bill financing arrangements with certain PRC commercial banks that involved the issuance of bank bills without underlying transactions. For further details, please refer to the section headed "Business — Non-Compliant Bill Financing Arrangements" in this prospectus.

We have ceased entering into any further non-compliant bill financing transactions since 16 July 2012 and started to implement measures to strengthen our internal control measures since January 2013. We have settled all related bills by 16 January 2013. However, we cannot assure you that the relevant regulatory authorities will not impose penalties and/or fines on Dongguan BPT retrospectively for the previous non-compliant bill financing transactions. Any such penalties and/or fines could adversely affect our business, financial condition and results of operations.

We are subject to risks of fluctuations in the exchange rate between the RMB and Hong Kong or U.S. dollars

During the Track Record Period, while our expenses and costs are mainly denominated in RMB, a substantial portion, approximately over 65%, of our revenue was denominated in Hong Kong dollars and U.S. dollars. Any significant fluctuations in the exchange rates between RMB and Hong Kong or U.S. dollars may materially and adversely affect our results of operations. Any future exchange rate volatility relating to RMB may give risk to uncertainties in the value of net assets, profits and dividends. For the years ended 31 December 2011, 2012 and 2013, our net foreign exchange loss amounted to HK$14.1 million, HK$2.8 million and HK$4.4 million, respectively.

In light of our significant RMB-denominated expenses and our Hong Kong and U.S. dollar-denominated receivables from our customers, we entered into certain foreign-exchange contracts to pay U.S. dollars and receive RMB. For further details on the foreign exchange contracts, please refer to the section headed "Business — Foreign Exchange Contracts" in this prospectus. We recognised fair value (losses)/gains on derivative financial instruments of HK$(0.7) million, HK$7.3 million and HK$4.0 million for the years ended 31 December 2011, 2012 and 2013, respectively and the fair value of these foreign exchange contracts were HK$0.8 million of financial liabilities, HK$3.6 million and HK$1.5 million of financial assets as at 31 December 2011, 2012 and 2013, respectively. We cannot assure you that such transactions will be risk-free, and any loss resulting from such transactions may materially and adversely affect our financial condition and results of operations.

Any change or discontinuation of preferential tax treatments we currently enjoy would increase our tax liability, thereby adversely affecting our business and results of operations

Dongguan BPT enjoyed preferential tax treatments granted by PRC government authorities during the Track Record Period and as at the Latest Practicable Date. For the years ended 31 December 2011 and 2012, the applicable tax rate for Dongguan BPT was 12.5% pursuant to the relevant laws and regulations in the PRC. After the expiration of our preferential tax treatment of 12.5% in 2013, we began to enjoy the preferential tax treatments associated with our "High and New Technology Enterprise" status, which was granted to us in 2010 and 2013 with a validity period of three years. According to the applicable PRC laws and regulations, during the period of the grant of such status, Dongguan BPT is entitled to the reduced enterprise income tax rate of 15% upon the registration with the relevant tax authority, and within three months prior to the expiration of the validity period of the "High and New Technology" certificate, we need to apply for the renewal of such status. We cannot assure you that the PRC governmental policies on preferential tax treatments will not change or that the current preferential tax treatments we enjoy or will be entitled to enjoy will not be cancelled. We cannot guarantee that we will continue to be accredited as "High and New Technology Enterprise" upon expiration of the relevant certificate. If any of such change, cancellation or discontinuation of preferential tax treatment occurs, the resulting increase in our tax liability would adversely affect our business and results of operations.

Our plan to expand our lace segment may not be successful

To enhance our growth, we plan to expand and diversify our products by introducing new lingerie materials. We launched our lace segment in the second half of 2012. Revenue from our lace segment represented nil, 0.1% and 1.2% of our total revenue for the years ended 31 December 2011, 2012 and 2013, respectively.

The launch and development of new products requires considerable time and financial commitment that may impose a substantial constrain on our ability to manage our existing business and operations. We may face inherent risks and uncertainties such as misjudgment of levels of demand and the prices to be charged for the new products. We may also lack sufficient experience in the operations of new business segments. Failure of any of our new products may lead to wasted resources and damage our reputation and could materially and adversely affect our business, financial conditions and results of operations.

