

THIS WEB PROOF INFORMATION PACK IS IN DRAFT FORM. The information contained in it is incomplete and is subject to change. This Web Proof Information Pack must be read in conjunction with the section headed “Warning” on the cover of this Web Proof Information Pack.

HISTORY AND DEVELOPMENT

BUSINESS DEVELOPMENT

The Wang Brothers, founders of our Group, began their menswear manufacturing and wholesale business in 1990. In 1995, the Wang Brothers established Lilang Fujian, to which they gradually shifted the operation of their manufacturing and wholesale business, and began selling menswear under our “LILANG” brand. Our brand originally specialised in men’s business attire, and we believe that we were recognised for our tailored business suits.

Prior to 1997, our menswear products were primarily sold through large wholesale markets. Starting in 1997, we began selling our products to retail customers through distributors to better control and expand our sales channels and market coverage. We also began to diversify our product range by offering accessories to complement our core product line of business suits and shirts.

We had a significant shift in our business strategy in 2000 and 2001. Recognising that the global trend in menswear was towards business casual design and in light of the highly competitive and limited differentiation in each of the business formal and casual menswear retail markets, we shifted our focus towards design and development of business casual menswear. In 2000, we broadened our product line and began to offer men’s casual and business casual wear in the PRC. According to Frost & Sullivan, we were the first menswear company among our competitors to offer a men’s business casual collection and make it our product focus. In 2001, Mr. Ji Wen Bo, one of the top menswear designers in the PRC, joined us as a consultant, providing artistic direction on our product designs.

Our national marketing efforts expanded significantly between 2002 and 2004. In 2002, we coined our slogan “simple yet sophisticated” (簡約而不簡單) to convey our design philosophy for a “simple yet sophisticated” lifestyle. That year, we appointed Mr. Chen Dao Ming (陳道明), the well-known PRC actor, as our brand spokesperson as part of our strategy to elevate our brand’s status and create brand recognition. In 2004, we invested approximately RMB9.9 million in national television advertisements during the Athens Olympic Games 2004 broadcasts. We believe that our investment in marketing was instrumental in raising awareness of our brand on a national level.

In the last few years, we have expanded our business significantly. We established Lilang China and Lilang Xiamen in 2005 and 2006, respectively. We have our own design and product development team which is responsible for our in-house product design and development. Prior to Mr. Ji Wen Bo being appointed as our full-time chief fashion designer in 2007, Mr. Ji Wen Bo acted as our fashion and design consultant for our design and product development team. Mr. Ji Wen Bo joined us full-time as our chief designer in 2007 and heads our in-house design and product development team, overseeing design and brand image management.

Prior to the commencement of our operation at Wuli Industrial Park in 2008, we manufactured our products at seven production facilities in Jinjiang with an aggregate gross floor area of approximately 19,055 sq.m. These production facilities were collectively owned by the relevant villagers’ committees in Jinjiang, respectively, and were licensed to us for our production purposes. We have ceased the use of these production facilities and

THIS WEB PROOF INFORMATION PACK IS IN DRAFT FORM. The information contained in it is incomplete and is subject to change. This Web Proof Information Pack must be read in conjunction with the section headed “Warning” on the cover of this Web Proof Information Pack.

HISTORY AND DEVELOPMENT

gradually relocated our production facilities to a newly-built, modern facility in the Wuli Industrial Park in Jinjiang, Fujian, which we began constructing in October 2006 and completed in 2008.