Our plan to expand our production facilities may not be successful or such expansion may result in significant increase in our cost of sales, depreciation and may affect our operations, financial conditions and our revenue and profit may not increase proportionally to our increased capacity

To support our growing operations, we will further expand our existing production facilities by constructing our ninth production facility, the capital expenditure of which is estimated to be approximately HK$101.3 million, of which HK$1.3 million was incurred for the year ended 31 December 2013 and HK$100.0 million will be incurred in the year ending 31 December 2015. Upon its expected completion by the end of 2015, the ninth production facility is expected to increase the gross floor area of our production facilities by approximately 34,858.0 sq. m.. Our expansion plans may involve the following risks (i) our actual production volume may vary depending on the demand and purchase orders for our products which in turn may be affected by market trend, customers' preferences or other factors which are beyond our control. The demand for our products and revenue to be generated may not increase in line with our increase in production capacity; (ii) we expect to incur increased costs, such as direct labour costs and depreciation costs, in connection with the expansion of our ninth production facility; (iii) we cannot assure you that our expansion plans will be successfully implemented without delay or at all. Any failure or delay in implementing any part of these plans may result in a lack of production capacity to support our growth and market expansion, which in turn could materially and adversely affect our business, financial condition and results of operations.

We are dependent on the contribution of our key management personnel

Our expansion plans and future success depends, to a significant extent, on the continuous service of key members of our management team. If we were to lose the services of any of the existing key management members without a suitable replacement, or were unable to attract new qualified members with suitable experience to join our management team as we continue to grow, there could be a negative impact on the operations and business of our Group. Our chairman and executive Director, Mr. Lu, and our executive Directors, Mr. Zhang and Mr. Wu, possess extensive experience in the textile industry and have made significant contributions to the development of our Group. We may not be able to attract or retain highly skilled employees and key personnel. The competition for experienced personnel in the PRC may increase our labour costs, which would in turn increase our costs of operations and affect our profitability.

Our rights to use certain of our leased premises could be challenged and we may be subject to fines as a result of unregistered leases

Under PRC laws, all lease agreements are required to be registered with the relevant government authorities. However, as at the Latest Practicable Date, we leased eight properties, among which the lessors of five leased properties are not able to provide valid property ownership certificates and other relevant documents (one of which was not able to provide valid property ownership certificates and other relevant documents for a portion of the property). As a result, as advised by our PRC Legal Adviser, the relevant leasing arrangements of these leased properties may be invalid and we may be forced to vacate the properties in the event that the lease agreements are deemed invalid. In addition, two of such leases were not registered with the relevant PRC authorities. As advised by our PRC Legal Adviser, as the lessor, we may be subject to fines ranging from RMB1,000 to RMB10,000 for each non-registered lease and the maximum penalty for our failure to register the two leases with the relevant PRC authorities would be approximately RMB20,000.

We rely on the stable operation of our production facilities and cannot assure you that our production would be free of disruption in the future

Our revenue is dependent on the continued operation of our production facilities. Our facilities are subject to inspection, maintenance and machinery and part replacement during which production capacity may be affected. In such events, our financial resources will need to be diverted to the servicing and replacement of machinery. We may require maintenance services or purchase equipment from external vendors who may or may not provide timely services, equipment or parts. Further, our production process is subject to risks beyond our control including, amongst others, fire, breakdown, failure or substandard performance of our equipment and machinery, power shortage, labour strikes, natural disasters and any interruption in our operations as a result of any failure to comply with all applicable laws, regulations and standards in the PRC. We have not encountered any significant breakdown of our machinery during the Track Record Period, we cannot assure you that our production would be free of disruption in the future. Frequent or prolonged occurrence of any of the aforesaid events may have a material adverse effect on our business, financial condition and results of operation.

Our business and reputation may be affected by product liability claims, litigation, complaints or adverse publicity

We believe that our reputation for product quality, timely delivery and customer service has contributed significantly to the success of our business. Defects in our products and failure to meet delivery schedules would result in damage to our reputation and business relationships and result in decreased sales and product liability claims and litigation. Should there be a material increase in the number of product liability claims, we may incur significant legal costs regardless of the outcome of any claim of alleged defect. If we face any product liability claims, our business, financial condition and results of operations may be materially and adversely affected.

Lingerie brand owners have become increasingly sensitive about their reputation with respect to environmental and social responsibility. Accordingly, lingerie brand owners may require their suppliers, including us, to fulfil certain environmental standards, and/or corporate social responsibility standards set forth by governmental or non-governmental labour organisations. In the event that we fail to fulfil these standards or if we are publicly perceived to have failed to fulfil those standards or if we are otherwise publicly associated with poor environmental or social responsibility standards, it would affect our business relationships with customers which could adversely affect our business, financial condition and results of operations and profitability.

Our insurance coverage may not be sufficient to cover the risks related to our operations and losses

We maintain commercial insurance for our production facilities, inventory and employees. Our operations are subject to hazards and risks associated with our manufacturing operations, which may cause significant harm to persons or damage to property. We can give no assurance that our operations will be free of accidents or that our insurance policies will be adequate to cover all losses incurred. Losses incurred and associated liabilities may have a material adverse effect on our results of operations if such losses or liabilities are not covered by our insurance policies.

We could be involved in intellectual property disputes

The production and the sale of our products may involve the use of intellectual property rights. We seek to protect intellectual property rights by relying on the laws and regulations such as patent law of the PRC.

It is possible that third parties may use our intellectual property without our authorisation. The steps we have taken may be inadequate to prevent the misappropriation of our proprietary technology and design. Any unauthorised use or infringement of our intellectual property rights may have an adverse impact on our business. If we have to resort to litigation to enforce our intellectual property rights, we may incur significant costs.

On the other hand, we cannot assure you that infringement claims against us from third parties will not incur. Should any infringement claims be initiated against us, we may incur significant legal fees to defend our rights and interests or be required to pay substantial damages, which may materially and adversely affect or business, financial condition and results of operations.

We are subject to certain risks relating to the delivery of our products

We rely on third-party logistics service providers for the delivery of our products to customers located outside the Guangdong Province, the PRC (except Hong Kong). Such delivery services could be suspended and thus interrupt the supply of our products if unforeseen events occur which are beyond our control, such as poor handling and damage to our finished products, transportation bottlenecks, natural disasters or labour strikes. Our market reputation and profitability could be materially and adversely affected if there are such delayed deliveries.

Extraordinary events such as epidemics, natural disasters, political unrest and terrorist attacks could adversely affect our production and the timely delivery of our products

Certain regions in the world, including where our production facilities are located, are susceptible to epidemics such as Severe Acute Respiratory Syndrome, or SARS, avian influenza or swine influenza. Past occurrences of epidemics, depending on their scale of occurrence, have caused different degrees of damage to the national and local economies in various countries and regions. A recurrence of SARS, avian influenza or swine influenza or an outbreak of any other epidemics, especially in the cities where we have operations, may result in material disruptions to our sales, which in turn could materially and adversely affect our financial condition and results of operations.

Other extraordinary events, including political unrest, terrorist attacks and natural disasters such as earthquakes, snowstorms and hurricanes, could significantly affect our operations if they occur at a location near to that of our production facilities or our suppliers. Such events may cause personnel casualties, loss of inventory, work disruptions and delays and damages to our production facilities. If we are not able to react quickly upon the occurrence of these types of extraordinary events and our operations are disrupted significantly, and the insurance policies we maintained for the contracts are not adequate to cover all the losses, our business, financial condition and results of operations may be materially and adversely affected.

RISKS RELATING TO OUR INDUSTRY

Our industry is affected by general economic and market conditions

As our products are used to manufacture lingerie products which are ultimately sold to consumers in the retail market, any drop in consumer spending power could lead to a drop in the amount of purchases from our customers. According to the Frost & Sullivan Report, the development and growth of the global lingerie materials market is highly related to the development of the global retail market for lingerie of which the U.S. and European Union are the two major retail markets. Furthermore, a portion of our products was used to manufacture products for PRC consumers. As such, periods of relatively slow economic growth, recession or public perception that a slowdown or recession in these markets may decrease the demand for our products thereby adversely affecting our sales and profitability and may in turn adversely affect our business, financial condition and results of operations.

We operate in a highly competitive industry and we may lose market share if we do not compete successfully

The global lingerie materials business is highly fragmented and competitive, with the top five players in aggregate accounting for only approximately 9.0% of the market share by sales revenue in 2012. We compete with both domestic and foreign lingerie material manufacturers, including large, vertically-integrated lingerie material manufacturers and small manufacturers. These companies may be larger or have greater financial resources than us.

The principal competitive factors that influence our customers' purchasing choices include product quality, price and research and development capabilities. The importance of these factors is determined by the needs of particular customers and the characteristics of particular products. In addition, we are exposed to the risk that companies, whether smaller, more specialised manufacturers or multinationals with greater financial resources, may enter our market in the future. Furthermore, in order to gain market share, our competitors may price their products aggressively, resulting in more intense competition. Increased competition may result in price reduction, reduced margins and loss of market share, any of which could materially and adversely affect our results of operations.