From the establishment of our Group until September 2008, we have sold our products exclusively under our Chinese brand name 利郎 and our English brand name “LILANG”. To differentiate ourselves from other domestic brands and to reflect our international styling, our brand went through a series of transformations in September 2008, when we introduced the first product collection designed by Ji Wen Bo under the English brand name LILANZ, which is used either in conjunction with our Chinese brand name 利郎 or on its own; updated our store theme and design; and improved our marketing strategies. The trademarks bearing our English brand name LILANZ with or without our Chinese brand name 利郎 have been registered as our trademarks in a number of jurisdictions, such as Hong Kong, Taiwan, Macau and Japan, and have been registered as an international registration of trademark under the Madrid Agreement & Protocol, the details of which are set out in Appendix VI to this document. We are currently applying for the registration of trademarks bearing our English brand name LILANZ in the PRC and, up to the Latest Practicable Date, we had not encountered any objection or obstacle in respect of such applications for trademark registration in the PRC. Our Group has ceased the use of “LILANG” as our English brand name for marketing and our products, and we have used LILANZ as our English brand name and logo for our new product collections since then. Our Directors consider that the new English brand name LILANZ represents an extension of our well-established Chinese brand name 利郎 and English brand name “LILANG” and believe that the LILANZ brand has become a recognized brand name in the PRC.

Beginning in 2006, we began to raise our profile both domestically and internationally. In 2006, we sponsored the international men’s top model competition “Manhunt International 2006” held in the PRC during which our menswear were showcased. In 2007, we became the first menswear label from the PRC to participate in the “Milan Menswear Show” (Milano Moda Uomo) organised by the “National Chamber of Italian Fashion” (Camera Nazionale Della Moda Italiana). During the show, we presented items from our fall and winter menswear collections, which received positive reviews from the media. In 2008, we participated in the “Japan Fashion Week in Tokyo” during which we presented our spring/summer menswear collection. In our efforts to promote our brand and appeal to a broader audience, we also appointed Mr. Daniel Wu (吳彥祖) as our brand spokesperson in August 2009 in addition to Mr. Chen Dao Ming.

CORPORATE DEVELOPMENT

Our Group was founded in April 1995 when Lilang Fujian was established in Fujian by Lilang Enterprise Co., a private unlimited company established in Hong Kong by an uncle of the Wang Brothers, Mr. Lam Ga Lok, who held his interest in Lilang Enterprise Co. in trust for the benefit of the Wang Brothers as to 34% by Mr. Wang Dong Xing, 33% by Mr. Wang Liang Xing and 33% by Mr. Wang Cong Xing. Lilang Fujian was established as a wholly foreign owned enterprise under the law of the PRC on 24 April 1995 with an initial registered capital of HK\$6 million. As the Wang Brothers ordinarily resided in the PRC, the Wang Brothers entrusted their uncle, who is a resident in Hong Kong, to facilitate the

HISTORY AND DEVELOPMENT

establishment of Lilang Enterprise Co. and to handle other related administrative and compliance matters in Hong Kong through such trust arrangement. Under the trust arrangement, Mr. Lam was required to act in accordance with the instructions of the Wang Brothers from time to time in exercising his power as the investor of Lilang Enterprise Co. and (through Lilang Enterprise Co.) Lilang Fujian, including, but not limited to, voting power and other interest, and was accountable to the Wang Brothers for all interests, distributions, dividends, other fees, benefit and claims attributable to the assets under the trust arrangement. As advised by our legal adviser as to Hong Kong laws, such trust arrangement, which was governed by Hong Kong laws, has been legal, valid and legally binding on the parties thereof. Such trust arrangement lapsed in December 2007 after Mr. Lam Ga Lok vested back all the assets under the trust arrangement at the direction of the Wang Brothers by transferring the entire equity interest in Lilang Fujian to Lilang International at nil consideration as part of the Reorganisation as further described below.

With a view to expand our business operation, the registered capital of Lilang Fujian was increased from HK\$6 million to HK\$20 million by way of further cash contribution by Lilang Enterprise Co. with effect from March 2003.