We are subject to safety and health laws and regulations in the PRC, and any failure to comply could adversely affect our operations

We are required to comply with the applicable occupational safety and health standards and requirements in relation to our production processes. Furthermore, under the PRC Labour Law* (中華人民共和國勞動法) and the Law of the PRC on the Prevention and Treatment of Occupational Diseases* (中華人民共和國職業病防治法), we must ensure that our facilities comply with the work safety and health standards and requirements for employees. Any failure to meet the relevant standards and requirements on production safety and labour safety could subject us to warnings from the relevant regulatory authorities, governmental orders to rectify such non-compliance within a specified period of time and fines by the relevant regulatory authorities. We may also be required to suspend our production temporarily or cease our operations permanently for significant non-compliance, which may have a material adverse effect on our reputation, business, financial condition and results of operations.

Any failure to comply with environmental regulations would expose us to penalties, fines, suspensions or actions in other forms

Our operations are subject to the environmental protection laws and regulations promulgated by the PRC government authorities. These laws and regulations require us to adopt effective measures to control and properly dispose of waste water and other environmental pollutants. We could be exposed to penalties, fines, suspensions or actions in other forms if we fail to comply with these laws and regulations. In 2012, we expanded our production facility without first obtaining the relevant approval for our sewage treatment facility. We received an order to rectify our sewage treatment facility on 4 July 2012 and a notice for a fine of RMB90,000 on 23 November 2012 from the Dongguan Environmental Protection Bureau (東莞市環境保護局).

Furthermore, the environmental laws and regulations in China may be amended from time to time and changes in those laws and regulations may cause us to incur additional costs in order to comply with the more stringent rules. We cannot assure you that we would be able to support changes in technical requirements which could be required as a result of changes to environmental laws and regulations or that our operations will always be in compliance with applicable environmental regulations. In the event that changes to existing laws and regulations require us to incur additional compliance costs or require costly changes to our production process, the production costs of our Group could increase and we may lose our business with certain customers, which will decrease our market share and thereby materially and adversely affect our business, financial condition and results of operations.

RISKS RELATING TO THE PRC

A deterioration of overall market conditions and credit availability from lending institutions in the PRC may significantly affect our business, financial condition and results of operating

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. 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 materially and adversely affect our future business, financial condition, 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, financial condition and results of operating

For the past three decades, the PRC government has implemented economic reform and measures emphasising the utilisation 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 we cannot assure you 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;
- imposition of additional restrictions on currency conversion and remittances abroad; 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.

We face uncertainties with respect to indirect transfers of equity interests in PRC resident enterprises by their non-PRC holding companies

Pursuant to the Notice on Strengthening Administration of Enterprise Income Tax for Share Transfers by Non-PRC Resident Enterprises* (關於加強非居民企業股權轉讓所得企業所得稅管理的通知) ("**SAT Circular 698**"), issued by the State Administration of Taxation ("**SAT**") on 10 December 2009 with retroactive effect from 1 January 2008, where a foreign investor transfers its indirect equity interest in a PRC resident enterprise by disposing of its equity interests in an overseas holding company, or an "Indirect Transfer", and such overseas holding company is located in a tax jurisdiction that: (i) has an effective tax rate less than 12.5% or (ii) does not tax foreign income of its residents, the foreign investor shall report to the competent tax authority of the PRC resident enterprise this Indirect Transfer. The PRC tax authority may disregard the existence of the overseas holding company if it lacks a reasonable commercial purpose and was established for the purpose of avoiding PRC tax. As a result, gains derived from such Indirect Transfer may be subject to PRC withholding tax at a rate of up to 10%. SAT Circular 698 also provides that, where a non-PRC resident enterprise transfers its equity interests in a PRC resident enterprise to its related parties at a price lower than the fair market value, the relevant tax authority has the power to make a reasonable adjustment to the taxable income of the transaction.

There is uncertainty as to the application of SAT Circular 698. For example, while the term "Indirect Transfer" is not clearly defined, it is understood that the relevant PRC tax authorities have jurisdiction regarding requests for information over a wide range of foreign entities having no direct contact with China. Moreover, the relevant authority has not yet promulgated any formal provisions or formally declared or stated how to calculate the effective tax rates in foreign tax jurisdictions. In addition, there are not any formal declarations with regard to how to determine whether a foreign investor has adopted an abusive arrangement in order to avoid PRC tax. As a result, we may become at risk of being taxed under SAT Circular 698 in the future and we may be required to expend valuable resources to comply with SAT Circular 698 or to establish that we should not be taxed under SAT Circular 698, which may have a material adverse effect on our financial condition and results of operations.