In March 2004, Lilang International was incorporated as a limited company under the law of Hong Kong by Mr. Wang Cong Xing and his nephew, Mr. Yiu Hau Ming, who held their interests in Lilang International on trust for the benefit of the Wang Brothers. Lilang International was then beneficially owned as to 34% by Mr. Wang Dong Xing, 33% by Mr. Wang Liang Xing and 33% by Mr. Wang Cong Xing. On 25 March 2005, Lilang International established Lilang China as a wholly foreign owned enterprise under the law of the PRC with a registered capital of HK\$100 million, and established Lilang Xiamen as a wholly foreign owned enterprise under the law of the PRC with a registered capital of US\$30 million on 12 June 2006, to engage in production of diversified lines of products. While the then prevailing Companies Ordinance required Hong Kong companies to have at least two shareholders and directors and as Mr. Yiu Hau Ming was a resident in Hong Kong, the Wang Brothers entrusted Mr. Wang Cong Xing and Mr. Yiu Hau Ming to facilitate the incorporation of Lilang International through such trust arrangement, and appointed Mr. Yiu Hau Ming as one of the directors and the company secretary to handle other related administrative and corporate compliance matters in Hong Kong. Under the trust arrangement, Mr. Yiu Hau Ming and Mr. Wang Cong Xing (in respect of his interests held on trust only) were required to act in accordance with the instructions of Mr. Wang Dong Xing and Mr. Wang Liang Xing from time to time in exercising their respective powers as the shareholder of Lilang International, including, but not limited to, voting power and other interest, and were accountable to Mr. Wang Dong Xing and Mr. Wang Liang Xing for all interests, distributions, dividends, other fees, benefit and claims attributable to the assets under the trust arrangement. As advised by our legal adviser as to Hong Kong laws, such trust arrangement, which was governed by Hong Kong laws, is legal, valid and legally binding on the parties thereof. Such trust arrangement lapsed in January 2007 after Mr. Yiu Hau Ming and Mr. Wang Cong Xing (in respect of his interests held on trust) vested back and transferred all the shares in Lilang International under the trust arrangement to Mr. Wang Dong Xing and Mr. Wang Liang Xing at nil consideration as part of the Reorganisation.

HISTORY AND DEVELOPMENT

Lilang Enterprise Co., the former registered owner of Lilang Fujian, failed to contribute the entire initial and increased registered capital of Lilang Fujian within the timeframe as prescribed under the articles of association of Lilang Fujian. Further, Lilang International, the registered owner of Lilang Xiamen, failed to contribute the first instalment of the registered capital of Lilang Xiamen within the timeframe as prescribed under the articles of association of Lilang Xiamen. As advised by our legal adviser on PRC laws, the original examination and approving authorities of Lilang Fujian and Lilang Xiamen have confirmed that the registered capital of Lilang Fujian and the first instalment of the registered capital of Lilang Xiamen have subsequently been duly contributed in full, and the certificates of approval of Lilang Fujian and Lilang Xiamen are legal and valid. According to our PRC legal adviser, it is unlikely that any liability or penalty in respect of such past irregularity will be imposed on our Group. The original examination and approving authority of Lilang Xiamen has approved that the rest of the registered capital of Lilang Xiamen shall be fully paid no later than 31 December 2009. Save as aforesaid, as advised by our legal adviser on PRC laws, the respective registered capital of all of our PRC wholly foreign owned enterprises has been duly paid up by the respective contributors of such registered capital within the prescribed timeframe. Our Controlling Shareholders have agreed to indemnify our Group in respect of any losses, damages, costs and expenses arising out of or in connection with the irregularity in the contribution of registered capital of Lilang Fujian and Lilang Xiamen, details of which are set out in “Appendix VI — Statutory and General Information — Other Information — Estate duty, tax and other indemnities”.

As Lilang Enterprise Co. had acted as the registered owner of Lilang Fujian since its establishment only and did not have any other business activity in Hong Kong, Lilang Enterprise Co. ceased its business on 28 February 2004. On 27 June 2007, Mr. Lam Ga Lok, the sole proprietor of Lilang Enterprise Co. which was the then registered owner of Lilang Fujian, entered into an equity transfer agreement with Lilang International to transfer the entire equity interest in Lilang Fujian to Lilang International at nil consideration at the instruction of the Wang Brothers. Such transfer of equity interest in Lilang Fujian became effective on 20 December 2007 and Lilang Fujian has become a wholly-owned subsidiary of Lilang International since then.

On 10 June 2008, Lilang Holdings acquired from the Wang Brothers and the Management and Other Shareholders the entire issued share capital of Lilang International in consideration and in exchange for which Lilang Holdings allotted and issued, credited as fully paid, an aggregate of 10,000 shares of US\$1 each in its capital to Xiao Sheng International and Ming Lang Investments. Since the acquisition, Lilang Holdings has become our immediate holding company of our Group.

THIS WEB PROOF INFORMATION PACK IS IN DRAFT FORM. The information contained in it is incomplete and is subject to change. This Web Proof Information Pack must be read in conjunction with the section headed “Warning” on the cover of this Web Proof Information Pack.

HISTORY AND DEVELOPMENT

Our Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on 2 January 2008 and was registered with the Registrar of Companies in Hong Kong as non-Hong Kong company under Part XI of the Companies Ordinance on 4 June 2008. In contemplation of the [●], our Group underwent the Reorganisation pursuant to which our Company became the holding company of the members of our Group. Details of the Reorganisation are set out in “Appendix VI — Statutory and General Information — Further Information about our Company — Group reorganisation”.

On 8 August 2006, six PRC governmental and regulatory agencies, including the Ministry of Commerce and the China Securities Regulatory Commission (“CSRC”), promulgated a new regulation, namely, the Regulations on Mergers and Acquisitions of Domestic Enterprises by Foreign Investors (the “Acquisition Regulations”) (關於外國投資者併購境內企業的規定), which became effective on 8 September 2006. The Acquisition Regulations require that an offshore special purpose vehicle formed for [●] purposes and controlled, directly or indirectly, by PRC companies or individuals, such as our Company, shall obtain approval from the CSRC prior to the [●] and trading of the securities of such offshore special purpose vehicle on an overseas stock exchange.

Based on their understanding of current PRC laws, regulations and rules, our legal adviser as to PRC laws have advised that the Acquisition Regulations do not apply to the acquisition of PRC subsidiaries made by our Group and that the [●] does not require approval of the CSRC, as the equity interests of all our Group’s PRC subsidiaries were acquired by entities outside the PRC before 8 September 2006, the effective date of the Acquisition Regulations, and all the requisite approvals from the relevant competent PRC regulatory authorities in respect acquisitions had been obtained. As advised by our legal adviser as to PRC laws, all necessary approvals and permits from the relevant competent PRC regulatory authorities, including the registration requirements under the SAFE Notice by the Wang Brothers and the Management and Other Shareholders, required for the implementation of the Reorganisation have been obtained.