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 such as repayment of loan principal, distribution of return on direct capital investment and investment in negotiable instruments must be approved by or registered with SAFE. 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 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 be 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 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, 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 we were treated as "PRC tax resident enterprise", we will be subject to PRC income taxes on our 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 since 1 January 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 own 100% equity interests in our PRC subsidiaries, those dividends may be subject to a withholding tax at the rate of 5%. However, according to the Administrative Measures for Non-resident Enterprises to Enjoy Treatments under Tax Treaties (Trial)* (非居民享受稅收協定待遇管理辦法（試行）) ("**Administrative Measures**") which was promulgated on 24 August 2009 and came into force on 1 October 2009, where a non-resident enterprise (as defined under the EIT Law) that receives dividends from a PRC resident enterprise wishes to enjoy the favourable tax benefits under the tax arrangements, it shall submit an application for approval to the competent tax authority. Without being approved, the non-resident enterprise may not enjoy the favourable tax treatments provided in the tax arrangements. Furthermore, on 27 October 2009, the State Administration of Taxation, or the SAT, promulgated the Circular on How to Understand and Recognise the "Beneficial Owner" in Tax Treaties* ("**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%.

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 realised 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 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 and 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 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 Sole Global Coordinator on behalf of the International Underwriter and the Sole Sponsor 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. We cannot assure you 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 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 our 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;
- 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 the lingerie 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.

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 our 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 "— Risks Relating to the PRC — 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.

The costs of the options were or may to be granted under the Pre-IPO Share Option Scheme and the Share Option Scheme may adversely affect our results of operations and any exercise of the options granted may result in dilution to our Shareholders

We have granted certain options to subscribe for an aggregate of 26,470,000 Shares at an exercise price equal to 50% of the final Offer Price to 27 grantees under the Pre-IPO Share Option Scheme. Such options if exercised in full will represent approximately 2.65% of our issued share capital immediately after completion of the Global Offering (assuming the Over-allotment Option is not exercised and taking no account of the options which were granted under the Pre-IPO Share Option Scheme or may be granted under the Share Option Scheme). We have also adopted the Share Option Scheme pursuant to which we will in the future grant to employees options to subscribe for Shares.

The fair value of the options at the date of which they are granted with reference to the valuer's valuation under the Pre-IPO Share Option Scheme and the Share Option Scheme will be charged as share-based compensation which may have a negative effect on our results of operations. It is expected that a charge in relation to the options granted under the Pre-IPO Share Option Scheme in the amount of not more than HK$8.8 million will be recognised as expenses in the combined statement of profit or loss information of our Group for the year ending 31 December 2014. Issuance of Shares for the purpose of satisfying any award made under the Pre-IPO Share Option Scheme and the Share Option Scheme will also increase the number of Shares in issue after such issuance, and thus may result in the dilution to the percentage of ownership of the Shareholders, the earnings per Share and the net asset value per Share.

Details of the Pre-IPO Share Option Scheme and the Share Option Scheme and the options granted and to be granted thereunder are set out in the section headed "Statutory and General Information — D. Pre-IPO Share Option Scheme and Share Option Scheme" in Appendix V to this prospectus.

Sale, or perceived sale, of substantial amounts of our Shares in the public market could adversely affect the prevailing market price of our Shares

Sales of substantial amounts of our Shares in the public market after the completion of the Global Offering, or the perception that these sales could occur, could adversely affect the market price of our Shares and could materially impair our future ability to raise capital through offerings of our Shares.

The Shares held by our Controlling Shareholders, representing 63.75% of the issued share capital of our Company immediately after the completion of the Global Offering (assuming the Over-allotment Option is not exercised and taking no account of the options which were granted under the Pre-IPO Share Option Scheme or may be granted under the Share Option Scheme) are subject to lock-up. They may dispose of these Shares following the expiration of the lock-up period, or any Share they may come to own in the future. Our Directors cannot predict what effect, if any, significant future sales or the perception of these sales may have on the market price of our Shares, and they could materially and adversely affect the prevailing market price of our Shares.

You may experience difficulties in protecting your interests because we are a Cayman Islands company and the laws of the Cayman Islands for minority shareholders protection may be different from those under the laws of Hong Kong or certain other jurisdictions

We are a Cayman Islands company and our corporate affairs are governed by the Cayman Islands Companies Law and other laws of the Cayman Islands. The laws of the Cayman Islands relating to the protection of the interests of minority shareholders differ from those under statues and judicial precedent in existence in Hong Kong and other jurisdictions. Such differences may mean that the remedies available to our minority shareholders may be different from those they would have under the laws of Hong Kong or other jurisdictions. Please refer to the section headed "Summary of the Constitution of our Company and Cayman Islands Companies Law — Cayman Islands companies law" in Appendix IV to this prospectus for further information.

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 lingerie 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 lingerie industry have been derived from official government publications and we can neither guarantee 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 Sole Global Coordinator, the Sole Sponsor 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.