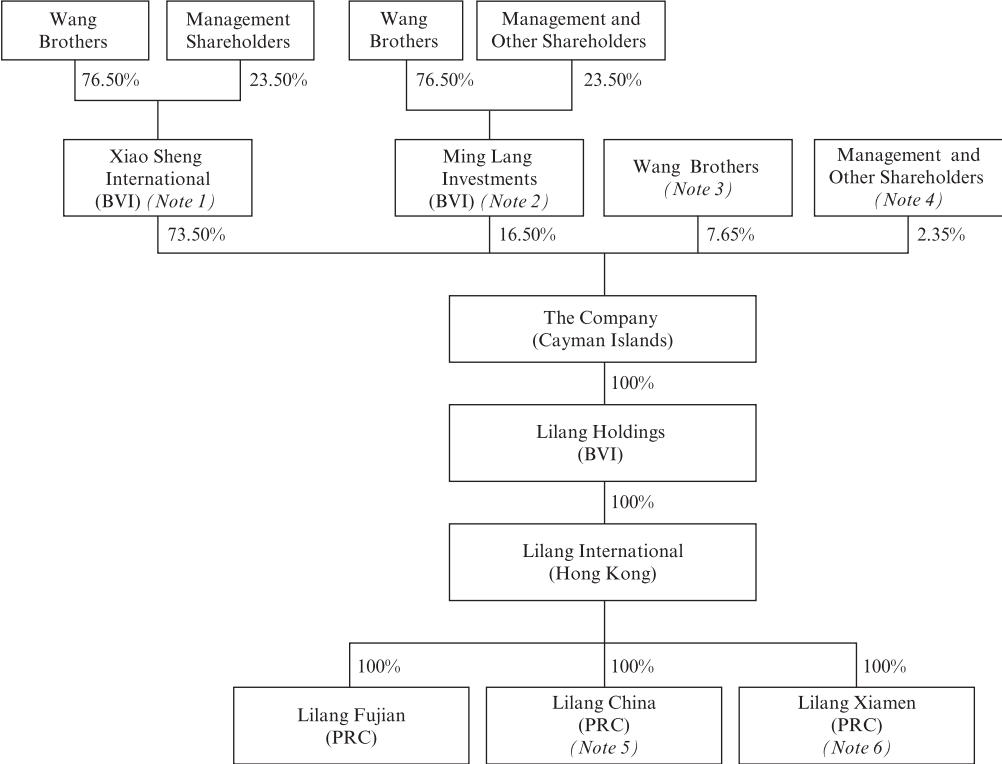
As further advised by our legal adviser as to PRC laws, the Circular on Further Strengthening the Administration of Overseas Share Issuance and [●] (關於進一步加強在境外發行股票和上市管理的通知) promulgated by the State Council on 20 June 1997 does not apply to the [●] on the basis that no existing shareholder of the members of our Group is an enterprise established in the PRC. As advised by our PRC legal adviser, the [●] does not require approval of the CSRC.

THIS WEB PROOF INFORMATION PACK IS IN DRAFT FORM. The information contained in it is incomplete and is subject to change. This Web Proof Information Pack must be read in conjunction with the section headed “Warning” on the cover of this Web Proof Information Pack.

HISTORY AND DEVELOPMENT

CORPORATE STRUCTURE

The following chart sets out the shareholding and corporate structure of our Group immediately before the completion of the [●]:



Notes:

1. Xiao Sheng International is owned as to an aggregate of 76.50% in equal proportions by the Wang Brothers, as to 8%, 5%, 3% and 3% by Mr. Cai Rong Hua, Mr. Hu Cheng Chu, Mr. Wang Ru Ping and Mr. Pan Rong Bin, respectively, all being the executive Directors, as to 1% by Mr. Wang Qiao Xing, being the elder brother of the Wang Brothers, as to 2% by Mr. Chen Wei Jin, being the brother-in-law of Mr. Wang Dong Xing and one of our employees, as to 1% by Ms. Chen Yu Hua, being an aunt of the Wang Brothers, and as to 0.5% by Mr. Xu Tian Min, being one of our employees. Under a shareholders’ agreement entered into among the Wang Brothers and the Management and Other Shareholders in respect of their joint investment in Xiao Sheng International, each of the Wang Brothers and the Management and Other Shareholders has agreed to procure Xiao Sheng International not to sell, transfer or otherwise dispose of any of the Shares held or to be held by Xiao Sheng International without the prior consents of all its shareholders. Save for being one of the Shareholders of our Company, Xiao Sheng International was not related to any member of our Group as at the Latest Practicable Date.

HISTORY AND DEVELOPMENT

2. Ming Lang Investments is owned as to an aggregate of 76.50% in equal proportions by the Wang Brothers, as to 8%, 5%, 3% and 3% by Mr. Cai Rong Hua, Mr. Hu Cheng Chu, Mr. Wang Ru Ping and Mr. Pan Rong Bin, respectively, all being the executive Directors, as to 1% by Mr. Wang Qiao Xing, being the elder brother of the Wang Brothers, as to 2% by Mr. Chen Wei Jin, being the brother-in-law of Mr. Wang Dong Xing and one of our employees, as to 1% by Ms. Chen Yu Hua, being an aunt of the Wang Brothers, and as to 0.5% by Mr. Xu Tian Min, being one of our employees. Under a shareholders’ agreement entered into among the Wang Brothers and the Management and Other Shareholders in respect of their joint investment in Ming Lang Investments, each of the Wang Brothers and the Management and Other Shareholders has agreed to procure Ming Lang Investments not to sell, transfer or otherwise dispose of any of the Shares held or to be held by Ming Lang Investments without the prior consents of a majority of its shareholders. Save for being one of the Shareholders of our Company, Ming Lang Investments was not related to any member of our Group as at the Latest Practicable Date.
3. Each of the Wang Brothers will own [●] Shares, representing approximately 1.90% of our issued Shares immediately following completion of the [●] and the [●] (assuming the [●] is not exercised and taking no account of any Shares which may be taken up under the [●] and any Shares which may be allotted and issued pursuant to the exercise of options granted or to be granted under the [●] Share Option Scheme and the Share Option Scheme). The Wang Brothers are the executive Directors and the Shareholders of our Company. They are also the directors and senior management of some of the members of our Group. Please refer to the section headed “Directors and Senior Management” of this document for further details. Save as disclosed above, each of the Wang Brothers was not related to any member of our Group as at the Latest Practicable Date.
4. These 21,150,000 Shares, representing approximately 1.79% of our issued Shares immediately following completion of the [●] and the [●] (assuming the [●] is not exercised and taking no account of any Shares which may be taken up under the [●] and any Shares which may be allotted and issued pursuant to the exercise of options granted or to be granted under the [●] Share Option Scheme and the Share Option Scheme), will be owned as to approximately 0.60%, 0.38%, 0.23% and 0.23% by Mr. Cai Rong Hua, Mr. Hu Cheng Chu, Mr. Wang Ru Ping, Mr. Pan Rong Bin, respectively, all being the executive Directors, and as to approximately 0.08% by Mr. Wang Qiao Xing, being the elder brother of the Wang Brothers, as to approximately 0.15% by Mr. Chen Wei Jin, being the brother-in-law of Mr. Wang Dong Xing and one of our employees, as to approximately 0.08% by Ms. Chen Yu Hua, being an aunt of the Wang Brothers, and as to approximately 0.04% by Mr. Xu Tian Min, being one of our employees. Mr. Cai Rong Hua, Mr. Hu Cheng Chu, Mr. Wang Ru Ping and Mr. Pan Rong Bin are the executive Directors of our Company. They are also the directors and senior management of some of the members of our Group. Mr. Cai Rong Hua is also the brother-in-law of Mr. Wang Liang Xing. Please refer to the section headed “Directors and Senior Management” of this document for further details. Mr. Chen Wei Jin and Mr. Xu Tian Min are the employees of our Group. Save as disclosed above and for being the Shareholders of our Company, each of the Management and Other Shareholders was not related to any member of our Group as at the Latest Practicable Date. As these Management and Other Shareholders acquired their interests in our Group as a gift from the Wang Brothers on 18 February 2003 as an award for the Management and Other Shareholders’ contribution to our Group’s development and as an incentive to retain talents, their acquisition of their interest in our Group had been financed indirectly by the Wang Brothers who are connected persons of our Company.

THIS WEB PROOF INFORMATION PACK IS IN DRAFT FORM. The information contained in it is incomplete and is subject to change. This Web Proof Information Pack must be read in conjunction with the section headed “Warning” on the cover of this Web Proof Information Pack.

HISTORY AND DEVELOPMENT

5. Lilang China established two branch offices in Jinjiang in the PRC on 28 April 2008 and 23 May 2008.
6. Lilang Xiamen established two branch offices in Jimei and Changting in the PRC on 27 August 2008 and 17 April 2009, respectively.

For a discussion on the undertakings from our Company, the Controlling Shareholders and Management and Other Shareholders, see “[●] — Undertakings from our Company, the Controlling Shareholders and Management and Other Shareholders”.